

DRONE FOOTAGE



CLICK HERE

Subject Property

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



3000 Sisk Road
Modesto, CA 95350

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

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the 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.

NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply

affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

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

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.)

*In addition to all other advisements, notices, and disclaimers set forth in this Marketing Brochure, Marcus & Millichap further advises all prospective purchasers that certain Marcus & Millichap related or affiliated parties, including NNN Properties LLC, and/or its independent contractor salespeople, brokers of record, partners, trustees, beneficiaries, shareholders, members, managers, directors, officers, employees, or agents, along with their respective heirs, successors, personal representatives and/or assigns (collectively, the "Marcus & Millichap Related Parties") may be acting as principals for the Seller or own a direct or indirect beneficial interest in the Property or in its ownership. By accepting this Marketing Brochure, any prospective purchaser shall thereby waive any claim they may have based on a conflict of interest given the Marcus & Millichap Related Parties' role as both agent for the Seller and as the Seller (or as a principal of the Seller).

Table of Contents

Investment Highlights	4
Financial Analysis	5
Concept Overview	6-12
Surrounding Area	13
Location Overview	14
Property Photos	15
Local Map	16
Surrounding Area Photos	17
Regional Map	18
Demographics / Market Overview	19-20





Investment Highlights

PRICE: \$9,274,400 | CAP: 5.25% | RENT: \$486,906



About the Investment

- ✓ Long-Term, Absolute Triple-Net (NNN) Lease with Over 18 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 46 Years

About the Location

- ✓ Dense Retail Corridor | CVS Pharmacy, Bank of America, Chase Bank, Chevron, Trader Joe's, Firestone, KFC, Buffalo Wild Wings, Panera Bread, Rooms Express, Chipotle, Men's Wearhouse, Texas Roadhouse, and Many More.
- ✓ Affluent Suburban Community | Average Household Income Exceeds \$77,000 for Homes within Three-Miles of the Subject Property
- ✓ Strong & Growing Demographics | Population Exceeds 12,000 Individuals Within a One-Mile Radius, 81,000 Individuals Within a Three-Mile Radius, & 171,000 Individuals Within A Five-Mile Radius
- ✓ Heavily Trafficked Area | Sisk Road, Standiford Ave & Golden State Hwy | Average Daily Traffic Counts Exceeding 16,500, 33,000 & 101,000, Respectively
- ✓ Academic Presence | 9 Local Schools Within a Three-Mile Radius | Servicing Over 5,300 Students
- ✓ Excellent California Real Estate | Less Than Five Miles from the Heart of Downtown Modesto | Eighteenth Most Populous City in California | Home To Largest Private Winery in the World

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: \$9,274,400 | CAP: 5.25% | RENT: \$486,906



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	3000 Sisk Road
City, State ZIP	Modesto, CA 95350
Building Size (SF)	8,248 SF
Lot Size (Acres)	+/- 1.65 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	*\$9,274,400
CAP Rate	5.25%
Annual Rent	\$486,906

LEASE SUMMARY

Property Type	Net Leased Restaurant
Tenant / Guarantor	Red Lobster Intermediate Holdings LLC
Lease Commencement	October 28 th , 2015
Lease Expiration	July 31 st , 2040
Lease Term Remaining	18+ 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 off August 2022 Rental Increase

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
8/1/2021 - 7/31/2022	\$477,359	\$39,780	2%
8/1/2022 - 7/31/2023	\$486,906	\$40,576	2%
8/1/2023 - 7/31/2024	\$496,644	\$41,387	2%
8/1/2024 - 7/31/2025	\$506,577	\$42,215	2%
8/1/2025 - 7/31/2026	\$516,709	\$43,059	2%
8/1/2026 - 7/31/2027	\$527,043	\$43,920	2%
8/1/2027 - 7/31/2028	\$537,584	\$44,799	2%
8/1/2028 - 7/31/2029	\$548,335	\$45,695	2%
8/1/2029 - 7/31/2030	\$559,302	\$46,608	2%
8/1/2030 - 7/31/2031	\$570,488	\$47,541	2%
8/1/2031 - 7/31/2032	\$581,898	\$48,491	2%
8/1/2032 - 7/31/2033	\$593,536	\$49,461	2%
8/1/2033 - 7/31/2034	\$605,406	\$50,451	2%
8/1/2034 - 7/31/2035	\$617,515	\$51,460	2%
8/1/2035 - 7/31/2036	\$629,865	\$52,489	2%
8/1/2036 - 7/31/2037	\$642,462	\$53,539	2%
8/1/2037 - 7/31/2038	\$655,311	\$54,609	2%
8/1/2038 - 7/31/2039	\$668,418	\$55,701	2%
8/1/2039 - 7/31/2040	\$681,786	\$56,815	2%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster located at 3000 Sisk Road in Modesto, California. The site consists of roughly 8,248 rentable square feet of building space on an estimated 1.65-acre parcel of land.

This Red Lobster is subject to a long-term absolute triple-net (NNN) lease, which commenced October 28th, 2015. The current annual rent is \$477,359 and is scheduled to increase to \$486,906 in August 2022. Rent will increase 2% 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.
- 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.





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.

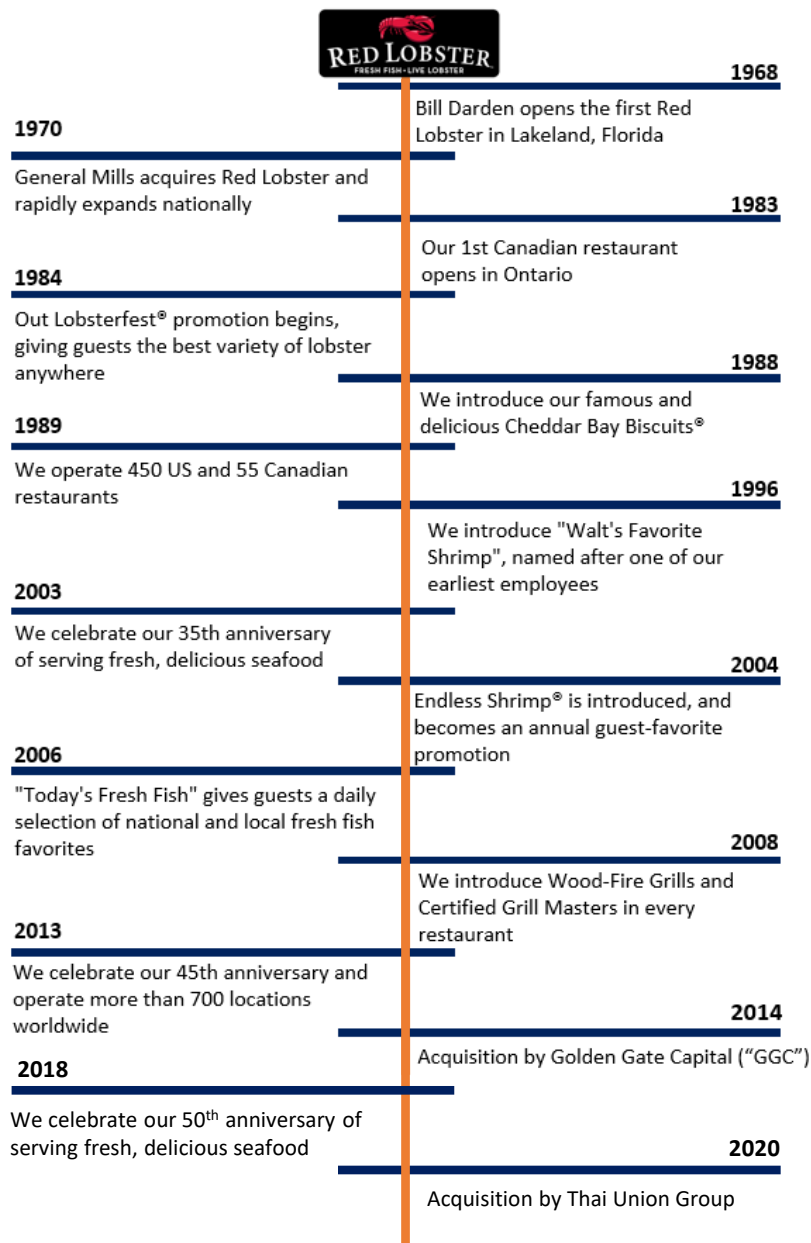
FRESH IS IN OUR COMMITMENT

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





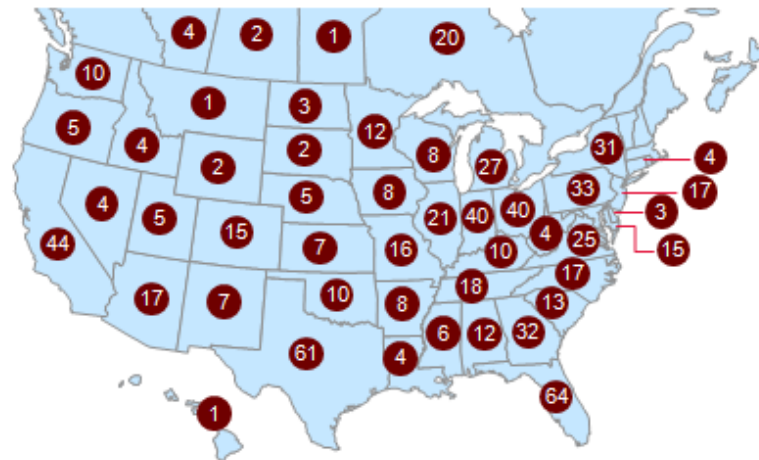
Concept Overview



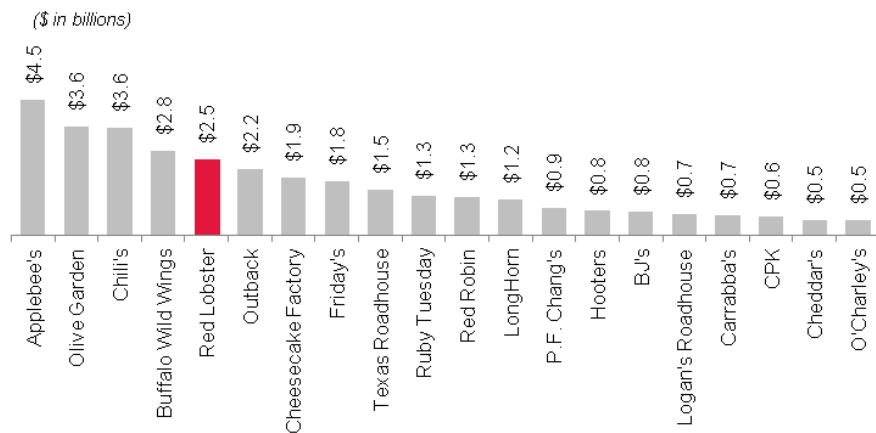
Strong Market Position

- 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.

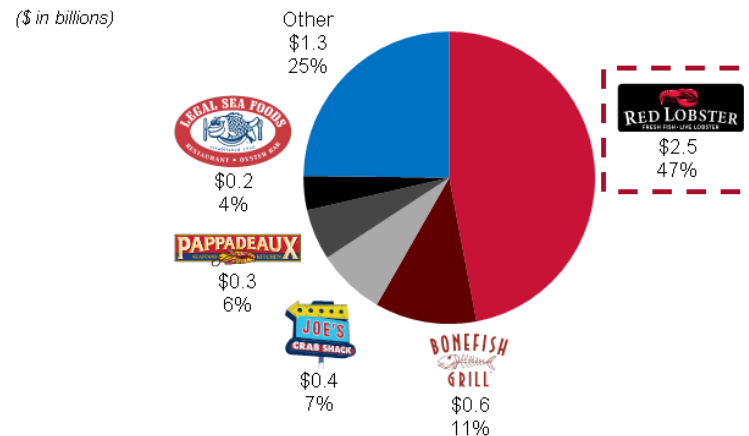
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining





Concept Overview



Iconic Brand With Unparalleled Customer Loyalty

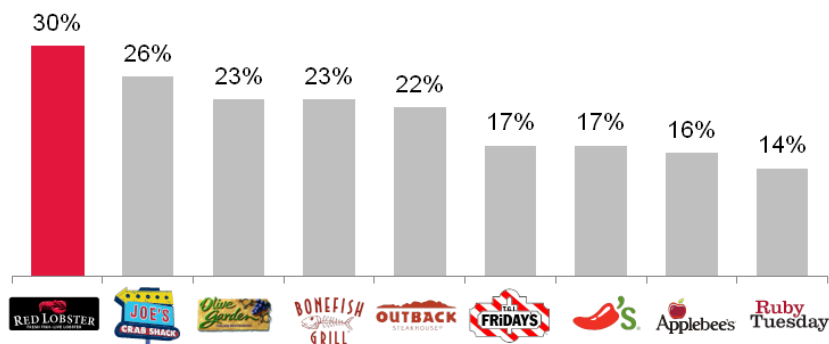
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster 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 14 years.
- \$1.4 billion in overall capital expenditure investment over the past 17 years.
- New Bar Harbor format has strong appeal across customer base.

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



- 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

3000 Sisk Road – Modesto, CA 95350





Location Overview

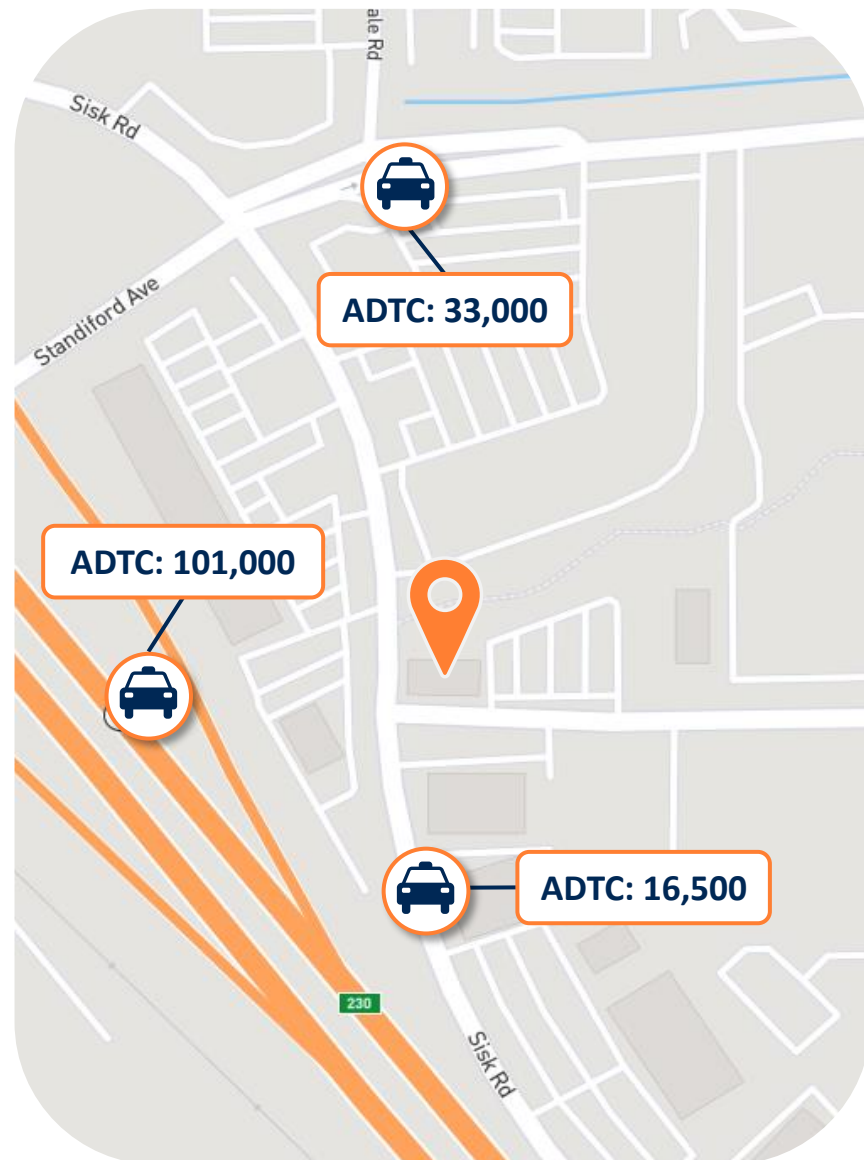
3000 Sisk Road – Modesto, CA 95350



This Red Lobster investment property is situated on Sisk Road, which boasts an average daily traffic count exceeding 16,500 vehicles. Sisk Road intersects with Standiford Ave and is directly off of the Golden State Highway which bring an additional 33,000 and 101,000 vehicles to the immediate area daily, respectively. There are more than 12,000 individuals residing within a one-mile radius of the subject property, more than 81,000 individuals within a three-mile radius, and over 171,000 within a five-mile radius. Average household income for homes within three miles of the subject property exceeds \$77,000.

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: CVS Pharmacy, Bank of America, Chase Bank, Chevron, Trader Joe's, Firestone, KFC, Buffalo Wild Wings, Panera Bread, Rooms Express, Chipotle, Men's Wearhouse, and Texas Roadhouse in addition to many others. This Red Lobster benefits from a strong academic presence from 9 local high schools and elementary schools servicing over 5,300 students. The subject property also benefits from being only one-mile from the Vintage Faire Mall which is home to around 170 tenants.

Modesto, is the county seat and largest city of Stanislaus County, California, United States. With a population of approximately 215,000 in 2018, it is the 18th largest city in the state of California and forms part of the Modesto–Merced combined statistical area. The diverse economy offers a mix of industries: manufacturing, health care & social assistance, retail trade, and professional, scientific & technical services. The city's annual Architectural Festival honors Modesto's history as a testing ground for mid-century modern architecture during the 1940s and '50s. Modesto's mid-century buildings have been featured four times in Museum of Modern Art publications.





Property Photos

3000 Sisk Road – Modesto, CA 95350



DRONE FOOTAGE



CLICK HERE



Surrounding Area Photos

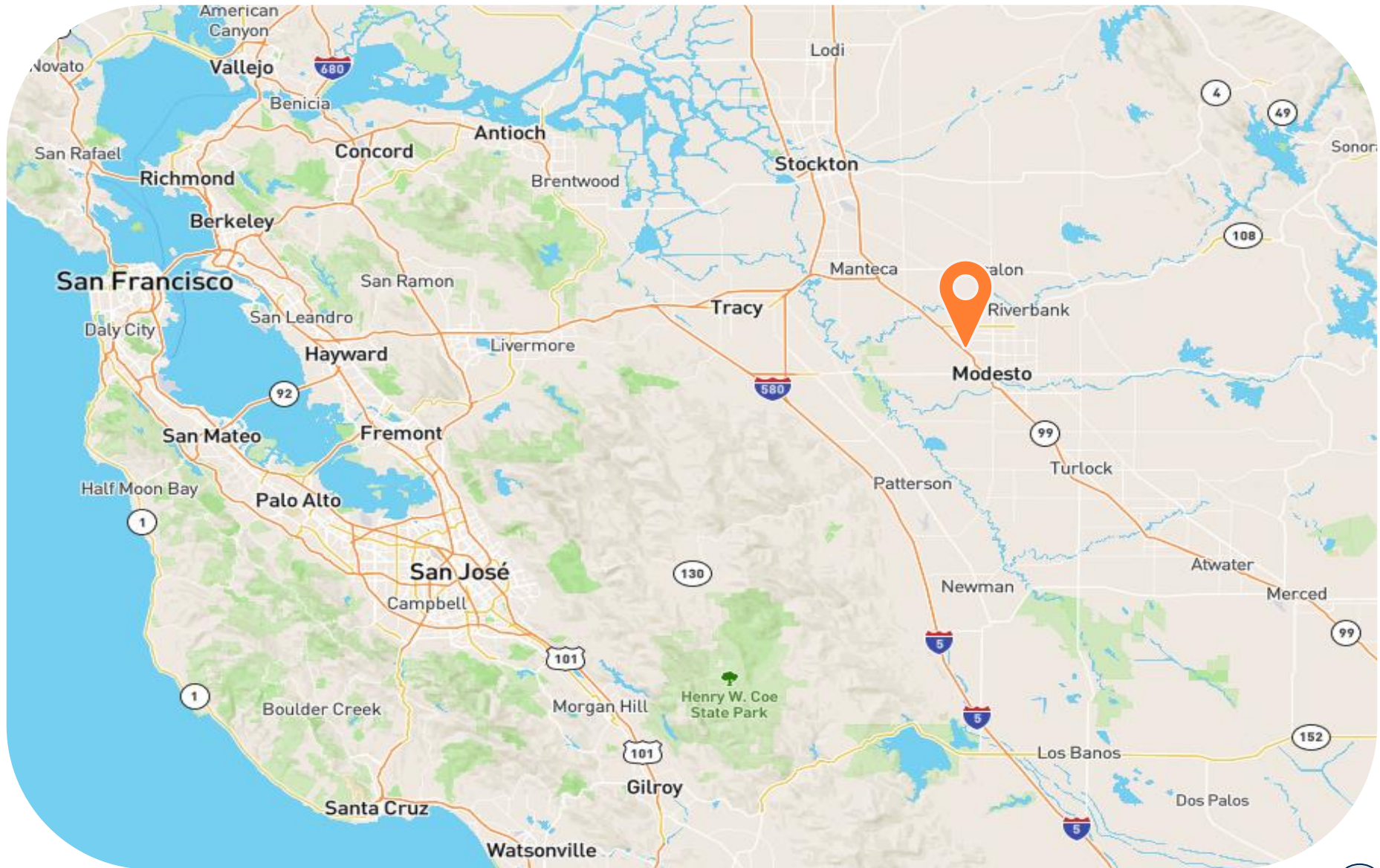
3000 Sisk Road – Modesto, CA 95350





Local Map

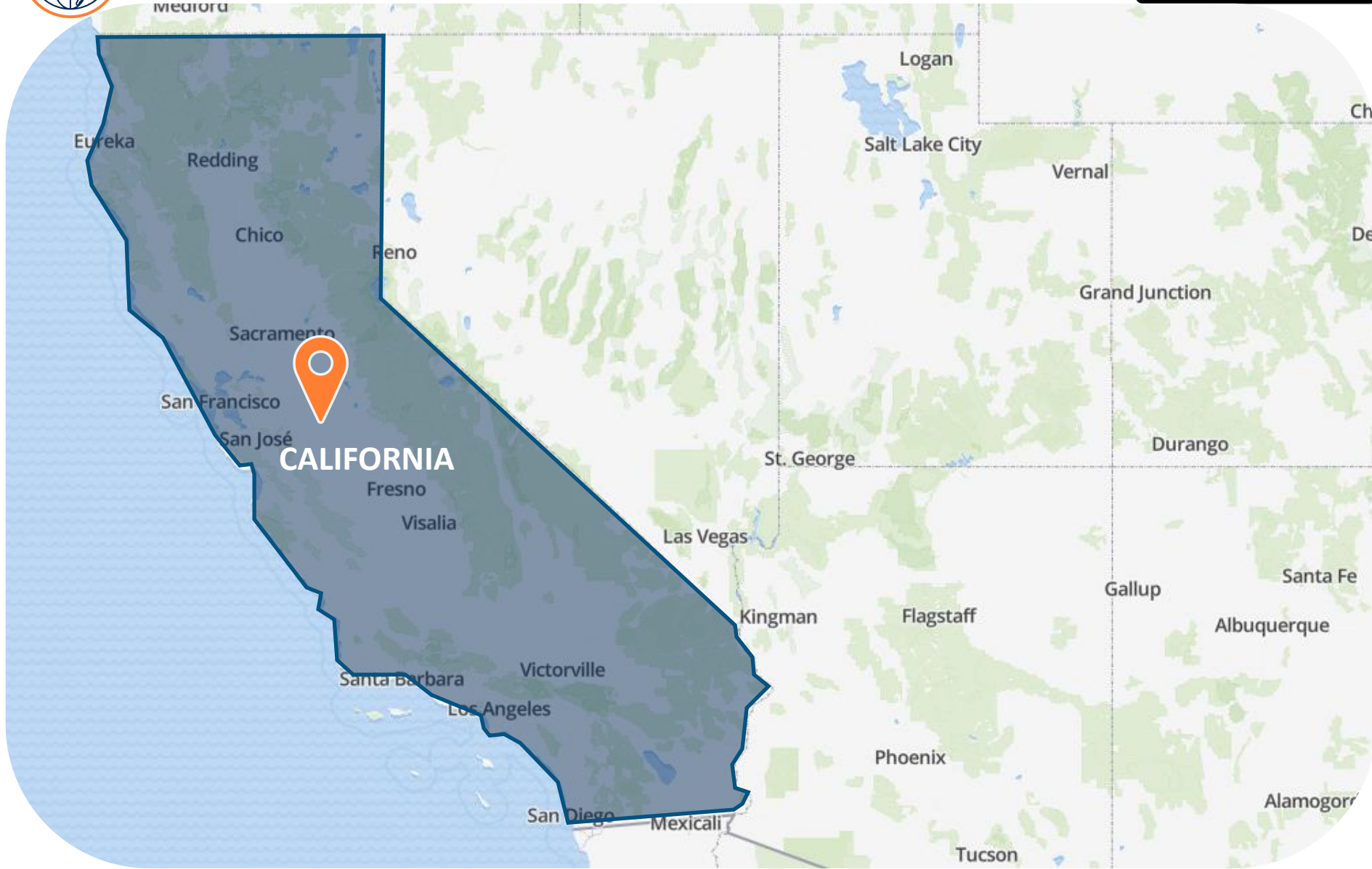
3000 Sisk Road – Modesto, CA 95350





Regional Map

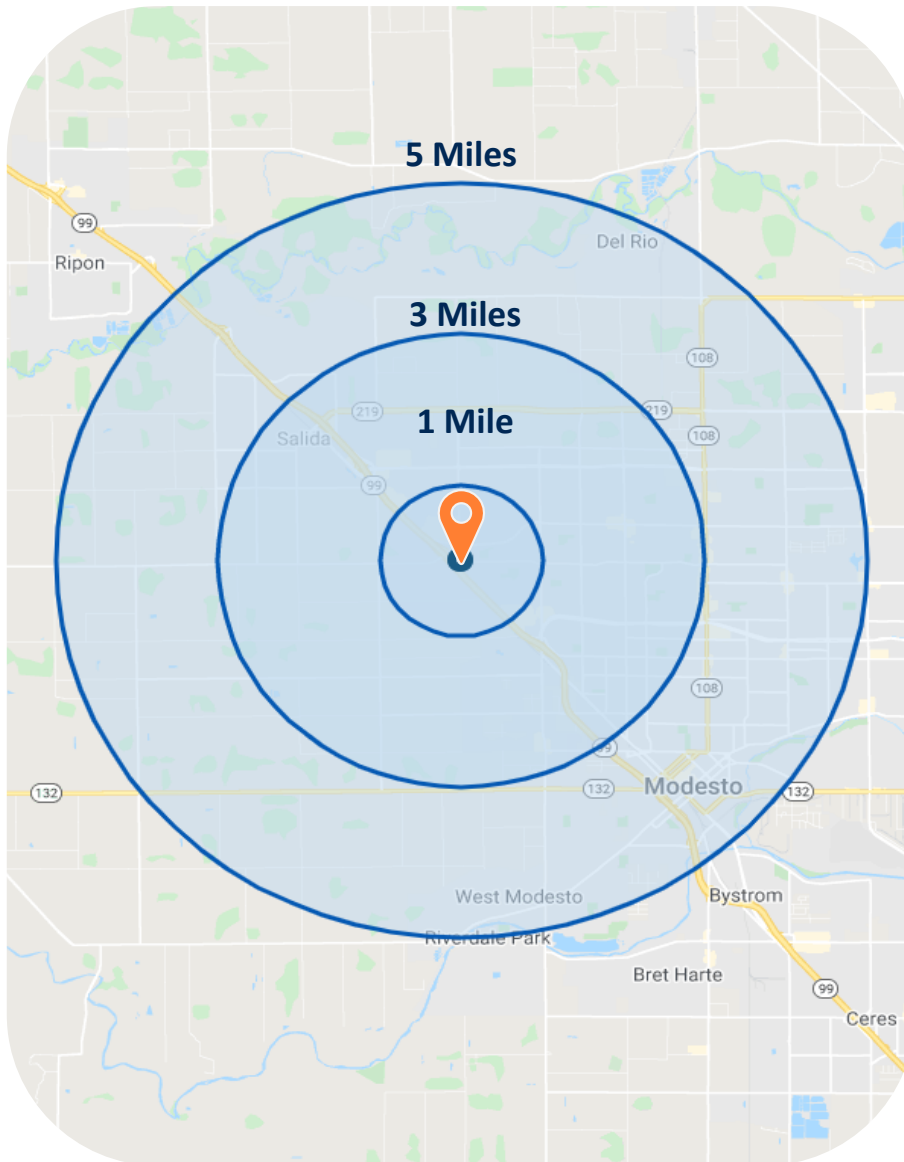
3000 Sisk Road – Modesto, CA 95350





Demographics

3000 Sisk Road – Modesto, CA 95350



Population Trends:

2010 Population	11,619	76,334	159,229
2021 Population	12,110	81,637	171,574
2026 Population Projection	12,385	83,847	176,431
Annual Growth 2010 - 2020	0.40%	0.60%	0.70%
Annual Growth 2020 - 2025	0.50%	0.50%	0.60%

Population by Race (2020):

White	9,522	64,018	136,841
Black	625	3,911	8,142
American Indian/Alaskan Native	263	1,703	3,789
Asian	963	6,626	12,547
Hawaiian & Pacific Islander	193	1,184	1,937
Two or More Races	545	4,194	8,319
Hispanic Origin	5,257	32,617	72,278

Household Trends:

2010 Households	4,407	26,553	54,981
2021 Households	4,589	28,317	59,083
2026 Household Projection	4,692	29,071	60,739
Growth 2010 - 2021	0.00%	0.20%	0.20%
Growth 2020 - 2026	0.40%	0.50%	0.60%
Owner Occupied	2,135	17,194	34,287
Renter Occupied	2,557	11,878	26,453

Average Household Income (2020):

\$73,966	\$83,431	\$79,719
-----------------	-----------------	-----------------

Households by Household Income (2020):

<\$25,000	899	4,429	10,546
\$25,000 - \$50,000	1,235	6,385	13,723
\$50,000 - \$75,000	815	5,117	10,585
\$75,000 - \$100,000	620	3,969	7,924
\$100,000 - \$125,000	375	3,072	6,188
\$125,000 - \$150,000	261	2,227	4,177
\$150,000 - \$200,000	169	1,676	3,067
\$200,000+	216	1,442	2,872

Median Household Income (2020):

\$54,680	\$66,673	\$61,619
-----------------	-----------------	-----------------



Market Overview

City: Modesto | County: Stanislaus | State: California



Modesto, is the county seat and largest city of Stanislaus County, California, United States. It is apart of the Modesto-Merced Statistical Area which is home to over 550,000 individuals.

Modesto attracts those looking for the balance created by a culturally rich city center that's surrounded by residential neighborhoods. Downtown offers lots of entertainment, from concerts to comedy showcases, in both large and intimate venues. Meanwhile, the peaceful residential areas were the childhood homes of several big-name entertainers like filmmaker George Lucas and actors Jeremy Renner and Timothy Olyphant.

Modesto is in the center of the Central Valley east of San Francisco and south of the capital Sacramento. The city is surrounded by fertile farmland. Its population is growing fast due to affordable housing in the area and is quickly becoming a bedroom community for commuters to Sacramento, Fresno, and the San Francisco Bay Area. The region's thriving agriculture industry and pleasant weather have influenced landscaping everywhere. Neighborhoods are lined with towering old trees and numerous parks provide peaceful settings for walks and jogs. Modesto is also encircled by farmland that's focused on feeding the nation and the world with lettuce, grapes, almonds and dairy products.

Modesto's central valley location puts residents in close proximity to the grandeur of Yosemite National Park, the snow sports of Lake Tahoe and the cultural attractions of San Francisco. The city is served by one of the busiest rail corridors in the country. The Amtrak San Joaquin makes eight daily stops on the route between Oakland and Bakersfield, and four stops daily on the route between Sacramento and Bakersfield, at a station on the east edge of town. Altamont Corridor Express commuter rail is planned to recommence rail service to the Southern Pacific Railroad Depot in 2023.



Russell Wachtler
RWachtler@nnnpro.com
332.345.4206 | NY: 10401294048

Adam Friedlander
AFriedlander@nnnpro.com
332.345.4315 | NY: 10401333620

R.J. Stein
RStein@nnnpro.com
332.345.4323 | NY: 10401341647

Glen Kunofsky
NY: 10301203289

Marcus & Millichap

EXCLUSIVE NET-LEASE OFFERING

