

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



3056 Preston Road,
Frisco, TX 75034

Confidentiality and Disclaimer

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.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

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.

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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NON-ENDORSEMENT NOTICE

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ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS. Activity ID: ZAB0331509

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.

3056 Preston Road,
Frisco, TX





Investment Highlights

PRICE: \$6,243,233 | CAP: 6.00% | RENT: \$374,595



About the Investment

- ✓ Long-Term, Absolute Triple-Net (NNN) Lease with Approximately 18.75 Years Remaining on the Base Term | 2.00% Annual Rental Escalations
- ✓ Trophy Location in Frisco's Retail Cluster | 1.70 Acre Lot | Several Million SF Of Retail and Multifamily Surround the Asset
- ✓ Phenomenal Population Density (Nearly 300K in Five Miles) With an Average Household Income of Over \$173,000 | Ideal Local Demographics for this Property

About the Location

- ✓ Dense Retail Corridor | Walmart, McDonald's, Chick-fil-A, Burger King, Lowe's, Home Depot, Nordstrom, Taco Bell, Outback Steakhouse, Wells Fargo, JP Morgan Chase Bank, Wendy's, Applebee's, Olive Garden, Blaze Pizza and Many More
- ✓ Heavily Trafficked Area | Preston Road & Sam Rayburn Tollway | Average Daily Traffic Counts Exceeding 45,500 & 131,600 Vehicles, Respectively
- ✓ Ford Center at The Star Just Under Two Miles from Subject Property | 91-Acre Development that Seats 12,000 Stadium and Practice Facility for the Dallas Cowboy's
- ✓ Strategic Real Estate Positioning | Subject Property is Within a One-Mile Radius of Three Major Shopping Centers | Preston Village Shopping Center, The Centre at Preston Ridge & the Stonebriar Centre Mall | Stonebriar Centre Mall Hosts Over 205 Tenants
- ✓ Multiple Hospitality Accommodations | Comfort Inn & Suites, Homewood Suites, Courtyard, Dallas/Plano Marriot, Aloft Plano, Hampton Inn & Suites, Cambria Hotel, Candlewood Suites, Among Various Others
- ✓ Strong Visibility and Ease of Access Along Preston Road | Surrounded by Tens of Thousands of Multifamily Units

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
- ✓ The company generates \$2.5B in revenue and is the 6th-largest casual dining concept in North America
- ✓ Recently acquired by an investment group led by Thai Union Group, one of the world's largest seafood distributors





Financial Analysis

PRICE: \$6,243,233 | CAP: 6.00% | RENT: \$374,595



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	3056 Preston Road
City, State ZIP	Frisco, TX
Year Built / Renovated	2001/2014
Building Size (SF)	7,087
Lot Size (Acres)	+/- 1.70
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$6,243,233
CAP Rate	6.00%
Annual Rent	\$374,595

LEASE SUMMARY

Property Type	Net-Leased Restaurant
Tenant	Red Lobster Hospitality, LLC
Guarantor	Red Lobster Intermediate Holdings, LLC
Lease Commencement	July 28, 2014
Lease Expiration	July 31, 2039
Lease Term Remaining	18.75 Years
Lease Type	Triple Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	2.00% Annually
Options to Renew	Four (4), Five (5)-Year Options

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
Year 8	\$374,595	\$31,216	2.00%
Year 9	\$382,087	\$31,841	2.00%
Year 10	\$389,728	\$32,477	2.00%
Year 11	\$397,523	\$33,127	2.00%
Year 12	\$405,473	\$33,789	2.00%
Year 13	\$413,583	\$34,465	2.00%
Year 14	\$421,855	\$35,155	2.00%
Year 15	\$430,292	\$35,858	2.00%
Year 16	\$438,897	\$36,575	2.00%
Year 17	\$447,675	\$37,306	2.00%
Year 18	\$456,629	\$38,052	2.00%
Year 19	\$465,761	\$38,813	2.00%
Year 20	\$475,077	\$39,590	2.00%
Year 21	\$484,578	\$40,382	2.00%
Year 22	\$494,270	\$41,189	2.00%
Year 23	\$504,155	\$42,013	2.00%
Year 24	\$514,238	\$42,856	2.00%
Year 25	\$524,523	\$43,710	2.00%



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 August 31st, 2020, a group led by Thai Union Group (“TUG”) acquired Red Lobster from Golden Gate Capital.
- Thai Union Group was previously a minority owner of Red Lobster – first acquiring a 25% stake in the company in 2016.
- The new ownership group now includes Thai Union Group, current Red Lobster management, and a newly formed investment group, Seafood Alliance, which is led by two prominent global restaurant operators.





Concept Overview



- Founded in 1977, Thai Union has a rich history of commitment to seafood expertise and innovation around the world.
- Thai Union Group, based out of Thailand with offices North America, Europe, the Middle-East and Asia, currently serves as a main supplier of seafood for Red Lobster's across the world.
- Thai Union Group has been listed on the Stock Exchange of Thailand (SET) since November 1994
 - Prior to the Red Lobster acquisition, Thai Union Group reported annual sales of over \$4.1 Billion
- Through acquisitions and organic growth, TUG's ambitious expansion strategy has established a diverse global brand portfolio. Covering three continents, their brands are consumer favorites and market leaders with a wide range of products including shelf-stable seafood products, frozen and chilled seafood, PetCare products and more.
- TUG has a long, successful track record and significant experience servicing consumers, supermarkets, restaurants, hospitality and others.

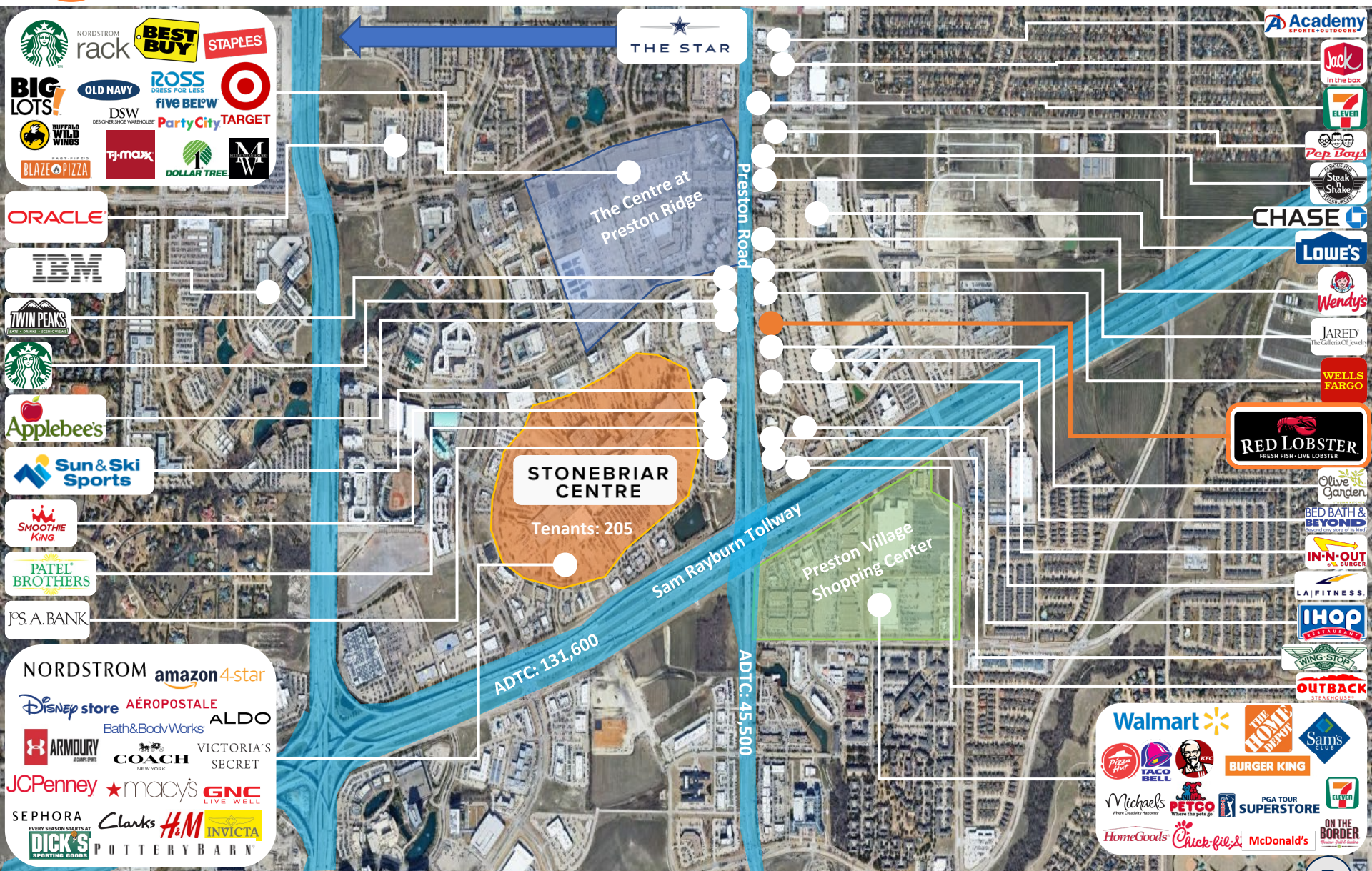
Global Brands and Partnerships





Surrounding Area

3056 Preston Road, Frisco, TX





Location Overview

3056 Preston Road, Frisco, TX





Location Overview

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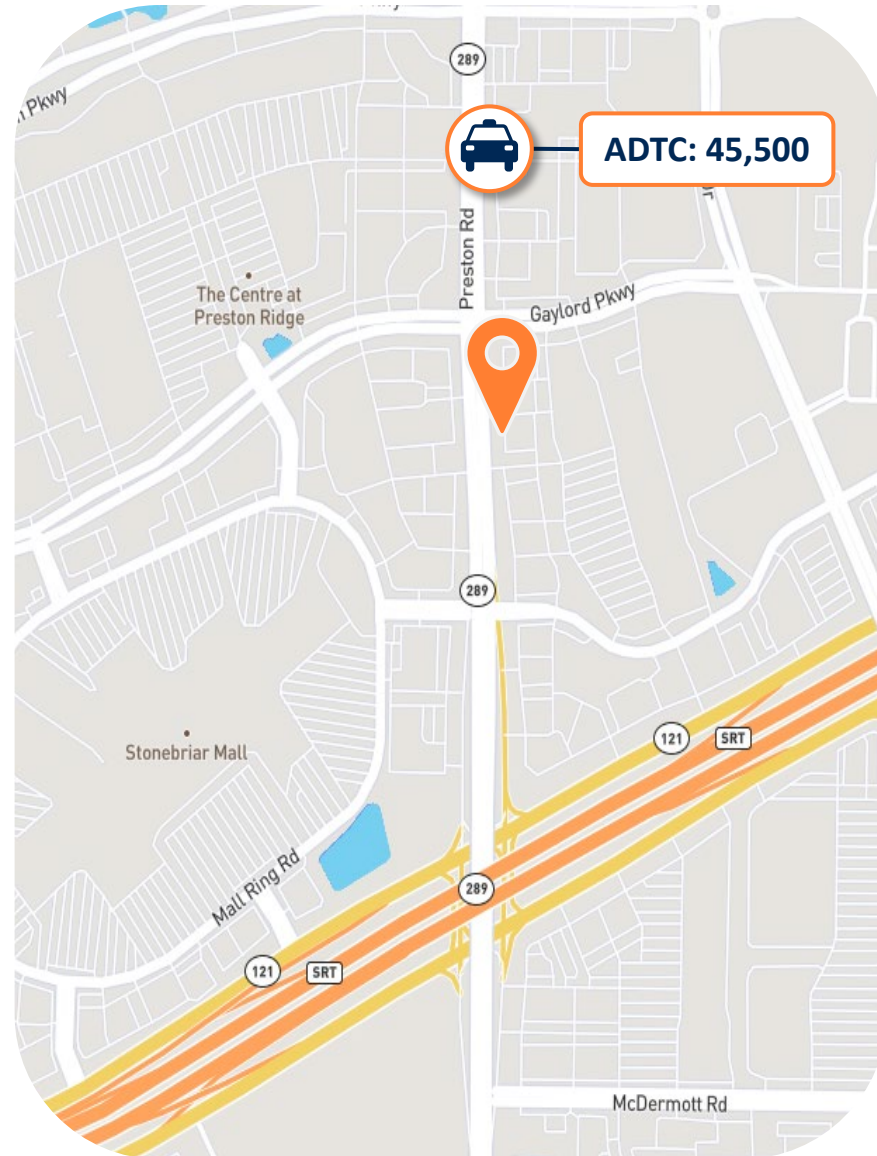
Location Overview

3056 Preston Road, Frisco, TX

The Red Lobster property is situated along Preston Road, which boasts an average daily traffic count of approximately 45,500 vehicles. Preston Road serves as an access route to Sam Rayburn Tollway, which brings an additional 131,600 into the immediate area on average daily. There are more nearly 108,000 individuals residing within a three-mile radius of the property and more than 292,900 individuals within a five-mile radius.

The subject property benefits from being well-positioned in an extremely dense suburban area in a retail corridor consisting of national and local tenants, shopping centers, hospitality accommodations, and academic institutions all within close proximity of this property. Major national tenants include: Walmart, McDonald's, Chick-fil-A, Burger King, Lowe's, Home Depot, Nordstrom, Taco Bell, Outback Steakhouse, Wells Fargo, JP Morgan Chase Bank, Wendy's, Applebee's, Olive Garden, Blaze Pizza and many more. Within just two miles of the subject property is a practice facility for the Dallas Cowboy's, a 91-Acre Development with retailers, and merchants alike, able to seat up to 12,000. Within just a mile of the subject property there are three major shopping centers: The Centre at Preston Ridge, Preston Ridge Shopping Center and the Stonebriar Centre Mall. The Mall is home to over 205 premiere tenants and retailers. Additionally, several hospitality accommodations are within immediate proximity to the subject investment property. These include: Comfort Inn & Suites, Homewood Suites, Courtyard, Dallas/Plano Marriot, Aloft Plano, Hampton Inn & Suites, Cambria Hotel, Candlewood Suites and more.

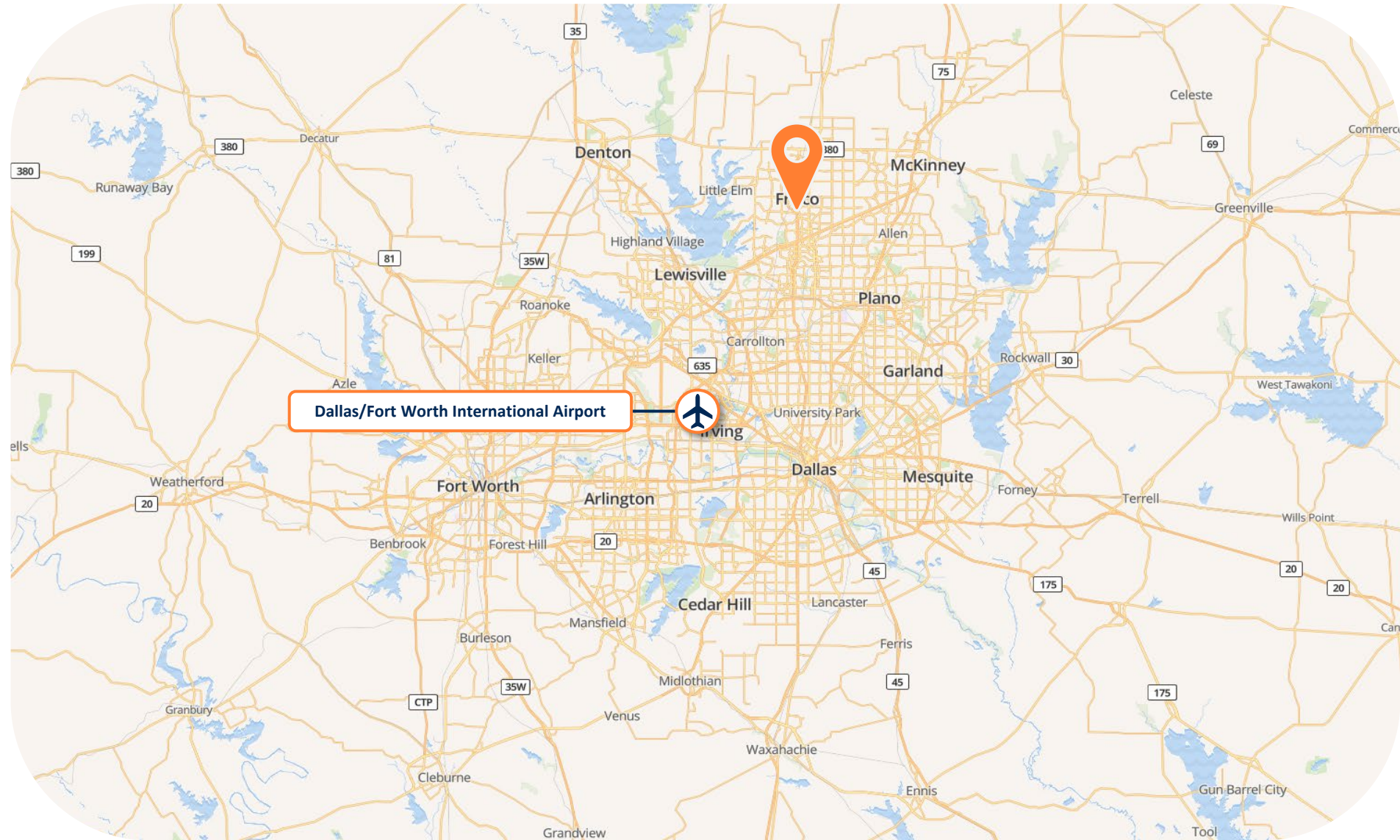
Frisco is a city and is considered to be a northern suburb of Dallas. From 2000 to 2009 Frisco was the fastest growing city in the nation, serving as a "bedroom community" to many professionals who work in the Dallas – Fort Worth Metroplex. CNN listed Frisco as one of the "Best places to live" in the nation. Nearby Dallas has the third largest concentration of Fortune 500 companies in the US and is the headquarters to companies such as Texas Instruments, AT&T, and Comerica Bank. Dallas also ranked number 13 on the Forbes list of Best places for Business and Careers. Considered to be the third most popular destination for business travel, there are many attractions in the immediate area that benefit the many suburbs including Mesquite.





Local Map

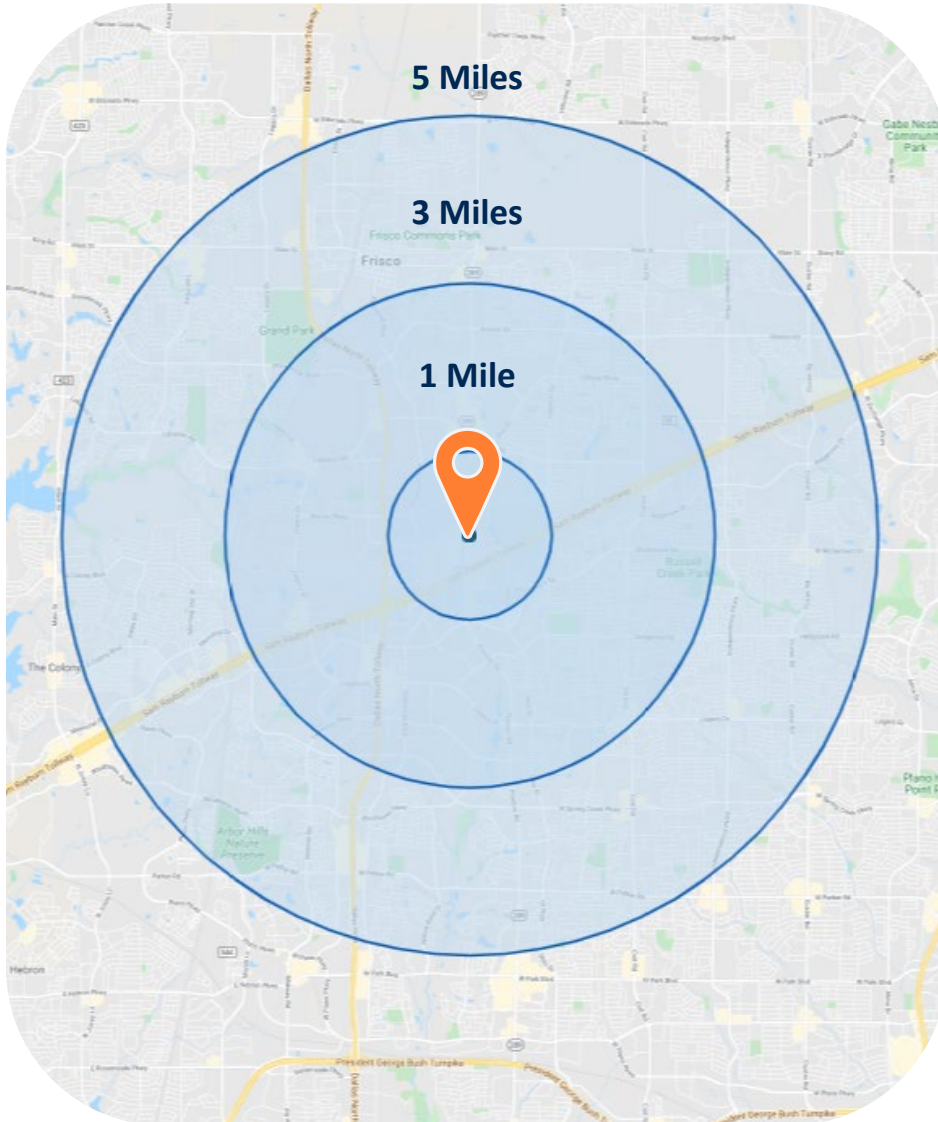
3056 Preston Road, Frisco, TX





Demographics

3056 Preston Road, Frisco, TX



	1 Mile	3 Miles	5 Miles
POPULATION			
2024 Projection	12,242	119,950	327,334
2019 Estimate	10,204	107,976	292,859
2010 Census	6,846	88,166	235,416
2000 Census	1,523	44,884	148,111
INCOME			
Average	\$173,197	\$164,948	\$165,696
Median	\$117,916	\$117,687	\$120,027
Per Capita	\$91,101	\$66,252	\$63,093
HOUSEHOLDS			
2024 Projection	6,696	49,191	125,983
2019 Estimate	5,367	43,362	111,492
2010 Census	3,489	34,268	87,907
2000 Census	565	16,130	52,553
HOUSING			
2019	\$324,219	\$345,876	\$337,646
EMPLOYMENT			
2019 Daytime Population	24,559	147,456	327,579
2019 Unemployment	4.93%	2.90%	2.91%
2019 Median Time Traveled	26 Mins	29 Mins	30 Mins
RACE & ETHNICITY			
White	54.01%	57.44%	60.23%
Native American	0.03%	0.05%	0.06%
African American	13.14%	8.88%	8.50%
Asian/Pacific Islander	25.48%	26.40%	24.06%



Regional Map

3056 Preston Road, Frisco, TX





Market Overview

3056 Preston Road, Frisco, TX

Dallas, TX

Frisco is located less than 23 miles outside the bustling city of Dallas. As the ninth-largest city and part of the fourth-largest metropolitan area in the nation, Dallas covers approximately 343 square miles and has a population exceeding 1,240,000. The ultra modern and sophisticated city attracts worldwide travelers, making the area the No. 1 visitor and leisure destination in Texas. Dallas will remain a top destination for corporate relocations due to its business-friendly environment. Twenty-two Fortune 500 companies are headquartered in the metro, making it the third-largest concentration in the nation, including companies such as Southwest Airlines, A T&T, Texas Instruments and Exxon Mobil. Dallas has a lower cost of living than many major metros, no state income tax and a median home price below the national level. Over 45 post-secondary educational institutions are located in the metro. Nearly 31 percent of residents have attained a bachelor's degree, with 10 percent also holding a graduate or professional degree.

Outdoor activities abound in Dallas as a result of the city's favorable location and climate. With seven major league sport teams, rodeo, NASCAR and marathons, the adrenaline is year round. Dallas has been named the #3 Sports Town in the nation by Sports Illustrated. The Dallas-Fort Worth MSA has one of the largest concentrations of corporate headquarters for publicly traded companies in the United States. In addition to its large number of businesses, Dallas has more shopping centers per capita than any other city in the United States. Dallas is the third most popular destination for business travel in the United States, and the Kay Bailey Hutchison Convention Center is one of the largest and busiest convention centers in the country, at over 1,000,000 square feet and the world's single-largest column-free exhibit hall.



Information About Brokerage Services



Information About Brokerage Services

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- A **BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- A **SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - o that the owner will accept a price less than the written asking price;
 - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - o any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Designated Broker of Firm	License No.	Email	Phone
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
Sales Agent/Associate's Name	License No.	Email	Phone

Buyer/Tenant/Seller/Landlord Initials

Date

Regulated by the Texas Real Estate Commission

Information available at www.trec.texas.gov

IABS 1-0



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Marcus & Millichap

EXCLUSIVE NET-LEASE OFFERING



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