

Red Lobster

225 West Shawnee Street, Muskogee, Oklahoma 74401



OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap

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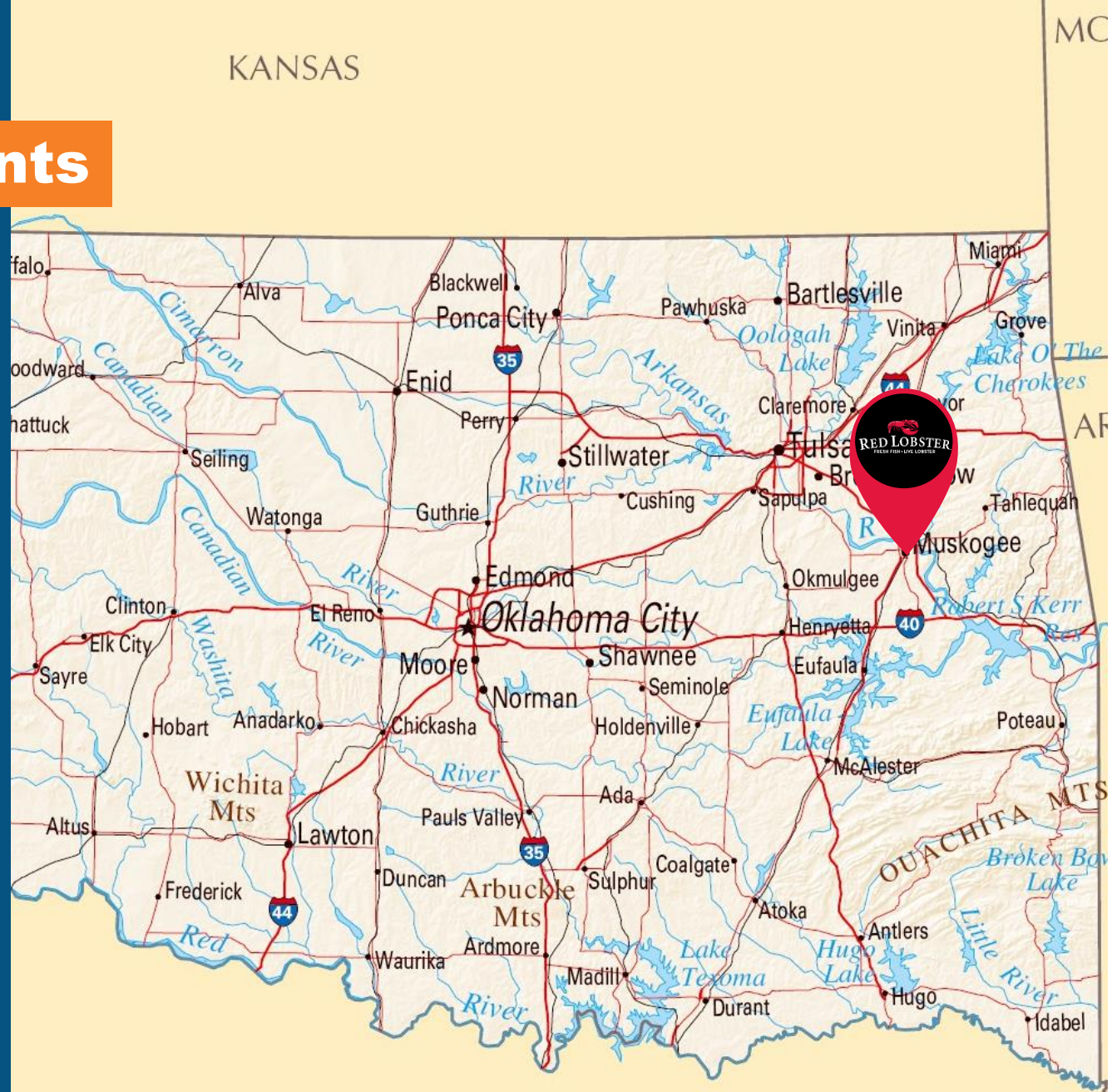
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225 W Shawnee St – Muskogee, OK 74401

PRICE: \$3,793,862 | 6.15% CAP | RENT: \$233,322**PROPERTY DESCRIPTION**

Property	Red Lobster
Property Address	225 W. Shawnee
City, State, ZIP	Muskogee, OK 74401
Building Size (SF)	4,077
Lot Size (Acres)	+/- 0.98

THE OFFERING

Net Operating Income ¹	\$233,322
CAP Rate	6.15%
Purchase Price	\$3,793,862
Price / SF	\$931
Year Opened	1995
Year Remodeled	2013

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	20 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 2019 Rental Increase**HIGHLIGHTS**

- 25 Year Triple-Net (NNN) Lease With 20 Years Remaining on the Base Term
- 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



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INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster property located in Muskogee, OK. The property consists of approximately 4,077 square feet of building space and is situated on approximately 0.98 acres of land. The property is subject to a 25-year Triple-Net (NNN) lease with 20 years remaining. The current rent is \$233,322 with 2.00% rental increases annually. The increases will continue through the 4, 5-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.



ANNUALIZED OPERATING DATA

Current Annual Rent \$233,322

Base Term Rental Escalations 2% annually

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent
Year 6	\$233,322	\$19,444
Year 7	\$237,989	\$19,832
Year 8	\$242,749	\$20,229
Year 9	\$247,604	\$20,634
Year 10	\$252,556	\$21,046
Year 11	\$257,607	\$21,467
Year 12	\$262,759	\$21,897
Year 13	\$268,014	\$22,335
Year 14	\$273,374	\$22,781
Year 15	\$278,842	\$23,237
Year 16	\$284,419	\$23,702
Year 17	\$290,107	\$24,176
Year 18	\$295,909	\$24,659
Year 19	\$301,828	\$25,152
Year 20	\$307,864	\$25,655
Year 21	\$314,021	\$26,168
Year 22	\$320,302	\$26,692
Year 23	\$326,708	\$27,226
Year 24	\$333,242	\$27,770
Year 25	\$339,907	\$28,326

CAP Rate 6.15%

Purchase Price \$3,793,862

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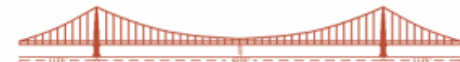
Tenant Overview



- 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

TENANT OVERVIEW

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

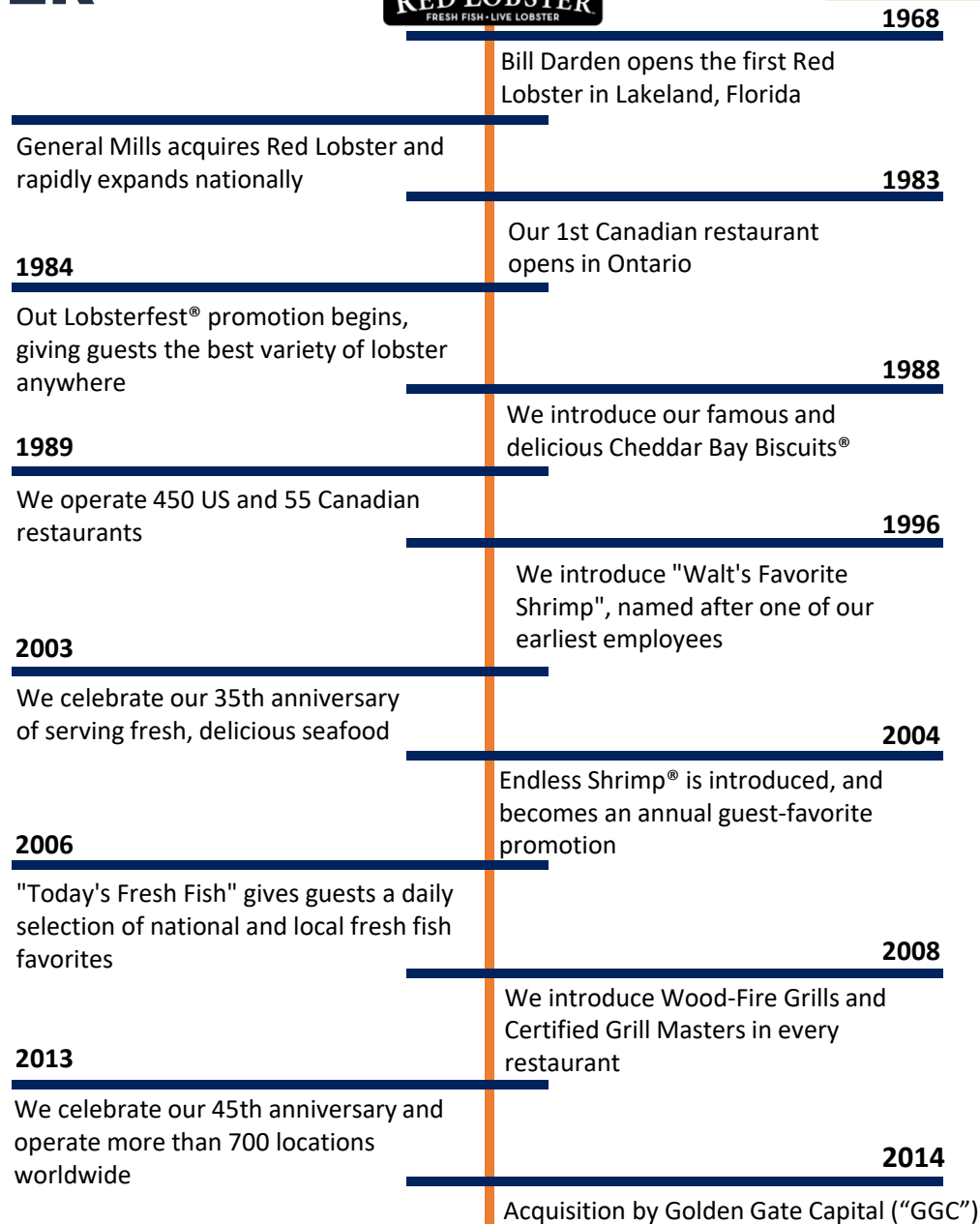
You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

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

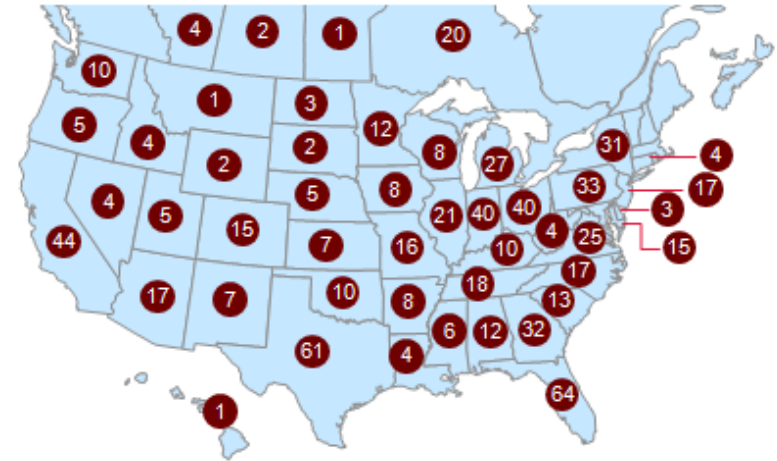


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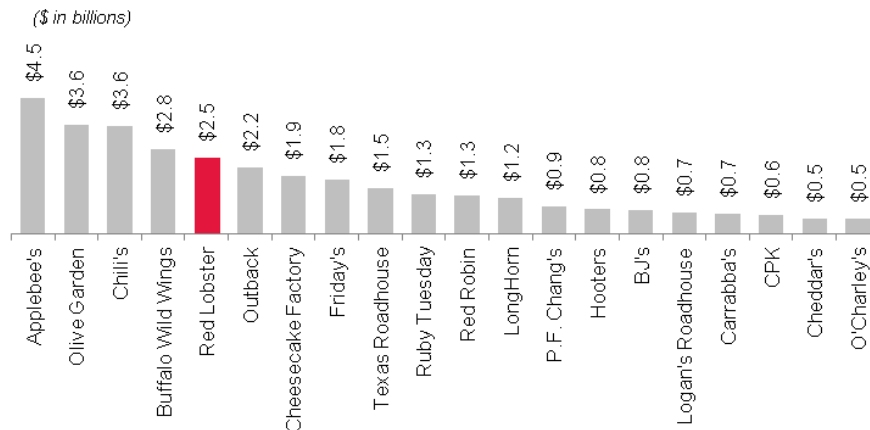
Strong Market Position

- 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.

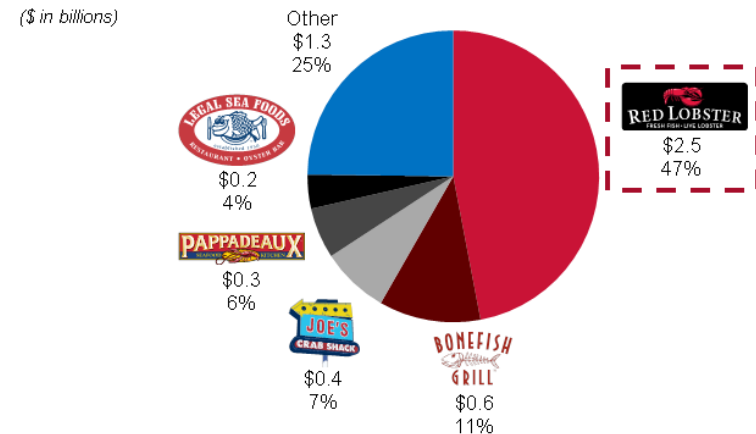
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining



TENANT OVERVIEW

Iconic Brand With Unparalleled Customer Loyalty

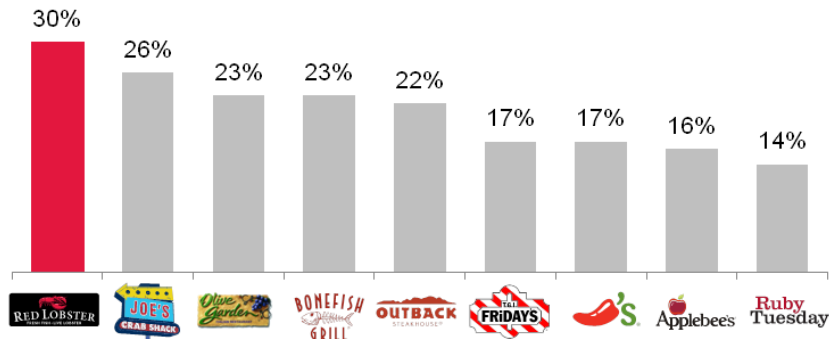
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster 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 7 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
(31 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
(28 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



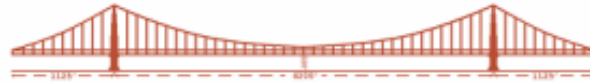
Bill Lambert
CFO
(12 years in Restaurant Industry)

- 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
(30 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



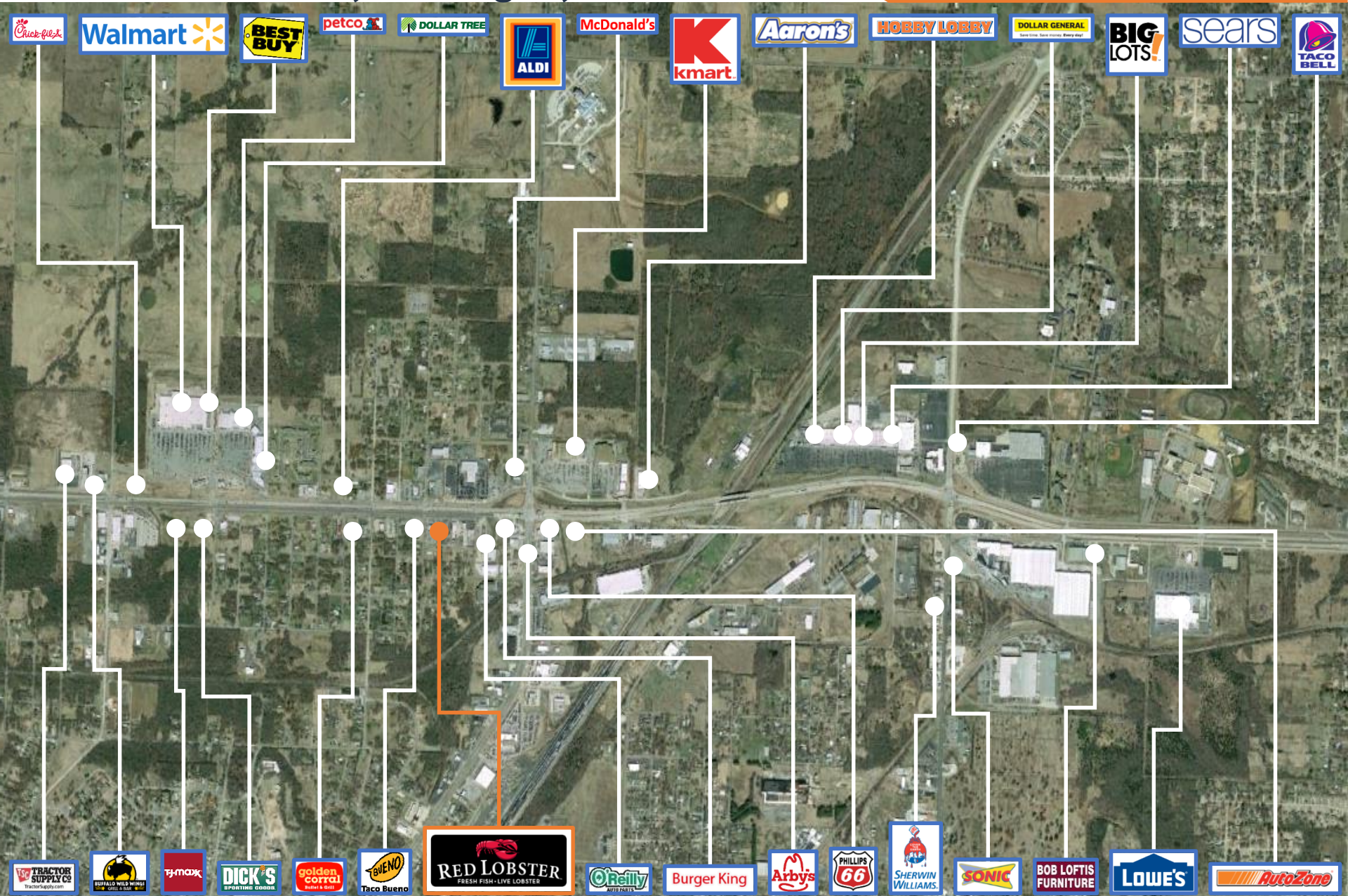
GOLDEN GATE CAPITAL

- 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





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HIGHLIGHTS

- Major National Tenants In Surrounding Area Include: Walmart, Lowe's, McDonald's, Sears, Applebee's, K-Mart, Subway
- Dense Retail and Industrial Area | Port of Muskogee, Three Shopping Centers, One Hospital, and more than 20 Industrial Facilities all lie within Five Miles
- Positive Real Estate Fundamentals | Benefits from Excellent Frontage along West Shawnee Bypass
- Unparalleled Location | Within Easy Access of Three U.S. Highways, Three Rivers, and One Interstate

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Eastar Health System	1,000
Muskogee Regional Office	671
Muskogee V A Medical Center	627
Dal-Tile Corporation	600
Acme Engineering and Mfg Corp	430
Cvm Inc	339
UPS	316
Onin Staffing LLC	304
V&S Schuler Tubular Pdts LLC	280
Creek Nation Casino	250
Walmart	250
McDonalds	213

ADTC 26,742



ADTC 17,000



Muskogee

Muskogee, OK

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This Red Lobster is located at 255 West Shawnee Street in Muskogee, Oklahoma. Muskogee is a city in and county seat of Muskogee County, situated roughly 50 miles southeast of Tulsa. The city is an economic center for eastern Oklahoma, operating the Port of Muskogee on the Arkansas River, which is accessible from the Gulf of Mexico.

Surrounding Retail and Points of Interest

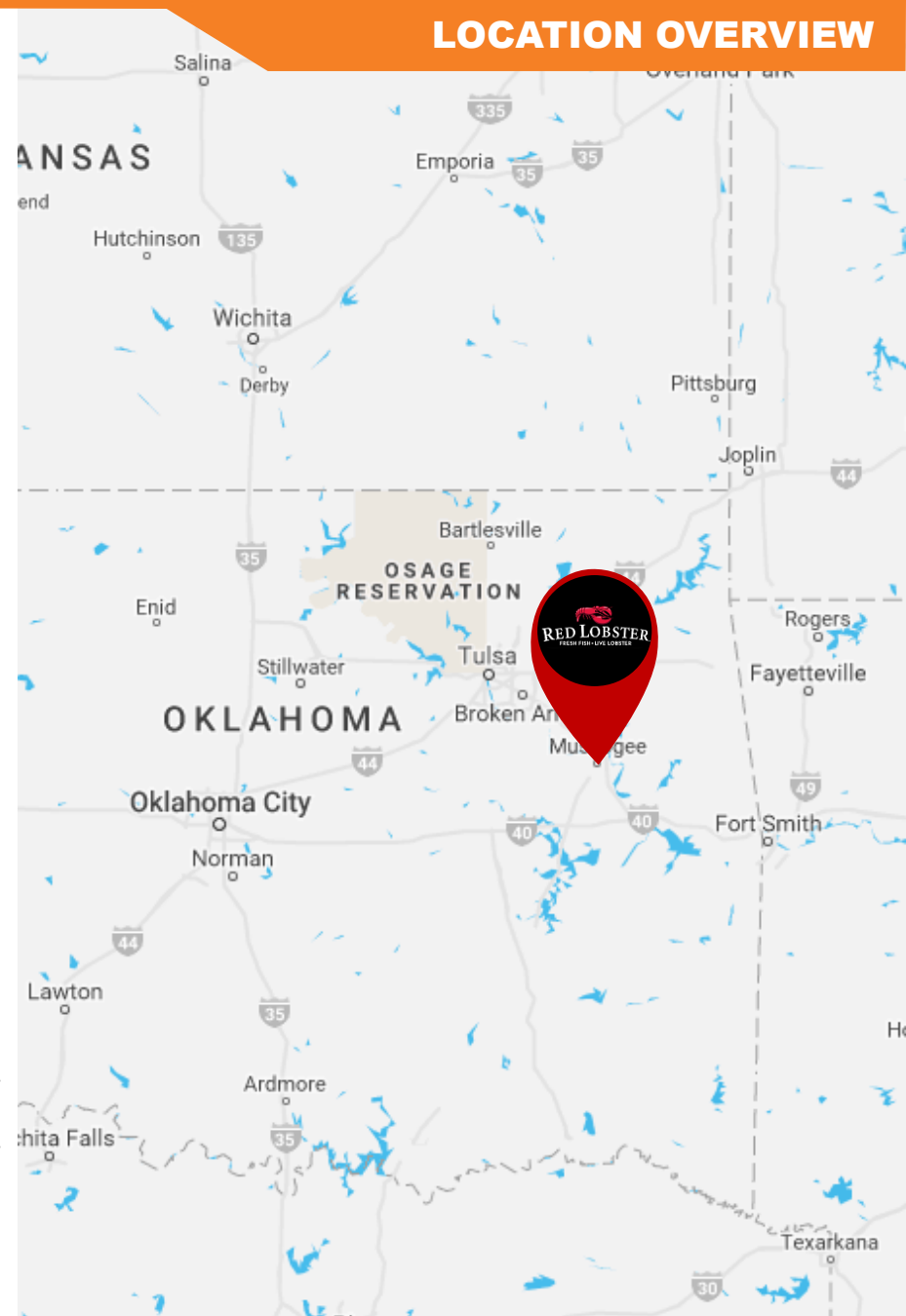
The subject property is well-positioned in a dense retail and industrial corridor, benefiting from its proximity to major national and local retailers. National tenants in the surrounding area include: Walmart, Buffalo Wild Wings, Best Buy, Petco, K-Mart, Applebee's, Subway, Dollar Tree, Mattress King, McDonald's, Big Lots, Sears, T.J. Maxx, Arby's, Lowe's, Pizza Hut, Hobby Lobby, Dollar General, Kentucky Fried Chicken, Taco Bell, Sonic, Hastings, as well as a variety of others. River City Plaza, Curt's Shopping Center, and Arrowhead Mall are all located within two miles of the subject property, offering a combined 80 stores and services. Also located within two miles of this Red Lobster location are four schools, one being a high school and the others universities, with a total combined enrollment of more than 2,500 students. Industrial facilities in the immediate vicinity of the subject property include: ACME Engineering and Manufacturing, Gerdau Ameristeel, Metals USA, Sintertec, as well as a plethora of others. The Port of Muskogee, a major economic force in eastern Oklahoma, is located approximately five miles away from this Red Lobster location.

Traffic Counts and Demographics

Muskogee has approximately 29,522 individuals residing within a three-mile radius of the property and more than 39,853 within a five-mile radius. This Red Lobster property is situated on West Shawnee Bypass, which intersects with North Main Street. West Shawnee Bypass and North Main Street experience average daily traffic counts of 26,742 and 17,000 vehicles, respectively.

Muskogee, Oklahoma

Roughly 50 miles southeast of Tulsa is Muskogee, Oklahoma. Muskogee is a city in and county seat of Muskogee County. Situated along the Arkansas River, the city has become an economic force in eastern Oklahoma and an international shipping hub because of its operation of the Port of Muskogee. Besides the Arkansas River, Muskogee is within easy access of three U.S. highways, one interstate, and two other rivers, commanding remarkable access to industrial, agricultural, wholesale, and consumer markets throughout North America. Muskogee is also a center for higher education, housing four institutions, Northeastern State University, Connors State College, Indian Capital Technology Center, and Bacone College.

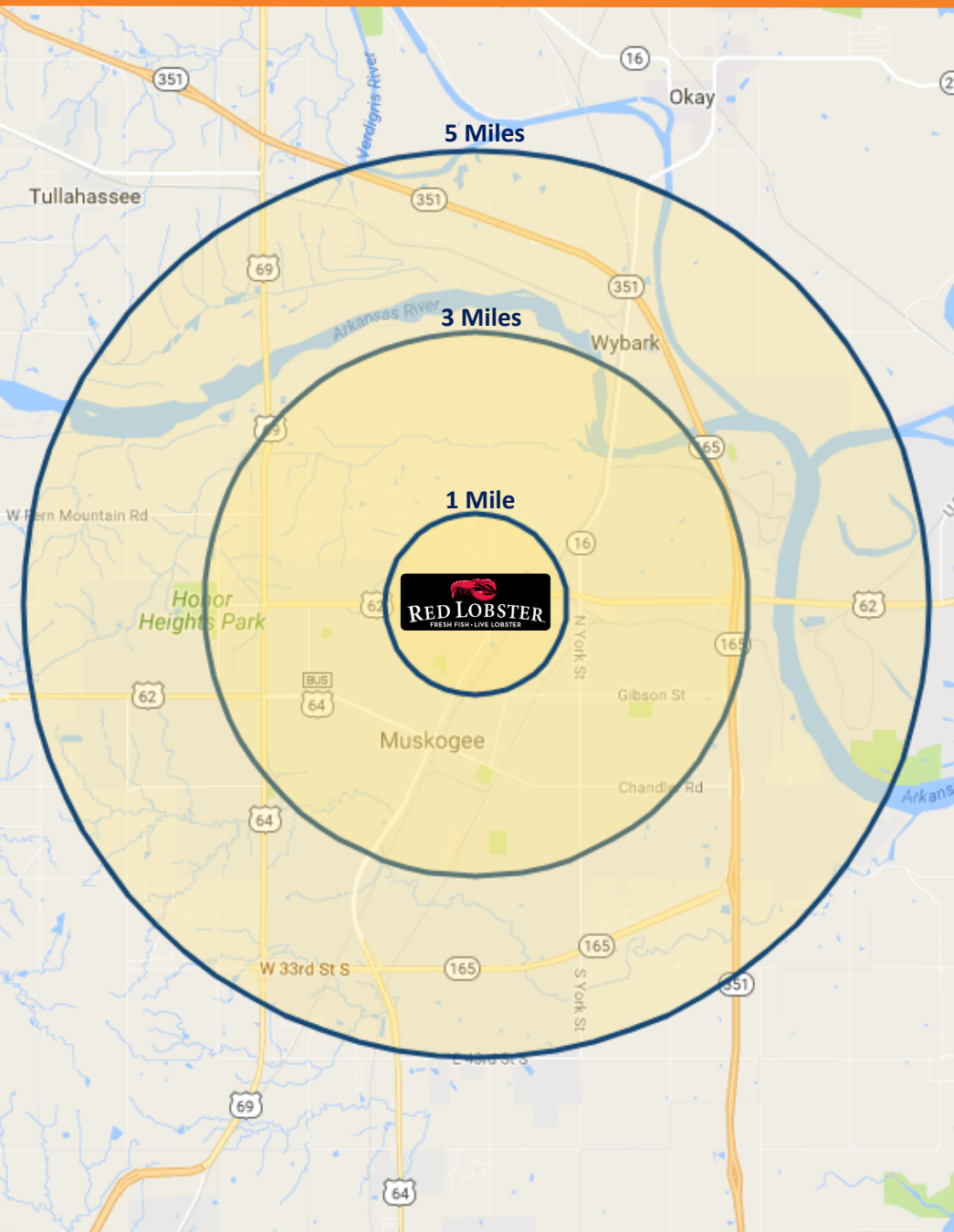


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POPULATION

	1 Mile	3 Miles	5 Miles
2021 Projection	2,125	29,156	39,653
2016 Estimate	2,103	29,522	39,853
2010 Census	2,118	29,866	40,223
2000 Census	2,508	29,815	40,051

INCOME

Average	\$38,957	\$48,622	\$51,777
Median	\$26,165	\$32,352	\$36,074
Per Capita	\$15,353	\$19,821	\$21,037

HOUSEHOLDS

2021 Projection	812	11,667	15,925
2016 Estimate	797	11,745	15,901
2010 Census	806	11,938	16,126
2000 Census	997	12,110	16,173

HOUSING

2016	\$52,397	\$79,866	\$86,526
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EMPLOYMENT

2016 Daytime Population	5,605	42,088	54,700
2016 Unemployment	8.00%	6.59%	5.93%
2016 Median Time Traveled	19	18	18

RACE & ETHNICITY

White	39.27%	52.22%	54.95%
Native American	0.00%	0.03%	0.05%
African American	30.61%	18.01%	15.32%
Asian/Pacific Islander	0.17%	1.03%	1.13%

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