



Red Lobster

3167 Linden Drive, Bristol, VA 24202



OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap

Table of Contents



Investment Overview

- Investment Highlights
- Tenant Overview
- Private Equity Sponsor

Financial Analysis

- Financial Overview
- Lease Summary

Property Overview

- Location Overview
- Surrounding Area Map
- Local Map
- Regional Map
- Property Photos
- Surrounding Area Photos

Demographics

- Population
- Income
- Employment

3167 Linden Drive, Bristol, Virginia 24202

PRICE: \$3,295,476 | 6.00% CAP | RENT: \$197,729

PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	3167 Linden Drive
City, State, ZIP	Bristol, VA 24202
Building Size (SF)	7,457
Lot Size (Acres)	+/- 1.50

THE OFFERING

Net Operating Income ¹	\$197,729
CAP Rate	6.00%
Purchase Price	\$3,295,476
Price / SF	\$442
Year Opened	2005
Year Remodeled	2014

LEASE SUMMARY

Property Name	Red Lobster
Property Type	Net Leased Casual Dining
Ownership	Private
Tenant	Red Lobster Restaurants, LLC
Guarantor	Red Lobster Intermediate Holdings, LLC
Lease Term	25 Years
Lease Expiration	July 31, 2039
Lease Term Remaining	20 Years
Lease Type	Triple-Net (NNN) Lease
Roof & Structure	Tenant Responsible
Rental Increases	2.00% Annually
Options to Renew	Four (4), Five (5) Year Option Periods
Rental Increases in Options	2.00% Annually

¹ NOI Based on August 2019 Rental Increase

HIGHLIGHTS

- Property is Subject to a 25 Year Triple-Net (NNN) Lease With 20 Years Remaining
- Corporate Guaranty | 704 Locations in the US & Canada
- Strong Inflation Hedge | Attractive 2.0% Annual Increases
- Four (4), Five (5)-Year Tenant Renewal Options
- World’s Largest Seafood Restaurant | Serving Customers in 11 Countries



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2017 Marcus & Millichap

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster property located in Bristol, Virginia. The property consists of 7,457 square feet of building space and is situated on approximately 1.50 acres of land. The property is subject to a 25-year Triple-Net (NNN) lease with 20 years remaining. The current rent is \$197,729 and will continue to increase by 2.00% annually. The increases will continue through the four, five-year tenant renewal options.

TENANT SUMMARY

Red Lobster is the largest seafood restaurant concept in the world and is an iconic full service brand with broad demographic appeal and significant advertising budget. Red Lobster is led by an experienced management team with a history of success leading the brand (average 27+ years experience across executive team). The company generates \$2.5 billion in revenue and is the 5th largest casual dining concept in North America. Red Lobster was recently acquired by Golden Gate Capital.



FINANCIAL OVERVIEW

ANNUALIZED OPERATING DATA

Current Annual Rent	\$197,729
Base Term Rental Escalations	2.00% Annually

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent
Year 6	\$197,729	\$16,477
Year 7	\$201,683	\$16,807
Year 8	\$205,717	\$17,143
Year 9	\$209,831	\$17,486
Year 10	\$214,028	\$17,836
Year 11	\$218,308	\$18,192
Year 12	\$222,674	\$18,556
Year 13	\$227,128	\$18,927
Year 14	\$231,671	\$19,306
Year 15	\$236,304	\$19,692
Year 16	\$241,030	\$20,086
Year 17	\$245,851	\$20,488
Year 18	\$250,768	\$20,897
Year 19	\$255,783	\$21,315
Year 20	\$260,899	\$21,742
Year 21	\$266,117	\$22,176
Year 22	\$271,439	\$22,620
Year 23	\$276,868	\$23,072
Year 24	\$282,405	\$23,534
Year 25	\$288,053	\$24,004

CAP Rate	6.00%
Purchase Price	\$3,295,476

Tenant Overview



- Red Lobster is the largest seafood restaurant concept in the world and is an iconic full service brand with broad demographic appeal and a significant advertising budget (2nd largest in casual dining).
- The Company was founded in 1968 and currently operates 704 restaurants throughout the United States and Canada and has 43 franchised restaurants in international markets.
- Red Lobster is led by an experienced management team with a history of success leading the brand (average 27+ years experience across executive team).
- The company generates \$2.5B in revenue and is the 6th largest casual dining concept in North America.

The Transaction

- On July 28th, 2014, Golden Gate Capital (“GGC”) acquired Red Lobster from Darden Restaurants.
- Red Lobster is now an independently owned company, completely separate from Darden Restaurants.
- Red Lobster is well capitalized with >\$200M of liquidity.
- Golden Gate Capital has a long, successful track record and significant experience with multi-unit restaurant and retail businesses.



GOLDEN GATE CAPITAL

OUR HISTORY

FRESH IS IN OUR FOOD

Each day, you'll find an updated selection of fresh fish on our Today's Fresh Fish menu, not to mention live Maine lobster, freshly baked Cheddar Bay Biscuits™, crisp salads and a host of fresh seafood recipes waiting to be explored.

FRESH IS IN OUR KNOWLEDGE

No one knows seafood better than we do. As global seafood buyers, we have employees stationed throughout the world who inspect our seafood the moment it comes out of the water. They ensure it meets standards that are second to none. Then, the renowned chefs at our culinary center deliver the fresh expertise that turns it all into something truly special.

FRESH IS IN OUR DEDICATION

We hold ourselves to the highest standards for service, quality and a welcoming atmosphere. And we're focused on doing what's right – for our employees, in our communities and in the world.

FRESH IS IN OUR COMMITMENT

You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

We invite you to come in and experience our commitment to quality for yourself. Whether it's choosing your favorite fresh fish from our "Today's Fresh Fish" menu, or selecting your favorite seafood to be prepared over our wood-fired grill, Red Lobster is the place you can enjoy fresh, delicious seafood now and for generations.

RED LOBSTER TIMELINE



	Bill Darden opens the first Red Lobster in Lakeland, Florida	1968
General Mills acquires Red Lobster and rapidly expands nationally		1983
1984	Our 1st Canadian restaurant opens in Ontario	
Out Lobsterfest® promotion begins, giving guests the best variety of lobster anywhere		1988
1989	We introduce our famous and delicious Cheddar Bay Biscuits®	
We operate 450 US and 55 Canadian restaurants		1996
2003	We introduce "Walt's Favorite Shrimp", named after one of our earliest employees	
We celebrate our 35th anniversary of serving fresh, delicious seafood		2004
2006	Endless Shrimp® is introduced, and becomes an annual guest-favorite promotion	
"Today's Fresh Fish" gives guests a daily selection of national and local fresh fish favorites		2008
2013	We introduce Wood-Fire Grills and Certified Grill Masters in every restaurant	
We celebrate our 45th anniversary and operate more than 700 locations worldwide		2014
	Acquisition by Golden Gate Capital ("GGC")	



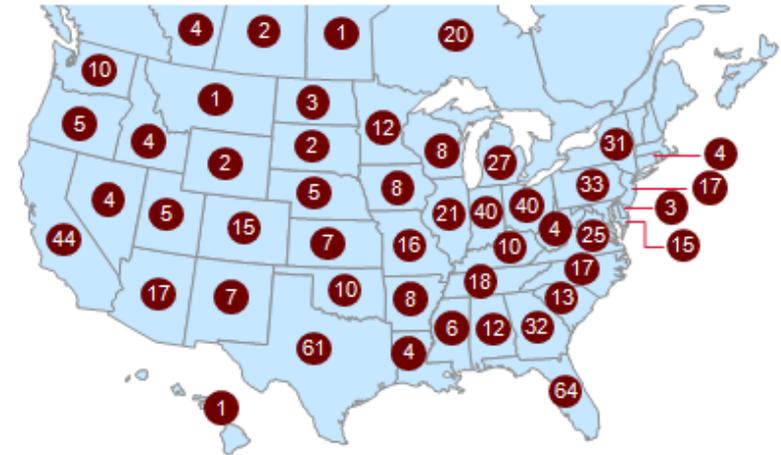
This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2017 Marcus & Millichap

TENANT OVERVIEW

Strong Market Position

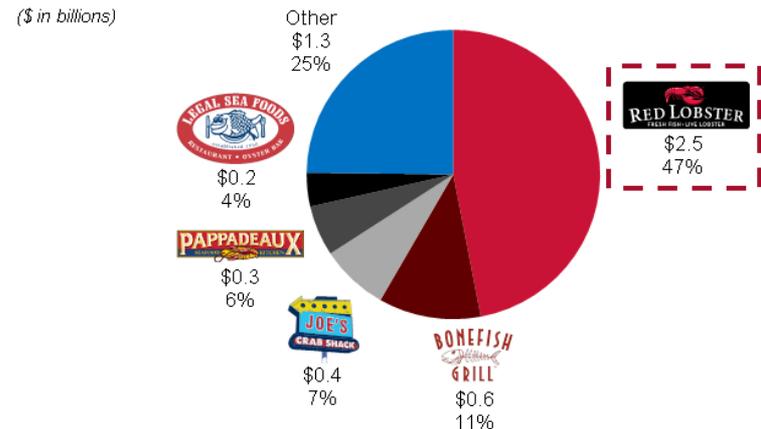
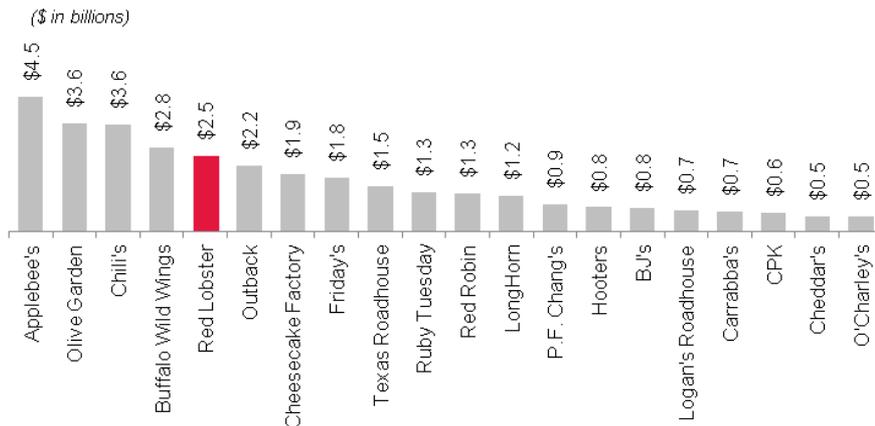
- Red Lobster is the largest seafood restaurant concept in the world and the 6th largest casual dining concept in the United States with over \$2.5 billion in annual sales and 704 restaurants.
- The Company is the category killer in the seafood casual dining space, holding almost 50% market share.
 - Largest share of any restaurant concept in any segment.
- 6th largest overall casual dining concept in the US.

Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US

~50% Share in Seafood Casual Dining



TENANT OVERVIEW

Iconic Brand With Unparalleled Customer Loyalty

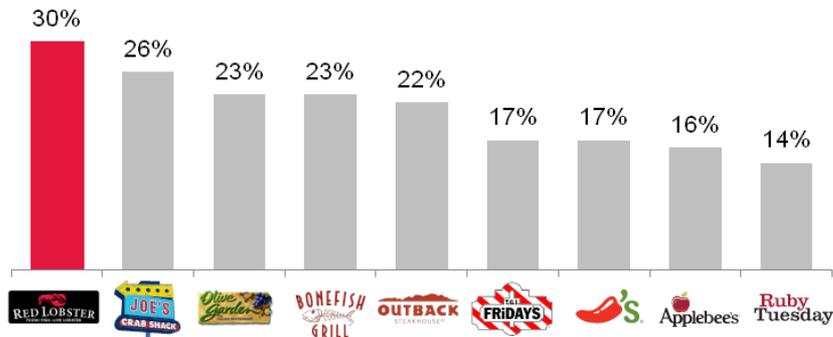
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster is the clear leader in casual dining seafood, and the most indispensable brand among major casual dining concepts, further indicating strong consumer loyalty.

Healthy and Recently Remodeled Restaurant Base

- Over \$320 million invested in remodels covering >90% of restaurants over the past 8 years.
- \$1.4 billion in overall capital expenditure investment over the past 10 years.
- New Bar Harbor format has strong appeal across customer base.
- 100% of restaurants are cash flow positive.

Indispensability vs. Peers

Indispensability (How difficult it would be for me to ‘give up’ ever going there again) - % very difficult (10 out of 10) shown



New Bar Harbor Format

Before



After



Management Team

Red Lobster is led by an experienced management team with prior success leading the brand.



Kim Lopdrup
CEO
(31 years in Restaurant Industry)

- Kim served as President of Red Lobster from FY2005 to FY2011, a period of consistent, above-market growth for the brand
- Prior to his return to Red Lobster, Kim served as President of Specialty Restaurant Group and New Business
- Before joining Darden, Kim served as EVP and COO of North America for Burger King, and at Dunkin' Brands as VP of Marketing and CEO of its international division
- BBA, College of William & Mary; MBA with distinction, Harvard Business School



Salli Setta
President
(28 years in Restaurant Industry)

- Salli was named President of Red Lobster in July of 2013
- Prior to her promotion to President, Salli served as Red Lobster's EVP of Marketing, before which she held numerous roles in Marketing and Culinary at Olive Garden during its turnaround, including VP Marketing and SVP Culinary and Beverage
- 24 years of experience in restaurant marketing, advertising and menu development; named "Menu Strategist of the Year" in 2003; recipient of three Menu Masters' Awards and a Silver Effie for her work on the "Hospitaliano" ad campaign
- BA, University of Central Florida; MBA, Florida Institute of Technology



Bill Lambert
CFO
(12 years in Restaurant Industry)

- Bill served as CFO of Red Lobster from FY2006 to FY2010
- Prior to his return to Red Lobster, Bill served as CFO of LongHorn Steakhouse
- Prior to joining Darden and Red Lobster, Bill spent 21 years with Federated Department Stores in various roles including CFO of Macy's Central
- BS, Duke University; MBA, University of Michigan



Chip Wade
EVP
Operations
(30 years in Restaurant Industry)

- Darryl "Chip" Wade is EVP of Operations at Red Lobster
- Previously, Chip held positions in Enterprise Operations at Darden and as SVP of its Smokey Bones brand
- Outside of Darden, Chip previously served as COO of Legal Sea Foods and in various operations management roles at TGI Friday's
- BA, Widener University; MBA, University of Texas



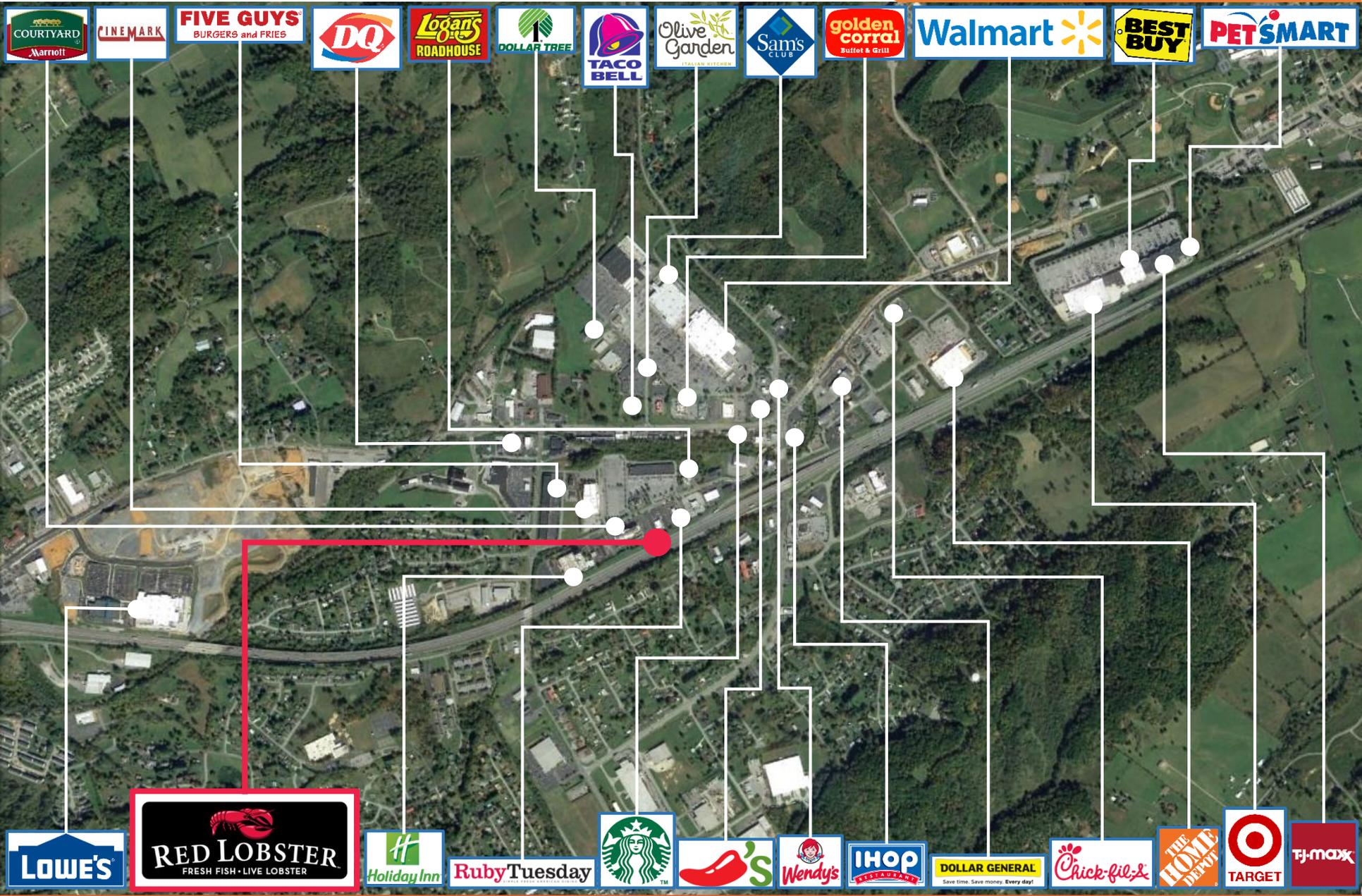
GOLDEN GATE CAPITAL

- Golden Gate Capital (GGC) is a San Francisco-based Private Equity firm with over \$15 billion of capital under management.
- GGC has been one of the most active acquirers of multi-unit restaurant and retail companies.
 - Over the past 10 years, GGC has invested in restaurant and retail companies with annual revenues in excess of \$15 billion.
- GGC's investors include leading educational endowments, non-profit foundations, and selected entrepreneurs and managers.
- Investment approach is to partner with strong management teams to acquire strong, established brands with an opportunity to grow earnings through better execution, productivity improvements and unit growth.
- Excellent track record with acquiring and growing divisions of corporations.

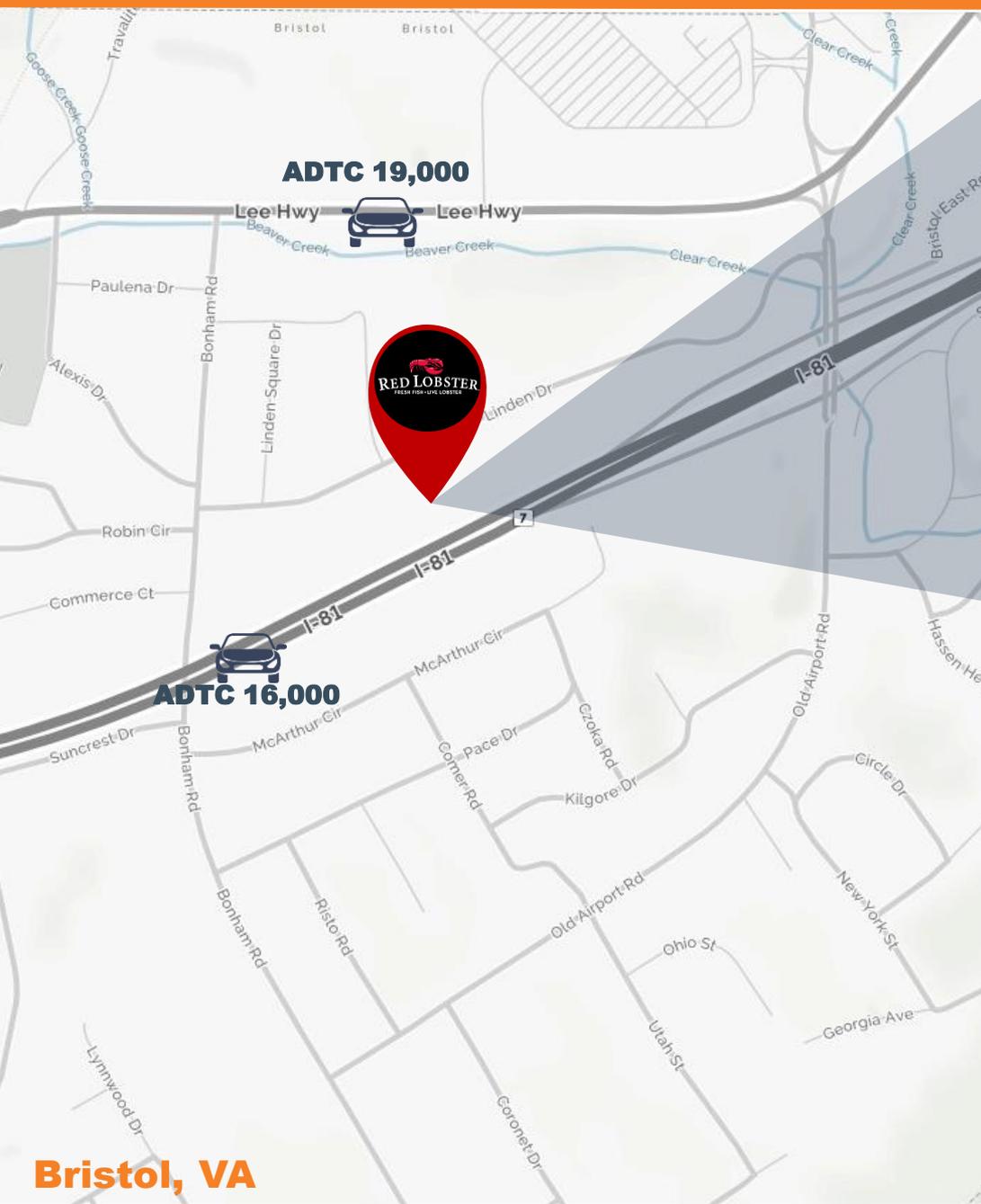
Select Restaurant Investments

Restaurant Private Equity Investments





This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2017 Marcus & Millichap



HIGHLIGHTS

- Major National Tenants In Surrounding Area: Best Buy, Walmart, Target, Home Depot, Lowe’s, Sam’s Club
- Traffic Counts | Lee Highway | Average of 19,000 Vehicles Daily
- Sugar Hallow Park | Within Two Miles of Subject Property | Bristol’s Busiest Public Park
- John S. Battle High School | Within Two Miles of Subject Property | Annual Enrollment Exceeding 700 Students

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Contura Energy Inc	2,300
Equipment District	1,000
Bristol Compressors Intl LLC	750
Metal Castings Co	688
Monarch Pharmaceuticals Inc	667
Virginia Dept Transportation	489
Pfizer	435
Snack Alliance Inc	400
Universal Fibers Inc	381
Strongwell Corporation	350
Yukon Coal Company	342
Bristol Virginia Pub Schools	300

Bristol, VA



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2017 Marcus & Millichap

This Red Lobster is located at 3167 Linden Drive in Bristol, Virginia. Bristol is an independent city, with the twin city of Bristol, Tennessee, just across the state line which runs down the middle of its main street.

Surrounding Retail and Points of Interest

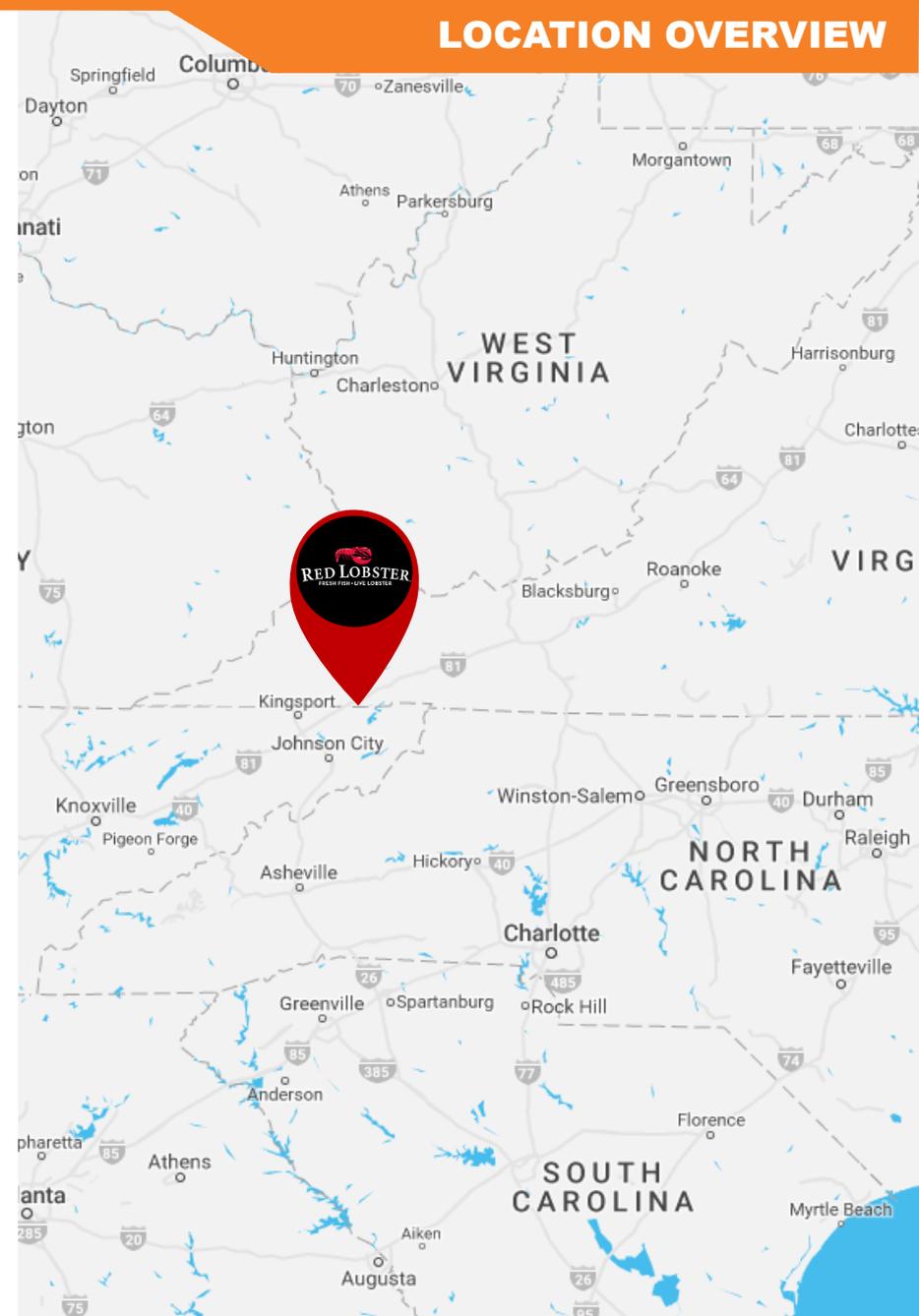
The subject property is well-positioned in a dense retail corridor, benefiting from its proximity to major national and local retailers. Major national tenants that surround the Red Lobster property include: Walmart, Target, Lowe's, Holiday Inn, Sam's Club, The Home Depot, Best Buy, T.J.Maxx, Starbucks, Olive Garden, IHOP, Dollar Tree, Taco Bell, Dairy Queen, Outback Steakhouse, Golden Corral, Cinemark, Cracker Barrel, as well as many others. The Birthplace of Country Music, established to preserve and promote the rich music heritage Bristol has to offer, is located within five miles from the subject property. John S. Battle High School, with nearly 700 students enrolled, is located less than two miles from the subject property. Additionally, Sugar Hollow Park, one of Bristol's main attractions, with softball & soccer fields plus a pool, playground, campsites and picnic areas galore is located just two miles from the subject property.

Traffic Counts and Demographics

There are approximately 15,548 individuals residing within a three-mile radius of the property and more than 41,454 within a five-mile radius. The Red Lobster property is located near Lee Highway. Lee Highway has average daily traffic counts of 19,000 vehicles.

Bristol, Virginia

Bristol's vibrant downtown is where unique cultural and historical heritage is celebrated; where a sustainable vigorous economy is enjoyed; and where the quality of life is enhanced by abundant opportunities for living, working, shopping and playing. Bristol's economy is dominated by the industries of Healthcare, Retail and Accommodations, which combine to employ over 40% of the region's working population. A number of programs have been instituted to promote the purchase and investment in real property as well as job creation. Tax incentives are given for businesses for real asset reinvestment. An expansive technical infrastructure adds to the attractiveness of Bristol, Virginia as a location for business growth and investment. Bristol has seen an increase in tourism traffic, with significant progress made to the establishment of the Battle of Blountville Civil War Military Park, and the restoration of the Old Sheriff's Home nearing completion. Qore Systems, Chris Renee Cosmetics, Crown/Dash Ventures, and Love's Travel Stop have also invested heavily in the region, adding hundreds of jobs for all skill levels.

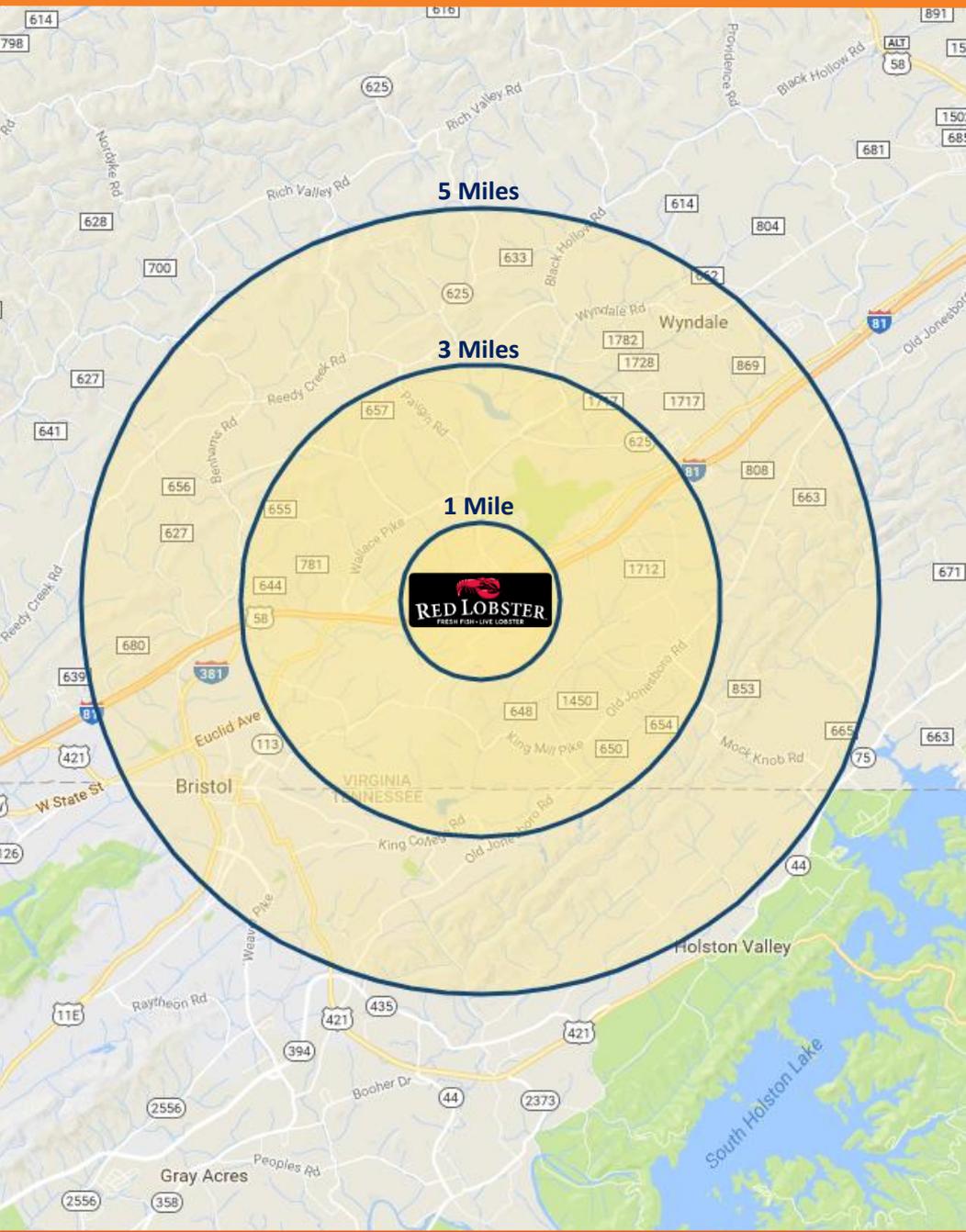




This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2017 Marcus & Millichap



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2017 Marcus & Millichap



	1 Miles	3 Miles	5 Miles
POPULATION			
2022 Projection	2,188	16,161	42,177
2017 Estimate	2,093	15,548	41,454
2010 Census	2,151	15,813	42,060
2000 Census	1,858	14,655	40,334
INCOME			
Average	\$57,563	\$65,117	\$56,136
Median	\$46,992	\$49,035	\$39,355
Per Capita	\$24,856	\$27,568	\$24,062
HOUSEHOLDS			
2022 Projection	951	6,918	18,048
2017 Estimate	904	6,578	17,595
2010 Census	940	6,733	17,864
2000 Census	828	6,153	17,161
HOUSING			
2017	\$118,805	\$133,319	\$117,552
EMPLOYMENT			
2017 Daytime Population	4,146	16,706	48,163
2017 Unemployment	2.71%	4.05%	4.63%
2017 Median Time Traveled	21	21	21
RACE & ETHNICITY			
White	93.61%	93.45%	92.28%
Native American	0.04%	0.04%	0.02%
African American	1.76%	2.80%	3.97%
Asian/Pacific Islander	2.12%	1.36%	0.95%



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2017 Marcus & Millichap

confidentiality & disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may

be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or

asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation or M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

Bryn Merrey

M&M REIS of Washington, D.C.

7200 Wisconsin Avenue,
Suite 1101

Bethesda, MD 20814

Tel: 202-536-3700

Fax: 202-536-3710

License: 0225215804



exclusively listed

Marcus & Millichap