

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



215 E Merritt Island Causeway – Merritt Island, FL 32952

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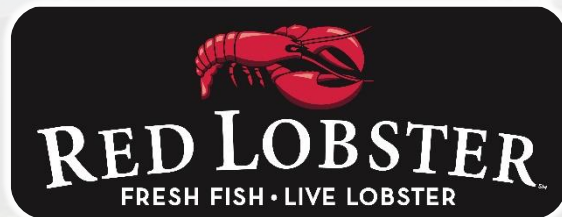
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Financial Analysis

PRICE: \$5,383,161 | CAP: 5.25% | RENT: \$282,616



Property Description

Property	Red Lobster
Property Address	215 East Merritt Island Causeway
City, State, ZIP	Merritt Island, FL 32952
Year Built / Renovated	1973/2012
Building Size	8,336
Lot Size	+/- 1.84 Acres
Type of Ownership	Fee Simple

The Offering

Purchase Price	\$5,383,161
CAP Rate	5.25%
Annual Rent	\$282,616

Lease Summary

Property Type	Net Leased Casual Dining
Tenant	Red Lobster Restaurants, LLC
Guarantor	Red Lobster Intermediate Holdings, LLC
Ownership Type	Private
Original Lease Term	25 Years
Lease Commencement	12/17/2015
Lease Expiration	7/31/2039
Lease Term Remaining	+/- 21 Years
Lease Type	Triple-Net (NNN)
Rental Increases	2% Annually
Roof & Structure	Tenant Responsible
Options to Renew	Four, Five-Year Options

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 5*	\$282,617*	\$23,090*	2.00%
Year 6	\$288,269	\$23,551	2.00%
Year 7	\$294,034	\$24,022	2.00%
Year 8	\$299,915	\$24,503	2.00%
Year 9	\$305,913	\$24,993	2.00%
Year 10	\$312,031	\$25,493	2.00%
Year 11	\$318,272	\$26,003	2.00%
Year 12	\$324,638	\$26,523	2.00%
Year 13	\$331,130	\$27,053	2.00%
Year 14	\$337,753	\$27,594	2.00%
Year 15	\$344,508	\$28,146	2.00%
Year 16	\$351,398	\$28,709	2.00%
Year 17	\$358,426	\$29,283	2.00%
Year 18	\$365,595	\$30,466	2.00%
Year 19	\$372,906	\$31,076	2.00%
Year 20	\$380,365	\$31,697	2.00%
Year 21	\$387,972	\$32,331	2.00%
Year 22	\$395,731	\$32,978	2.00%
Year 23	\$403,646	\$33,637	2.00%
Year 24	\$411,719	\$34,310	2.00%
Year 25	\$419,953	\$34,996	2.00%

*The annual rent is set to increase to \$282,617 on August 1st, 2018



Investment Highlights

PRICE: \$5,383,161 | CAP: 5.25% | RENT: \$282,616

Property Address: 215 E Merritt Island Causeway – Merritt Island, FL 32952

About the Investment

- ✓ Long-Term, 25-Year Absolute Triple Net (NNN) Lease With 21 Years Remaining
- ✓ Long-Term Site History | Site Has Been in Operation Since 1973
- ✓ Tax Free State
- ✓ Recent Renovation | Site Underwent Extensive Renovations in 2012
- ✓ Corporate Tenant | Corporate Guarantee

About the Location

- ✓ Freestanding Property | Benefits from Excellent Frontage Along East Merritt Island Causeway
- ✓ Compelling Location Fundamentals | Just Miles from NASA's John F. Kennedy Space Center and Cape Canaveral Air Force Station
- ✓ Strong Traffic Counts | Over 49,000 Vehicles Per Day on East Merritt Island Causeway
- ✓ Major Retailers in Close Proximity | Merritt Square Mall, BJ's, Home Depot, Publix in Immediate Area On East Merritt Island Causeway

About the Tenant / Brand

- ✓ Approximately 700 Locations With \$2.5 Billion in Revenue
- ✓ Red Lobster Founded in 1968
- ✓ Red Lobster Has Approximately 50% Market Share in Seafood Casual Dining Sector
- ✓ Recently Acquired By Golden Gate Capital (2014) | Over \$15 Billion Under Management



Representative Photo



Representative Photo

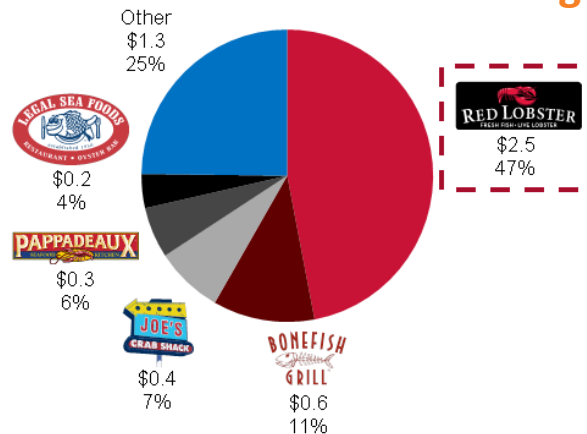
Tenant Overview



- 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.

~50% Share in Seafood Casual Dining

(\$ in billions)



General Information – Red Lobster

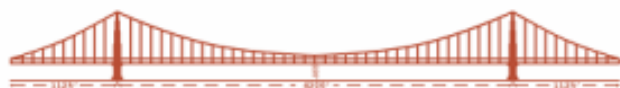
Headquarters	Orlando, FL
Website	www.redlobster.com
Revenue	\$2.5 Billion
Locations	+/- 700



Tenant Overview

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 net worth and >\$200M of liquidity.
- Golden Gate Capital has a long, successful track record and significant experience with multi-unit restaurant and retail businesses.



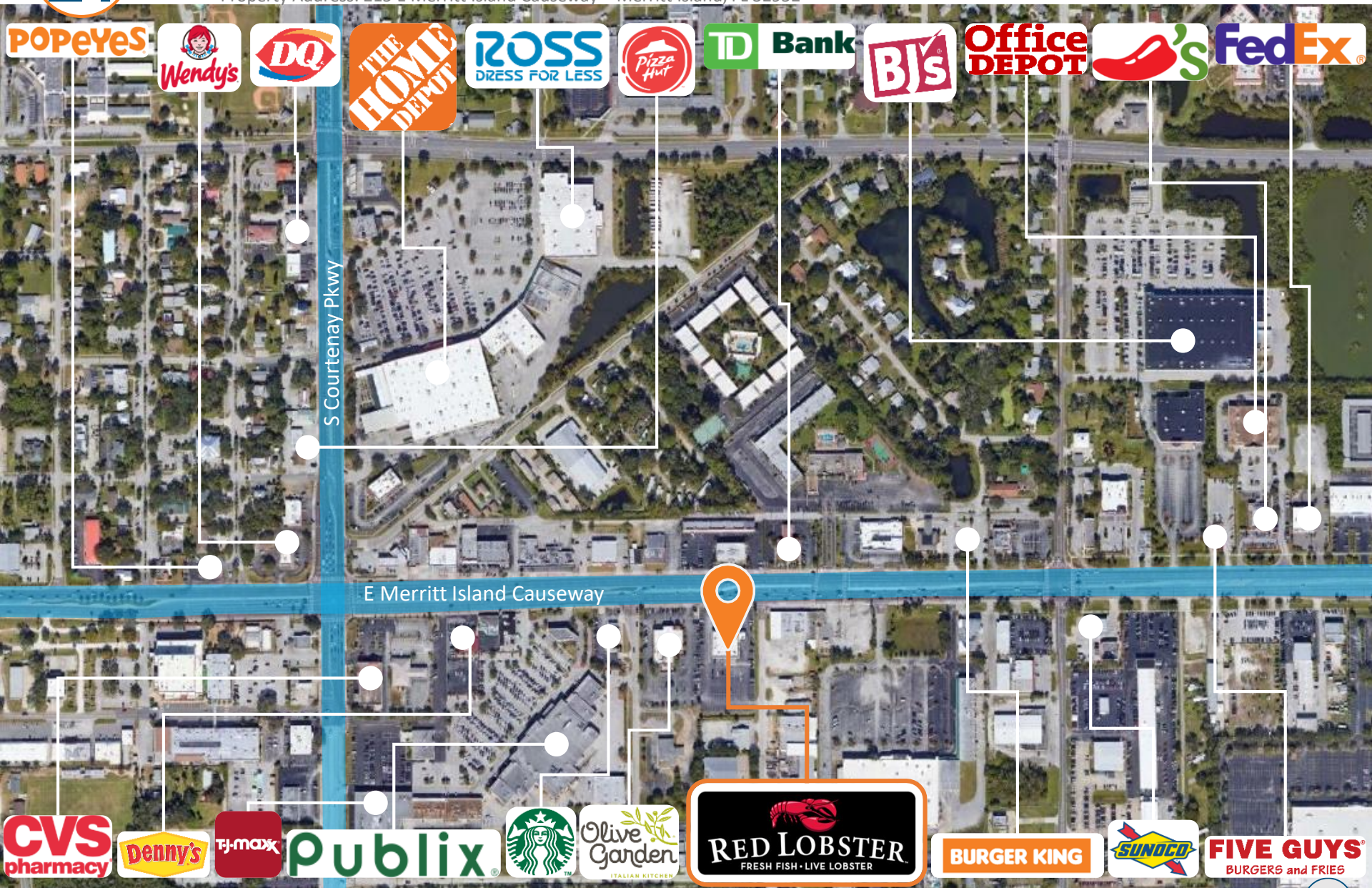
GOLDEN GATE CAPITAL





Surrounding Area

Property Address: 215 E Merritt Island Causeway – Merritt Island, FL 32952





Surrounding Area Photos

Property Address: 215 E Merritt Island Causeway – Merritt Island, FL 32952





Location Overview

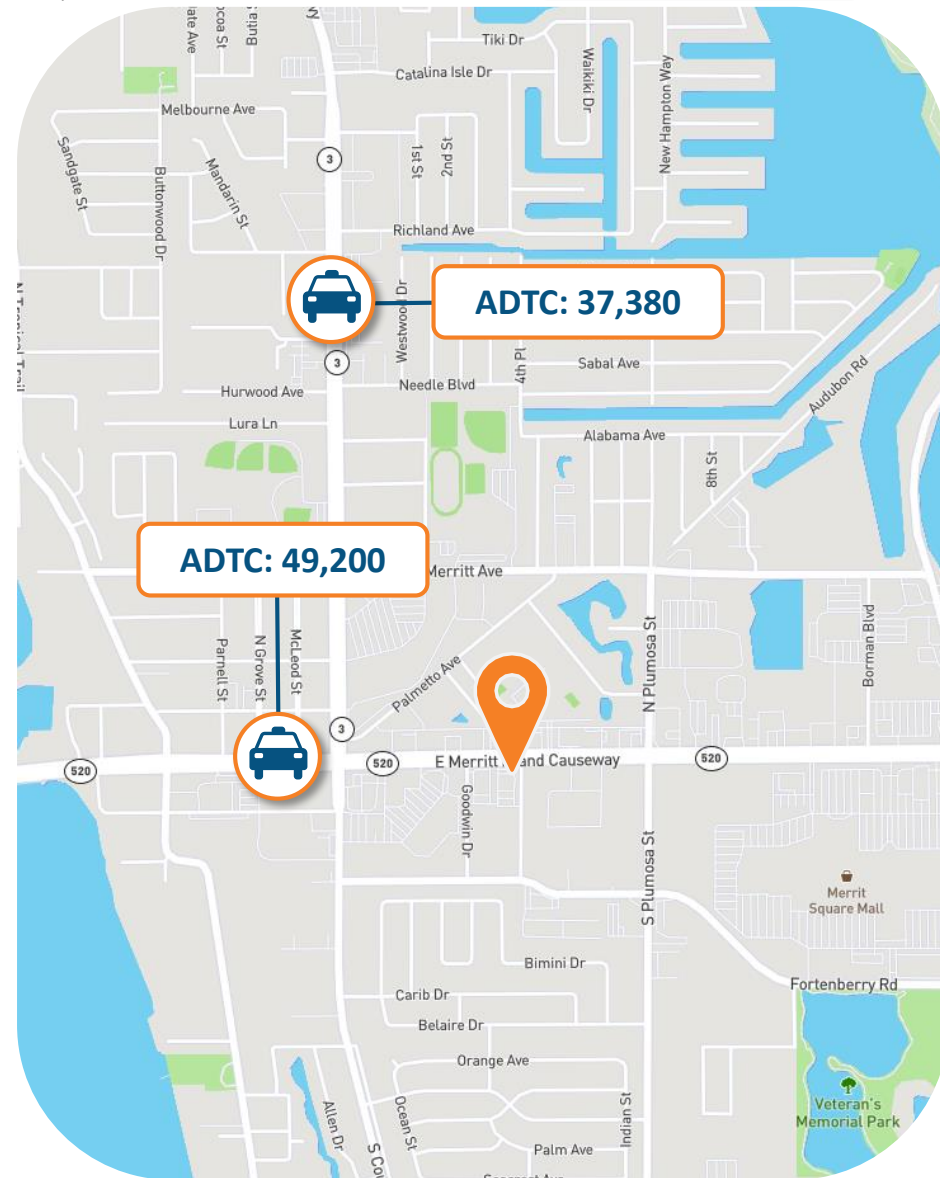
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The subject investment property is situated on E Merritt Island Causeway, which boasts average daily traffic counts exceeding 49,000 vehicles respectively. E Merritt Causeway intersects with N Courtenay Pkwy and is located near E Merritt Ave, which brings an additional 37,380 and 14,050 vehicles into the immediate area on average daily. There are more than 36,600 individuals residing within a three-mile radius of the property and more than 83,700 individuals within a five-mile radius.

The subject property benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants, malls, and local beaches, all within close proximity of this property. Major national tenants include: Publix, Home Depot, TJ Maxx, Walgreens, BJ's, Office Depot, Wendy's, and Burger King. This Red Lobster also benefits from being just miles away from many of Merritt Islands tourist attractions and the main tourist hub.

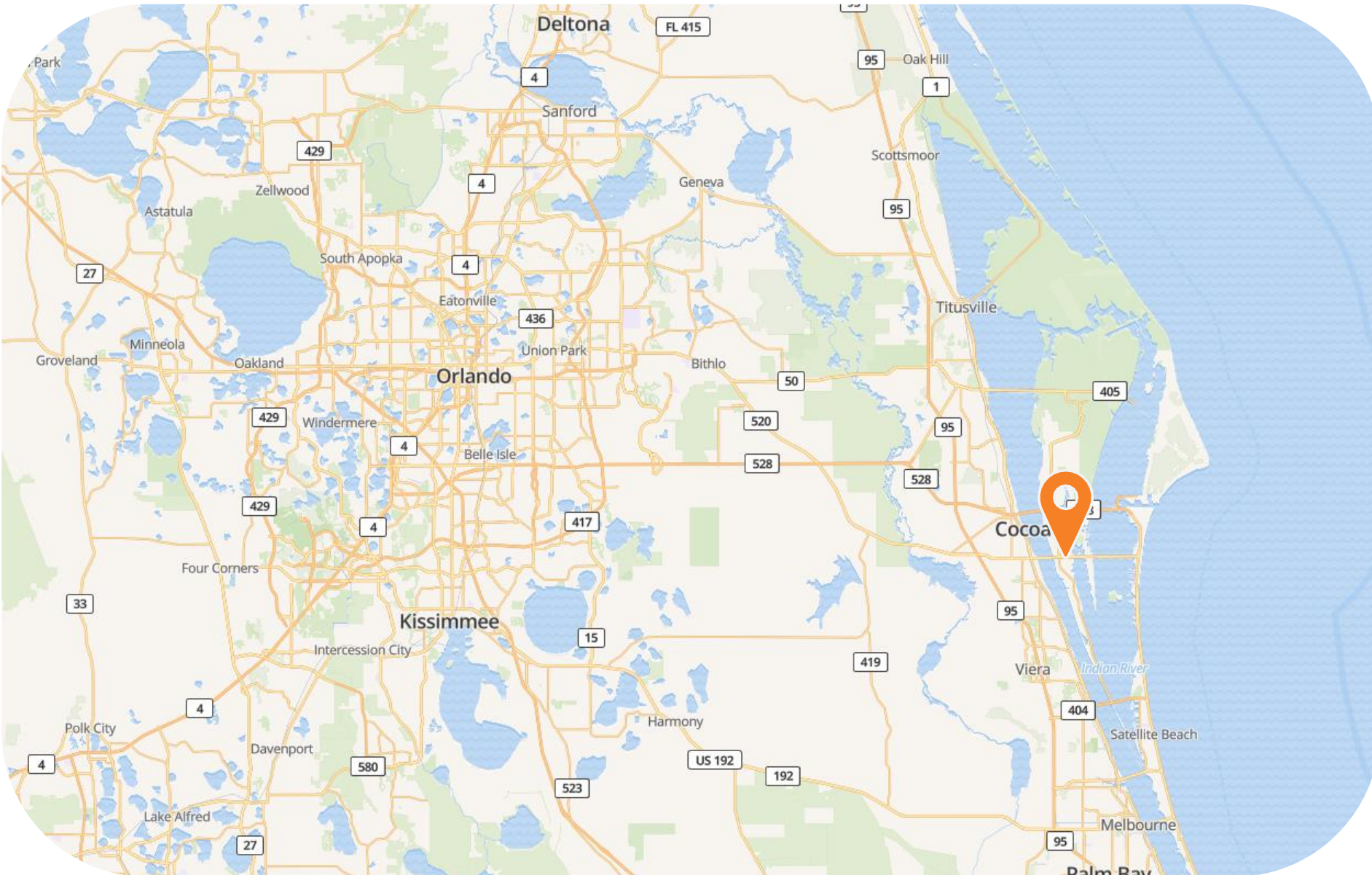
Merritt Island, a city in Brevard County, Florida, is situated on the eastern Floridian coast, along the Atlantic Ocean. Merritt Island is Florida's largest barrier island, which is home to NASA's John F. Kennedy Space Center, Cape Canaveral Air Force Station, as well as the National Wildlife Refuge which is located on the northern part of the island. The Kennedy Space Center is a major attraction which brings large amounts of tourist traffic onto the island due to its Space Center Visitor Complex, where tourists can meet astronauts, enjoy space shuttle simulations, and even watch rockets blast off. Cape Canaveral Air Force Station and the Merritt Island National Wildlife refuge are also located on the island, which both attract tourism as well. Cocoa Beach is also located on Merritt Island which is the quintessential beach town for families to enjoy beach leisure, deep sea fishing, eco-tour adventures, golf, historic sites, shopping, and much more. Orlando, Florida is also under an hour northwest of Merritt Island. Orlando is one of the worlds most visited tourist destinations due to it being called "The Theme Park Capital of the World". Attractions are Walt Disney World, Universal Studios, and Universal Orlando Resorts. Merritt tends to attract a lot of Orlando's tourist traffic due to the fact that it is on the coastline and is one of the nearest beach communities in proximity to Orlando. Its similar family-based attractions make it a great destination for vacations as well of for people from inland Florida to travel to.





Local Map

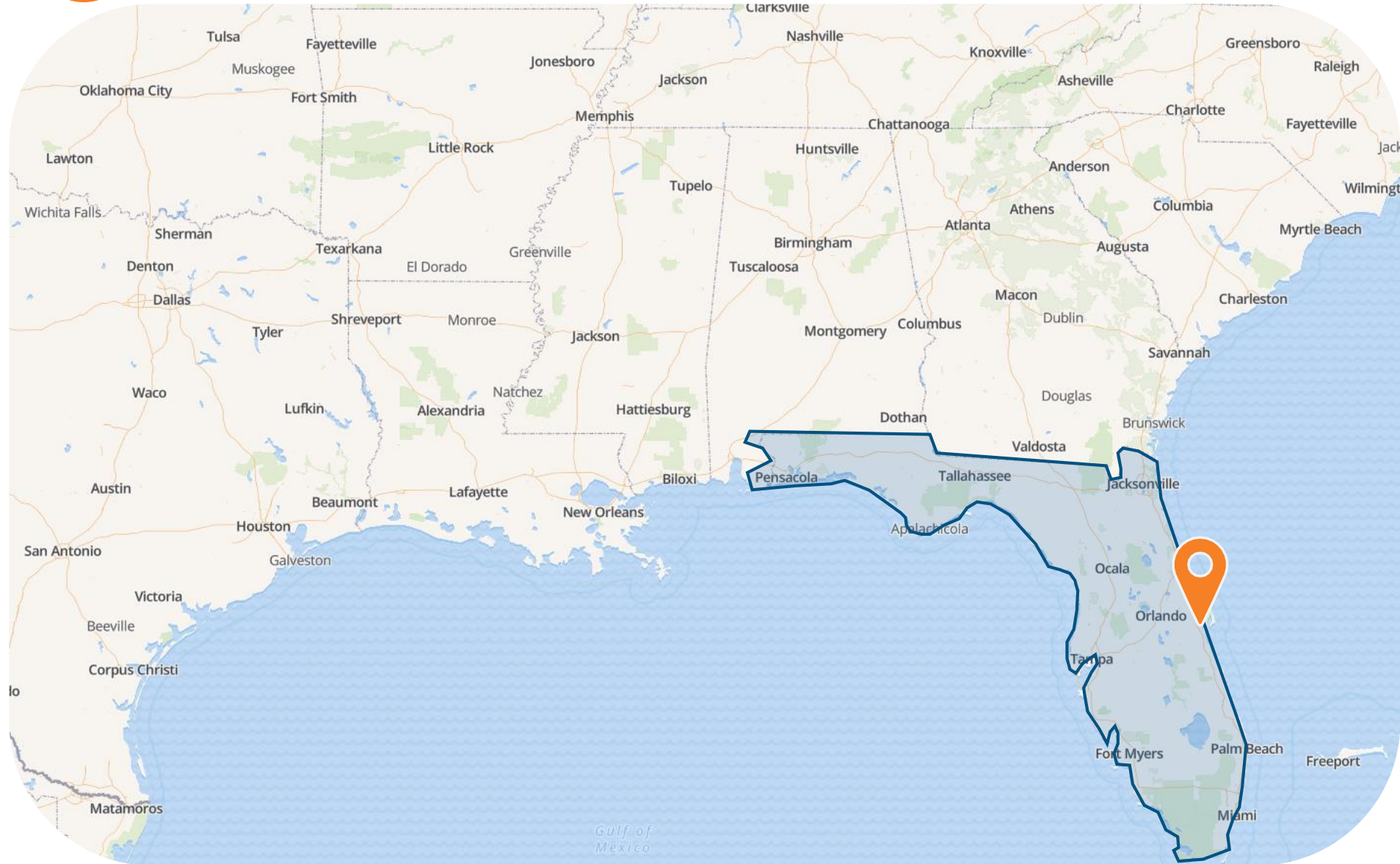
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Regional Map

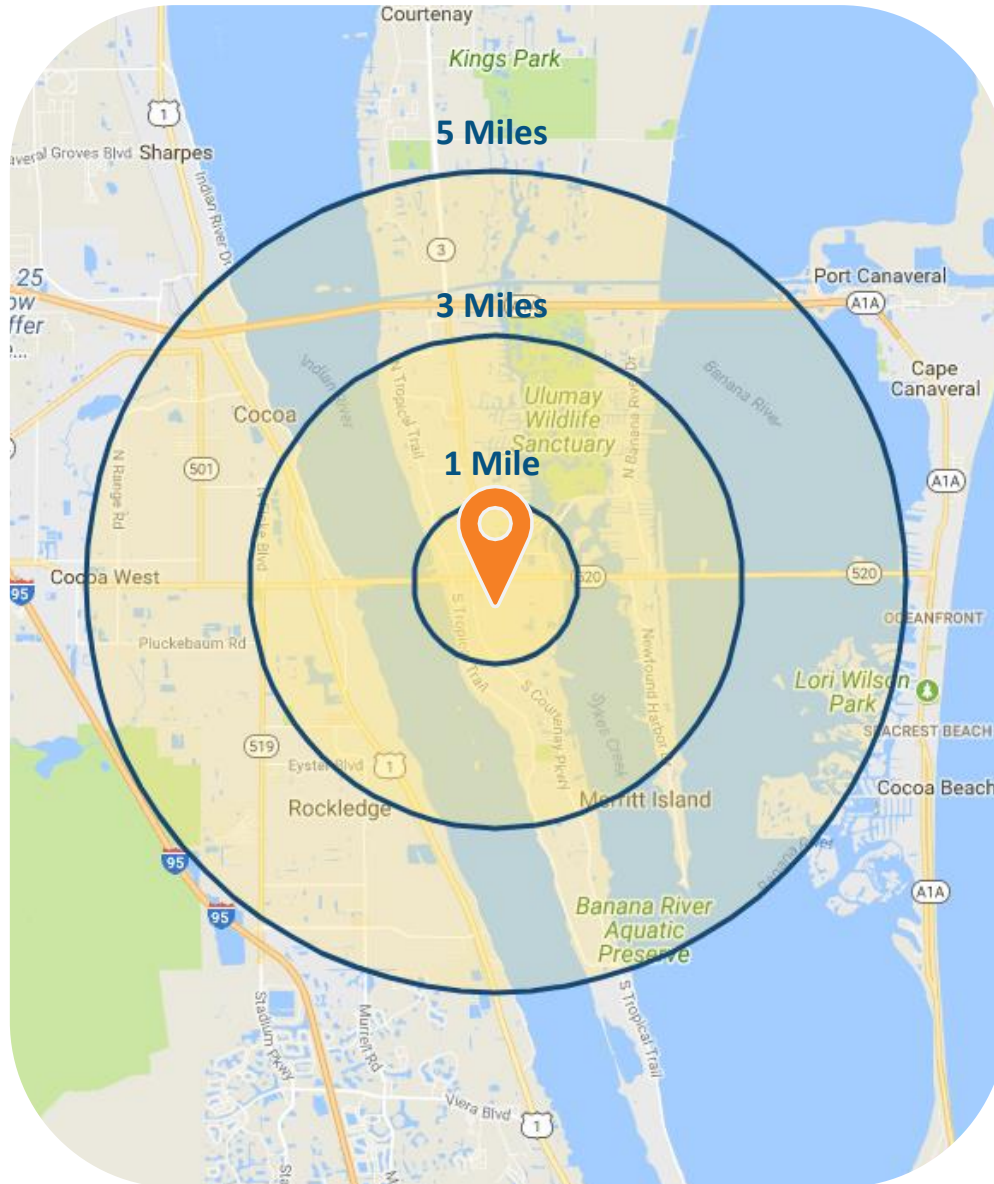
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Demographics

Property Address: 215 E Merritt Island Causeway – Merritt Island, FL 32952



POPULATION

2022 Projection	6,717	36,427	86,791
2017 Estimate	6,774	36,615	83,777
2010 Census	6,672	35,684	80,968
2000 Census	7,317	38,351	77,450

INCOME

Average	\$56,375	\$66,593	\$68,945
Median	\$42,316	\$47,143	\$49,416
Per Capita	\$26,545	\$29,283	\$28,721

HOUSEHOLDS

2022 Projection	3,179	16,152	36,468
2017 Estimate	3,187	16,027	34,762
2010 Census	3,133	15,611	33,626
2000 Census	3,452	16,383	31,604

HOUSING

2017	\$168,813	\$178,955	\$172,214
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EMPLOYMENT

2017 Daytime Population	12,813	48,249	91,967
2017 Unemployment	5.17%	5.56%	5.88%
2017 Median Time Traveled	22 Mins	24 Mins	25 Mins

RACE & ETHNICITY

White	88.85%	79.52%	76.17%
Native American	0.15%	0.18%	0.28%
African American	4.03%	12.85%	14.97%
Asian/Pacific Islander	1.67%	2.03%	2.25%

1 Mile 3 Miles 5 Miles



Market Overview

City: Merritt Island | County: Brevard | State: Florida

Merritt Island, Florida

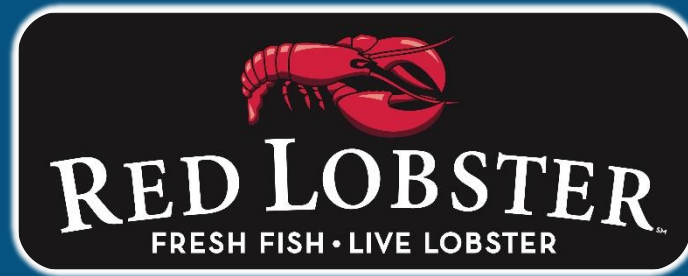


Merritt Island is a city located on the eastern Floridian coast along the Atlantic Ocean and is Florida's largest barrier island. The area is a quaint beach community that draws in a lot of tourism due to its many attractions such as NASA's John F. Kennedy Space Center, Cape Canaveral Air Force Station, as well as great wildlife attractions. The Kennedy Space Center and Cape Canaveral Station have given Merritt Island the nickname of the "Space Coast". The Island also boasts great beaches such as Cocoa, Satellite, Canova, and Melbourne beach. Merritt Island also is known for its shopping attractions, which also caters to the large tourist influx onto the island. The Merritt Island National Wildlife Refuge also sits on the island and offers 140,000 acres of U.S National Wildlife Refuge and contains over 1,000 species of plants, 117 species of fish, 68 amphibians and reptiles, 330 birds, and 31 mammal species. This area also provides hiking and driving trails for the public and also is a gateway site for the Great Florida Birding Trail.

Merritt Island is located within Brevard County and has several schools such as five elementary schools, Thomas Jefferson Middle School, Edgewood Junior/Senior High School, and Merritt Island High School. Merritt Island also has its own unique library district which adds to the area's historic nature. The southern end of the island offers the majority of residences, as well as light commercial and industrial areas. The island is only accessible by causeways and drawbridges at all points, one being E Merritt Island Causeway. Merritt Island Airport is also located on the southern end of the island, and is a general aviation use airport. Merritt is also surrounded by many upscale beach communities such as Viera Beach and Indian Harbour Beach, which both boast fairly affluent communities for the area.

Major Employers

Employer	Estimated # of Employees
Terracon Consultants He	3,580
Wuesthoff Med Center-Rockledge	2,500
Schf Not-Fr-Profit Wind-Down Inc	1,148
Cape Canaveral Hospital Inc	775
Parks and Recreation Dept	624
Alorica Customer Care Inc	563
Efsc	550
Public Safety Dpt- Fire Stn 41	500
Schf Health Services Inc	500
Sykes Creek Division	500
Brevard Achievement Center Inc	470



Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING

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