



Red Lobster

21233 Hawthorne Blvd, Torrance, CA 90503



OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap



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21233 Hawthorne Blvd, Torrance, California 90503

PRICE: \$6,619,820 | 5.75%CAP | RENT: \$380,640**PROPERTY DESCRIPTION**

Property	Red Lobster
Property Address	21233 Hawthorne Blvd
City, State, ZIP	Torrance, CA 90503
Building Size (SF)	7,319
Lot Size (Acres)	+/- 0.84

THE OFFERING

Net Operating Income ¹	\$380,640
CAP Rate	5.75%
Purchase Price	\$6,619,820
Price / SF	\$904
Year Opened	1988
Year Remodeled	2011

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 Torrance, California. The property consists of 7,319 square feet of building space and is situated on approximately 0.84 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 \$380,640 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 \$380,640

Base Term Rental Escalations 2.00% Annually

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent
Year 5	\$380,640	\$31,720
Year 6	\$388,252	\$32,354
Year 7	\$396,018	\$33,001
Year 8	\$403,938	\$33,661
Year 9	\$412,017	\$34,335
Year 10	\$420,257	\$35,021
Year 11	\$428,662	\$35,722
Year 12	\$437,235	\$36,436
Year 13	\$445,980	\$37,165
Year 14	\$454,900	\$37,908
Year 15	\$463,998	\$38,666
Year 16	\$473,278	\$39,440
Year 17	\$482,743	\$40,229
Year 18	\$492,398	\$41,033
Year 19	\$502,246	\$41,854
Year 20	\$512,291	\$42,691
Year 21	\$522,537	\$43,545
Year 22	\$532,987	\$44,416
Year 23	\$543,647	\$45,304
Year 24	\$554,520	\$46,210
Year 25	\$565,611	\$47,134

CAP Rate 5.75%

Purchase Price \$6,619,820

¹ NOI Based on August 2018 Rental Increase

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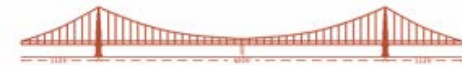
Tenant Overview



- 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

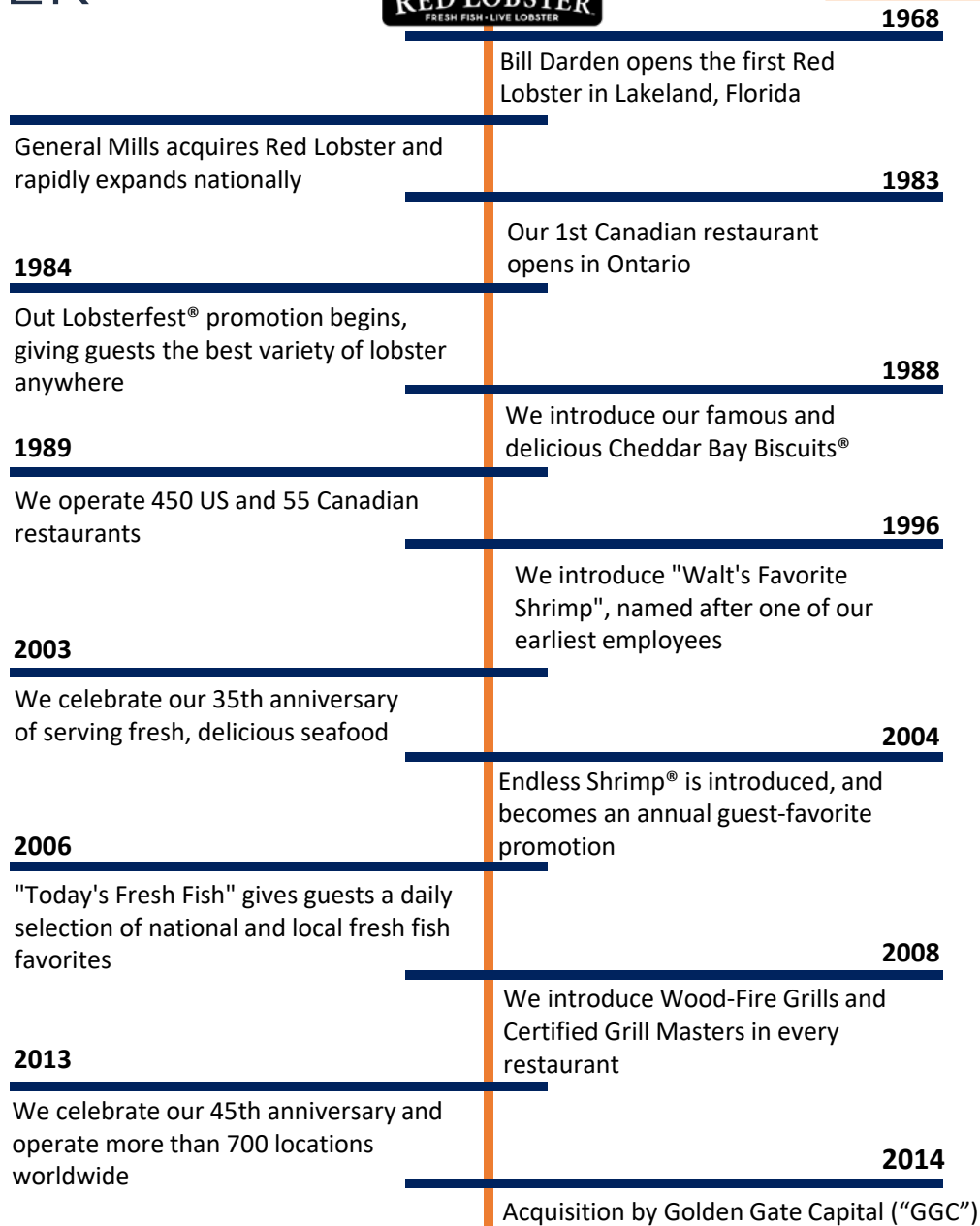
We hold ourselves to the highest standards for service, quality and a welcoming atmosphere. And we're focused on doing what's right – for our employees, in our communities and in the world.

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.

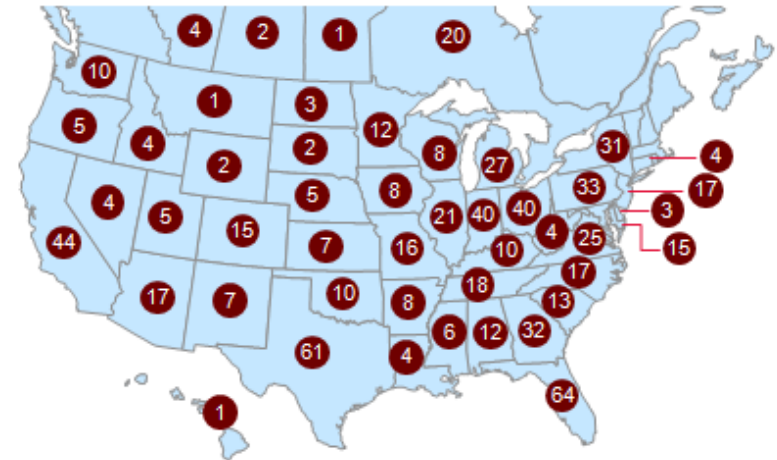
RED LOBSTER TIMELINE



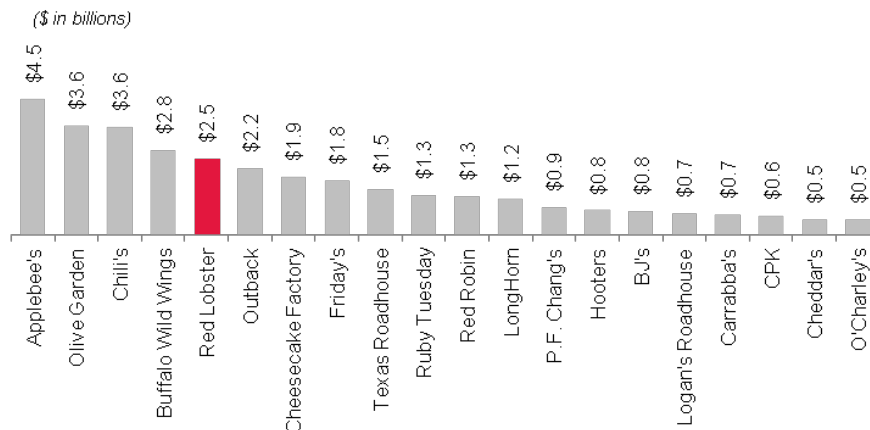
Strong Market Position

- 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.

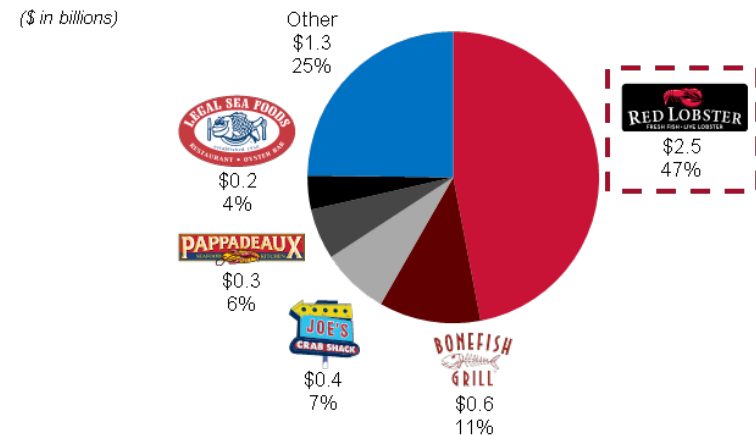
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining



TENANT OVERVIEW

Iconic Brand With Unparalleled Customer Loyalty

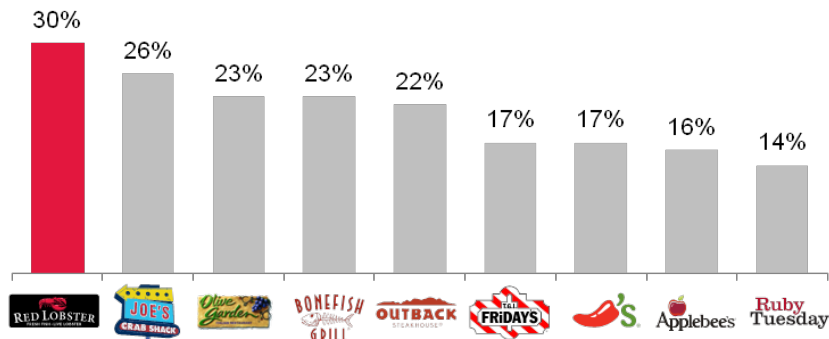
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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



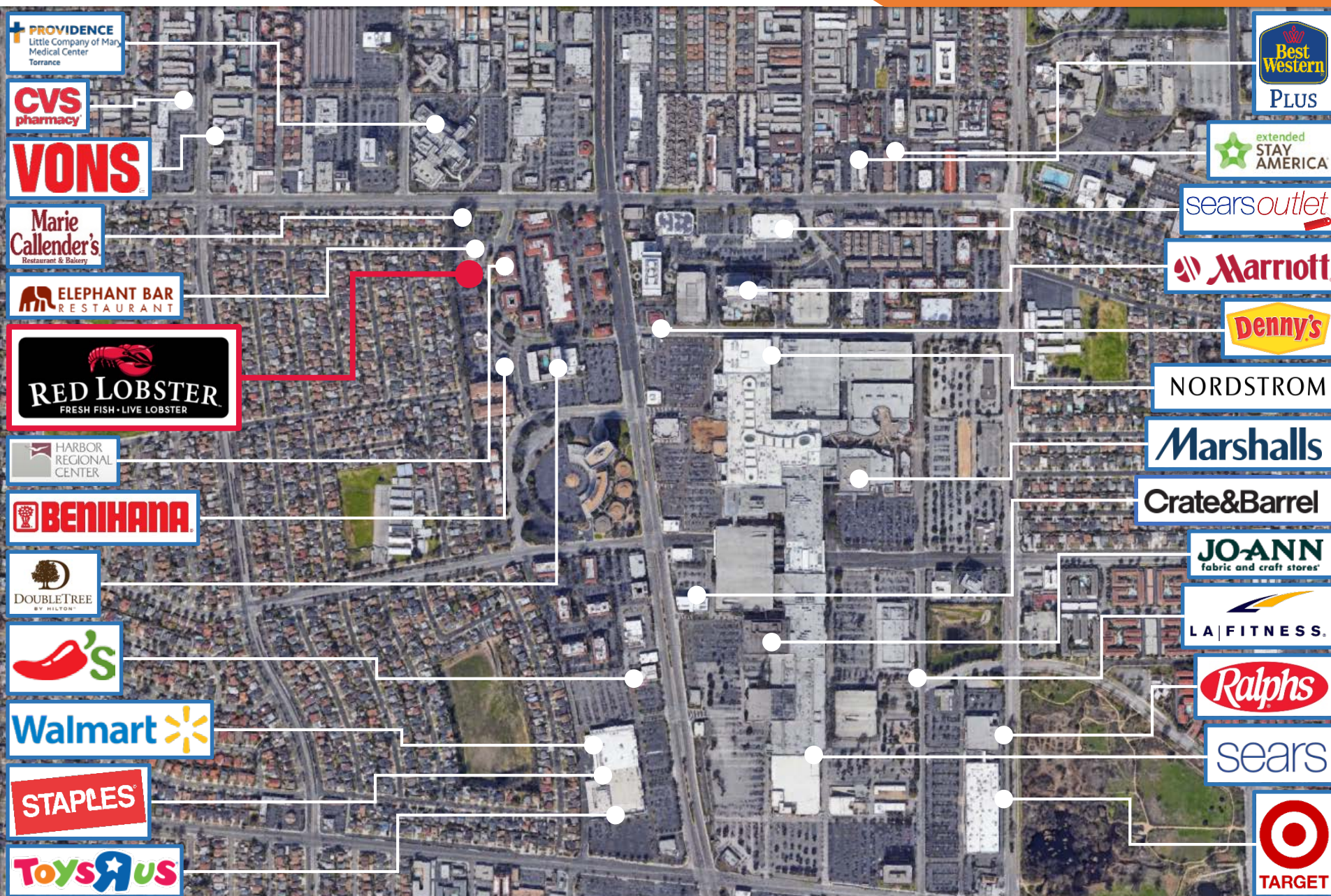
GOLDEN GATE CAPITAL

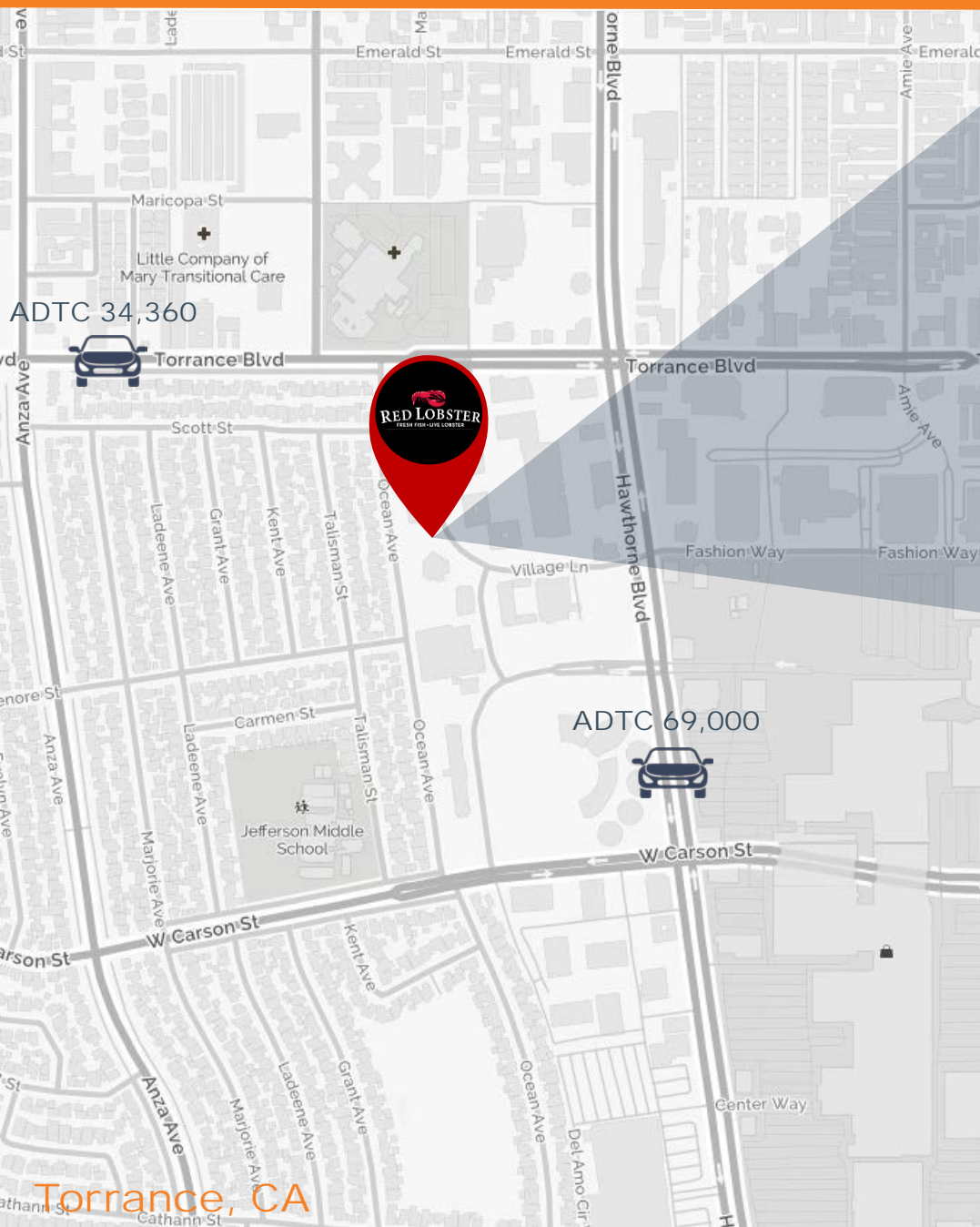
- Golden Gate Capital (GGC) is a San Francisco-based Private Equity firm with over \$15 billion of capital under management.
- GGC has been one of the most active acquirers of multi-unit restaurant and retail companies.
 - Over the past 10 years, GGC has invested in restaurant and retail companies with 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, CVS, Target, Staples, Ralphs, Vons, KFC and Barnes & Noble
- Del Amo Fashion Center | Less than a Half Mile From the Subject Property | Anchored by Nordstrom, Macy's, JCPenney and Sears
- Providence Little Company of Mary | Half Mile From the Subject Property | 367 Bed General Medical and Surgical Hospital
- Strong Demographics | Population within a Five-Mile Radius is More than 528,734

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Amsurg	4,509
Harbor-Ucla Medical Center	3,000
Physician Office Support Svcs	3,000
American Honda	2,375
Providence Health System	2,370
Metropolitan Water District	2,000
Kaiser Permanente	1,767
Arconic Fstening Systems Rings	1,661
Honeywell	1,581
PHYSICIAN OFFICE SUPPORT SERVI	1,500
Command Guard Services	1,400
Leader Drug Store	1,207

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This Red Lobster is located at 21233 Hawthorne Boulevard in Torrance, California. Torrance is a city in the South Bay, south western, region of Los Angeles County, California. Torrance is 19 miles southwest of Downtown Los Angeles and 15 miles northwest of Long Beach.

Surrounding Retail and Points of Interest

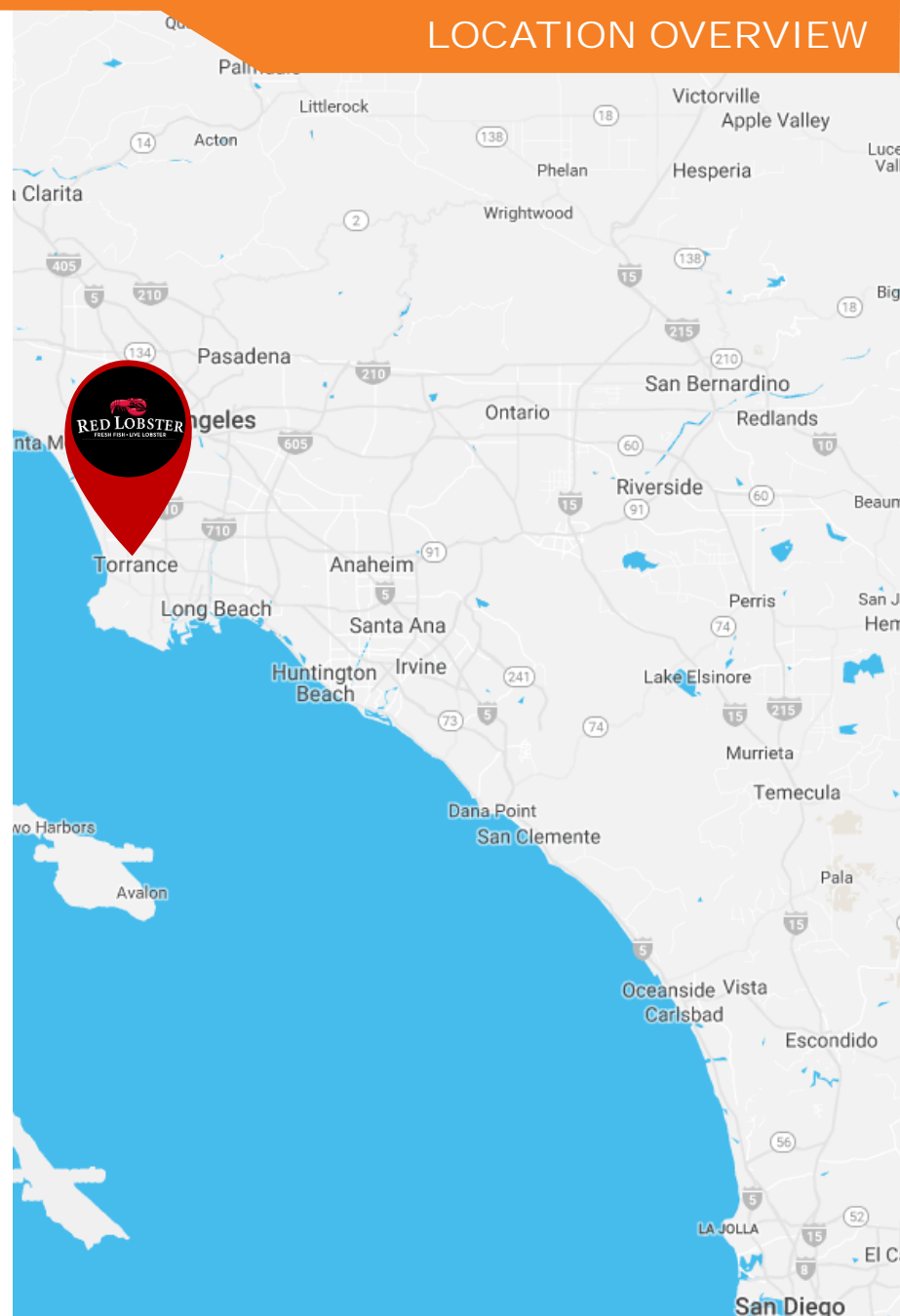
The subject property is well-positioned in a dense retail corridor, benefiting from its close proximity to major national and local retailers. Major national tenants in the surrounding area include: Walmart, Staples, Target, Barnes & Noble, Ralphs, CVS, Vons, Long John Silver's, Chipotle, and KFC. This Red Lobster property benefits from its proximity to Del Amo Fashion Center. The mall is anchored by Nordstrom, Macy's, JCPenney and Sears and has over 200 stores, including an AMC Theatres. Providence Little Company of Mary Medical Center, a general medical and surgical hospital with 376 beds, is less than half a mile from the subject property. In 2016, 67,041 patients visited the hospital's emergency room and had a total of 19,781 admissions. Anza Elementary School, Jefferson Middle School, Madrona Middle School, Montgomery High School, West High School and Victor Elementary school are within two miles of this Red Lobster property. These six schools have a combined enrollment of over 6,000 students. The subject property is ten miles from Los Angeles International Airport, the largest and busiest airport on the Greater Los Angeles Area and the state of California. It is also one of the largest international airports in the United States.

Traffic Counts and Demographics

There are approximately 226,410 individuals residing within a three-mile radius of the property and more than 528,734 within a five-mile radius. The property is located on Hawthorne Boulevard. This portion of Hawthorne Boulevard sees average daily traffic counts of 65,606 vehicles a day. Hawthorne Boulevard intersects with Torrance Boulevard which sees average daily traffic counts of 65,606 vehicles a day.

Torrance, California

Torrance has one and a half miles of beaches on the Pacific Ocean. It is the eight largest city in Los Angeles County. Known for its low crime rates, the city consistently ranks among the safest cities in Los Angeles County. Torrance is home to Honda Motor Company, Robinson Helicopters, and Alcoa Fastening Systems. The Del Amo Fashion Center is one of the five largest malls in the United States and is located in Torrance. Manufacturing is a popular industry in Torrance. Mitsuwa Marketplace and Nijiya Market are both headquartered in the city. King's Hawaiian, the dominant brand of Hawaiian bread in the United States is also based in the city. Aerospace is another dominant industry with Allied Signal Aerospace and Robinson Helicopter Company being two of the top employers in the city.









POPULATION

	1 Mile	3 Miles	5 Miles
2022 Projection	32,237	227,723	527,487
2017 Estimate	31,351	222,681	522,211
2010 Census	30,464	214,222	502,798
2000 Census	28,868	202,766	485,072

INCOME

Average	\$108,452	\$121,893	\$115,779
Median	\$73,701	\$84,774	\$77,510
Per Capita	\$43,994	\$49,335	\$43,350

HOUSEHOLDS

2022 Projection	13,084	92,126	198,154
2017 Estimate	12,622	89,898	194,796
2010 Census	12,156	85,763	186,183
2000 Census	11,758	83,442	183,345

HOUSING

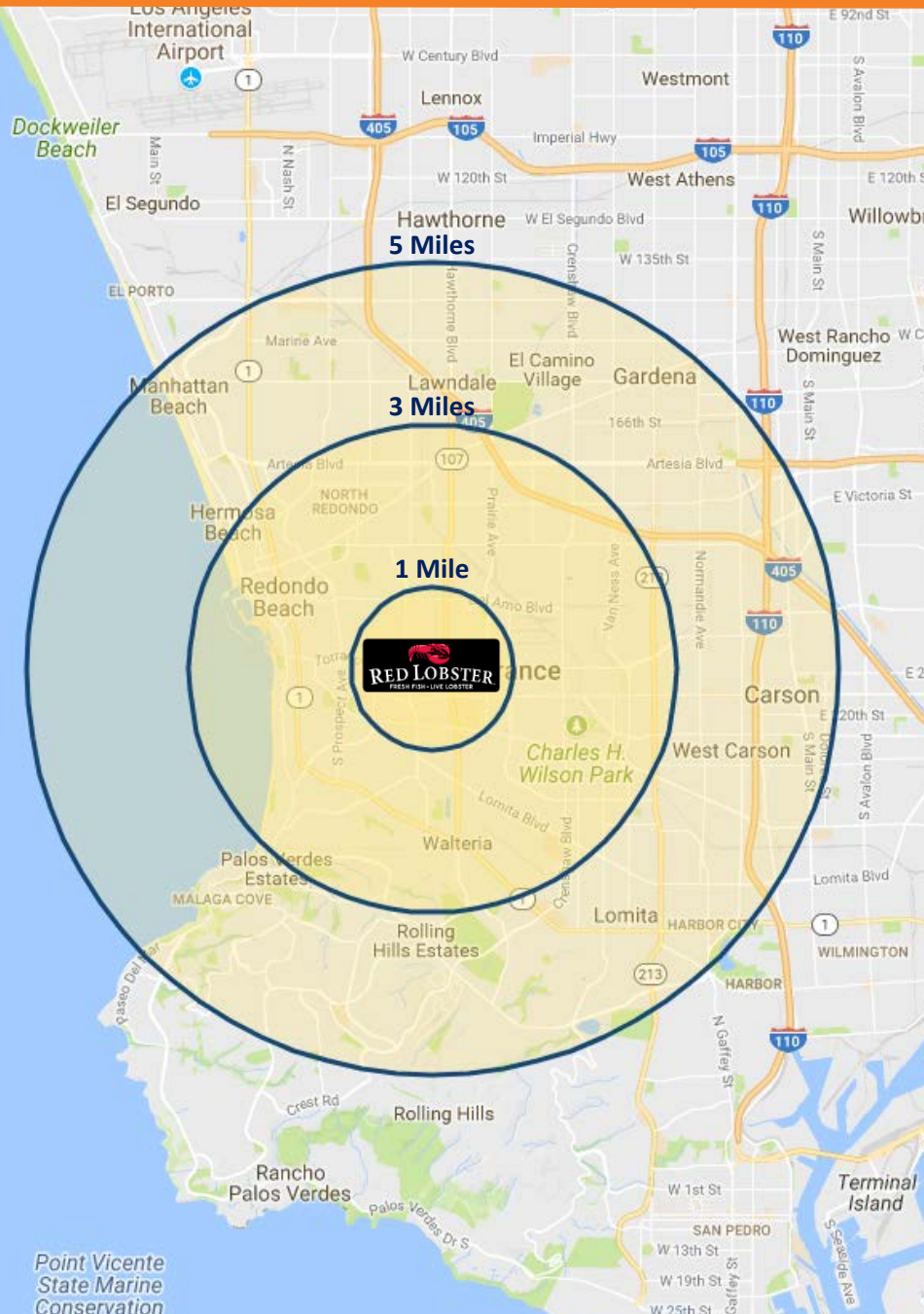
2017	\$677,888	\$688,567	\$629,053
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EMPLOYMENT

2017 Daytime Population	40,585	255,037	580,213
2017 Unemployment	5.09%	4.62%	4.75%
2017 Median Time Traveled	30	30	30

RACE & ETHNICITY

White	44.54%	57.18%	50.16%
Native American	0.20%	0.36%	0.72%
African American	3.11%	3.02%	5.82%
Asian/Pacific Islander	42.26%	26.16%	25.42%



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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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