



Red Lobster

2020 North Dixie Hwy, Elizabethtown, KY 42701



Representative Photo

OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap

Table of Contents



Investment Overview

- Investment Highlights
- Financial Overview
- Lease Summary
- Tenant Overview
- Private Equity Sponsor

Property Overview

- Location Overview
- Surrounding Area Map
- Local Map
- Regional Map

Demographics

- Population
- Income
- Employment

2020 North Dixie Highway, Elizabethtown, KY 42701

PRICE: \$3,350,341 | 5.95%CAP | RENT: \$199,345**PROPERTY DESCRIPTION**

Property	Red Lobster
Property Address	2020 North Dixie Highway
City, State, ZIP	Elizabethtown, KY 42701
Building Size (SF)	5,507
Lot Size (Acres)	+/- 1.65

THE OFFERING

Net Operating Income ¹	\$199,345
CAP Rate	5.95%
Purchase Price	\$3,350,341
Price / SF	\$608
Year Opened	2003
Year Remodeled	2012

LEASE SUMMARY

Property Name	Red Lobster
Property Type	Net Leased Casual Dining
Ownership	Private
Tenant	Red Lobster Restaurants, LLC
Guarantor	Red Lobster Intermediate Holdings, LLC
Lease Term	25 Years
Lease Expiration	July 31, 2039
Lease Term Remaining	21 Years
Lease Type	Triple-Net (NNN) Lease
Roof & Structure	Tenant Responsible
Rental Increases	2.00% Annually
Options to Renew	Four (4), Five (5) Year Option Periods
Rental Increases in Options	2.00% Annually

¹ NOI Based on August 2018 Rental Increase**HIGHLIGHTS**

- Property is Subject to a 25 Year Triple-Net (NNN) Lease With 21 Years Remaining
- Corporate Guaranty | 704 Locations in the US & Canada
- Strong Inflation Hedge | Attractive 2.0% Annual Increases
- Four (4), Five (5)-Year Tenant Renewal Options
- World's Largest Seafood Restaurant | Serving Customers in 11 Countries



INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster property located in Elizabethtown, Kentucky. The property consists of 5,507 square feet of building space and is situated on approximately 1.65 acres of land. The property is subject to a 25-year Triple-Net (NNN) lease with 21 years remaining on the base term. The current rent is \$199,345 and will continue to increase by 2.00% annually. The increases will continue through the four, five-year tenant renewal options.

TENANT SUMMARY

Red Lobster is the largest seafood restaurant concept in the world and is an iconic full service brand with broad demographic appeal and significant advertising budget. 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 \$2.5 billion in revenue and is the 5th largest casual dining concept in North America. Red Lobster was recently acquired by Golden Gate Capital.



FINANCIAL OVERVIEW

ANNUALIZED OPERATING DATA

Current Annual Rent¹ \$199,345

Base Term Rental Escalations 2.00% Annually

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent
Year 5	\$199,345	\$16,612
Year 6	\$203,332	\$16,944
Year 7	\$207,399	\$17,283
Year 8	\$211,547	\$17,629
Year 9	\$215,778	\$17,981
Year 10	\$220,093	\$18,341
Year 11	\$224,495	\$18,708
Year 12	\$228,985	\$19,082
Year 13	\$233,565	\$19,464
Year 14	\$238,236	\$19,853
Year 15	\$243,001	\$20,250
Year 16	\$247,861	\$20,655
Year 17	\$252,818	\$21,068
Year 18	\$257,874	\$21,490
Year 19	\$263,032	\$21,919
Year 20	\$268,293	\$22,358
Year 21	\$273,658	\$22,805
Year 22	\$279,132	\$23,261
Year 23	\$284,714	\$23,726
Year 24	\$290,408	\$24,201
Year 25	\$296,217	\$24,685

CAP Rate 5.95%

Purchase Price \$3,350,341

¹ NOI Based on August 2018 Rental Increase

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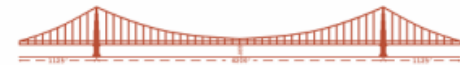
Tenant Overview



- 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 704 restaurants throughout the United States and Canada and has 43 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

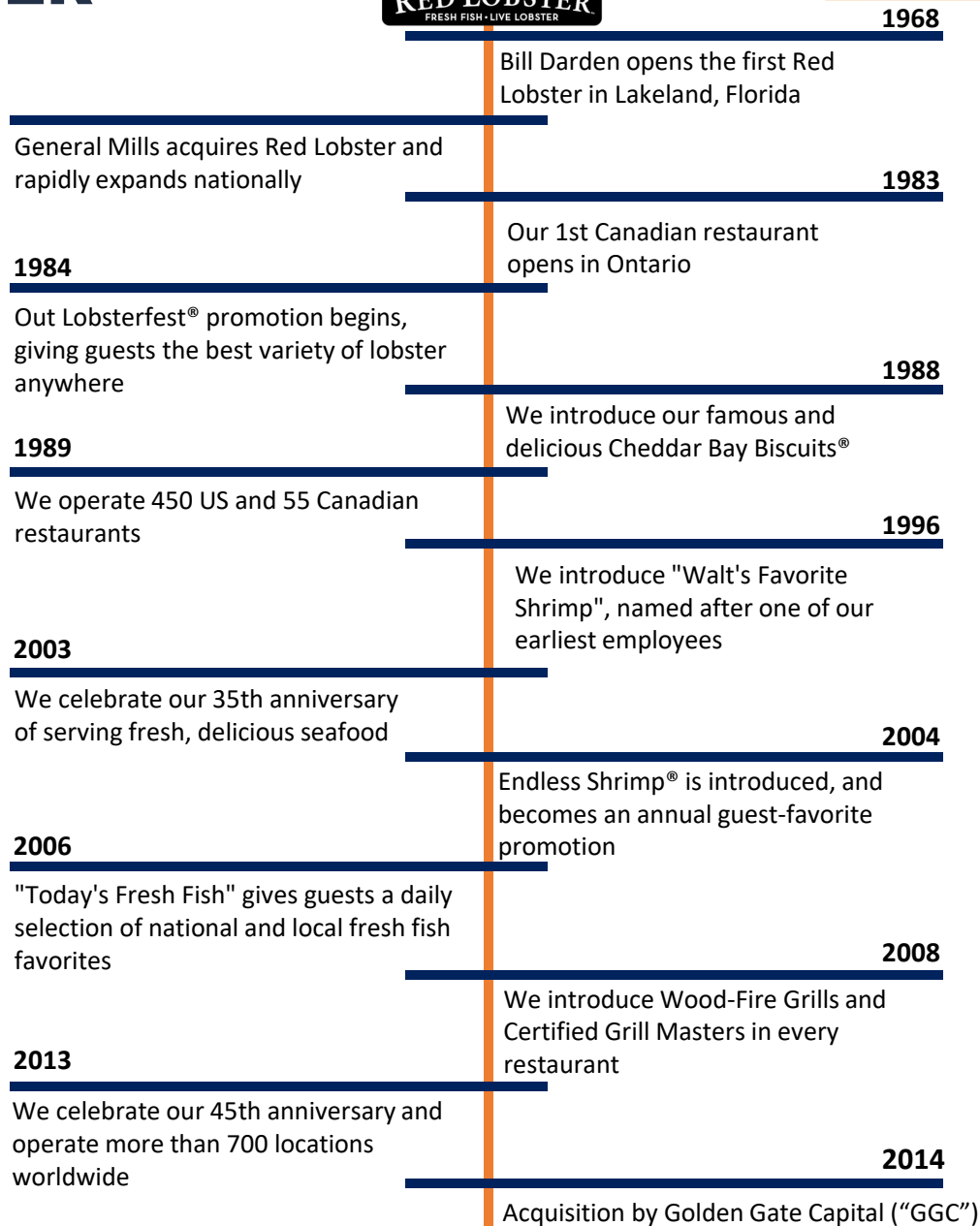
You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

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.

RED LOBSTER TIMELINE



EXECUTIVE SUMMARY

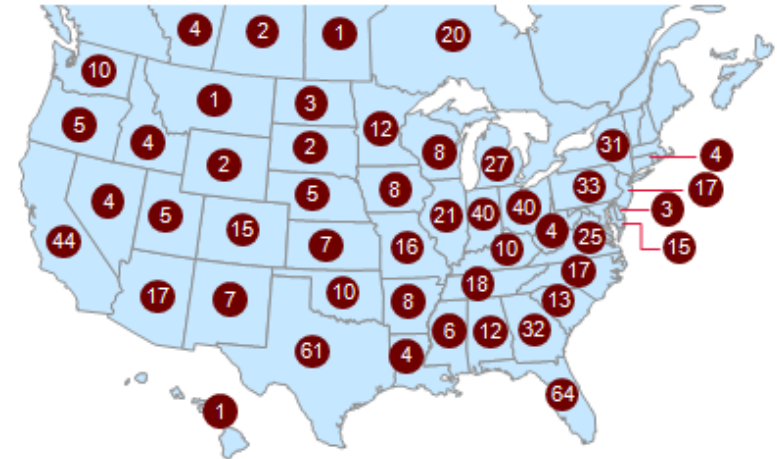


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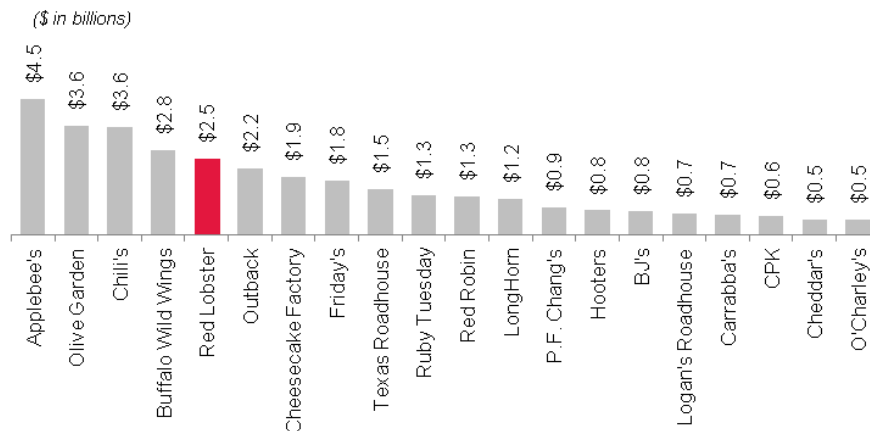
Strong Market Position

- 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 704 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.

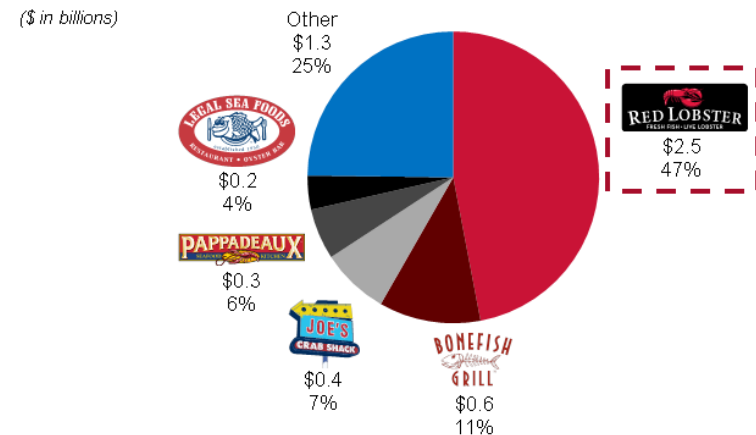
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining



TENANT OVERVIEW

Iconic Brand With Unparalleled Customer Loyalty

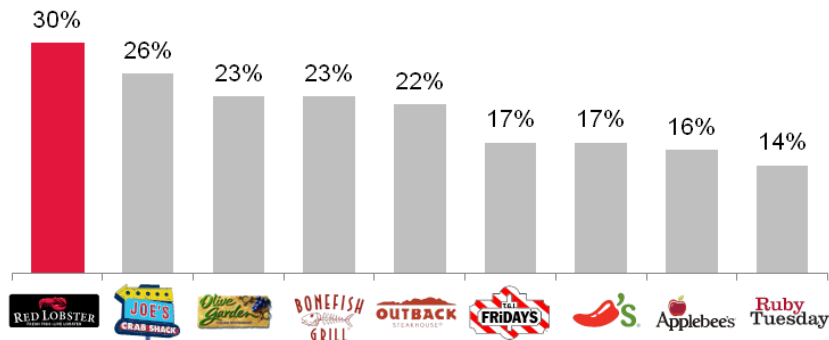
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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



Management Team

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



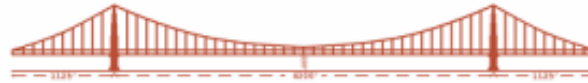
Bill Lambert
CFO
(11 years in Restaurant Industry)

- 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



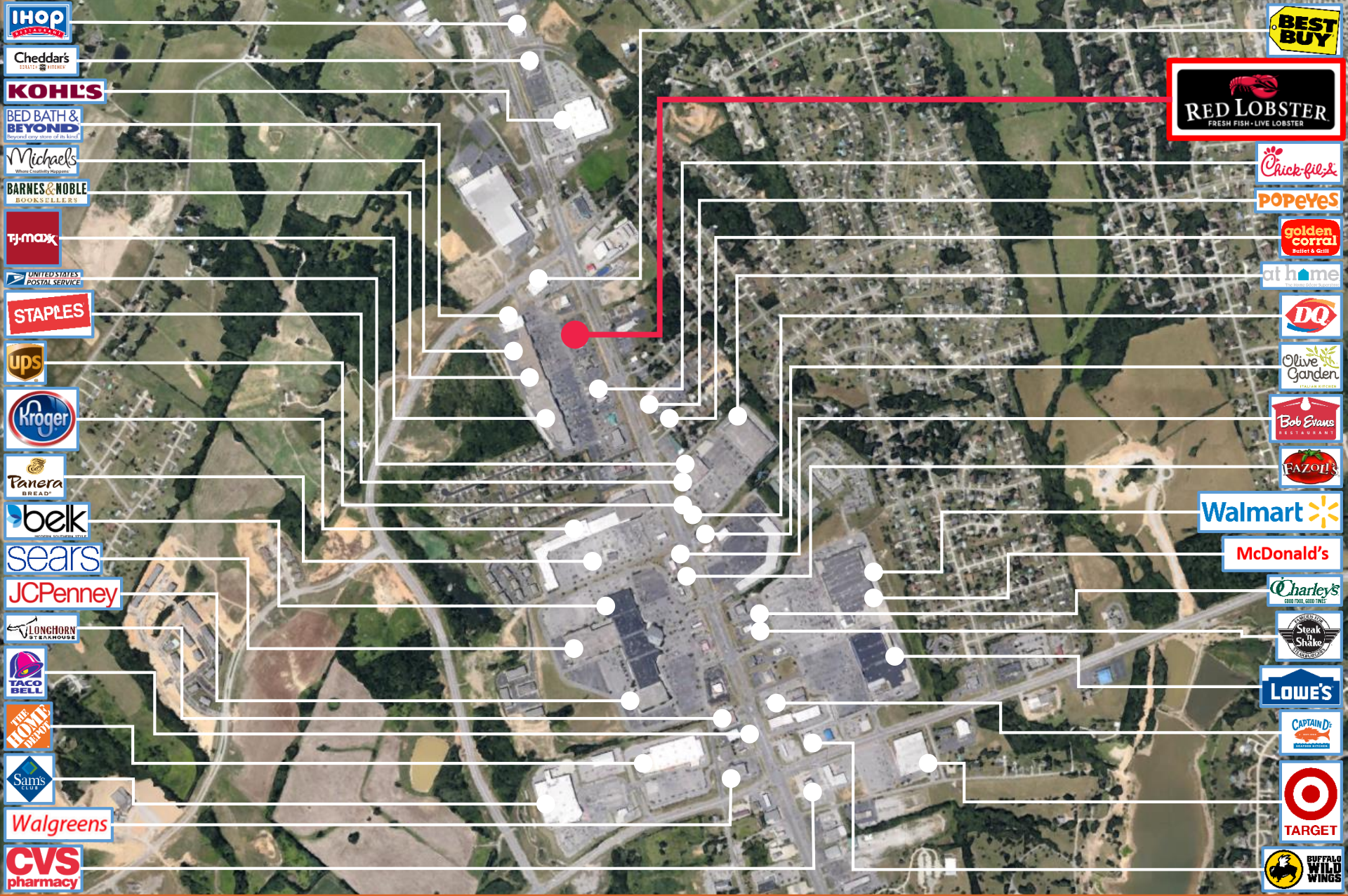
GOLDEN GATE CAPITAL

- 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



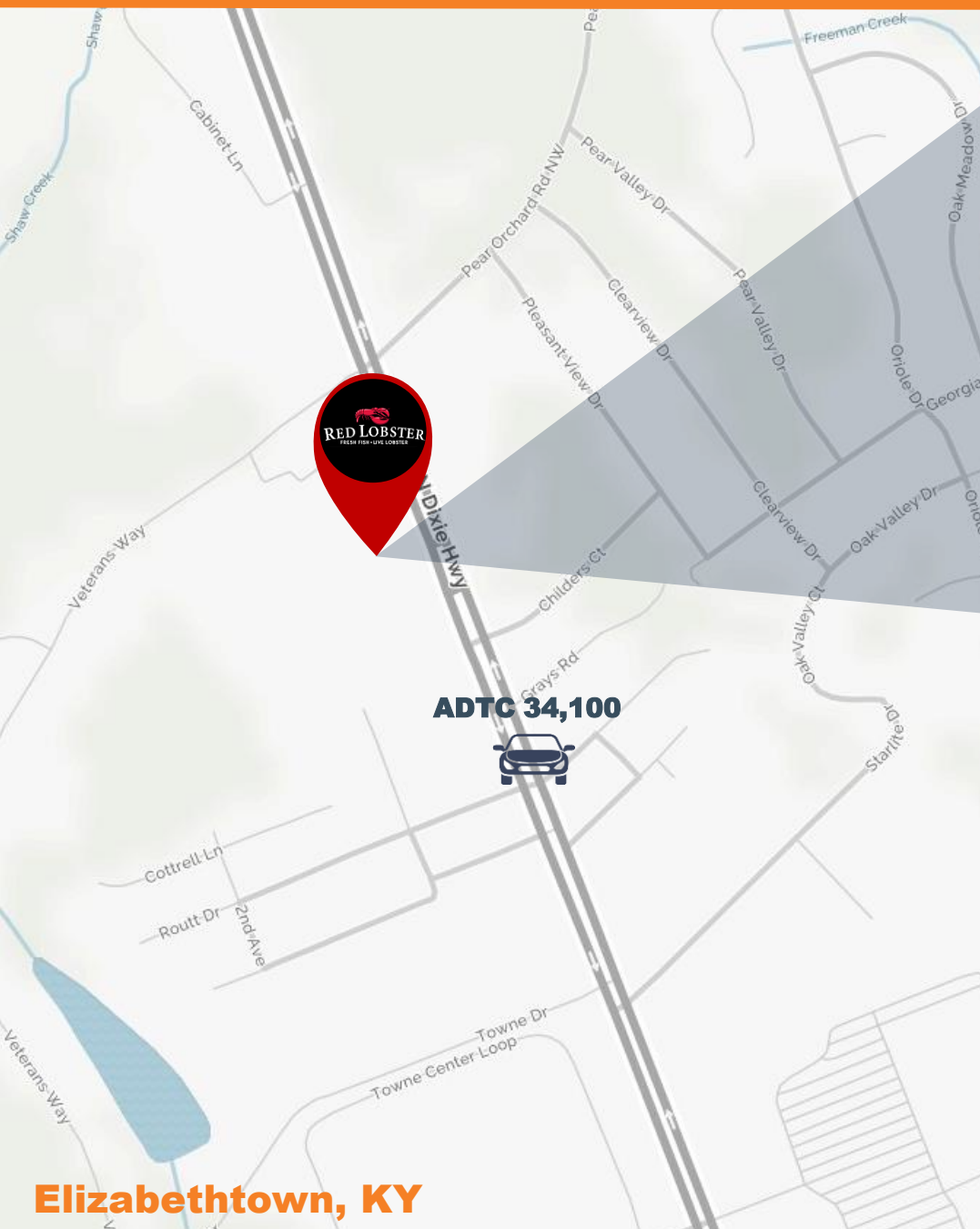


HIGHLIGHTS

- Major National Tenants In Surrounding Area Include: Walmart, Target, CVS, Walgreens, Lowe's, McDonald's, Popeyes & Many More
- Louisville | 44 Miles from Elizabethtown
- Strong Traffic Counts | North Dixie Highway | 34,100 Vehicles Daily
- Compelling Real Estate Fundamentals | Adjacent to Towne Mall | 340,000 Square Foot Mall With Over 50 Stores

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Akebono Brake Elzbtown Plant	1,600
HMH	1,470
Baptist Healthcare System Inc	1,005
Akebono Elizabethtown	750
STC Cnsolidated Operations LLC	700
Burger King	540
Walmart	450
Gates Corporation	445
Kentucky Highway Dept Dst 4	325
Akebono Brake Corporation	309
Kensington Manor Care	298
Western Kentucky University	272



Elizabethtown, KY

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This Red Lobster is located at 2020 North Dixie Highway in Elizabethtown, Kentucky. Elizabethtown is the 11th largest city in the state and included (and the principal city of) the Elizabethtown-Fort Knox, Kentucky Metropolitan Statistical Area. Elizabethtown is a home rule-class city and the county seat of Hardin County, Kentucky.

Surrounding Retail and Points of Interest

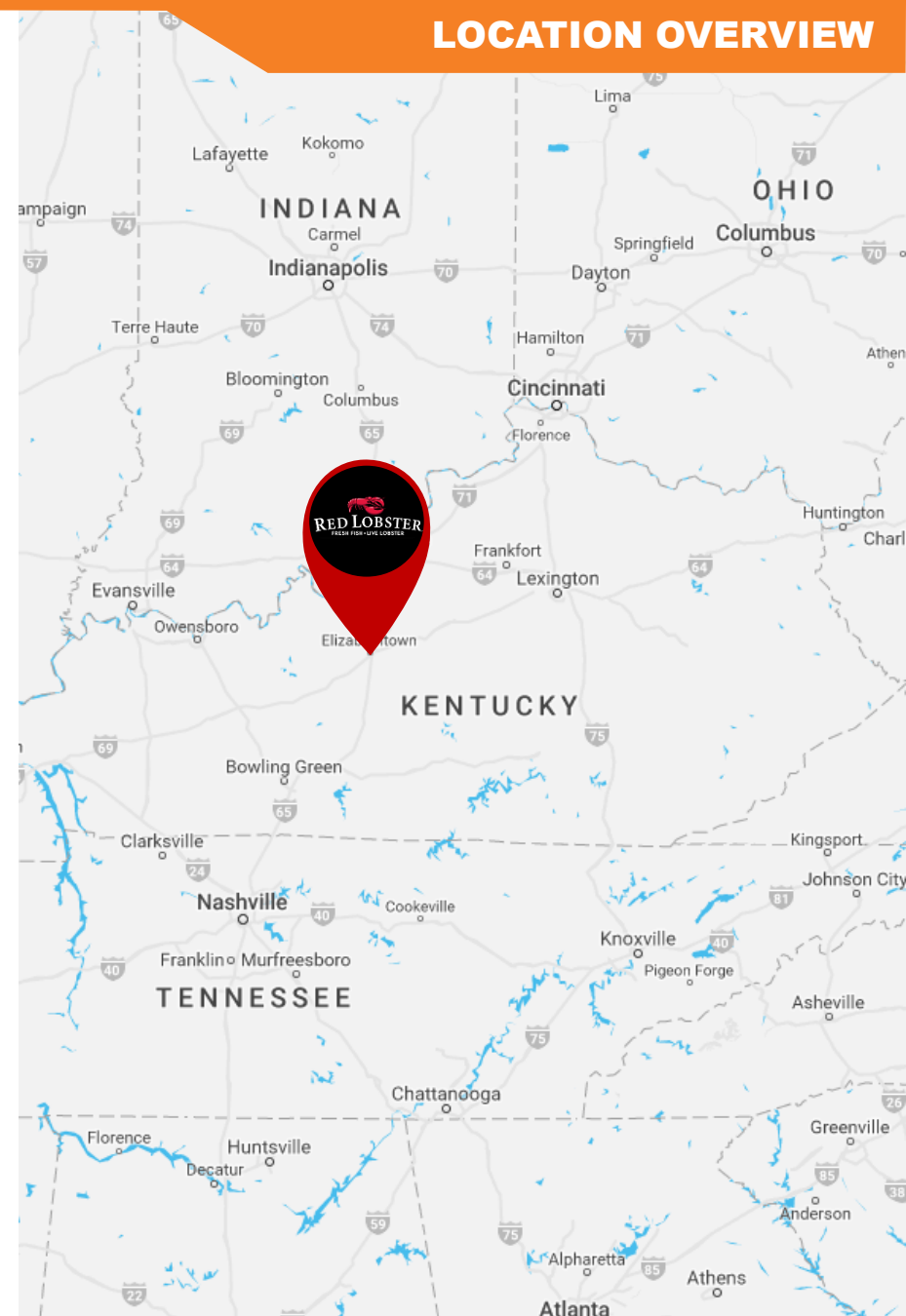
The subject property is an outparcel well-positioned within a Bed Bath & Beyond and Michaels anchored shopping center on N Dixie Highway, benefitting from its proximity to many major national and local companies. Nearby national tenants include: Walmart, Target, CVS, Walgreens, Lowe's, McDonald's, Popeyes, Chick-fil-A, Taco Bell among various others. Freeman Lake Park, the largest City Park in Elizabethtown, featuring a 170 acre lake where fishing and boating are the main attraction, is located less than two and a half miles from the subject property. The Hardin County Museum, one of Elizabethtown's main attractions, with a variety of artifacts, documents and other memorabilia, is located within four miles from the subject property.

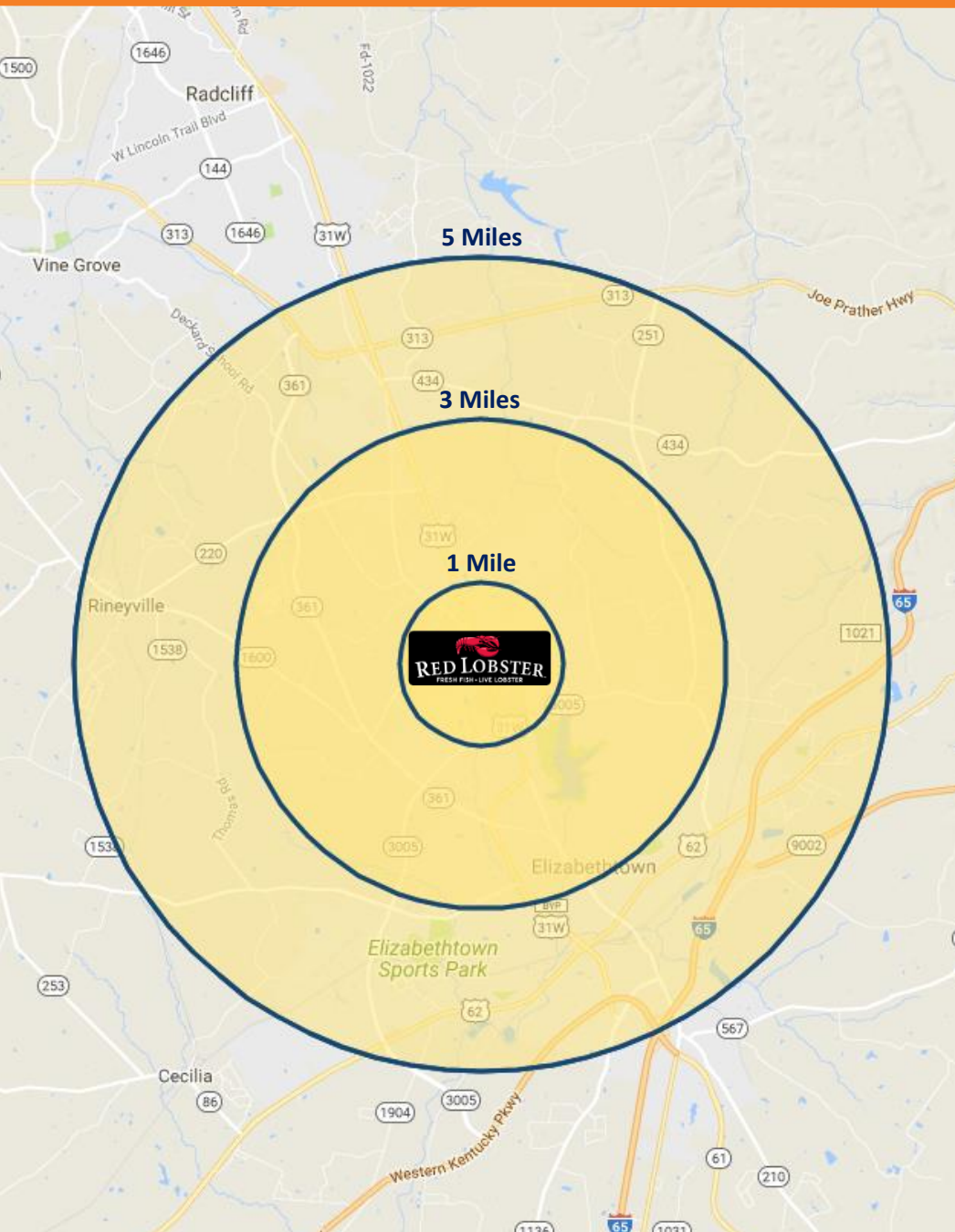
Traffic Counts and Demographics

Elizabethtown has approximately 23,566 individuals residing within a three-mile radius of the property and more than 45,029 within a five-mile radius. The Red Lobster property is located on North Dixie Highway which intersects with Veterans Way. North Dixie Highway has a daily traffic count of approximately 34,100 vehicles.

Elizabethtown, Kentucky

Elizabethtown is a city in Hardin County. The city is centrally located within 44 miles of Louisville to the North and 131 miles of Nashville to the South. The beautiful countryside and rich natural resources convinced many people throughout the years that Elizabethtown was the place to raise their families, earn their living, and love their home. From viewing horseless carriages and sporty automobiles at the Swope's Cars of Yesteryear Museum to picnicking at Freeman Lake Park, there are plenty of fun things to do in Elizabethtown. The city offers area parks, museums, festivals, events, shopping, and more. Part of what gives Elizabethtown its irresistible charm is a wide array of festivals and events held throughout the year. The Hardin County Museum, part of the official Lincoln Train through Kentucky, presents Hardin County's history beginning with the Native Americans.





POPULATION

	1 Miles	3 Miles	5 Miles
2022 Projection	3,200	25,092	47,689
2017 Estimate	2,999	23,566	45,029
2010 Census	2,830	22,626	44,004
2000 Census	2,356	18,644	35,954

INCOME

Average	\$81,675	\$75,731	\$70,975
Median	\$69,887	\$61,091	\$57,597
Per Capita	\$33,427	\$31,251	\$28,205

HOUSEHOLDS

2022 Projection	1,322	10,441	19,082
2017 Estimate	1,207	9,680	17,833
2010 Census	1,142	9,395	17,586
2000 Census	878	7,537	14,240

HOUSING

2017	\$172,198	\$172,255	\$162,817
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EMPLOYMENT

2017 Daytime Population	5,923	27,674	56,172
2017 Unemployment	2.77%	3.93%	3.86%
2017 Median Time Traveled	21 Mins	21 Mins	22 Mins

RACE & ETHNICITY

White	79.50%	79.91%	78.21%
Native American	0.30%	0.35%	0.36%
African American	11.62%	11.00%	12.96%
Asian/Pacific Islander	3.41%	3.11%	2.78%

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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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Marcus & Millichap



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