

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



3941 Airport Boulevard
Mobile, AL 36608

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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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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: \$2,569,969 | CAP: 6.00% | RENT: \$154,198



About the Investment

- ✓ Long-Term, 25-Year Absolute Triple-Net (NNN) Lease with 19.4 Years Remaining on the Base Term
- ✓ Corporate Tenant | Corporate Guaranty
- ✓ Attractive Rental Increases of Two Percent (2.00%) Annually
- ✓ Four (4), Five (5)-Year Tenant Renewal Options

About the Location

- ✓ Extremely Dense Retail Corridor | The Shoppes at Bel Air Mall (100+ Stores), Springdale Mall (15+ Stores), Walmart, Sam's Club, Whole Foods, Home Depot, Lowe's, Target, Big Lots, Stein Mart, Walgreens, McDonald's, Chick-fil-A, Burger King, Wendy's, Taco Bell, and Many More
- ✓ Robust Demographics | Population Exceeds 172,000 Individuals within a Five-Mile Radius of the Site
- ✓ Heavily Trafficked Area | Airport Boulevard & Interstate-65 | Approximately 67,500 & 90,500 Vehicles Per Day, Respectively
- ✓ Highly Accommodating Area | Hampton Inn & Suites, Courtyard by Marriott, InTown Suites, Residence Inn, Fairfield Inn & Suites, Springhill Suites, Baymont by Wyndham, Comfort Inn, Econo Lodge, and Many More
- ✓ Immediate Access to Healthcare | Approximately One Mile from Springhill Medical Center | 260+ Beds
- ✓ Strong Academic Area | WP Davidson High School, Spring Hill College, UMS-Wright Preparatory School, St. Paul's Episcopal School, Denton Magnet School of Technology, Spencer-Westlawn Elementary (All within Three Miles of the Site) | 6,300+ Students
- ✓ Excellent Alabama Real Estate | Approximately Six Miles from the Heart of Downtown Mobile | Third-Most Populous City in the U.S. State of Alabama

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 over 700 restaurants throughout the United States and Canada, and has more than 40 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





Financial Analysis

PRICE: \$2,569,969¹ | CAP: 6.00% | RENT: \$154,198



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	3941 Airport Boulevard
City, State ZIP	Mobile, AL 36608
Year Built / Renovated	1972 / 2012
Building Size (SF)	8,226 SF
Lot Size (Acres)	+/- 1.67 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$2,569,969
CAP Rate	6.00%
Annual Rent	\$154,198

LEASE SUMMARY

Property Type	Net Leased Restaurant
Tenant / Guarantor	Corporate
Original Lease Term	25 Years
Lease Commencement	July 28, 2014
Lease Expiration	July 31, 2039
Lease Term Remaining	19.4 Years
Lease Type	Absolute Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	2.00% Annually
Options to Renew	Four (4), Five (5)-Year Options

* Glen Kunofsky & other members of the selling entity, Exclusive Listing Agents, are part fee simple owners of this property. They are licensed real estate salespeople for Marcus & Millichap in the State of New York.

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
Year 7	\$151,175	\$12,598	-
Year 8	\$154,198	\$12,850	2.00%
Year 9	\$157,282	\$13,107	2.00%
Year 10	\$160,428	\$13,369	2.00%
Year 11	\$163,636	\$13,636	2.00%
Year 12	\$166,909	\$13,909	2.00%
Year 13	\$170,247	\$14,187	2.00%
Year 14	\$173,652	\$14,471	2.00%
Year 15	\$177,125	\$14,760	2.00%
Year 16	\$180,668	\$15,056	2.00%
Year 17	\$184,281	\$15,357	2.00%
Year 18	\$187,967	\$15,664	2.00%
Year 19	\$191,726	\$15,977	2.00%
Year 20	\$195,561	\$16,297	2.00%
Year 21	\$199,472	\$16,623	2.00%
Year 22	\$203,461	\$16,955	2.00%
Year 23	\$207,530	\$17,294	2.00%
Year 24	\$211,681	\$17,640	2.00%
Year 25	\$215,915	\$17,993	2.00%

1 - Purchase price based off upcoming rental increase on 8/1/2020

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster located at 3941 Airport Boulevard in Mobile, AL. The site consists of roughly 8,226 rentable square feet of building space on an estimated 1.67-acre parcel of land. This Red Lobster is subject to a 25-year absolute triple-net (NNN) lease, which commenced July 28, 2014. The current annual rent is \$151,175 and is scheduled to increase by 2.00% annually throughout the remainder of the base term and in each of the four (4), five (5)-year tenant renewal options.



Concept Overview

About Red Lobster



- 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 700+ restaurants throughout the United States and Canada and has 40+ 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.

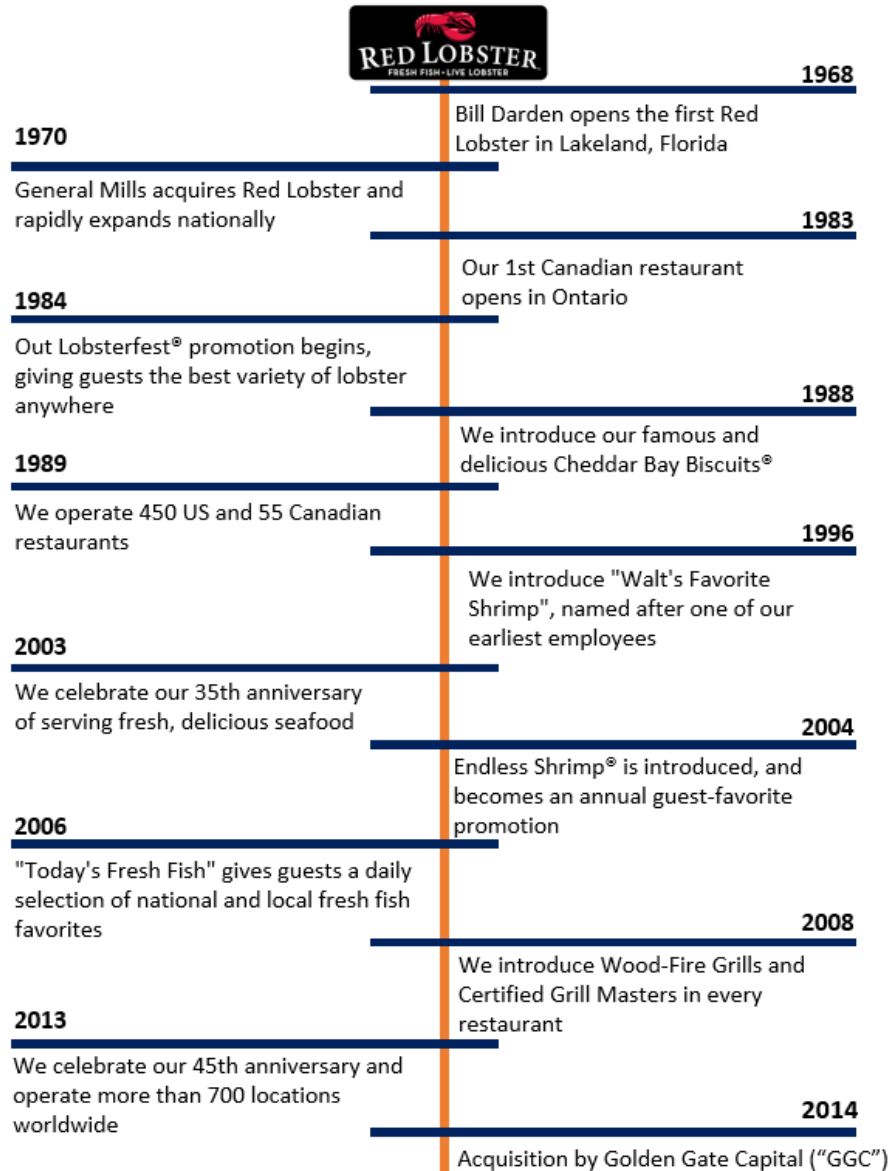
FRESH IS IN OUR COMMITMENT

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.



Concept Overview





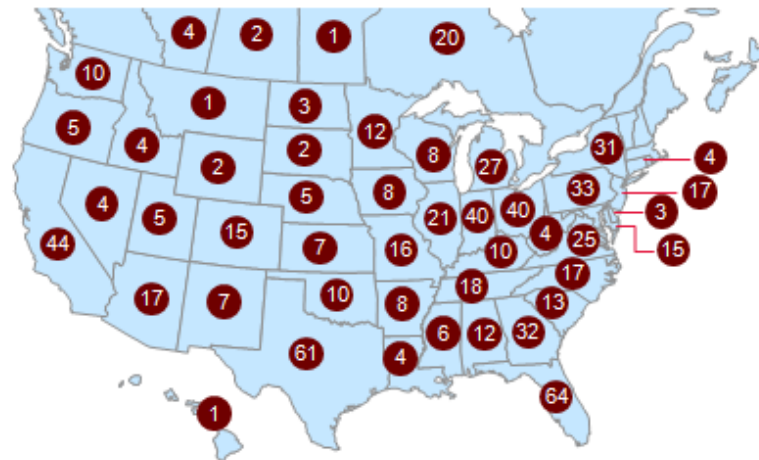
Concept Overview



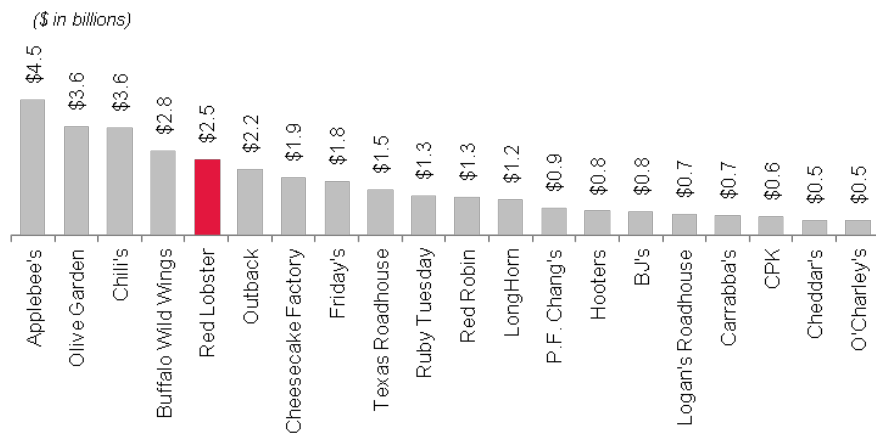
Strong Market Position

- 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 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.
- 6th largest overall casual dining concept in the US.

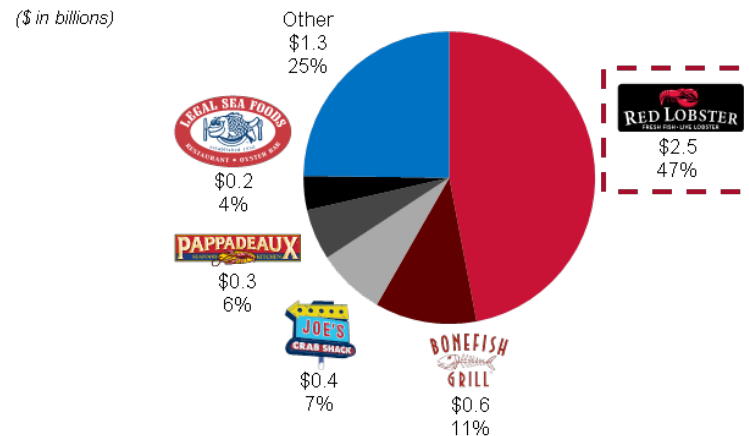
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining





Concept Overview



Iconic Brand With Unparalleled Customer Loyalty

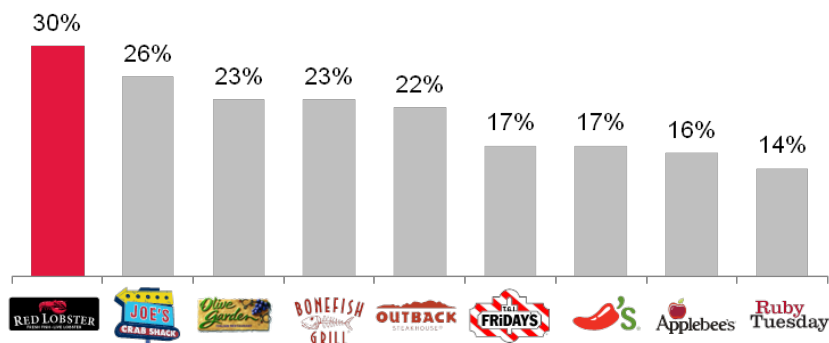
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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

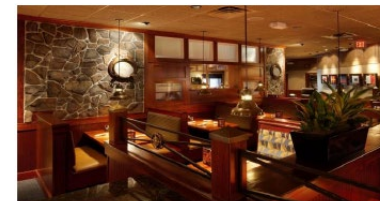


New Bar Harbor Format

Before



After





Concept Overview



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



Concept Overview



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

3941 Airport Boulevard, Mobile, AL 36608



Red Lobster – Mobile, AL

Marcus & Millichap



Location Overview

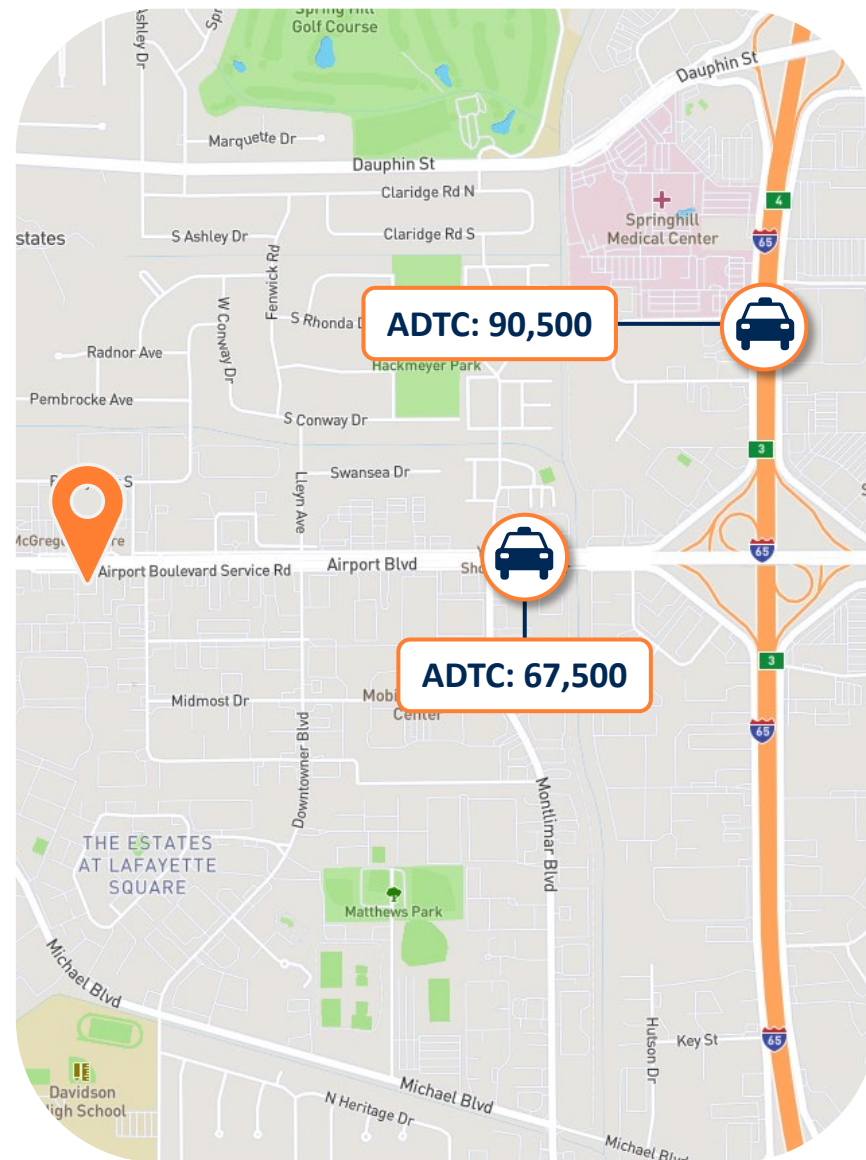
3941 Airport Boulevard, Mobile, AL 36608



This Red Lobster investment property is situated on Airport Boulevard, approximately six miles from the heart of downtown Mobile, the third-most populous city in the U.S. state of Alabama. Airport Boulevard boasts an average daily traffic count of approximately 67,500 vehicles and intersects with Interstate-65, which brings an additional 90,500 vehicles into the immediate surrounding area each day. There are more than 69,000 individuals residing within a three-mile radius of the subject property and more than 172,000 individuals within a five-mile radius. Average household income for homes within three miles of the subject property exceeds \$68,000.

The subject property is strategically positioned in a highly dense retail corridor that consists of numerous regional and national tenants, shopping centers and hospitality accommodations, all within close proximity of the site. Major national tenants in the immediate area include: Walmart, Sam's Club, Whole Foods, Home Depot, Lowe's, Target, Big Lots, Stein Mart, Walgreens, McDonald's, Chick-fil-A, Burger King, Wendy's, Taco Bell, in addition to many others. The subject property is additionally located just over one mile from The Shoppes at Bel Air Mall (super-regional shopping mall consisting of 1,345,000 square-feet and over 100 stores) and Springdale Mall (15+ stores). The subject Red Lobster benefits from being located within close proximity of various hospitality accommodations. Among them are: Hampton Inn & Suites, Courtyard by Marriott, InTown Suites, Residence Inn, Fairfield Inn & Suites, Springhill Suites, Baymont by Wyndham, Comfort Inn, Econo Lodge, and more. Several academic institutions lie within a three-mile radius of the subject property, including: WP Davidson High School, Spring Hill College, UMS-Wright Preparatory School, St. Paul's Episcopal School, Denton Magnet School of Technology, and Spencer-Westlawn Elementary School. Together, these academic institutions boast a total combined enrollment exceeding 6,300 students. The subject property also benefits from its immediate access to healthcare, being located approximately one mile from Springhill Medical Center, a 260-bed full-service hospital.

For those looking to start a business, relocate or expand, Mobile has the right combination of low business costs, a skilled workforce in a right-to-work state, an unmatched infrastructure, favorable taxes and incentives, and a high quality of life in a beautiful coastal area. A few of Mobile's key assets include: five Class 1 railroads and Interstates 10 and 65 that lead to major U.S. markets; Mobile Downtown Airport and Mobile Regional Airport; the 9th-largest port by tonnage in the U.S.; a skilled workforce in a right-to-work state; AIDT – national leader in training and workforce development programs; strong foreign investment presence, including more than 40 companies representing more than 20 countries; 1,650-acre (667-ha) center for aviation and logistics – Mobile Aeroplex at Brookley; established clusters in key industries – aviation/aerospace, chemical, shipbuilding, and steel manufacturing; 1.6 million people with a median age of 38 living within 60 miles; and a low cost of living and doing business.





Property Photos

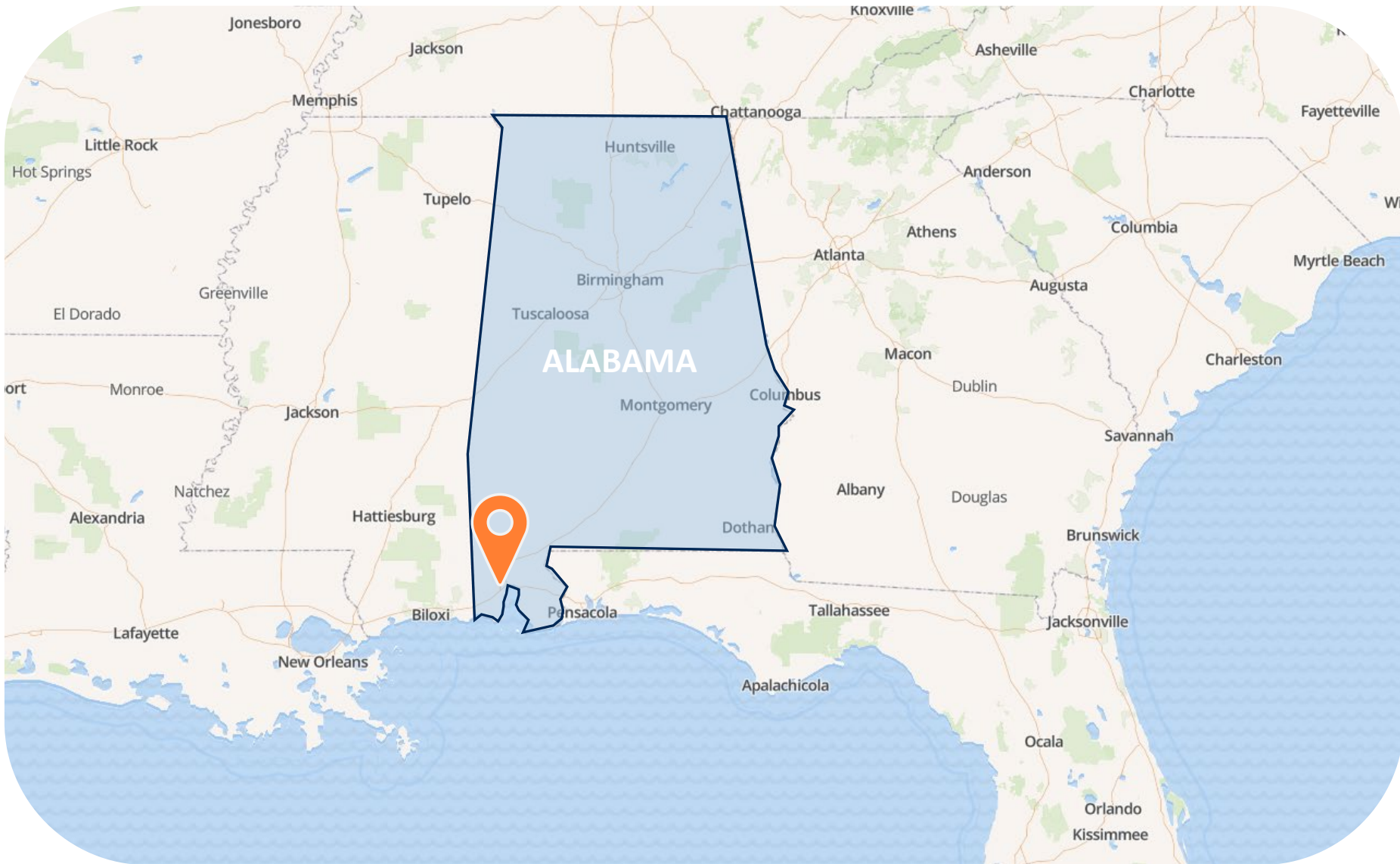
3941 Airport Boulevard, Mobile, AL 36608





Regional Map

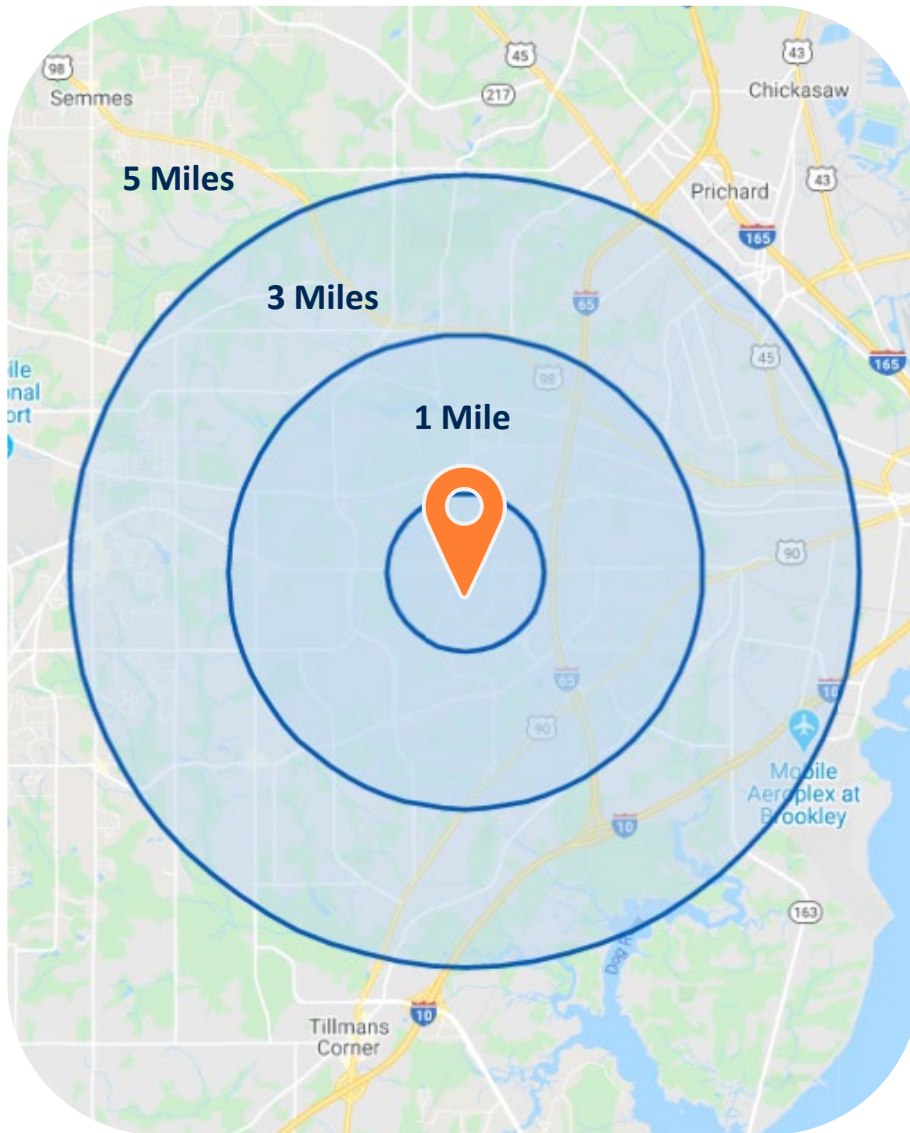
3941 Airport Boulevard, Mobile, AL 36608





Demographics

3941 Airport Boulevard, Mobile, AL 36608



	1 Mile	3 Miles	5 Miles
POPULATION			
2023 Projection	10,021	69,344	171,401
2018 Estimate	10,113	69,891	172,242
2010 Census	10,301	70,709	172,559
2000 Census	9,415	67,410	175,766
INCOME			
Average	\$64,452	\$68,390	\$63,352
Median	\$39,883	\$44,659	\$42,773
Per Capita	\$30,656	\$29,839	\$26,240
HOUSEHOLDS			
2023 Projection	4,758	30,154	71,126
2018 Estimate	4,776	30,154	70,749
2010 Census	4,858	30,384	70,613
2000 Census	4,401	28,352	69,849
HOUSING			
2018	\$261,181	\$159,005	\$141,438
EMPLOYMENT			
2018 Daytime Population	16,043	107,065	201,168
2018 Unemployment	4.66%	5.19%	6.12%
2018 Median Time Traveled	22 Mins	22 Mins	23 Mins
RACE & ETHNICITY			
White	50.80%	55.78%	45.09%
Native American	0.15%	0.07%	0.04%
African American	37.30%	36.66%	49.50%
Asian/Pacific Islander	5.63%	3.42%	2.17%



Market Overview

3941 Airport Boulevard, Mobile, AL 36608

Mobile's Key Assets Include:

- **Five Class 1 railroads and Interstates 10 and 65 lead to major U.S. markets**
- **Mobile Downtown Airport and Mobile Regional Airport**
- **The 9th-largest port by tonnage in the U.S.**
- **Skilled workforce in a right-to-work state**
- **AIDT – national leader in training and workforce development programs**
- **Strong foreign investment presence, including more than 40 companies representing more than 20 countries**
- **1,650-acre (667-ha) center for aviation and logistics – Mobile Aeroplex at Brookley**
- **Established clusters in key industries: aviation/aerospace, chemical, shipbuilding, and steel manufacturing**
- **1.6 million people with a median age of 38 living within 60 miles**
- **Low cost of living and doing business**



Mobile, AL is the county seat of Mobile County as well as the third-most populous city in the U.S. state of Alabama. For those looking to start a business, Mobile has the right combination of low business costs, a skilled workforce in a right-to-work state, an unmatched infrastructure, favorable taxes and incentives, and a high quality of life in a beautiful coastal area.

Transportation:

When it comes to infrastructure and extensive transportation options, Mobile leads the way. The city's strategic location on the central Gulf Coast and abundant transportation options keep business moving and growing. Major rail, ship and highway transportation systems converge along the Mobile River at the Port of Mobile to link Mobile businesses with the nation and the world. In addition to a deep-water port, Mobile has two major interstate connectors, five Class 1 railroads and two airports.

Buildings & Sites:

Real estate is vital in selecting a location for success, and Mobile's real estate costs and availability are a true advantage to business. Inventory includes several million square feet of manufacturing and warehouse space. There are developed sites such as the Mobile Commerce Park, ideal for light industrial and distribution facilities, and Mobile Aeroplex at Brookley, a 1,650-acre, 6-million square-foot multi-use industry and airport complex. With unmatched infrastructure – two interstates, a deep-water port and five Class 1 rail companies – Mobile's 10,000 acres of industrial property offer easy interstate access and quick proximity to air and port opportunities.

Education & Training:

Mobile's growing business community counts on a strong, talented and dedicated workforce. Abundant education programs ensure local residents have the skills area employers need. Among the most recognized state-led workforce training programs in the country, AIDT offers comprehensive pre-employment selection and on-the-job training specific to a qualifying company's needs. In Mobile, AIDT operates the Alabama Aviation Training Center, AIDT Maritime Training Center and the Erich Heine Learning Center. Mobile is home to several colleges and universities. The largest is the University of South Alabama, with more than 16,000 students. Coastal Alabama Community College, Spring Hill College and University of Mobile are all privately run. There are also numerous community colleges, training centers and apprenticeship programs, including Bishop State Community College, Alabama Aviation Center and Coastal Alabama Community College. In the spring of 2016, a new 25,000 square-foot advanced manufacturing training facility was announced to help the Alabama Community College System meet employer needs for skilled workers.

Taxes:

Mobile area businesses benefit from comparatively low local and state tax rates. Certain taxes impacting business can be eliminated or reduced by local and state incentive programs. AIDT, one of the nation's top workforce training programs, offers customized, company-specific recruiting and training services to new and expanding industry in Alabama at no cost to qualifying companies.

Industry Clusters:

The top industries in Mobile include: Aviation/Aerospace, Chemical, Healthcare, IT/High-Tech, Logistics/Distribution, Maritime, Oil & Gas, and Steel. There are close to 50 global headquartered companies in Mobile County. These companies have more than 13,000 employees. Eight of the top 10 manufacturers in Mobile County are foreign based.

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