



LongHorn Steakhouse (Corporate Sale Leaseback)
26805 I-45
The Woodlands, TX (Houston MSA) 77380



TABLE OF CONTENTS

I. Executive Profile

Executive Summary
Investment Highlights
Property Overview

II. Location Overview

Photographs
Aerial
Site Plan
Map

III. Market & Tenant Overview

Demographic Report
Market Overview
Tenant Overview

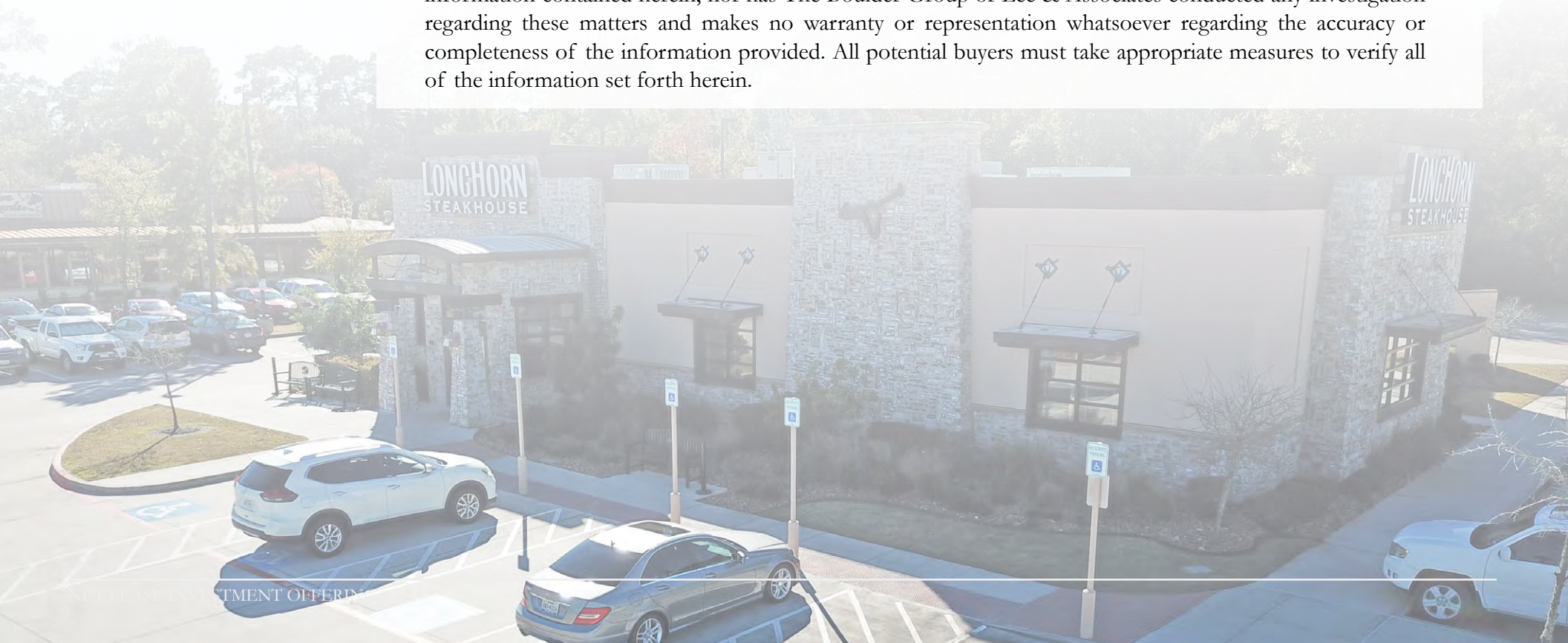


**DISCLAIMER
STATEMENT:**

The information contained in the following Offering Memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from The Boulder Group and/or Lee & Associates and should not be made available to any other person or entity without the written consent of The Boulder Group and/or Lee & Associates.

This Offering Memorandum 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. The Boulder Group and Lee & Associates has not made any investigation, and makes no warranty or representation.

The information contained in this Offering Memorandum has been obtained from sources we believe to be reliable; however, The Boulder Group and Lee & Associates have not verified, and will not verify, any of the information contained herein, nor has The Boulder Group or Lee & Associates 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.



EXECUTIVE SUMMARY:

The Boulder Group and Lee & Associates are pleased to exclusively market for sale a single tenant net leased LongHorn Steakhouse sale-leaseback opportunity. The LongHorn Steakhouse lease will have an initial primary term of ten years upon close of escrow. This absolute net lease will feature 1.5% annual rental escalations. LongHorn Steakhouse is known for a “Passion for Grilling” fresh, tender, juicy steaks and offers guests the widest variety of cuts and numerous preparations, including its signature bone-in Outlaw Ribeye, all served in a relaxed, warm atmosphere inspired by a rancher’s home. LongHorn has more than 500 restaurants across 40 states. The tenant will be RARE Hospitality International, Inc., a wholly owned subsidiary of Darden Restaurants, Inc., doing business as LongHorn Steakhouse. Darden Restaurants, Inc. is publicly traded (NYSE: DRI) with a market capitalization in excess of \$12 billion and is an investment grade rated company (Standard & Poor’s: BBB)*.

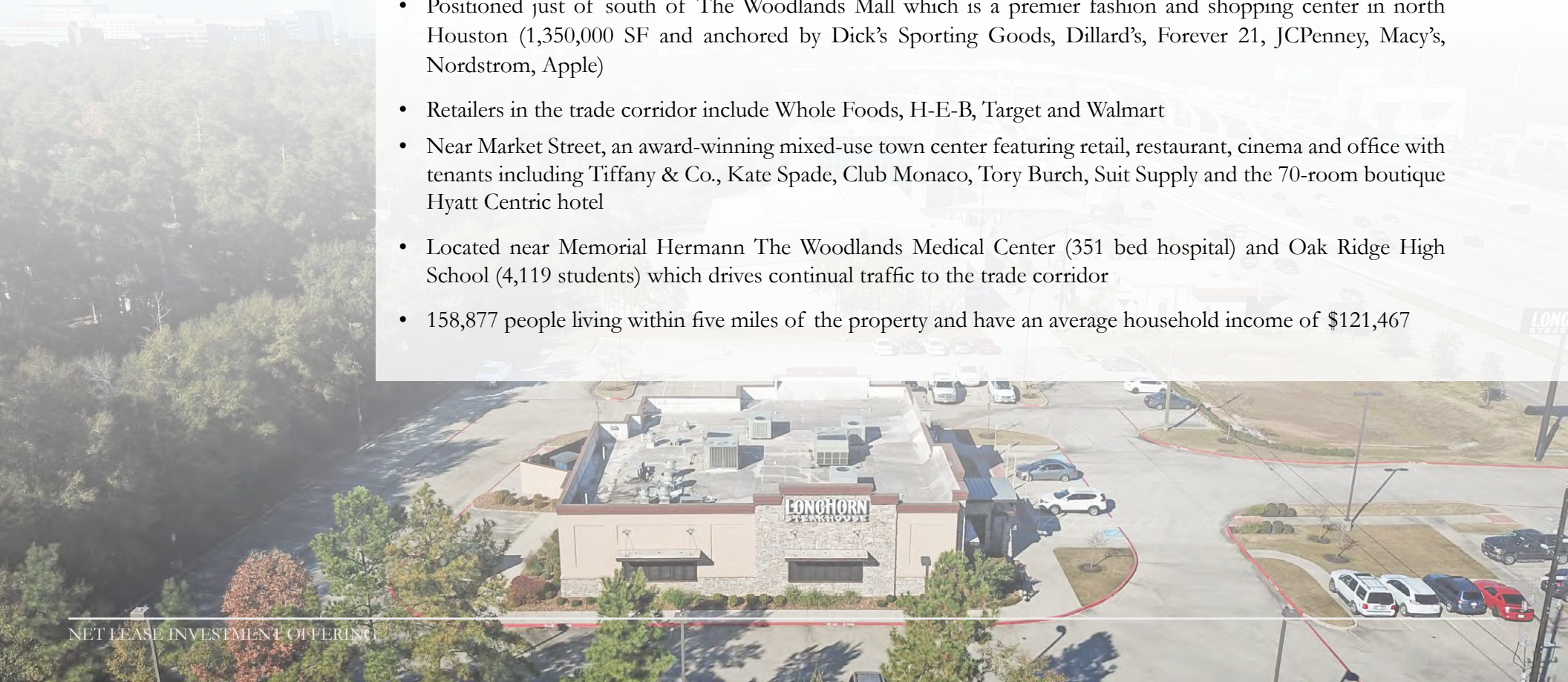
The LongHorn Steakhouse property is strategically located in a regionally dominant retail corridor within the Houston MSA. The property has excellent visibility along Interstate 45 (116,980 VPD) which leads to downtown Houston. The Longhorn steakhouse is positioned just south of The Woodlands Mall which is a premier fashion and shopping center in north Houston. The Mall is 1,350,000 SF and anchored by Dick’s Sporting Goods, Dillard’s, Forever 21, JCPenney, Macy’s, Nordstrom, Apple. Other retailers in the trade corridor include Whole Foods, H-E-B, Target and Walmart. The property is also near Market Street, an award-winning mixed-use town center featuring retail, restaurant, cinema and office with tenants including Tiffany & Co., Kate Spade, Club Monaco, Tory Burch, Suit Supply and the 70-room boutique Hyatt Centric hotel. Additionally, LongHorn Steakhouse is located near Memorial Hermann The Woodlands Medical Center (351 bed hospital) and Oak Ridge High School (4,119 students) which drives continual traffic to the trade corridor. There are 158,877 people living within five miles of the property and have an average household income of \$121,467.

There will be ten years remaining on the corporately guaranteed LongHorn Steakhouse lease upon close of escrow. The lease will feature 1.5% annual rental escalations and require no landlord responsibilities. Additionally, there will be five 5-year renewal option periods. The tenant will be RARE Hospitality International, Inc., a wholly owned subsidiary of Darden Restaurants, Inc., doing business as LongHorn Steakhouse. Darden Restaurants, Inc. (NYSE: DRI) is a multi-brand restaurant operator. The 6,256 SF LongHorn Steakhouse property features a low rent per square of \$18.86.

**As of December 2018*

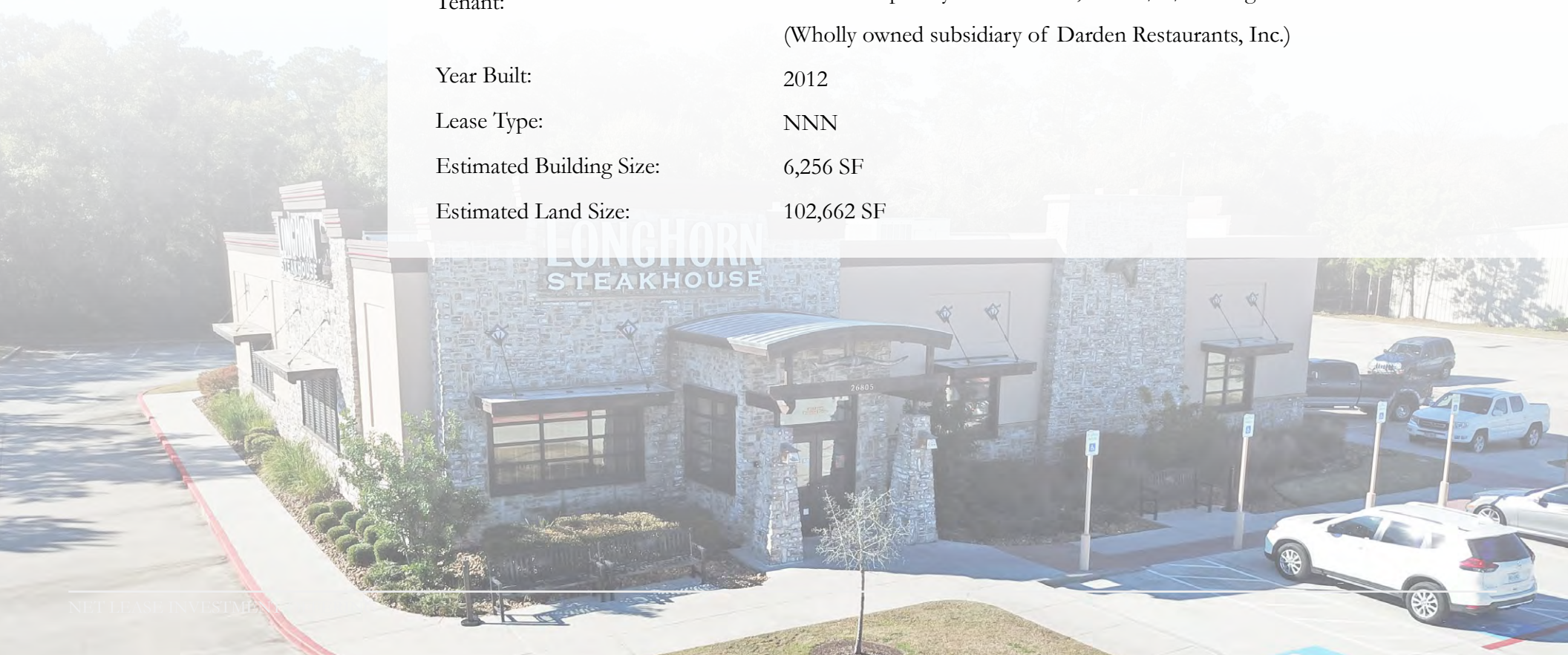
**INVESTMENT
HIGHLIGHTS:**

- Corporate lease
- 1.5% annual rental escalations
- Low rent PSF
- Absolute Triple Net - No landlord responsibilities
- Low rent to sales ratio
- Strategically located in a regionally dominant retail corridor within the Houston MSA
- Excellent visibility along Interstate 45 (116,980 VPD) which leads to downtown Houston
- Positioned just south of The Woodlands Mall which is a premier fashion and shopping center in north Houston (1,350,000 SF and anchored by Dick's Sporting Goods, Dillard's, Forever 21, JCPenney, Macy's, Nordstrom, Apple)
- Retailers in the trade corridor include Whole Foods, H-E-B, Target and Walmart
- Near Market Street, an award-winning mixed-use town center featuring retail, restaurant, cinema and office with tenants including Tiffany & Co., Kate Spade, Club Monaco, Tory Burch, Suit Supply and the 70-room boutique Hyatt Centric hotel
- Located near Memorial Hermann The Woodlands Medical Center (351 bed hospital) and Oak Ridge High School (4,119 students) which drives continual traffic to the trade corridor
- 158,877 people living within five miles of the property and have an average household income of \$121,467



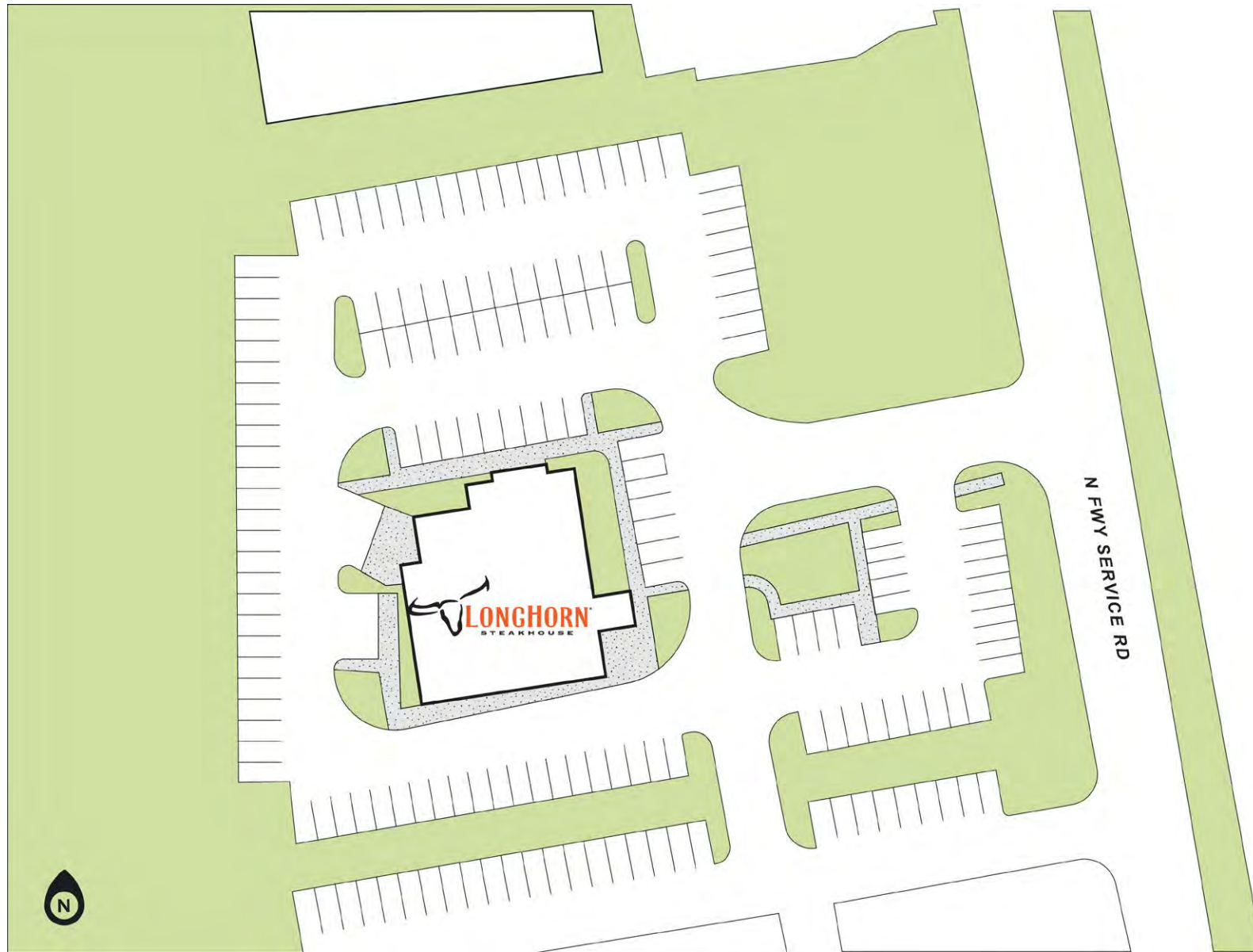
PROPERTY OVERVIEW:

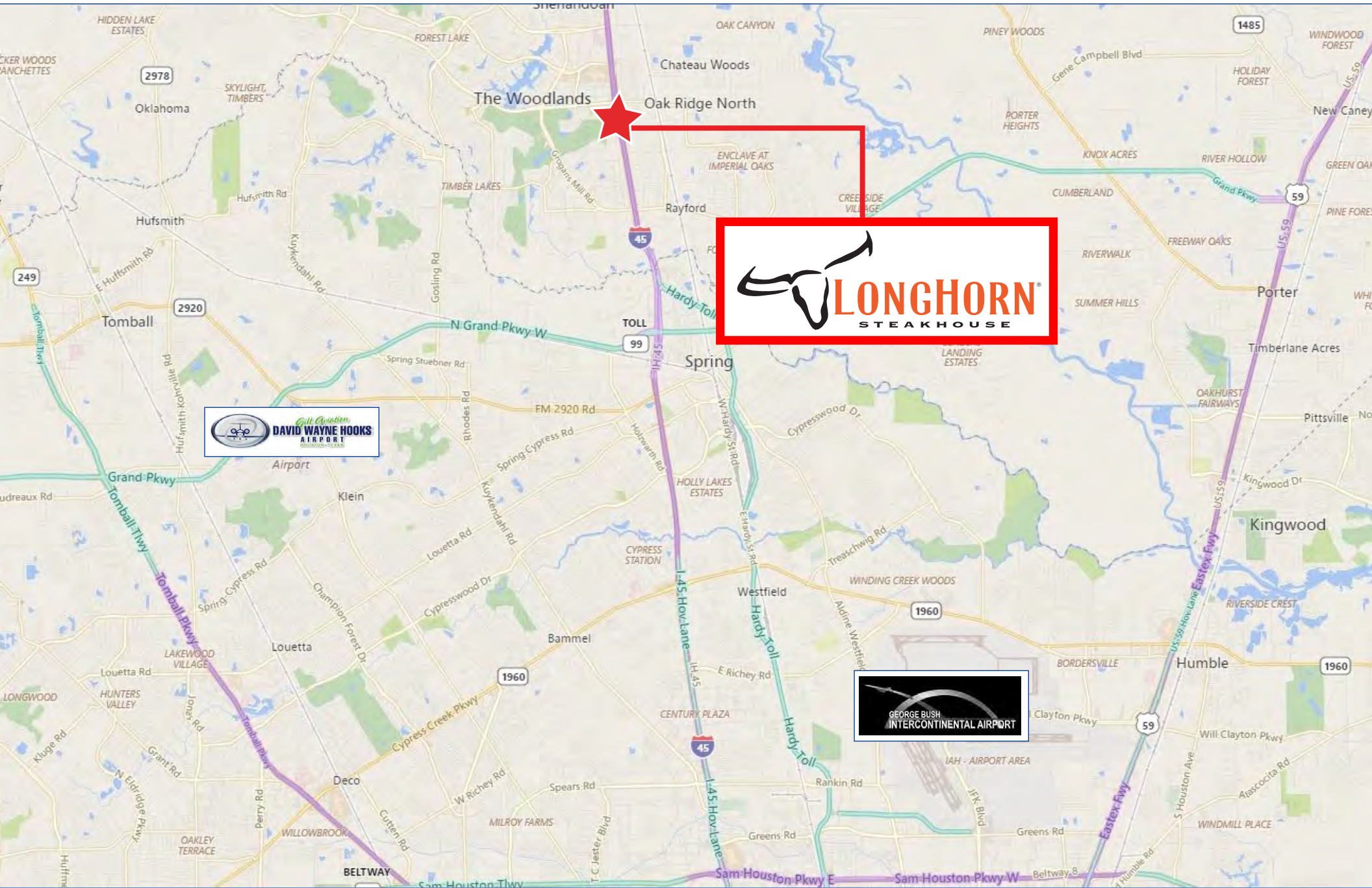
Price:	\$2,107,143
Current Cap Rate:	5.60%
Net Operating Income:	\$118,000
Rental Escalations:	1.5% Annually
Renewal Options:	Five 5-Year
Lease Commencement Date:	Upon Close of Escrow
Lease Term:	10 Years
Tenant:	RARE Hospitality International, Inc. D/B/A LongHorn Steakhouse (Wholly owned subsidiary of Darden Restaurants, Inc.)
Year Built:	2012
Lease Type:	NNN
Estimated Building Size:	6,256 SF
Estimated Land Size:	102,662 SF

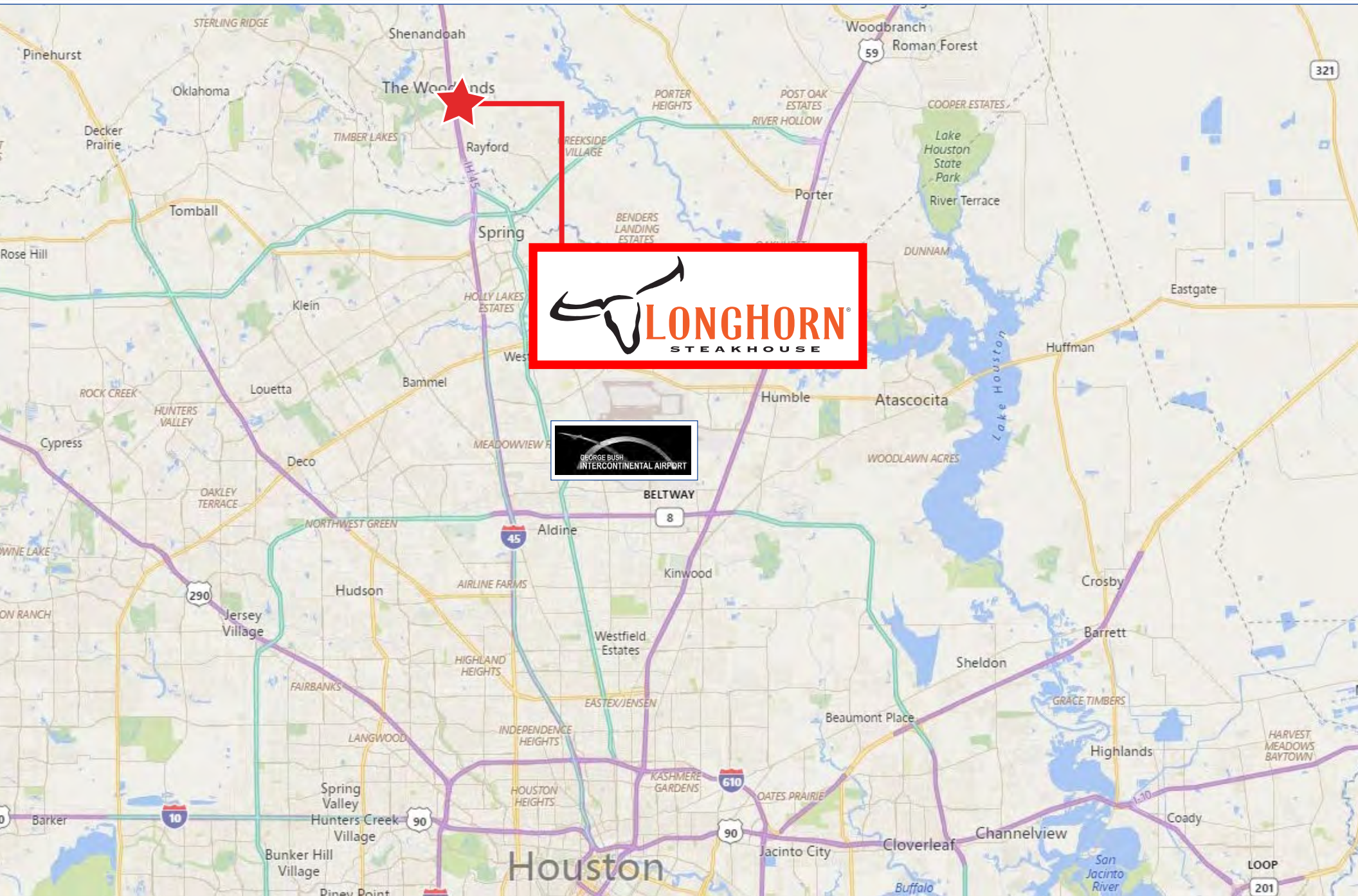












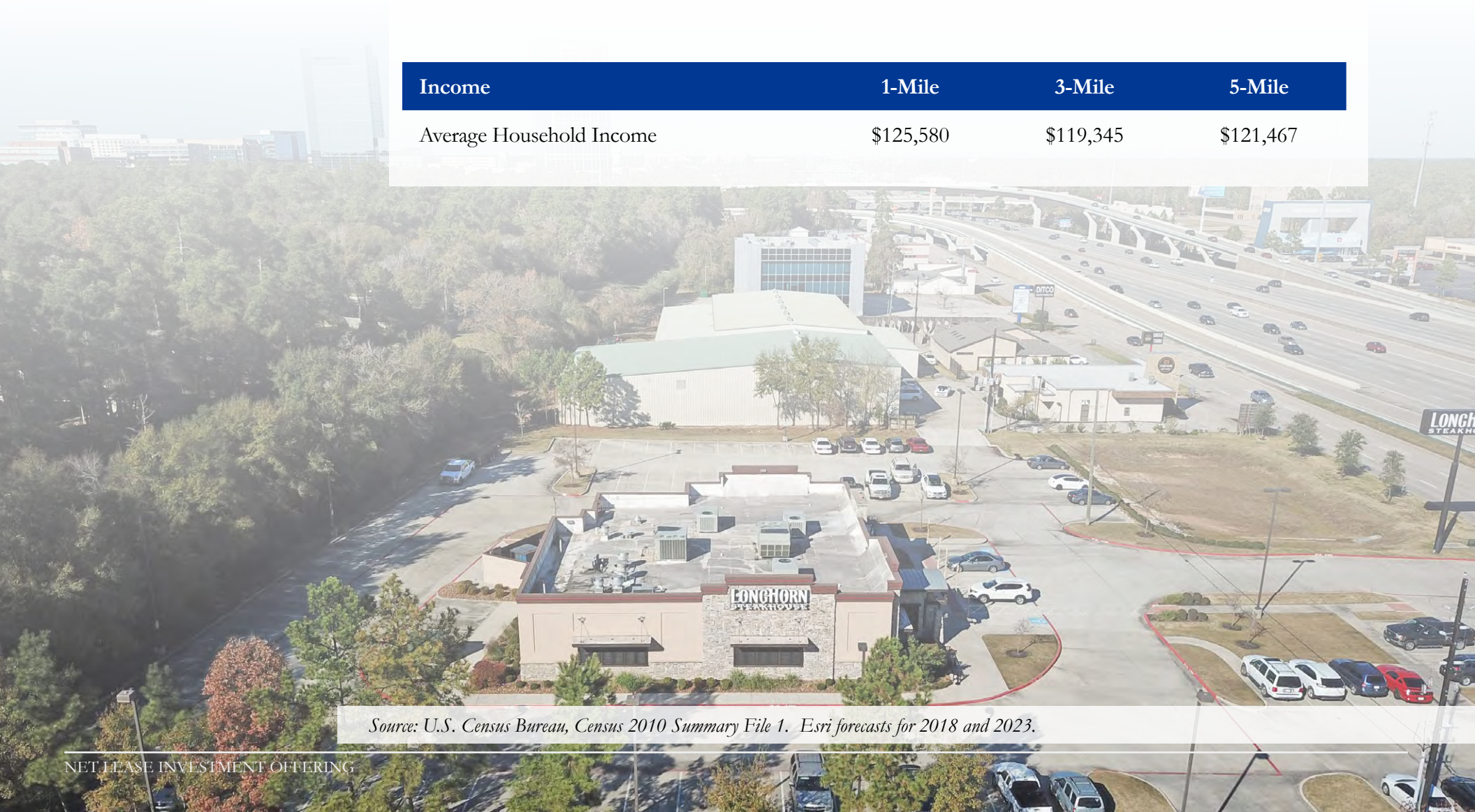
DEMOGRAPHIC REPORT:

Population	1-Mile	3-Mile	5-Mile
------------	--------	--------	--------

Total Population	9,118	63,841	158,877
Total Households	4,142	26,158	59,524

Income	1-Mile	3-Mile	5-Mile
--------	--------	--------	--------

Average Household Income	\$125,580	\$119,345	\$121,467
--------------------------	-----------	-----------	-----------



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2018 and 2023.

**MARKET
OVERVIEW:**

The Woodlands, Texas

The Woodlands is a master planned community and census-designated place (CDP) in the U.S. state of Texas in the Houston–The Woodlands–Sugar Land metropolitan area. It is primarily located in Montgomery County, with portions extending into Harris County. As of the 2010 census, the CDP population was 93,847, up from 55,649 at the 2000 census. In 2018 The Howard Hughes Corporation estimated the population to be 116,278.



The Woodlands is 28 miles north of Houston along Interstate 45. Though it began as an exurban development and a bedroom community, it has also attracted corporations and has several corporate campuses, most notably Chevron Phillips Chemical, Anadarko Petroleum, Huntsman Corporation, Woodforest National Bank, Baker Hughes, Chicago Bridge & Iron Company, McKesson Corporation, Aon plc, Maersk Line, Safmarine, ExxonMobil, Halliburton, and Southwestern Energy. It won a Special Award for Excellence in 1994 from the Urban Land Institute.

Houston, Texas

Houston is the most populous city in the state of Texas and the fourth-most populous city in the United States. With a population of more than 2.3 million people within an area of 667 square miles, it is also the largest city in the southern United States and the seat of Harris County. Located in Southeast Texas near the Gulf of Mexico, it is the principal city of the Greater Houston metro area, which is the fifth-most populated MSA in the United States.



HOUSTON
THE CITY WITH NO LIMITS

Houston was founded on 1836 near the banks of Buffalo Bayou (now known as Allen’s Landing) and incorporated as a city in June 1837. The city was named after former General Sam Houston, who was president of the Republic of Texas and had commanded and won at the Battle of San Jacinto 25 miles east of where the city was established. The burgeoning port and railroad industry, combined with oil discovery in 1901, has induced continual surges in the city’s population. In the mid-20th century, Houston became the home of the Texas Medical Center—the world’s largest concentration of healthcare and research institutions—and NASA’s Johnson Space Center, where the Mission Control Center is located.

Houston’s economy has a broad industrial base in energy, manufacturing, aeronautics, and transportation. Leading in health care sectors and building oilfield equipment, outside New York City, Houston has more Fortune 500 headquarters than any other U.S. municipality within its city limits. The Port of Houston ranks first in the United States in international waterborne tonnage handled and second in total cargo tonnage handled. Nicknamed the “Space City”, Houston is a global city, with strengths in business, international trade, entertainment, culture, media, fashion, science, sports, technology, education, medicine, and research. It is home to many cultural institutions and exhibits, which attract more than 7 million visitors a year to the Museum District. Houston has an active visual and performing arts scene in the Theater District and offers year-round resident companies in all major performing arts.

www.houstontx.gov

**TENANT
OVERVIEW:**

LongHorn Steakhouse

LongHorn Steakhouse is known for fresh, boldly seasoned and expertly grilled steaks – like the signature bone-in Outlaw Ribeye® – all served in a relaxed, warm atmosphere inspired by a rancher’s home. Founded in 1981 in Atlanta, Georgia, the restaurant began with one man’s passion for perfect steak but had very few guests to convince. Then a freak snowstorm hit Atlanta in 1982, stranding motorists and drawing them to one of the only hospitable places available - a restaurant then called LongHorn Steaks Restaurant & Saloon. Tales of expertly grilled steaks soon spread like wildfire, and the legend of LongHorn was born.

By 1990, the restaurant had spread throughout the East, Midwest and Southwest United States and Puerto Rico. In 2007, the restaurant, now called LongHorn Steakhouse, was purchased by Darden Restaurants, Inc. (NYSE: DRI). Today, LongHorn Steakhouse is headquartered in Orlando, Florida and has more than 500 restaurants across 40 states.

Website:	www.LongHornsteakhouse.com
Locations:	500+
Year Founded:	1981
Parent Company:	Darden Restaurants Inc.



RARE Hospitality International, Inc. (RARE)

RARE Hospitality International, Inc. (RARE) is a wholly-owned subsidiary of GMRI, Inc. It was acquired by Darden in a merger effective October 1, 2007. It owns and operates substantially all of Darden’s LongHorn Steakhouse and The Capital Grille restaurants, either directly, or through subsidiaries, including RARE Hospitality Management, Inc. (RHM), a wholly-owned subsidiary of RARE, and Capital Grille Holdings, Inc., a wholly-owned subsidiary of RHM. As with GMRI, Inc., RARE also has other direct and indirect subsidiaries that own and operate certain restaurants and were formed primarily for purposes of complying with state liquor licensing laws, for management of overhead and other corporate expenses.



TENANT OVERVIEW:

Darden Restaurants, Inc.

Darden Restaurants, Inc. is the premier full-service restaurant company featuring a portfolio of category-leading brands that include Olive Garden, LongHorn Steakhouse, Bahama Breeze, Seasons 52, Cheddar’s Scratch Kitchen, The Capital Grille, Eddie V’s and Yard House. Each of its brands enjoys industry-leading average unit volumes that together generate approximately \$8 billion in annual sales across more than 1,700 locations. Headquartered in Orlando, Florida, Darden employs more than 184,000 team members who serve more than 390 million meals annually. Darden has been named to the FORTUNE “100 Best Companies to Work For” list on an annual basis.

Darden Restaurants, Inc. is a publicly traded company on the New York Stock Exchange using the symbol “DRI”. The company is investment grade rated by all major rating agencies including Standard & Poor’s (BBB) and Moody’s (Baa2).

Website: www.darden.com
 Locations: 1,700+
 Stock Ticker: NYSE: DRI
 Credit Rating: S&P: BBB
 Moody’s: Baa2
 Headquarters: Orlando, FL





THE Boulder 
GROUP

Randy Blankstein

President

847.562.0003

randy@bouldergroup.com

John Feeney

Senior Vice President

847.562.9280

john@bouldergroup.com

3520 Lake Avenue, Suite 203
Wilmette, IL 60091

www.bouldergroup.com



COMMERCIAL REAL ESTATE SERVICES

Daniel Barnes

Principal

314.400.4004

dbarnes@lee-associates.com

1 McBride & Son Center Dr, Suite 140
St. Louis, MO 63005

www.lee-associates.com