

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



170 Wolf Road
Albany, NY 12205

Confidentiality and Disclaimer

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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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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

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SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.)



170 Wolf Road
Albany, NY 12205

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Investment Highlights

PRICE: \$7,768,765 | CAP: 5.75% | RENT: \$446,704



About the Investment

- ✓ Long-Term, 25.5-Year Absolute Triple-Net (NNN) Lease with Approximately 19.5 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, Bringing the Potential Lease Term to 45 Years

About the Location

- ✓ Dense Retail Corridor | Bed Bath and Beyond, Hannaford's, Hobby Lobby, Whole Foods, Trader Joe's, Macy's, CVS Pharmacy, Starbucks, Panera Bread, The Cheesecake Factory, P.F. Chang's, Olive Garden, McDonald's, and Many More
- ✓ Strong Academic Presence | Rensselaer Polytechnic Institute and University of Albany | Combined Enrollment of Approximately 25,000 Students
- ✓ Affluent Suburban Community | Average Household Income Exceeds \$100,000 for Homes within Three Miles of the Subject Property
- ✓ Strong & Growing Demographics | Population Exceeds 174,00 Individuals Within a Five-Mile Radius
- ✓ Heavily Trafficked Area | Wolf Road, Interstate-87, and Albany Shaker Road | Average Daily Traffic Counts Exceeding 29,000, 103,000 & 26,500, Respectively
- ✓ Highly Accommodating Area | Homewood Suites, Hampton Inn & Suites, Holiday Inn, Residence Inn, Fairfield Suites, Red Lion Hotel, the Marriott, Sure Stay and Many More
- ✓ Excellent New York Real Estate | Located in Capital City | Less Than Two-Miles from Albany International Airport

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: \$7,768,765 | CAP: 5.75% | RENT: \$446,704



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	170 Wolf Road
City, State ZIP	Albany, NY 12205
Year Built	1999
Building Size (SF)	9,474 SF
Lot Size (Acres)	+/- 2.34 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$7,768,765
CAP Rate	5.75%
Annual Rent	\$446,704*

LEASE SUMMARY

Property Type	Net Leased Restaurant
Tenant / Guarantor	Red Lobster Intermediate Holdings, LLC
Original Lease Term	25.5 Years
Lease Commencement	July 28, 2014
Lease Expiration	January 31, 2040
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), Five (5)-Year Options

**Pricing based of rent bump due August 1, 2020*

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
Current	\$437,945	\$36,495	-
Year 7	\$446,704	\$37,225	2.00%
Year 8	\$455,638	\$37,970	2.00%
Year 9	\$464,751	\$38,729	2.00%
Year 10	\$474,046	\$39,504	2.00%
Year 11	\$483,527	\$40,294	2.00%
Year 12	\$493,197	\$41,100	2.00%
Year 13	\$503,061	\$41,922	2.00%
Year 14	\$513,122	\$42,760	2.00%
Year 15	\$523,385	\$43,615	2.00%
Year 16	\$533,853	\$44,488	2.00%
Year 17	\$544,530	\$45,377	2.00%
Year 18	\$555,420	\$46,285	2.00%
Year 19	\$566,529	\$47,211	2.00%
Year 20	\$577,859	\$48,155	2.00%
Year 21	\$589,416	\$49,118	2.00%
Year 22	\$601,205	\$50,100	2.00%
Year 23	\$613,229	\$51,102	2.00%
Year 24	\$625,493	\$52,124	2.00%
Year 25	\$638,003	\$53,167	2.00%
Year 26	\$650,763	\$54,230	2.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive offering for a Red Lobster located at 170 Wolf Road in Albany, NY. The site consists of roughly 9,474 rentable square feet of building space on an estimated 2.34-acre parcel of land. This Red Lobster is subject to a 25.5-year absolute triple-net (NNN) lease, which commenced July 28, 2014. The current annual rent is \$437,945 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.

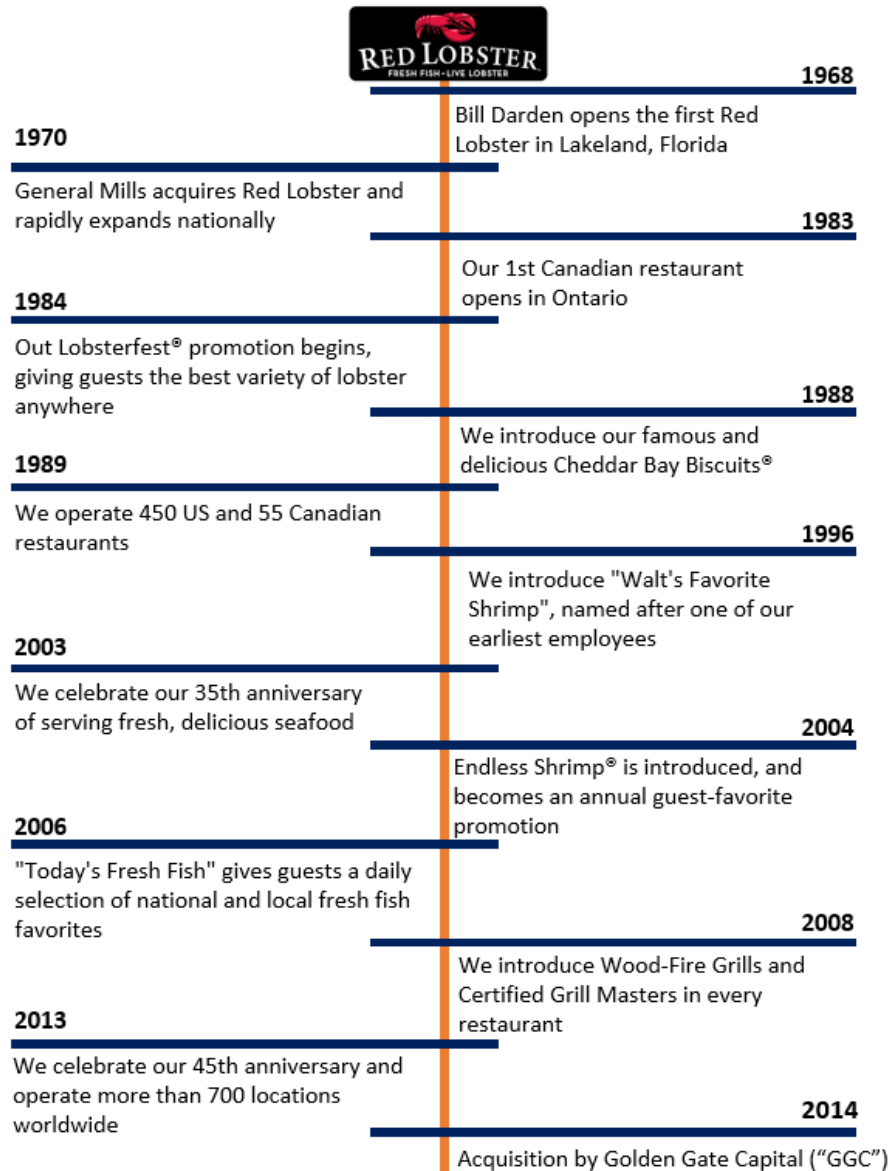
FRESH IS IN OUR COMMITMENT

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





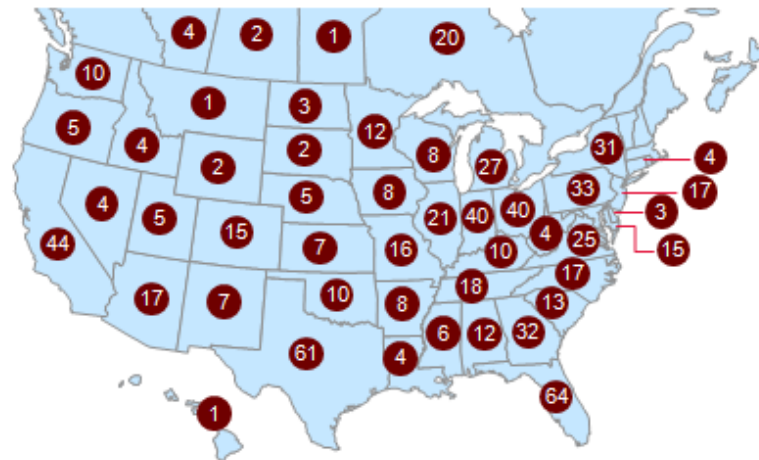
Concept Overview



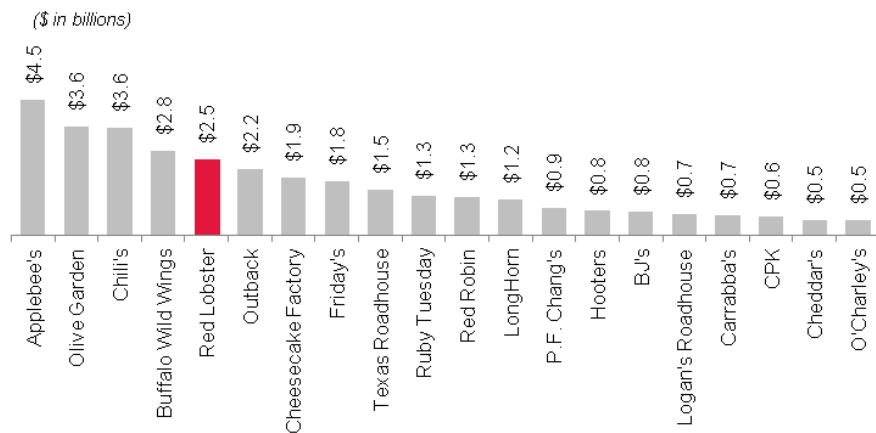
Strong Market Position

- 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.

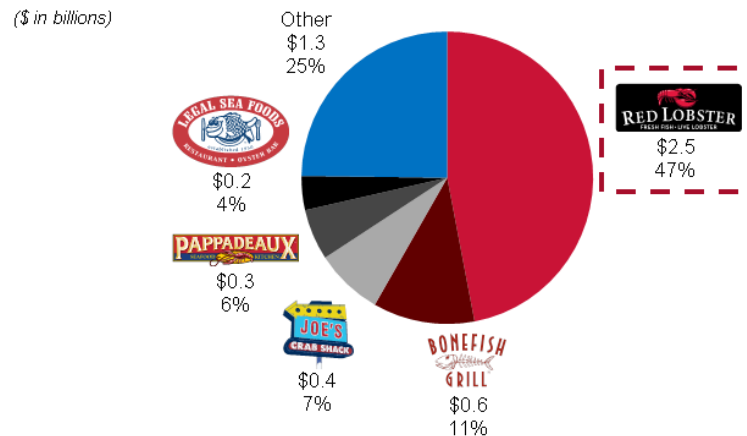
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining





Concept Overview



Iconic Brand With Unparalleled Customer Loyalty

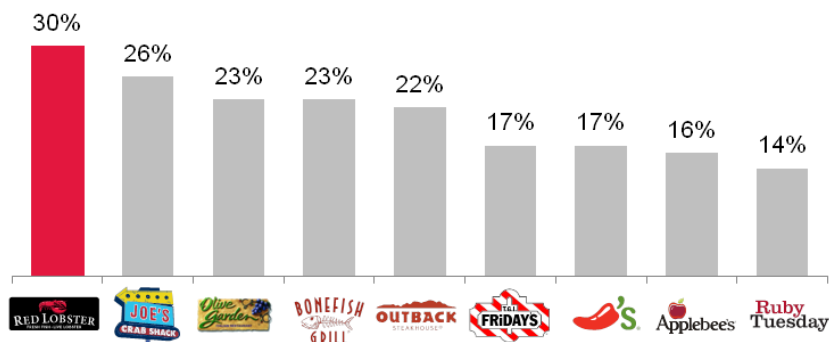
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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



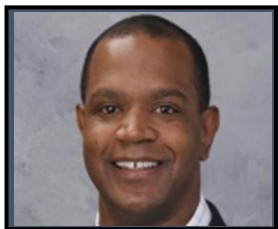
Salli Setta
President
(27 years in Restaurant Industry)

- 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

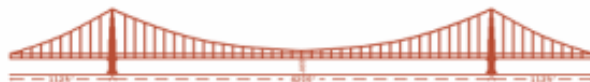


Chip Wade
EVP Operations
(29 years in Restaurant Industry)

- 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

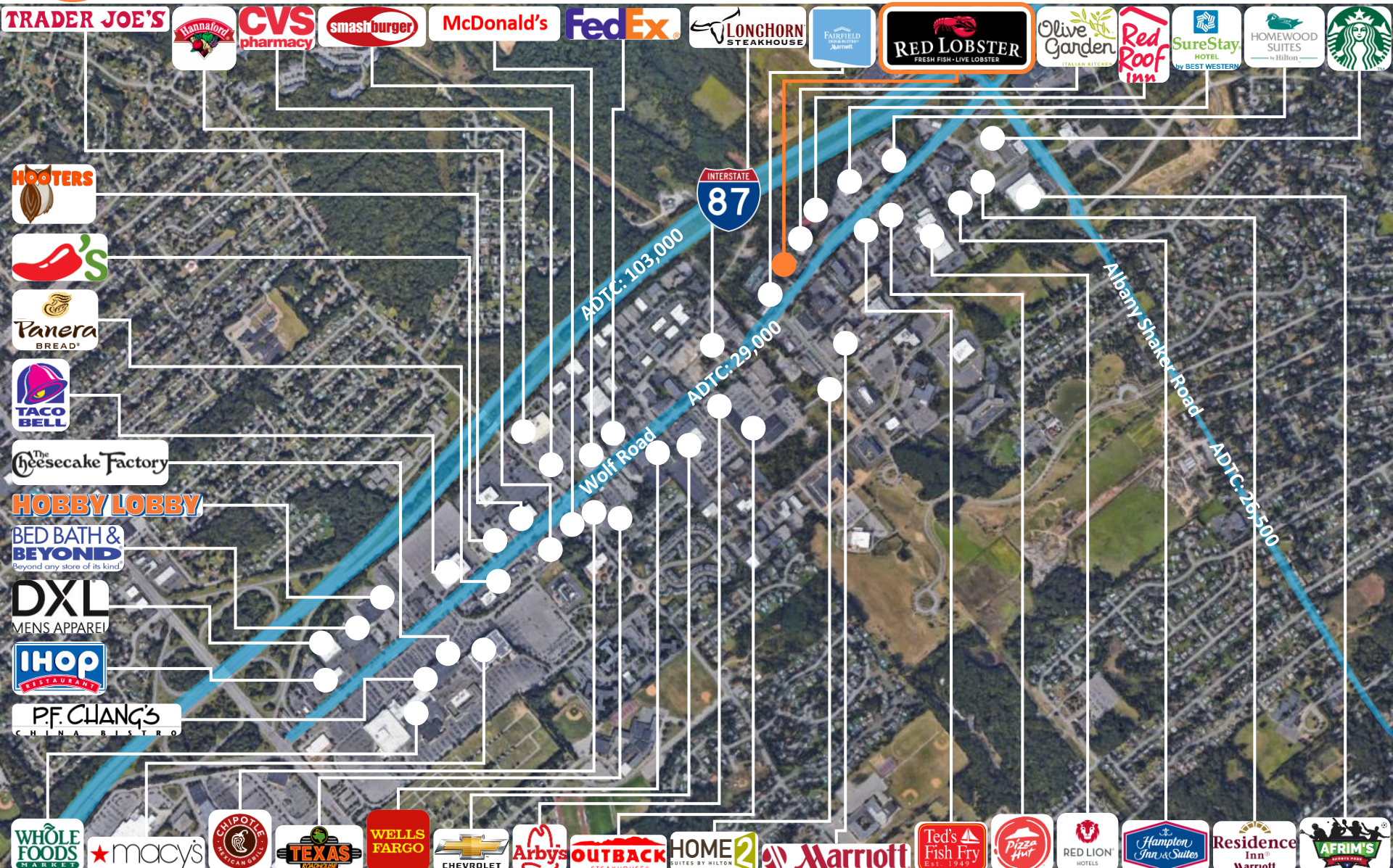
Restaurant Private Equity Investments





Surrounding Area

170 Wolf Road, Albany, NY 12205





Location Overview

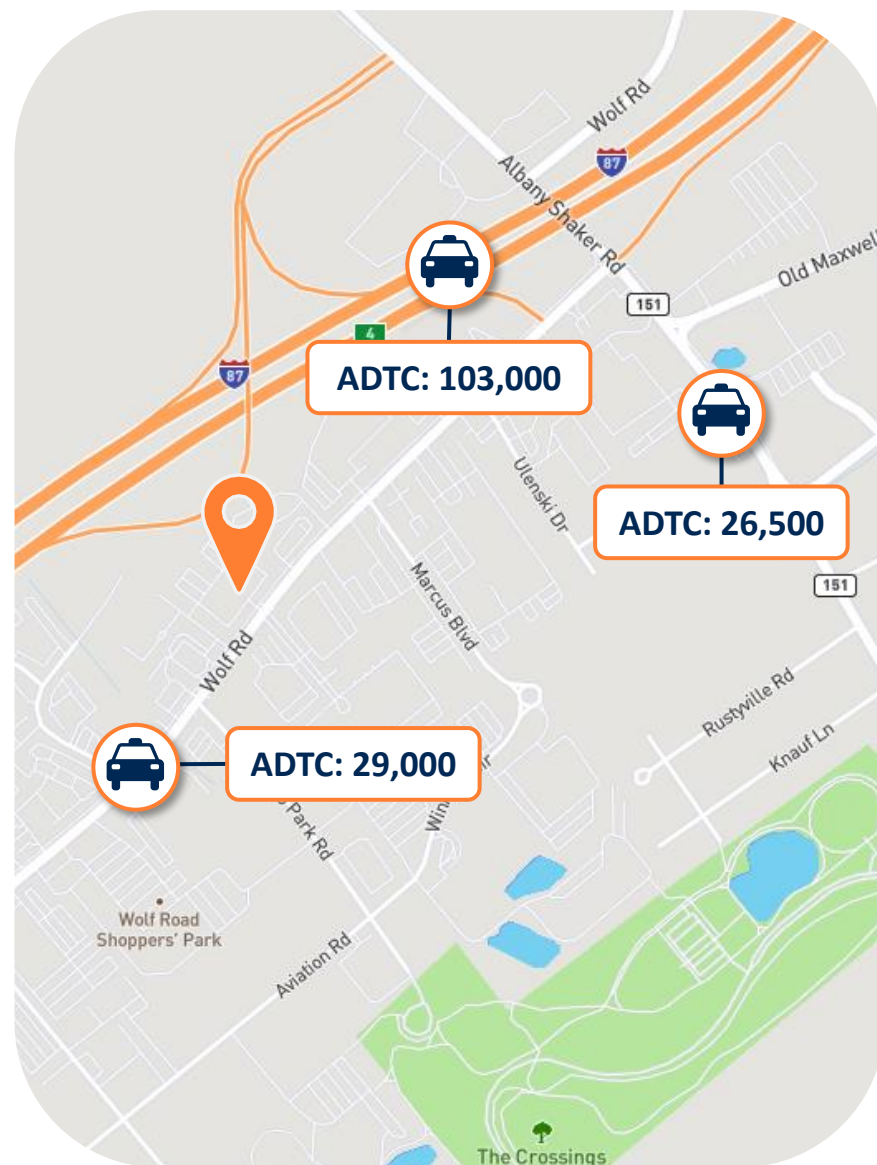
170 Wolf Road, Albany, NY 12205



This Red Lobster investment property is situated on Wolf Road, which boasts an average daily traffic count exceeding 29,000 vehicles. Wolf Road runs parallel to Interstate-87, and is intersected by Albany Shaker Road, which bring an additional 103,000 and 26,500 vehicles into the immediate surrounding area each day, respectively. There are more than 52,500 individuals residing within a three-mile radius of the subject property and approximately 175,000 individuals within a five-mile radius. This Red Lobster is situated in an affluent community, where the average household income for homes within three miles of the subject property is approximately \$100,000.

The subject property is strategically situated in a highly dense retail corridor that consists of numerous regional and national tenants, shopping centers and hospitality accommodations, all within close proximity of this site. Major national tenants in the immediate area include: Bed Bath and Beyond, Hannaford's, Hobby Lobby, Whole Foods, Trader Joe's, Macy's, CVS Pharmacy, Starbucks, Panera Bread, The Cheesecake Factory, P.F. Chang's, Olive Garden, McDonald's, in addition to many others. The subject Red Lobster additionally benefits from being located within close proximity of various hospitality accommodations. Among them are Homewood Suites, Hampton Inn & Suites, Holiday Inn, Residence Inn, Fairfield Suites, Red Lion Hotel, the Marriott, Sure Stay and more. This Red Lobster is less than 2-miles from Albany International Airport, which serves over 1.2 million passengers annually.

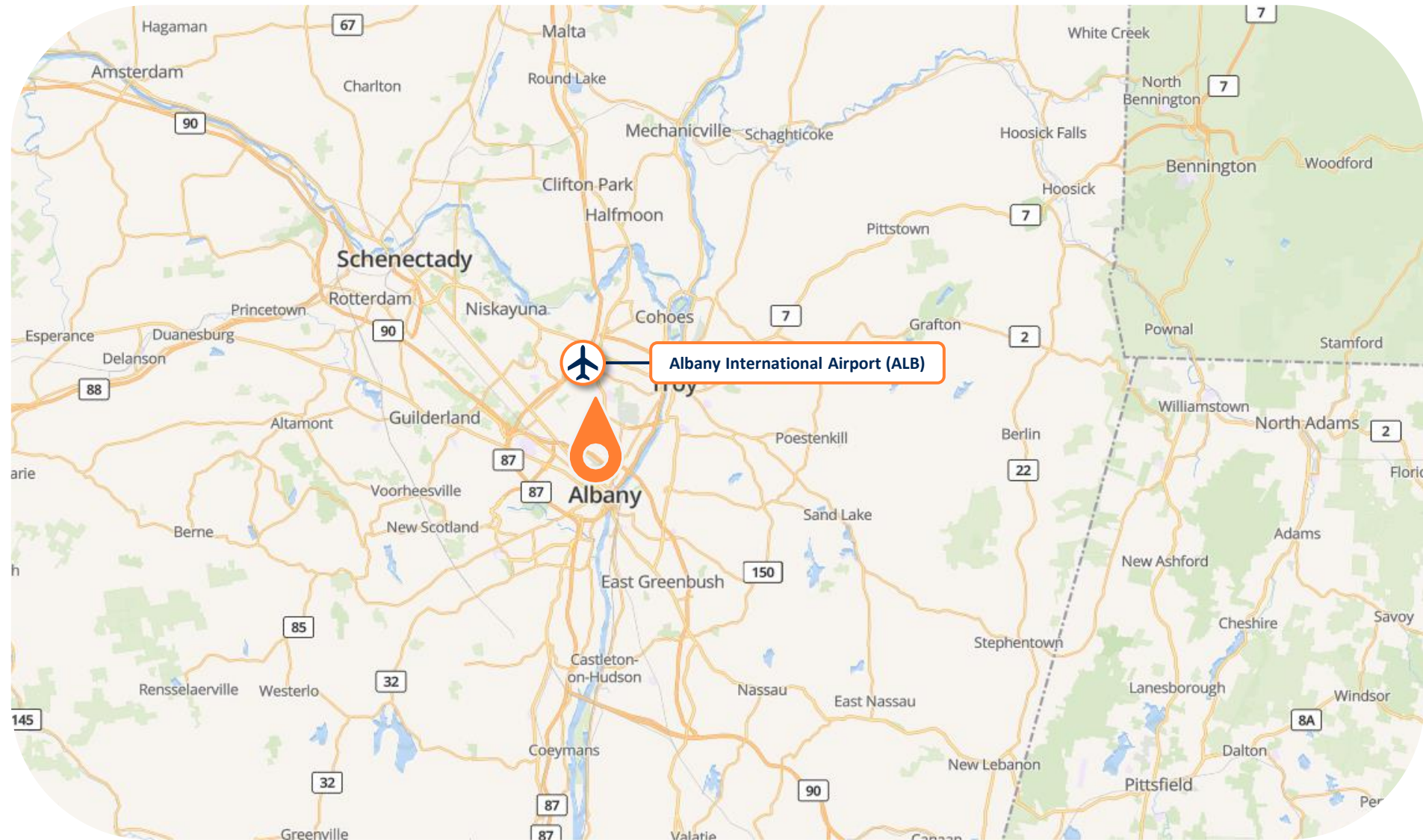
Albany is the capital of the state of New York as well as the seat for Albany County. Albany is roughly 150 miles north of New York City. Albany is known for its rich history, commerce, culture, architecture, and institutions of higher education. Albany constitutes the economic and cultural core of the Capital District of New York State, which comprises the Albany Schenectady-Troy, NY Metropolitan Statistical Area, including the nearby cities and suburbs of Troy, Schenectady, and Saratoga Springs. Albany's economy, along with that of the Capital District in general, is heavily dependent on government, health care, education, and more recently, technology. Because of these typically steady economic bases, the local economy has been relatively immune to national economic recessions in the past. More than 25 percent of the city's population works in government-related positions. Albany's estimated daytime population is more than 162,000. Fortune 500 companies that have regional headquarters in Albany include American Express, CommerceHub, JPMorgan Chase & Company, Merrill Lynch, General Electric, Verizon, Goldman Sachs, International Paper, Key Bank, and the Environment One Corporation.





Local Map

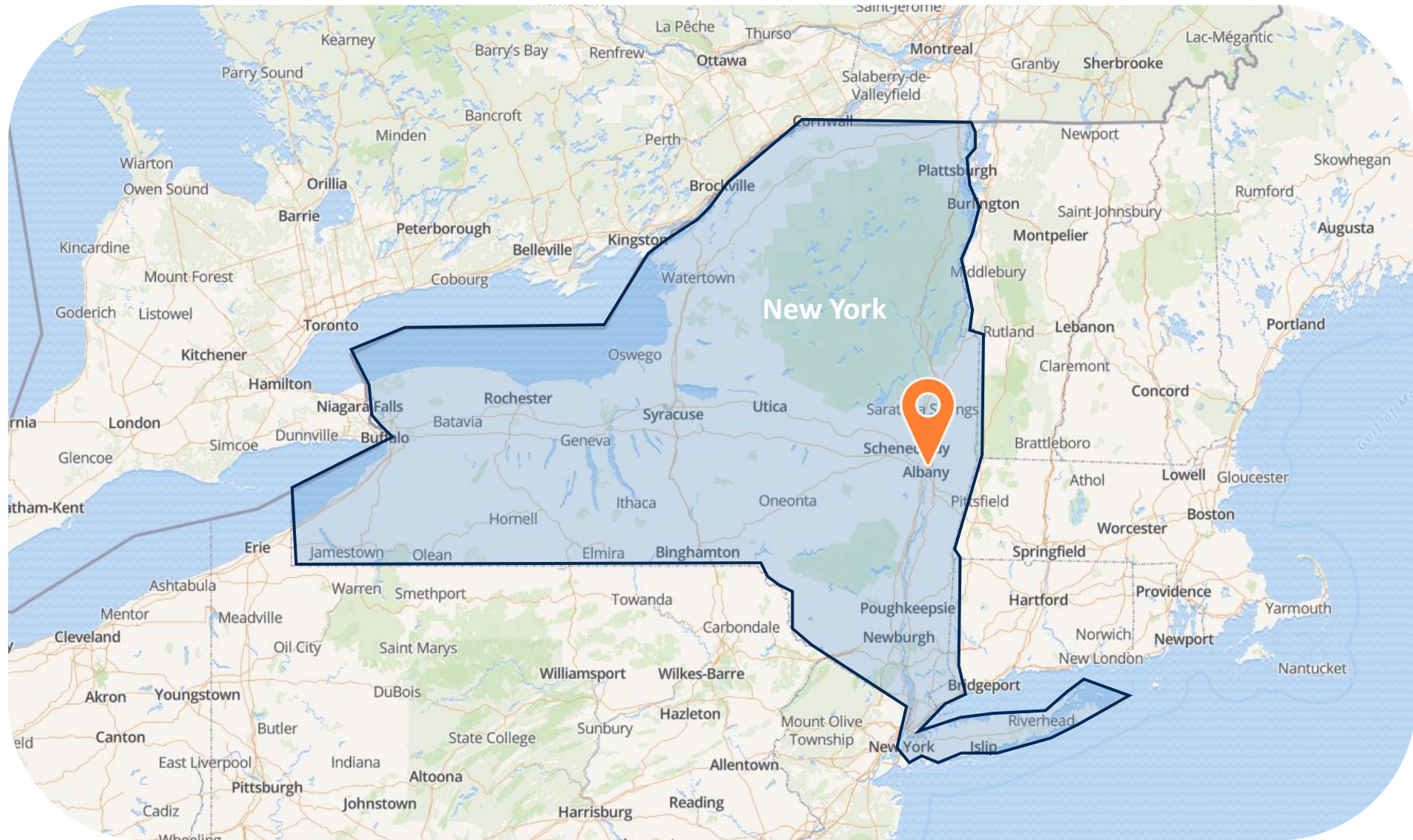
170 Wolf Road, Albany, NY 12205





Regional Map

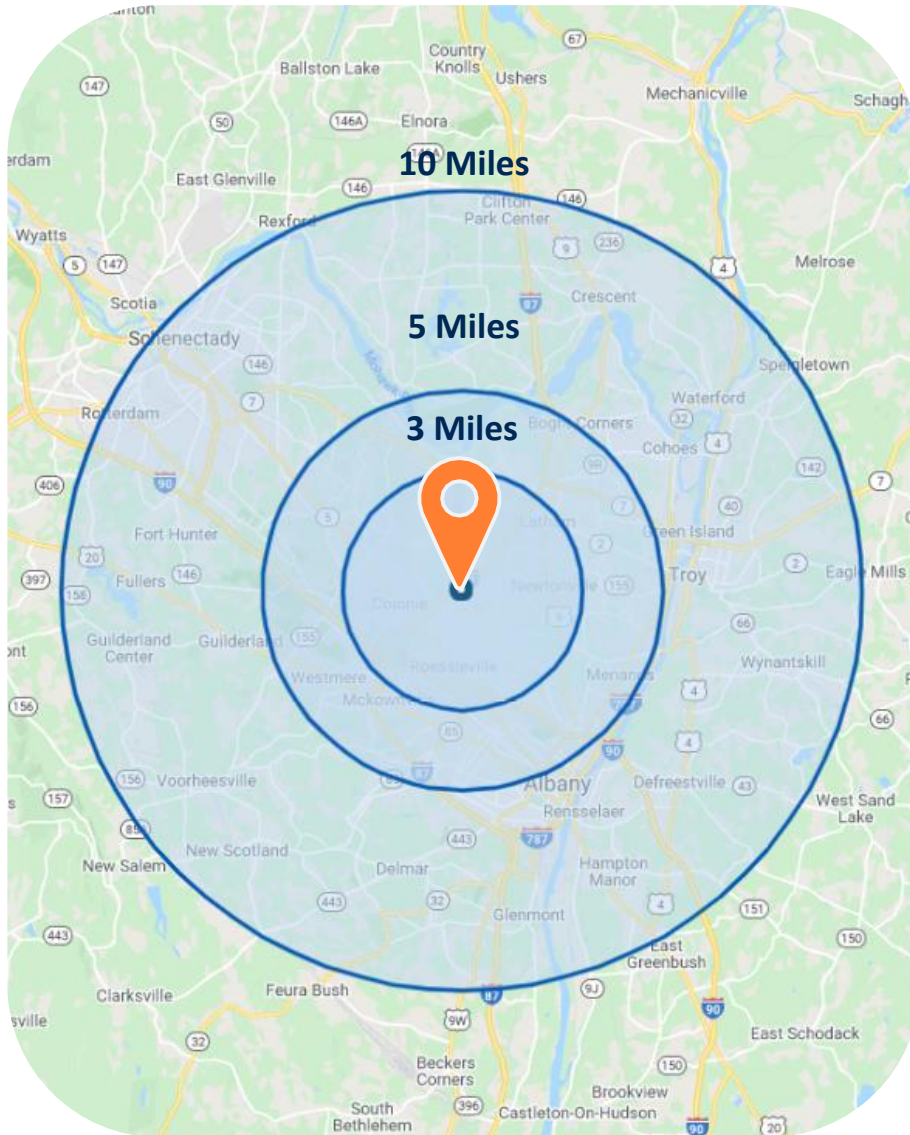
170 Wolf Road, Albany, NY 12205





Demographics

170 Wolf Road, Albany, NY 12205



	3 Miles	5 Miles	10 Miles
POPULATION			
2024 Projection	53,119	176,919	541,232
2019 Estimate	52,519	174,714	531,767
2010 Census	50,839	169,225	515,359
2000 Census	50,204	163,501	489,541
INCOME			
Average	\$100,452	\$88,718	\$86,778
Median	\$77,783	\$64,411	\$63,008
Per Capita	\$36,997	\$37,017	\$36,516
HOUSEHOLDS			
2024 Projection	18,784	72,147	225,208
2019 Estimate	18,441	70,725	219,836
2010 Census	17,992	68,949	213,421
2000 Census	17,014	65,809	201,269
HOUSING			
2019	\$211,755	\$210,161	\$199,282
EMPLOYMENT			
2019 Daytime Population	107,765	262,850	634,378
2019 Unemployment	7.69%	5.00%	4.50%
2019 Median Time Traveled	19 Mins	20 Mins	22 Mins
RACE & ETHNICITY			
White	79.80%	70.48%	72.88%
Native American	0.06%	0.06%	0.06%
African American	7.27%	15.00%	13.39%
Asian/Pacific Islander	8.49%	8.78%	6.64%



Market Overview

City: Albany | County: Albany | State: New York

Albany, NY

Albany is the capital of the state of New York as well as the seat for Albany County. Albany is roughly 150 miles north of New York City. Albany is known for its rich history, commerce, culture, architecture, and institutions of higher education. Albany constitutes the economic and cultural core of the Capital District of New York State, which comprises the Albany Schenectady-Troy, NY Metropolitan Statistical Area, including the nearby cities and suburbs of Troy, Schenectady, and Saratoga Springs. Albany's economy, along with that of the Capital District in general, is heavily dependent on government, health care, education, and more recently, technology. Because of these typically steady economic bases, the local economy has been relatively immune to national economic recessions in the past. More than 25 percent of the city's population works in government-related positions. Albany's estimated daytime population is more than 162,000. Fortune 500 companies that have regional headquarters in Albany include American Express, CommerceHub, JPMorgan Chase & Company, Merrill Lynch, General Electric, Verizon, Goldman Sachs, International Paper, Key Bank, and the Environment One Corporation.

Albany has a prominent history in higher education and was ranked third in a Forbes survey called "The Best Places with the Best Education" in 2005. There are over 25 colleges located in Albany. Some of the most notable include Rensselaer Polytechnic Institute, The University Of Albany, Skidmore College, Siena College, Union College, Albany Law School as well as many others.





Marcus & Millichap

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