



RED LOBSTER

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap



OFFERING MEMORANDUM



8210 Interstate 35 North, San Antonio, Texas 78239

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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.

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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.

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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.

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Investment Highlights

PRICE: \$7,232,855 | CAP: 5.50% | RENT: \$397,807



About the Investment

- ✓ Long-Term, 25-Year Absolute Triple Net (NNN) Lease with ~19.5 Years Remaining
- ✓ Corporate Guaranty (700+ Locations in U.S. & Canada)
- ✓ Attractive Two Percent (2.00%) Annual Rental Increases
- ✓ Four (4), Five (5)-Year Tenant Renewal Options

About the Location

- ✓ Dense Retail Corridor | Walmart, The Home Depot, Ross Dress For Less, Office Depot, Harbor Freight Tools, McDonald's, Walgreens, Olive Garden, Applebee's, CVS Pharmacy, Buffalo Wild Wings and Many More
- ✓ Nearby Several National Hotels | Holiday Inn Express, Drury Inn & Suites, Days Inn, Hampton Inn, Super 8, and Plenty More
- ✓ Robust Demographics | Population Exceeds 257,500 Individuals Within a Five-Mile Radius | Projected to Continue Growing
- ✓ Exceptional Real Estate Fundamentals | 6.5 Miles from San Antonio International Airport | Over 10 Million Passengers Annually
- ✓ Strong Traffic Counts Along Interstate-35 | 188,500 Vehicles Per Day

About the Tenant / Brand

- ✓ 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 705 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 \$2.4B in revenue and is the 7th largest casual dining concept in North America.



Representative Photo



Financial Analysis

PRICE: \$7,232,855 | CAP: 5.50% | RENT: \$397,807



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	8210 Interstate-35
City, State, ZIP	San Antonio, Texas 78239
Year Built	1980
Building Size	8,917
Lot Size	+/- 1.62 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$7,232,855
CAP Rate	5.50%
Annual Rent	\$397,807

LEASE SUMMARY

Property Type	Net Leased Casual Dining
Tenant	Red Lobster Hospitality, LLC
Guarantor	Red Lobster Intermediate Holdings, LLC
Original Lease Term	25 Years
Lease Commencement	December 17, 2015
Lease Expiration	July 31, 2039
Lease Term Remaining	19.5 Years
Lease Type	Absolute Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	2.00% Annually
Options to Renew	Four (4) Periods of Five (5) Years Each

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 6	\$397,806.98	\$33,150.58	-
Year 7	\$405,763.12	\$33,813.59	2.00%
Year 8	\$413,878.38	\$34,489.86	2.00%
Year 9	\$422,155.95	\$35,179.66	2.00%
Year 10	\$430,599.07	\$35,883.26	2.00%
Year 11	\$439,211.05	\$36,600.92	2.00%
Year 12	\$447,995.27	\$37,332.94	2.00%
Year 13	\$456,955.17	\$38,079.60	2.00%
Year 14	\$466,094.28	\$38,841.19	2.00%
Year 15	\$475,416.16	\$39,618.01	2.00%
Year 16	\$484,924.48	\$40,410.37	2.00%
Year 17	\$494,622.97	\$41,218.58	2.00%
Year 18	\$504,515.43	\$42,042.95	2.00%
Year 19	\$514,605.74	\$42,883.81	2.00%
Year 20	\$524,897.86	\$43,741.49	2.00%
Year 21	\$535,395.81	\$44,616.32	2.00%
Year 22	\$546,103.73	\$45,508.64	2.00%
Year 23	\$557,025.81	\$46,418.82	2.00%
Year 24	\$568,166.32	\$47,347.19	2.00%
Year 25	\$579,529.65	\$48,294.14	2.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster located at 8210 Interstate-35 in San Antonio, Texas. The site consists of roughly 8,917 rentable square feet of building space on estimated 1.62-acre parcel of land. The Red Lobster is subject to a 25-year absolute triple-net (NNN) lease, which commenced December 17, 2015. The annual rent will be \$397,807 on August 1, 2020 and is scheduled to increase by two percent (2.00%) annually throughout the base term and in each of the four (4), five (5)-year renewal options.

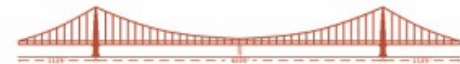
Tenant Overview



- 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.

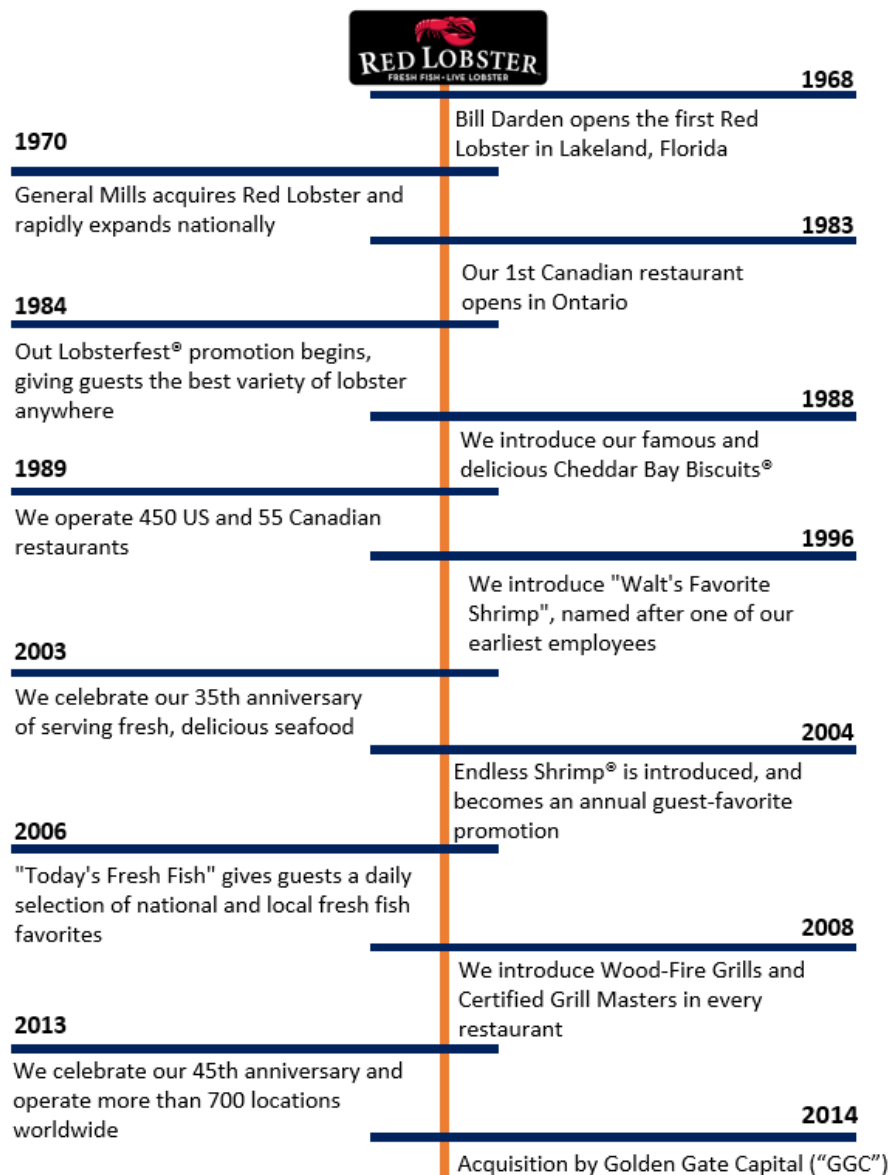
FRESH IS IN OUR COMMITMENT

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





Tenant Overview



Strong Market Position

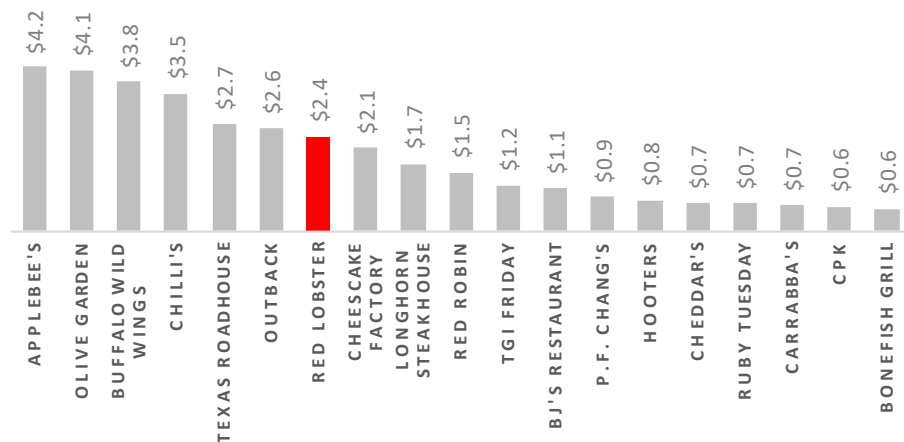
- Red Lobster is the largest seafood restaurant concept in the world with over \$2.4 billion in annual sales and over 700 restaurants.
- The Company is the category killer in the seafood casual dining space, holding almost 50% market share.
 - Largest share of any restaurant concept in any segment.
- Seventh largest overall casual dining concept in the US.

Significant Scale With Broad Geographic Reach



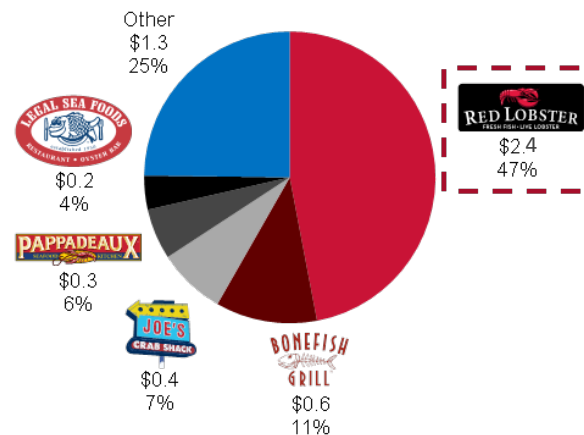
7th Largest Casual Dining Concept in the US

(\$ IN BILLIONS)



~50% Share in Seafood Casual Dining

(\$ in billions)





Tenant Overview



Iconic Brand With Unparalleled Customer Loyalty

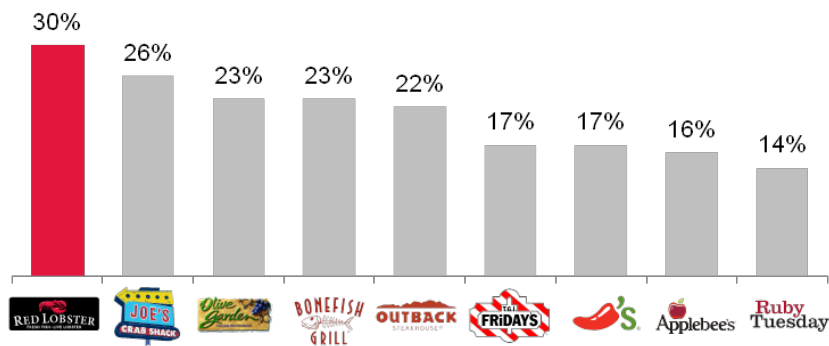
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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

Before



After





Management Team



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



Kim Lopdrup
CEO
(30 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
(27 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
(11 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
(29 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



About Golden Gate Capital



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





Surrounding Area

Property Address: 8210 Interstate 35 North, San Antonio, Texas 78239





Location Overview

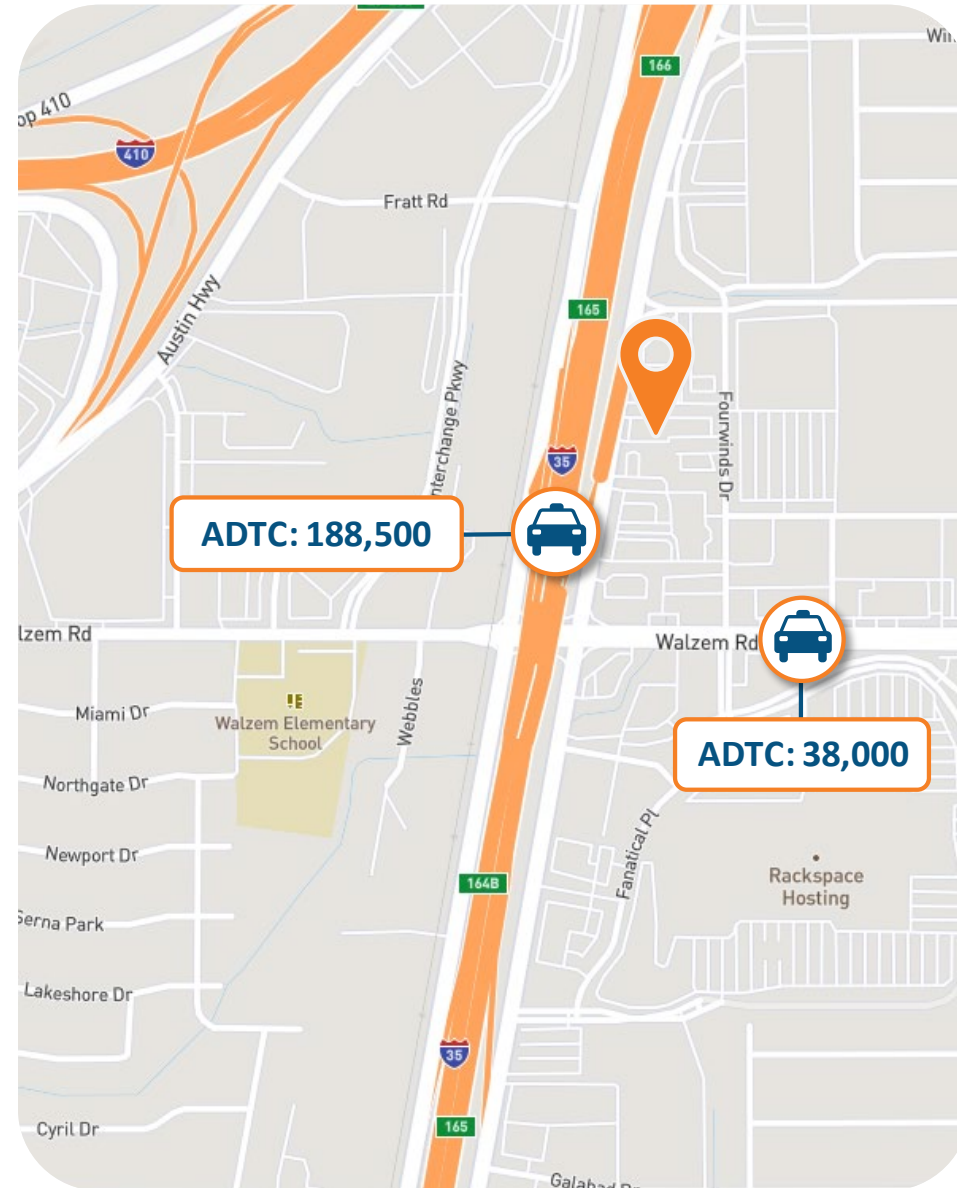
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The subject investment property is strategically located on Interstate-35, which brings an average of 188,500 vehicles per day to the immediate area. San Antonio is the seventh most populated city in the United States and the second most populated city in the state of Texas. Located in south-central Texas. Having nearly doubled over the last 35 years, San Antonio has a population of over 1.2 Million. The subject property benefits from its robust demographics and growing population. There are more than 95,500 individuals residing within a three-mile radius of the property and more than 257,500 individuals within a five-mile radius of the property.

The subject property benefits from being well-positioned in an extremely dense retail corridor with major national tenants including: Walmart, The Home Depot, Ross Dress For Less, Office Depot, Harbor Freight Tools, McDonald's, Walgreens, Olive Garden, Applebee's, CVS Pharmacy, Buffalo Wild Wings and many more. The property also benefits from its close proximity to major national hotels including: Holiday Inn Express, Drury Inn & Suites, Days Inn, Hampton Inn, Super 8, and many more. The subject property benefits from being located less than seven miles from San Antonio International Airport. The airport serves over 10 million passengers annually. The International Airport itself is an economic generator for the region, supporting more than 100,000 jobs and providing nearly \$1.6 billion in annual earnings for workers and proprietors.

San Antonio's economy is focused primarily within military, health care, civil service, oil & gas, and tourism. Over the past few years it has also grown as a significant manufacturing sector centered around automobiles. Located near downtown San Antonio is the South Texas Medical Center, which is a conglomerate of various hospitals, clinics, and research facilities. In terms of tourism, the city draws many people due to The Alamo and River Walk. San Antonio is home to six Fortune 500 companies such as Valero Energy, Tesoro Corp, USAA, and NuStar Energy. The Henry B Gonzalez Convention Center in the city hosts more than 300 events each year with over 75,000 convention delegates attending from all around the world. The city is also home to one of the largest concentrations of military bases in the United States. The defense industry in San Antonio employs over 89,000 and provides a \$5.25 billion impact to the city's economy.





Property Photo



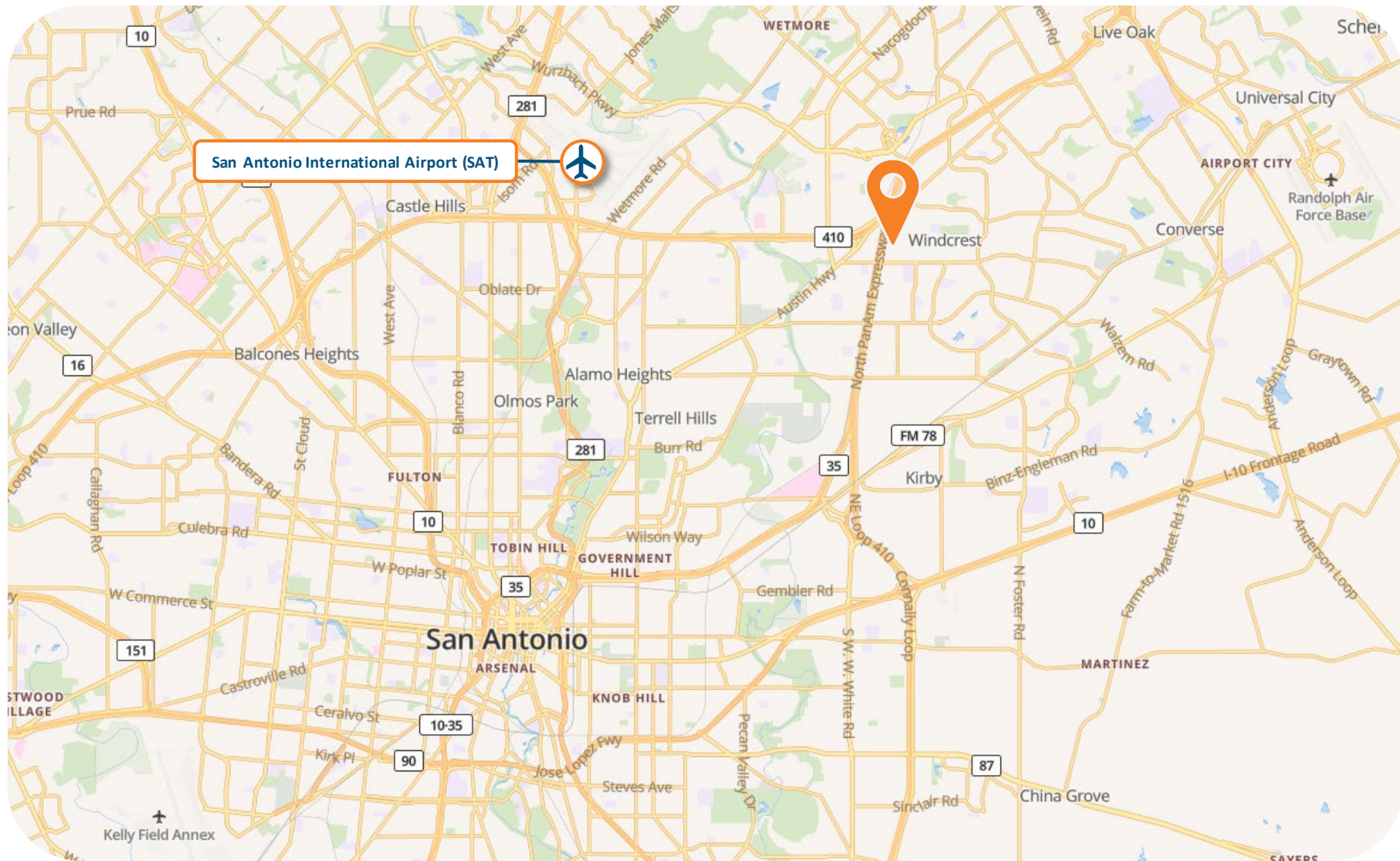


Surrounding Area Photos



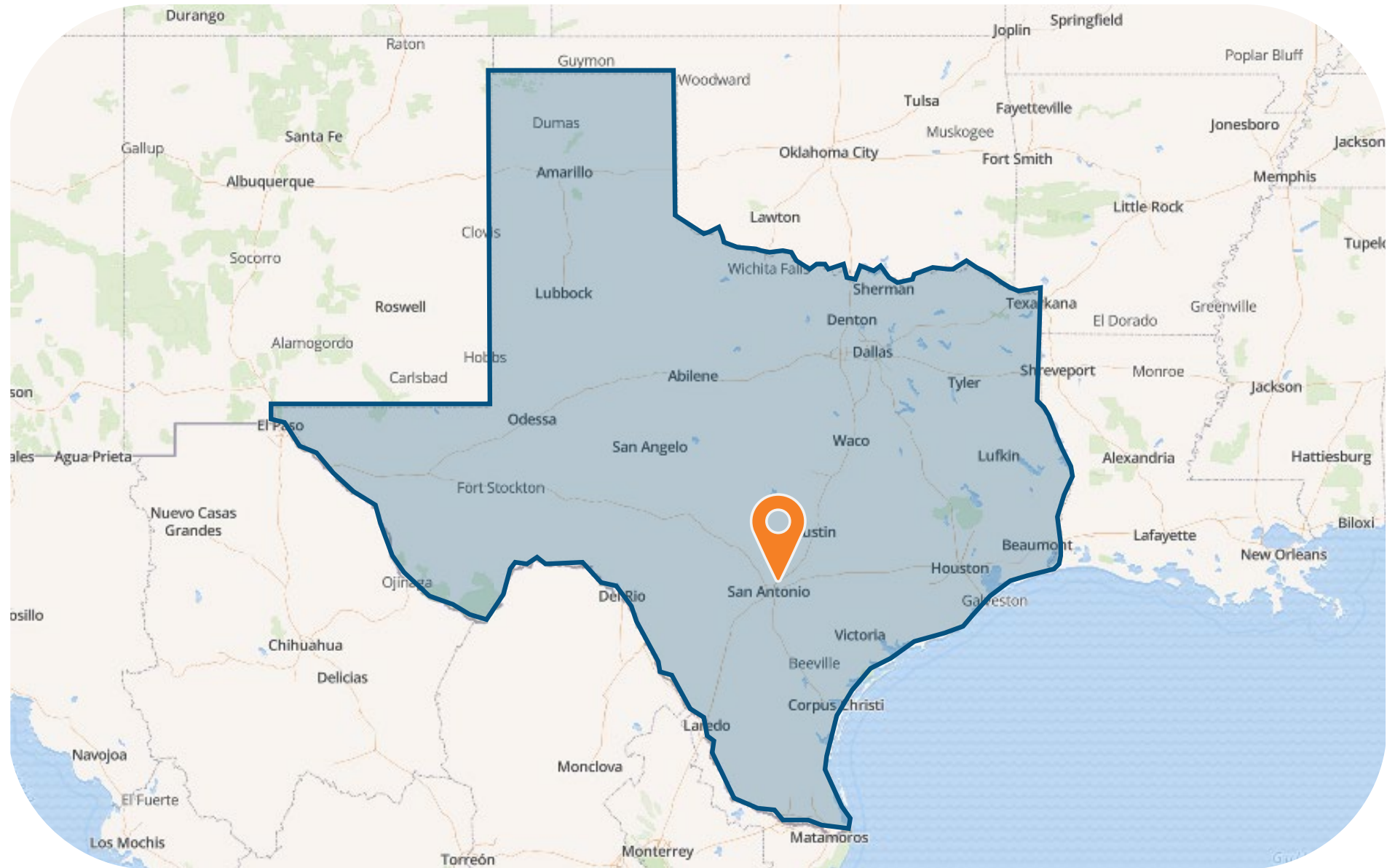


Local Map



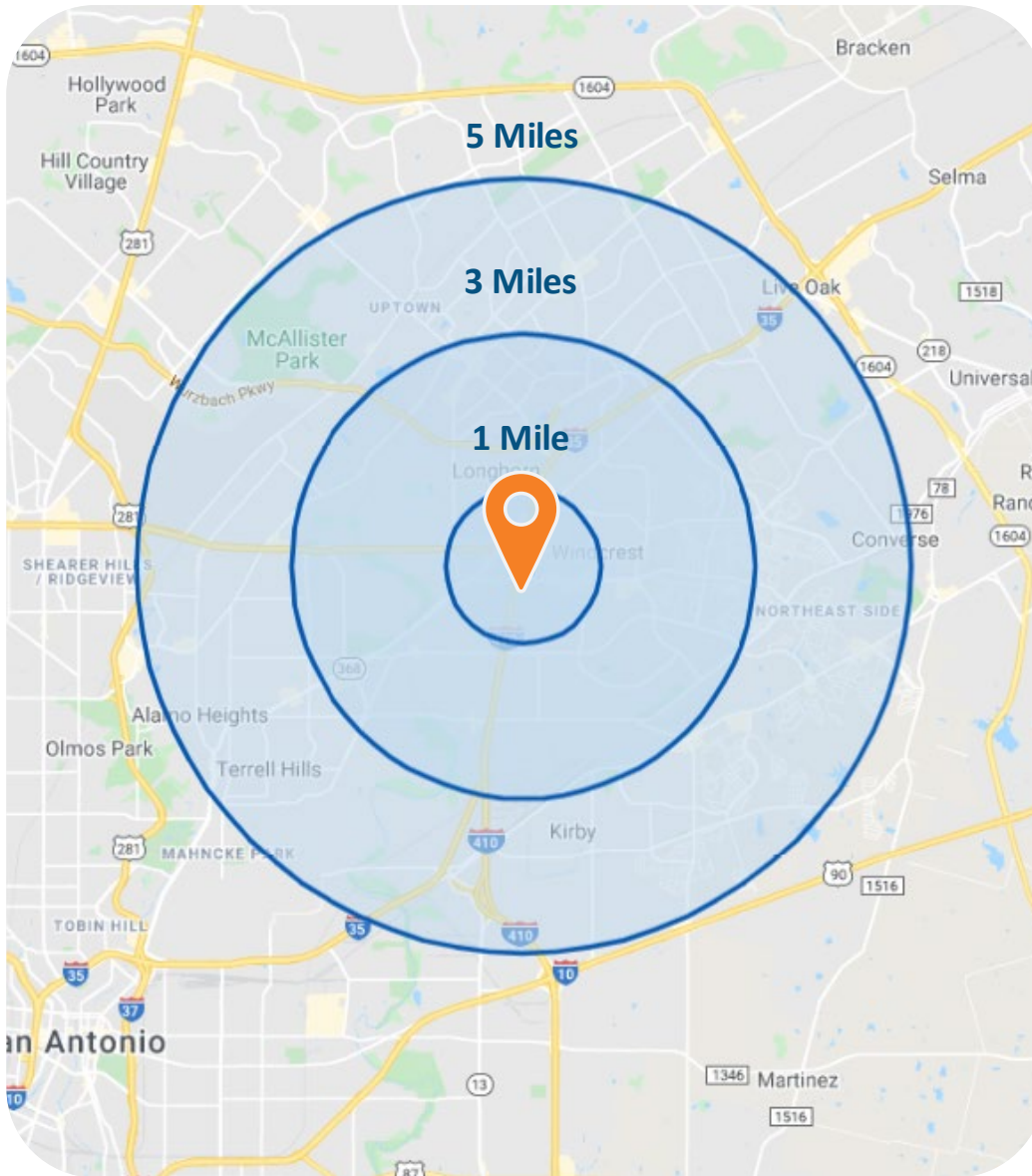


Regional Map





Demographics



POPULATION

	1 Mile	3 Miles	5 Miles
2023 Projection	10,995	98,726	269,909
2018 Estimate	11,240	95,754	257,775
2010 Census	10,531	88,064	238,233
2000 Census	10,897	78,906	210,965

INCOME

	1 Mile	3 Miles	5 Miles
Average	\$49,191	\$64,260	\$76,101
Median	\$38,822	\$45,533	\$54,985
Per Capita	\$18,775	\$25,651	\$28,702

HOUSEHOLDS

	1 Mile	3 Miles	5 Miles
2023 Projection	4,248	39,783	102,171
2018 Estimate	4,272	37,926	96,137
2010 Census	4,002	35,048	88,928
2000 Census	4,267	32,331	80,000

HOUSING

	1 Mile	3 Miles	5 Miles
2018	\$92,480	\$130,251	\$141,593

EMPLOYMENT

	1 Mile	3 Miles	5 Miles
2018 Daytime Population	17,863	125,752	338,059
2018 Unemployment	4.84%	4.25%	4.00%
2018 Median Time Traveled	24 Mins	24 Mins	24 Mins

RACE & ETHNICITY

	1 Mile	3 Miles	5 Miles
White	62.56%	61.67%	64.37%
Native American	0.20%	0.26%	0.27%
African American	16.76%	17.91%	16.67%
Asian/Pacific Islander	4.00%	3.37%	2.98%



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