SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **2004-03-15** | Period of Report: **2003-12-31**
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FILER

CNL RESTAURANT PROPERTIES INC

CIK:**922981**| IRS No.: **593239115** | State of Incorp.:**MD** | Fiscal Year End: **1231**
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SIC: **6519** Lessors of real property, nec

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-15581

CNL RESTAURANT PROPERTIES, INC.
(Exact name of registrant as specified in its charter)

Maryland	59-3239115
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

450 South Orange Avenue
Orlando, Florida 32801
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (407) 540-2000

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class:	Name of exchange on which registered:
None	Not Applicable

Securities registered pursuant to section 12(g) of the Act:

Common Stock, $0.01 par value per share
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

Indicate by checkmark if the registrant is an accelerated filer (as defined in Exchange Act Rules 12b2). Yes X No

Aggregate market value of the voting stock held by nonaffiliates of the registrant: The registrant has made three offerings of Shares of common stock (the "Shares") on Form S-11 under the Securities Act of 1933, as amended. The number of Shares held by non-affiliates as of June 30, 2003 was 38,479,891. Since no established market for such Shares exists, there is no market value for such Shares. Each Share was originally sold at $20 per Share.

The number of Shares of common stock outstanding as of March 10, 2004 was 45,248,670.

DOCUMENTS INCORPORATED BY REFERENCE:

Registrant incorporates by reference portions of the CNL Restaurant Properties, Inc. Definitive Proxy Statement for the 2004 Annual Meeting of Stockholders (Items 10, 11, 12, 13 and 14 of Part III) to be filed no later than April 30, 2004.

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PART I

Item 1. Business

CNL Restaurant Properties, Inc. ("CNL Properties") formerly CNL American Properties, Inc., a Maryland corporation (the "Company"), is the nations largest self-advised real estate investment trust ("REIT") focused on the restaurant industry. The Company operates as a holding company for two primary subsidiary operating companies, CNL Restaurant Investments, Inc ("CNL-Investments") formerly CNL Restaurant Properties, Inc. and CNL Restaurant Capital Corp. ("CNL-Capital Corp.") formerly CNL Franchise Network Corp. Please see note 14 of the Company's Consolidated Financial Statements appearing in Item 8 of this report for certain financial information about these two business segments. The Company was founded in 1994 and at December 31, 2003, has financial interests in approximately 1,000 properties diversified among more than 120 restaurant concepts in 43 states. The Company's total real estate holdings subject to lease includes over 640 properties, of which 90 properties are classified as held for sale. At December 31, 2003, the servicing portfolio of net lease properties and mortgages includes approximately 2,200 units, of which over 1,200 are serviced on behalf of third parties.

In June 2000 the Company divided its operations into two business segments, real estate and specialty finance, in order to distinguish between its real estate segment, an entity with a strong capital base and stable cash flows, and a specialty finance growth business partnered with a large financial institution to provide an additional source of earnings and liquidity.

- The real estate segment, operated principally through the Company's wholly owned subsidiary CNL- Investments and its subsidiaries, is charged with overseeing and maximizing value on a portfolio of primarily long-term triple-net lease properties. Those responsibilities include portfolio management, property management and dispositions. In addition, CNL-Investments manages approximately $525 million in affiliate portfolios and earns management fees related thereto.

- The specialty finance segment, operated through the Company's wholly-owned subsidiary CNL-Capital Corp. is partnered with a financial institution, Bank of America ("the Bank"), in owning CNL Restaurant Capital, LP ("CNL-Capital") formerly known as CNL Franchise Network, LP. CNL Capital, through its subsidiaries, delivers financial solutions principally in the forms of financing, advisory and other services to national and larger regional restaurant operators. It does this primarily by acquiring restaurant real estate properties, which have been subject to a triple-net lease, utilizing short-term debt and generally selling such properties at a profit.

In June 2000, the Company formed CNL-Capital and contributed certain assets and operations in exchange for an 84.39 percent interest. The Bank contributed its franchise finance originations group in exchange for a 9.18 percent non-voting redeemable interest in the Partnership. The Bank also served as lender at the time of the alliance on a $500 million warehouse credit facility and a $43.75 million subordinated debt facility (the "Subordinated Debt Facility"). The strategic alliance with the Bank reduced the Company's reliance on public markets to raise capital by broadening the Company's financial products and offerings and enhancing the Company's securitization platform. The Company also issued a 6.43 percent limited partnership interest in CNL-Capital to CNL Financial Group, Inc., ("CFG") an affiliate of a director of the Company, in exchange for the operations of CNL Advisory Services, Inc. ("CAS"). CAS specializes in providing merger, acquisition and other advisory services to restaurant operators and expands the Company's services to the sector. Effective January 1, 2003 CNL-Capital modified certain terms relating to the alliance with the Bank that resulted in the Bank reducing its ownership interest in CNL-Capital. In exchange for the reduction, the Bank agreed to assume certain costs of its portfolio operations and decreased the referral fees paid by the bank to CNL-Capital under the referral program between the Bank and CNL-Capital. In addition, an affiliate of the Company's chairman agreed to reduce its interest in CNL-Capital. As a result, the Company's effective interest in the specialty finance operations increased from 84.39 percent to 96.26 percent on January 1, 2003.

Effective January 1, 2001, CNL-Capital Corp elected to be treated as a taxable REIT subsidiary ("TRS") pursuant to the provisions of the REIT Modernization Act. As a TRS, CNL-Capital Corp. engages in activities that would previously have caused income to the Company from CNL-Capital to be disqualified from being eligible REIT income under the federal income tax rules. Now CNL-Capital earnings are subject to tax, but management can control the timing of distributions to the Company. CNL-Capital Corp. originates triple-net lease properties for sale to third parties. CNL-Capital Corp. also performs net lease and loan servicing on behalf of third parties. Also, certain activities of CNL-Investments are conducted in a subsidiary that has made a similar TRS election.

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In January 2004, the Company amended the Subordinated Debt Facility agreement while at the same time making a $10 million prepayment reducing the balance to $33.75 million. The Subordinated Debt Facility has a conversion feature to allow the Bank, subsequent to a specified conversion date, to have the outstanding note converted into a 10.11 percent of additional limited partnership interests in CNL-Capital. This conversion feature was reduced from 13.1 percent when the agreement was amended in January 2004. The Bank's interest in the Partnership on a fully diluted basis after a conversion of the fully committed Subordinated Debt Facility would be 12.85 percent. As of December 31, 2003, the Bank had not exercised its conversion option.

When the Company was created in 1994, the intent was to provide stockholders liquidity by December 31, 2005 through either listing on a national exchange, merging with another public company or liquidating its assets. The Company's officers and directors continue to actively monitor the public markets for opportunities to satisfy the liquidity objectives of the Company. The Company's board does not intend to liquidate the Company. To comply with certain tax guidelines governing the significance of taxable REIT subsidiaries, the Company may pursue other alternatives relative to CNL-Capital Corp. that would provide stockholder liquidity for all or a portion of the Company's investment.

Leases

As of December 31, 2003, the Company's real estate segment, CNL-Investments, owns, either directly or indirectly through joint venture arrangements, 544 properties, which are generally subject to long-term, triple-net leases. Although there are variations in the specific terms of the leases, the following summarizes the general structure of the Company's leases. The leases of the properties provide for initial terms generally ranging from 10 to 25 years and expire between 2004 and 2024. The leases are on a triple-net basis which means the lessee is responsible for all repairs and maintenance, property taxes, insurance and utilities. The leases provide for minimum base annual rental payments (payable in monthly installments) ranging from approximately $41,000 to $369,000. The majority of the leases also provide that, commencing in specified lease years (generally the sixth lease year), the annual base rent required under the terms of the lease will increase. In addition, certain leases provide for percentage rent based on sales in excess of a specified amount.

Generally, the leases provide for two to five five-year or ten-year renewal options. Lessees of 439 of the 544 properties also have been granted options to purchase the property at the property's then fair market value after a specified portion of the lease term has elapsed. Fair market value will be determined through an appraisal by an independent appraisal firm. The option purchase price may equal the Company's original cost to purchase the property plus a specified percentage from the date of the lease or a specified percentage of the Company's purchase price, if that amount is greater than the property's fair market value at the time the purchase option is exercised. The leases also generally provide that, in the event the Company wishes to sell the property subject to that lease, the Company first must offer the lessee the right to purchase the property on the same terms and conditions, and for the same price, as any offer which the Company has received for the sale of the property.

Major Tenants

During 2003, no single lessee, borrower (or affiliated groups of lessees or borrowers) or restaurant chain contributed more than ten percent of the Company's revenues relating to its properties, loans and secured equipment leases. In the event that certain lessees, borrowers or restaurant chains contribute more than ten percent of the Company's rental, earned and interest income in future years, any failure of such lessees, borrowers or restaurant chains could materially affect the Company's income. Additionally, as of December 31, 2003, no single lessee or borrower, or group of affiliated lessees or borrowers, leased properties or was the borrower under loans with an aggregate carrying value in excess of 20 percent of total assets of the Company.

Real Estate and Restaurant Assets Held for Sale

The Company sells certain real estate properties to private investors as an alternative to either retaining the properties as a long-term investment or offering to sell net lease cash flows in the securitization marketplace. The accounting for these properties differs from that of similar properties without this designation as the Company does not record depreciation or accrued rent on these properties. The properties held for sale are contemplated being sold within the next year.

During 2002 the Company purchased the operations of certain restaurants. In December 2003, the Company decided to dispose of these restaurant operations and as of December 31, 2003, had classified the restaurant assets as held for sale.

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From time to time, certain properties classified as long-term investments may be subsequently re-designated to held for sale classification. The company has re-designated 30 and 83 properties during 2003 and 2002, respectively.

Mortgage Loans Held for Sale

Mortgage loans held for sale are wholly or partially collateralized by first mortgages on the land and/or buildings of franchised restaurant businesses and consist of fixed-rate loans at December 31, 2003. The loans carry a weighted average interest rate of 8.33 percent. The mortgage loans are due in monthly installments with maturity dates ranging from 2004 to 2022. The fixed-rate mortgage loans generally prohibit prepayment for certain periods or include prepayment penalties.

Mortgage, Equipment and Other Notes Receivable

Mortgage, equipment and other notes receivable are wholly or partially collateralized by first mortgages on the land and/or buildings, the equipment or other assets of franchised restaurant businesses. The loans are due in monthly installments with maturity dates ranging from 2004 to 2023.

Available Information

The Company makes available free of charge on or through its Internet website (http://www.cnlonline.com) the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission.

Competition

The fast-food, family-style and casual dining restaurant business is characterized by intense competition. The operators of the restaurants located on the Company's properties compete with independently owned restaurants, restaurants which are part of local or regional chains and restaurants in other well-known national chains, including those offering different types of food and service.

Local competition may enhance a restaurant's success rather than detract from it. Many successful fast-food, family-style and casual dining restaurants are located in "eating islands", areas within which a variety of restaurants operate. This variety allows diners an opportunity to diversify their eating habits, giving them an incentive to return in the future. As a result, fast food, family style and casual dining restaurants frequently experience better operating results when there are other restaurants in the area.

The Company competes with other persons and entities in locating suitable properties to acquire and in locating purchasers for properties held for sale. The Company also competes with other financing sources such as banks, mortgage lenders, real estate brokers and sale/leaseback companies for suitable tenants for its properties and borrowers for its mortgage loans.

The recessionary economy and historically low interest rates at which mortgage financing can be obtained contributed to a decline in net lease volume in 2003 while the low interest rates made debt financing more attractive. Management believes that the Company's volume levels may increase in the future due to the projected rebound in the economy as well as the opportunities afforded by the continued consolidation in the financing arena and the Company's ability to provide an array of financial products. Competition in the financing arena continues to be significant despite the exit of numerous competitors. Remaining competitors provide meaningful competition.

Employees

As of December 31, 2003, the Company had 117 associates.

Item 2. Properties

As of December 31, 2003, the Company's real estate segment, CNL-Investments, owned, either directly or indirectly through joint venture arrangements, 544 properties, located in 40 states. Reference is made to the Schedule of Real Estate and Accumulated Depreciation filed with this report for a listing of the properties and their respective costs.

As of December 31, 2003, the Company owned 469 of the 544 properties in fee simple and ten properties through joint venture arrangements. As of December 31, 2003, 36 properties consisted of land only.

As of December 31, 2003, 39 properties consisted of building only. The Company does not own the underlying land. In connection with the acquisition of each of these properties, the Company entered into either a tri-party agreement with the tenant and the owner of the land or an assignment of interest in the ground

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lease with the landlord, as described in Item 1. Business-Leases.

As of December 31, 2003, the Company had pledged 379 properties as collateral related to bonds payable.

Description of Properties

Land. The Company's property lot sizes range from approximately 6,000 to 199,000 square feet depending upon building size and local demographic factors. Land owned is zoned for commercial use which, prior to acquisition, were reviewed for traffic patterns and volume.

The following table lists the properties owned as of December 31, 2003 by state. More detailed information regarding the location of the properties is contained in the Schedule of Real Estate and Accumulated Depreciation filed with this report.

State	Total Number of Restaurant Properties
Alabama	13
Arizona	13
California	30
Colorado	13
Connecticut	1
Delaware	1
Florida	75
Georgia	21
Idaho	3
Illinois	24
Indiana	8
Iowa	7
Kansas	5
Kentucky	6
Louisiana	10
Maryland	5
Michigan	12
Minnesota	8
Mississippi	5
Missouri	26
Nebraska	3
Nevada	3
New Hampshire	2
New Jersey	6
New Mexico	2
New York	4
North Carolina	19
Ohio	47
Oklahoma	4
Oregon	7
Pennsylvania	10
Rhode Island	1
South Carolina	9
Tennessee	26
Texas	70
Utah	4
Virginia	15
Washington	13
West Virginia	10
Wisconsin	3
TOTAL PROPERTIES	544

Buildings. The buildings generally are rectangular and are constructed from various combinations of stucco, steel, wood, brick and tile. Building sizes range from approximately 1,000 to 12,700 square feet. Generally, buildings on properties owned are freestanding and are surrounded by paved parking areas. Buildings are suitable for conversion to various uses, although modifications may be required prior to use for other than restaurant operations. Depreciation expense is computed for buildings and improvements using the straight-line method using a depreciable life of 39 years for federal income tax purposes. As of December 31, 2003 the aggregate depreciated cost basis of the properties owned (including properties owned through joint ventures) for federal income tax purposes was $621.5 million.

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The following table lists the properties owned as of December 31, 2003 by restaurant chain.

Restaurant Chain	Number of Properties
Jack in the Box	54
International House of Pancakes	46
Pizza Hut	44
Golden Corral	36
Arby's	35
Bennigan's	26
Burger King	24
Chevy's Inc.	18
Ruby Tuesday	18
Steak & Ale	18
Baker's Square	17
Denny's	15
Applebee's	15
Boston Market	13
Wendy's	12
Other	153
TOTAL:	544

Management considers the properties to be well maintained and sufficient for the Company's operations and believes they are adequately covered by insurance. In addition, the Company has obtained contingent liability and property coverage. This insurance is intended to reduce the Company's exposure in the unlikely event a tenant's insurance policy lapses or is insufficient to cover a claim relating to the property.

Leases. The Company leases the properties to operators of selected national and regional fast-food restaurant chains. The leases are generally on a long-term "triple-net" basis, meaning that the tenant is responsible for repairs, maintenance, property taxes, utilities and insurance. Generally, a lessee is required, under the terms of its lease agreement, to make capital expenditures to refurbish restaurant buildings, premises, signs and equipment so as to comply with the lessee's obligations, if applicable, under the franchise agreement to reflect the current commercial image of its restaurant chain. These capital expenditures are required to be paid by the lessee during the term of the lease. The terms of the leases of the properties owned by the Company are described in Item 1. Business - Leases.

The following is a schedule of the average rent per property for the years ended December 31:

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	2003	2002	2001	2000	1999
Rental Revenues (1)	$ 72,753,603	$ 74,504,692	$84,775,244	$91,520,103	$61,907,812
Properties (2)	515	552	644	725	642
Average Rent Per Property	$ 141,269	$ 134,972	$ 131,639	$ 126,235	$ 96,430
Occupancy	95%	95%	92%	95%	97%

</TABLE>

(1) Rental income includes the Company's share of rental income from the properties owned through joint venture arrangements. Rental revenues have been adjusted, as applicable, for any amounts for which the Company has established an allowance for doubtful accounts. Rental revenues for all periods presented include rental revenues relating to discontinued operations for properties that were either disposed of or that were classified as held for sale during the year ended December 31, 2003.

(2) Excludes properties that were vacant at December 31 and that did not generate rental revenues during the year.

The following table lists properties as of December 31, 2003 by tenant and includes average age of buildings, annualized total rental revenue and percent of total revenue. To calculate annualized total rental revenue, the monthly rental revenue for each restaurant property owned and leased at December 31, 2003 was multiplied by 12 to present annualized rental revenues for a 12 month period. Contingent rental income was excluded in the calculation of annualized total rental revenue.
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Tenant	Total Number of Restaurant Properties (1)	Average Age of Buildings (years)	Annualized Total Rental Revenue (2)	Percent of Total Rental Revenue

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S&A Properties Corporation	35	22.1	$ 6,019,849	9.31%
IHOP Properties, Inc.	46	6.4	5,426,195	8.39%
Golden Corral Corporation	30	5.1	4,989,411	7.72%
Jack in the Box, Inc.	26	5.2	3,224,498	4.99%
Jack in the Box Eastern Division, L.P.	29	5.1	3,024,450	4.68%
Vicorp Restaurant, Inc.	18	21.7	2,418,886	3.74%
Boston Market Corp.	13	6.8	1,628,959	2.52%
Pollo Operations, Inc.	10	8.9	1,446,120	2.24%
Woodland Group, Inc.	10	8.4	1,403,350	2.17%
Other	298	8.8	35,087,731	54.26%
Total	515		$64,669,449	100.00%

</TABLE>

(1) Excludes properties that were vacant at December 31, 2003 and that did not generate rental revenues during the year.

(2) The Company has straight-lined the contractual increases in rental income over the life of each of the leases in order to calculate rental revenue in accordance with generally accepted accounting principles.

The following table shows the aggregate number of leases which expire each calendar year through the year 2018, as well as the number of leases which expire after December 31, 2018. The table does not reflect the exercise of any of the renewal options provided to the tenant under the terms of such leases.

<TABLE>
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		Base Rent	
Year	Number (1)	Amount (2)	Percent
2004	1	$ 100,935	0.16%
2005	4	427,799	0.66%
2006	3	311,337	0.48%
2007	1	109,811	0.17%
2008	1	117,297	0.18%
2009	1	84,059	0.13%
2010	12	1,224,173	1.89%
2011	16	2,210,272	3.42%
2012	26	4,033,945	6.24%
2013	22	3,272,302	5.06%
2014	69	9,320,587	14.41%
2015	34	4,528,935	7.00%
2016	61	4,357,442	6.74%
2017	51	6,561,902	10.15%
2018	117	15,923,362	24.62%
Thereafter	96	12,085,291	18.69%
Total	515	64,669,449	100.00%

</TABLE>

(1) Excludes properties for which the leases have been terminated and excludes properties leased on a month to month basis.

(2) The Company has straight-lined the contractual increases in rental income over the life of each of the leases in order to calculate rental revenue in accordance with generally accepted accounting principles.

Item 3. Legal Proceedings

As of December 31, 2003, neither the Company nor any of its properties was a party to or the subject of any material pending legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

As of March 1, 2004, there were 32,378 stockholders of record of common stock. There is no public trading market for the Company Shares, and even though the Company intends to list the Company Shares on the New York Stock Exchange or other national securities exchange or over-the-counter market no later than December 31, 2005, there is no assurance that listing will occur. If listing

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occurs, there is no assurance that a public market for the Company Shares will develop. In October 1998, the Board of Directors elected to implement the Company's redemption plan. Under the redemption plan, the Company elected to redeem Company Shares, subject to certain conditions and limitations. During 1999, the Company terminated the redemption plan. As of December 31, 2003, the estimated fair value per share is $17.20. (For Florida intangible tax purposes, this is the equivalent of the Just Value per share.) The Company obtained this valuation from a third party firm, which based its valuation on an analysis of comparable publicly traded real estate investment trusts and a discounted cash flow analysis. Because the Company Shares are not publicly traded, investors are cautioned that the estimated fair value of the shares may not be realized upon sale of the shares.

Stockholders of the Company sold and purchased shares of common stock subject to negotiation by the purchaser and the selling stockholder. The following table reflects the high, low and average sales prices for transfers of shares of common stock for each calendar quarter during 2003 and 2002, other than pursuant to the plan, net of commissions.

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	2003 (1)			2002 (1)		
	High	Low	Average	High	Low	Average
First Quarter	$19.00	$10.24	$15.28	$20.00	$11.20	$14.15
Second Quarter	20.00	12.81	16.04	19.00	12.94	14.54
Third Quarter	20.00	10.00	16.18	19.00	11.88	15.00
Fourth Quarter	21.29	13.10	15.73	19.00	7.00	12.87

</TABLE>

(1) A total of 207,184 and 239,692 shares were transferred for the years ended December 31, 2003 and 2002, respectively.

The Company expects to make distributions to the stockholders pursuant to the provisions of the Articles of Incorporation. For the years ended December 31, 2003 and 2002, the Company declared cash distributions of $69.0 million and $68.0 million, respectively, to stockholders. For federal income tax purposes, 39 percent and 0 percent of distributions paid in 2003 and 2002, respectively, were considered to be ordinary income and 61 percent and 100 percent, respectively, were considered to be a return of capital.

The following table presents total distributions and distributions per Company Share:

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	(In Thousands, except for per share data)				
	First	Second	Third	Fourth	Year
2003 Quarter					
Total distributions declared	$17,251	$17,250	$ 17,251	$ 17,250	$69,002
Distributions per share	0.38	0.38	0.38	0.38	1.52
2002 Quarter					
Total distributions declared	$16,803	$16,803	$ 17,134	$ 17,251	$67,991
Distributions per share	0.38	0.38	0.38	0.38	1.52

</TABLE>

In March 2004, the Company declared distributions to stockholders of $17.251 million ($0.38124 per Share) payable in March 2004.

The Company intends to continue to declare distributions of cash to the stockholders.

Equity Compensation Plan Information

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	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options,	Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in

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Plan Category	(a)	warrants and rights	column (a)
Equity compensation plans approved by security holders	--	(1)	$ 4,500,000 (2)
Equity compensation plans not approved by security holders	(3)	(3)	(3)
Total	--		$ 4,500,000

</TABLE>

(1) During 1999, the stockholders approved a performance incentive plan (the "Plan") which became effective as of February 23, 1999. As of December 31, 2003, the Company has not granted any awards under the Plan.

(2) The Plan authorizes the issuance of up to 4,500,000 shares of the Company's common stock upon the exercise of stock options (both incentive and nonqualified), stock appreciation rights and the award of restricted stock ("Stock Award") provided that the aggregate number of shares of Common Stock that may be issued pursuant to Options, stock appreciation rights ("SARs"), and Stock Awards granted under the Plan increases automatically to 9,000,000 shares and 12,000,000 shares, respectively, when the Company has issued and outstanding 150,000,000 shares and 200,000,000 shares, respectively, of common stock. The Plan terminates on February 23, 2009. Key employees, officers, directors and persons performing consulting or advisory services for the Company or its affiliates, as defined in the Plan, who are designated by the committee administering the Plan, are eligible to receive awards under the Plan. Awards may be made in the form of stock options, stock awards, SARs, Phantom Stock Awards, Performance Awards and Leveraged Stock Purchase Awards as defined further in the Plan. As of December 31, 2003, the Company had not made any awards related to the Plan.

(3) As of December 31, 2003, the Company does not maintain any equity compensation plans not approved by security holders.

Item 6. Selected Financial Data

<TABLE>
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(In Thousands, except for share and per share data)

	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999
Continuing Operations:					
Revenues (1)	$ 114,337	$ 336,163	$ 274,413	$ 113,413	$ 70,764
Earnings/(loss) from continuing operations, net (1)	$ 8,176	$ 27,407	$ (15,739)	$ (6,409)	$ (52,571)
Discontinued Operations:					
Earnings/(loss) and gains from discontinued operations, net (1)	34,264	8,183	(4,872)	9,336	2,734
Earnings/(loss) before cumulative effect if accounting change	42,440	35,590	(20,611)	2,927	(49,837)
Cumulative effect of accounting change	--	--	(3,841)	--	--
Net income/(loss)	$ 42,440	$ 35,590	$ (24,452)	$ 2,927	$ (49,837)
Earnings/(loss) per share (1):					
Continuing operations (1)	$ 0.18	$ 0.61	$ (0.36)	$ (0.15)	$ (1.33)
Discontinued operations (1)	0.76	0.19	(0.11)	0.22	0.07
Cumulative effect of accounting change	--	--	(0.09)	--	--

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Net income/(loss) per share	$ 0.94	$ 0.80	$ (0.56)	$ 0.07	$ (1.26)
Funds from operations (2)	$ 49,504	$ 44,710	$ (6,029)	$ 16,007	$ 35,956
Cash distributions declared	$ 69,002	$ 67,991	$ 66,466	$ 66,329	$ 60,079
Cash distributions declared per share	$ 1.52	$ 1.52	$ 1.52	$ 1.52	$ 1.52
Weighted average shares outstanding:					
Basic	45,248,670	44,620,235	43,589,985	43,495,919	39,402,941
Diluted	45,248,670	44,620,235	43,589,985	43,495,919	39,402,941
At December 31:					
Total assets	$ 1,298,116	$ 1,383,450	$ 1,560,117	$ 1,605,944	$ 1,138,193
Long-term obligations	$ 656,321	$ 671,465	$ 484,815	$ 398,100	$ 140,504
Total stockholders' equity (3)	$ 479,886	$ 494,151	$ 526,182	$ 607,738	$ 672,214

</TABLE>

For a discussion of material events affecting the comparability of the information reflected in the selected financial data, refer to the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7.

(1) The results of operations relating to properties that were either disposed of or that were classified as held for sale during the year ended December 31, 2003 are reported as discontinued operations for all periods presented.

(2) Funds from operations ("FFO"), based on the revised definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT") and as used herein, except for the add back of the advisor acquisition expense of $76.3 million during 1999, means net income/(loss) determined in accordance with Generally Accepted Accounting Principles ("GAAP"), excluding gains (losses) from sales of depreciable operating property, excluding extraordinary items (as defined by GAAP), including depreciation and amortization of real estate assets and after adjusting for unconsolidated partnerships and joint venture. As a result of the restatement, FFO does not include add backs for impairment provisions or capital lease principal components. These amounts for the years ended December 31, 2003, 2002, 2001, 2000 and 1999 (in thousands) were $11,542, $13,335, $26,018, $2,576 and $0, respectively, for the impairment provisions and $1,725, $1,852, $2,384, $2,242 and $1,629, respectively, for capital lease principal components. Funds from operations are generally considered by industry analysts to be the most appropriate measure of performance. FFO (i) does not represent cash generated from operating activities determined in accordance with GAAP (which, unlike FFO, generally reflects all cash effects of transactions and other events that enter into the determination of net earnings), (ii) is not necessarily indicative of cash flow available to fund cash needs and (iii) should not be considered as an alternative to net earnings determined in accordance with GAAP as an indication of the Company's operating performance, or to cash flow from operating activities determined in accordance with GAAP as a measure of either liquidity or the Company's ability to make distributions. Accordingly, the Company believes that in order to facilitate a clear understanding of the consolidated historical operating results of the Company, FFO should be considered in conjunction with the Company's net earnings and cash flows as reported in the accompanying consolidated financial statements and notes thereto. However, the Company's measure of FFO may not be comparable to similarly titled measures of other REITS because these REITS may not apply the definition of FFO in the same manner as the Company.

(3) Includes subscriptions received of $0.2 million during 1999 and includes $1.5 million of stock issuance costs during each of the years ended December 31, 2003, 2002, 2001 and 2000 and $1.7 million during the year ended December 31, 1999. Stock issuance costs consists of selling commissions, marketing support and due diligence expense reimbursement fees during 1999 and organizational and offering expenses. Stock issuance costs for 2003, 2002, 2001 and 2000 consist of soliciting dealer servicing fees.

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The following is a reconciliation of net earnings to FFO:
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	(In Thousands)				
	2003	2002	2001	2000	1999
Net income/(loss)	$ 42,440	$ 35,590	$ (24,452)	$ 2,927	$ (49,837)
Depreciation					
Continuing operations	9,997	10,512	11,483	12,198	7,460
Discontinued operations	665	1,693	1,931	149	1,210
Loss/(Gain) on sale of property					
Continuing operations	5	181	1,141	721	781
Discontinued operations	(3,633)	(3,295)	--	--	--
Amortization of joint venture costs	30	29	27	12	9
Advisor acquisition expense	--	--	--	--	76,333
Cumulative effect of accounting change	--	--	3,841	--	--
FFO (*)	$ 49,504	$ 44,710	$ (6,029)	$ 16,007	$ 35,956

</TABLE>

(*) - The Company restated FFO for the years ended December 31, 2002, 2001, 2000 and 1999 to conform to 2003 presentation that conforms to the NAREIT definition of FFO, except for the add back by the Company of the advisor acquisition expense of $76.3 million during 1999.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information, including, without limitation, the Quantitative and Qualitative Disclosures About Market Risk that are not historical facts, may be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements generally are characterized by the use of terms such as "believe," "expect" and "may." Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, the Company's actual results could differ materially from those set forth in the forward-looking statements. Factors that might cause such a difference include: changes in general economic conditions, changes in real estate conditions, availability of capital from borrowings under the Company's credit facilities, the availability of other debt and equity financing alternatives, changes in interest rates under the Company's current credit facilities and under any additional variable rate debt arrangements that the Company may enter into in the future, the ability of the Company to refinance amounts outstanding under its credit facilities at maturity on terms favorable to the Company, the ability of the Company to locate suitable tenants for its restaurant properties and borrowers for its mortgage loans, the ability of tenants and borrowers to make payments under their respective leases, secured equipment leases or mortgage loans, the ability of the Company to re-lease properties that are currently vacant or that may become vacant and the ability of the Company to securitize or sell mortgage loans or net lease properties on a favorable and timely basis. Given these uncertainties, readers are cautioned not to place undue reliance on such statements.

Organization and Business

CNL Restaurant Properties, Inc. ("CNL-Properties" or the "Company"), formerly CNL American Properties Fund, Inc., is the nation's largest self-advised real estate investment trust ("REIT") focused on the restaurant industry. The Company has two primary subsidiary operating companies, CNL Restaurant Investments, Inc. and CNL Restaurant Capital Corp. The Company was founded in 1994 and at December 31, 2003, has financial interests in approximately 1,000 properties diversified among more than 120 restaurant concepts in 43 states. The Company's total real estate holdings subject to lease include over 640 properties, of which 90 properties are classified as held for sale. At December 31, 2003, the servicing portfolio of net lease properties and mortgages consists of approximately 2,200 units, of which over 1,200 are serviced on behalf of third parties.

The Company operates two business segments - real estate and specialty finance.

- o The real estate segment, operated principally through the Company's wholly owned subsidiary CNL Restaurant Investments, Inc. ("CNL-Investments"), formerly known as CNL Restaurant Properties, Inc. (a name used by the Company effective June 27, 2003), and its subsidiaries, manage a portfolio

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of primarily long-term triple-net lease properties. Those responsibilities include portfolio management, property management, dispositions and the opportunistic acquisition and profitable sale of real estate investments. In addition, CNL-Investments services approximately $525 million in affiliate real estate portfolios and earns management fees related thereto. Revenues from the real estate segment represented approximately 75 percent, 26 percent and 32 percent of the Company's total revenues in 2003, 2002 and 2001, respectively. The increase in 2003 is the result of adopting accounting rules that require a component of the specialty finance revenues to be treated as discontinued operations, as described below.

- The specialty finance segment, operated through the Company's wholly-owned subsidiary CNL Restaurant Capital Corp. ("CNL-Capital Corp"), formerly known as CNL Franchise Network Corp., is partnered with a financial institution, Bank of America ("the Bank"), in owning CNL Restaurant Capital, LP ("CNL-Capital"). CNL-Capital, through its subsidiaries, delivers financial solutions principally in the forms of financing, advisory and other services to national and larger regional restaurant operators. It does this primarily by acquiring restaurant real estate properties, which are subject to a triple-net lease, utilizing short-term debt and generally selling such properties at a profit. Revenues from the specialty finance segment represented approximately 25 percent, 74 percent and 68 percent of the Company's total revenues in 2003, 2002 and 2002, respectively. The decrease in 2003 was due to classifying components of revenues into discontinued operations in accordance with new accounting requirements.

When the Company was created in 1994, the intent was to provide stockholders liquidity by December 31, 2005 through either listing on a national exchange, merging with another public company or liquidating its assets. The Company's officers and directors continue to actively monitor the public markets for opportunities to satisfy the liquidity objectives of the Company. The Company's board presently has no intention to liquidate the Company. To comply with certain tax guidelines governing the significance of taxable REIT subsidiaries, the Company may pursue other alternatives relative to CNL-Capital Corp that would provide stockholder liquidity for all or a portion of the Company's investment.

Liquidity and Capital Resources

General. Historically, the Company's demand for funds has been for payment of operating expenses and dividends, for payment of principal and interest on its outstanding indebtedness, and in the case of CNL-Capital, for acquisitions of properties with the intent to sell. The Company's management expects to continue meeting short-term and long-term liquidity requirements through distributions from CNL-Investments, issuance of debt and sales of common or preferred stock. To date, the Company has not received distributions from CNL-Capital because this subsidiary has reinvested its earnings in ongoing operations. Management expects that distributions from CNL-Capital will begin within the next two years.

Contractual Obligations, Contingent Liabilities and Commitments. The following table presents the Company's contractual cash obligations and related payment periods as of December 31, 2003:

<TABLE>
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	Payments due by period (In millions)				
Contractual cash obligations:	Less than one year	2 to 3 years	4 to 5 years	Thereafter	Total
Borrowings (1)	$ 146.0	$ 175.5	$ 68.9	$ 361.4	$ 751.8
Leased office space (2)	1.1	2.4	2.4	8.0	13.9
Total contractual cash obligations	$ 147.1	$ 177.9	$ 71.3	$ 369.4	$ 765.7

</TABLE>

The following table presents the Company's commitments, contingencies and guarantees and related expiration periods as of December 31, 2003:

<TABLE>
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Estimated payments due by period (In millions)

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Commitments, contingencies and guarantees	Less than one year	2 to 3 years	4 to 5 years	Thereafter	Total
Guaranty of unsecured promissory note (2)	$ 1.3	$ --	$ --	$ --	$ 1.3
Purchase commitments	82.0	--	--	--	82.0
Total commitments, contingencies and guarantees	$ 83.3	$ --	$ --	$ --	$83.3

</TABLE>

(1) The maturities on outstanding indebtedness assumes that loan repayments are made on the mortgage warehouse facilities in accordance with the contractual obligation and that bonds payable amortize in accordance with estimated payment amounts. In the event the mortgage warehouse lenders continue to renew the facilities as expected, $146 million of the 2004 amounts would likely mature in a later year. In January 2004, the Company renegotiated the Subordinated Debt Facility. Under the renegotiated terms, the Company will make a mandatory repayment of $11.875 million by December 31, 2004. This repayment of $11.875 million was reflected in the "Thereafter" column in this table as of December 31, 2003.

(2) In May 2002, the Company purchased a combined five percent partnership interest in CNL Plaza, Ltd. and CNL Plaza Venture, Ltd. (the "Plaza") for $0.2 million. Affiliates of James M. Seneff, Jr. and Robert A. Bourne, each of which is a director of the Company, own the remaining partnership interests. The Company has severally guaranteed 8.33 percent or $1.3 million of a $15.5 million unsecured promissory note on behalf of the Plaza. The guaranty continues through the loan maturity in November 2004. Since November 1999, the Company has leased its office space from CNL Plaza, Ltd., an affiliate of a member of the Company's board of directors. The Company's lease expires in 2014 and provides for scheduled rent increases over the term of the lease. Rental and other expenses in connection with the lease for the years ended December 31, 2003, 2002 and 2001 totaled $1.4 million, $1.5 million and $1.2 million, respectively.

Dividends. The Company's ability to internally fund capital needs is limited since it must distribute at least 90 percent of its net taxable income (excluding net capital gains) to stockholders to qualify as a REIT. The Company is a self-advised real estate investment trust that reflects the earnings of its two primary segment subsidiaries, CNL-Investments and CNL-Capital Corp. The Company has continued to declare and pay distributions to its stockholders. These distributions have been primarily funded by CNL-Investments' activities because the Company has elected to reinvest the earnings of CNL-Capital, its specialty finance business, to date as contemplated by the agreement with the partners of CNL-Capital. The Company will continue to reinvest earnings into this subsidiary if the subsidiary is able to generate acceptable returns. The remainder of the distributions to date has been funded by sales of the Company's common stock to the Company's Chairman through a private company affiliate, CNL Financial Group, Inc. ("CFG"), and loans from CFG.

The Company has elected to distribute amounts in excess of that necessary to qualify as a REIT. During the years ended December 31, 2003, 2002 and 2001, the Company distributed $69.0 million, $68.0 million and $66.5 million, respectively, or $1.52 per share each year, to its stockholders. During 2003, 2002 and 2001, approximately 39 percent, 0 percent and 21 percent, respectively, of the distributions received by stockholders were considered to be ordinary income and approximately 61 percent, 100 percent and 79 percent, respectively, were considered a return of capital for federal income tax purposes. The REIT's taxable income in 2003, 2002 and 2001 has not included any of CNL-Capital's earnings since inception. The Company's cash from operations for the years ended December 31, 2003, 2002 and 2001 were $108.4 million, $111.6 million and $48.7 million. Management believes that a better indicator of cash from operations would exclude the changes in the held for sale loans and real estate portfolio and proceeds from the sale of loans. Net cash provided by operating activities excluding changes in mortgage loans and inventories of real estate held for sale is $71.2 million, $50.0 million and $59.4 million in the years ended December 31, 2003, 2002 and 2001.

In order to ensure that the Company maintained its historical level of distributions to its stockholders, the Company's Chairman, through CFG, made advances to the Company in the amount of $18.7 million, $11.75 million and $8.7 million during the years ended December 31, 2003, 2002 and 2001, respectively, in the form of demand balloon promissory notes. The notes are non-collateralized, bear interest at LIBOR plus 2.5 percent or at the base rate, as defined in the agreement, with interest payments and outstanding principal due upon demand. The principal amount including accrued interest at December 31, 2003 was $23.5 million. In addition, during 2002 and 2001, the Chairman, through CFG, received 1,173,354 shares and 579,722 shares, respectively, of the Company's stock in exchange for $20.1 million and $9.7 million, respectively, in cash, including the conversion of amounts previously treated as advances. This provided capital that allowed the Company to reinvest the earnings generated by

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the specialty finance business. The number of shares was determined using an estimated fair value per share of $16.78 and $17.13 during 2001 and 2002, respectively. The value per share for 2001 and 2002 was determined by a third party firm, which based its valuation on an analysis of comparable publicly traded real estate investment trusts and a discounted cash flow analysis. The Company's Chairman is under no obligation to purchase additional shares or make advances to the Company. Should the Company's Chairman determine not to purchase additional shares or loan additional funds to the Company, and the Company does not generate adequate cash flow from other sources, the Company may have to reduce its distribution rate.

In connection with maintaining its historical distribution level, the Company may sell additional shares of its common stock to CNL Financial Group or to third party purchasers. The Company's Chairman is under no obligation to purchase additional shares of the Company's common stock or loan additional funds to the Company in order to guarantee that the Company maintains its historical distribution level to stockholders. Selling additional shares of the Company's stock may dilute a shareholder's investment and may reduce the value a shareholder would receive in a future liquidity event. However, selling stock to enable CNL-Capital to reinvest earnings may be accretive to the extent that the value of the specialty finance segment increases.

The Company is currently exploring interest in an offering of the Company's preferred stock. The proceeds of any sale of preferred stock would be used for general corporate purposes, meeting existing payment demands and potentially, to retire existing debt.

- Specialty Finance Segment (CNL-Capital).

CNL-Capital current demand for funds include (i) payment of operating expenses, (ii) funds necessary for net lease originations to be sold in its Investment Property Sales Program (as defined below) and (iii) payment of principal and interest on its outstanding indebtedness. Demands for funds diminished at CNL-Capital during 2003 due to a decline in new originations of real estate properties and a decrease in interest expense, and due to CNL-Capital not distributing to the Company any cash resulting from the "net spread" earned and not distributing any of the gains realized from the sale of properties under the Investment Property Sales Program, as described below.

During the years ended December 31, 2003, 2002 and 2001, CNL-Capital Corp derived its primary cash flows from lease and interest income earned in excess of interest expense paid ("net spread"), net gains from the Investment Property Sales Program, advisory services and servicing revenues. Significant cash outflows consist of operating expenses, real property purchases and capital enhancements in the loan portfolio (excess of investment over related borrowings). CNL-Capital had cash and cash equivalents of $31.9 million, $10.4 million and $10.8 million at December 31, 2003, 2002 and 2001, respectively.

CNL-Capital's longer-term liquidity requirements (beyond one year) are expected to be met through successful renewal of its warehouse credit facilities and gains from the Company's Investment Property Sales Program. In addition, management believes CNL-Capital's longer term liquidity requirements will be satisfied in part by operating cash flows provided by servicing and advisory services. CNL-Capital may also seek additional debt or equity financing. Any decision to pursue additional debt or equity capital will depend on a number of factors, such as compliance with the terms of existing credit agreements, the Company's financial performance, industry or market trends and the general availability of attractive financing transactions.

Investment Property Sales Program

As described above, the improvement in liquidity has been primarily due to Investment Property Sales, further described below, outpacing new originations. The Company's Investment Property Sales Program came into being as a reaction to uncertainty in the franchise asset-backed securitization market. CNL-Capital was formed in June of 2000 through an alliance between the Company and the Bank. The original vision of CNL-Capital was centered on securitization. This business model was predicated upon the origination of pools of loans or triple-net leases and the subsequent issuance of bonds collateralized by real estate and other restaurant assets underlying the loan or lease. The securitization market experienced considerable volatility in late 2000 that continued through 2003 virtually shutting down that securitization financing channel for the franchise asset class. Rising delinquencies in securitized loan pools, falling treasury rates, macroeconomic uncertainties combined with the sluggish restaurant sales within certain concepts all contributed to the volatility. Investors required higher interest rates on securities issued in securitizations while ratings agencies downgraded the quality of the loans underlying the securities. While many of the Company's competitors experienced downgrades or ratings actions on bonds previously issued, the Company's prior loan or lease securitizations to date have not been subject to any such ratings action.

In 2001, CNL-Capital changed its business focus to the private market sales channels to either refinance or sell existing mortgage loans, and halted the origination of new loans. In October 2001, the Company renegotiated certain terms of its alliance with the Bank. Over the course of 2001 through 2003, the

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Company sold or refinanced the loans described above over a longer term.

The uncertainty in the franchise asset-backed securitization market led management to focus the originations effort toward new long-term, triple-net leases on real estate with the intent of selling these properties to third parties. In 2001, CNL-Capital began selling investment properties to third parties (the "Investment Property Sales Program") adding diversity to its original securitization model. These leased properties may qualify the buyer for special tax treatment under Section 1031 of the Internal Revenue Code (a "Section 1031 Exchange"). Generally, Section 1031 Exchanges allow an investor who realizes a gain from selling appreciated real estate to defer paying taxes on such gain by reinvesting the sales proceeds in like-kind real estate. The success of this program is dependent upon achieving an optimal balance of cash flows from lease income earned in excess of holding costs versus a maximum gain on the sale. The chart below illustrates cash flows from Investment Property Sales proceeds and purchases of properties in the years ended December 31:
<TABLE>
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	(In thousands) 2003	2002	2001
Proceeds from Investment Property Sales program sales	$ 193,850	$ 287,622	$ 128,480
Purchases of properties to be sold under the Investment Property Sales program	$ 168,965	$ 263,019	$ 118,372

</TABLE>

For properties acquired subsequent to December 31, 2001, generally accepted accounting principles require that the sale of these investment properties be designated as discontinued operations. A significant element of the ongoing activities of the specialty finance segment is the Investment Property Sales Program that consists of the origination of new triple-net lease financing on properties and the subsequent disposition of those properties. The following table shows the combined results of the Investment Property Sales Program and the rest of the operations of the specialty finance segment (without treating the Investment Property Sales Program as discontinued operations) for each of the three years ended December 31:
<TABLE>
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	(In thousands) 2003	2002	2001
Revenues:			
Sale of real estate	$ 193,850	$ 287,622	$ 128,480
Rental income	9,983	13,165	16,212
Other revenue items	32,020	35,116	46,271
	235,853	335,903	190,963
Expenses:			
Cost of real estate sold	168,965	263,019	118,372
Interest expense	25,920	29,608	32,176
Depreciation and amortization	1,216	1,243	5,519
Other expenses	31,220	29,466	30,653
	227,321	323,336	186,720
Income tax benefit	6,346	--	--
Cumulative effect of accounting change	--	--	(3,841)
Net income	$ 14,878	$ 12,567	$ 402

</TABLE>

Management expects continued demand for Investment Property Sales Program properties but continues to study other sales channels to market net lease assets. The success of the Investment Property Sales business is dependent on successfully originating new triple-net leases. For the years ended December 31, 2003, 2002 and 2001, CNL-Capital originated $137 million, $204 million and $182 million in net leases respectively. During 2002, originations included a portfolio of $117 million in properties. CNL-Capital acquired this portfolio in September 2002 by purchasing all of the limited and general partnership interests of CNL Net Lease Investors, L.P., an affiliate of the Company's Chairman of the Board and Vice Chairman of the Board, that until the acquisition, was a client of CNL-Investment's property management group. Management had contemplated stronger demand for its core triple-net lease financing in 2003 and attributes the slow-down to two competitive factors:

o A number of identified leases have been lost to competitors offering

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mortgage debt financing. With the low prevailing interest rates, large national and regional banks have offered inexpensive mortgage financing that many restaurant operators find more attractive than leases. CNL-Capital does not currently originate debt financing due to the volatility and high cost of capital currently associated with the securitization market. CNL-Capital instead earns a fee for the referral of such opportunities to the Bank, its financial institution partner, pursuant to the terms of that alliance. While debt financing represents a threat to the net lease finance product and, as a result, the success of the Investment Property Sales program, management believes that a securitized debt product is not currently in the best interest of CNL-Capital. Management continues to monitor the potential reemergence of a mortgage loan product, but does not expect this market to be viable in the near term.

- CNL-Capital has lost a few transactions as new competitors have emerged with a net lease program styled after CNL-Capital's Investment Property Sales program. Competitors have met mixed success at offering this product, and management believes it can recapture this piece of the market through differentiating its Investment Property Sales program as a highly efficient, turnkey program that brings value to our restaurant clients.

Management has responded to this slowdown by adjusting net lease rates, identifying larger transactions like the September 2002 portfolio acquisition of $117 million in properties and by identifying new areas to reduce costs. These originations provide inventory necessary to execute the Investment Property Sales Program and CNL-Capital typically profits from the leases while holding them. At December 31, 2003, CNL-Capital is involved in several opportunities for net lease originations with $82 million approved for funding and accepted by the client, and an additional $30 million approved with client acceptance pending. CNL-Capital's warehouse facilities provide advances for up to 97 percent of the real estate purchase value. The Company is reinvesting its operating profits to fund the amounts not advanced by the mortgage warehouse facilities.

Indebtedness.

During 2003, CNL-Capital used the "net spread" earned to pay operating expenses and used borrowings on its warehouse facilities to fund new real estate originations. CNL-Capital has continued to reduce its warehouse credit capacity to align triple-net lease financing opportunities to its financing capacity requirements and to reduce its overall financing costs. The Company reduced its warehouse credit capacity from $385 million at December 31, 2002 to $260 million at December 31, 2003 thereby realizing economies from the reduced capacity. CNL-Capital may be subject to margin calls on its warehouse credit facilities. The Bank and the other lenders monitor delinquency assumptions and may require one or more margin calls to reduce the level of warehouse financing. During the years ended December 31, 2003, 2002 and 2001, CNL-Capital made $10.1 million, $16.8 million and $21.3 million in margin calls.

CNL-Capital has the following borrowing sources at December 31, 2003, with the stated total capacity and interest rate:
<TABLE>
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	In thousands			
	Amount used	Capacity	Maturity	Interest rate (4)
Note payable (medium term financing) (1)	$ 181,955	$ 181,955	Jun 2007	2.53%
Mortgage warehouse facilities (1)(2)	93,513	260,000	Annual	2.53%
Subordinated note payable	43,750	43,750	June 2007	8.50%
Series 2001-4 bonds payable (3)	38,921	38,921	2009 - 2013	8.90%
	$ 358,139	$ 524,626		

</TABLE>

(1) Average rate excludes the impact of hedge transactions that bring the total average rate to 6.13 percent on the medium term financing and 3.41 percent on the warehouse facilities.

(2) In December 2003, CNL-Capital lowered the borrowing capacity on one of its mortgage warehouse facilities from $260 million to $160 million because it did not require the full capacity and extended the maturity date on this facility to March 2004 pending further negotiations with the Bank. In March 2004, CNL-Capital renewed this facility through March 2005. The second mortgage warehouse facility of $100 million matures in June 2004.

(3) Includes $4,983 in bonds held by CNL-Investments eliminated upon consolidation in Company financial statements.

(4) Excludes debt issuance and other related costs.

Note Payable. In June 2002, in order to repay warehouse financing, CNL-Capital entered into a five-year term $207 million financing collateralized with $225

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million in mortgage loans re-designated to reflect the Company's intention to hold them to maturity. The transaction provides CNL-Capital earnings on the excess of interest income over interest expense. This five-year term financing carries a variable interest rate tied to the weighted average rate of commercial paper plus 1.25 percent with a portion of such interest fixed through the initiation of a hedge transaction.

Mortgage Warehouse Facilities. CNL-Capital management maintains regular contact with its mortgage warehouse facility lenders and believes that the relatively low-cost, high-advance rate financing they provide has been integral to CNL-Capital's success. As is typical of revolving debt facilities, these facilities carry a 364-day maturity and accordingly CNL-Capital is vulnerable to any changes in the terms of these facilities. The warehouse facilities currently advance an average of 92.2 percent of the original real estate value.

Company warehouse borrowings were initially designed to provide interim financing until periodic securitizations could occur. In forming the alliance with the Bank in 2000, the Bank provided a warehouse credit facility (the "Warehouse Credit Facility") with an initial capacity of $500 million. The instability of the securitization markets led to renegotiated terms of the relationship with the Bank in October 2001, including the need to remove certain loans held as collateral on the Warehouse Credit Facility and the requirement that CNL-Investments guarantee a portion of the repayments. As part of the renegotiations, the Bank agreed to finance the remaining loans held as collateral on the Warehouse Credit Facility until December 2003.

In December 2003, CNL-Capital removed the remaining loans on the Warehouse Credit Facility by selling them to CNL-Investments, the real estate segment of the Company. CNL-Investments combined these loans with loans it previously owned and issued $24.9 million of notes collateralized by approximately $46.6 million of mortgage loans. The Company re-designated the loans previously held in the Warehouse Credit Facility to reflect the Company's intention to hold them to maturity and terminated the swap hedging these loans. This financing carries a variable interest rate of LIBOR plus 4.50 percent. This transaction enabled CNL-Capital to repay the warehouse financing and eliminated a $2 million guaranty previously provided by CNL-Investments on the mortgage loans. The transaction also provides the Company ongoing earnings on the excess of interest income over interest expense under the refinancing.

In mid December 2003, CNL-Capital renewed the December 2003 maturity date on the Warehouse Credit Facility through March 2004, pending further negotiations with the Bank. As part of the renewal, CNL-Capital reduced the $260 million capacity to $160 million and agreed to a 15 basis point unused fee on this facility, and the Bank agreed to finance the remaining loans until March 2004. In March 2004, CNL-Capital renewed this facility through March 2005. The second mortgage warehouse facility of $100 million with another lender matures in June 2004. Management has and may continue to decrease the mortgage warehouse facility capacity from its present level in order to economize on its cost, provided that there continue to be costs associated with excess capacity. At December 31, 2003, CNL-Capital had approximately $94 million in capital supporting its loan and lease portfolio.

Subordinated Note Payable. In forming the alliance with the Bank during 2000, the Bank provided CNL-Capital with a $43.75 million subordinated debt facility (the "Subordinated Debt Facility"). In late December 2003, CNL-Capital removed the remaining loans on the Warehouse Credit Facility by selling them to CNL-Investments. In January 2004, CNL-Capital used these proceeds along with additional funds, to repay the Bank $10 million on the Subordinated Debt Facility. As part of the repayment, CNL-Capital and the Bank modified the terms of the Subordinated Debt Facility. CNL-Capital extended the maturity date on the Subordinated Debt Facility from June 2007 to December 2008 and reduced the interest rate from 8.50 percent to 7.00 percent per annum. Under the new terms, CNL-Capital will make a mandatory repayment of $11.875 million on this facility by December 31, 2004. CNL-Capital will then make quarterly payments of principal and interest to the Bank using a five-year amortization schedule beginning March 2005 with a balloon payment due on December 31, 2008. As part of the negotiations, the Bank eliminated a previous restriction on CNL-Capital to pay down the Subordinated Debt Facility for every dollar distributed by CNL-Capital to the Company. In addition, the Company agreed to provide a guaranty on the entire amount outstanding under the Subordinated Debt Facility as part of the renegotiations. Prior to the renegotiations, only CNL-Capital had provided a guaranty on the Subordinated Debt Facility.

Bonds Payable. In May 2001, CNL-Capital issued bonds collateralized by a pool of mortgages (the "Series 2001-4 Bonds). The proceeds of $42.1 million were applied to pay down short-term debt. At December 31, 2003, 60 mortgage loans served as collateral for the bonds which had a carrying value of approximately $45.8 million as of December 31, 2003. The offering resulted in an initial weighted average life of approximately 7.8 years and a rate of interest of approximately 8.90 percent per annum. The bond indenture requires monthly principal and interest payments received from borrowers to be applied to the bonds. The bond indenture also provides for an optional redemption of the bonds at their remaining principal balance when the remaining amounts due under the loans that serve as collateral for the bonds are less than 10 percent of the aggregate amounts due under the loans at the time of issuance.

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Some sources of debt financing require that CNL-Capital maintain certain standards of financial performance such as a fixed-charge coverage ratio, a tangible net worth requirement and certain levels of available cash. Any failure to comply with the terms of these covenants would constitute a default and may create an immediate need to find alternate borrowing sources.

Liquidity Risks.

Tenants or borrowers that are experiencing financial difficulties could impact CNL-Capital's ability to generate adequate amounts of cash to meet its needs. In the event the financial difficulties persist, CNL-Capital's collection of interest and principal payments could be interrupted. At present, most of these borrowers continue to pay principal and interest substantially in accordance with loan terms. However, CNL-Capital continues to monitor each borrower's situation carefully and will take appropriate action to place CNL-Capital in a position to maximize the value of its investment.

Liquidity risk also exists from the possibility of borrower delinquencies on the mortgage loans held for sale or held to maturity. In the event of a borrower delinquency, the Company could suffer not only shortfalls on scheduled payments but also margin calls by the lenders that provide the warehouse facilities and the five-year note, subjecting the Company to unanticipated cash outflows. The Company is obligated under the provisions of its mortgage warehouse facilities and its five-year note to pay down certain debt associated with borrower delinquencies or defaults within a required time frame. Most properties acquired on the mortgage warehouse facilities are required to be sold within a certain time frame. Any delinquency, default or delay in the resale of properties financed through one of these facilities would generally result in an immediate pay-down of the related debt and may restrict the Company's ability to find alternative financing for these specific assets. The Company's debt, excluding bonds payable, generally provides for cross-default triggers. A default of a mortgage warehouse facility, for example from a failure to make a margin call, could result in other Company borrowings becoming immediately due and payable.

For those borrowers who have experienced financial difficulties or who have defaulted under their loans, management has estimated the loss or impairment on the related investments and included such charge in earnings through December 31, 2003. However, management acknowledges that the estimation process is challenging due to the number of possible outcomes that may result from a default situation. While management believes it has recorded appropriate reserves at December 31, 2003 based on an assessment of specific borrowers' financial difficulties, facts may develop in future periods that may suggest the need for larger reserve charges.

As of March 12, 2004, CNL-Capital is under negotiations to provide temporary debt service relief to a borrower/tenant who is experiencing liquidity difficulties. CNL-Capital anticipates lowering the interest rate over the next twelve months on eight mortgage loans to provide the necessary debt service relief to the borrower/tenant. Repayment terms would go back to the original terms starting with the thirteenth month. This temporary debt service relief will have a $1.5 million negative impact to cash flows of CNL-Capital over the next twelve months. Management does not believe that this temporary decline in cash flows will have a material adverse effect on the overall liquidity of the Company.

Additional liquidity risks include the possible occurrence of economic events that could have a negative impact on the franchise securitization market and affect the quality or perception of the loans or leases underlying CNL-Capital's previous securitization transactions. The Company conducted its previous securitizations using bankruptcy remote entities. These entities exist independent from the Company and their assets are not available to satisfy the claims of creditors of the Company, any subsidiary or its affiliates. To date, the ratings on the loans underlying the securities issued in these transactions have been affirmed unlike the ratings of many competitors' loan pools that have been downgraded. Upon the occurrence of a significant amount of delinquencies and/or defaults, one or more of the three rating agencies may choose to place a specific transaction on ratings watch or even downgrade one or more classes of securities to a lower rating. Should the loans underlying the securities default, and the securities undergo a negative ratings action, CNL-Capital could experience material adverse consequences impacting its ability to continue earning income as servicer, and its ability to engage in future profitable securitization transactions. CNL-Capital holds an interest in the following securitizations (referred to as the 1998-1 and 1999-1 residual interests), the assets and liabilities of which are not consolidated in the Company financial statements:

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	December 31, 2003 (In Thousands) Mortgage loans in pool at par	Bonds outstanding at face value (1)
Loans and debt supporting 1998-1 Certificates issued by CNL Funding 1998-1, LP	$ 192,801	$ 191,144
Loans and debt supporting 1999-1 Certificates issued by CNL Funding 1999-1, LP	$ 229,044	$ 229,044
	$ 421,845	$ 420,188

</TABLE>

(1) Certain bonds in both the 1998-1 and 1999-1 pools are owned by CNL-Investments; the aggregate amount of these bonds of $27,563 appears as investments in the consolidated financial statements of the Company.

Management believes that the Investment Property Sales Program will continue to be successful, but not without risks. Management believes that the recent tax law changes decreasing, but not eliminating capital gains taxes, are not significant enough to dissuade demand created by property buyers seeking continued tax deferrals. However any sweeping new proposal to eliminate the capital gains tax could negatively impact demand. An increase in general levels of interest rates could result in buyers requiring a higher yield. Neither the rate of return on leased properties nor the rate of return required by a buyer correlate directly with prevailing interest rates. Net lease properties acquired in anticipation of sales through the Investment Property Sales program can typically be leased to tenants at a rate that exceeds the rate a buyer is willing to accept. CNL-Capital is at risk, however, that any interest rate increases causing buyers to demand higher yields may not be matched with higher yields from tenants. This risk could cause CNL-Capital to experience lower average gains or even losses on the future sales of Investment Property Sales properties.

o Real Estate Segment (CNL-Investments)

CNL-Investments' demand for funds are predominantly interest expense, operating expenses, reinvestment of disposition proceeds and distributions to the Company. CNL-Investments' cash flows primarily consist of rental income from tenants on restaurant properties owned, interest income on mortgage loans, dispositions of properties and income from holding interests in prior loan securitizations including those originated by predecessor entities of CNL-Capital. CNL-Investments had cash and cash equivalents of $4.4 million, $5.3 million and $10.2 million at December 31, 2003, 2002 and 2001, respectively.

CNL-Investments' management believes the availability on its line of credit will permit it to meet its short-term liquidity objectives. Long-term liquidity requirements will be met through a combination of selectively disposing assets and reinvesting the proceeds in high-yielding investments and cash from operating activities.

Indebtedness

From time to time, CNL-Investments will borrow amounts available under its Revolver to fund operating expenses. Borrowing resources at December 31, 2003 for CNL-Investments include:

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	(In thousands) Amount Used	Capacity	Maturity	Interest Rate (1)
Revolver	$ 2,000	$ 30,000	Oct 2004	3.62%
Note payable (2)	605	5,000	2005	4.40%
Series 2000-A bonds payable	252,477	252,477	2009-2017	7.94%
Series 2001 bonds payable	118,690	118,690	Oct 2006	1.70%
Series 2003 bonds payable	24,906	24,906	2005-2010	5.67%
	$ 398,678	$ 431,073		

</TABLE>

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(1) Excludes debt issuance and other related costs.

(2) CNL-Investments did not renew the remaining $4.4 million available under the note payable when it matured in January 2004.

CNL-Investments provides a guaranty of up to ten percent of CNL-Capital's five year term financing. CNL Investments also provides a 100 percent guaranty on CNL-Capital's Subordinated Debt Facility.

CNL-Investments' short-term debt consists of a $30 million revolving line of credit (the "Revolver") entered into in October 2001 with the Bank. CNL-Investments utilizes the Revolver from time to time to manage the timing of inflows and outflows of cash from operating activities. The Revolver matured in October 2003, and at that time CNL-Investments exercised its one-year renewal option.

In January 2003, a subsidiary of CNL-Investments, entered into a Master Credit Facility Agreement ("the Note Payable") with CNL Bank, an affiliate. The Note Payable had a total borrowing capacity of $5 million and was established for the purpose of financing the acquisition and redevelopment of real estate properties. At December 31, 2003, the Company had $0.6 million outstanding relating to this Note Payable. Amounts outstanding are collateralized by mortgages on certain real property, bear interest at LIBOR plus 325 basis points per annum and require monthly interest only payments until maturity in 2005. The unused portion of $4.4 million on the credit facility expired in January 2004 and management of CNL-Investment elected not to extend the available capacity.

CNL-Investments also has medium-term note and long-term bond financing, referred to collectively as bonds payable, that was used to restructure the Company's indebtedness. Rental income received on 379 properties and interest income received on 34 mortgage loans and four equipment leases pledged as collateral on medium and long-term financing is used to make scheduled reductions in bond principal and interest.

Some sources of debt financing require that CNL-Investments maintain certain standards of financial performance such as a fixed-charge coverage ratio, and impose a limitation on the distributions from CNL-Investments to the Company tied to funds from operations. Any failure to comply with the terms of these covenants could constitute a default and may create an immediate need to find alternate borrowing sources.

Liquidity Risks

Liquidity risks within the real estate business include the potential that a tenant's financial condition could deteriorate, rendering it unable to make lease payments. Generally, CNL-Investments uses a triple-net lease to lease its properties to its tenants. The triple-net lease is a long-term lease that requires the tenant to pay expenses on the property. The lease somewhat insulates CNL-Investments from significant cash outflows for maintenance, repair, real estate taxes or insurance. However, if the tenant experiences financial problems, rental payments could be interrupted and in the event of tenant bankruptcy, CNL-Investments may be required to fund certain expenses in order to retain control or take possession of the property and its operations. This could expose CNL-Investments to successor liabilities and further affect liquidity.

Management is aware of multi-unit tenants that are also experiencing financial difficulties. In the event the financial difficulties continue, CNL-Investments' collection of rental payments could be interrupted. At present, most of these tenants continue to pay rent substantially in accordance with lease terms. However, CNL-Investments continues to monitor each tenant's situation carefully and will take appropriate action to place CNL-Investments in a position to maximize the value of its investment. For those tenants who have experienced financial difficulties or have defaulted under their leases, management has estimated the loss or impairment on the related properties and included such charge in earnings through December 31, 2003. However, management acknowledges that the estimation process is challenging due to the number of possible outcomes that may result from a default situation. While management believes it has recorded an appropriate impairment charge at December 31, 2003, based on its assessment of the tenants' financial difficulties and its knowledge of the properties, facts may develop in future periods that may suggest the need for a larger impairment charge.

In October 2003, a tenant of CNL-Investments, Chevy's Holding, Inc. and numerous operating subsidiaries, ("Chevy's") filed for voluntary bankruptcy under the provisions of Chapter 11. Chevy's operates the Chevy's, Rio Bravo and Fuzio concepts. CNL-Investment owns 22 Chevy's units, with a total investment of $56.6 million. As of December 31, 2003, Chevy's has rejected 16 of the 22 leases. Management has recorded impairments relating to some of these sites and expects these rejected sites to be re-leased or sold. Chevy's has paid rent on the six remaining sites since filing bankruptcy in October 2003.

In February 2004, The Ground Round, Inc. ("Ground Round"), a tenant of CNL-Investments, filed for voluntary bankruptcy under the provisions of Chapter

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11. Ground Round operates the Ground Round and Tin Alley Grills concepts. CNL-Investments owns 12 units, with a total investment of $12.9 million. Ground Round had closed eight of these sites as of the bankruptcy filing. CNL-Investments did not collect the February rents but anticipates collecting the March rents in accordance with bankruptcy provisions. As of March 12, 2004, Ground Round had neither affirmed nor rejected the 12 leases and CNL-Investments had determined that no impairment provisions were deemed necessary. Management will continue to monitor developments surrounding the bankruptcy, including the potential rejection of some or all of these leases.

As of March 12, 2004, CNL-Investments is under negotiations to provide temporary rent forbearance to a tenant who is experiencing liquidity difficulties. CNL-Investments anticipates forbearing the collection of partial rents over the next twelve months on ten sites to provide the necessary rent relief. Under the proposed negotiations, the tenant will pay the amounts deferred under the forbearance agreement over five years. This temporary forbearance on the rents will have a $1.8 million negative impact to cash flows of CNL-Investments over the next twelve months but will be collected between months 13 through 72.

CNL-Investments has experienced tenant bankruptcies and may commit further resources in seeking resolution to these properties including funding restaurant businesses directly or on behalf of successor tenants. For example, where the value of the leased real estate is linked to the financial performance of the tenant, CNL-Investments may allocate capital to invest in turnaround opportunities. As of December 31, 2003 the Company owned, through an investment of $1.8 million, the business restaurant operations of twelve Denny's restaurants that represented a strategic move to preserve the Company's real estate investment when the franchisee of the restaurants experienced severe financial difficulties. CNL-Investment has since successfully disposed of the real estate and plans to sell its investment in the business by the end of 2004. This activity is not a core operation or competency of the Company and is only undertaken in situations where management believes the course of action best preserves the Company's position in the real estate or loan investment.

Certain net lease properties are pledged as collateral for the Series 2000-A and Series 2001 triple-net lease mortgage bonds payable. In the event of a tenant default relating to pledged properties, the Company may elect to contribute additional properties or substitute properties into these securitized pools from properties it owns not otherwise pledged as collateral. These pools contain properties potentially impacted by the recent bankruptcy filing of Chevy's and the financial difficulties of other restaurant operators. Management is evaluating the impact to the pools, including any need to identify substitute properties. In the event that CNL-Investments has no suitable substitute property, the adverse performance of the pool might inhibit the Company's future capital raising efforts, including the ability to refinance the Series 2001 bonds maturing in 2006. The Series 2000-A and Series 2001 financings include certain triggers relating to delinquency percentages or debt service coverage. If certain ratios are exceeded or not maintained, then principal pay down on the outstanding bonds is accelerated.

Off-Balance Sheet Transactions

The Company is not dependent on the use of any off-balance sheet financing arrangements for liquidity. The Company holds a residual interest in approximately $422 million in loans transferred to unconsolidated trusts that serve as collateral for the long-term bonds discussed in "Liquidity and Capital Resources - Specialty Finance Segment (CNL-Capital). Recent accounting pronouncements have not required the consolidation of these trusts.

Interest Rate Risk

Floating interest rates on variable rate debt expose the Company to interest rate risk. The Company invests in assets with a fixed return by sometimes financing a portion of them with variable rate debt. As of December 31, 2003, the Company's variable rate debt includes the following:

- $2 million on its Revolver;
- $94 million on its mortgage warehouse facilities;
- $182 million on the June 2002 five-year financing;
- $119 million outstanding on the Series 2001 bonds; and
- $25 million outstanding on the Series 2003 bonds.

Generally, the Company uses derivative financial instruments (primarily interest rate swap contracts) to hedge against fluctuations in interest rates from the time it originates fixed-rate mortgage loans and leases until the time they are sold. The Company generally terminates certain of these contracts upon the sale of the loans or properties, and both the gain or loss on the sale of the loans

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and the additional gain or loss on the termination of the interest rate swap contracts is recognized in the consolidated statement of operations.

Additionally, the Company uses interest rate swaps and caps to hedge against fluctuations in variable cash flows on a portion of its floating rate debt. Under interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed upon notional principal amount. Under a cap purchase, a third party agrees to assume any interest costs above a stated rate. Changes in the values of the Company's current interest rate swaps and caps are reflected in other comprehensive income.

The Company also invests in financial instruments that are subject to various forms of market risk such as interest rate fluctuations, credit risk and prepayment risk. The value of its mortgage loans held for sale and its investments change as a result of fluctuating interest rates, credit risk, market sentiment and other external forces, which could materially adversely affect liquidity and capital resources.

The Company has entered into the following cash flow hedges and interest rate caps that are outstanding as of December 31, 2003. The net value associated with these hedges is reflected on the Company's Consolidated Balance Sheets:

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Type of Hedge	Notional Amount (In Thousands)	Cap Strike Price or Swap Rate	Trade Date	Maturity Date	Estimated Value (Liability) (in thousands) at December 31, 2003
Pay Fixed Rate - Receive Floating Rate Swap	$ 144,418	6.590%	6/14/02	3/15/22	$ (10,772)
Interest Rate Cap	132,000	4.500%	9/28/01	12/25/06	730
Interest Rate Cap	30,000	3.500%	12/17/03	2/1/11	953

</TABLE>

Management estimates that a one-percentage point increase in short-term interest rates for the year ended December 31, 2003 would have resulted in additional interest costs of approximately $2.7 million. This sensitivity analysis contains certain simplifying assumptions (for example, it does not consider the impact of changes in prepayment risk or credit spread risk). Therefore, although it gives an indication of the Company's exposure to interest rate change, it is not intended to predict future results and the Company's actual results will likely vary.

Management believes inflation has not significantly affected the Company's earnings because the inflation rate has remained low. During inflationary periods, which generally are accompanied by rising interest rates, the Company's ability to grow may be adversely affected because the yield on new investments may increase at a slower rate than new borrowing costs. However, sustained low inflation could lead to net lease pricing pressure as tenants request decreasing rates for longer maturities.

Critical Accounting Policies

The Company accounts for many asset categories that require management to exercise extensive judgment and make estimates. Listed below are the more significant accounting policies that require management judgment and estimates or are otherwise significant to the results of operations:

- The Company records the acquisition of land, buildings and equipment at cost, including acquisition, closing and construction period interest costs. Land and buildings are leased to restaurant operators generally on a triple-net basis, which means that the tenant is responsible for all operating expenses relating to the property, including property taxes, insurance, maintenance and repairs. The property and secured equipment leases held for investment are accounted for using either the direct financing or the operating method unless the Company has classified these properties pursuant to their intent to sell. Management estimates residual values and collectable rents in determining whether a lease is accounted for as either direct financing or operating.

- The Company's real estate accounting differs for assets held by its two operating segments based upon management's intention with respect to such asset's disposition.

  - Real estate held within the real estate segment is generally acquired

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with an intention to hold long-term. It is depreciated over its estimated useful life and rent is recorded giving consideration to contractual rent increases over the life of the lease. Some real estate held by this segment may be designated so as to reflect management's intention to dispose of the asset. In such case all operating income and expense, including depreciation and accrued rent associated with future contractual increases, is reflected as a component of discontinued operations for all periods presented, even for periods prior to management having stated its intention to sell.

  - Real estate held within the specialty finance segment is generally acquired with an intention to sell within one year. It is therefore not depreciated, and future contractual rent increases do not impact earnings. Because of a transition rule, the specialty finance properties are accounted for differently depending on acquisition date. All such properties acquired after December 31, 2001 are treated as discontinued operations, and operating income and expense is reflected as a component of discontinued operations.

- "Mortgage loans held for sale" were loans originated that the Company intended to sell or securitize. They were recorded at fair market value which was estimated using quoted prices, the present value of the expected cash flows and the estimated impact of any defaults, and may have been recorded at an amount greater than cost. In December 2003, the Company re-designated the majority of these loans to reflect the Company's intention to hold them to maturity and terminated the related derivative instrument hedging these loans.

- "Mortgage notes receivable" differ from "mortgage loans held for sale" primarily because of management's intention to hold the mortgage to its maturity. These financial assets are recorded at the lower of cost or market. Certain assets have been reclassified from "mortgage loans held for sale" into the "mortgage notes receivable" category when, in lieu of selling the mortgages, the Company elects to refinance such mortgages using longer-term debt. In the case of such reclassified mortgages, the Company records these at the value on the refinance date. The value at such date may differ from the par value of the loan with any such difference being amortized to earnings over the remaining life of the mortgage loans as a yield adjustment.

- Certain loans originated by the Company were sold to independent trusts that, in turn, issued securities to investors backed by these assets. The Company retains the servicing rights and participates in certain cash flows from the trusts. The present value of expected excess of net cash flows, after payment of principal and interest to bond or other certificate holders, over the estimated cost of servicing is recorded at the time of sale as a retained interest. Retained interests in securitized assets are included in other investments. Accounting for the retained interests requires that the Company estimate values using market trends and historical experience, expected prepayments and defaults. This information is considered, along with prevailing discount rates and the terms of the bonds and certificates, to arrive at an initial value and to periodically review the value for gains or losses. Permanent impairments, representing the excess of carrying value over estimated current fair value, are recorded as an expense.

- Management reviews, no less than annually, its long-lived assets for impairment or potential loss as events or circumstances indicate that the carrying amount of the assets may not be recoverable. Management compares the estimated future undiscounted cash flows, including the residual value of the property or collateral, with the carrying cost of the individual asset. If impairment is indicated, the assets are adjusted to the estimated fair value. In addition, management evaluates the carrying value of goodwill on a periodic basis to determine if an impairment is deemed necessary.

- The Company has also entered into certain derivative contracts in order to hedge its exposure to fluctuations in interest rates on variable rate debt qualifying for treatment as cash flow hedges. As long as this certain criteria for hedge accounting are met the changes in fair value of these contracts is reflected in other comprehensive income (loss) and as a component of stockholders' equity. If the requirements are not met, changes in the fair value of these contracts are reflected in earnings.

- Valuation of deferred tax assets. The Company accounts for federal and state income taxes with respect to its TRS subsidiaries using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statements carrying amounts of existing assets and liabilities and respective tax bases and operating losses and tax-credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In

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the event that these assumptions change the deferred taxes may change.

Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The valuation allowance is based on the Company's estimates of future taxable income and ongoing prudent and feasible tax planning strategies. Should the Company determine it would not be likely to realize in full the deferred tax asset in the future, the Company would record a valuation allowance to reduce the deferred tax asset to an amount that is more likely than not to be realized. An adjustment to the deferred tax asset would decrease income in the period the determination was made.

In estimating future taxable income, the Company must estimate future income using historical data, the expected growth rate of revenues and expenses, the effect of capital expenditures, and future market and economic conditions. Variability of these and other assumptions could result in an inability to recover the carrying value of the deferred tax assets.

New Accounting Pronouncements.

The implementation of certain accounting pronouncements have not had a material impact on the Company's results of operations. In January 2003, the Financial Accounting Standards Board (the "FASB") issued FAS Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." FIN 46 requires that a variable interest entity be consolidated by a company if that company is subject to a majority risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. Prior to FIN 46, a company generally included another entity in its consolidated financial statements only if it controlled the entity through voting interests. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003, and to older entities no later than the first fiscal year or interim period ending after December 15, 2003. Management adopted this standard in 2003 which resulted in the consolidation of two of the Company's previously unconsolidated subsidiaries. Adoption of this standard did not change the Company's accounting for the Company's bankruptcy remote securitization entities. The Company restated all prior periods presented to conform with the 2003 presentation. The consolidation did not significantly impact the Company's financial position or results of operations.

In December 2003, the FASB issued FIN 46R, "Consolidation of Variable Interest Entities". This Interpretation requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries. The primary beneficiary of a variable interest entity is the party that absorbs a majority of the entity's expected losses, receives a majority of its expected residual returns, or both, as a result of holding variable interests, which are the ownership, contractual, or other pecuniary interests in an entity that change with changes in the fair value of the entity's net assets excluding variable interests. Prior to FIN 46R, a company generally included another entity in its consolidated financial statements only if it controlled the entity through voting interests. Application of FIN 46R is required in financial statements of public entities that have interests in variable interest entities for periods ending after March 15, 2004. The Company does not expect that the application of this Interpretation will have a significant effect on its financial position or results of operations.

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("FAS 150"). FAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. FAS 150 will require issuers to classify certain financial instruments as liabilities (or assets in some circumstances) that previously were classified as equity. Some of the examples of financial instruments covered by FAS 150 include shares that are mandatorily redeemable, and other financial instruments that embody an obligation to repurchase outstanding shares or a conditional obligation that requires settlement by issuing a variable number of the entity's shares. FAS 150 also requires that minority interests for majority owned finite lived entities be classified as a liability and recorded at fair market value. FAS 150 initially applied immediately to all financial instruments entered into or modified after May 31, 2003, and otherwise was effective at the beginning of the first interim period beginning after June 15, 2003. Effective October 29, 2003, the FAS deferred implementation of FAS 150, as it applies to minority interests of finite lived Partnerships. The deferral of these provisions is expected to remain in effect while these interests are addressed in either Phase II of the FASB's Liabilities and Equity project or Phase II of the FASB's Business Combinations Project; therefore, no specific timing for the implementation of these provisions has been stated. The implementation of the currently effective aspects of FAS 150 did not have a material impact on the Company's results of operations.

Results from Operations

The Company generated net income of $42.4 million and $35.6 million and generated a loss of $24.5 million for the years ended December 31, 2003, 2002

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and 2001, respectively. The 19 percent increase in net income in 2003 as compared to 2002 was the result of a combination of factors including lower general, operating and administrative expense and decreased losses in the mortgage loans held for sale. The Company undertook an initiative to reduce general operating expenses by transferring certain functions out of the Company as described below. In addition, property expenses were lower in 2003 as compared to 2002 due to resolutions of 2002 bankruptcies and selling vacant properties that incurred property expenses during 2002. The Company also benefited from a decrease in interest expense resulting from low interest rates in the economy as well as having lower amounts outstanding under its credit facilities than in 2002. The decrease in amounts outstanding under its credit facilities was the result of paying down principal in accordance with loan repayment terms, selling properties financed with debt under the Investment Sales Program and not having to borrow as much due to low originations volume. The loss during 2001 was primarily the result of the Company recording provisions for loan losses and impairment provisions relating to several tenant and borrowers who experienced financial difficulties or filed for bankruptcy. Net earnings in 2003 and 2002 also benefited from creating the Investment Property Sales Program that only had a partial year benefit in 2001.

The following discussion of results from operations is by segment. All segment results are before eliminating adjustments and results of the holding company. As a result, the sum of amounts applicable to each segment will not, in some cases, equal the Company total amount reflected in the condensed consolidated statement of operations. Company earnings by segment reflect restatements for prior periods resulting from consolidating previously unconsolidated entities in accordance with the implementation of new accounting pronouncements. Company earnings are as follows for each of the years ended December 31:
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Net income/(loss) by segment	(In Millions) 2003	% of Total	2002	% of Total	2001	% of Total
Real estate segment	$ 27.7	65%	$ 23.2	65%	$ (22.8)	(93%)
Specialty finance segment	14.9	35	12.6	35	0.4	2
Other holding company results, results for periods prior to segment reporting and consolidating eliminations	(0.2)	--	(0.2)	--	(2.1)	(9)
Net income/(loss)	$ 42.4	100%	$ 35.6	100%	$ (24.5)	(100%)

</TABLE>

o The real estate segment posted a 19 percent increase in earnings in 2003. The improved operating performance was due to incurring lower general, operating and administrative expenses, interest expense and property expenses in 2003 as compared to 2002. The real estate segment posted earnings in 2002 as compared to a loss in 2001 that resulted when $28.2 million in loan reserves and $26.9 million in real estate impairments were recorded in 2001 in connection with certain borrower and tenant delinquencies. Exclusive of these charges in each year, the improved performance of the real estate segment during the comparative years reflects the 2002 initiative to sell vacant and under-performing properties and use the proceeds to reduce debt. The sales resulted in a net gain of $3.3 million and generated sales proceeds that were applied to reduce the business segment's overall debt by $44.7 million during 2002.

o The specialty finance segment reported an 18 percent increase in earnings in 2003 as compared to 2002 due to a one time benefit from income taxes of approximately $6.5 million. The benefit resulted from the reversal of the valuation allowance on deferred tax assets, as further described below. Absent this one time benefit, operating results would have decreased by 33 percent to $8.4 million in 2003, as compared to $12.6 million in 2002. Despite a decrease in interest expense, overall net income was lowered by an increase in provisions for loan losses and a decrease in the net spread between the segment's rental and interest income and its interest expense. The decrease in the spread was primarily due to a decrease in rental income from lower originations volume and less inventory levels available to earn this spread income pending the sale of the properties under the Investment Property Sales Program. Operating results of $12.6 million were higher in 2002 as compared to operating results of $0.4 million in 2001 due to the expansion of the Investment Property Sales Program which sold $288 million of real estate properties during 2002 as compared to $128 million in 2001, representing an increase of 125 percent. Gains from these sales were $24.6 during 2002 as compared to $10.1 during 2001, representing an increase of 144 percent.

Revenues
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For the year ended December 31,

Total revenues by segment (in millions)	2003	% of Total	2002	% of Total	2001	% of Total
Real estate segment	$ 85.2	75%	$ 88.6	26%	$ 88.7	32%
Specialty finance segment*	32.3	28	250.8	75	190.1	69
Other holding company results, results for periods prior to segment reporting and consolidating eliminations	(3.2)	(3)	(3.2)	(1)	(4.4)	(1)
Total revenues*	$ 114.3	100%	$ 336.2	100%	$ 274.4	100%

</TABLE>

* See discussion below for accounting treatment of sales of restaurant properties as discontinued operations.

Revenues are discussed based on the individual segment results beginning with the results of the real estate segment through CNL-Investments:
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For the year ended December 31,

Real estate segment revenues by line item (in millions)	2003	% of Total	2002	% of Total	2001	% of Total
Rental income from operating leases and earned income from direct financing leases	$72.1	85%	$ 72.1	81%	$ 73.3	82%
Interest income from mortgage equipment and other notes receivable	4.2	5	4.2	5	4.3	5
Investment and interest income	4.5	5	4.8	5	5.1	6
Other income	4.4	5	7.5	9	6.0	7
Total segment revenues	$ 85.2	100%	$ 88.6	100%	$ 88.7	100%

</TABLE>

The rental revenue from vacant and other properties sold was classified as a component of discontinued operations for all periods presented and was not included in the segment revenues above. The combined amount of rental income from operating leases and earned income from direct financing leases from continuing operations for 2003, 2002 and 2001 did not change significantly for each of the years presented.

Other income in the real estate segment decreased during 2003 as compared to 2002 as a result of decreased billings of direct costs to third parties using CNL-Investments for property management services. During 2003, the Company transferred certain functions to CFG, an affiliate, thereby reducing general and operating expenses, as well as reducing the billings of these expenses collected from third parties. Other income was higher in 2002 as compared to each of 2003 and 2001 due to the fact that during 2002, the Company earned disposition fees and recorded as income the settlement proceeds collected from one of its tenants who filed for bankruptcy. No such amounts were recorded during 2003 or 2001.

The revenues of the specialty finance segment through CNL-Capital are more variable than those of the real estate segment. The following table provides additional information relating to the revenues of this segment:
<TABLE>
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For the year ended December 31,

Specialty finance segment revenues by line item (in millions)	2003	% of Total	2002	% of Total	2001	% of Total
Sale of real estate	$ --	--%	$ 209.5	84%	$ 128.5	68%
Rental income from operating leases and earned income from direct financing leases	--	--	7.7	3	15.4	8
Interest income from mortgage equipment and other notes receivable	25.6	79	30.4	12	36.6	19
Investment and interest income	0.8	2	1.4	--	1.5	1
Net decrease in value of mortgage loans held for sale, net of						

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related hedge	(1.9)	(5)	(5.4)	(2)	(5.1)	(3)
Gain on sale of mortgage loans	--		--		4.1	2
Other income	7.8	24	7.2	3	9.1	5
	$ 32.3	100%	$ 250.8	100%	$ 190.1	100%

</TABLE>

The comparability of the specialty finance segment revenues is significantly impacted by the method of accounting for its sales of real estate that are recorded pursuant to discontinued operations guidance. This program was not started until 2001. The following information presents the Investment Property Sales Program sales:

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Specialty finance segment Investment Property Sales Program sales (in millions)	For the year ended December 31, 2003	2002	2001
Sale of real estate, as reported	$ --	$ 209.5	$ 128.5
Cost of real estate sold, as reported	--	(193.2)	(118.4)
Gain on disposal of discontinued operations, net as reported	24.9	8.3	--
Total gains from Investment Property Sales Program sales	$ 24.9	$ 24.6	$ 10.1

</TABLE>

CNL-Capital sold 147, 182 and 90 properties under the Investment Property Sales Program in 2003, 2002 and 2001, respectively. Additional information on actual proceeds, purchases and related gains is located in "Liquidity and Capital Resources - Specialty Finance Segment (CNL-Capital) - Investment Property Sales Program."

Other matters impacting the comparability of the various components of revenues during the three years ended December 31, 2003, 2002 and 2001 include:

o Rental income from operating leases reflects a decrease because in 2002 and 2001, rental revenues associated with properties acquired after December 31, 2001 were recorded as a component of income from discontinued operations while properties acquired prior to January 1, 2002 were recorded in rental income. Beginning January 1, 2003, however, these revenues are recorded in discontinued operations regardless of the date of acquisition. All properties owned by this segment are held with the intent to be sold.

o Interest income from mortgage, equipment and other notes receivable decreased 16 percent and 17 percent during 2003 and 2002, each as compared to the previous year, as a result of normal principal repayments as well as foreclosure actions, the modification of terms and other impacts of delinquent loans between years. The Company has not originated new mortgage loans since May of 2001, focusing instead on the opportunity to refer potential borrowers to CNL-Capital's financial institution partner.

o Despite a hedging strategy designed to address market volatility in the value of loans held for sale, the loan valuation increases associated with decreases in interest rates for mortgage loans held for sale, net of related hedge, were more than offset by estimated potential default losses and valuation decreases (liability increases) in hedge contracts. The results improved in 2003 as compared to 2002 due to improvements in the hedge valuations partially offset by increased potential default related loan reserves. In addition, the decrease in 2003 resulted from CNL-Capital's sale of its remaining loans to CNL-Investments in conjunction with CNL-Investments issuing bonds on the new 2003 pool.

o Investment and interest income associated with retained interests in the off balance sheet loan pools decreased by 43 percent in 2003 as a result of certain pool defaults and prepayments in 2002 and 2003.

o During 2001, CNL-Capital sold a portfolio of approximately $127 million in loans through private market sales channels resulting in a gain on sale of mortgage loans of $4.1 million. No such sales occurred during 2002 and 2003.

o Other income reflects, among other items, fees from advisory services, servicing income and referral fees for loans and other products from the Bank. Other income was 21 percent lower during 2002 as compared to 2001 due to a decrease of approximately $0.8 million in referral fees from the Bank in 2002 as compared to 2001. Other income was higher in 2001 as compared to each of 2003 and 2002 by approximately $1 million due to the Company selling approximately $127 million in loans during 2001 using private market sales channels. The sale of these loans triggered the recognition of

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the remaining $1 million in deferred origination fees collected on these loans when they were originated.

Expenses

Excluding costs of sales, expenses decreased during 2003 and 2002, each as compared to the previous year. General operating and administrative expenses and interest expense were lower during 2003 and 2002, each as compared to the previous year, due to the Company's initiative of outsourcing some functions to reduce expenses. Interest expense was lower for each period presented due to declining interest rates and having lower amounts outstanding under its borrowings.

Cost of real estate sold is associated with the Investment Property Sales Program of the specialty finance segment and relates to properties held for sale at the end of 2001 that were sold by December 31, 2002. In 2002, costs associated with properties acquired after 2001 were required to be included as a component of the gain on disposal of discontinued operations, while in 2003 this treatment is required regardless of acquisition date. A table and related discussion of the comparative results is reported above under the discussion of related revenues.

General operating and administrative expenses consist primarily of payroll-related and legal and other professional expenses. The following table illustrates the comparative period expenses by segment:

<TABLE>
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General operating and administrative expenses by segment (in millions)	For the year ended December 31, 2003	% of Total	2002	% of Total	2001	% of Total
Real estate segment	$ 9.0	36%	$ 11.8	42%	$ 8.8	30%
Specialty finance segment	18.6	74	19.0	67	22.6	76
Other holding company results, results for periods prior to segment reporting and consolidating eliminations	(2.4)	(10)	(2.4)	(9)	(1.8)	(6)
Total general operating and administrative expenses	$ 25.2	100%	$ 28.4	100%	$ 29.6	100%

</TABLE>

- CNL-Investments' general operating and administrative expenses decreased by 24 percent during 2003 as compared to 2002 as a result of transferring certain financial and strategic functions, including transferring certain employees relating to the management of the external portfolios, to a subsidiary of CFG, an affiliate. General and administrative functions were 34 percent higher during 2002 as compared to 2001 because during 2002, CNL-Investments increased its workout activity to deal with several tenant defaults and bankruptcies that it did not experience during 2001. If CNL-Investments had not transferred certain functions to a subsidiary of CFG during 2003, general operating and administrative expenses would have been comparable between 2002 and 2003.

- CNL-Capital's general operating and administrative expenses were fairly constant between 2003 and 2002. General operating and administrative expenses decreased by 16 percent during 2002 as compared to 2001 due to CNL-Capital undertaking cost cutting initiatives in 2001 that included a reduction of employees. CNL-Capital has continued to control personnel and payroll related costs in this segment. In addition, general operating and administrative expenses in 2001 included higher legal expenses incurred due to resolution of troubled loans and were at levels higher than those incurred during 2003 and 2002.

Interest expense constitutes one of the most significant operating expenses, excluding cost of real estate sold by CNL-Capital, which is a component of the gain from the disposal of discontinued operations for properties acquired after 2001. Certain interest expense is included in operating results from discontinued operations. Components of interest expense from continuing operations are as follows:
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	For the year ended December 31,					
Interest expense by segment (in		% of		% of		% of

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millions)	2003	Total	2002	Total	2001	Total
Real estate segment	$ 27.5	54%	$ 30.6	52%	$ 38.8	56%
Specialty finance segment	23.7	47	28.5	49	31.8	45
Other holding company results and consolidating eliminations	(0.6)	(1)	(0.7)	(1)	(0.8)	(1)
Total interest expense	$ 50.6	100%	$ 58.4	100%	$ 69.8	100%

</TABLE>

- CNL-Investments decreased its level of debt throughout most of 2003 and 2002 through the sales of real estate. The segment realized a decrease of 10 percent and 21 percent in interest expense in 2003 and 2002, respectively, each as compared to the previous year. The decrease in 2002 resulted from the repayment of the Note Payable with proceeds of the Series 2001 Bonds issued in October 2001, which carried a lower rate of interest. Interest expense also decreased due a decline in weighted average balances outstanding on its borrowings during 2003 as compared to 2002.

- CNL-Capital has reduced its interest-bearing debt, partly due to holding lower inventory levels of properties held for sale. The reduction in available inventory occurred because CNL-Capital generated $194 and $288 million in Investment Property Sales properties throughout 2003 and 2002, respectively, while acquiring only $169 and $263 million, respectively, in new properties. Declining interest rates also contributed to lower interest expense in 2003 and 2002, each as compared to the previous year. The weighted average interest charged by the mortgage warehouse facilities to fund property acquisitions decreased from 5.13 percent to 4.07 percent to 3.41 percent in 2001, 2002 and 2003, respectively. The decrease in the weighted average rates charged on borrowings from the mortgage warehouse facilities was partially offset by the 5.87 percent weighted average rate charged by the five-year financing of over $225 million entered into in June 2002. By removing these assets from warehouse financing, CNL-Capital complied with the terms of the warehouse facility and was able to preserve net spread resulting from the excess of the interest income received over the interest expense paid, despite the increased interest expense on the five-year financing.

Property expenses typically occur when properties are defaulted in the real estate segment. The Company recognized $0.9 million, $3.2 million and $2.0 million in property expenses during 2003, 2002 and 2001, respectively. Property expenses were higher in 2002 and 2001 due to three major tenants declaring bankruptcy and rejecting numerous leases that resulted in the Company incurring real estate taxes, insurance, repairs and maintenance and legal fees related to dealing with resolution of the assets within bankruptcies. Phoenix Restaurant Group, Inc. and its subsidiaries, (collectively referred to as "PRG") filed for bankruptcy in 2001 and Roadhouse Grill, Inc. ("Roadhouse Grill") and Houlihan's Restaurant Group ("Houlihan's") filed for bankruptcy in 2002. In 2003, fewer vacant properties were on hand incurring these expenses as opposed to 2002 and 2001. Some expenses formerly presented in this category associated with properties treated as discontinued operations are incorporated in the income or loss from discontinued operations for all years presented.

Depreciation and amortization expenses reflect the level of assets invested in leased properties held by the real estate segment. Certain of these expenses have been reflected as a component of discontinued operations. The specialty finance segment does not depreciate its properties held for sale, but along with CNL-Investments, CNL-Capital has recorded depreciation on office and computer equipment during 2003, 2002 and 2001, respectively. Depreciation and amortization expense during 2001 included goodwill amortization of $3.1 million. As a result of new accounting rules, no amortization of goodwill was recorded in 2002 and 2003.

CNL-Capital recorded a loss on termination of cash flow hedge of $0.5 million and $8.1 million in 2003 and 2001, respectively. Most of the loss in 2001 resulted when CNL-Capital focused on its Investment Property Sales Program instead of on securitizations. This change in focus was the result of changes in market conditions. The loss during 2003 relates to the prepayment of mortgage loans by a borrower causing CNL-Capital to pay down a portion of the related debt collateralized by these mortgage loans and to also unwind a portion of the related swap.

Impairments and provisions on assets consist of bad debt expense relating to receivables that management deemed uncollectible, provisions for loan losses associated with non-performing loans, valuation allowances associated with investments in the 1998-1 and 1999-1 residual interests and impairment provisions on properties (excluding impairments on properties treated as

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discontinued operations as described below). The following table illustrates the comparative period expenses by segment:

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	For the year ended December 31,					
Impairments and provisions on assets (in millions)	2003	% of Total	2002	% of Total	2001	% of Total
Real estate segment	$ 5.5	38%	$ 4.5	47%	$ 41.0	99%
Specialty finance segment	8.8	62	5.1	53	0.5	1
	$ 14.3	100%	$ 9.6	100%	$ 41.5	100%

</TABLE>

CNL-Investments recorded provisions for loan losses of $0.8 million and $28.2 million during 2003 and 2001, respectively, associated with non-performing loans. The provisions for loan losses during 2001 related primarily to loans from PRG, which declared bankruptcy in 2001, based on questionable collectibility of the loans. CNL-Investments recorded impairment provisions of $4.7 million, $4.5 million and $12.8 million during 2003, 2002 and 2001, respectively, excluding impairments on properties treated as discontinued operations as described below. The impairments related to properties from defaulted tenants, including properties previously leased to PRG, Roadhouse Grill, Houlihan's and Chevy's, all of which declared bankruptcy during 2001 and 2002. The impairments represented the difference between the net carrying value of the properties and the estimated fair value of the properties.

CNL-Capital recorded provisions for loan losses of $4.7 million and $3.2 million in 2003 and 2002, respectively, associated with non-performing loans. Management evaluates its loan portfolio and records a reserve as potential losses become evident. CNL-Capital also recorded reserves or write-offs of $1.6 million, $1.9 million and $0.1 million during 2003, 2002 and 2001, respectively, relating to its 1998-1 and 1999-1 residual interests. CNL-Capital recorded these amounts based on its determination that a permanent impairment in value had occurred as a result of certain borrower delinquencies within these securitized pools. CNL-Capital also recorded bad debt expense of $2.5 million and $0.4 million during 2003 and 2001, respectively, relating to receivables that management elected to write-off.

Discontinued Operations

The Company accounts for certain of its revenues and expenses as originating from discontinued operations pursuant to Statement of Financial Accounting Standard No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"). FAS 144 requires that sales of real estate, or the designation of a real estate asset as held for sale, be treated as discontinued operations. Any gain or loss from such disposition, and any income or expenses associated with these real estate assets, are included in the income statement as discontinued operations. CNL-Capital's Investment Property Sales program, a vital piece of its ongoing operating strategy, falls under the new guidance. Therefore, gains from properties sold under the Investment Property Sales program are included as discontinued operations, unless the gain was realized in 2002 for properties acquired before January 1, 2002. Income and expenses associated with Investment Property Sales program assets are also included in discontinued operations, except for 2002 income and expenses associated with properties acquired before January 1, 2002 and sold by December 31, 2002. In addition, CNL-Investments has designated certain real estate assets since December 31, 2001 as held for sale and has included income and expenses associated with the assets as well as the gain or loss from any dispositions of these assets as discontinued operations for all periods presented.

During 2002, the Company purchased the operations of certain restaurants. In December 2003, the Company decided to dispose of these restaurant operations. All operating results relating to these restaurant operations have been recorded as discontinued operations. The table below illustrates the treatment of discontinued operations by segment for each of the years ended December 31:

<TABLE>
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Income from discontinued operations by segment (in millions)	2003	2002	2001

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Real estate segment discontinued operations:			
Operating loss	$ (6.2)	$ (6.6)	$ (5.3)
Gains on disposal	3.7	3.3	--
Specialty finance segment discontinued operations:			
Operating income	5.9	3.2	0.4
Gains on disposal	24.6	8.3	--
Income tax benefit	6.3	--	--
Total income (loss) from discontinued operations	$ 34.3	$ 8.2	$ (4.9)

</TABLE>

The operating loss of the real estate segment includes impairment provisions of $6.8 million, $8.9 million and $14.1 million during 2003, 2002 and 2001, respectively. These impairments related primarily to properties from defaulted tenants that were later designated as held for sale or sold through December 31, 2003. The operating income of the specialty finance segment includes impairment provisions of $1.4 million and $0.7 million during 2003 and 2002, respectively, that were related to properties designated as held for sale or sold through December 31, 2003. The restaurant operations generated revenues of $13.7 million and $2.4 million during 2003 and 2002, respectively, and generated related expenses of $14.2 million and $2.8 million, respectively.

Income Tax Benefit

The Company is primarily treated as a REIT and generally records no tax expense. However, effective January 1, 2001, the activities of CNL-Capital and certain activities of CNL-Investments are taxable pursuant to rules governing TRSs. The Company has not reflected an income tax expense to date through December 31, 2003. This is attributed to the following:

- At the time of the election, differences existed between the tax and the financial reporting treatment of certain items such as loan loss reserves and reserves for impairment and depreciation. In the aggregate, these differences served to defer deductions and accelerate income reported for tax purposes prior to the TRS election, with the benefit of the reversal of such differences attributed to the TRS. This benefit gave rise to a deferred tax asset. Management did not believe that the realization of the deferred tax asset was more likely than not. Therefore the deferred tax asset was completely offset by a valuation allowance, and no benefit was recognized January 1, 2001.

- As the CNL-Capital TRS generated earnings subsequent to its initial year, management reversed the extent of the valuation allowance, thus recognizing some net deferred tax asset as adjusted by current changes. This reversal created a net deferred tax asset that had generally approximated the cumulative tax being paid. As of December 31, 2003, CNL-Capital reversed the valuation allowance of $6.3 million previously recorded by the CNL-Capital TRS against its deferred tax asset. CNL-Capital determined that is was more likely than not that this deferred tax asset will be realized based on historical earnings and projected future income of CNL-Capital. As of December 31, 2003, the CNL-Investments TRS had a deferred tax asset of $0.8 million. This TRS has not yet generated any taxable income. Therefore, CNL-Investments established a valuation allowance to completely offset the deferred tax asset.

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

This information is described above in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 8. Financial Statements and Supplementary Data

Report of Independent Certified Public Accountants

To the Board of Directors and Stockholders of

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In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' equity and comprehensive income/(loss), and of cash flows present fairly, in all material respects, the financial position of CNL Restaurant Properties, Inc. and its subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedules are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Notes 1 and 8 to the consolidated financial statements, on January 1, 2001 the Company changed its method of accounting for derivative financial instruments and on January 1, 2002 the Company adopted Financial Accounting Standards No. 142 "Goodwill and other Intangible Assets", and No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets."

/s/ PricewaterhouseCoopers LLP

Orlando, Florida
March 12, 2004

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands except for share data)

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	December 31, 2003	December 31, 2002
ASSETS		
Real estate investment properties	$ 542,972	$ 553,730
Net investment in direct financing leases	103,662	110,926
Real estate and restaurant assets held for sale	131,210	185,718
Mortgage loans held for sale	1,490	37,407
Mortgage, equipment and other notes receivable, net of allowance of $13,964 and $12,062, respectively	320,900	334,499
Other investments	29,671	32,163
Cash and cash equivalents	36,955	16,579
Restricted cash	12,462	4,574
Receivables, less allowance for doubtful accounts of $872 and $1,182, respectively	3,382	3,214
Accrued rental income	25,935	21,920
Goodwill	56,260	56,260
Other assets	33,217	26,460
	$ 1,298,116	$ 1,383,450
LIABILITIES AND STOCKHOLDERS' EQUITY		
Revolver	$ 2,000	$ 14,000
Note payable	182,560	203,207
Mortgage warehouse facilities	93,513	145,758
Subordinated note payable	43,750	43,750
Bonds payable	430,011	424,508
Due to related parties	25,038	5,702
Other payables	34,096	33,512

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Total liabilities	810,968	870,437
Minority interests, including redeemable partnership interest	7,262	18,862
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, without par value. Authorized and unissued 3,000,000 shares	--	--
Excess shares, $0.01 par value per share. Authorized and unissued 78,000,000 shares	--	--
Common stock, $0.01 par value per share. Authorized 62,500,000 shares, issued 45,286,297 and 45,286,297 shares, respectively, outstanding 45,248,670 and 45,248,670 shares, respectively	452	452
Capital in excess of par value	826,627	816,745
Accumulated other comprehensive loss	(14,447)	(16,862)
Accumulated distributions in excess of net earnings	(332,746)	(306,184)
Total stockholders' equity	479,886	494,151
	$ 1,298,116	$ 1,383,450

</TABLE>

See accompanying notes to consolidated financial statements.

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands except for share data and per share data)

<TABLE>
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	Year Ended December 31, 2003	2002	2001
Revenues:			
Sale of real estate	$ --	$ 209,498	$ 128,480
Rental income from operating leases	61,293	67,939	74,558
Earned income from direct financing leases	10,890	11,892	12,387
Interest income from mortgage, equipment and other notes receivables	29,807	34,555	40,831
Investment and interest income	4,586	5,344	5,845
Other income	9,614	12,303	13,262
Net decrease in value of mortgage loans held for sale, net of related hedge	(1,853)	(5,368)	(5,070)
Gain on sale of mortgage loans	--	--	4,120
	114,337	336,163	274,413
Expenses:			
Cost of real estate sold	--	193,179	118,372
General operating and administrative	25,208	28,433	29,592
Interest expense	50,576	58,401	69,750
Property expenses	933	3,241	1,954
State and other taxes	209	88	931
Depreciation and amortization	12,521	13,133	17,715
Loss on termination of cash flow hedges	502	--	8,060
Impairments and provisions on assets	14,250	9,626	41,488
	104,199	306,101	287,862
Earnings/(loss) from continuing operations before minority interest in income of consolidated joint ventures, equity in earnings of unconsolidated joint ventures and loss on sale of assets	10,138	30,062	(13,449)
Minority interest in income of consolidated joint ventures	(1,913)	(2,409)	(1,250)
Equity in earnings of unconsolidated joint ventures	108	101	98
Loss on sale of assets	(157)	(347)	(1,138)
Earnings/(loss) from continuing operations, net	8,176	27,407	(15,739)

Earnings/(loss) from discontinued operations, net of

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income tax benefit	34,264	8,183	(4,872)
Earnings/(loss) before cumulative effect of accounting change	42,440	35,590	(20,611)
Cumulative effect of accounting change	--	--	(3,841)
Net income/(loss)	$ 42,440	$ 35,590	$ (24,452)

</TABLE>
See accompanying notes to consolidated financial statements.

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands except for share data and per share data)

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	Year Ended December 31, 2003	2002	2001
Earnings/(loss) per share of common stock (basic and diluted):			
From continuing operations	$ 0.18	$ 0.61	$ (0.36)
From discontinued operations	0.76	0.19	(0.11)
Before cumulative effect of accounting change	0.94	0.80	(0.47)
Cumulative effect of accounting change	--	--	(0.09)
Net income/(loss)	$ 0.94	$ 0.80	$ (0.56)
Weighted average number of shares of common stock outstanding	45,248,670	44,620,235	43,589,985

</TABLE>
See accompanying notes to consolidated financial statements.

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS'
EQUITY AND COMPREHENSIVE
INCOME/(LOSS) Years Ended
December 31, 2003, 2002 and 2001
(In thousands except for share data and per share data)

<TABLE>
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	Common stock		Capital in excess of par value	Accumulated distributions in excess of net earnings	Accumulated other comprehensive income/(loss)	Total	Comprehensive income/(loss)
	Number of shares	Par value					
Balance at December 31, 2000	43,495,919	$ 435	$ 789,926	$ (182,865)	$ 242	$ 607,738	$
Shares issued	579,722	6	9,722	--	--	9,728	
Stock issuance costs	--	--	(1,494)	--	--	(1,494)	
Net loss	--	--	--	(24,452)	--	(24,452)	(24,452)
Other comprehensive income, market revaluation on							

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available for sale securities	--	--	--	--	839	839	839
Cumulative effect adjustment to recognize fair value of cash flow hedges	--	--	--	--	(5,172)	(5,172)	(5,172)
Reclassification of cash flow hedge losses to statement of operations	--	--	--	--	8,060	8,060	8,060
Current period adjustment to recognize change in fair value of cash flow hedges, net of tax	--	--	--	--	(2,599)	(2,599)	(2,599)
Total comprehensive loss	--	--	--	--	--	--	$ (23,324)
Distributions declared and paid ($1.52 per share)	--	--	--	(66,466)	--	(66,466)	
Balance at December 31, 2001	44,075,641	$ 441	$ 798,154	$ (273,783)	1,370	526,182	$
Shares issued	1,173,354	11	20,088	--	--	20,099	
Retirement of common stock	(325)	--	(4)	--	--	(4)	
Stock issuance costs	--	--	(1,493)	--	--	(1,493)	
Net income	--	--	--	35,590	--	35,590	35,590
Other comprehensive loss, market revaluation on available for sale securities	--	--	--	--	(775)	(775)	(775)
Current period adjustment to recognize change in fair value of cash flow hedges, net of tax	--	--	--	--	(17,457)	(17,457)	(17,457)
Total comprehensive income	--	--	--	--	--	--	$ 17,358
Distributions declared and paid ($1.52 per share)	--	--	--	(67,991)	--	(67,991)	
Balance at December 31, 2002	45,248,670	$ 452	816,745	(306,184)	(16,862)	494,151	

</TABLE>

See accompanying notes to consolidated financial statements.

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS'
EQUITY AND COMPREHENSIVE
INCOME/(LOSS) Years Ended
December 31, 2003, 2002 and 2001
(In thousands except for share data and per share data)

<TABLE>
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	Common stock			Accumulated distributions	Accumulated other		
	Number of shares	Par value	Capital in excess of par value	in excess of net earnings	compre-hensive income/(loss)	Total	Compre-hensive income/(loss)
Balance at December 31, 2002	45,248,670	$ 452	$ 816,745	$ (306,184)	(16,862)	494,151	$
Acquisition of minority interest	--	--	11,375	--	--	11,375	

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Stock issuance costs	--	--	(1,493)	--	--	(1,493)	
Net income	--	--	--	42,440	--	42,440	42,440
Reclassification of market revaluation on available for sale securities to statement of operations	--	--	--	--	(78)	(78)	(78)
Reclassification of cash flow hedge losses to statement of operations	--	--	--	--	502	502	502
Current period adjustment to recognize change in fair value of cash flow hedges, net of $1,750 in tax benefit	--	--	--	--	1,991	1,991	1,991
Total comprehensive income	--	--	--	--	--	--	$ 44,855
Distributions declared and paid ($1.52 per share)	--	--	--	(69,002)	--	(69,002)	
Balance at December 31, 2003	45,248,670	$ 452	$ 826,627	$ (332,746)	$ (14,447)	$ 479,886	

</TABLE>

See accompanying notes to consolidated financial statements.

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

<TABLE>
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	Year Ended December 31,		
	2003	2002	2001
Cash flows from operating activities:			
Net income/(loss)	$ 42,440	$ 35,590	$ (24,452)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Depreciation and amortization	13,466	14,826	19,646
Impairments and provisions on assets	22,405	19,165	55,595
(Gain)/loss on sales of assets	(3,475)	(2,947)	1,137
Gain on sale of mortgage loans	--	--	(4,120)
Income tax benefit	(6,346)	--	--
Cumulative effect of accounting change	--	--	3,841
Net decrease in value of mortgage loans held for sale, net of related hedge	1,853	5,368	5,070
Proceeds from sale of loans	--	--	105,975
Investment in mortgage loans held for sale	(112)	(226)	(94,520)
Collection on mortgage loans held for sale	7,635	16,356	24,604
Changes in inventories of real estate held for sale	29,618	45,471	(46,704)
Changes in other operating assets and liabilities	888	(22,016)	2,662
Net cash provided by operating activities	108,372	111,587	48,734
Cash flows from investing activities:			
Additions to real estate investment properties	--	(7,212)	(26,052)
Proceeds from sale of assets	25,312	67,085	12,659
Decrease/(increase) in restricted cash	(7,888)	6,357	(9,055)
Investment in joint venture	--	(150)	(10)
Investment in mortgage, equipment and other notes receivable	--	(6,607)	(11,458)
Collection on mortgage, equipment and other notes receivable	29,075	15,481	9,325
Proceeds from sale or maturities of securities	19	--	982
Net cash provided by (used in) investing activities	46,518	74,954	(23,609)

</TABLE>

See accompanying notes to consolidated financial statements.

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES

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CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
(In thousands)

<TABLE>
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	Year Ended December 31, 2003	2002	2001
Cash flows from financing activities:			
Payment of stock issuance costs	$ (1,493)	$ (1,493)	$ (1,493)
Proceeds from borrowings on credit facility, note payable and subordinated note payable	34,104	249,334	63,949
Payment on credit facility, note payable and subordinated note payable	(66,751)	(90,874)	(159,666)
Proceeds from borrowings on mortgage warehouse facilities	124,127	189,901	325,264
Payments on mortgage warehouse facilities	(176,372)	(474,312)	(358,860)
Issuance of bonds	24,906	--	177,223
Retirement of bonds payable	(19,403)	(16,436)	(10,066)
Payment of loan costs and bond issuance costs	(2,231)	(27)	(9,634)
Proceeds from sale of shares	--	9,750	3,692
Loan from stockholder	18,710	11,750	8,708
Retirement of shares of common stock	--	(4)	--
Distributions to minority interest	(1,867)	(1,484)	(234)
Distributions to stockholders	(68,244)	(67,991)	(66,466)
Net cash used in financing activities	(134,514)	(191,886)	(27,583)
Net increase (decrease) in cash and cash equivalents	20,376	(5,345)	(2,458)
Cash and cash equivalents at beginning of year	16,579	21,924	24,382
Cash and cash equivalents at end of year	$ 36,955	$ 16,579	$ 21,924
Supplemental disclosures of cash flow information:			
Interest paid	$ 48,114	$ 52,704	$ 58,417
Interest capitalized	$ 95	$ 113	$ 568
Income taxes paid	$ 4,019	$ 193	$ 34
Supplemental disclosures of non-cash investing and financing activities:			
Mortgage notes accepted in exchange for sale of properties	$ 1,394	$ --	$ --
Financing of computer software acquisition	$ 1,788	$ --	$ --
Distributions declared and unpaid at December 31	$ 758	$ --	$ --
Conversion of related party advances into shares of common stock	$ --	$ 10,350	$ --
Redemption of minority interest in lieu of payment on accounts receivable	$ 317	$ --	$ --
Acquisition of minority interest	$ 11,375	$ --	$ --

</TABLE>

See accompanying notes to consolidated financial statements.

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2003, 2002 and 2001

1. Significant Accounting Policies:

Organization - CNL Restaurant Properties, Inc. ("the Company") formerly CNL

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American Properties Fund, Inc. was organized in Maryland in May of 1994, and is a self-administered real estate investment trust ("REIT"). The term "Company" includes, unless the context otherwise requires, CNL Restaurant Properties, Inc. and its majority owned and controlled subsidiaries. These subsidiaries include CNL Restaurant Investments, Inc. ("CNL-Investments") formerly CNL Restaurant Properties, Inc. and CNL Restaurant Capital Corp. ("CNL-Capital Corp.") formerly CNL Franchise Network Corp. The Company's operations are divided into two business segments, real estate and specialty finance. The real estate segment, operated principally through the Company's wholly owned subsidiary CNL-Investments and its subsidiaries, owns and manages a portfolio of primarily long-term triple-net lease properties. Its activities include portfolio management, property management and dispositions. In addition, it services approximately $525 million in affiliate portfolios and earns management fees related thereto. The specialty finance segment, CNL Restaurant Capital, LP ("CNL-Capital"), and its subsidiaries, is operated through the Company's wholly-owned subsidiary CNL-Capital Corp., a partnership with Bank of America (the "Bank") and CNL/CAS Corp., an affiliate of the Company's Chairman. CNL-Capital provides financing, servicing, development and advisory services to national and regional restaurant operators.

Effective January 1, 2003, CNL-Capital modified certain terms relating to the alliance with the Bank that resulted in the Bank reducing its ownership interest in CNL-Capital. The Bank's ownership interest in CNL-Capital is redeemable at their option under certain conditions after a specified date for a cash payment of $4.3 million. In conjunction with the ownership reduction, the Bank agreed to assume certain costs of its portfolio operations and decreased the referral fees paid by the Bank to CNL-Capital under the referral program between the Bank and CNL-Capital. In addition, CNL CAS/Corp. agreed to reduce its interest in CNL-Capital. As a result, the Company's effective ownership interest in CNL-Capital increased from 84.39% to 96.26%. The Company reduced the minority interest and increased stockholders' equity by approximately $11.4 million to reflect this change in ownership.

Principles of Consolidation - The consolidated financial statements of the Company include its majority owned and controlled affiliates. All significant intercompany balances and transactions among consolidated affiliates have been eliminated. The equity method of accounting is applied to those investments in joint ventures that are not subject to control by the Company due to the significance of rights held by other parties.

Use of Estimates - Preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities. Significant estimates include provisions for impairment of real estate and loans, valuation of loans held for sale, deferred tax assets, goodwill and long lived assets. Actual results could differ from those estimates.

Real Estate and Lease Accounting - The Company records its properties comprised of land, buildings and equipment at cost. Management reviews its properties for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable through operations or sale. Management determines whether impairment in value has occurred by comparing the estimated future undiscounted cash flows, including the residual value of the property, with the carrying cost of the individual property. If impairment is indicated, the assets are adjusted to estimated fair value.

Properties leased to restaurant operators are generally on a triple-net basis, which means the tenant is responsible for all operating expenses relating to the property, including property taxes, insurance, maintenance and repairs. The leases are accounted for using either the direct financing or the operating method.

1. Significant Accounting Policies - Continued:

Direct financing method - The leases accounted for using the direct financing method are recorded at the net investment that, at the inception of the lease, generally represents the cost of the asset. Unearned income is deferred and amortized to income over the lease terms so as to produce a constant periodic rate of return on net investment in the leases.

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Operating method - Land, building and secured equipment leases are accounted for using the operating method. Revenue is recognized as rentals are earned and depreciation is charged to operations on a straight-line basis over the life of the related assets. Rental income is recognized on a straight-line basis over the lease term. Buildings and equipment are depreciated on the straight-line method over their estimated useful lives of 30 and seven years, respectively.

Properties acquired that the Company intends to sell or securitize within one year of acquisition are recorded at cost. Rental income is recognized without regard to potential future rent increases and the asset is not depreciated. Revenue from sale of real estate is recognized at the time of closing when collectibility of the sales price is reasonably assured and the earnings process is substantially complete.

Loans - The Company has originated loans to restaurant operators that are generally secured by real estate or equipment. The Company accounts for loans depending on the following classification:

Mortgage loans held for sale - Loans originated that the Company intends to sell or securitize generally within one year of origination are recorded at cost and adjusted for changes in market value under the Company's hedging strategy. Quoted prices for similar loans and the present value of the expected cash flows net of the estimated impact of any defaults are used to determine fair value.

Mortgage, equipment and other notes receivable - Loans originated that are expected to be held until maturity are recorded at cost and are reduced for any estimated future loss. Whenever it appears that future collection on specific notes appears doubtful, a valuation allowance is established. The allowance represents the difference between the carrying amount and the amount management expects to receive. Increases and decreases in the allowance due to changes in the measurement of the impaired loans are included in the provision for loss on loans. Loans continue to be classified as impaired unless they are brought fully current and the collection of scheduled interest and principal is considered probable. When a loan or portion of a loan, including an impaired loan, is determined to be uncollectible, the portion deemed uncollectible is charged against the allowance and subsequent recoveries, if any, are credited to the allowance. Accrual of interest is discontinued when management believes, after considering economic and business conditions and collection efforts, that the borrowers' financial condition is such that collection of interest is doubtful. Subsequent interest is recorded as income.

Securitizations - Certain loans are originated and sold to entities that, in turn, issue securities to investors backed by these assets. The Company retains the servicing rights and participates in cash flows from the retained equity positions and lower rated securities. The present value of the expected cash flows for each retained security, after payment of principal and interest to third-party bond or certificate holders, over the estimated cost of servicing is recorded at the time of sale as a retained interest. Retained interests in securitized assets are included in other investments. Accounting for the retained interests requires the Company to estimate their value using market trends and historical experience, expected prepayments and defaults. This information is considered, along with prevailing discount rates and the terms of the bonds and certificates, to arrive at current fair value amounts and determine whether a permanent impairment in value has occurred.

1. Significant Accounting Policies - Continued:

Restricted Cash - Restricted cash relates to cash received in connection with assets held as collateral for certain debt and is subject to restrictions until released by the trustee.

Cash and Cash Equivalents - The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. These amounts may exceed federally insured levels, however, the Company has not experienced any losses in such accounts.

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Derivative Financial Instruments - The Company utilizes derivative instruments to partially offset the effect of fluctuating interest rates on the value of its mortgage loans held for sale and the cash flows associated with a portion of its variable-rate debt. The Company adopted Statement of Financial Accounting Standards No. 133 ("FAS 133"), as amended, on January 1, 2001, which requires all derivative instruments to be recorded on the balance sheet at fair value. Changes in the value of derivatives associated with hedge transactions are recorded either in current earnings or in other comprehensive income depending on the type.

Fair-value hedge transactions - When the Company hedges changes in the fair value of an asset or liability, the effective changes in the value of the derivative instrument are generally offset in the income statement by changes in the value of the hedged item.

Cash-flow hedge transactions - When the Company hedges variability of cash flows related to a variable-rate asset or liability or a forecasted transaction, effective changes in the value of the derivative instrument are reported in other comprehensive income and subsequently recognized in operations in the periods in which earnings are impacted by the variability of the cash flows of the hedged item or forecasted transaction.

The ineffective portion of all hedges are reflected in earnings.

Effective January 1, 2001, the Company recorded a cumulative effect adjustment loss of $21.2 million to recognize the value of all derivative instruments that were designated as fair-value hedging instruments and an offsetting cumulative effect adjustment of $17.4 million to recognize the excess of the fair values of related hedged assets over the carrying value. In addition, effective January 1, 2001 a cumulative effect adjustment through stockholders' equity of $5.2 million was recorded to recognize at fair value all derivative instruments that were designated as cash-flow hedging instruments.

During 2003, the Company recorded a $0.5 million charge to results of operations upon unwinding a portion of a cash flow hedge as a result of the collection of a note receivable and repayment of the related debt. During 2001, the Company determined that a forecasted debt issuance would not occur and also terminated a cash flow hedge upon repayment of the related debt. The termination of the hedges and the hedge accounting for the related derivative instruments resulted in an $8.1 million charge to the statement of operations.

1. Significant Accounting Policies - Continued:

Loan Costs - Loan costs incurred in connection with debt have been capitalized and are being amortized over the term of the related debt using the effective interest method. Loan costs are included in other assets in the financial statements. As of December 31, 2003 and 2002, the Company had capitalized loan costs of $25.6 million and $26.0 million, respectively and recorded accumulated amortization of $6.9 million and $8.3 million, respectively.

Equity Compensation Plan - During 1999, the stockholders approved a performance incentive plan (the "Plan"), which became effective as of February 23, 1999. The Plan authorized the issuance of up to 4,500,000 shares of the Company's common stock upon the exercise of stock options (both incentive and nonqualified), stock appreciation rights and the award of restricted stock ("Stock Award") provided that the aggregate number of shares of Common Stock that may be issued pursuant to Options, stock appreciation rights ("SARs"), and Stock Awards granted under the Plan would increase automatically to 9,000,000 shares and 12,000,000 shares, respectively, when the Company had issued and outstanding 150,000,000 shares and 200,000,000 shares, respectively, of common stock. The Plan terminates on February 23, 2009. Key employees, officers, directors and persons performing consulting or advisory services for the Company or its affiliates, as defined in the Plan, who are designated by the committee administering the Plan, are eligible to receive awards under the Plan. Awards may be made in the form of stock options, stock awards, SARs, Phantom Stock Awards, Performance Awards and Leveraged Stock Purchase Awards as defined further in the Plan. As of December 31, 2003, the Company had not made any awards related to the Plan.

Income Taxes - The Company has made an election to be taxed as a REIT for federal income tax purposes. The Company generally will not be subject to

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federal corporate income taxes on amounts distributed to stockholders, providing it distributes at least 90 percent of its taxable income and meets certain other requirements for qualifying as a REIT. Earnings and profits, which determine the taxability of dividends to stockholders, differ from reported net income as a result of differing treatment of items for financial reporting versus tax purposes, such as different lives and methods used to depreciate investment properties. Notwithstanding qualification as a REIT for tax purposes, the Company is subject to certain state taxes on its income and property.

Effective January 1, 2001, the Company's subsidiary, CNL-Capital Corp., elected to be treated as a taxable REIT subsidiary ("TRS") pursuant to the provisions of the REIT Modernization Act. As a TRS, its operating Partnership, CNL-Capital, is able to engage in activities resulting in income that previously would have been disqualified from being eligible REIT income under the federal income tax regulations. Certain activities reside within CNL-Capital Corp. that are therefore subject to federal income taxes. Also, effective January 1, 2001, a subsidiary of CNL-Investments, elected to be treated as a TRS. Operations commenced during 2002 and are subject to federal income taxes.

Earnings Per Share - Basic earnings per share are calculated based upon net earnings (income available to common stockholders) divided by the weighted average number of shares of common stock outstanding during the reporting period. The Company's subsidiary, CNL-Capital, has entered into a subordinated note payable with a conversion feature that allows one of the partners to convert the note into additional ownership of the subsidiary. For the years ended December 31, 2003, 2002 and 2001 the impact of this conversion feature was not dilutive.

1. Significant Accounting Policies - Continued:

Consolidated Statement of Cash Flows - Supplemental Disclosure - During the years ended December 31, 2003 and 2001, the Company re-designated approximately $23.7 and $60.9 million, respectively, from mortgage loans held for sale to held for investment. The loans serve as collateral for bonds issued by the Company. In June 2002, the Company redesignated approximately $225 million from mortgage loans held for sale to held for investment. The loans serve as collateral for a five year borrowing facility.

During 2003 and 2002, the Company foreclosed on loans held for sale from borrowers and accepted the underlying real estate collateral as settlement for the mortgage loans. The collateral received during 2003 and 2002 had a net realizable value of $4.6 and $3.7 million, respectively.

During the years ended December 31, 2002 and 2001, the Company converted $10.3 million and $6.0 million, respectively, of outstanding loans payable plus accrued interest payable under the loans into 604,177 shares and 359,722 shares, respectively, of Company stock (see Note 12).

During the year ended December 31, 2002, a tenant and borrower of the Company assigned loans in the amount of $7.5 million to an affiliate. The Company agreed to the assignment in exchange for an interest in a participating loan from the affiliate (see Note 12).

From time to time, properties classified as long-term investments may be subsequently re-designated to held for sale classification. The Company identified 30 and 83 such properties with a net book value of $26.2 and $80.6 million during 2003 and 2002, respectively, as held for sale.

New Accounting Standards - In January 2003, the FASB issued FAS Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." FIN 46 requires that a variable interest entity be consolidated by a company if that company is subject to a majority risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. Prior to FIN 46, a company generally included another entity in its consolidated financial statements only if it controlled the entity through voting interests. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003, and to older entities no later than the first fiscal year or interim period ending after December 15, 2003. Management adopted this standard in 2003 which resulted in the consolidation of two of the Company's previously unconsolidated subsidiaries. Adoption of this standard did not change the Company's accounting for the Company's bankruptcy

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remote securitization entities. The Company restated all prior periods presented to conform with the 2003 presentation. The consolidation did not significantly impact the Company's financial position or results of operations.

In December 2003, the FASB issued FIN 46R, "Consolidation of Variable Interest Entities". This Interpretation requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries. The primary beneficiary of a variable interest entity is the party that absorbs a majority of the entity's expected losses, receives a majority of its expected residual returns, or both, as a result of holding variable interests, which are the ownership, contractual, or other pecuniary interests in an entity that change with changes in the fair value of the entity's net assets excluding variable interests. Prior to FIN 46R, a company generally included another entity in its consolidated financial statements only if it controlled the entity through voting interests. Application of FIN 46R is required in financial statements of public entities that have interests in variable interest entities for periods ending after March 15, 2004. The Company does not expect that the application of this Interpretation will have a significant effect on its financial position or results of operations.

1. Significant Accounting Policies - Continued:

In May 2003, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("FAS 150"). FAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. FAS 150 will require issuers to classify certain financial instruments as liabilities (or assets in some circumstances) that previously were classified as equity. Some of the examples of financial instruments covered by FAS 150 include shares that are mandatorily redeemable, and other financial instruments that embody an obligation to repurchase outstanding shares or a conditional obligation that requires settlement by issuing a variable number of the entity's shares. FAS 150 also requires that minority interests for majority owned finite lived entities be classified as a liability and recorded at fair market value. FAS 150 initially applied immediately to all financial instruments entered into or modified after May 31, 2003, and otherwise was effective at the beginning of the first interim period beginning after June 15, 2003. Effective October 29, 2003, the FASB deferred implementation of FAS 150, as it applies to minority interests of finite lived Partnerships. The deferral of these provisions is expected to remain in effect while these interests are addressed in either Phase II of the FASB's Liabilities and Equity project or Phase II of the FASB's Business Combinations Project; therefore, no specific timing for the implementation of these provisions has been stated. The implementation of the currently effective aspects of FAS 150 did not have a material impact on the Company's results of operations.

Reclassification - Certain items in the prior years' financial statements have been reclassified to conform to the 2003 presentation. These reclassifications had no effect on stockholders' equity or net income.

2. Real Estate Investment Properties:

Real estate investment properties consist of the following at December 31:

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	(In thousands) 2003	2002
Land	$ 281,400	$ 282,222
Buildings	311,197	308,586
Equipment	1,673	2,031
	594,270	592,839
Less accumulated depreciation	(52,468)	(41,898)
	541,802	550,941
Construction in progress	1,170	2,789

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	$ 542,972	$ 553,730

</TABLE>

During 2002 and 2001, the Company sold several properties and equipment that were subject to operating leases and received net proceeds of $0.9 million and $11.2 million, respectively, and recorded net losses of $0.3 million and $1.1 million, respectively.

In 2003, 2002, and 2001 the Company recorded provisions for impairment of $4.6 million, $3.6 million and $10.9 million, respectively. The tenants of these properties experienced financial difficulties and/or ceased payment of rents under the terms of their lease agreements. The provisions represent the amount necessary to reduce the carrying value to the estimated fair value of the properties.

2. Real Estate Investment Properties - Continued:

For the years ended December 31, 2003, 2002, and 2001 tenants paid or are expected to pay directly to real estate taxing authorities approximately $10.3 million, $9.4 million and $10.8 million, respectively, in real estate taxes in accordance with the terms of their triple-net leases.

Substantially all property leases have initial terms of 10 to 25 years (most expiring between 2004 and 2024) and provide for scheduled rent increases, and in some cases, contingent rent. The leases generally allow the tenant to purchase the property at the greater of the Company's purchase price plus a specified percentage or fair market value at specified times. Fixed and determinable lease revenues are recognized on a straight-line basis over the terms of the leases. For the years ended December 31, 2003, 2002 and 2001, the Company recognized $6.2 million, $5.7 million and $6.7 million, respectively, of such accrued rental income.

Future minimum contractual lease payments to be received under noncancellable operating leases at December 31, 2003 are as follows:

	(In thousands)
2004	$ 54,267
2005	55,179
2006	55,187
2007	55,760
2008	56,878
Thereafter	461,535
	$ 738,806

3. Net Investment in Direct Financing Leases:

The components of net investment in direct financing leases consisted of the following at December 31:
<TABLE>
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	(In thousands) 2003	2002
Minimum lease payments receivable	$ 194,191	$ 217,448
Estimated residual values	25,779	26,674
Interest receivable from secured equipment leases	6	15
Less unearned income	(116,314)	(133,211)
Net investment in direct financing leases	$ 103,662	$ 110,926

</TABLE>

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3. Net Investment in Direct Financing Leases - Continued:

The following is a schedule of future minimum lease payments to be received on direct financing leases at December 31, 2003:

	(In thousands)
2004	$ 12,631
2005	12,551
2006	12,548
2007	12,603
2008	12,660
Thereafter	131,198
	$ 194,191

The Company's real estate segment recorded provisions for losses on direct financing leases totaling $0.1 million, $0.9 million and $2.2 million during the years ended December 31, 2003, 2002 and 2001, respectively. The tenants of these properties experienced financial difficulties and ceased payment of rents under the terms of their lease agreements. The provisions represent the amount necessary to reduce the carrying values of the direct financing leases to their estimated fair value.

4. Real Estate and Restaurant Assets Held for Sale:

Real estate and restaurant assets held for sale consist of the following at December 31:

	(In thousands)	
	2003	2002
Land and buildings	$ 129,597	$ 184,322
Restaurant assets	1,613	1,396
	$ 131,210	$ 185,718

The Company's specialty finance subsidiary CNL-Capital actively acquires real estate assets subject to leases with the intent to sell. Assets acquired after December 31, 2001 are subject to FAS 144, and the operating results and gains or losses are recorded as discontinued operations.

The Company's real estate investment subsidiary, CNL-Investments, will divest properties from time to time when it is strategic to the Company's longer-term goals. When CNL-Investments establishes its intent to sell a property, all operating results relating to the properties and the ultimate gain or loss on disposition of the properties are treated as discontinued operations for all periods presented. These financial statements reflect reclassifications of rental related income, interest expense and other categories so as to conform with the requirements of FAS 144. During 2002, the Company purchased the operations of certain restaurants. In December 2003, the Company decided to dispose of these restaurant operations. All operating results relating to these restaurant operations are recorded as discontinued operations.

4. Real Estate and Restaurant Assets Held for Sale - Continued:

The operating results of the discontinued operations were as follows for the

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years ended December 31:
<TABLE>
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	(In thousands) 2003	2002	2001
Rental income	$ 11,758	$ 12,081	$ 12,518
Food and beverage income	13,728	2,428	--
Interest expense	(2,267)	(2,348)	(389)
Other property related expense	(1,620)	(3,182)	(1,931)
Impairment provisions	(8,155)	(9,539)	(14,106)
Food and beverage expenses	(13,856)	(2,836)	(964)
Loss from discontinued operations, net	(412)	(3,396)	(4,872)
Sales of real estate	226,250	148,875	--
Cost of real estate sold	(197,920)	(137,296)	--
Gain on disposal of discontinued operations	28,330	11,579	--
Income tax benefit	6,346	--	--
Earnings/(loss)from discontinued operations, net	$ 34,264	$ 8,183	$ (4,872)

</TABLE>

5. Mortgage Loans Held for Sale:

Mortgage loans held for sale are wholly or partially collateralized by first mortgages on land and/or buildings of franchised restaurant businesses and consist of approximately $4.5 million in fixed-rate loans at December 31, 2003. The loans carry a weighted average interest rate of 8.33 percent. Mortgage loans are due in monthly installments with maturity dates ranging from 2004 to 2022 and generally prohibit prepayment for certain periods or include prepayment penalties.

Mortgage loans held for sale consist of the following at December 31:

	(In thousands) 2003	2002
Outstanding principal	$ 4,531	$ 45,462
Accrued interest income	45	890
Deferred financing income	(22)	(90)
Valuation adjustment	(3,064)	(8,855)
	$ 1,490	$ 37,407

The valuation adjustment at December 31, 2003 and 2002 include a decline in value associated with borrower delinquencies.

6. Mortgage, Equipment and Other Notes Receivable:

Mortgage, equipment and other notes receivable consist of the following at December 31:

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	(In thousands) 2003	2002
Outstanding principal	$ 332,924	$ 343,832
Accrued interest income	3,377	3,696
Deferred financing income	(1,530)	(1,926)
Unamortized deferred costs	93	959
Allowance for uncollectible notes	(13,964)	(12,062)
	$ 320,900	$ 334,499

Approximately $308 million and $318 million of the outstanding principal balance as of December 31, 2003 and 2002, respectively, is secured by mortgages. The remaining principal is secured by franchised restaurant equipment and other collateral. As of December 31, 2003 and 2002, approximately $8 million and $14 million in notes receivable are considered impaired and approximately $3 million and $5 million are non-accrual status with regard to recognition of interest. The Company recognized $0.4 million and $0.75 million of interest income as of December 31, 2003 and 2002, respectively, on impaired loans.

Changes in the allowance for loan losses for 2003 and 2002 are summarized as follows:

<TABLE>
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	(In thousands) 2003	2002
Balance at beginning of year	$ 12,062	$ 32,752
Provision for loan losses	5,463	3,099
Recoveries on loans previously charged off	(944)	--
Interest income reserves	964	600
Loans charged off	(3,581)	(24,389)
Balance at end of year	$ 13,964	$ 12,062

</TABLE>

Management believes the net carrying value of the notes approximates fair value based on current rates at which similar loans would be made to borrowers with similar credit and for similar maturities.

7. Other Investments:

The Company holds the following franchise loan investments arising from securitization transactions which were either purchased from affiliates (the 1998 Series) or retained in connection with a transaction executed by the Company (the 1999 Series). The carrying amounts of these investments, including accrued interest, consist of the following at December 31:

7. Other Investments - Continued:

<TABLE>
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	(In Thousands) 2003	2002
1998-1 Fixed Rate Certificates	$ 9,605	$ 9,605
1998-1 Floating Rate Certificates	6,582	6,582
1998-1 Interest Only Certificate	249	346
1998-1 Residual Interest	1,980	4,358
1999-1 Fixed Rate Certificates	11,255	11,272
	$ 29,671	$ 32,163

</TABLE>

The 1998-1 and 1999-1 Fixed Rate Certificates bear interest at pass through rates of 8.40 percent and 8.5 percent, respectively. As of December 31, 2003

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and 2002 the pass through rates on the 1998 Floating Rate Certificates were 3.37 percent and 3.67 percent, respectively.

The key assumptions used in calculating the value of these investments at the time of securitization are based on normal market assumptions as follows:

- five percent prepayment penalty computed after taking into consideration the period of time covered by yield maintenance and lockout prepayment penalties;
- a cumulative default ratio (CDR) of zero; and
- prevailing market discount rates at the time of securitization

Subsequently, the values of the held to maturity retained securities are measured using updated prepayment and CDR assumptions with adjustments to prevailing market discount rates based on consultations with investment bankers. If the resulting change in fair value is considered to be permanent in nature, the carrying value of the investment is adjusted through earnings. Securities designated as held for sale are recorded at fair market value, with adjustments recorded through earnings.

During the years ended December 31, 2003, 2002 and 2001, the Company recorded either reserves or write-offs amounting to $1.6 million, $2.0 million and $0.1 million, respectively, relating to its 1999-1 and 1998-1 residual interests. The Company recorded these amounts based on its determination that a permanent impairment in value had occurred as a result of certain borrower delinquencies.

7. Other Investments - Continued:

The following table shows the effects on an individual key assumption affecting the original fair value of the retained certificates under two negative scenarios by altering the original assumptions at the time of securitization. Reasonable prepayment assumptions would not have a further material impact on these scenarios.

<TABLE>
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	1998-1 Certificates ($ in millions)	1999-1 Certificates ($ in millions)
Fair value of retained certificates	$ 18.4	$ 11.3
Residual cash flows discount rate (annual):		
Impact on fair value of 100 bp adverse change	$(0.54)	$(0.61)
Impact on fair value of 200 bp adverse change	$(1.05)	$(1.20)
Expected Credit Losses (annual rate):		
Impact on fair value of 2 percent adverse change	$ 0.12	$ 0.45
Impact on fair value of 3 percent adverse change	$ 0.10	$(0.92)

</TABLE>

These sensitivities are hypothetical and should be used with caution. Changes in fair value based on a percentage variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the original fair values of the retained certificates is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in lower prepayments and increased credit losses), which might magnify or counteract the sensitivities.

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7. Other Investments - Continued:

The following table represents the securitized portfolio and all managed loans as of December 31:

<TABLE>
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	Total Principal Amount (In thousands)		Principal Amount > 60 Days Past Due (In thousands)	
	2003	2002	2003	2002
Mortgage loans	$ 735,517	$ 809,756	$ 16,011	$ 35,226
Equipment and other loans	23,783	29,082	199	1,713
Total loans managed or securitized	759,300	838,838	16,210	36,939
Less:				
Loans securitized	(421,845)	(449,544)	(3,599)	(11,557)
Loans held for sale or securitization	(4,531)	(45,462)	(1,969)	(10,271)
Loans held in portfolio (Note 6)	$ 332,924	$ 343,832	$ 10,642	$ 15,111

</TABLE>

The Company had net charge-offs during the years ended December 31, 2003, 2002 and 2001 of $11.3 million, $24.9 million and $3.4 million, respectively.

The following table summarizes cash flows received from and paid to securitization trusts for the years ended December 31:

<TABLE>
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	(In thousands) 2003	2002	2001
Servicing fees received	$ 1,597	$ 1,625	$ 1,730
Other cash flows received on retained interests	$ 4,332	$ 5,272	$ 6,978
Servicing advances paid	$(4,128)	$(6,253)	$ (5,746)
Collection of servicing advances	$ 3,603	$ 5,115	$ 3,796

</TABLE>

8. Goodwill:

In July 2001, the FASB issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"). FAS 142 requires the use of a nonamortization approach to account for purchased goodwill and certain intangibles. Under a nonamortization approach, goodwill and certain intangibles will not be amortized into results of operations, but instead are reviewed for impairment and written down and charged to results of operations only in the periods in which the recorded value is more than its fair value. The Company adopted the provisions of this statement on January 1, 2002. The Company's goodwill relates to its specialty finance segment. As a result of the adoption of this standard, the Company stopped amortizing the goodwill commencing January 1, 2002.

8. Goodwill - Continued:

Goodwill represents the excess of the purchase price and related costs over the fair value assigned to the net assets and liabilities of acquired operations. On September 1, 1999, the Company acquired CNL Restaurant Advisors, Inc., formerly CNL Fund Advisors, Inc. (the "Advisor"), CNL Financial Corporation and CNL Financial Services, Inc. ("CNL Restaurant Financial Services Group") by issuing 6.15 million shares. Prior to the acquisition, the Advisor and CNL Restaurant Financial Services Group had been

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affiliated with the Company. The acquisitions were accounted for under the purchase method of accounting. The Company expensed the $76.3 million excess of the purchase price of the Advisor over the fair value of the net acquired assets. The Company recognized $45.7 million as goodwill, representing the excess purchase price of CNL Restaurant Financial Services Group. In June 2000, the Company recorded goodwill related to the Bank's alliance and CNL Financial Group, Inc.'s ("CFG's") advisory services operations that were acquired as part of the formation of CNL-Capital. The Company evaluated its goodwill balance of $56.3 million and did not record any impairments to goodwill during the years ended December 31, 2003 or 2002. An independent business valuation company determined the fair market value using a discounted cash flow valuation approach and a capital market valuation approach. The discounted cash flow approach values the Company based on the present value of future forecasted cash flows that an investor in the Company would anticipate receiving through continued operations. The capital market approach values the company using an analysis of the multiples of market values of comparable publicly traded companies.

The following table summarizes the effect of adopting FAS 142 during 2002 on reported earnings before cumulative effect of accounting change and on net earnings:

<TABLE>
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	(In thousands)		
	2003	2002	2001
Reported earnings/(loss) before cumulative effect of accounting change	$42,440	$35,590	$ (20,611)
Add back: Goodwill amortization	--	--	3,142
Adjusted earnings/(loss) before cumulative effect of accounting change	$42,440	$35,590	$ (17,469)
Reported net income/(loss)	$42,440	$35,590	$ (24,452)
Add back: Goodwill amortization	--	--	3,142
Adjusted net income/(loss)	$42,440	$35,590	$ (21,310)

</TABLE>

8. Goodwill - Continued:

The following table summarizes the effect of adopting FAS 142 during 2002 on earnings/(loss) per share of common stock (basic and diluted):

<TABLE>
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	2003	2002	2001
Reported earnings/(loss) before cumulative effect of accounting change	$ 0.94	$ 0.80	$ (0.47)
Add back: Goodwill amortization	--	--	0.07
Adjusted earnings/(loss) before cumulative effect of accounting change	$ 0.94	$ 0.80	$ (0.40)
Reported net income/(loss)	$ 0.94	$ 0.80	$ (0.56)
Add back: Goodwill amortization	--	--	0.07
Adjusted net income/(loss)	$ 0.94	$ 0.80	$ (0.49)

</TABLE>

9. Borrowings:

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Borrowings consist of the following at December 31:

	2003 Amount (In thousands)	2003 Average Rate	2002 Amount (In thousands)	2002 Average Rate
Revolver	$ 2,000	3.62%	$ 14,000	3.92%
Note payable	182,560	6.13%	203,207	5.99%
Mortgage warehouse facilities	93,513	3.41%	145,758	4.07%
Subordinated note payable	43,750	8.50%	43,750	8.50%
Series 2000-A bonds payable	252,477	7.94%	261,369	7.94%
Series 2001-4 bonds payable	33,938	8.90%	38,441	8.90%
Series 2001 bonds payable	118,690	1.70%	124,698	2.28%
Series 2003 bonds payable	24,906	5.67%	--	--
	$ 751,834		$ 831,223	

9. Borrowings - Continued:

Borrowing resources at December 31, 2003 include:

	Balance Outstanding (In thousands)	Capacity (In thousands)	Expected Maturity/ Retirement Date1
Revolver	$ 2,000	$ 30,000	October 2004
Note payable	182,560	186,955	(1)
Mortgage warehouse facilities	93,513	260,000	Annual
Subordinated note payable	43,750	43,750	June 2007
Series 2000-A bonds payable	252,477	252,477	2009-2017
Series 2001-4 bonds payable	33,938	33,938	2009-2013
Series 2001 bonds payable	118,690	118,690	October 2006
Series 2003 bonds payable	24,906	24,906	2005-2010
	$ 751,834	$ 950,716	

(1) $0.6 million matures in 2005 and $182 million matures in 2007. The Company elected to not renew the remaining $4.4 million available capacity that expired in January 2004.

The Revolver bears interest at a rate of LIBOR plus 225 basis points per annum, which includes an unused fee of 25 basis points per annum, and includes financial covenants that provide for the maintenance of certain financial ratios. The Company was in compliance with all covenants as of December 31, 2003.

The Company entered into a note payable (the "Note Payable") in 1999 in the amount of $147.0 million. During 2001, the Company applied proceeds received from the issuance of bonds to pay down the note. Borrowings under the note bore initial interest at the rate of the lender's commercial paper plus 56 basis points per annum. During 2002, the Company used net sales proceeds from the sales of properties and paid off the entire outstanding principal balance relating to the Note Payable. In June 2002, the Company entered into a loan and security agreement with Nieuw Amsterdam Receivables Corporation with an

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initial borrowing amount of approximately $207 million that bears interest at a rate of weighted average commercial paper plus 1.25 percent per annum (the "Note Payable"). Collateral for the Note Payable consists of 172 mortgage loans that had a carrying value of $209.8 million at December 31, 2003. The Company used the proceeds from the new facility to refinance a pool of franchise loans formerly held on its other mortgage warehouse facilities. The loan has an initial term of five years with a renewal provision based on the Company's request and the lender's consent.

In January 2003, the Company entered into a Master Credit Facility Agreement ("the Note Payable") with CNL Bank, an affiliate. The Note Payable had a total borrowing capacity of $5 million and was established to finance real estate properties. At December 31, 2003, the Company had $0.6 million outstanding collateralized by mortgages which bears interest at LIBOR plus 325 basis points per annum and require monthly interest only payments until maturity in 2005. The Company elected not to renew the remaining $4.4 million available capacity that expired in January 2004.

9. Borrowings - Continued:

CNL-Capital maintains mortgage warehouse facilities which have a total borrowing capacity of $260.0 million at December 31, 2003 and bear interest at a weighted average rate of 3.41 percent.

The $160 million warehouse credit facility has been extended until March 2005 and the $100 million mortgage warehouse facility matures in June 2004. Management believes the lender will grant a one-year extension to the Company.

The Company is obligated under the provisions of its mortgage warehouse facilities and its Note Payable to pay down certain debt associated with borrower delinquencies or defaults within a required time frame. Most properties acquired on the mortgage warehouse facilities are required to be sold within a certain time frame. Any delinquency, default or delay in the resale of properties financed through one of these facilities would generally result in an immediate pay-down of the related debt.

In June 2000, CNL-Capital entered into a $43.75 million senior subordinated note payable with the Bank that bore interest at a rate of 8.50 percent per annum. In January 2004, the Company amended the subordinated note payable agreement while at the same time making a $10 million prepayment reducing the balance to $33.75 million and reducing the Bank's ownership from the conversion feature in CNL-Capital from 13.1 percent to 10.11 percent. As of December 31, 2003, the Bank had not exercised its conversion option. In addition, the Company agreed to make a mandatory prepayment of $11.875 million prior to or on December 31, 2004. The interest rate was reduced from 8.50 percent to 7.00 percent per annum. The subordinated note will amortize over five years with a balloon payment due December 31, 2008.

Collateral for the Series 2000-A bonds consist of 258 commercial real estate properties operated as restaurants leased to tenants, with a carrying value of $330.0 million at December 31, 2003. The Series 2000-A bonds bear interest at a weighted average fixed rate of 7.9 percent per annum. The bond indenture provides for an optional redemption at their remaining principal balance when remaining rents due under the leases that serve as collateral are less than ten percent of the aggregate initial rents due under the leases.

Collateral for the Series 2001-4 bonds consists of 60 mortgage loans that had a carrying value of approximately $45.8 million as of December 31, 2003. The Series 2001-4 bonds bear interest at a rate of 8.90 percent per annum. The bond indenture requires monthly principal and interest payments received from borrowers to be applied to the bonds. The bond indenture also provides for an optional redemption of the bonds at their remaining principal balance when the remaining amounts due under the loans that serve as collateral for the bonds are less than ten percent of the aggregate amounts due under the loans at the time of issuance.

Collateral for the Series 2001 bonds consist of 121 commercial real estate properties operated as restaurant units which have a carrying value of approximately $183.6 million as of December 31, 2003. The bonds are scheduled to amortize over a 15-year period, but mature in 2006. The 2001 bonds bear interest at a rate of LIBOR plus 48 basis points per annum. The Company entered into an interest rate cap agreement with a strike rate of 4.5 percent to protect against future increases in LIBOR.

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9. Borrowings - Continued:

In December 2003, the Company issued notes collateralized by a pool of mortgage loans, Series 2003. The proceeds of $25 million were applied to pay down short-term and medium term debt. The Company applied 34 mortgage loans and 4 equipment leases as collateral for the bonds, which had a carrying value of approximately $46.6 million as of December 31, 2003. The offering resulted in an initial weighted average maturity of approximately 3.8 years and rate of interest of approximately 5.67 percent per annum. The bond indenture requires monthly principal and interest payments received from borrowers to be applied to the bonds. The Company entered into an interest rate cap agreement with a strike rate of 3.5 percent to protect against future increases in LIBOR.

The following schedule of maturities on outstanding indebtedness does not reflect the annual extensions on the warehouse facilities but assumes that bonds payable amortize in accordance with estimated payment amounts:

	(In thousands)
2004	$ 145,959
2005	36,621
2006	138,886
2007	32,780
2008	36,089
Thereafter	361,499
	$ 751,834

Management believes that net carrying value of the debt approximates fair value based on current rates at which similar loans would be made to the Company at similar credit levels and similar maturities.

10. Income Tax:

The Company elected to be taxed as a REIT under the Internal Revenue Code. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a current requirement that it distribute at least 90 percent of its taxable income to its stockholders. As a REIT the Company generally will not be subject to corporate level federal income tax on net income it distributes to its stockholders, except taxes applicable to its taxable REIT subsidiaries ("TRSs").

For income tax purposes the Company has two TRSs in which activities of the specialty finance segment and select activities of the real estate segment are conducted. Prior to January 1, 2001, Company subsidiaries were not subject to federal income tax.

Loan valuation adjustments, loss reserves, loan fees, and depreciation, among other items, are treated differently for tax than for financial reporting purposes. In the aggregate, the Company's TRSs have an excess of available future deductible items over future taxable items and as such may more fully benefit from these items when the related subsidiaries produce a greater level of taxable income. The CNL Investments TRS does not have sufficient historical earnings on which to expect a full potential future benefit of these future deductions. Therefore the Company has recorded a valuation allowance of $0.8 million against the CNL-Investments TRS deferred tax asset associated with the future deductible items.

10. Income Tax - Continued:

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The consolidated provision for federal income taxes differs from the amount computed by applying the statutory federal income tax rate to the income from continuing operations as follows for each of the three years ended December 31:

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	2003	2002	2001
	(In thousands)		
Expected tax at U.S. statutory rate	$ 2,761	$ 9,180	$ (5,351)
REIT income not subject to U.S. income tax	(10,288)	(9,004)	5,949
Goodwill amortization	--	--	902
Change in valuation allowance	7,527	(176)	(1,500)
Provision for income taxes	$ --	$ --	$ --

</TABLE>

As of December 31, 2003, the Company reversed the valuation allowance of approximately $7 million previously recorded in the CNL-Capital TRS. The Company determined that it is more likely than not that this deferred tax asset will be realized based on historical earnings and projected future income.

The components of the net deferred tax asset consists of the following at December 31:

<TABLE>
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	2003	2002
	(In thousands)	
Deferred tax asset:		
Cash flow hedge related difference	$ 4,039	$ 5,789
Loan valuation and related hedge differences	(155)	1,899
Loan origination fees	646	619
Real estate loss reserves	1,303	300
Reserve for investment losses	1,200	736
Net operating losses	1,092	250
Other	449	(19)
Total	8,574	9,574
Valuation allowance	(842)	(7,846)
Net recorded deferred tax asset	$ 7,732	$ 1,728

</TABLE>

10.Income Tax - Continued:

The income tax provision (benefit) consists of the following components for each of the years ended December 31:

<TABLE>
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	2003	2002	2001
	(In thousands)		
Current:			
Federal	$ 2,678	$ 1,487	$ --
State	458	241	--
	3,136	1,728	--
Deferred:			
Federal	(8,466)	(1,487)	--
State	(1,016)	(241)	--

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	(9,482)	(1,728)	--
Total provision/(benefit)	$ (6,346)	$ --	$ --

</TABLE>

The income tax benefit has been allocated as follows:

<TABLE>
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	(In thousands)		
	2003	2002	2001
Continuing operations	$ --	$ --	$ --
Discontinued operations	(6,346)	--	--
Total income tax benefit	$ (6,346)	$ --	$ --

</TABLE>

11.Distributions:

For the years ended December 31, 2003, 2002 and 2001, approximately 39 percent, 0 percent and 21 percent, respectively, of the distributions received by stockholders were considered to be ordinary income and approximately 61 percent, 100 percent and 79 percent, respectively, were considered a return of capital for federal income tax purposes. The Company has continued to declare and pay distributions to its stockholders that are primarily funded by distributions from CNL-Investments. The Company elected to reinvest the earnings of the specialty finance segment since 2001. The remainder of the distributions were funded by sales of its common stock to the Company's Chairman through a private company affiliate, CFG, and loans from CFG.

12.Related Party Transactions:

The following table and disclosures summarize related party transactions with affiliated entities for the years ended December 31:

<TABLE>
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	(In thousands)		
Amounts received (paid):	2003	2002	2001
Services purchased from affiliates (1)	$ (3,094)	$ (3,954)	$ (4,564)
Rental and other expenses to affiliates for office space (2)	$ (1,445)	$ (1,479)	$ (1,237)
Servicing fees from affiliates (3)	$ 4,612	$ 5,938	$ 6,771
Referral fees from the Bank	$ 1,109	$ 734	$ 1,580
Sale of properties to an affiliate (4)	$ --	$ 25,857	$ 13,430
Sale of equipment leases to an affiliate(5)	$ --	$ --	$ 1,100

</TABLE>

(1) Services purchased from affiliates include human resources, tax planning and compliance, computer systems support, investor relations and other services.

(2) In May 2002, the Company purchased a combined five percent partnership interest in CNL Plaza, Ltd. and CNL Plaza Venture, Ltd. (the "Plaza") for $0.2 million. Affiliates of James M. Seneff, Jr. and Robert A. Bourne, each of which is a director of the Company, own the remaining partnership interests. The Company has severally guaranteed 8.33 percent or $1.3 million of a $15.5 million unsecured promissory note on behalf of the Plaza. The guaranty continues through the loan maturity in November 2004.

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The Company received distributions of $0.07 million and $0.1 million during the years ended December 31, 2003 and 2002, respectively, from the Plaza. Since November 1999, the Company has leased its office space from CNL Plaza, Ltd., an affiliate of a member of the Company's board of directors. The Company's lease expires in 2014 and provides for scheduled rent increases over the term of the lease. Rental and other expenses for the years ended December 31, 2003, 2002 and 2001 include accrued rental expense (the additional rent expense resulting from the straight-lining of scheduled rent increases over the term of the lease) and executory costs. Future commitments due under the office space operating lease are as follows:

	(In thousands)
2004	$ 1,106
2005	1,139
2006	1,173
2007	1,209
2008	1,245
Thereafter	8,042
	$ 13,914

12. Related Party Transactions - Continued:

(3) Property management and other administrative services provided to affiliates investing in restaurant net lease properties and loans.

(4) Proceeds received from affiliates from the sale of 22 properties and 11 properties during 2002 and 2001, respectively, for which the Company recorded losses of $0.9 million and gains of $0.1 million, respectively.

(5) Proceeds received from an affiliate for the purchase of collection rights of the current and future cash flows of three equipment leases, for which no gain or loss was recognized.

During the year ended December 31, 2001, CFG, an affiliate, advanced $6.0 million to the Company in the form of a demand balloon promissory note. The loan bore interest at a rate of LIBOR plus 2.5 percent or at the base rate as defined in the agreement. During the year ended December 31, 2001, the Company converted the outstanding principal balance plus accrued interest under the advances into 359,722 shares of Company stock. During 2001, the Company also issued 220,000 shares to CFG in exchange for $3.7 million paid to the Company in cash. As of December 31, 2001, CFG had advanced an additional $2.7 million under the same terms as the previous advances. During 2002, CFG advanced an additional $7.5 million to the Company under the same terms of the previous advances. In June 2002, the Company converted the $10.3 million of outstanding principal plus accrued interest under the advances, into 604,177 shares of stock. During September 2002 the Company also issued 569,177 additional shares to CFG in exchange for $9.75 million paid to the Company in cash. During the years 2003 and 2002, CFG advanced an additional $18.7 million and $4.25 million, respectively, to the Company under the same terms as the previous advances. The balance outstanding as of December 31, 2003 was $23.5 million, which included accrued interest.

During the year ended December 2003, OrangeDen, LLC, a subsidiary of the Company entered into a collateral contribution agreement (`the Agreement") with two separate affiliates, CFG and Cherry Den, LLC, to provide collateral for a letter of credit to an insurance company for worker's compensation and general liability coverage relating to employees leased to the restaurant operations within CNL-Investments. The collateral consists of certificates of deposit with one-year terms amounting to $353,000 and are included in real estate and restaurant assets held for sale at December 31, 2003 relating to this Agreement.

During the year ended December 31, 2002 CNL-Capital acquired a portfolio of 109 real estate properties, which have been classified as held for sale, for approximately $117 million by acquiring all of the limited partner and general partners interests in CNL Net Lease Investors, LP, ("NLI"). Eight of the properties acquired were vacant and the remaining 101 properties were leased to restaurant operators under triple-net leases, which means the

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tenant is responsible for all operating expenses relating to the property, including property taxes, insurance, maintenance and repairs. The Chairman of the Board and Vice Chairman of the Board of Directors of the Company, through an affiliate, owned the 0.1 percent general partner interest in NLI prior to the acquisition by CNL-Capital and agreed to waive their rights to benefit from the transaction. Of the original 109 properties, 92 have been sold as of December 31, 2003.

During the year ended December 31, 2002, a tenant and borrower of the Company assigned loans in the amount of $7.5 million to Restaurants Acquisitions I, LLC, an affiliate of the Company. The Company agreed to the assignment and advanced an additional $3.6 million to the affiliate in exchange for an $11.1 million participating note. The note bears interest at a rate of ten percent per annum and matures on May 1, 2014. The participating note entitles the Company to receive a percentage of all cash flows generated by the borrower on a quarterly basis until the note matures. The Company earned $1.1 million and $0.7 million in interest income from the affiliate during 2003 and 2002, respectively.

12.Related Party Transactions - Continued:

During the year ended December 31, 2001, an affiliate advanced approximately $5.8 million to Phoenix Restaurant Group, Inc. and its subsidiaries (collectively referred to as "PRG"), a tenant and borrower of the Company. PRG used these proceeds to pay outstanding obligations, including obligations to the Company.

13.Concentration of Credit Risk:

No individual lessee or borrower (or affiliated groups of lessees or borrowers) or restaurant chains represented more than ten percent of the Company's revenues relating to its properties, loans and secured equipment leases during the years ended December 31, 2003, 2002 or 2001.

Although the Company's properties are geographically diverse throughout the United States and lessees and borrowers operate a variety of restaurant concepts, 15 restaurant chains constitute 72 percent of the Company's properties. Failure of any one of these restaurant chains or any significant lessees or borrowers could significantly impact results of operations if the Company is not able to timely protect its interest.

14.Segment Information:

The Company has established CNL-Investments and CNL-Capital Corp. as separate legal entities to operate and measure the real estate and specialty finance segments, respectively.

CNL-Investments is the parent company of CNL APF Partners LP, a real estate company that acquires and holds real estate, mortgage and equipment loans generally until maturity. CNL-Capital Corp. is the parent of CNL-Capital, a specialty finance company that offers financing, servicing, advisory and other services to restaurant operators. CNL-Capital acquires restaurant real estate properties subject to triple-net leases, utilizing short-term debt, and then sells them generally within one year.

14.Segment Information - Continued:

The following tables summarize the results for the years 2003, 2002 and 2001 for CNL-Investments and CNL-Capital Corp. Consolidating eliminations and other results of the parent of CNL-Investments and CNL-Capital Corp. are reflected in the "other" column.

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Year Ended December 31, 2003

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	CNL-Investments	CNL-Capital Corp.	Other	Consolidated Totals
	(In thousands)			
Revenues	$ 85,263	$ 32,254	$ (3,180)	$ 114,337
General operating and administrative	8,980	18,645	(2,417)	25,208
Interest expense	27,481	23,653	(558)	50,576
Property expenses, state and other taxes	1,145	(3)	--	1,142
Depreciation and amortization	11,587	934	--	12,521
Loss on termination of cash flow hedges	--	502	--	502
Impairments and provisions on assets	5,494	8,756	--	14,250
Minority interest net of equity in earnings	114	1,691	--	1,805
Loss on sale of assets	148	9	--	157
	54,949	54,187	(2,975)	106,161
Discontinued operations: Earnings/(loss) from discontinued operations, net of income tax benefit	(2,547)	36,811	--	34,264
Net income	$ 27,767	$ 14,878	$ (205)	$ 42,440
Assets at December 31, 2003	$ 811,203	$ 491,923	$ (5,010)	$ 1,298,116
Investments accounted for under the equity method at December 31, 2003	$ 1,038	$ --	$ --	$ 1,038

</TABLE>

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years Ended December 31, 2003, 2002 and 2001

14.Segment Information - Continued:
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	CNL-Investments	CNL-Capital Corp.	Other	Consolidated Totals
	Year Ended December 31, 2002 (In thousands)			
Revenues	$ 88,600	$ 250,784	$ (3,221)	$ 336,163
Cost of real estate sold	--	193,179	--	193,179
General operating and administrative	11,764	19,064	(2,395)	28,433
Interest expense	30,590	28,490	(679)	58,401
Property expenses, state and other taxes	2,939	390	--	3,329
Depreciation and amortization	11,890	1,243	--	13,133
Impairments and provisions on assets	4,476	5,150	--	9,626
Minority interest net of equity in earnings	128	2,180	--	2,308
Loss on sale of assets	330	17	--	347
	62,117	249,713	(3,074)	308,756
Discontinued operations: Earnings/(loss) from discontinued operations, net of income tax benefit	(3,313)	11,496	--	8,183
Net income	$ 23,170	$ 12,567	$ (147)	$ 35,590
Assets at December 31, 2002	$ 831,491	$ 555,971	$ (4,012)	$ 1,383,450

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Investments accounted for under the equity method at December 31, 2002	$ 1,121	$ --	$ --	$ 1,121

</TABLE>

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years Ended December 31, 2003, 2002 and 2001

14.Segment Information - Continued:

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	Year Ended December 31, 2001 (In thousands)			
	CNL-Investments	CNL-Capital Corp.	Other	Consolidated Totals
Revenues	$ 88,641	$ 190,123	$ (4,351)	$ 274,413
Cost of real estate sold	--	118,372	--	118,372
General operating and administrative	8,757	22,564	(1,729)	29,592
Interest expense	38,765	31,787	(802)	69,750
Property expenses, state and other taxes	2,528	143	214	2,885
Depreciation and amortization	12,196	5,519	--	17,715
Loss on termination of cash flow hedges	1,643	6,417	--	8,060
Impairments and provisions on assets	41,000	488	--	41,488
Minority interest and equity in earnings	132	1,020	--	1,152
Loss on sale of assets	1,116	22	--	1,138
Cumulative effect of accounting change	--	3,841	--	3,841
	106,137	190,173	(2,317)	293,993
Discontinued operations:				
Earnings/(loss) from discontinued operations, net of income tax benefit	(5,324)	452	--	(4,872)
Net income/(loss)	$ (22,820)	$ 402	$ (2,034)	$ (24,452)
Assets at December 31, 2001	$ 920,911	$ 643,154	$ (3,948)	$ 1,560,117
Investments accounted for under the equity method at December 31, 2001	$ 1,058	$ --	$ --	$ 1,058

</TABLE>

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Years Ended December 31, 2003, 2002 and 2001

15.Commitments and Contingencies:

In the ordinary course of business, the Company has outstanding commitments to qualified borrowers and tenants. These commitments, including development agreements, if accepted by the potential borrowers, obligate the Company to provide funding. At December 31, 2003, the Company had committed to fund $88 million to qualified tenants.

Certain operating leases provide that, in the event the Company sells the

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leased property before the fifth lease year, the annual rent will increase to the fifth year annual rent effective on the day of the sale, and that the Company will compensate the tenant for such increase using a portion of the proceeds from the sale of the property.

16.Selected Quarterly Financial Data:

The following table presents selected unaudited quarterly financial data for each fiscal quarter during the years ended December 31, 2003 and 2002:

(In thousands except for share data)

2003 Quarter	First	Second	Third	Fourth	Year
Continuing operations:					
Revenues (1)	$ 26,915	$ 29,381	$30,121	$27,920	$ 114,337
Earnings/(loss) from continuing operations, net (1)	$ 718	$ 1,642	$ 5,947	$ (131)	$ 8,176
Discontinued operations:					
Earnings and gains from discontinued operations, net (1)	7,301	8,949	7,101	10,913	34,264
Net Income	$ 8,019	$ 10,591	$13,048	$10,782	$ 42,440
Earnings per share:					
Continuing operations (1)	$ 0.02	$ 0.04	$ 0.13	$ (0.01)	$ 0.18
Discontinued operations (1)	$ 0.16	$ 0.19	$ 0.16	$ 0.25	$ 0.76

16.Selected Quarterly Financial Data - Continued:

(In thousands except for share data)

2002 Quarter	First	Second	Third	Fourth	Year
Continuing operations:					
Revenues (1)	$69,525	$ 137,498	$80,658	$48,482	$ 336,163
Earnings/(loss) from continuing operations, net (1)	6,215	13,944	8,040	(792)	27,407
Discontinued operations:					
Earnings and gains from discontinued operations, net (1)	217	1,098	3,203	3,665	8,183
Net Income	$6,432	$ 15,042	$11,243	$ 2,873	$ 35,590
Earnings/(loss) per share:					
Continuing operations (1)	$ 0.14	$ 0.32	$ 0.18	$ (0.03)	$ 0.61

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Discontinued operations (1)	$ 0.01	$ 0.02	$ 0.07	$ 0.09	$ 0.19

</TABLE>

(1) The results of operations relating to properties that were either disposed of or that were classified as held for sale during the year ended December 31, 2003 and 2002 are reported as discontinued operations. In addition, management adopted FIN 46 in 2003 which resulted in the consolidation of two of the Company's previously unconsolidated subsidiaries. The Company restated all prior periods to conform with the 2003 presentation.

Item 9.Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A.Controls and Procedures

Quarterly Evaluation. Management carried out an evaluation as of December 31, 2003 of the effectiveness of the design and operation of the Company's "disclosure controls and procedures," which management refers to as the Company's disclosure controls. This evaluation was done under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer. Rules adopted by the Commission require that management present the conclusions of the Chief Executive Officer and Chief Financial Officer about the effectiveness of the Company's disclosure controls as of the end of the period covered by this annual report.

CEO and CFO Certifications. Included as Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K are forms of "Certification" of the Company's Chief Executive Officer and Chief Financial Officer. The forms of Certification are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002. This section of the Annual Report on Form 10-K which you are currently reading is the information concerning the evaluation referred to in the Section 302 certifications. This information should be read in conjunction with the Section 302 certifications for a more complete understanding of the topics presented.

Disclosure Controls and Procedures and Internal Control over Financial Reporting. Disclosure controls and procedures are designed with the objective of ensuring that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act, such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures are also designed with the objective of ensuring that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Internal control over financial reporting is a process designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer, and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are being made only in accordance with authorizations of management or the Company's Board; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material adverse effect on the Company's financial statements.

Limitations on the Effectiveness of Controls. Management, including the Company's Chief Executive Officer and Chief Financial Officer, do not expect that the Company's disclosure controls and procedures or the Company's internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that

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there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management's override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Conclusions. Based upon the evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2003 and subject to the limitations noted above, the Company's disclosure controls and procedures were effective at the reasonable assurance level to ensure that material information relating to the Company and the Company's consolidated subsidiaries is made known to management, including the Company's Chief Executive Officer and Chief Financial Officer.

During the three months ended December 31, 2003, there were no significant changes in the Company's internal control over financial reporting that has materially affected, or are reasonably likely to materially affect, the Company's internal control for financial reporting.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by this Item is incorporated by reference to the Company's Definitive Proxy Statement to be filed with the Commission no later than April 30, 2004.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference to the Company's Definitive Proxy Statement to be filed with the Commission no later than April 30, 2004.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is incorporated by reference to the Company's Definitive Proxy Statement to be filed with the Commission no later than April 30, 2004.

Item 13. Certain Relationships and Related Transactions

The information required by this Item is incorporated by reference to the Company's Definitive Proxy Statement to be filed with the Commission no later than April 30, 2004.

Item 14. Principal Accountant Fees and Services

The information required by this Item is incorporated by reference to the Company's Definitive Proxy Statement to be filed with the Commission no later than April 30, 2004.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) The following documents are filed as part of this report.

1. Consolidated Financial Statements

   Report of Independent Certified Public Accountants.

   Consolidated Balance Sheets at December 31, 2003 and 2002.

   Consolidated Statements of Operations for the years ended December 31, 2003, 2002 and 2001.

   Consolidated Statements of Stockholders' Equity and Comprehensive Income/(Loss) for the years ended December 31, 2003, 2002 and 2001.

   Consolidated Statements of Cash Flows for the years ended December

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31, 2003, 2002 and 2001.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules

Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 2003, 2002 and 2001.

Schedule III - Real Estate and Accumulated Depreciation at December 31, 2003.

Notes to Schedule III - Real Estate and Accumulated Depreciation at December 31, 2003.

Schedule IV - Mortgage Loans on Real Estate at December 31, 2003.

All other Schedules are omitted as the required information is inapplicable or is presented in the financial statements or notes thereto.

3. Exhibits

2.1 Agreement and Plan of Merger, by and among the Registrant, CFA Acquisition Corp., CNL Fund Advisors, Inc. and CNL Group, Inc., dated March 11, 1999 (included as Exhibit 10.38 to the Registrant's Registration Statement No. 333-74329 on Form S-4 (the "Form S-4") as originally filed and incorporated herein by reference).

2.2 Agreement and Plan of Merger, by and among the Registrant, CFC Acquisition Corp., CFS Acquisition Corp., CNL Financial Corp., CNL Financial Services, Inc., CNL Group, Inc., Five Arrows Realty Securities L.L.C., Robert A. Bourne, Curtis B. McWilliams and Brian Fluck, dated March 11, 1999 (included as Exhibit 10.39 to the Form S-4 as originally filed and incorporated herein by reference).

3.1 CNL Restaurant Properties, Inc. Second Amended and Restated Articles of Incorporation (included as Exhibit 3.3 to the Registrant's Form 10-Q for the quarter ended June 30, 2000 and incorporated herein by reference).

3.2 Articles of Amendment to Second Amended and Restated Articles of Incorporation of CNL Restaurant Properties, Inc. (included as Exhibit 3.4 to the Registrant's Form 10-Q for the quarter ended June 30, 2002 and incorporated herein by reference).

3.3 Articles of Amendment to Second Amended and Restated Articles of Incorporation of CNL American Properties Fund, Inc. (included as Exhibit 3.5 to the Registrant's Form 10-Q for the quarter ended June 30, 2003 and incorporated herein by reference).

3.4 Second Amended and Restated Bylaws of CNL American Properties Fund, Inc. (included as Exhibit 3.6 to the Registrant's Form 10-Q for the quarter ended September 30, 2003 and incorporated herein by reference).

4.1 Form of Stock Certificate (included as Exhibit 4.5 to the Registrant's Registration Statement No. 33-78790 on Form S-11 and incorporated herein by reference).

10.1 Form of Indemnification Agreement dated as of April 18, 1995, between the Registrant and each of James M. Seneff, Jr., Robert A. Bourne, G. Richard Hostetter, J. Joseph Kruse, Richard C. Huseman, John T. Walker, Jeanne A. Wall, Lynn E. Rose and Edgar J. McDougall, dated as of January 27, 1997, between the Registrant and Steven D. Shackelford, dated as of February 18, 1998, between the Registrant and Curtis B. McWilliams, and dated as of September 1, 1999, between the Registrant and each of Howard J. Singer, John L. Farren, Timothy J. Neville, Michael I. Wood and Barry L. Goff (included as Exhibit 10.9 to the Registrant's Registration Statement No. 333-15411 on Form S-11 and incorporated herein by reference).

10.2 Amended and Restated Agreement of Limited Partnership of CNL APF Partners, LP (included as Exhibit 10.50 to Amendment No. 2 to the Form S-4 and incorporated herein by reference).

10.3 Franchise Receivable Funding and Servicing Agreement dated as of October 14, 1999 between CNL APF Partners, LP and Neptune Funding Corporation (included as Exhibit 10.5 to the Registrant's Form 10-K for the year ended December 31, 1999

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and incorporated herein by reference).

10.4 Interim Wholesale Mortgage Warehouse and Security Agreement dated as of September 18, 1998, and Amended Agreement dated as of August 30, 1999 between CNL APF Partners, LP and Prudential Securities Credit Corporation (included as Exhibit 10.6 to the Registrant's Form 10-K for the year ended December 31, 1999 and incorporated herein by reference).

10.5 1999 Performance Incentive Plan (included as Exhibit 10.1 to Amendment No. 1 to the Form S-4 and incorporated herein by reference).

10.6 Registration Rights Agreement by and among the Registrant, Robert A. Bourne, Curtis B. McWilliams, John T. Walker, Howard Singer, Steven D. Shackelford and CNL Group, Inc., dated as of March 11, 1999 (included as Exhibit 10.40 to Amendment No. 1 to the Form S-4 and incorporated herein by reference).

10.7 Registration Rights Agreement by and among the Registrant, Five Arrows Realty Securities L.L.C., James M. Seneff, Jr., Robert A. Bourne, Curtis B. McWilliams and CNL Group, Inc., dated as of March 11, 1999 (included as Exhibit 10.41 to Amendment No. 1 to the Form S-4 and incorporated herein by reference).

10.8 Employment Agreement by and between Barry L. Goff and the Registrant, dated September 15, 1999 (included as Exhibit 10.46 to Amendment No. 2 to the Form S-4 and incorporated herein by reference).

10.9 Employment Agreement by and between Robert W. Chapin and the Registrant, dated September 15, 1999 (included as Exhibit 10.47 to Amendment No. 2 to the Form S-4 and incorporated herein by reference).

10.10 Employment Agreement by and between Michael Wood and the Registrant, dated August 31, 1999 (included as Exhibit 10.19 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference).

10.11 Employment Agreement by and between Brent Heaton and the Registrant, dated September 29, 1999 (included as Exhibit 10.20 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference).

10.12 Addendum to Employment Agreement dated as of November 1, 1999, between the Registrant and Curtis McWilliams (included as Exhibit 10.21 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference). The following persons have signed a substantially identical Addendum relating to their respective employment agreements; Steve Shackelford (dated November 1, 1999), John Walker (dated November 3, 1999), Barry Goff (dated November 1, 1999), and Brent Heaton (dated November 3, 1999).

10.13 Addendum to Employment Agreement dated as of November 1, 1999, between the Registrant and Robert Chapin (included as Exhibit 10.22 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference). The following persons have signed a substantially identical Addendum relating to their respective employment agreements: Howard Singer (dated November 1, 1999), Michael Wood (dated November 8, 1999) and Timothy Neville (dated November 24, 1999).

10.14 Second Addendum to Employment Agreement dated as of June 16, 2000, between the Registrant and Curtis McWilliams (included as Exhibit 10.23 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference). The following persons have signed a substantially identical Second Addendum relating to their respective employment agreements: Howard Singer (dated June 19, 2000), Robert Chapin (dated June 20, 2000) and Brent Heaton (dated October 30, 2000).

10.15 Second Addendum to Employment Agreement dated as of August 20, 2000, between the Registrant and Barry Goff (included as Exhibit 10.24 to the Registrant's Form 10-Q for the quarter

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ended March 31, 2001 and incorporated herein by reference).

10.16 Second Addendum to Employment Agreement dated as of October 24, 2000, between the Registrant and Michael Wood (included as Exhibit 10.27 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference).

10.17 Amended and Restated Master Purchase Agreement dated as of October 11, 2001, among Bank of America, N.A., CNL Financial VII, LP and CNL Franchise Network, LP (included as Exhibit 10.29 to the Registrant's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference).

10.18 Third Amended and Restated Side Letter dated as of October 11, 2001, among Bank of America, N.A., CNL Financial VII, LP and CNL Franchise Network, LP (included as Exhibit 10.30 to the Registrant's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference).

10.19 Loan and Security Agreement dated as of June 14, 2002 between CNL Financial IX, LP and Nieuw Amsterdam Receivables Corporation (included as Exhibit 10.31 to the Registrant's Form 10-Q for the quarter ended June 30, 2002 and incorporated herein by reference).

10.20 Letter Agreement dated December 15, 2003 between Bank of America, N.A., CNL Financial VII, LP and CNL Restaurant Capital, LP (filed herewith).

10.21 Employment Agreement dated as of May 5, 2003 by and between CNL Franchise Network GP Corp. and Steven D. Shackelford (filed herewith).

10.22 Employment Agreement dated as of May 5, 2003 by and between CNL Franchise Network GP Corp. and Curtis B. McWilliams (filed herewith).

21 Subsidiaries of the Registrant (filed herewith).

31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

(b) The Registrant filed no reports on Form 8-K during the period October 1, 2003 through December 31, 2003.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 12th day of March, 2004.

CNL RESTAURANT PROPERTIES, INC.

By:

/s/ CURTIS B. McWILLIAMS

Curtis B. McWilliams
Chief Executive Officer
(Principal Executive Officer)

/s/ STEVEN D. SHACKELFORD

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Steven D. Shackelford
Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

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Signature	Title	Date
/s/ CURTIS B. McWILLIAMS Curtis B. McWilliams	Chief Executive Officer (Principal Executive Officer)	March 12, 2004
/s/ STEVEN D. SHACKELFORD Steven D. Shackelford	Chief Financial Officer (Principal Financial and Accounting Officer)	March 12, 2004
/s/ JAMES M. SENEFF, JR. James M. Seneff, Jr.	Director, Chairman of the Board	March 12, 2004
/s/ ROBERT A. BOURNE Robert A. Bourne	Director	March 12, 2004
/s/ G. RICHARD HOSTETTER G. Richard Hostetter	Director	March 12, 2004
/s/ J. JOSEPH KRUSE J. Joseph Kruse	Director	March 12, 2004
/s/ RICHARD C. HUSEMAN Richard C. Huseman	Director	March 12, 2004

</TABLE>

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2003, 2002 and 2001
(In thousands)

<TABLE>
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<s> <c>

	Additions	Deductions

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Year	Description	Balance at Beginning of Year	Charged to Costs and Expenses	Charged to Other Accounts	Deemed Uncollec- tible	Collected/ Recovered	Balance at End of Year
2001	Allowance for doubtful accounts (a)	$ 9,968	$ 452	$ 1,101 (b)	$ 2,557 (c)	$ 4,119	$ 4,845
	Deferred tax asset valuation allowance	0	--	7,703	--	--	7,703
		$ 9,968	$ 452	$ 8,804	$ 2,557	$ 4,119	$ 12,548
2002	Allowance for doubtful accounts (a)	$ 4,845	$ 627	$ 2,695 (b)	$ 4,408 (c)	$ 1,206	$ 2,553
	Deferred tax asset valuation allowance	7,703	--	1,871	--	1,728	7,846
		$ 12,548	$ 627	$ 4,566	$ 4,408	$ 2,934	$ 10,399
2003	Allowance for doubtful accounts (a)	$ 2,553	$ 4,771	$ 532 (b)	$ 4,181 (c)	$ 399	$ 3,276
	Deferred tax asset valuation allowance	7,846	--	842	--	7,846	842
		$ 10,399	$ 4,771	$ 1,374	$ 4,181	$ 8,245	$ 4,118

</TABLE>

(a) Deducted from receivables and accrued rental income on the balance sheet.

(b) Reduction of rental, earned and other income.

(c) Amounts written off as uncollectible.

CNL RESTARAUNT PROPERTIES, INC. AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2003
(In thousands)

<TABLE>
<CAPTION>
<s> <c>

	Impair- ment	Encum- brances	Initial Cost Land	Initial Cost Buildings and Improvements	Costs Capitalized Subsequent to Acquisition Improve- ments	Costs Capitalized Subsequent to Acquisition Carrying Costs	Gross Amount at Which Carried at Close of Period Land	Gross Amount at Which Carried at Close of Period Building and Improvements	Gross Amount at Which Carried at Close of Period Total
Properties the Company has invested in Under									
Operating Leases:									
Applebee's Restaurants:									
Antioch, Tennessee	-	(i)	610	770	-	-	610	770	1,380
Clarksville, Tennessee	-	(i)	556	983	-	-	556	983	1,539
Columbia, Tennessee	-	(i)	626	936	-	-	626	936	1,562
Cookeville, Tennessee	-	(i)	490	1,004	-	-	490	1,004	1,493
Hendersonville, Tennessee	-	(i)	550	967	-	-	550	967	1,516

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Hermitage, Tennessee	-	(i)	735	827	-	-	735	827	1,563
Hopkinsville, Kentucky	-	(i)	390	943	-	-	390	943	1,333
Lebanon, Tennessee	-	(i)	568	925	-	-	568	925	1,493
Madison, Tennessee	-	(i)	740	836	-	-	740	836	1,576
Montclair, California	-		874-	-	880	-	874	880	1,755
Moscow, Idaho	-		537-	-	1,194	-	537	1,194	1,731
Rockford, Illinois	-	(i)	604	-	-	-	604	-	604
Salem, Oregon	-		778-	-	1,154	-	778	1,154	1,932
Arby's Restaurants:									
Allen, Texas	-	(i)	509	-	-	-	509	-	509
Arab, Alabama	-	(i)	231	456	-	-	231	456	687
Atlanta, Georgia	-	(i)	648	-	655	-	648	655	1,304
Auburndale, Florida	-	(i)	327	391	-	-	327	391	718
Avon, Indiana	-	(i)	338	497	-	-	338	497	836
Bartow, Florida	-	(i)	226	414	-	-	226	414	641
Brooksville, Florida	-	(i)	267	422	-	-	267	422	688
Brooksville, Florida	-	(i)	248	369	-	-	248	369	617
Canton, Georgia	-	(i)	586	-	607	-	586	607	1,193
Columbus, Ohio	-	(i)	442	-	594	-	442	594	1,036
Columbus, Ohio	-	(i)	484	-	576	-	484	576	1,060
Douglasville, Georgia	-	(i)	709	-	546	-	709	546	1,255
Flower Mound, Texas	-	(i)	434	-	618	-	434	618	1,052
Grand Rapids, Michigan	-	(i)	313	-	-	-	313	-	313
Greensboro, North Carolina	-	(i)	363	405	-	-	363	405	768
Greenville, North Carolina	-	(i)	278	490	-	-	278	490	768
Hudson, Florida	-	(i)	271	489	-	-	271	489	759
Indianapolis, Indiana	-	(i)	440	-	677	-	440	677	1,117

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Jonesville, North Carolina	-	(i)	225	540	-	-	225	540	765
Kernersville, North Carolina	-	(i)	273	413	-	-	273	413	686
Kinston, North Carolina	-	(i)	269	485	-	-	269	485	754
Lakeland, Florida	-	(i)	236	452	-	-	236	452	688
Lexington, North Carolina	-	(i)	321	463	-	-	321	463	784
Myrtle Beach, South Carolina	-	(i)	421	-	633	-	421	633	1,055
New Port Richey, Florida	-	(i)	243	398	-	-	243	398	641
Orange Park, Florida	-	(i)	463	-	593	-	463	593	1,056
Plant City, Florida	-	(i)	196	444	-	-	196	444	640
Redford , Michigan	-	(i)	413	-	673	-	413	673	1,086
Tampa, Florida	-	(i)	322	372	-	-	322	372	694
The Colony, Texas	-	(i)	504	-	-	-	504	-	504
Vancouver, Washington	-	(i)	733	-	666	-	733	666	1,399
Walker, Michigan	-	(i)	498	-	701	-	498	701	1,200
Whitehall, Ohio	-	(i)	523	-	289	-	523	289	812
Bakers Square Restaurants:									
Alsip, Illinois	-	(i)	449	728	-	-	449	728	1,177
Burbank, Illinois	-	(i)	680	1,041	-	-	680	1,041	1,721
Cherry Valley, Illinois	-	(i)	419	849	-	-	419	849	1,268
Coon Rapids, Minnesota	-	(i)	544	1,132	-	-	544	1,132	1,676
Deerfield, Illinois	-	(i)	573	468	-	-	573	468	1,041
Downers Grove, Illinois	-	(i)	538	778	-	-	538	778	1,316
Homewood, Illinois	-	(i)	601	760	-	-	601	760	1,362
LaGrange, Illinois	-	(i)	591	770	-	-	591	770	1,362
Lansing, Illinois	-	(i)	648	870	-	-	648	870	1,517
Mankato, Minnesota	-	(i)	489	1,142	-	-	489	1,142	1,631
Matteson, Illinois	-	(i)	664	853	-	-	664	853	1,517

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Merrillville, Indiana	-	(i)	567	1,177	-	-	567	1,177	1,744
Palatine, Illinois	-	(i)	687	675	-	-	687	675	1,362
Palos Heights, Illinois	-	(i)	375	734	-	-	375	734	1,110
Saint Charles, Illinois	-	(i)	615	631	-	-	615	631	1,245
Westmont, Illinois	-	(i)	518	591	-	-	518	591	1,109
Willowbrook, Illinois	-	(i)	586	718	-	-	586	718	1,304
Bandana's Bar-B-Q Restaurants:									
Arnold, Missouri	(j)	(i)	373	873	-	-	373	873	1,247
Collinsville, Illinois	(j)	(i)	347	829	-	-	347	829	1,176
Columbia, Missouri	(j)	(i)	502	-	920	-	502	920	1,422
Crystal City, Missouri	(j)		273-	903	-	-	273	903	1,177
Fenton, Missouri	(j)		624-	1,028	-	-	624	1,028	1,652
Bennigan's Restaurants:									
Arvada, Colorado	-	(i)	714	1,303	-	-	714	1,303	2,017
Bedford, Texas	-	(i)	768	-	-	-	768	-	768
Canton, Ohio	-	(i)	1,434	-	835	-	1,434	835	2,269
Clearwater, Florida	-	(i)	900	-	-	-	900	-	900
Colorado Springs, Colorado	-	(i)	794	-	-	-	794	-	794
Copley, Ohio	-	(i)	1,434	-	835	-	1,434	835	2,269
Englewood, Colorado	-	(i)	665	-	-	-	665	-	665
Englewood, New Jersey	-	(i)	1,460	901	-	-	1,460	901	2,361
Florham Park, New Jersey	-	(i)	1,078	-	-	-	1,078	-	1,078
Glenview, Illinois	-	(i)	1,019	-	1,790	-	1,019	1,790	2,809
Grapevine, Texas	-	(i)	1,039	-	1,523	-	1,039	1,523	2,562
Houston, Texas	-	(i)	909	-	-	-	909	-	909
Jacksonville, Florida	-	(i)	833	-	-	-	833	-	833
Jacksonville, Florida	-	(i)	779	-	-	-	779	-	779

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Lone Tree, Colorado	-	(i)	1,075	-	1,502	-	1,075	1,502	2,578
Mount Laurel, New Jersey	-	(i)	1,306	1,031	-	-	1,306	1,031	2,337
North Richland Hills, Texas	-	(i)	886	-	-	-	886	-	886
Ocala, Florida	-	(i)	693	1,073	-	-	693	1,073	1,766
Oklahoma City, Oklahoma	-		757-	-	-	-	757	-	757
Orlando, Florida	-	(i)	1,585	874	-	-	1,585	874	2,460
Pensacola, Florida	-	(i)	692	-	-	-	692	-	692
Saint Louis Park, Minnesota	-	(i)	885	-	-	-	885	-	885
Tampa, Florida	-		741-	-	-	-	741	-	741
Woodridge, Illinois	-	(i)	790	-	-	-	790	-	790
Black Angus Restaurants:									
Dublin, California	-	(i)	1,023	-	1,275	-	1,023	1,275	2,298
Fort Worth, Texas	(j)		679-	-	1,029	-	679	1,029	1,708
Glendale, Arizona	(j)		745-	-	1,083	-	745	1,083	1,828
Grapevine, Texas	(j)		412-	-	1,804	-	412	1,804	2,216
Hillsboro, Texas	-		405-	-	-	-	405	-	405
Orem, Utah	-	(i)	799	-	1,233	-	799	1,233	2,032
Boston Market Restaurants:									
Atlanta, Georgia	-	(i)	774	-	508	-	774	508	1,282
Cary, North Carolina	-		533-	801	-	-	533	801	1,334
Chandler, Arizona	-		440-	476	-	-	440	476	916
Columbus, Ohio	-	(i)	354	606	-	-	354	606	960
Gambrills, Maryland	-	(i)	668	-	662	-	668	662	1,330
Glendale, Arizona	-	(i)	567	404	-	-	567	404	970
Indianapolis, Indiana	-	(i)	886	-	649	-	886	649	1,534
Lake Worth, Florida	-		570-	-	900	-	570	900	1,470

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Lansing, Michigan	-	(i)	516	-	573	-	516	573	1,089
Riverdale, Maryland	-	(i)	526	504	-	-	526	504	1,031
Scottsdale, Arizona	-		522-	410	-	-	522	410	932
Waldorf, Maryland	-	(i)	652	776	-	-	652	776	1,428
Warwick, Rhode Island	-	(i)	235	589	-	-	235	589	824
Burger King Restaurants:									
Burbank, Illinois	-	(i)	543	-	552	-	543	552	1,096
Chadbourn, North Carolina	-		217-	-	859	-	217	859	1,076
Chattanooga, Tennessee	-	(i)	680	-	527	-	680	527	1,207
Chattanooga, Tennessee	(j)	(i)	770	377	-	-	770	377	1,147
Chicago, Illinois	-	(i)	918	-	713	-	918	713	1,631
Clinton, North Carolina	-		350-	-	663	-	350	663	1,012
Cut Off, Louisiana	-		323-	1,219	-	-	323	1,219	1,542
Highland, Indiana	-	(i)	650	-	600	-	650	600	1,250
Kent, Ohio	-	(i)	233	690	-	-	233	690	923
Lacey, Washington	-		308-	754	-	-	308	754	1,062
Lake Charles, Louisiana	-		360-	1,063	-	-	360	1,063	1,423
Lynnwood, Washington	(j)		449-	627	-	-	449	627	1,076
Manchester, New Hampshire	-		776-	459	-	-	776	459	1,235
Natchez, Mississippi	-		273-	718	-	-	273	718	992
Oak Lawn, Illinois	-	(i)	1,211	-	741	-	1,211	741	1,953
Olympia, Washington	-		--	712	-	-	(h)	712	712
Ooltewah, Tennessee	-	(i)	546	-	659	-	546	659	1,205
Opelousas, Louisiana	-		625-	959	-	-	625	959	1,584
Portland, Oregon	-		500-	-	-	-	500	-	500
Shelton, Washington	-		424-	822	-	-	424	822	1,247
Spanaway, Washington	-		417-	762	-	-	417	762	1,179

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Warren, Michigan	-		376-	821	-	-	376	821	1,197
Wilmington, North Carolina	-		349-	-	702	-	349	702	1,050
Chevy's Fresh Mex Restaurants:									
Altamonte Springs, Florida	-	(i)	1,260	1,623	-	-	1,260	1,623	2,883
Annapolis, Maryland	-		1,372-	-	-	-	1,372	-	1,372
Arapahoe, Colorado	-	(i)	986	1,680	-	-	986	1,680	2,667
Atlanta, Georgia	(j)	(i)	1,464	1,874	-	-	1,464	1,874	3,338
Beaverton, Oregon	-	(i)	938	1,682	-	-	938	1,682	2,620
Bloomington, Minnesota	-	(i)	869	1,310	-	-	869	1,310	2,179
Brandon, Florida	(j)	(i)	844	1,426	-	-	844	1,426	2,270
Clearwater, Florida	(j)	(i)	984	1,104	-	-	984	1,104	2,088
Greenbelt, Maryland	-	(i)	945	1,475	-	-	945	1,475	2,421
Jacksonville, Florida	(j)	(i)	1,725	1,574	-	-	1,725	1,574	3,300
Kissimmee, Florida	-	(i)	571	1,536	-	-	571	1,536	2,107
Lake Mary, Florida	(j)	(i)	88	2,019	-	-	88	2,019	2,107
Lake Oswego, Oregon	-	(i)	963	1,506	-	-	963	1,506	2,469
Las Vegas, Nevada	-	(i)	1,157	1,188	-	-	1,157	1,188	2,345
Merriam, Kansas	(j)	(i)	1,032	1,075	-	-	1,032	1,075	2,107
Naperville, Illinois	-	(i)	961	1,366	-	-	961	1,366	2,326
Nashville, Tennessee	-	(i)	957	2,692	-	-	957	2,692	3,649
Orlando, Florida	(j)	(i)	1,496	1,675	-	-	1,496	1,675	3,170
Tampa, Florida	-	(i)	869	1,549	-	-	869	1,549	2,418
Tampa, Florida	(j)	(i)	878	1,449	-	-	878	1,449	2,327
Taylor, Michigan	(j)	(i)	845	1,712	-	-	845	1,712	2,557
Chick-Fil-A Restaurant:									
Rockwall, Texas	-	(i)	528	-	340	-	528	340	868

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Chipotle Mexican Grill Restaurant:									
Upland, California	-	(i)	788	-	209	-	788	209	998
Culpepper Restaurant:									
Bridgeton, Missouri	(j)		--	596	-	-	(h)	596	596
Darryl's Restaurants:									
Mobile, Alabama	-		495-	937	-	-	495	937	1,432
Montgomery, Alabama	(j)		346-	870	-	-	346	870	1,216
Orlando, Florida	-		1,486-	773	-	-	1,486	773	2,258
Raleigh, North Carolina	(j)		841-	465	-	-	841	465	1,306
Richmond, Virginia	(j)		618-	698	-	-	618	698	1,316
Del Taco Restaurant:									
Mesa, Arizona	-	(i)	642	-	582	-	642	582	1,224
Denny's Restaurants:									
Duncan, South Carolina	-	(i)	220	-	-	-	220	-	220
Greensboro, North Carolina	-	(i)	361	572	-	-	361	572	933
Greenville, South Carolina	-	(i)	458	455	-	-	458	455	912
Houston, Texas	-	(i)	393	665	-	-	393	665	1,058
Kansas City, Missouri	-		401-	901	-	-	401	901	1,302
Landrum, South Carolina	-	(i)	155	-	-	-	155	-	155
Lee's Summit, Missouri	(j)		540-	670	-	-	540	670	1,210
Merriam, Kansas	(j)		645-	992	-	-	645	992	1,637
Mooresville, North Carolina	-	(i)	307	-	-	-	307	-	307
North Kansas City, Missouri	(j)		450-	761	-	-	450	761	1,211
Pasadena, Texas	-		467-	506	-	-	467	506	973

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Sedalia, Missouri	(j)		319-	-	1,013	-	319	1,013	1,332
Topeka, Kansas	-	(i)	415	-	-	-	415	-	415
Winter Springs, Florida	-	(i)	555	-	-	-	555	-	555
Einstein Brothers' Bagels Restaurants:									
Dearborn, Michigan	-		465-	178	-	-	465	178	643
Springfield, Virginia	-		634-	-	-	-	634	-	634
Fazoli's Restaurant:									
Southaven, Mississippi	-	(i)	485	-	587	-	485	587	1,072
Golden Corral Family Steakhouse Restaurants:									
Bellevue, Nebraska	-	(i)	441	-	1,039	-	441	1,039	1,480
Brunswick, Georgia	-		457-	-	1,171	-	457	1,171	1,627
Carlsbad, New Mexico	-		384-	-	644	-	384	644	1,028
Cleburne, Texas	-		359-	-	654	-	359	654	1,013
Clovis, New Mexico	-	(i)	409	806	-	-	409	806	1,214
Columbia, Missouri	-	(i)	848	-	1,009	-	848	1,009	1,857
Columbus, Ohio	-		1,031-	-	1,093	-	1,031	1,093	2,124
Cookeville, Tennessee	-		806-	-	1,087	-	806	1,087	1,893
Corpus Christi, Texas	-		577-	-	935	-	577	935	1,511
Council Bluffs, Iowa	-		546-	-	993	-	546	993	1,539
Davenport, Iowa	-	(i)	601	1,344	-	-	601	1,344	1,945
Dover, Delaware	-		1,043-	-	978	-	1,043	978	2,021
Dubuque, Iowa	-		564-	-	1,056	-	564	1,056	1,621
Duncan, Oklahoma	-		161-	-	1,029	-	161	1,029	1,190
Evansville, Indiana	-		601-	-	1,195	-	601	1,195	1,796
Evansville, Indiana	-		588-	-	1,393	-	588	1,393	1,981

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Flowood, Mississippi	-	(i)	596	-	1,094	-	596	1,094	1,690
Fort Dodge, Iowa	-		321-	-	1,156	-	321	1,156	1,477
Fort Walton Beach, Florida	-		591-	-	1,176	-	591	1,176	1,767
Fort Wayne, Indiana	-	(i)	744	-	1,276	-	744	1,276	2,020
Fort Worth, Texas	-		640-	898	-	-	640	898	1,538
Henderson, Kentucky	-	(i)	377	-	1,117	-	377	1,117	1,494
Jacksonville, Florida	-		593-	-	1,184	-	593	1,184	1,777
Jacksonville, Florida	-		541-	-	1,174	-	541	1,174	1,715
Jacksonville, Florida	-		684-	-	1,259	-	684	1,259	1,943
Lufkin, Texas	-		479-	-	954	-	479	954	1,433
Moberly, Missouri	-		374-	-	838	-	374	838	1,213
Omaha, Nebraska	-		570-	-	1,272	-	570	1,272	1,842
Orlando, Florida	-		67-	-	-	-	67	-	67
Palatka, Florida	-		322-	-	987	-	322	987	1,310
Pensacola, Florida	-		658-	-	1,347	-	658	1,347	2,005
Port Richey, Florida	-		627-	-	1,131	-	627	1,131	1,758
Rock Hill, South Carolina	-	(i)	718	-	1,202	-	718	1,202	1,920
Tampa, Florida	-		826-	-	1,161	-	826	1,161	1,987
Texarkana, Texas	-		665-	-	1,080	-	665	1,080	1,745
Tulsa , Oklahoma	-	(i)	705	-	1,305	-	705	1,305	2,010
Ground Round Restaurants:									
Allentown, Pennsylvania	-	(i)	406	885	-	-	406	885	1,291
Cincinnati, Ohio	-	(i)	282	535	-	-	282	535	817
Dubuque, Iowa	-	(i)	694	810	-	-	694	810	1,504
Ewing Township, New Jersey	-	(i)	371	686	-	-	371	686	1,057
Janesville, Wisconsin	-	(i)	451	548	-	-	451	548	999
Kalamazoo, Michigan	-	(i)	287	712	-	-	287	712	999
Parma, Ohio	-	(i)	389	793	-	-	389	793	1,182

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Reading, Pennsylvania	-	(i)	729	793	-	-	729	793	1,522
Waterloo, Iowa	-	(i)	436	659	-	-	436	659	1,096
Wauwatosa, Wisconsin	-	(i)	628	804	-	-	628	804	1,432
Guthrie's Restaurant:									
Hoover, Alabama	-	(i)	494	620	-	-	494	620	1,113
Houlihan's Restaurants:									
Bethel Park, Pennsylvania	-		846-	596	-	-	846	596	1,442
Langhorne, Pennsylvania	(j)		817-	649	-	-	817	649	1,466
Plymouth Meeting, Pennsylvania	-		1,181-	909	-	-	1,181	909	2,090
International House Of Pancakes Restaurants:									
Auburn, Washington	-	(i)	633	1,135	-	-	633	1,135	1,768
Castle Rock, Colorado	-	(i)	541	-	1,196	-	541	1,196	1,737
Clarksville, Tennessee	-	(i)	376	964	-	-	376	964	1,340
Corpus Christi, Texas	-	(i)	567	-	-	-	567	-	567
Fort Worth, Texas	-	(i)	501	746	-	-	501	746	1,248
Fort Worth, Texas	-	(i)	566	924	-	-	566	924	1,489
Greeley, Colorado	-	(i)	416	-	868	-	416	868	1,284
Greenville, South Carolina	-	(i)	477	962	-	-	477	962	1,438
Hollywood, California	-	(i)	1,407	-	-	-	1,407	-	1,407
Homewood, Alabama	-	(i)	545	1,030	-	-	545	1,030	1,575
Houston, Texas	-	(i)	645	790	-	-	645	790	1,436
Kansas City, Missouri	-	(i)	512	831	-	-	512	831	1,344
Killeen, Texas	-	(i)	381	776	-	-	381	776	1,156
Lake Jackson, Texas	-	(i)	460	744	-	-	460	744	1,204
Leesburg, Virginia	-	(i)	665	581	-	-	665	581	1,246

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Leon Valley, Texas	-	(i)	594	918	-	-	594	918	1,512
Loveland, Colorado	-	(i)	488	-	-	-	488	-	488
Murfreesboro, Tennessee	-	(i)	647	871	-	-	647	871	1,519
Phoenix, Arizona	-	(i)	668	942	-	-	668	942	1,610
Port Arthur, Texas	-	(i)	383	958	-	-	383	958	1,341
Poughkeepsie, New York	-	(i)	505	807	-	-	505	807	1,311
Pueblo, Colorado	-	(i)	388	892	-	-	388	892	1,280
Roseville, Michigan	-	(i)	283	844	-	-	283	844	1,127
Southaven, Mississippi	-	(i)	579	1,176	-	-	579	1,176	1,756
Stockbridge, Georgia	-	(i)	766	653	-	-	766	653	1,418
Victoria, Texas	-	(i)	319	-	-	-	319	-	319
J. Gilbert's Restaurant:									
McLean, Virginia	-		945-	689	-	-	945	689	1,634
Jack in the Box Restaurants:									
Allen, Texas	-	(i)	712	-	726	-	712	726	1,438
Avondale, Arizona	-	(i)	605	-	623	-	605	623	1,228
Bacliff, Texas	-	(i)	419	-	698	-	419	698	1,117
Carson, California	-	(i)	458	-	709	-	458	709	1,166
Chandler, Arizona	-	(i)	481	-	637	-	481	637	1,118
Chandler, Arizona	-	(i)	605	-	601	-	605	601	1,205
Channelview, Texas	-		361-	-	712	-	361	712	1,073
Corinth, Texas	-	(i)	397	-	576	-	397	576	973
Dallas, Texas	-	(i)	370	-	468	-	370	468	838
Enumclaw, Washington	-	(i)	124	774	-	-	124	774	898
Florissant, Missouri	-	(i)	389	-	779	-	389	779	1,168
Folsom, California	-	(i)	635	-	652	-	635	652	1,288

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Fort Worth, Texas	-	(i)	482	716	-	-	482	716	1,199
Fresno, California	-	(i)	287	-	607	-	287	607	893
Georgetown, Texas	-	(i)	500	-	866	-	500	866	1,366
Granbury, Texas	-	(i)	404	-	832	-	404	832	1,236
Gun Barrel City, Texas	-	(i)	284	-	549	-	284	549	834
Hillsboro, Oregon	-	(i)	700	-	865	-	700	865	1,565
Hollister, California	-	(i)	537	-	593	-	537	593	1,130
Houston, Texas	-	(i)	545	-	527	-	545	527	1,073
Houston, Texas	-	(i)	376	-	643	-	376	643	1,019
Houston, Texas	-		403-	-	611	-	403	611	1,014
Houston, Texas	-	(i)	370	-	548	-	370	548	918
Houston, Texas	-	(i)	421	-	543	-	421	543	964
Humble, Texas	-	(i)	438	-	592	-	438	592	1,030
Hutchins, Texas	-	(i)	273	-	654	-	273	654	927
Irvine, California	-	(i)	900	-	734	-	900	734	1,634
Kent, Washington	-	(i)	737	-	554	-	737	554	1,291
Las Vegas, Nevada	-	(i)	731	-	547	-	731	547	1,278
Los Angeles, California	-	(i)	741	-	678	-	741	678	1,419
Los Angeles, California	-	(i)	912	-	531	-	912	531	1,443
Los Angeles, California	-	(i)	854	-	602	-	854	602	1,456
Lufkin, Texas	-	(i)	418	-	651	-	418	651	1,069
Lufkin, Texas	-	(i)	364	-	777	-	364	777	1,141
Moscow, Idaho	-	(i)	218	-	752	-	218	752	970
Nacogdoches, Texas	-	(i)	384	-	643	-	384	643	1,027
Ontario, California	-	(i)	771	-	793	-	771	793	1,564
Orange, Texas	-	(i)	388	-	788	-	388	788	1,175
Oxnard, California	-	(i)	682	-	643	-	682	643	1,325
Palmdale, California	-	(i)	631	-	568	-	631	568	1,199
Peoria, Arizona	-	(i)	497	-	722	-	497	722	1,218

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Pflugerville, Texas	-	(i)	717	-	658	-	717	658	1,375
Saint Louis, Missouri	-	(i)	474	-	727	-	474	727	1,202
Salem, Oregon	-	(i)	501	-	699	-	501	699	1,200
San Antonio, Texas	-	(i)	274	-	782	-	274	782	1,056
San Antonio, Texas	-	(i)	311	-	701	-	311	701	1,012
Spring, Texas	-	(i)	476	-	719	-	476	719	1,195
Tacoma, Washington	-	(i)	496	-	760	-	496	760	1,255
Tigard, Oregon	-	(i)	353	-	905	-	353	905	1,258
Tyler, Texas	-	(i)	289	-	700	-	289	700	989
Waxahachie, Texas	-	(i)	478	-	538	-	478	538	1,016
Weatherford, Texas	-	(i)	465	-	785	-	465	785	1,250
West Sacramento, California	-	(i)	523	-	617	-	523	617	1,140
Woodland, California	-	(i)	358	-	668	-	358	668	1,027
Jack in the Box/Arco Gas Station-Convenience Stores:									
Benicia, California	-	(i)	746	1,552	-	-	746	1,552	2,297
Coachella, California	-	(i)	371	1,407	-	-	371	1,407	1,777
Joe's Crab Shack Restaurant:									
Lilburn, Georgia	-	(i)	1,089	932	-	-	1,089	932	2,021
Jose Pepper's Restaurant:									
Blue Springs, Missouri	(j)		251-	738	-	-	251	738	989
KFC Restaurants:									
Baton Rouge, Louisiana	-		181-	-	463	-	181	463	645
New Orleans, Louisiana	-		159-	492	-	-	159	492	651
New Orleans, Louisiana	-		311-	533	-	-	311	533	843

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New Orleans, Louisiana	-		206-	564	-	-	206	564	770
New Orleans, Louisiana	-		315-	542	-	-	315	542	857
Putnam, Connecticut	-		302-	-	-	-	302	-	302
Krystal Restaurants:									
Brandon, Mississippi	-	(i)	340	687	-	-	340	687	1,028
Chattanooga, Tennessee	-	(i)	445	595	-	-	445	595	1,040
Greenville, Alabama	-	(i)	190	614	-	-	190	614	804
Montgomery, Alabama	-	(i)	311	507	-	-	311	507	818
Scottsboro, Alabama	-	(i)	255	561	-	-	255	561	817
Leeann Chin Chinese Cuisine Restaurants:									
Chanhassen, Minnesota	-	(i)	377	640	-	-	377	640	1,017
Golden Valley, Minnesota	-	(i)	665	-	481	-	665	481	1,147
Little Lake Bryan Land:									
Orlando, Florida	-		6,288-	-	-	-	6,288	-	6,288
Orlando, Florida	-		361-	-	-	-	361	-	361
McDonalds:									
Palm Bay, Florida	-		615-	-	-	-	615	-	615
Pizza Hut Restaurants:									
Adrian, Michigan	-		242-	-	-	-	242	-	242
Beaver, West Virginia	-		212-	-	-	-	212	-	212
Beckley, West Virginia	-		209-	-	-	-	209	-	209
Bedford, Ohio	-		175-	-	-	-	175	-	175
Bluefield, West Virginia	-		120-	-	-	-	120	-	120

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Bolivar, Ohio	-		190-	410	-	-	190	410	600
Bowling Green, Ohio	-		200-	-	-	-	200	-	200
Bowling Green, Ohio	(j)		136-	192	-	-	136	192	327
Carrollton, Ohio	-		187-	533	-	-	187	533	721
Cleveland, Ohio	-		226-	-	-	-	226	-	226
Cleveland, Ohio	-		117-	-	-	-	117	-	117
Cleveland, Ohio	-		126-	-	-	-	126	-	126
Cooper City, Florida	-	(i)	268	128	-	-	268	128	396
Cross Lanes, West Virginia	-		216-	-	-	-	216	-	216
Defiance, Ohio	-		242-	-	-	-	242	-	242
East Cleveland, Ohio	-		194-	-	-	-	194	-	194
Euclid, Ohio	-		202-	-	-	-	202	-	202
Huntington, West Virginia	-		212-	-	-	-	212	-	212
Hurricane, West Virginia	-		181-	-	-	-	181	-	181
Lambertville, Michigan	-		99-	-	-	-	99	-	99
Marathon, Florida	-	(i)	161	235	-	-	161	235	396
Marietta, Ohio	-		169-	-	-	-	169	-	169
Mayfield Heights, Ohio	-		203-	-	-	-	203	-	203
Middleburg Heights, Ohio	-		217-	-	-	-	217	-	217
Millersburg, Ohio	-		213-	635	-	-	213	635	848
Milton, West Virginia	-		100-	-	-	-	100	-	100
Monroe, Michigan	-		152-	-	-	-	152	-	152
New Philadelphia, Ohio	-		224-	443	-	-	224	443	667
New Philadelphia, Ohio	-		149-	388	-	-	149	388	538
North Olmsted, Ohio	-		260-	-	-	-	260	-	260
Norwalk, Ohio	-		262-	-	-	-	262	-	262
Rocky River, Ohio	-		143-	-	-	-	143	-	143
Ronceverte, West Virginia	-		100-	-	-	-	100	-	100
Sandusky, Ohio	-		260-	-	-	-	260	-	260

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Seven Hills, Ohio	-		239-	-	-	-	239	-	239
Steubenville, Ohio	-		228-	475	-	-	228	475	704
Strongsville, Ohio	-		186-	-	-	-	186	-	186
Toledo, Ohio	-		197-	-	-	-	197	-	197
Toledo, Ohio	-		208-	-	-	-	208	-	208
Toledo, Ohio	-		176-	-	-	-	176	-	176
Toledo, Ohio	-		129-	-	-	-	129	-	129
Uhrichsville, Ohio	-		280-	563	-	-	280	563	842
Weirton, West Virginia	(j)		--	178	-	-	(h)	178	178
Wellsburg, West Virginia	-		167-	168	-	-	167	168	336
Pollo Tropical Restaurants:									
Coral Springs, Florida	-	(i)	853	1,108	-	-	853	1,108	1,961
Davie, Florida	-	(i)	713	873	-	-	713	873	1,586
Fort Lauderdale, Florida	-	(i)	398	924	-	-	398	924	1,322
Lake Worth, Florida	-	(i)	435	915	-	-	435	915	1,351
Miami, Florida	-	(i)	655	1,196	-	-	655	1,196	1,851
Miami, Florida	-	(i)	911	1,012	-	-	911	1,012	1,923
Miami, Florida	-	(i)	1,245	918	-	-	1,245	918	2,163
North Miami, Florida	-	(i)	918	764	-	-	918	764	1,682
Ponderosa Restuarants:									
Appleton, Wisconsin	-		181-	562	-	-	181	562	743
Blue Springs, Missouri	-	(i)	692	-	1,137	-	692	1,137	1,829
Eureka, Missouri	-		380-	604	-	-	380	604	984
Indiana, Pennsylvania	-		715-	-	1,317	-	715	1,317	2,032
Johnstown, Pennsylvania	-	(i)	599	-	1,160	-	599	1,160	1,759
Kissimmee, Florida	-		638-	824	-	-	638	824	1,462

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Massena, New York	-		130-	659	-	-	130	659	789
Middletown, New York	-		214-	854	-	-	214	854	1,068
Oneonta, New York	-		367-	524	-	-	367	524	891
Popeye's Famous Fried Chicken Restaurants:									
Thomasville, Georgia	-	(i)	114	407	-	-	114	407	521
Valdosta, Georgia	-	(i)	159	378	-	-	159	378	537
Red Robin Restaurant:									
Columbus, Ohio	-		722-	-	1,366	-	722	1,366	2,088
Roadhouse Grill Restaurants:									
Brandon, Florida	-	(i)	914	-	691	-	914	691	1,605
Centerville, Ohio	(j)		1,228-	-	762	-	1,228	762	1,990
Clearwater, Florida	-	(i)	1,370	-	947	-	1,370	947	2,317
Fairfield, Ohio	-	(i)	1,152	-	910	-	1,152	910	2,062
Grove City, Ohio	-		650-	-	978	-	650	978	1,628
Jacksonville, Florida	-	(i)	394	-	1,443	-	394	1,443	1,837
Jacksonville, Florida	-		1,314-	-	888	-	1,314	888	2,201
Rock Hill, South Carolina	(j)		609-	-	904	-	609	904	1,513
Union Township, Ohio	-		704-	-	1,054	-	704	1,054	1,757
Rubio's Baja Grill Restaurant:									
Taylorsville, Utah	-	(i)	890	-	487	-	890	487	1,377
Ruby Tuesday's Restaurants:									
Bartow, Florida	-	(i)	416	-	963	-	416	963	1,380
Champlin, Minnesota	-	(i)	506	-	-	-	506	-	506

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Colorado Springs, Colorado	-	(i)	696	-	1,006	-	696	1,006	1,702
Coral Springs, Florida	-	(i)	715	-	1,013	-	715	1,013	1,728
Dillon, Colorado	-	(i)	557	-	1,133	-	557	1,133	1,690
Draper, Utah	-	(i)	519	-	-	-	519	-	519
Independence, Missouri	-		981-	-	-	-	981	-	981
Kansas City, Missouri	-		633-	-	-	-	633	-	633
Lakeland, Florida	-	(i)	574	743	-	-	574	743	1,317
Lakewood, Washington	-		431-	-	-	-	431	-	431
London, Kentucky	-	(i)	354	-	-	-	354	-	354
Orange City, Florida	-	(i)	720	-	-	-	720	-	720
Somerset, Kentucky	-	(i)	546	-	869	-	546	869	1,414
Vero Beach, Florida	-	(i)	537	-	1,268	-	537	1,268	1,804
Ruth's Chris Steak House Restaurants:									
King of Prussia, Pennsylvania	-	(i)	965	550	-	-	965	550	1,515
Tampa, Florida	-	(i)	1,076	1,063	-	-	1,076	1,063	2,139
Ryan's Family Steak House Restaurant:									
Spring Hill, Florida	-	(i)	591	-	1,175	-	591	1,175	1,767
Saint Louis Bread Company Restaurant:									
Florissant, Missouri	-	(i)	706	-	627	-	706	627	1,332
Shoney's Restaurant									
Debary, Florida	(j)		900-	-	-	-	900	-	900
Smokey Bones									
Morrow, Georgia	(j)	(i)	935	1,843	-	-	935	1,843	2,778

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Sonny's Real Pit Bar-B-Q Restaurants:									
Athens, Georgia	-	(i)	629	963	-	-	629	963	1,591
Conyers, Georgia	-		371-	593	-	-	371	593	964
Doraville, Georgia	-	(i)	585	813	-	-	585	813	1,398
Marietta, Georgia	-	(i)	528	871	-	-	528	871	1,398
Norcross, Georgia	-	(i)	734	961	-	-	734	961	1,695
Smyrna, Georgia	-	(i)	634	643	-	-	634	643	1,278
Thomasville, Georgia	-	(i)	263	-	-	-	263	-	263
Venice, Florida	-		499-	960	-	-	499	960	1,458
Sprint PCS Retail Store:									
Saint Joseph, Missouri	(j)		379-	-	388	-	379	388	767
Steak & Ale Restaurants:									
Altamonte Springs, Florida	-	(i)	1,006	691	-	-	1,006	691	1,697
Birmingham, Alabama	-		715-	-	-	-	715	-	715
College Park, Georgia	-	(i)	802	-	-	-	802	-	802
Conroe, Texas	-	(i)	591	-	-	-	591	-	591
Greenville, South Carolina	-	(i)	671	-	-	-	671	-	671
Houston, Texas	-	(i)	964	-	-	-	964	-	964
Houston, Texas	-	(i)	777	-	-	-	777	-	777
Huntsville, Alabama	-	(i)	641	-	-	-	641	-	641
Jacksonville, Florida	-		670-	-	-	-	670	-	670
Maitland, Florida	-	(i)	684	-	-	-	684	-	684
Memphis, Tennessee	-	(i)	810	798	-	-	810	798	1,609
Mesquite, Texas	-	(i)	592	-	-	-	592	-	592
Miami, Florida	-	(i)	594	-	-	-	594	-	594
Middletown, New Jersey	-	(i)	934	763	-	-	934	763	1,697

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Norcross, Georgia	-	(i)	740	-	-	-	740	-	740
Orlando, Florida	-	(i)	923	725	-	-	923	725	1,648
Pensacola, Florida	-	(i)	354	-	-	-	354	-	354
Tulsa, Oklahoma	-	(i)	434	-	-	-	434	-	434
Super Smokers BBQ Restaurant:									
Saint Peters, Missouri	-		377-	692	-	-	377	692	1,069
Taco Bell Restaurants:									
Colonial Heights, Virginia	-	(i)	447	384	-	-	447	384	831
Hayes, Virginia	-	(i)	300	-	-	-	300	-	300
Livingston, Tennessee	-	(i)	212	-	-	-	212	-	212
Richmond, Virginia	-	(i)	403	-	-	-	403	-	403
Richmond, Virginia	-	(i)	405	451	-	-	405	451	856
Richmond, Virginia	-	(i)	475	479	-	-	475	479	954
Saint Louis, Missouri	-	(i)	350	-	-	-	350	-	350
Saint Louis, Missouri	-	(i)	309	351	-	-	309	351	660
Wentzville, Missouri	-	(i)	339	-	491	-	339	491	830
Williamsburg, Virginia	-	(i)	344	-	-	-	344	-	344
Taco Bell/Pizza Hut Restaurants:									
Arlington, Texas	-		277-	-	550	-	277	550	827
Dallas, Texas	-	(i)	335	695	-	-	335	695	1,030
Dallas, Texas	-		356-	-	497	-	356	497	853
Texas Roadhouse Restaurants:									
Ammon, Idaho	-	(i)	506	-	806	-	506	806	1,312
Arvada, Colorado	-	(i)	538	-	1,149	-	538	1,149	1,687

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Aurora, Colorado	-	(i)	657	-	1,209	-	657	1,209	1,866
Cedar Rapids, Iowa	-		582-	-	1,085	-	582	1,085	1,667
College Station, Texas	-	(i)	520	-	1,074	-	520	1,074	1,594
Concord, North Carolina	-	(i)	664	-	987	-	664	987	1,651
Dickson City, Pennsylvania	-	(i)	596	-	1,079	-	596	1,079	1,675
Gastonia, North Carolina	-	(i)	235	-	1,116	-	235	1,116	1,351
Hickory, North Carolina	-	(i)	560	-	1,032	-	560	1,032	1,593
Shively, Kentucky	-	(i)	714	996	-	-	714	996	1,709
TGI Friday's Restaurants:									
Goodyear, Arizona	-	(i)	967	-	1,727	-	967	1,727	2,694
Henderson, Nevada	-	(i)	1,385	-	-	-	1,385	-	1,385
Independence, Missouri	-	(i)	856	-	-	-	856	-	856
Leawood, Kansas	-	(i)	2,459	-	-	-	2,459	-	2,459
Mesa, Arizona	-	(i)	914	-	-	-	914	-	914
Shawnee, Kansas	-	(i)	885	-	-	-	885	-	885
Temecula, California	-	(i)	1,240	-	-	-	1,240	-	1,240
Union City, California	-	(i)	1,213	-	-	-	1,213	-	1,213
Tin Alley Grill Restaurants:									
Crystal, Minnesota	-	(i)	371	432	-	-	371	432	802
Gloucester, New Jersey	-	(i)	422	529	-	-	422	529	951
TropiGrill Restaurants:									
Altamonte Springs, Florida	-	(i)	549	701	-	-	549	701	1,250
Orlando, Florida	-	(i)	618	631	-	-	618	631	1,250
Village Inn Restaurant:									
Omaha, Nebraska	-	(i)	512	756	-	-	512	756	1,268

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Wendy's Old Fashioned Hamburgers Restaurants:									
Atascadero, California	-	(i)	486	-	706	-	486	706	1,192
Camarillo, California	-	(i)	640	-	689	-	640	689	1,329
Knoxville, Tennessee	-	(i)	358	-	445	-	358	445	803
Knoxville, Tennessee	-	(i)	556	-	442	-	556	442	998
Paso Robles, California	-	(i)	489	-	736	-	489	736	1,225
Westlake Village, California	-	(i)	841	-	699	-	841	699	1,540
TOTAL:			282,205	174,608	148,783		282,205	323,391	605,596
Property of Joint Venture in Which									
the Company has a 59.22% Interest									
and has Invested in Under									
an Operating Lease:									
Bennigan's Restaurant:									
Orlando, Florida	-		708-	-	1,008	-	708	1,008	1,716
Properties the Company									
has invested in Under									
Direct Financing Leases:									
Applebee's Restaurants:									
Freeport, Illinois		(i)-	198	1,009	-	-	(e)	(e)	(e)
Rockford, Illinois		(i)-	-	1,096	-	-	(h)	(e)	(e)
Tullahoma, Tennessee		(i)-	324	1,009	-	-	(e)	(e)	(e)

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Arby's Restaurants:								
Allen, Texas	(i)-	-	-	609	-	(e)	(e)	(e)
Grand Rapids, Michigan	(i)-	-	938	-	-	(h)	(e)	(e)
Huntsville, Alabama	-	--	-	596	-	(e)	(e)	(e)
Newark, Ohio	-	--	-	340	-	(e)	(e)	(e)
The Colony, Texas	(i)-	-	-	593	-	(e)	(e)	(e)
Bennigan's Restaurants:								
Bedford, Texas	(i)-	-	955	-	-	(h)	(e)	(e)
Clearwater, Florida	(i)-	-	1,043	-	-	(h)	(e)	(e)
Colorado Springs, Colorado	(i)-	-	903	-	-	(h)	(e)	(e)
Englewood, Colorado	(i)-	-	1,131	-	-	(h)	(e)	(e)
Florham Park, New Jersey	(i)-	-	1,092	-	-	(h)	(e)	(e)
Houston, Texas	(i)-	-	985	-	-	(h)	(e)	(e)
Jacksonville, Florida	(i)-	-	1,061	-	-	(h)	(e)	(e)
Jacksonville, Florida	(i)-	-	819	-	-	(h)	(e)	(e)
North Richland Hills, Texas	(i)-	-	983	-	-	(h)	(e)	(e)
Oklahoma City, Oklahoma	-	--	1,015	-	-	(h)	(e)	(e)
Pensacola, Florida	(i)-	-	980	-	-	(h)	(e)	(e)
Saint Louis Park, Minnesota	(i)-	-	1,280	-	-	(h)	(e)	(e)
Tampa, Florida	-	--	1,325	-	-	(h)	(e)	(e)
Winston-Salem, North Carolina	(i)-	248	993	-	-	(e)	(e)	(e)
Woodridge, Illinois	(i)-	-	992	-	-	(h)	(e)	(e)
Black-eyed Pea Restaurants:								
Dallas, Texas	-	--	686	-	-	(h)	(e)	(e)
Fort Worth, Texas	-	--	655	-	-	(h)	(e)	(e)
Hendersonville, Tennessee	-	--	735	-	-	(h)	(e)	(e)

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Hillsboro, Texas	-	--	-	716	-	(e)	(e)	(e)
Burger King Restaurants:								
Port Angeles, Washington	-	--	696	-	-	(h)	(e)	(e)
Chevys Fresh Mex Restaurant:								
Annapolis, Maryland	-	--	-	1,540	-	(e)	(e)	(e)
Clay Pit								
Addison, Texas	-	--	568	-	-	(h)	(e)	(e)
Denny's Restaurants:								
Akron, Ohio	(i)-	137	938	-	-	(e)	(e)	(e)
Duncan, South Carolina	(i)-	-	827	-	-	(h)	(e)	(e)
Landrum, South Carolina	(i)-	-	493	-	-	(h)	(e)	(e)
Mooresville, North Carolina	(i)-	-	737	-	-	(h)	(e)	(e)
Topeka, Kansas	(i)-	-	700	-	-	(h)	(e)	(e)
Winter Springs, Florida	(i)-	-	-	887	-	(e)	(e)	(e)
Fresh Choice								
Dallas, Texas	-	--	382	-	-	(h)	(e)	(e)
International House Of Pancakes Restaurants:								
Alexandria, Virginia	(i)-	-	853	-	-	(h)	(e)	(e)
Anderson, South Carolina	(i)-	-	957	-	-	(h)	(e)	(e)
Blue Bell, Pennsylvania	(i)-	-	830	-	-	(h)	(e)	(e)
Chesapeake, Virginia	(i)-	-	1,059	-	-	(h)	(e)	(e)
Christiansburg, Virginia	(i)-	-	918	-	-	(h)	(e)	(e)
Corpus Christi, Texas	(i)-	-	864	-	-	(h)	(e)	(e)

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Crestwood, Illinois	(i)-	-	935	-	-	(h)	(e)	(e)
Flagstaff, Arizona	(i)-	294	1,121	-	-	(e)	(e)	(e)
Fredericksburg, Virginia	(i)-	-	973	-	-	(h)	(e)	(e)
Hickory, North Carolina	(i)-	-	1,202	-	-	(h)	(e)	(e)
Hollywood, California	(i)-	-	995	-	-	(h)	(e)	(e)
Houston, Texas	(i)-	-	1,017	-	-	(h)	(e)	(e)
Houston, Texas	(i)-	-	765	-	-	(h)	(e)	(e)
Loveland, Colorado	(i)-	-	964	-	-	(h)	(e)	(e)
Maryville, Tennessee	(i)-	244	963	-	-	(e)	(e)	(e)
Montgomery, Alabama	(i)-	-	843	-	-	(h)	(e)	(e)
Pittsburg, California	(i)-	-	1,014	-	-	(h)	(e)	(e)
Plano, Texas	(i)-	-	982	-	-	(h)	(e)	(e)
Salem, New Hampshire	(i)-	-	779	-	-	(h)	(e)	(e)
San Antonio, Texas	(i)-	-	1,081	-	-	(h)	(e)	(e)
Tuscaloosa, Alabama	(i)-	-	931	-	-	(h)	(e)	(e)
Victoria, Texas	(i)-	-	814	-	-	(h)	(e)	(e)
Virginia Beach, Virginia	(i)-	-	1,014	-	-	(h)	(e)	(e)
Warner Robins, Georgia	(i)-	-	833	-	-	(h)	(e)	(e)
KFC Restaurants:								
Baton Rouge, Louisiana	-	85-	609	-	-	(e)	(e)	(e)
Port Allen, Louisiana	(i)-	-	953	-	-	(h)	(e)	(e)
Putnam, Connecticut	-	--	531	-	-	(h)	(e)	(e)
NI's International Buffet Restaurant:								
Eastlake, Ohio	-	256-	1,473	-	-	(e)	(e)	(e)
Popeye's Famous Fried Chicken Restaurant:								

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Starke, Florida	(i)-	209	427	-	-	(e)	(e)	(e)
Ruby Tuesday's Restaurants:								
Champlin, Minnesota	(i)-	-	-	1,152	-	(e)	(e)	(e)
Draper, Utah	(i)-	-	-	1,036	-	(e)	(e)	(e)
Independence, Missouri	-	--	-	554	-	(e)	(e)	(e)
Kansas City, Missouri	-	--	-	1,115	-	(e)	(e)	(e)
Lakewood, Washington	-	--	-	1,127	-	(e)	(e)	(e)
London, Kentucky	(i)-	-	-	845	-	(e)	(e)	(e)
Louisville, Kentucky	(i)-	-	-	1,052	-	(e)	(e)	(e)
Orange City, Florida	(i)-	-	-	1,047	-	(e)	(e)	(e)
Puyallup, Washington	-	--	-	934	-	(e)	(e)	(e)
Saint George, Utah	-	--	-	896	-	(e)	(e)	(e)
Sebring, Florida	(i)-	231	-	776	-	(e)	(e)	(e)
Sonny's Real Pit Bar-B-Q Restaurants:								
Thomasville, Georgia	(i)-	-	-	989	-	(e)	(e)	(e)
Steak & Ale Restaurants:	-	--	682	-	-	(h)	(e)	(e)
College Park, Georgia	(i)-	-	910	-	-	(h)	(e)	(e)
Conroe, Texas	(i)-	-	1,033	-	-	(h)	(e)	(e)
Greenville, South Carolina	(i)-	-	1,180	-	-	(h)	(e)	(e)
Houston, Texas	(i)-	-	979	-	-	(h)	(e)	(e)
Houston, Texas	(i)-	-	1,093	-	-	(h)	(e)	(e)
Huntsville, Alabama	(i)-	-	810	-	-	(h)	(e)	(e)
Jacksonville, Florida	-	--	879	-	-	(h)	(e)	(e)
Maitland, Florida	(i)-	-	792	-	-	(h)	(e)	(e)

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Mesquite, Texas	(i)-	-	908	-	-	(h)	(e)	(e)
Miami, Florida	(i)-	-	1,177	-	-	(h)	(e)	(e)
Norcross, Georgia	(i)-	-	967	-	-	(h)	(e)	(e)
Pensacola, Florida	(i)-	-	826	-	-	(h)	(e)	(e)
Tulsa, Oklahoma	(i)-	-	1,068	-	-	(h)	(e)	(e)
Taco Bell Restaurants:								
Hayes, Virginia	(i)-	-	443	-	-	(h)	(e)	(e)
Livingston, Tennessee	(i)-	-	-	436	-	(e)	(e)	(e)
Richmond, Virginia	(i)-	-	575	-	-	(h)	(e)	(e)
Saint Louis, Missouri	(i)-	-	472	-	-	(h)	(e)	(e)
Williamsburg, Virginia	(i)-	-	438	-	-	(h)	(e)	(e)
Texas Roadhouse Restaurant:								
Fayetteville, North Carolina	-	--	944	-	-	(h)	(e)	(e)
TGI Friday's Restaurants:								
Henderson, Nevada	(i)-	-	-	1,974	-	(e)	(e)	(e)
Independence, Missouri	(i)-	-	-	1,665	-	(e)	(e)	(e)
Leawood, Kansas	(i)-	-	-	1,430	-	(e)	(e)	(e)
Mesa, Arizona	(i)-	-	-	1,440	-	(e)	(e)	(e)
Shawnee, Kansas	(i)-	-	-	1,749	-	(e)	(e)	(e)
Temecula, California	(i)-	-	-	1,477	-	(e)	(e)	(e)
Union City, California	(i)-	-	-	1,985	-	(e)	(e)	(e)
TGI Friday's/Redfish Looziana Roadhouse Restaurant:								
San Diego, California	(i)-	2,400	-	3,646	-	(e)	(e)	(e)
Wendy's Old Fashioned Hamburgers Restaurants:								

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Carmel Mountain, California	(i)-	-	595	-	-	(h)	(e)	(e)
Knoxville, Tennessee	(i)-	-	-	464	-	(e)	(e)	(e)
San Diego, California	(i)-	-	-	590	-	(e)	(e)	(e)
Santa Maria, California	(i)-	-	-	700	-	(e)	(e)	(e)
Sevierville, Tennessee	(i)-	-	-	532	-	(e)	(e)	(e)
Seymour, Tennessee	(i)-	-	-	473	-	(e)	(e)	(e)
TOTAL:		4,626	70,500	35,364				

<page>

Accumulated Depreciation	Date of Construction	Date Acquired	Depreciation in Latest Income Statement is Computed
137	1991	8/98	(c)
175	1995	8/98	(c)
167	1996	8/98	(c)
179	1993	8/98	(c)
173	1994	8/98	(c)
148	1992	8/98	(c)
168	1997	8/98	(c)

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165	1998	8/98	(c)
149	1995	8/98	(c)
153	1997	12/96	(c)
63	1999	8/99	(c)
(d)	1996	1/99	(d)
162	1999	10/99	(c)
(d)	1999	12/99	(d)
84	1988	5/98	(c)
91	1998	8/98	(c)
65	1995	1/99	(c)
121	1996	9/96	(c)
47	1995	1/99	(c)
48	1994	1/99	(c)
42	1984	1/99	(c)
102	1998	12/98	(c)
83	1998	7/98	(c)
97	1999	12/98	(c)
72	1999	12/99	(c)
81	2000	1/00	(c)
(d)	1995	8/95	(d)
86	1990	8/97	(c)
105	1995	8/97	(c)
56	1993	1/99	(c)
94	2000	12/99	(c)
115	1995	8/97	(c)
88	1994	8/97	(c)

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104	1995	8/97	(c)
51	1990	1/99	(c)
100	1992	7/97	(c)
92	1999	7/99	(c)
45	1992	1/99	(c)
84	1998	5/98	(c)
52	1991	1/99	(c)
109	1998	1/99	(c)
61	1992	1/99	(c)
(d)	1999	12/99	(d)
106	1999	3/99	(c)
99	1999	9/99	(c)
49	1998	12/98	(c)
99	1978	10/99	(c)
142	1987	10/99	(c)
116	1979	10/99	(c)
154	1991	10/99	(c)
64	1980	10/99	(c)
89	1978	10/99	(c)
87	1978	10/99	(c)
88	1977	10/99	(c)
119	1977	10/99	(c)
156	1992	10/99	(c)
116	1970	10/99	(c)
161	1978	10/99	(c)
77	1999	10/99	(c)

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100	1977	10/99	(c)
86	1977	10/99	(c)
81	1980	10/99	(c)
98	1977	10/99	(c)
116	1999	6/99	(c)
123	1987	3/99	(c)
83	1985	1/99	(c)
121	1999	8/99	(c)
159	1986	3/99	(c)
293	1997	4/97	(c)
(d)	1986	6/98	(d)
97	2000	5/00	(c)
(d)	1979	6/98	(d)
(d)	1979	6/98	(d)
97	2000	5/00	(c)
(d)	1984	6/98	(d)
166	1982	6/98	(c)
(d)	1983	6/98	(d)
189	2000	11/00	(c)
207	1999	11/99	(c)
(d)	1979	6/98	(d)
(d)	1981	6/98	(d)
(d)	1983	6/98	(d)
179	1999	6/00	(c)
190	1982	6/98	(c)

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(d)	1979	6/98	(d)
152	1998	12/98	(c)
(d)	1986	6/98	(d)
162	1978	6/98	(c)
(d)	1983	6/98	(d)
(d)	1976	6/98	(d)
(d)	1980	6/98	(d)
(d)	1987	12/98	(d)
181	1999	9/99	(c)
132	1999	11/99	(c)
157	1998	4/99	(c)
172	1999	9/99	(c)
(d)	1996	10/97	(d)
173	1999	10/99	(c)
114	1997	4/97	(c)
45	1995	9/02	(c)
27	1995	9/02	(c)
119	1997	5/98	(c)
142	1997	8/97	(c)
80	1997	4/98	(c)
137	1997	9/97	(c)
50	1995	9/02	(c)
119	1997	10/97	(c)
105	1997	10/97	(c)

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24	1996	9/02	(c)
168	1997	7/97	(c)
117	1994	4/98	(c)
75	1996	8/96	(c)
127	1999	4/99	(c)
72	1997	5/97	(c)
39	1997	5/97	(c)
97	1996	2/97	(c)
10	1999	2/00	(c)
195	1991	3/99	(c)
158	1996	8/96	(c)
159	1970	12/96	(c)
22	1993	1/99	(c)
170	1988	3/99	(c)
95	1988	1/99	(c)
73	1971	3/99	(c)
115	1973	3/99	(c)
101	1996	9/96	(c)
21	1996	1/99	(c)
90	1997	7/97	(c)
153	1974	3/99	(c)
(d)	2001	10/01	(d)
133	1995	1/99	(c)
74	1998	2/01	(c)
131	1987	3/99	(c)
105	1999	4/99	(c)

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254	1999	4/99	(c)
(d)	1999	12/99	(d)
341	1994	12/97	(c)
263	1999	4/99	(c)
341	1995	12/97	(c)
206	1999	4/99	(c)
218	1999	4/99	(c)
171	1999	4/99	(c)
299	1994	12/97	(c)
228	1999	4/99	(c)
242	1999	4/99	(c)
318	1999	4/99	(c)
305	1995	12/97	(c)
195	1997	12/98	(c)
143	1999	4/99	(c)
258	1990	5/98	(c)
424	1999	4/99	(c)
241	1999	4/99	(c)
244	1999	4/99	(c)
217	1999	4/99	(c)
258	1999	4/99	(c)
84	1996	10/96	(c)
52	1996	7/96	(c)

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57	1989	3/99	(c)
56	1983	6/97	(c)
41	1984	6/97	(c)
171	1983	6/97	(c)
49	1980	6/97	(c)
(d)	1982	6/97	(f)
81	1999	10/99	(c)
(d)	1992	3/99	(d)
91	1992	3/99	(c)
73	1985	3/99	(c)
106	1985	3/99	(c)
125	1997	6/99	(c)
(d)	1992	3/99	(d)
93	1979	5/99	(c)
147	1981	5/99	(c)
(d)	1992	3/99	(d)
111	1979	5/99	(c)
141	1981	9/95	(c)
150	1999	5/99	(c)
(d)	1989	3/99	(d)

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(d)	1994	3/99	(d)
39	1997	7/97	(c)
(d)	1997	7/97	(d)
41	1999	2/99	(c)
163	1999	4/99	(c)
206	1998	9/98	(c)
179	1995	9/95	(c)
180	1995	10/95	(c)
147	1997	7/98	(c)
168	1999	1/99	(c)
298	1995	11/95	(c)
161	1999	7/99	(c)
197	1997	9/97	(c)
179	1998	8/98	(c)
211	1998	4/99	(c)
263	1995	12/95	(c)
191	1998	8/98	(c)
209	1997	11/97	(c)
166	1999	7/99	(c)
194	1999	12/99	(c)
146	1999	12/99	(c)
191	1999	1/99	(c)

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235	1997	1/98	(c)
175	1999	12/99	(c)
252	1995	8/95	(c)
172	1999	4/99	(c)
250	1997	9/97	(c)
248	1997	9/97	(c)
173	1999	12/99	(c)
225	1997	1/97	(c)
186	1997	5/97	(c)
209	1998	12/98	(c)
(d)	2001	5/00	(d)
201	1997	12/97	(c)
222	1999	3/99	(c)
278	1996	9/96	(c)
170	1999	10/99	(c)
306	1995	2/96	(c)
127	2000	7/00	(c)
185	1999	9/99	(c)
184	1983	10/97	(c)
111	1981	10/97	(c)
169	1982	10/97	(c)
141	1979	11/97	(c)
114	1982	10/97	(c)
148	1980	10/97	(c)
165	1977	10/97	(c)
165	1982	10/97	(c)
137	1982	10/97	(c)

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167	1977	10/97	(c)
131	1997	9/97	(c)
131	1972	6/97	(c)
115	1976	6/97	(c)
199	1974	6/97	(c)
174	1997	4/99	(c)
163	1999	10/99	(c)
162	1997	12/98	(c)
(d)	1997	8/99	(d)
137	1997	9/98	(c)
144	1998	4/99	(c)
146	1998	12/98	(c)
158	1998	12/98	(c)
(d)	1996	6/97	(d)
173	1996	12/98	(c)
110	1996	7/97	(c)
146	1998	9/98	(c)
136	1997	9/98	(c)
104	1997	8/97	(c)
129	1994	5/97	(c)
151	1997	12/98	(c)
(d)	1997	8/97	(d)

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146	1998	12/98	(c)
147	1998	4/99	(c)
157	1997	12/98	(c)
147	1996	7/98	(c)
150	1997	12/98	(c)
141	1997	12/98	(c)
193	1997	12/98	(c)
91	1997	7/97	(c)
(d)	1997	8/97	(d)
151	1971	6/97	(c)
117	1999	3/99	(c)
87	1998	8/98	(c)
149	1997	8/97	(c)
97	1999	10/99	(c)
110	1998	9/98	(c)
94	1999	4/99	(c)
150	1997	9/97	(c)
80	1997	9/97	(c)
65	1997	3/97	(c)
167	1997	7/97	(c)
154	1997	2/98	(c)
89	1997	9/97	(c)
102	1999	8/99	(c)
130	1997	8/97	(c)

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118	1999	12/99	(c)
109	1999	12/99	(c)
76	1998	5/98	(c)
120	1999	9/99	(c)
133	1997	4/97	(c)
138	1996	3/96	(c)
157	1996	9/96	(c)
149	1996	9/96	(c)
122	1997	5/97	(c)
119	1997	6/97	(c)
145	1996	9/96	(c)
91	1998	4/98	(c)
116	1999	4/99	(c)
77	1997	4/97	(c)
76	1997	4/97	(c)
137	1997	9/97	(c)
72	1997	5/97	(c)
82	1998	5/98	(c)
112	1998	9/98	(c)
126	1999	2/99	(c)
169	1992	4/97	(c)
89	1998	5/98	(c)
126	1999	4/99	(c)
124	1999	4/99	(c)
139	1997	7/97	(c)
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99	1998	9/98	(c)

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123	1999	3/99	(c)
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139	1997	10/97	(c)
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183	1999	2/00	(c)
147	1999	4/99	(c)
107	1982	6/99	(c)
35	2000	8/00	(c)
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73	1995	5/99	(c)
70	1991	5/99	(c)

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93	1994	3/99	(c)
73	2000	5/00	(c)
70	2000	12/99	(c)
73	1999	12/99	(c)
174	1995	11/95	(c)
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(d)	2001	9/98	(d)
(d)	1986	9/02	(d)
(d)	1989	1/96	(d)
(d)	1986	5/96	(d)
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(d)	1975	1/96	(d)
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54	1996	3/97	(c)
(d)	1985	1/96	(d)

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(d)	1978	1/96	(d)
(d)	1986	1/96	(d)
14	1998	10/00	(c)
(d)	1990	5/96	(d)
(d)	1977	1/96	(d)
(d)	1986	1/96	(d)
(d)	1983	1/96	(d)
(d)	1978	5/96	(d)
(d)	1978	5/96	(d)
(d)	1994	1/96	(d)
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(d)	1986	5/96	(d)
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(d)	1975	1/96	(d)
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(d)	1994	1/96	(d)
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(d)	1975	1/96	(d)
(d)	1985	1/96	(d)
(d)	1988	4/96	(d)
74	1983	3/97	(c)
37	1979	3/97	(c)
39	1980	3/97	(c)
191	1994	9/98	(c)
150	1993	9/98	(c)
159	1996	9/98	(c)
158	1994	9/98	(c)
210	1994	9/98	(c)
178	1993	9/98	(c)
154	1994	12/98	(c)
134	1995	9/98	(c)
79	1980	10/99	(c)
207	1997	4/98	(c)
85	1999	10/99	(c)
161	2000	5/00	(c)
197	1998	11/98	(c)
116	1980	10/99	(c)
93	1988	10/99	(c)
120	1979	10/99	(c)

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74	1999	10/99	(c)
70	1998	9/98	(c)
67	1998	9/98	(c)
103	1999	1/00	(c)
110	1999	2/99	(c)
63	2000	3/00	(c)
146	1999	4/99	(c)
129	1999	10/99	(c)
138	1999	10/99	(c)
243	1998	12/98	(c)
116	1999	2/00	(c)
75	1998	7/00	(c)
105	2000	4/00	(c)
107	1997	6/97	(c)
134	1999	11/99	(c)
(d)	1999	3/00	(d)
146	1999	7/99	(c)
151	1999	7/99	(c)

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157	1999	11/99	(c)
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(d)	1999	3/99	(d)
(d)	1999	2/00	(d)
127	1998	11/98	(c)
(d)	1999	1/00	(d)
(d)	1997	11/97	(d)
(d)	1999	4/99	(d)
159	1998	7/98	(c)
162	1999	1/00	(c)
121	1977	6/97	(c)
235	1996	6/97	(c)
276	1996	1/97	(c)
148	1996	12/96	(c)
(d)	1991	2/02	(d)
270	1999	4/99	(c)
179	1981	6/98	(c)

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110	1994	6/98	(c)
151	1990	6/98	(c)
162	1988	6/98	(c)
179	1986	6/98	(c)
120	1981	6/98	(c)
(d)	1999	12/99	(d)
6	1978	7/99	(c)
87	1996	9/96	(c)
128	1979	6/98	(c)
(d)	1993	6/98	(d)
(d)	1973	6/98	(d)
(d)	1993	6/98	(d)
(d)	1976	6/98	(d)
(d)	1973	6/98	(d)
(d)	1972	6/98	(d)
(d)	1974	6/98	(d)
(d)	1977	6/98	(d)
(d)	1969	6/98	(d)
134	1979	12/98	(c)
(d)	1988	6/98	(d)
(d)	1974	6/98	(d)
141	1985	6/98	(c)
(d)	1984	12/98	(d)
134	1978	6/98	(c)

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(d)	1969	6/98	(d)
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61	1994	2/99	(c)
(d)	1994	2/99	(d)
(d)	1998	10/98	(d)
(d)	1994	2/99	(d)
72	1994	2/99	(c)
76	1994	2/99	(c)
(d)	1991	10/98	(d)
61	1991	10/98	(c)
28	2000	5/00	(c)
(d)	1994	2/99	(d)
63	2000	8/00	(c)
101	1997	7/99	(c)
61	2000	4/00	(c)
111	1999	12/99	(c)
125	2000	9/00	(c)
154	1999	3/00	(c)
136	2000	5/00	(c)

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125	2000	6/00	(c)
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81	2000	11/00	(c)
151	1999	12/99	(c)
143	1999	9/99	(c)
137	1998	11/99	(c)
223	1999	2/00	(c)
(d)	1999	10/99	(d)
(d)	1999	3/99	(d)
(d)	2000	6/00	(d)
(d)	1997	5/98	(d)
(d)	1999	3/00	(d)
(d)	1999	12/99	(d)
14	1999	4/00	(c)
90	1981	10/97	(c)
110	1981	10/97	(c)
121	1994	9/98	(c)
109	1994	9/98	(c)
103	1989	10/99	(c)

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81	2000	7/00	(c)
172	1996	7/96	(c)
111	1996	5/96	(c)
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132	1998	5/98	(c)
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173	1998	11/98	(c)
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(f)	1998	10/98	(f)

</TABLE>

CNL RESTAURANT PROPERTIES, INC.
AND SUBSIDIARIES
NOTES TO SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2003

(a) Transactions in real estate and accumulated depreciation during 2003, 2002 and 2001 are summarized below. The balances in 2002, 2001 and 2000 have been adjusted to reflect the reclassification of properties accounted for as discontinued operations.

<TABLE>
<CAPTION>
<s> <c>

	(In thousands)	
	Cost (b)(j)	Accumulated Depreciation
Properties the Company has Invested in Under Operating Leases:		
Balance, December 31, 2000	$ 599,904	$ 19,489
Acquisitions	6,127	--
Dispositions	(19,047)	(642)
Reclassifications from direct financing leases	6,053	--
Depreciation expense (c)	--	11,515
Balance, December 31, 2001	593,037	30,632
Acquisitions	6,183	325
Dispositions	(2,541)	(166)
Reclassifications from direct financing leasing	3,809	--
Depreciation expense (c)	--	10,529
Balance, December 31, 2002	600,488	41,050
Acquisitions	--	--
Dispositions	(43)	--
Reclassifications from direct financing leases	5,151	--
Depreciation expense (c)	--	10,399
Balance December 31, 2003	$ 605,596	$ 51,449
Property of Joint Venture in Which the Company has a 59.22% Interest and has Invested in Under an Operating Lease:		
Balance, December 31, 2000	$ 1,716,405	$ 72,087
Depreciation expense	--	33,603
Balance, December 31, 2001	1,716,405	105,690
Depreciation expense	--	33,604
Balance, December 31, 2002	1,716,405	139,294
Depreciation Expense	--	33,604
Balance, December 31, 2003	$ 1,716,405	$ 172,898

</TABLE>

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(b) As of December 31, 2003, 2002 and 2001, the aggregate cost of the properties owned by the Company and its subsidiaries for federal income tax purposes was $621.5 million, $657.3 million and $745.3 million, respectively. Substantially, all of the leases are treated as operating leases for federal income tax purposes.

<page>

(c) Depreciation expense is computed for buildings and improvements based upon estimated lives of 30 years.

(d) The building portion of this property is owned by the tenant; therefore, depreciation is not applicable.

(e) For financial reporting purposes, certain components of the lease relating to land and/or building have been recorded as a direct financing lease. Accordingly, costs relating to these components of this lease are not shown.

(f) For financial reporting purposes, the portion of this lease relating to the building has been recorded as direct financing lease. The cost of the building has been included in net investment in direct financing leases; therefore, depreciation is not applicable.

(g) For financial reporting purposes, the lease for the land and building has been recorded as direct financing lease. The cost of the land and building has been included in net investment in direct financing leases; therefore, depreciation is not applicable.

(h) The Company owns the building only relating to this property. This property is subject to a ground lease between the tenant and an unaffiliated third party. In connection therewith, the Company entered into either a tri-party agreement with the tenant and the owner of the land or an assignment of interest in the ground lease with the landlord of the land. The tri-party agreement or assignment of interest each provide that the tenant is responsible for all obligations under the ground lease and provide certain rights to the Company to help protect its interest in the building in the event of a default by the tenant under the terms of the ground lease.

(i) The property is encumbered at December 31, 2003.

(j) For financial reporting purposes, the undepreciated cost of the following properties was written down to its net realizable value due to an anticipated impairment in value. The Company recognized the impairments by recording an allowance for loss on land and/or building in the amounts listed below for each property as of December 31, 2003. The impairments at December 31, 2003 represent the difference between the properties' carrying values and the property manager's estimate of the net realizable value of the properties based upon anticipated sales prices to interested third parties. The cost of the properties presented on this schedule is the gross amount at which the properties were carried at December 31, 2003, excluding the allowances for loss.

(j) (continued)

The following are a list of properties and the related impairment at December 31, 2003:

	Total
Big Boy - Arnold, MO	$ 190,000
Big Boy - Blue Springs, MO	160,587
Big Boy, Bridgeton, MO	150,000
Big Boy - Collinsville, IL	134,764
Big Boy, Columbia, MO	133,333
Big Boy - Crystal City, MO	133,333
Big Boy - Fenton, MO	150,000
Big Boy - Lee's Summit, MO	189,769

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Big Boy - Merriam, KS	183,425
Big Boy - N. Kansas City, MO	190,000
Big Boy - Sedalia, MO	189,914
Black-eyed Pea - Fort Worth, TX	312,735
Black-eyed Pea - Glendale, AZ	380,415
Black-eyed Pea - Grapevine, TX	873,196
Boston Market - St. Joseph, MO	143,132
Burger King - Chattanooga, TN	41,016
Burger King - Lynnwood, WA	240,163
Chevys Fresh Mex - Brandon, FL	103,029
Chevys Fresh Mex - Clearwater, FL	6,245
Chevys Fresh Mex - Merriam, KS	1,139,377
Chevys Fresh Mex - Orlando, FL	714,979
Chevys Fresh Mex - Tampa. FL	257,331
Chevys Fresh Mex - Taylor, MI	232,197
Darryl's - Montgomery, AL	436,392
Darryl's - Raleigh, NC	172,363
Darryl's - Richmond, VA	546,174
Houlihan's - Langhorne, PA	616,693
Pizza Hut - Bowling Green, OH	187,305
Pizza Hut - Weirton, WV	108,163
Rio Bravo Fresh Mex - Atlanta, GA	880,618
Rio Bravo Fresh Mex - Jacksonville, FL	1,300,911
Rio Bravo Fresh Mex - Lake Mary, FL	43,500
Rio Bravo Fresh Mex - Morrow, GA	520,833
Roadhouse Grill - Centerville, OH	956,295
Roadhouse Grill - Rock Hill, SC	655,260
Shoney's-Debary, FL	324,790
	$ 12,998,237

CNL RESTAURANT PROPERTIES, INC
AND SUBSIDIARIES
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE
December 31, 2003
(In thousands except for number of loans)

<TABLE>
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<s> <c>

Description	Interest Rate	Final Maturity Date	Periodic Payment Term	Prior Liens	Face Amount of Mortgages
Mortgage note receivables:					
PRB Management, LLC	9.44% to 10.25%	2/1/2021	Note 1		$ 27,224
US Beef Corporation	9.80%	12/1/2020	Note 1		$ 19,926
Metro Corral	9.62%	1/1/2021	Note 1		$ 16,968
Kessler Family, LLC	10.51%	2/1/2020	Note 1		$ 15,299
HR IV, LLC	10.20%	11/1/2020	Note 1		$ 12,668
174 loans as mortgage loans on franchised restaurant businesses with original amounts ranging from $69 to $8,640	3.09 % to 11.37%	07/01/2005 to 09/01/2023	N/A	N/A	N/A
Total mortgage note receivables					
8 loans held for sale on franchised restaurant businesses with original amounts ranging from $300 to $17,924	5.00% to 9.00%	12/03/2004 to 10/01/2013	N/A	N/A	N/A

<page>

Carrying Amount of Mortgages Note (4)	Principal Amount of Loans Subject to Delinquent Principal or Interest
$ 25,512	$ -

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	18,808	-
	15,987	-
	13,671	-
	11,943	-
	215,615	9,092
	301,536	9,092
	1,490	2,937
Note(3)	$ 303,026	$ 12,029

<page>

		2003	2002	2001
	Balance at beginning of period	$ 351,811	$ 387,992	$ 377,922
Note (2)	New mortgage loans - non-cash	621	4,571	-
	New mortgage loans	-	15,047	3,479
	Accrued interest	(1,933)	1,441	2,974
	Loans written off	(1,206)	(7,368)	-
	Collection of principal	(38,627)	(32,183)	(762)
	Deferred financing income	205	206	(440)
	Unamortized loan costs	(59)	(147)	(1,963)
	Valuation adjustment	455	(15,839)	15,823
	Provision for uncollectible mortgage note	(8,241)	(1,909)	(9,041)
	Balance at end of period	$ 303,026	$ 351,811	$ 387,992

Note (1) Principal and interest payable at level amount over life. Prepayment penalty terms - Loans may prepay during agreed number of years with assessed premiums based on Treasury rate or swap breakage costs; then, 1% of the entire unpaid principal balance.
Note (2) Sold properties and took note for portion of proceeds and accepted mortagage note in lieu of other receivables.
Note (3) Amounts do not include equipment and other notes receivable of $18,583.
Note (4) Carrying amount is net of provisions for loan losses.

</TABLE>

EXHIBITS

EXHIBIT INDEX

Exhibit Number

2.1 Agreement and Plan of Merger, by and among the Registrant, CFA Acquisition Corp., CNL Fund Advisors, Inc. and CNL Group, Inc., dated March 11, 1999 (included as Exhibit 10.38 to the Registrant's Registration Statement No. 333-74329 on Form S-4

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(the "Form S-4") as originally filed and incorporated herein by reference).

2.2 Agreement and Plan of Merger, by and among the Registrant, CFC Acquisition Corp., CFS Acquisition Corp., CNL Financial Corp., CNL Financial Services, Inc., CNL Group, Inc., Five Arrows Realty Securities L.L.C., Robert A. Bourne, Curtis B. McWilliams and Brian Fluck, dated March 11, 1999 (included as Exhibit 10.39 to the Form S-4 as originally filed and incorporated herein by reference).

3.1 CNL Restaurant Properties, Inc. Second Amended and Restated Articles of Incorporation (included as Exhibit 3.3 to the Registrant's Form 10-Q for the quarter ended June 30, 2000 and incorporated herein by reference).

3.2 Articles of Amendment to Second Amended and Restated Articles of Incorporation of CNL Restaurant Properties, Inc. (included as Exhibit 3.4 to the Registrant's Form 10-Q for the quarter ended June 30, 2002 and incorporated herein by reference).

3.3 Articles of Amendment to Second Amended and Restated Articles of Incorporation of CNL American Properties Fund, Inc. (included as Exhibit 3.5 to the Registrant's Form 10-Q for the quarter ended June 30, 2003 and incorporated herein by reference).

3.4 Second Amended and Restated Bylaws of CNL American Properties Fund, Inc. (included as Exhibit 3.6 to the Registrant's Form 10-Q for the quarter ended September 30, 2003 and incorporated herein by reference).

4.1 Form of Stock Certificate (included as Exhibit 4.5 to the Registrant's Registration Statement No. 33-78790 on Form S-11 and incorporated herein by reference).

10.1 Form of Indemnification Agreement dated as of April 18, 1995, between the Registrant and each of James M. Seneff, Jr., Robert A. Bourne, G. Richard Hostetter, J. Joseph Kruse, Richard C. Huseman, John T. Walker, Jeanne A. Wall, Lynn E. Rose and Edgar J. McDougall, dated as of January 27, 1997, between the Registrant and Steven D. Shackelford, dated as of February 18, 1998, between the Registrant and Curtis B. McWilliams, and dated as of September 1, 1999, between the Registrant and each of Howard J. Singer, John L. Farren, Timothy J. Neville, Michael I. Wood and Barry L. Goff (included as Exhibit 10.9 to the Registrant's Registration Statement No. 333-15411 on Form S-11 and incorporated herein by reference).

10.2 Amended and Restated Agreement of Limited Partnership of CNL APF Partners, LP (included as Exhibit 10.50 to Amendment No. 2 to the Form S-4 and incorporated herein by reference).

10.3 Franchise Receivable Funding and Servicing Agreement dated as of October 14, 1999 between CNL APF Partners, LP and Neptune Funding Corporation (included as Exhibit 10.5 to the Registrant's Form 10-K for the year ended December 31, 1999 and incorporated herein by reference).

10.4 Interim Wholesale Mortgage Warehouse and Security Agreement dated as of September 18, 1998, and Amended Agreement dated as of August 30, 1999 between CNL APF Partners, LP and Prudential Securities Credit Corporation (included as Exhibit 10.6 to the Registrant's Form 10-K for the year ended December 31, 1999 and incorporated herein by reference).

10.5 1999 Performance Incentive Plan (included as Exhibit 10.1 to Amendment No. 1 to the Form S-4 and incorporated herein by reference).

10.6 Registration Rights Agreement by and among the Registrant, Robert A. Bourne, Curtis B. McWilliams, John T. Walker, Howard Singer, Steven D. Shackelford and CNL Group, Inc., dated as of March 11, 1999 (included as Exhibit 10.40 to Amendment No. 1 to the Form S-4 and incorporated herein by reference).

10.7 Registration Rights Agreement by and among the Registrant, Five Arrows Realty Securities L.L.C., James M. Seneff, Jr., Robert A. Bourne, Curtis B. McWilliams and CNL Group, Inc., dated as of March 11, 1999 (included as Exhibit 10.41 to Amendment No. 1 to the Form S-4 and incorporated herein by reference).

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10.8 Employment Agreement by and between Barry L. Goff and the Registrant, dated September 15, 1999 (included as Exhibit 10.46 to Amendment No. 2 to the Form S-4 and incorporated herein by reference).

10.9 Employment Agreement by and between Robert W. Chapin and the Registrant, dated September 15, 1999 (included as Exhibit 10.47 to Amendment No. 2 to the Form S-4 and incorporated herein by reference).

10.10 Employment Agreement by and between Michael Wood and the Registrant, dated August 31, 1999 (included as Exhibit 10.19 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference).

10.11 Employment Agreement by and between Brent Heaton and the Registrant, dated September 29, 1999 (included as Exhibit 10.20 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference).

10.12 Addendum to Employment Agreement dated as of November 1, 1999, between the Registrant and Curtis McWilliams (included as Exhibit 10.21 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference). The following persons have signed a substantially identical Addendum relating to their respective employment agreements; Steve Shackelford (dated November 1, 1999), John Walker (dated November 3, 1999), Barry Goff (dated November 1, 1999), and Brent Heaton (dated November 3, 1999).

10.13 Addendum to Employment Agreement dated as of November 1, 1999, between the Registrant and Robert Chapin (included as Exhibit 10.22 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference). The following persons have signed a substantially identical Addendum relating to their respective employment agreements: Howard Singer (dated November 1, 1999), Michael Wood (dated November 8, 1999) and Timothy Neville (dated November 24, 1999).

10.14 Second Addendum to Employment Agreement dated as of June 16, 2000, between the Registrant and Curtis McWilliams (included as Exhibit 10.23 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference). The following persons have signed a substantially identical Second Addendum relating to their respective employment agreements: Howard Singer (dated June 19, 2000), Robert Chapin (dated June 20, 2000) and Brent Heaton (dated October 30, 2000).

10.15 Second Addendum to Employment Agreement dated as of August 20, 2000, between the Registrant and Barry Goff (included as Exhibit 10.24 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference).

10.16 Second Addendum to Employment Agreement dated as of October 24, 2000, between the Registrant and Michael Wood (included as Exhibit 10.27 to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference).

10.17 Amended and Restated Master Purchase Agreement dated as of October 11, 2001, among Bank of America, N.A., CNL Financial VII, LP and CNL Franchise Network, LP (included as Exhibit 10.29 to the Registrant's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference).

10.18 Third Amended and Restated Side Letter dated as of October 11, 2001, among Bank of America, N.A., CNL Financial VII, LP and CNL Franchise Network, LP (included as Exhibit 10.30 to the Registrant's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference).

10.19 Loan and Security Agreement dated as of June 14, 2002 between CNL Financial IX, LP and Nieuw Amsterdam Receivables Corporation (included as Exhibit 10.31 to the Registrant's Form 10-Q for the quarter ended June 30, 2002 and incorporated herein by reference).

10.20 Letter Agreement dated December 15, 2003 between Bank of America, N.A., CNL Financial VII, LP and CNL Restaurant Capital, LP (filed herewith)

10.21 Employment Agreement dated as of May 5, 2003 by and between CNL Franchise Network GP Corp. and Steven D. Shackelford (filed herewith).

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10.22 Employment Agreement dated as of May 5, 2003, by and between CNL Franchise Network GP Corp. and Curtis B. McWilliams (filed herewith).

21 Subsidiaries of the Registrant (filed herewith).

31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

EXHIBIT 10.20
LETTER AGREEMENT DATED DECEMBER 15, 2003
BETWEEN BANK OF AMERICA, N.A.,
CNL FINANCIAL VII, LP AND
CNL RESTAURANT CAPITAL, LP

EXHIBIT 10.21
EMPLOYMENT AGREEMENT
STEVEN D. SHACKELFORD

EXHIBIT 10.22
EMPLOYMENT AGREEMENT
CURTIS B. MCWILLIAMS

EXHIBIT 21
SUBSIDIARIES OF THE REGISTRANT

EXHIBIT 31.1

RULE 13a-14(a) CERTIFICATION OF CHIEF EXECUTIVE OFFICER

EXHIBIT 31.2

RULE 13a-14(a) CERTIFICATION OF CHIEF FINANCIAL OFFICER

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EXHIBIT 32.1

SECTION 1350 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

EXHIBIT 32.2

SECTION 1350 CERTIFICATION OF CHIEF FINANCIAL OFFICER

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Bank of America, N.A.
901 Main Street, 66th Floor
Dallas, Texas 75202

December 15, 2003

CNL Financial VII, LP
103 Foulk Road, Suite 204
Wilmington, Delaware 19803

CNL Restaurant Capital, LP
450 South Orange Avenue
Orlando, Florida 32801

Ladies and Gentlemen:

Reference is hereby made to the Second Amended and Restated Master Repurchase Agreement, dated as of November 8, 2002 (as amended, the "Master Repurchase Agreement"), among CNL Financial VII, LP, as seller (the "Seller"), CNL Restaurant Capital, LP, as originator (the "Originator") and Bank of America, N.A., as buyer (the "Buyer"), a letter dated as of August 29, 2003 (the "Sixth Amended and Restated Side Letter") among the Seller, the Originator and the Buyer, and a letter dated as of October 24, 2003 (the "First Extension Letter") among the Seller, the Originator and the Buyer. Any capitalized term used but not defined herein shall have the meaning assigned to such term in the Master Repurchase Agreement.

(1) The parties hereto acknowledge and agree that the Seller has requested that the Buyer extend the Termination Date set forth in subpart (i) in Section 27 of the Master Repurchase Agreement, as amended by the First Extension Letter, from December 15, 2003 to March 15, 2004.

(2) Pursuant to the provisions of subpart (i) in Section 27 of the Master Repurchase Agreement, as amended by the First Extension Letter, the Buyer hereby agrees to extend the date set forth therein to March 15, 2004 (the "90 Day Extension").

(3) (a) As consideration for the 90 Day Extension, on each Payment Date and on the Termination Date, the Seller shall pay to the Buyer the Nonutilization Fee; provided, however, that the Nonutilization Fee due on the Payment Date in January 2004 shall be calculated based on the period beginning December 15, 2003 and ending on December 31, 2003 and the Nonutilization Fee due on the Termination Date shall be calculated based on the period beginning March 1, 2004 and ending on March 15, 2004.

(b) Effective as of the date hereof, the parties hereto hereby agree to amend Section 2(a) of Master Repurchase Agreement by adding the following definition:

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"Nonutilization Fee" means an amount equal to (a) the product of (i) 0.15% and (ii) the average amount of the excess (if any) at the end of each day during the immediately preceding month of the Maximum Total Aggregate Price over the outstanding Purchase Price on each such day and (iii) the number of days during such month divided by (b) 360."

(c) Effective as of the date hereof, the parties hereto hereby agree to amend Section 2(a) of Master Repurchase Agreement by deleting the definition of "Repurchase Price" and replacing it with the following:

"Repurchase Price" means the price at which Purchased Assets are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price, the Price Differential, the Exit Fee and the Nonutilization Fee, as applicable, as of the date of such determination."

(4) As further consideration for the 90 Day Extension, the Originator hereby agrees to pay the Buyer $80,000 (i.e. 0.05% of $160,000,000) in immediately available funds on or before December 15, 2003.

(5) (a) Effective as of the date hereof, the parties hereto hereby agree to amend Section 2(a) of Master Repurchase Agreement by deleting the definition of "Maximum Aggregate Purchase Price" and replacing it with the following:

"Maximum Aggregate Purchase Price" means $160,000,000."

(b) Effective as of the date hereof, the parties hereto hereby agree to amend Section 2(a) of Master Repurchase Agreement by deleting the definition of "Maximum Aggregate Rehab Purchase Price" and replacing it with the following:

"Maximum Aggregate Rehab Purchase Price" means $10,000,000."

(c) Effective as of the date hereof, the parties hereto hereby agree to amend the Master Repurchase Agreement by deleting subsection (v) of Section 9(b) and replacing it with the following:

"(v) The then aggregate outstanding Purchase Price for all Program Assets, when added to the Purchase Price for the requested Transaction, shall not exceed (i) the Maximum Aggregate Purchase Price with respect to all Program Assets other than Rehab Loans, (ii) the Maximum Aggregate Rehab Purchase Price with respect to all Program Assets that are Rehab Loans and (iii) $160,000,000 with respect to all Program Assets (the "Maximum Total Aggregate Purchase Price")."

(6) Effective as of the date hereof, the parties hereto hereby agree to amend the Sixth Amended and Restated Side Letter by deleting the definition of "Eligible Asset" and replacing it with the following:

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"Eligible Asset" shall mean each Loan meeting the representations and warranties set forth on Appendix A to the Custody Agreement and for which the aggregate outstanding Repurchase Price for such Loan as of any date of determination, together with the aggregate outstanding Repurchase Price for all other Loans then subject to Transactions, shall not exceed an amount equal to:

(i) 100% of the Maximum Aggregate Purchase Price with respect to the aggregate amount of Loans consisting of Tier I Loans and $125,000,000 with respect to the aggregate amount of Tier I Loans secured by Mortgaged Property used in the operation of the same Concept,

(ii) 100% of the Maximum Aggregate Purchase Price with respect to the aggregate amount of Loans consisting of Tier II Loans and $75,000,000 with respect to the aggregate amount of Tier II Loans secured by Mortgaged Property used in the operation of the same Concept,

(iii) $125,000,000 with respect to the aggregate amount of Loans consisting of Tier III Loans and $37,500,000 with respect to the aggregate amount of Tier III Loans secured by Mortgaged Property used in the operation of the same Concept,

(iv) $75,000,000 with respect to the aggregate amount of Loans consisting of Tier IV Loans and $26,000,000 with respect to the aggregate amount of Tier IV Loans secured by Mortgaged Property used in the operation of the same Concept,

(v) $37,500,000 with respect to the aggregate amount of Loans to the same Borrower Group,

(vi) $100,000,000 with respect to the aggregate amount of Loans to the four (4) Borrower Groups representing the greatest portion of the Program Assets,

(vii) $62,500,000 of the Maximum Aggregate Purchase Price with respect to the aggregate amount of Loans secured by Collateral in the same U.S. state,

(viii) $100,000,000 with respect to the aggregate amount of Construction Loans,

(ix) zero percent (0%) of the Maximum Aggregate Purchase Price with respect to the aggregate amount of Program Assets as to which any representation or warranty with respect to any such Program Asset has been materially breached, as determined by Buyer,

(x) the lesser of (A) $75,000,000 and (B) forty percent (40%) of the aggregate outstanding principal balance of all Mortgage Loans constituting Program Assets, with respect to the aggregate amount of Mortgage Loans secured by Space Leases,

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(xi) $12,500,000 with respect to the aggregate amount of Delinquent Loans, 60+ Delinquent Loans and Defaulted Loans (other than Rehab Loans and Holdover Loans),

(xii) $5 million with respect to the aggregate amount of Rehab Loans secured by Space Leases,

(xiii) zero percent (0%) of the Maximum Aggregate Purchase Price with respect to the aggregate amount of 90+ Delinquent Loans that are not Rehab Loans,

(xiv) $125,000,000 with respect to the aggregate amount of Wet Funded Loans,

(xv) zero percent (0%) of the Maximum Aggregate Purchase Price with respect to the aggregate amount of Loans (other than Net Lease Loans, Rehab Loans, Sybra Loans or Holdover Loans) that are Program Assets in excess of (a) eighteen (18) months, with respect to Loans (other than Net Lease Loans, Rehab Loans, Sybra Loans or Holdover Loans) that are not, and did not convert from, Construction Loans, and (b) twenty-four (24) months, with respect to Loans (other than Net Lease Loans, Rehab Loans, Sybra Loans or Holdover Loans) that are, or converted from, Construction Loans,

(xvi) reserved,

(xvii) zero percent (0%) of the Maximum Aggregate Purchase Price with respect to the aggregate amount of Net Lease Loans that are Program Assets in excess of (a) twenty-four (24) months, with respect to Net Lease Loans that are not, and did not convert from, Construction Loans, and (b) thirty (30) months, with respect to Net Lease Loans that are, or converted from, Construction Loans,

(xviii) with respect to the aggregate amount of Mortgage Loans, Sybra Loans, Holdover Loans, Delinquent Loans and Defaulted Loans that are Mortgage Loans, and Rehab Loans that are Mortgage Loans, $125,000,000; provided, however, that with respect to any Mortgage Loan, Sybra Loans, Holdover Loans, Delinquent Loans and Defaulted Loans that are Mortgage Loans, and Rehab Loans that are Mortgage Loans not subject to a Transaction as of the Effective Date, such Loan shall not be an Eligible Asset if the Buyer has not approved, in its sole discretion, the takeout or exit strategy for such Loan,

(xix) with respect to the aggregate amount of Net Lease Loans, zero percent (0%) of the Maximum Aggregate Purchase Price if Section 1031 of the Code is repealed, replaced, amended or interpreted in any way that, in the Buyer's sole discretion, may have a material adverse effect on the tax benefits available pursuant to such section or on the market for 1031 exchange property,

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(xx) with respect to the aggregate amount of Net Lease Loans, zero percent (0%) of the Maximum Aggregate Purchase Price with respect to the Net Lease Loans that are not (A)(1) Tier I or Tier II Loans with a minimum lease rate of 9.0% (or such other rate as the Buyer may approve in its sole discretion) or (2) in the Buyer's sole discretion, Tier III or Tier IV Loans with a minimum lease rate of 9.5% (or such other rate as the Buyer may approve in its sole discretion) or (3) a High Yield 1031 Loan, or (4) an Acquisition Loan, and (B) secured by Mortgaged Property capable of being exchanged for "like kind" property, as defined in Section 1031 of the Code, in the 1031 tax-free exchange market,

(xxi) with respect to the aggregate amount of Net Lease Loans that are not, and did not convert from, Construction Loans that are subject to Transactions in excess of twelve (12) months, plus the aggregate amount of Net Lease Loans that are, or did convert from, Construction Loans that are subject to Transactions in excess of eighteen (18) months, the lesser of (a) $40,000,000, or (b) 25% of the aggregate outstanding Purchase Price with respect to Net Lease Loan as of the date of determination,

(xxii) with respect to the aggregate amount of Net Lease Loans that are not, and did not convert from, Construction Loans that subject to Transactions in excess of eighteen (18) months, plus the aggregate amount of Net Lease Loans that are, or did convert from, Construction Loans that are subject to Transactions in excess of twenty-four (24) months, the lesser of (a) $20,000,000 or (b) 10% of the aggregate outstanding Purchase Price with respect to Net Lease Loan as of the date of determination,

(xxiii) with respect to the aggregate amount of Low FCCR Loans (excluding Rehab Loans), $25,000,000,

(xxiv) zero percent (0%) of the Maximum Aggregate Purchase Price with respect to the aggregate amount of Construction Loans with respect to which a certificate of occupancy has not been issued on or before the date that is twelve (12) months after the earlier of the date of the related Note and the date such Loan becomes a Program Asset,

(xxv) unless otherwise approved in writing by the Buyer in its sole discretion, zero percent (0%) of the Maximum Aggregate Rehab Purchase Price with respect to the aggregate amount of Non-Documented Rehab Loans subject to Transactions for more than six months,

(xxvi) unless otherwise approved in writing by the Buyer in its sole discretion, zero percent (0%) of the Maximum Aggregate Rehab Purchase Price with respect to the aggregate amount of Documented Rehab Loans subject to Transactions for more than one year,

(xxvii) zero percent (0%) of the Maximum Aggregate Rehab Purchase Price with respect to the aggregate amount of Rehab Loans that fail to

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perform pursuant to the related workout, modification or bankruptcy plan and such failure is not cured within thirty days,

(xxviii) the Maximum Aggregate Rehab Purchase Price, with respect to the aggregate amount of Rehab Loans subject to Transactions,

(xxix) the Maximum Aggregate Purchase Price, with respect to the aggregate amount of Program Assets (other than Rehab Loans) subject to Transactions,

(xxx) $160,000,000, with respect to the aggregate amount of Program Assets (including Rehab Loans) subject to Transactions,

(xxxi) zero percent (0%) of the Maximum Aggregate Rehab Purchase Price with respect to the aggregate amount of Rehab Loans for which the Buyer has not been provided with an Appraisal within thirty days of such Rehab Loan first becoming subject to a Transaction,

(xxxii) zero percent (0%) of the Maximum Aggregate Purchase Price with respect to the aggregate amount of Sybra Loans or Holdover Loans that remain subject to Transactions after March 15, 2004, and

(xxxiii) zero percent (0%) of the Maximum Aggregate Purchase Price with respect to the aggregate amount of Acquisition Loans on or after September 30, 2004.

(7) Except as expressly amended hereby, the Master Repurchase Agreement shall remain in full force and effect in accordance with its terms, without any waiver, amendment, or modification of any provision thereof.

This letter agreement shall be governed by the laws of the State of New York, without regard to conflict of law principles, and may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same letter agreement. Delivery of an executed counterpart of a signature page to this letter agreement by facsimile shall be effective as delivery of a manually executed counterpart of this letter agreement.

Please acknowledge your acceptance and agreement to the foregoing by signing and returning the enclosed copy of this letter.

Very truly yours,

BANK OF AMERICA, N.A.

/S/ Christopher G. Young

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Christopher G. Young
Vice President - Global Asset Securitization

Accepted and Agreed:

CNL FINANCIAL VII, LP
By: CNL Financial VII, Inc., as general partner

/s/ Robert E. Lawless

Robert E. Lawless
Senior Vice President & Treasurer

CNL RESTAURANT CAPITAL, LP
By: CNL Restaurant Capital GP Corp., as general partner

/s/ Robert E. Lawless

Robert E. Lawless
Senior Vice President & Treasurer

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EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into on the 5th day of May, 2003 by and between CNL Franchise Network GP Corp., a Delaware corporation (the "Company"), and Steven D. Shackelford ("Executive").

Preliminary Statement

WHEREAS, the Company is the general partner of CNL Franchise Network LP, a Delaware limited partnership ("Finco"); and

WHEREAS, the Company desires to employ or continue to employ Executive, and Executive desires to be employed by the Company; and

WHEREAS the Company and Executive desire to enter into this Agreement which sets forth the terms and conditions of Executive's employment;

NOW, THEREFORE, in consideration of the mutual covenants set forth below, the Company and Executive agree as follows:

1. Employment. The Company hereby employs the Executive, and Executive agrees to serve the Company, on the terms and conditions set forth, below. Except as otherwise provided in this Agreement, Executive's employment shall be subject to the employment policies and practices of the Company in effect from time to time during the Term of Executive's employment.

2. Term of Agreement. The term of Executive's employment pursuant to this Agreement shall commence on September 1, 2002 and shall continue in effect for a period of three (3) years and four (4) months to and including December 31, 2005, unless terminated sooner in accordance with Section 5 below. Thereafter, this Agreement may renew for additional one-year terms, upon written notice by the Company to Executive no later than ninety (90) days prior to the termination date of any such term, unless terminated sooner in accordance with Section 5 below. (The natural termination date of the initial term or any successive term of this Agreement shall be referred to as the "Termination Date.")

3. Position and Duties. Executive shall serve as the Executive Vice President and Chief Financial Officer of the Company and shall have such duties, authority and responsibilities as are normally associated with and appropriate for such position. Executive shall devote substantially all of his working time and efforts to the business and affairs of the Company, except that Executive may perform personal or charitable activities which do not interfere with Executive's employment duties.

4. Compensation and Related Matters.

4.1. Base Salary. During the term of this Agreement, the Company

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shall pay to Executive a Base Salary at an annual rate as specified in Attachment "A" to this Agreement ("Base Salary"). Base Salary shall be paid in equal installments in accordance with the Company's usual and customary payroll practices, but not less frequently than monthly. The Base Salary may be increased each year in an amount approved by the Company's Board of Directors.

4.2. Bonus and Additional Compensation. Executive will be entitled to an annual bonus as set forth in Attachment "A". Pending the Company's approval, the Executive may also be entitled to participate in a long-term compensation program to be implemented at a later date.

4.3. Benefit Plans and Arrangements. Executive shall be entitled to participate in and to receive benefits under all existing and future employee benefit plans, perquisites and fringe benefit programs of the Company that are provided to other similarly situated executives of the Company, on terms no less favorable than those provided to such other executives, to the extent Executive is eligible under the terms of such plans or programs.

4.4. Expenses. The Company shall promptly reimburse Executive for all reasonable and customary expenses incurred by Executive in performing services for the Company, including all expenses of travel while away from home on business or at the request of and in the service of the Company, provided that such expenses are incurred and accounted for by Executive in accordance with the policies and procedures established by the Company.

4.5. Paid Time Off. Executive shall be entitled to no fewer than fifteen (15) days of paid time off (PTO) per year.

5. Termination. The term of Executive's employment pursuant to this Agreement may be terminated under the following circumstances:

5.1. Death. The term of Executive's employment shall terminate upon his death.

5.2. Disability. The Company may terminate the term of Executive's employment as a result of Executive's Disability. For purposes of this Agreement, "Disability" is defined as the inability, by reason of illness or other physical or mental incapacity or limitation, of Executive substantially to perform the duties of his employment with the Company, which inability continues for at least one hundred twenty (120) consecutive days, or for shorter periods aggregating one hundred twenty (120) days during any consecutive twelve (12) month period.

5.3. By Company for Cause. The Company may terminate the term of Executive's employment for "Cause" upon written notice to Executive. For purposes of this Agreement, the Company shall have "Cause" to terminate Executive's employment upon any of the following events:

(i) Executive's continued failure to perform or his habitual neglect of his duties;

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(ii) Executive's conviction of, plea of nolo contendre to, or indictment for (which indictment is not discharged or otherwise resolved within twelve (12) months) any felony, or any crime involving moral turpitude, or any crime which is likely to result in material injury to the Company;

(iii) Executive's breach of a fiduciary duty relating to the Executive's employment with the Company, including but not limited to an act of fraud, theft or dishonesty; or

(iv) Executive's material breach of this Agreement;

Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause under clause (i) or (iv) unless the Company provided reasonable written notice to the Executive setting forth the reasons for the Company's intention to terminate for Cause, and Executive failed within thirty (30) days to cure the event or deficiency set forth in the written notice.

5.4. By Company Without Cause. The Company may terminate the term of Executive's employment other than for Cause, death or Disability at any time upon sixty (60) days prior written notice to Executive.

5.5. By Executive for Good Reason. Executive may terminate the term of his employment for "Good Reason" upon written notice to the Company. For purposes of this Agreement, "Good Reason" shall include the following events unless otherwise consented to by Executive:

(i) The assignment to Executive of any duties materially inconsistent with Executive's position, duties, responsibilities and status within the Company;

(ii) A material reduction in Executive's reporting responsibilities not pertaining to job performance issues;

(iii) A reduction in the Base Salary of the Executive not pertaining to job performance issues;

(iv) A requirement by the Company that Executive's work location be moved more than fifty (50) miles of the Company's principal place of business in Orlando, Florida;

(v) The Company's material breach of this Agreement;

(vi) A "change in control" (as defined below) of the Company occurs;

(vii) The Company's failure to obtain an agreement from any successor to the business of the Company by which the successor assumes and agrees to perform this Agreement; or

(viii) A purchaser of the Company assigns this Agreement to another person or entity without Executive's written consent.

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Notwithstanding the foregoing, Executive shall not be deemed to have terminated his employment for Good Reason under clause (i), (ii), (iii), (iv) or (v), unless Executive provided reasonable written notice to the Company setting forth the reasons for Executive's intention to resign for Good Reason, and the Company failed within thirty (30) days to cure the event or deficiency set forth in the written notice.

For purposes of this Section 5.5, a "change in control" means that an act specified in Sections 5.5(i) through 5.5(v) of the Agreement occurs and, within two (2) years of that act, one of the following events also occurs: (A) the closing of any sale by Finco or CNL Franchise Network Corp., a Delaware corporation ("CFNC"), of all or substantially all of its assets to an acquiring person or entity that is not an affiliate of the Company, Finco, CFNC, or CNL American Properties Fund, Inc., a Maryland corporation ("APF"); (B) the closing of any sale by APF of all or a majority of the shares of stock of CFNC that it owns to an acquiring person or entity that is not an affiliate of the Company, Finco, CFC, or APF; or (C) the closing of any sale by the holders of common stock of APF of an amount of common stock that equals or exceeds a majority of the shares of common stock of APF immediately prior to such closing to a person or entity such that the holders of such common stock immediately prior to the closing are not the holders of a majority of the ordinary voting securities of APF after the closing.

6. Compensation in the Event of Termination. Upon the termination of this Agreement, the Company shall pay Executive compensation as set forth below:

6.1. By Company Without Cause; By Executive for Good Reason. In the event that Executive's employment is terminated by the Company without Cause, or by the Executive for Good Reason, the Company shall pay the Executive a cash payment equal to two (2) times the Executive's Base Salary, which is in effect on the date of the Executive's termination (the "Severance Payment"). The Severance Payment shall be made payable in equal installments over a twenty-four (24) month period in accordance with the Company's usual and customary payroll practices, commencing on the first payday following Executive's termination. Notwithstanding the foregoing, in the event Executive terminates his employment due to a "change in control" (as defined in Section 5.5 above) the Company shall pay to Executive within thirty (30) days of the date of termination a lump sum cash payment equal to one (1) times Executive's Base Salary in effect on the date of Executive's termination in addition to any other payments to which Executive would otherwise be entitled under the terms of this Agreement. Within thirty (30) days of the date of termination of Executive's employment, the Company shall also pay Executive a lump sum equal to the sum of: (i) any accrued but unpaid Base Salary and vacation due Executive as of the date of termination of employment; and (ii) reimbursements for appropriately submitted expenses which have been incurred, but have not been paid by the Company, as of the date of termination. In addition, any stock that would otherwise vest during the next twelve (12) months under any Company stock bonus plan, phantom stock plan or stock option plan shall become immediately vested and remain exercisable for no more than ninety (90) days following termination or, if shorter, for the balance of the regular term of the stock options.

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6.2. By Company for Cause; By Executive Without Good Reason. In the event that the Company terminates Executive's employment for Cause, or Executive terminates his employment without Good Reason, all compensation or benefits to which Executive may otherwise be entitled to shall cease on the date of termination, except for (i) any accrued but unpaid Base Salary due Executive as of the date of termination of employment, and (ii) reimbursements for appropriately submitted expenses which have been incurred, but have not been paid by the Company, as of the date of termination.

6.3. Death or Disability. In the event that the Company terminates Executive's employment due to his death or Disability, the Company shall pay the Executive or his estate a lump sum equal to twelve (12) months of Executive's Base Salary, payable within thirty (30) days of Executive's termination. This payment shall be in addition to, rather than in lieu of, the entitlement of Executive or his estate to any other insurance or benefit proceeds as a result of his death or Disability.

6.4. Natural Termination. In the event that Executive's employment by the Company pursuant to this Agreement naturally terminates on the Termination Date, all compensation or benefits to which Executive may otherwise be entitled to shall cease on the Termination Date, except for (i) any accrued but unpaid Base Salary due Executive as of the Termination Date, and (ii) reimbursements for appropriately submitted expenses which have been incurred, but have not been paid by the Company, as of the Termination Date; provided, however, that at the election of the Company in its sole and absolute discretion and upon written notice to the Executive on or prior to the Termination Date, the Company shall pay the Executive a cash payment equal to two (2) times the Executive's Base Salary which is in effect on the Termination Date, which cash payment shall be made payable over a twenty-four (24) month period in equal installments in accordance with the Company's usual and customary payroll practices, commencing on the first payday following the Termination Date (the "Optional Severance Pay").

7. Non-Competition, Non-Solicitation and Confidentiality.

7.1. Covenant Not to Compete. While employed by the Company or any affiliate of the Company and for a period of twenty-four (24) months thereafter, Executive shall not, directly or indirectly, for compensation or otherwise, engage in or have any interest in any sole proprietorship, partnership, corporation, company, business or any other person or entity (whether as an employee, officer, corporation, business or any holder creditor, consultant or otherwise) that, directly or indirectly, competes with the business enterprises in which the Company or any of its current or future subsidiaries, parent, partners, or affiliates (collectively, the "Benefited Persons") are now or during Executive's employment become engaged in any and all states in which the Company or any other Benefited Person conducts such business while Executive is employed by the Company or a subsidiary of the Company; provided, however, Executive may continue to hold Company securities or acquire, solely as an investment, shares of capital stock or other equity securities of any company which are traded on any national securities exchange or are regularly quoted in the over-the-counter market, so long as Executive does not control, acquire a

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controlling interest in, or become a member of a group which exercises direct or indirect control of more than five percent (5%) of any class of capital stock of such corporation. Notwithstanding the foregoing, in the event that Executive's employment by the Company naturally terminates on the Termination Date and the Company elects not to pay Executive the Optional Severance Pay pursuant to Section 6.4 above, then the prohibitions contained in this Section 7.1 shall terminate on the Termination Date.

7.2. Nonsolicitation of Clients. While employed by the Company or any affiliate of the Company and for a period of twenty-four (24) months thereafter, Executive shall not, directly or indirectly, for himself or for any other person, firm, corporation, partnership, company, association or other entity, solicit, attempt to contract with, or enter into a contractual relationship of any kind pertaining to any aspect of the development or lease of real property, with any person or entity with which the Company or any affiliate of the Company, had any contractual relationship or engaged in negotiations toward a contract in the previous twenty-four (24) months.

7.3. Nonsolicitation of Employees. While employed by the Company or any affiliate of the Company and for a period of twenty-four (24) months thereafter, Executive shall not directly or indirectly, for himself or for any other person, firm, corporation, partnership, company, association or other entity, solicit, attempt to employ or enter into any contractual arrangement with any employee or former employee of the Company or any Benefited Person, unless such employee or former employee has not been employed by the Company or other Benefited Person for a period in excess of six (6) months.

7.4. Nondisparagement. While employed by the Company or any affiliate of the Company and after Executive's employment terminates, Executive shall not disparage, denigrate or comment negatively upon, either orally or in writing, the Company, any other Benefited Person, or any of their officers or directors, to or in the presence of any person or entity unless compelled to act by a valid subpoena or other legal mandate; provided, however, if Executive receives such a subpoena or other legal mandate he shall provide the Company with written notice of same at least five (5) business days prior to the date on which Executive is required to make the disclosure. The Company likewise shall not disparage, denigrate or comment negatively upon, either orally or in writing, the Executive to any prospective employer or third party after Executive's employment terminates unless compelled to do so by subpoena or other legal mandate; provided however, if the Company receives such a subpoena or other legal mandate it shall provide Executive with written notice of same at least five (5) business days prior to the date on which the Company is required to make the disclosure.

7.5. Confidentiality. While employed by the Company or any affiliate of the Company and after Executive's employment terminates, Executive shall keep secret and retain in strictest confidence, and shall not use for his benefit or the benefit of others, except in connection with the business affairs of the Company or the other Benefited Persons, all information relating to the business of the Company or any of the other Benefited Persons, including, without limitation, information concerning the financial condition, prospects, methods

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of doing business, marketing and promotion of services, disclosed to or known by the Executive as a consequence of his employment by the Company or any affiliate of the Company, which information is not generally known or otherwise obtainable in the public domain.

8. Tangible Items. All files, records, documents, manuals, books, forms, reports, memoranda, studies, data, calculations, recordings, or correspondence, in whatever form they may exist, and all copies, abstracts and summaries of the foregoing, and all physical items related to the business of the Company or any other Benefited Person, whether of a public nature or not, and whether prepared by Executive or not, are and shall remain the exclusive property of the Company or any other Benefited Person, and shall not be removed from their premises, except as required in the course of Executive's employment by the Company, without the prior written consent of the Company. Such items shall be promptly returned by Executive on the termination of Executive's employment with the Company or at any earlier time upon the request of the Company.

9. Remedies.

9.1. Injunctive Relief. The Company and Executive acknowledge and agree that a breach by Executive of any of the covenants contained in Section 7 of this Agreement will cause irreparable harm and damage to the Company and/or any other Benefited Person, the monetary amount of which may be virtually impossible to ascertain. Accordingly, Executive acknowledges that the Company and/or any other Benefited Person affected shall be entitled to an injunction from any court of competent jurisdiction enjoining and restraining any violation of said covenants by Executive or any of his affiliates, associates, partners or agents, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to other remedies the Company or such other Benefited Person may possess. In addition, Executive acknowledges that in the event of his breach of any of the provisions of Section 7 of this Agreement, in addition to any other remedies the Company may have, the Company may cease making the balance of the payments specified in Section 6.1 and recover in full from Executive any such payments previously made.

9.2. Arbitration. Except with regard to Section 7, all disputes between the parties concerning the performance, breach, construction or interpretation of this Agreement, or in any manner arising out of this Agreement, shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association, which arbitration shall be carried out in the manner set forth below:

(i) Within fifteen (15) days after written notice by one party to the other party of its demand for arbitration, which demand shall set forth the name and address of its designated arbitrator, the other party shall select its designated arbitrator and so notify the demanding party. Within fifteen (15) days thereafter, the two arbitrators so selected shall select the third arbitrator. The dispute shall be heard by the arbitrators within ninety (90) days after selection of the third arbitrator. The decision of any two arbitrators shall be binding upon the parties. Should any party or arbitrator

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fail to make a selection, the American Arbitration Association shall designate such arbitrator upon the application of either party. The decision of the arbitrators shall be final and binding upon the Company, its successors and assigns and Executive.

(ii) The arbitration proceedings shall take place in Orlando, Florida, and the judgment and determination of such proceedings shall be binding on all parties. Judgment upon any award rendered by the arbitrators may be entered into any court having competent jurisdiction without any right of appeal.

(iii) Each party shall pay its or his own expenses of arbitration, and the expenses of the arbitrators and the arbitration proceeding shall be shared equally. However, if in the opinion of a majority of the arbitrators, any claim or defense was unreasonable, the arbitrators may assess, as part of their award, all or any part of the arbitration expenses of the other party (including reasonable attorneys' fees) and of the arbitrators and the arbitration proceeding.

10. Severability. The Company and Executive agree that if, in any action before any court or agency legally empowered to enforce this Agreement, any term, restriction, covenant, or promise is found to be unreasonable or otherwise unenforceable, then such term, restriction, covenant, or promise shall be deemed modified to the extent necessary to make it enforceable.

11. Notice. For purposes of this Agreement, notices, demands and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when received if delivered in person or by overnight courier, or if mailed by United States certified mail, return receipt requested, postage prepaid, to the following addresses:

If to Executive:

Steven D. Shackelford
1002 Campbell Street
Orlando, Florida 32806

If to Company:

CNL Franchise Network GP Corp.
450 South Orange Avenue
Orlando, Florida 32801
Attn: James M. Seneff, Jr.

Either party may change its address for notices in accordance with this Section 11 by providing written notice of such change to the other party.

12.Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

13. Benefits; Binding Effect. This Agreement shall be for the benefit

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of and binding upon the parties and their respective heirs, personal representatives, legal representatives, successors and assigns. If Executive is transferred to an affiliate of the Company, such affiliate will assume this Agreement and upon assumption shall be deemed "the Company" under this Agreement.

14. Entire Agreement. This Agreement, including its incorporated Attachment "A", constitutes the entire agreement between the parties, and all prior understandings, agreements or undertakings between the parties concerning Executive's employment or the other subject matters of this Agreement are superseded in their entirety by this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

"Executive"

/s/ Constance Brown	/s/ Steven D. Shackelford
Witness	Steven D. Shackelford

"Company"

CNL Franchise Network GP Corp.,
a Delaware corporation

/s/ Kathleen Riddle	By:/s/ James M. Seneff, Jr.
Witness	Title: Chief Executive Officer

EMPLOYMENT AGREEMENT OF STEVEN D. SHACKELFORD

ATTACHMENT "A"

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1. Base Salary: The Company shall pay to the Executive a base salary of $200,000.00 per year, increasing to $250,000.00 per year effective January 1, 2003.

2. Annual Bonus Compensation: Executive may receive annual bonus compensation targeted at fifty percent (50%) of the Executive's base compensation with a maximum annual bonus of two (2) times the target ($200,000.00), however, the target shall be $250,000.00 on and after January 1, 2003.

3. Long-Term Compensation: Pending the Company's approval, the Executive may be entitled to participate in a long-term compensation program to be implemented at a later date.

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EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into on the 5th of May 2003 by and between CNL Franchise Network GP Corp., a Delaware corporation (the "Company"), and Curtis B. McWilliams ("Executive").

Preliminary Statement

WHEREAS, the Company is the general partner of CNL Franchise Network LP, a Delaware limited partnership ("Finco"); and

WHEREAS, the Company desires to employ or continue to employ Executive, and Executive desires to be employed by the Company; and

WHEREAS the Company and Executive desire to enter into this Agreement which sets forth the terms and conditions of Executive's employment;

NOW, THEREFORE, in consideration of the mutual covenants set forth below, the Company and Executive agree as follows:

1. Employment. The Company hereby employs the Executive, and Executive agrees to serve the Company, on the terms and conditions set forth, below. Except as otherwise provided in this Agreement, Executive's employment shall be subject to the employment policies and practices of the Company in effect from time to time during the Term of Executive's employment.

2. Term of Agreement. The term of Executive's employment pursuant to this Agreement shall commence on September 1, 2002 and shall continue in effect for a period of three (3) years and four (4) months to and including December 31, 2005, unless terminated sooner in accordance with Section 5 below. Thereafter, this Agreement may renew for additional one-year terms, upon written notice by the Company to Executive no later than ninety (90) days prior to the termination date of any such term, unless terminated sooner in accordance with Section 5 below. (The natural termination date of the initial term or any successive term of this Agreement shall be referred to as the "Termination Date.")

3. Position and Duties. Executive shall serve as the Chief Executive Officer of the Company and shall have such duties, authority and responsibilities as are normally associated with and appropriate for such position. Executive shall devote substantially all of his working time and efforts to the business and affairs of the Company, except that Executive may perform personal or charitable activities which do not interfere with Executive's employment duties.

4. Compensation and Related Matters.

4.1. Base Salary. During the term of this Agreement, the Company

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shall pay to Executive a Base Salary at an annual rate as specified in Attachment "A" to this Agreement ("Base Salary"). Base Salary shall be paid in equal installments in accordance with the Company's usual and customary payroll practices, but not less frequently than monthly. The Base Salary may be increased each year in an amount approved by the Company's Board of Directors.

4.2. Bonus and Additional Compensation. Executive will be entitled to an annual bonus as set forth in Attachment "A". Pending the Company's approval, the Executive may also be entitled to participate in a long-term compensation program to be implemented at a later date.

4.3. Benefit Plans and Arrangements. Executive shall be entitled to participate in and to receive benefits under all existing and future employee benefit plans, perquisites and fringe benefit programs of the Company that are provided to other similarly situated executives of the Company, on terms no less favorable than those provided to such other executives, to the extent Executive is eligible under the terms of such plans or programs.

4.4. Expenses. The Company shall promptly reimburse Executive for all reasonable and customary expenses incurred by Executive in performing services for the Company, including all expenses of travel while away from home on business or at the request of and in the service of the Company, provided that such expenses are incurred and accounted for by Executive in accordance with the policies and procedures established by the Company.

4.5. Paid Time Off. Executive shall be entitled to no fewer than fifteen (15) days of paid time off (PTO) per year.

5. Termination. The term of Executive's employment pursuant to this Agreement may be terminated under the following circumstances:

5.1. Death. The term of Executive's employment shall terminate upon his death.

5.2. Disability. The Company may terminate the term of Executive's employment as a result of Executive's Disability. For purposes of this Agreement, "Disability" is defined as the inability, by reason of illness or other physical or mental incapacity or limitation, of Executive substantially to perform the duties of his employment with the Company, which inability continues for at least one hundred twenty (120) consecutive days, or for shorter periods aggregating one hundred twenty (120) days during any consecutive twelve (12) month period.

5.3. By Company for Cause. The Company may terminate the term of Executive's employment for "Cause" upon written notice to Executive. For purposes of this Agreement, the Company shall have "Cause" to terminate Executive's employment upon any of the following events:

(i) Executive's continued failure to perform or his habitual neglect of his duties;

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(ii) Executive's conviction of, plea of nolo contendre to, or indictment for (which indictment is not discharged or otherwise resolved within twelve (12) months) any felony, or any crime involving moral turpitude, or any crime which is likely to result in material injury to the Company;

(iii) Executive's breach of a fiduciary duty relating to the Executive's employment with the Company, including but not limited to an act of fraud, theft or dishonesty; or

(iv) Executive's material breach of this Agreement;

Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause under clause (i) or (iv) unless the Company provided reasonable written notice to the Executive setting forth the reasons for the Company's intention to terminate for Cause, and Executive failed within thirty (30) days to cure the event or deficiency set forth in the written notice.

5.4. By Company Without Cause. The Company may terminate the term of Executive's employment other than for Cause, death or Disability at any time upon sixty (60) days prior written notice to Executive.

5.5. By Executive for Good Reason. Executive may terminate the term of his employment for "Good Reason" upon written notice to the Company. For purposes of this Agreement, "Good Reason" shall include the following events unless otherwise consented to by Executive:

(i) The assignment to Executive of any duties materially inconsistent with Executive's position, duties, responsibilities and status within the Company;

(ii) A material reduction in Executive's reporting responsibilities not pertaining to job performance issues;

(iii) A reduction in the Base Salary of the Executive not pertaining to job performance issues;

(iv) A requirement by the Company that Executive's work location be moved more than fifty (50) miles of the Company's principal place of business in Orlando, Florida;

(v) The Company's material breach of this Agreement;

(vi) A "change in control" (as defined below) of the Company occurs;

(vii) The Company's failure to obtain an agreement from any successor to the business of the Company by which the successor assumes and agrees to perform this Agreement; or

(viii) A purchaser of the Company assigns this Agreement to another person or entity without Executive's written consent.

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Notwithstanding the foregoing, Executive shall not be deemed to have terminated his employment for Good Reason under clause (i), (ii), (iii), (iv) or (v), unless Executive provided reasonable written notice to the Company setting forth the reasons for Executive's intention to resign for Good Reason, and the Company failed within thirty (30) days to cure the event or deficiency set forth in the written notice.

For purposes of this Section 5.5, a "change in control" means that an act specified in Sections 5.5(i) through 5.5(v) of the Agreement occurs and, within two (2) years of that act, one of the following events also occurs: (A) the closing of any sale by Finco or CNL Franchise Network Corp., a Delaware corporation ("CFNC"), of all or substantially all of its assets to an acquiring person or entity that is not an affiliate of the Company, Finco, CFNC, or CNL American Properties Fund, Inc., a Maryland corporation ("APF"); (B) the closing of any sale by APF of all or a majority of the shares of stock of CFNC that it owns to an acquiring person or entity that is not an affiliate of the Company, Finco, CFC, or APF; or (C) the closing of any sale by the holders of common stock of APF of an amount of common stock that equals or exceeds a majority of the shares of common stock of APF immediately prior to such closing to a person or entity such that the holders of such common stock immediately prior to the closing are not the holders of a majority of the ordinary voting securities of APF after the closing.

6. Compensation in the Event of Termination. Upon the termination of this Agreement, the Company shall pay Executive compensation as set forth below:

6.1. By Company Without Cause; By Executive for Good Reason. In the event that Executive's employment is terminated by the Company without Cause, or by the Executive for Good Reason, the Company shall pay the Executive a cash payment equal to two (2) times the Executive's Base Salary, which is in effect on the date of the Executive's termination (the "Severance Payment"). The Severance Payment shall be made payable in equal installments over a twenty-four (24) month period in accordance with the Company's usual and customary payroll practices, commencing on the first payday following Executive's termination. Notwithstanding the foregoing, in the event Executive terminates his employment due to a "change in control" (as defined in Section 5.5 above) the Company shall pay to Executive within thirty (30) days of the date of termination a lump sum cash payment equal to one (1) times Executive's Base Salary in effect on the date of Executive's termination in addition to any other payments to which Executive would otherwise be entitled under the terms of this Agreement. Within thirty (30) days of the date of termination of Executive's employment, the Company shall also pay Executive a lump sum equal to the sum of: (i) any accrued but unpaid Base Salary and vacation due Executive as of the date of termination of employment; and (ii) reimbursements for appropriately submitted expenses which have been incurred, but have not been paid by the Company, as of the date of termination. In addition, any stock that would otherwise vest during the next twelve (12) months under any Company stock bonus plan, phantom stock plan or stock option plan shall become immediately vested and remain exercisable for no more than ninety (90) days following termination or, if shorter, for the balance of the regular term of the stock options.

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6.2. By Company for Cause; By Executive Without Good Reason. In the event that the Company terminates Executive's employment for Cause, or Executive terminates his employment without Good Reason, all compensation or benefits to which Executive may otherwise be entitled to shall cease on the date of termination, except for (i) any accrued but unpaid Base Salary due Executive as of the date of termination of employment, and (ii) reimbursements for appropriately submitted expenses which have been incurred, but have not been paid by the Company, as of the date of termination.

6.3. Death or Disability. In the event that the Company terminates Executive's employment due to his death or Disability, the Company shall pay the Executive or his estate a lump sum equal to twelve (12) months of Executive's Base Salary, payable within thirty (30) days of Executive's termination. This payment shall be in addition to, rather than in lieu of, the entitlement of Executive or his estate to any other insurance or benefit proceeds as a result of his death or Disability.

6.4. Natural Termination. In the event that Executive's employment by the Company pursuant to this Agreement naturally terminates on the Termination Date, all compensation or benefits to which Executive may otherwise be entitled to shall cease on the Termination Date, except for (i) any accrued but unpaid Base Salary due Executive as of the Termination Date, and (ii) reimbursements for appropriately submitted expenses which have been incurred, but have not been paid by the Company, as of the Termination Date; provided, however, that at the election of the Company in its sole and absolute discretion and upon written notice to the Executive on or prior to the Termination Date, the Company shall pay the Executive a cash payment equal to two (2) times the Executive's Base Salary which is in effect on the Termination Date, which cash payment shall be made payable over a twenty-four (24) month period in equal installments in accordance with the Company's usual and customary payroll practices, commencing on the first payday following the Termination Date (the "Optional Severance Pay").

7. Non-Competition, Non-Solicitation and Confidentiality.

7.1. Covenant Not to Compete. While employed by the Company or any affiliate of the Company and for a period of twenty-four (24) months thereafter, Executive shall not, directly or indirectly, for compensation or otherwise, engage in or have any interest in any sole proprietorship, partnership, corporation, company, business or any other person or entity (whether as an employee, officer, corporation, business or any holder creditor, consultant or otherwise) that, directly or indirectly, competes with the business enterprises in which the Company or any of its current or future subsidiaries, parent, partners, or affiliates (collectively, the "Benefited Persons") are now or during Executive's employment become engaged in any and all states in which the Company or any other Benefited Person conducts such business while Executive is employed by the Company or a subsidiary of the Company; provided, however, Executive may continue to hold Company securities or acquire, solely as an investment, shares of capital stock or other equity securities of any company which are traded on any national securities exchange or are regularly quoted in the over-the-counter market, so long as Executive does not control, acquire a

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controlling interest in, or become a member of a group which exercises direct or indirect control of more than five percent (5%) of any class of capital stock of such corporation. Notwithstanding the foregoing, in the event that Executive's employment by the Company naturally terminates on the Termination Date and the Company elects not to pay Executive the Optional Severance Pay pursuant to Section 6.4 above, then the prohibitions contained in this Section 7.1 shall terminate on the Termination Date.

7.2. Nonsolicitation of Clients. While employed by the Company or any affiliate of the Company and for a period of twenty-four (24) months thereafter, Executive shall not, directly or indirectly, for himself or for any other person, firm, corporation, partnership, company, association or other entity, solicit, attempt to contract with, or enter into a contractual relationship of any kind pertaining to any aspect of the development or lease of real property, with any person or entity with which the Company or any affiliate of the Company, had any contractual relationship or engaged in negotiations toward a contract in the previous twenty-four (24) months.

7.3. Nonsolicitation of Employees. While employed by the Company or any affiliate of the Company and for a period of twenty-four (24) months thereafter, Executive shall not directly or indirectly, for himself or for any other person, firm, corporation, partnership, company, association or other entity, solicit, attempt to employ or enter into any contractual arrangement with any employee or former employee of the Company or any Benefited Person, unless such employee or former employee has not been employed by the Company or other Benefited Person for a period in excess of six (6) months.

7.4. Nondisparagement. While employed by the Company or any affiliate of the Company and after Executive's employment terminates, Executive shall not disparage, denigrate or comment negatively upon, either orally or in writing, the Company, any other Benefited Person, or any of their officers or directors, to or in the presence of any person or entity unless compelled to act by a valid subpoena or other legal mandate; provided, however, if Executive receives such a subpoena or other legal mandate he shall provide the Company with written notice of same at least five (5) business days prior to the date on which Executive is required to make the disclosure. The Company likewise shall not disparage, denigrate or comment negatively upon, either orally or in writing, the Executive to any prospective employer or third party after Executive's employment terminates unless compelled to do so by subpoena or other legal mandate; provided however, if the Company receives such a subpoena or other legal mandate it shall provide Executive with written notice of same at least five (5) business days prior to the date on which the Company is required to make the disclosure.

7.5. Confidentiality. While employed by the Company or any affiliate of the Company and after Executive's employment terminates, Executive shall keep secret and retain in strictest confidence, and shall not use for his benefit or the benefit of others, except in connection with the business affairs of the Company or the other Benefited Persons, all information relating to the business of the Company or any of the other Benefited Persons, including, without limitation, information concerning the financial condition, prospects, methods

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of doing business, marketing and promotion of services, disclosed to or known by the Executive as a consequence of his employment by the Company or any affiliate of the Company, which information is not generally known or otherwise obtainable in the public domain.

8. Tangible Items. All files, records, documents, manuals, books, forms, reports, memoranda, studies, data, calculations, recordings, or correspondence, in whatever form they may exist, and all copies, abstracts and summaries of the foregoing, and all physical items related to the business of the Company or any other Benefited Person, whether of a public nature or not, and whether prepared by Executive or not, are and shall remain the exclusive property of the Company or any other Benefited Person, and shall not be removed from their premises, except as required in the course of Executive's employment by the Company, without the prior written consent of the Company. Such items shall be promptly returned by Executive on the termination of Executive's employment with the Company or at any earlier time upon the request of the Company.

9. Remedies.

9.1. Injunctive Relief. The Company and Executive acknowledge and agree that a breach by Executive of any of the covenants contained in Section 7 of this Agreement will cause irreparable harm and damage to the Company and/or any other Benefited Person, the monetary amount of which may be virtually impossible to ascertain. Accordingly, Executive acknowledges that the Company and/or any other Benefited Person affected shall be entitled to an injunction from any court of competent jurisdiction enjoining and restraining any violation of said covenants by Executive or any of his affiliates, associates, partners or agents, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to other remedies the Company or such other Benefited Person may possess. In addition, Executive acknowledges that in the event of his breach of any of the provisions of Section 7 of this Agreement, in addition to any other remedies the Company may have, the Company may cease making the balance of the payments specified in Section 6.1 and recover in full from Executive any such payments previously made.

9.2. Arbitration. Except with regard to Section 7, all disputes between the parties concerning the performance, breach, construction or interpretation of this Agreement, or in any manner arising out of this Agreement, shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association, which arbitration shall be carried out in the manner set forth below:

(i) Within fifteen (15) days after written notice by one party to the other party of its demand for arbitration, which demand shall set forth the name and address of its designated arbitrator, the other party shall select its designated arbitrator and so notify the demanding party. Within fifteen (15) days thereafter, the two arbitrators so selected shall select the third arbitrator. The dispute shall be heard by the arbitrators within ninety (90) days after selection of the third arbitrator. The decision of any two arbitrators shall be binding upon the parties. Should any party or arbitrator

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fail to make a selection, the American Arbitration Association shall designate such arbitrator upon the application of either party. The decision of the arbitrators shall be final and binding upon the Company, its successors and assigns and Executive.

(ii) The arbitration proceedings shall take place in Orlando, Florida, and the judgment and determination of such proceedings shall be binding on all parties. Judgment upon any award rendered by the arbitrators may be entered into any court having competent jurisdiction without any right of appeal.

(iii) Each party shall pay its or his own expenses of arbitration, and the expenses of the arbitrators and the arbitration proceeding shall be shared equally. However, if in the opinion of a majority of the arbitrators, any claim or defense was unreasonable, the arbitrators may assess, as part of their award, all or any part of the arbitration expenses of the other party (including reasonable attorneys' fees) and of the arbitrators and the arbitration proceeding.

10. Severability. The Company and Executive agree that if, in any action before any court or agency legally empowered to enforce this Agreement, any term, restriction, covenant, or promise is found to be unreasonable or otherwise unenforceable, then such term, restriction, covenant, or promise shall be deemed modified to the extent necessary to make it enforceable.

11. Notice. For purposes of this Agreement, notices, demands and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when received if delivered in person or by overnight courier, or if mailed by United States certified mail, return receipt requested, postage prepaid, to the following addresses:

If to Executive:

Curtis B. McWilliams
970 Via Lugano
Winter Park, Florida 32789

If to Company:

CNL Franchise Network GP Corp.
450 South Orange Avenue
Orlando, Florida 32801
Attn: James M. Seneff, Jr.

Either party may change its address for notices in accordance with this Section 11 by providing written notice of such change to the other party.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

13. Benefits; Binding Effect. This Agreement shall be for the benefit

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of and binding upon the parties and their respective heirs, personal representatives, legal representatives, successors and assigns. If Executive is transferred to an affiliate of the Company, such affiliate will assume this Agreement and upon assumption shall be deemed "the Company" under this Agreement.

14. Entire Agreement. This Agreement, including its incorporated Attachment "A", constitutes the entire agreement between the parties, and all prior understandings, agreements or undertakings between the parties concerning Executive's employment or the other subject matters of this Agreement are superseded in their entirety by this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

"Executive"

/s/Kathleen Riddle
Witness

/s/ Curtis B. McWilliams
Curtis B. McWilliams

"Company"

CNL Franchise Network GP Corp.,
a Delaware corporation

/s/Kathleen Riddle
Witness

By:/s/ James M. Seneff, Jr.
Title: Chief Executive Officer

EMPLOYMENT AGREEMENT OF CURTIS B. MCWILLIAMS

ATTACHMENT "A"

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1. Base Salary: During the term of employment, the Company shall pay to the Executive a base salary of $300,000.00 per year.

2. Annual Bonus Compensation: Executive may receive annual bonus compensation targeted at fifty percent (50%) of the Executive's base compensation with a maximum bonus of two (2) times the target ($300,000.00).

3. Long-Term Compensation: Pending the Company's approval, the Executive may be entitled to participate in a long-term compensation program to be implemented at a later date.

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EXHIBIT 21

Subsidiaries of the Registrant

<TABLE>
<CAPTION>
<s> <c>

CNL Restaurant Capital Corp. (1)	CNL Restaurant Properties, Inc. (5)
CNL Restaurant Capital GP Corp (2)	CNL Restaurant Investments, Inc. (6)
CNL Financial GP Holding Corp	CNL APF LP Corp.
CNL Restaurant Capital LP Corp (3)	CNL APF GP Corp.
CNL Restaurant Capital LP (4)	CNL Restaurant Net Lease GP Holding Corp.
CNL Restaurant Property Services, Inc.	CNL Restaurant Advisors, Inc. (7)
CNL Financial Services GP Corp.	CNL APF Partners, LP
CNL Financial Services, LP	CNL Restaurant Net Lease Holdings, LP
CNL Financial LP Holding, LP	RAI Restaurants, Inc.
CNL Advisory Services, LLC	CNL Restaurant Bond Holdings, Inc.
Restaurant Assets, LLC	CNL Funding 2000-A, Inc.
CFD Holdings, LLC	CNL Net Lease Funding 2001, Inc.
CFD Holdings II, LLC	Franchise Funding 2003, Inc.
CNL RP Services, LLC	CNL Restaurant Development Inc.
CNL Restaurant Investors Properties, LLC	CNL Net Lease Funding 2001, LP
CNL Net Lease Investors, GP Corp	South Street Investments, Inc.
CNL Funding 2001-4, Inc.	Orange Den, LLC
CNL Funding 2001-A, Inc.	Maple & Main Redevelopment, LLC
CNL Financial VII, Inc.	Maple & Main Orlando, LLC
CNL Financial VIII, Inc.	CNL Funding 2000-A, LP
CNL Financial IX, Inc.	CNL Restaurant Bond Holdings, LP
CNL Funding 2001-A, LP	Franchise Funding 2003, LP
CNL Funding 2001-4, LP	CNL/Corral South JV
CNL Financial VII, LP	CNL/Chevys Annapolis JV
CNL Net Lease Investors, LP	CNL/Lee Vista JV
CNL Financial VIII, LP	CNL/MSC Indiana JV
CNL Financial IX, LP	CNL/MSC JV No. 752
CNL Net Lease Funding 2003, LLC	CNL/MSC JV No. 779
	CNL/MSC JV No. 857
	CNL/MSC JV No. 182
	CNL/MSC JV No. 1005
	CNL/MSC JV No. 740

</TABLE>

(1) Formerly CNL Franchise Network Corp.
(2) Formerly CNL Franchise Network, GP Corp.
(3) Formerly CNL Franchise Network LP Corp
(4) Formerly CNL Franchise Network LP
(5) Formerly CNL American Properties Fund, Inc.
(6) Formerly CNL Restaurant Properties, Inc.
(7) Formerly CNL Fund Advisors, Inc.

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EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO RULE 13a-14 AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Curtis B. McWilliams, the Chief Executive Officer of CNL Restaurant Properties, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of CNL Restaurant Properties, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2004

/s/ Curtis B. McWilliams
Curtis B. McWilliams
Chief Executive Officer

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EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO RULE 13a-14 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven D. Shackelford, the Chief Financial Officer of CNL Restaurant Properties, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of CNL Restaurant Properties, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2004

/s/ Steven D. Shackelford
Steven D. Shackelford
Chief Financial Officer

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EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Curtis B. McWilliams, the Chief Executive Officer of CNL Restaurant Properties, Inc. (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (the "Report"). The undersigned hereby certifies that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

DATED this 12th day of March 2004.

/s/ Curtis B. McWilliams

Curtis B. McWilliams
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Steven D. Shackelford, the Chief Financial Officer of CNL Restaurant Properties, Inc. (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (the "Report"). The undersigned hereby certifies that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

DATED this 12th day of March 2004.

/s/ Steven D. Shackelford

Steven D. Shackelford
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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