



Red Lobster
11 West Montgomery Cross Road
Savannah, Georgia 31406

Representative Photo



OFFERING MEMORANDUM

Marcus & Millichap

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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.

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Executive Summary | Investment Highlights

Property Name	Red Lobster
Location	11 W Montgomery Cross Roads Savannah, GA 31406
Price	\$4,155,878
CAP Rate	6.75%
NOI	\$280,522
Price Per SF	\$516
Building Size	7,970 sq ft
Lot Size	0.60 acres
Date of Remodel	April-2013

Marcus & Millichap is pleased to present the exclusive listing for Red Lobster located at 11 West Montgomery Cross Roads in Savannah, Georgia. The property is 7,970 square feet and is situated on approximately 0.60 acres of land.

This Red Lobster is subject to a 25-year triple-net (NNN) lease, with roughly 20 years remaining on the lease. Current annual rent is \$280,522. The rent is scheduled to increase by two percent annually, including through the four, five year tenant renewal options.

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 of experience across the 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.

Long-Term Triple-Net Lease | Above Market Lease Term

This Red Lobster is subject to a brand new 25-year absolute triple-net (NNN) lease, with 20 years remaining.

Corporate Guarantor | 704 Locations in the US & Canada

The lease is subject to a corporate guarantee, adding additional security throughout the term of the lease, through 704 corporate locations.

Attractive Rental Increases & Renewal Options

The rent will increase by two percent annually, including through the four, five year tenant renewal options, providing investors with a strong inflation hedge.





- 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 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

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

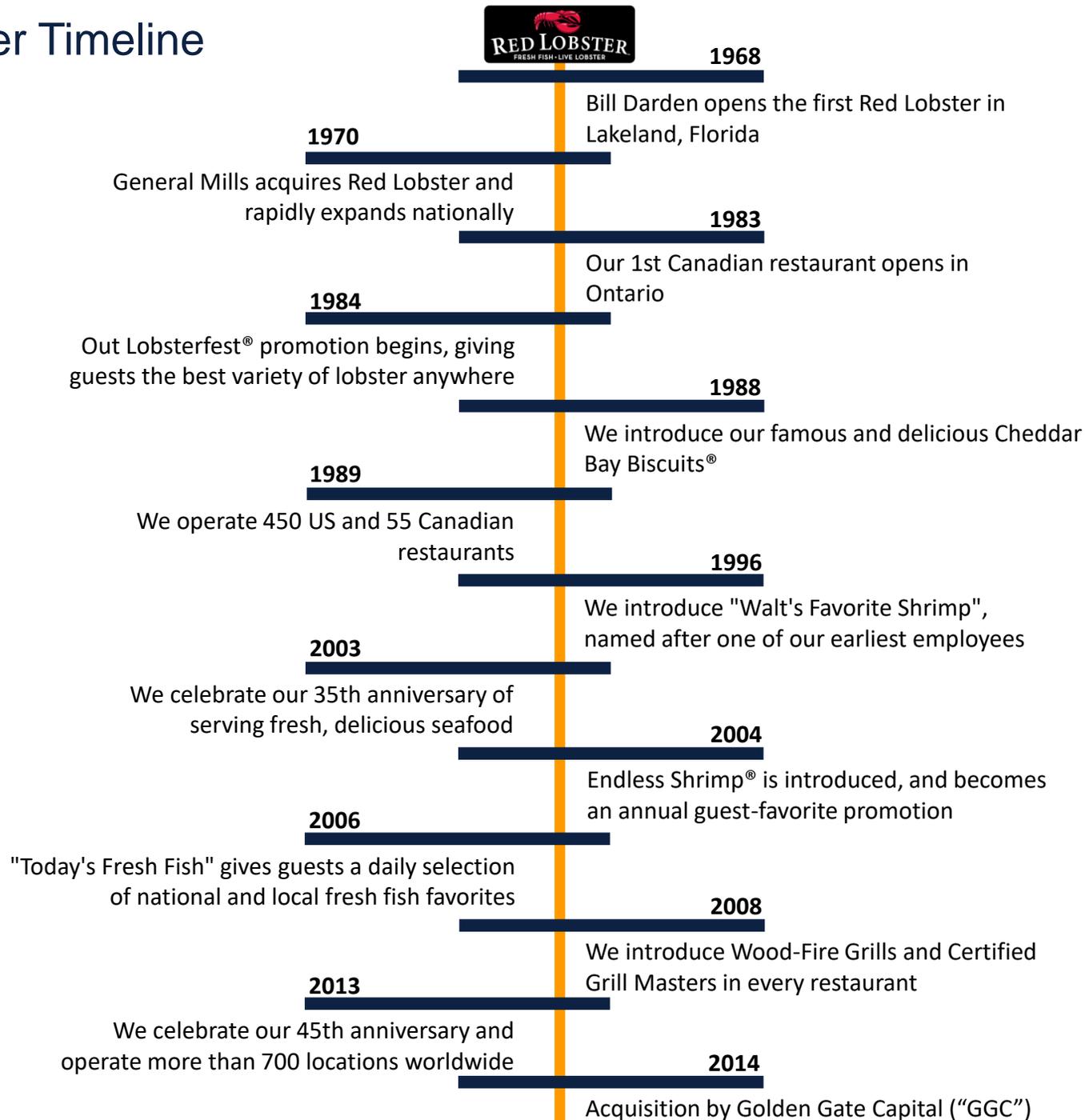
We hold ourselves to the highest standards for service, quality and a welcoming atmosphere. And we're focused on doing what's right – for our employees, in our communities and in the world.

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

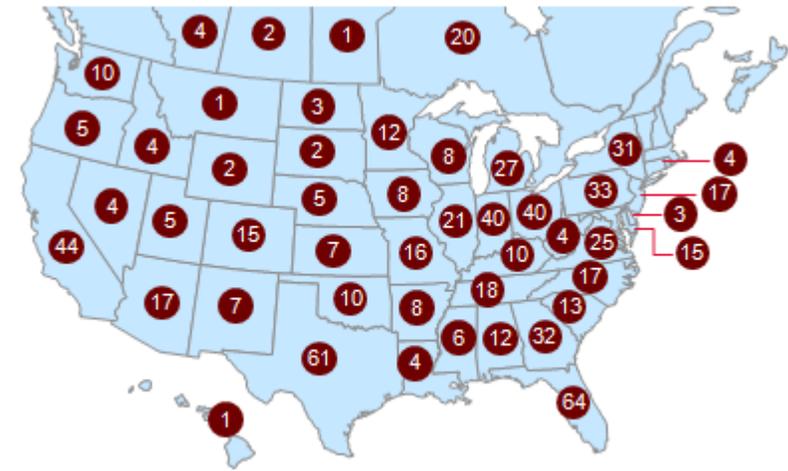


Tenant Overview

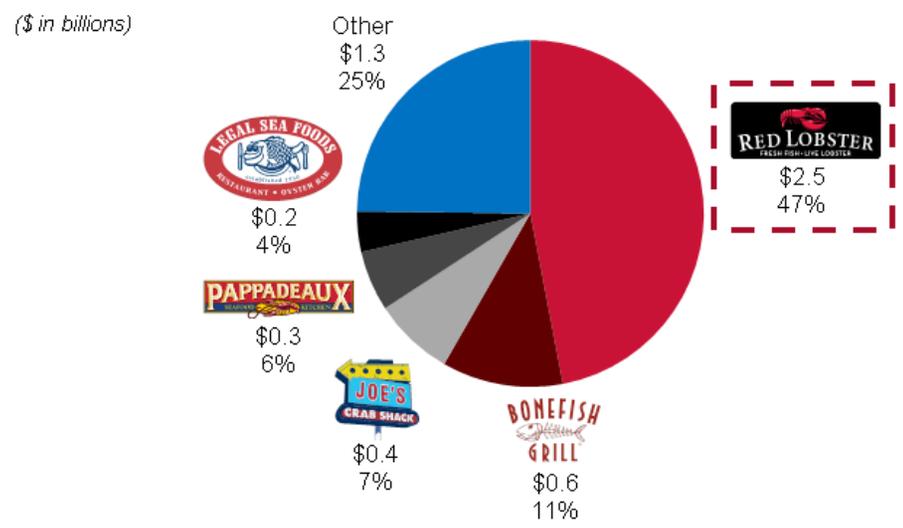
Strong Market Position

- Red Lobster is the largest seafood restaurant concept in the world with over \$2.5 billion in annual sales and 704 restaurants.
 - \$2.5B LTM Sales.
 - \$3.5M AUV.
- 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.

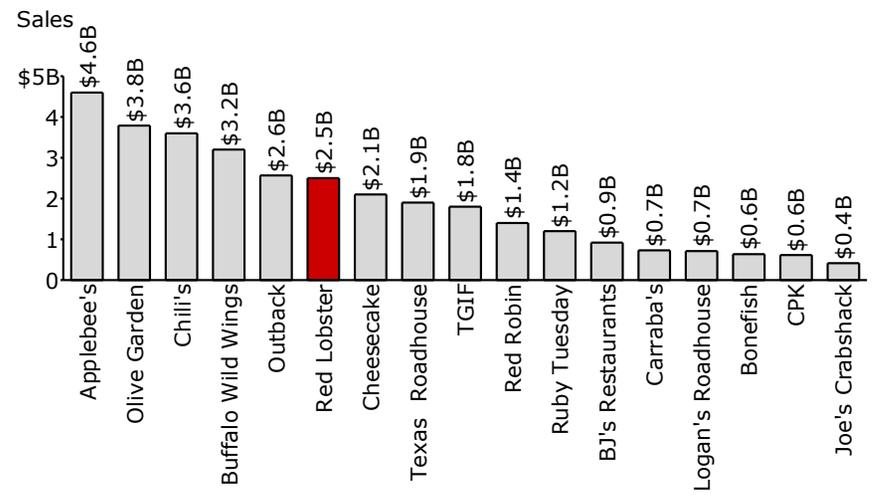
Significant Scale With Broad Geographic Reach



~50% Share in Seafood Casual Dining



6th Largest Casual Dining Concept in the US



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Tenant Overview

Iconic Brand With Unparalleled Customer Loyalty

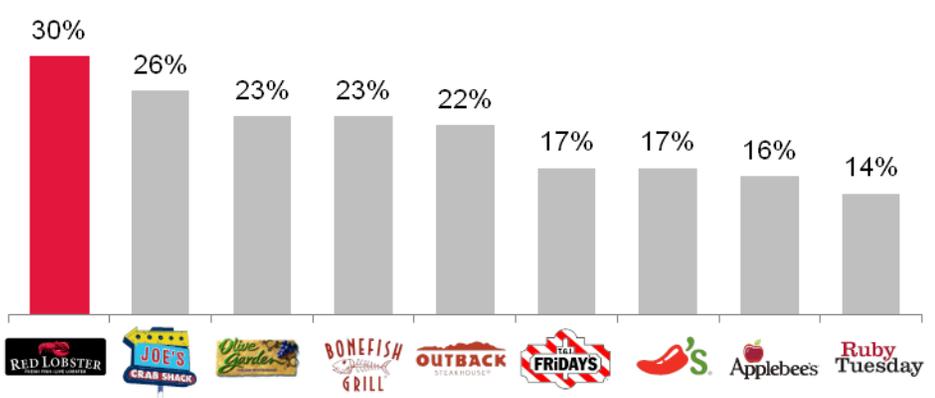
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster 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 7 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



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Tenant Overview

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

	Name <i>Title</i>	Industry Tenure <i>(Darden)</i>	Biography
	Kim Lopdrup <i>CEO</i>	31 (15)	<ul style="list-style-type: none"> • Recently served as President of Specialty Restaurant Group and New Business – high growth area of strong brands for Darden • Served as President of Red Lobster from 2005 to 2011, a period of rapidly-rising guest satisfaction and record profitability • Prior to joining Darden, served as EVP and COO of North America for Burger King and CEO of the International Division of Dunkin' Brands • BBA degree, College of William and Mary; MBA with distinction, Harvard University
	Salli Setta <i>President</i>	28 (28)	<ul style="list-style-type: none"> • Became President of Red Lobster in July 2013 • Prior to becoming President, served as Red Lobster's EVP of Marketing for 8 years • From 1990 to 2005, held various management positions at Olive Garden, during which time she was instrumental to the brand's turnaround • Named <i>Restaurant Business</i>' "Menu Strategist of the Year" in 2003 • Bachelor's degree, University of Central Florida; MBA, Florida Institute of Technology
	Bill Lambert <i>Chief Financial Officer</i>	12 (12)	<ul style="list-style-type: none"> • Bill served as CFO of LongHorn Steakhouse since 2010 • Prior to leading LongHorn, Bill served as CFO of Red Lobster from 2006 through 2010 • Previously, Bill spent 21 years with Macy's • BS, Duke University; MBA, University of Michigan
	Chip Wade <i>EVP, Operations</i>	30 (16)	<ul style="list-style-type: none"> • Served as EVP of Operations for Red Lobster since 2012 • Served as COO of Legal Sea Foods from 2004-2006 • Bachelor's degree, Widener University; MBA, University of Texas
	Tom Gathers <i>Chief People Officer</i>	38 (29)	<ul style="list-style-type: none"> • Recently served as SVP HR for Specialty Restaurant Group and LongHorn Steakhouse • Served as EVP of HR for RARE Hospitality International from 1998 to 2007 • Bachelor's degree, Indiana University of Pennsylvania; Master's degree, University of Miami
	Horace Dawson <i>EVP, General Counsel</i>	21 (14)	<ul style="list-style-type: none"> • Recently served as VP and Division General Counsel Employment and Litigation of Darden • Bachelor's degree, JD and MBA, Harvard University



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 and Retail Investments



Financial Offering Summary

Property Name	Red Lobster
Property Type	Net Leased Restaurant
Ownership	Private Private Equity Sponsor
Tenant	Red Lobster Restaurants, LLC
Guarantor	Red Lobster Intermediate Holdings, LLC
Lease Term	25 Years
Lease Commencement	7/28/2014
Lease Expiration	7/31/2039
Lease Term Remaining	20 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Options to Renew	Four, Five Year Option Periods
Rental Increases	Two Percent Annually

Annualized Operating Data

Rent Increases	Annual Rent	Monthly Rent
Year 6	\$280,522	\$23,377
Year 7	\$286,132	\$23,844
Year 8	\$291,855	\$24,321
Year 9	\$297,692	\$24,808
Year 10	\$303,646	\$25,304
Year 11	\$309,719	\$25,810
Year 12	\$315,913	\$26,326
Year 13	\$322,231	\$26,853
Year 14	\$328,676	\$27,390
Year 15	\$335,249	\$27,937
Year 16	\$341,954	\$28,496
Year 17	\$348,794	\$29,066
Year 18	\$355,769	\$29,647
Year 19	\$362,885	\$30,240
Year 20	\$370,142	\$30,845
Year 21	\$377,545	\$31,462
Year 22	\$385,096	\$32,091
Year 23	\$392,798	\$32,733
Year 24	\$400,654	\$33,388
Year 25	\$408,667	\$34,056
Annual Rent		\$280,522
CAP Rate		6.75%
Price		\$4,155,878

Location Highlights | Property Description

- ❖ Strong Traffic Count in the Area | 40,445 and 36,385 Vehicles a Day Respectively
- ❖ Located In a Dense Retail Corridor | Major National Retailers Include: JCPenney, Best Buy, Sears, Barnes and Noble, Chick-fil-A, Kohl's, Kmart, Toy's "R" Us, T.J. Maxx, Bed Bath and Beyond
- ❖ Over 12.1 Million Visitors to the City Annually
- ❖ Savannah | Oldest City in Georgia | Industrial Center and Atlantic Seaport

This Red Lobster property is located at 11 West Montgomery Cross Road in Savannah, Georgia. Savannah is the oldest city in the state of Georgia and is the county seat of Chatham county. Today, Savannah is an industrial center and an important seaport. It is Georgia's fifth-largest city and third-largest metropolitan area. Each year, Savannah attracts millions of tourists due to its rich history with the American Revolution and American Civil War.

There are approximately 55,800 people within a three-mile radius of this property and more than 129,100 within a five-mile radius. West Montgomery Cross Road experiences traffic counts of over 40,455 vehicles daily. Running perpendicular to West Montgomery Cross Road is Abercorn Street which has an additional daily traffic count of 36,385 vehicles. Nearby is Oglethrope Mall, a super regional shopping mall with 948,000 square feet and over 150 stories.

The subject property is well-positioned in a dense retail corridor, benefitting from its proximity to major national and local retailers. Major national retailers in the area include: CVS, Sonic,, Kmart, Food Lion, Pep, Starbucks, Cadillac,, CarMax, La Quinta, FedEx, Best Buy, Kohl's, Haverty's, Michaels,, Office Depot, Party City, Dollar Tree, Kroger, Dick's Sporting Goods, Toy's "R" Us, Bed Bath and Beyond, T.J. Maxx, JCPenney, Forever 21, Payless Shoesource, Macy's, Barnes and Noble, Bank of America, Chick-fil-A, Sears, and many others. Hunter Army Airfield, a military airfield with over 5,000 soldiers on station is located approximately four miles from the Red Lobster.

Today, the Port of Savannah, the military, and the tourism and manufacturing industries are Savannah's four major economic drivers. In 2006, the Savannah Area Convention & Visitors Bureau reported over 6.85 million visitors to the city during the year. By 2011, the Bureau reported that the number of annual visitors to the city attracted increased to 12.1 million. Lodging, dining, entertainment, and visitor-related transportation account for over \$2 billion in visitors' spending per year and employ over 17,000 individuals. Savannah is also home to the Gulfstream Aerospace company, maker of private jets, as well as various other large industrial interests. During 2009-2014, Savannah was North America's fourth largest port for shipping container traffic.



Aerial Photo | Surrounding Area



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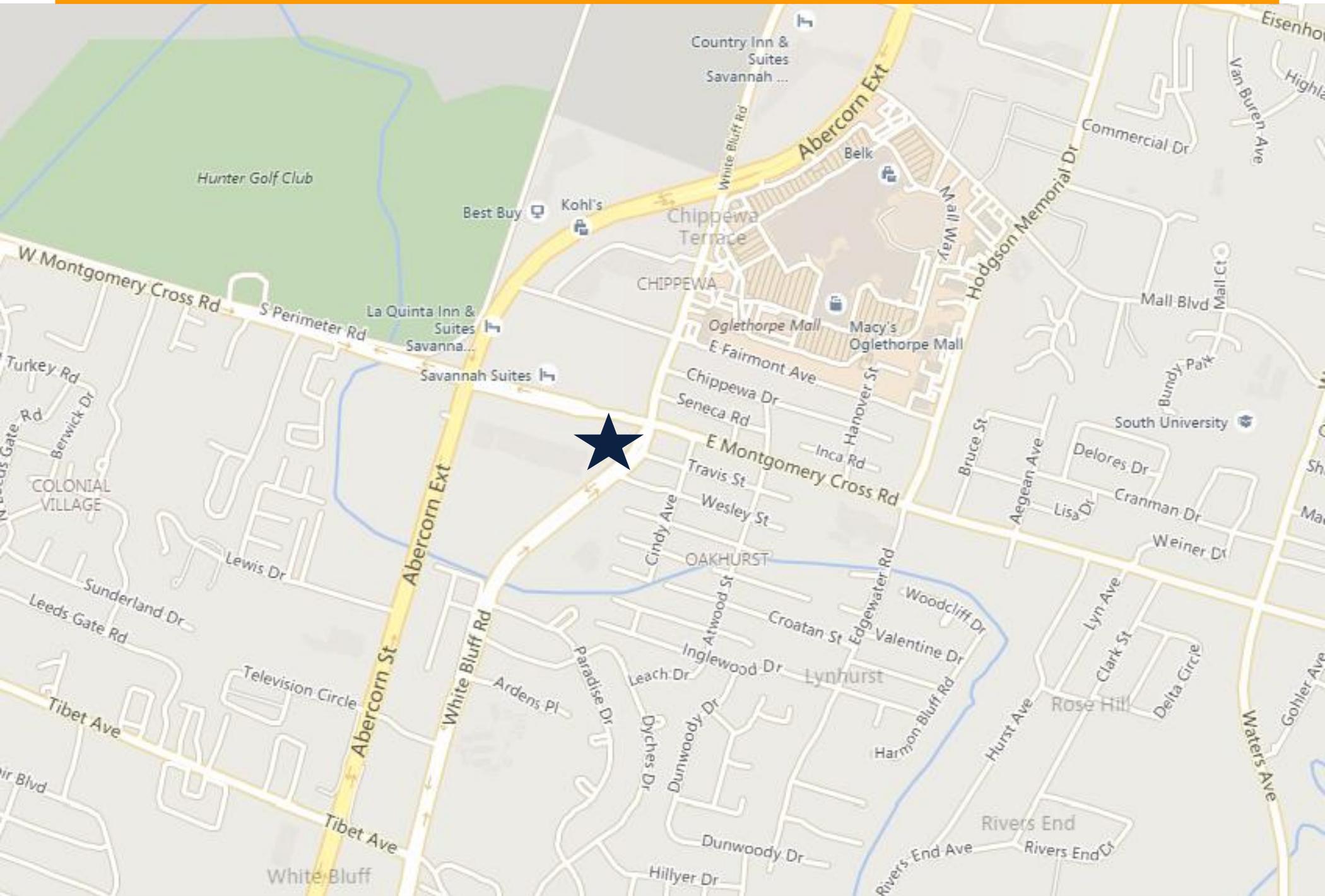
Property Photo



Surrounding Area Photos

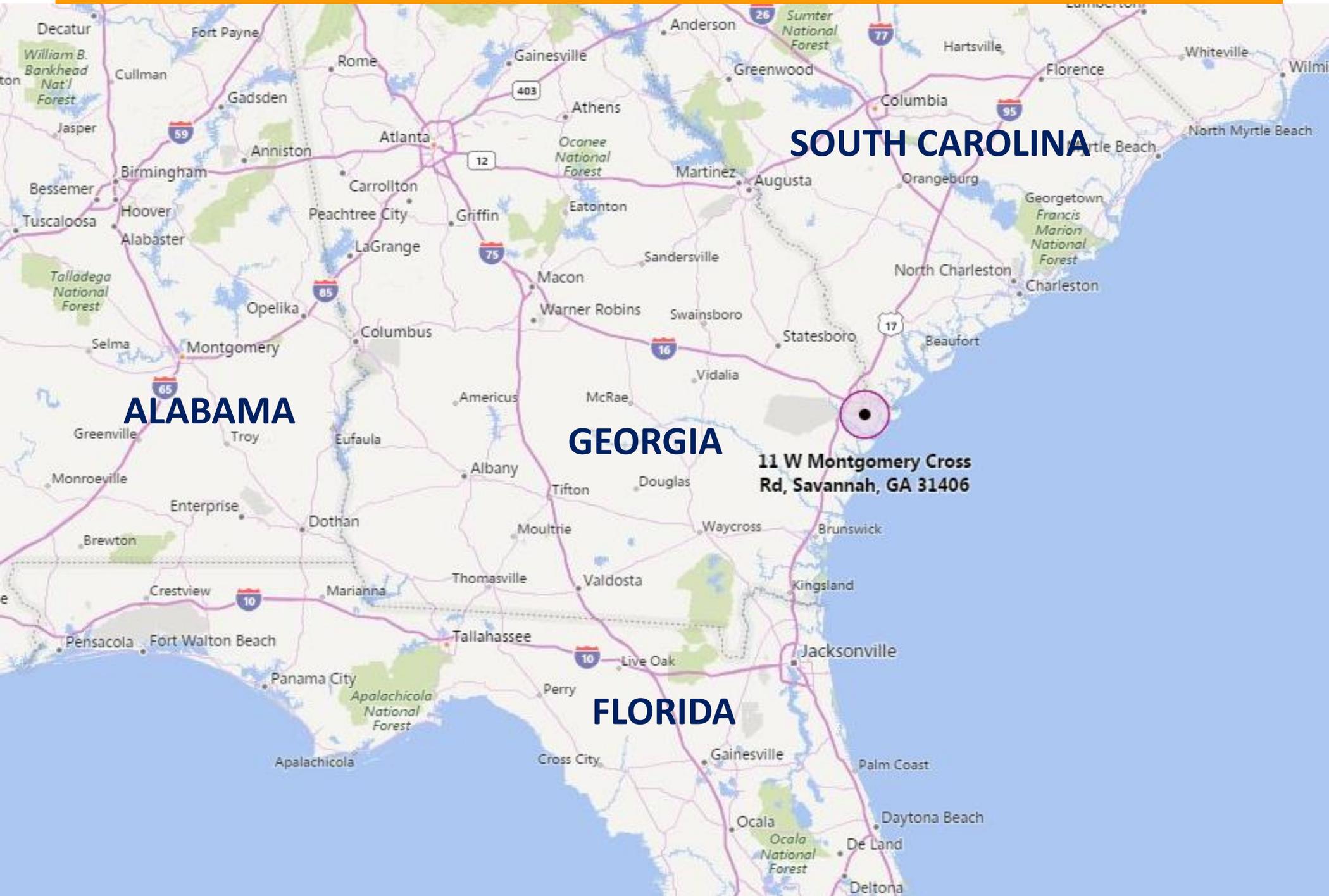


Local Map



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Regional Map



11 W Montgomery Cross Rd, Savannah, GA 31406

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Demographic Summary Report



Population

In 2014, the population in your selected geography is 129,106. The population has changed by 3.69% since 2000. It is estimated that the population in your area will be 129,720 five years from now, which represents a change of 0.47% from the current year. The current population is 47.29% male and 52.70% female. The median age of the population in your area is 33.0, compare this to the Entire US average which is 37.3. The population density in your area is 1,644.30 people per square mile.

Income

In 2014, the median household income for your selected geography is \$35,166, compare this to the Entire US average which is currently \$51,972. The median household income for your area has changed by 3.77% since 2000. It is estimated that the median household income in your area will be \$38,518 five years from now, which represents a change of 9.53% from the current year.

The current year per capita income in your area is \$21,495, compare this to the Entire US average, which is \$28,599. The current year average household income in your area is \$53,311, compare this to the Entire US average which is \$74,533.

Employment

In 2014, there are 57,943 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 57.45% of employees are employed in white-collar occupations in this geography, and 42.52% are employed in blue-collar occupations. In 2014, unemployment in this area is 9.25%. In 2000, the average time traveled to work was 21.2 minutes.

POPULATION



	1-Mile	3-Mile	5-Mile
2010	8,292	53,283	123,564
2014	8,792	55,796	129,106
2019	8,708	55,712	129,721

2014 HOUSEHOLD INCOMES



	1-Mile	3-Mile	5-Mile
Average	\$45,483	\$52,275	\$53,312
Median	\$33,453	\$37,593	\$35,167

MAJOR EMPLOYERS IN SAVANNAH



Employer	# of Employees
Memorial Health Medical Center	5,473
Gulfstream Aerospace Corp	4,505
St. Joseph's/Candler	3,400

exclusively listed

Offering Memorandum | 11 West Montgomery Cross Roads, Savannah, Georgia 31406

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