



Red Lobster

1090 Graham Road, Cuyahoga Falls, Ohio 44224



OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap

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WEST VIRGINIA

KENTUCKY

1090 Graham Road, Cuyahoga Falls, Ohio 44224

PRICE: \$5,930,337 | 6.15%CAP | RENT: \$364,716**PROPERTY DESCRIPTION**

Property	Red Lobster
Property Address	1090 Graham Road
City, State, ZIP	Cuyahoga Falls, OH 44224
Building Size (SF)	7,687
Lot Size (Acres)	+/- 1.71

THE OFFERING

Net Operating Income ¹	\$364,716
CAP Rate	6.15%
Purchase Price	\$5,930,337
Price / SF	\$771
Year Opened	1974
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	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 Rent based on August 2019 Rental Increase**HIGHLIGHTS**

- Property is Subject to a 25 Year Triple-Net (NNN) Lease With 20 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 Cuyahoga Falls, Ohio. The property consists of 7,687 square feet of building space and is situated on approximately 1.71 acres of land. The property is subject to a 25-year Triple-Net (NNN) lease with 20 years remaining on the base term. The current rent is \$364,716 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 Rent	\$364,716
Base Term Rental Escalations	2.00% Annually

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent
Year 6	\$364,716	\$30,393
Year 7	\$372,010	\$31,001
Year 8	\$379,450	\$31,621
Year 9	\$387,039	\$32,253
Year 10	\$394,780	\$32,898
Year 11	\$402,676	\$33,556
Year 12	\$410,729	\$34,227
Year 13	\$418,944	\$34,912
Year 14	\$427,323	\$35,610
Year 15	\$435,869	\$36,322
Year 16	\$444,586	\$37,049
Year 17	\$453,478	\$37,790
Year 18	\$462,548	\$38,546
Year 19	\$471,799	\$39,317
Year 20	\$481,235	\$40,103
Year 21	\$490,859	\$40,905
Year 22	\$500,677	\$41,723
Year 23	\$510,690	\$42,558
Year 24	\$520,904	\$43,409
Year 25	\$531,322	\$44,277

CAP Rate	6.15%
Purchase Price	\$5,930,337

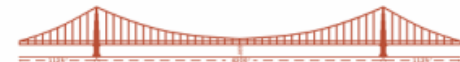
Tenant Overview



- 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

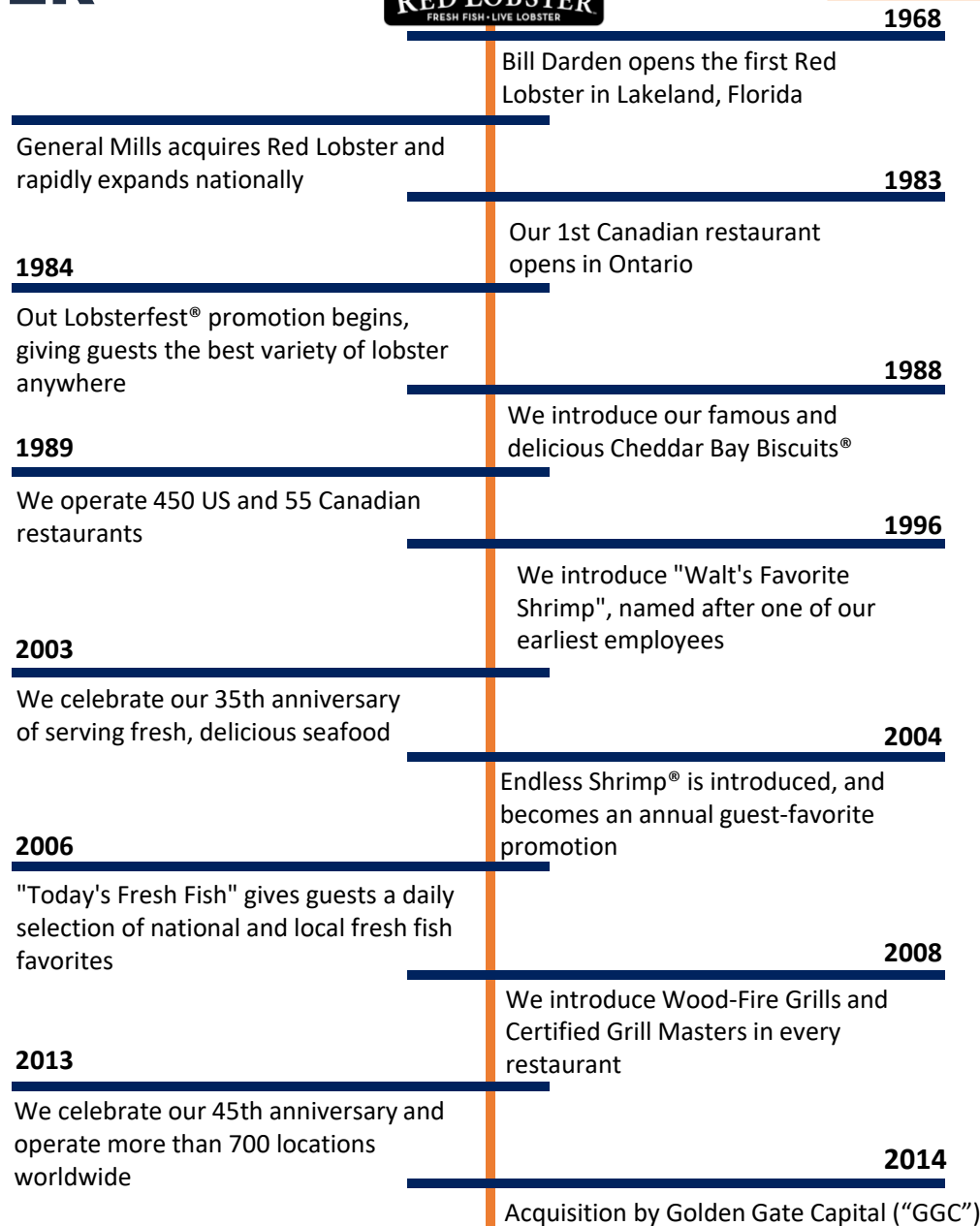
You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

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

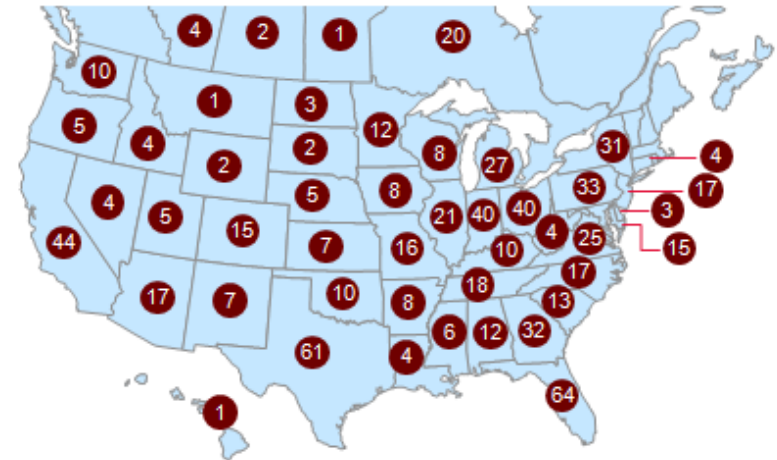


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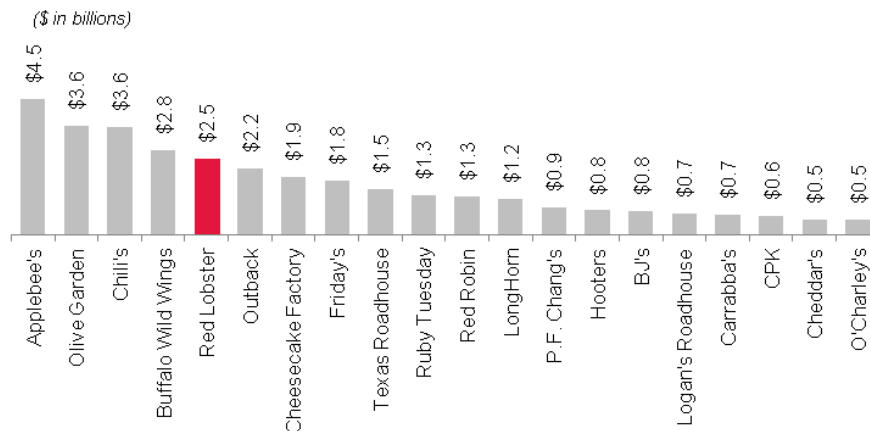
Strong Market Position

- 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.

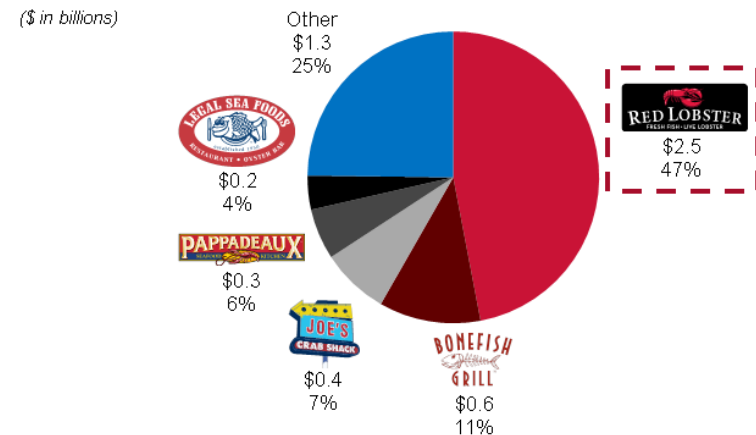
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining



TENANT OVERVIEW

Iconic Brand With Unparalleled Customer Loyalty

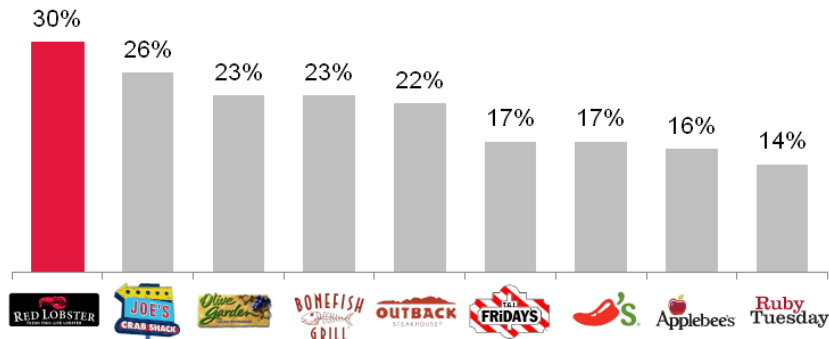
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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



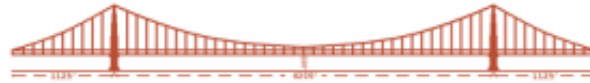
Bill Lambert
CFO
(12 years in Restaurant Industry)

- 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



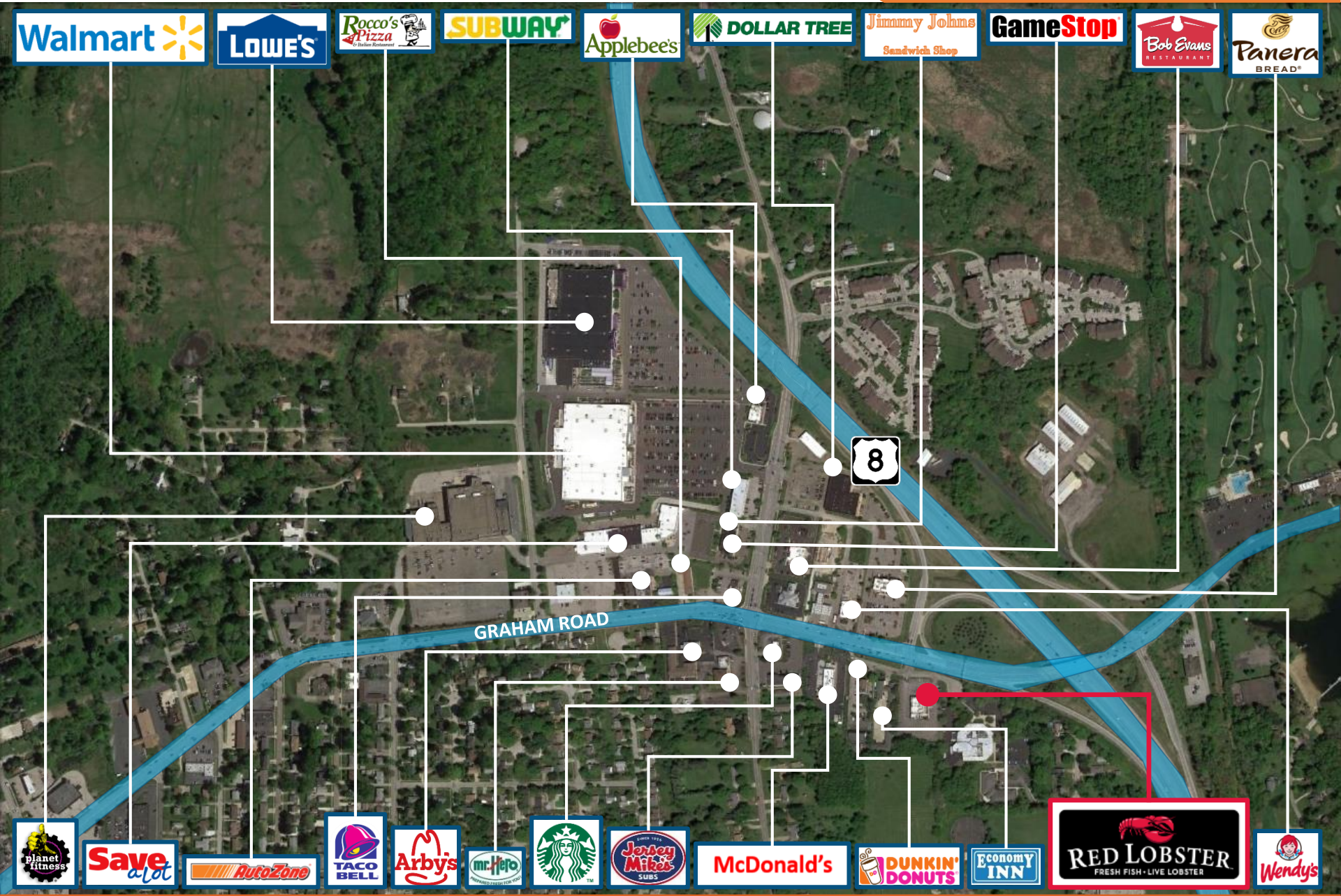
GOLDEN GATE CAPITAL

- 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





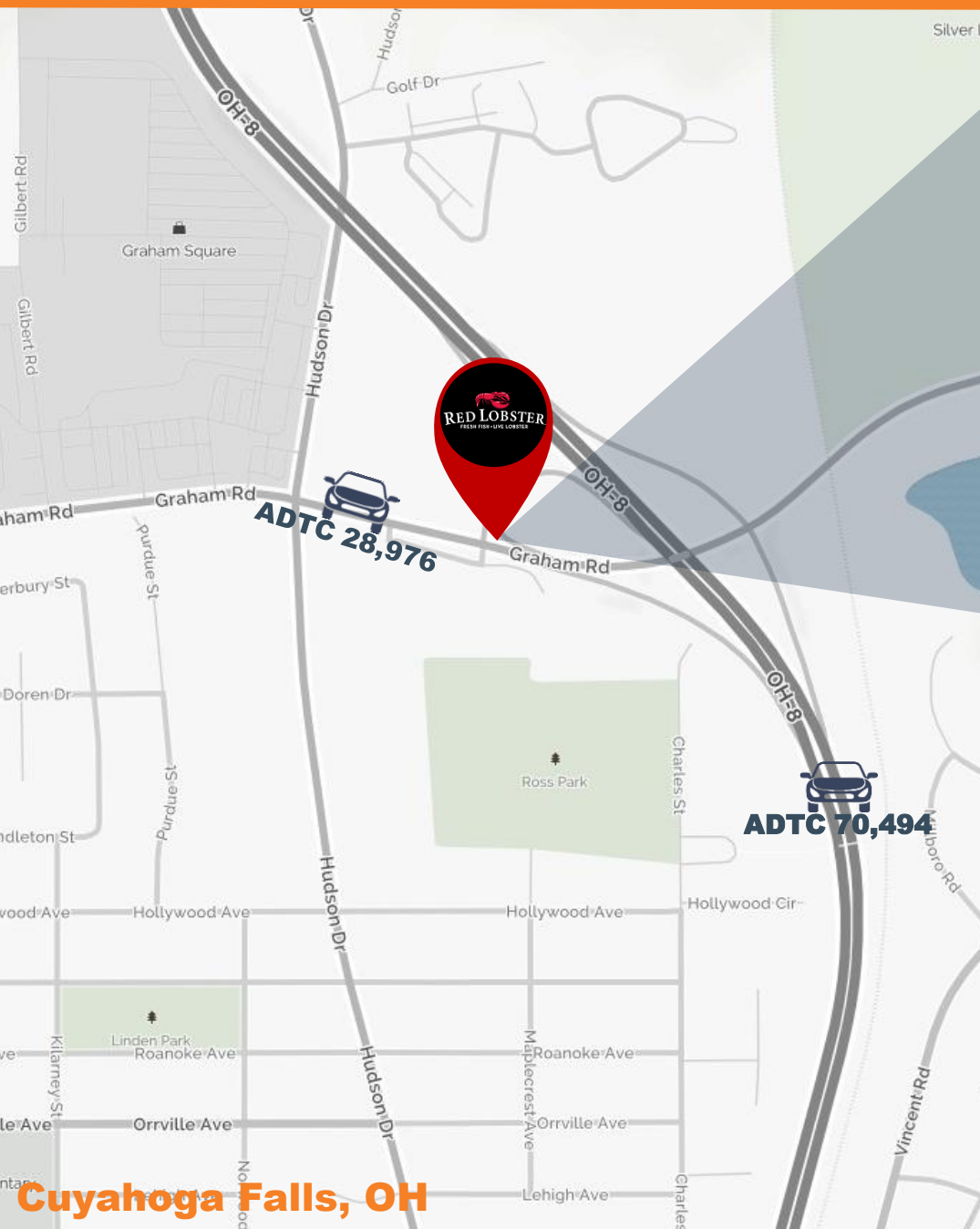
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HIGHLIGHTS

- Major National Tenants In Surrounding Area: Walmart, Lowe's, Dollar Tree, Save-A-Lot, AutoZone, Planet Fitness, McDonald's
- Exceptional Traffic Counts | Graham Road and Ohio State Route 8 | 28,976 and 70,494 Vehicles a Day
- Summa Health System | Two Miles Away | 11,000 Employees
- 7 Miles From Akron, Ohio | 5th Largest City in Ohio

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Amh Holdings II Inc	8,402
Ohio CVS Stores LLC	2,412
Amh Holdings LLC	2,400
P3 Infrastructure Inc	2,012
Associated Mtls Holdings LLC	2,000
Mature Services Incorporated	1,254
Jo-Ann Fabrics & Crafts	1,234
CVCA	1,150
Saint-Gobain Norpro	890
Americhem Inc	620
Developmental Disabilities Bd	600
Chapel Hill Medical Offices	593



Cuyahoga Falls, OH

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This Red Lobster is located at 1090 Graham Road in Cuyahoga Falls, Ohio. Cuyahoga Falls is a city in Summit County, Ohio. The city is the second largest city, in the county in terms of population, just behind Akron, which is the county seat of Summit County. Cuyahoga Falls is five-miles from Akron. The city is less than 10 miles from Akron Fulton International Airport.

Surrounding Retail and Points of Interest

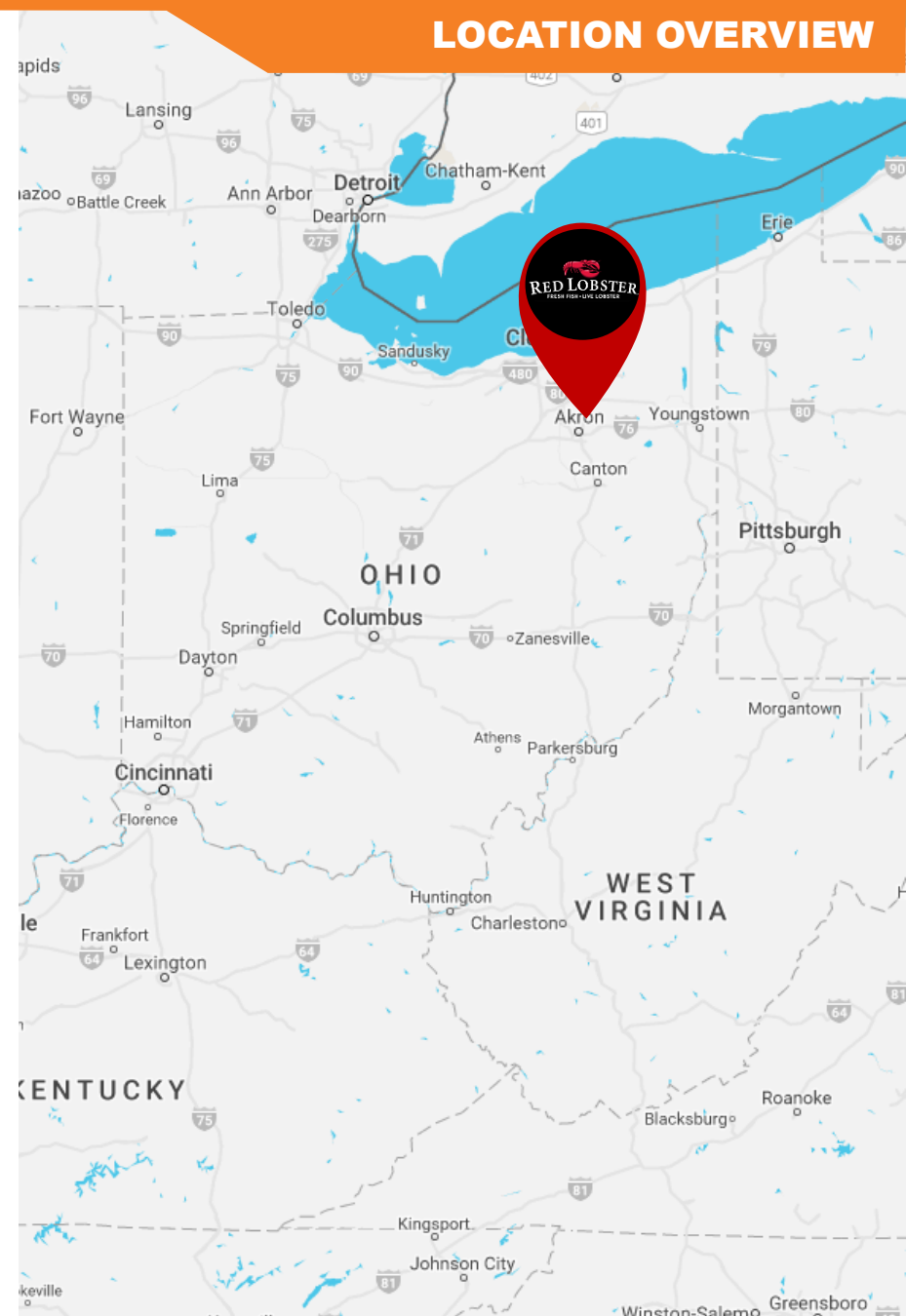
The subject property is well-positioned in a dense retail corridor, benefiting from its proximity to major national and local retailers. Major national retailers in the immediate vicinity include: Walmart, Lowe's, Dollar Tree, Save-A-Lot, AutoZone, Planet Fitness, and McDonald's among various others. Additionally, both Roberts Middle School and Lincoln Elementary School are found within a mile of the Red Lobster property, with a total enrollment of nearly 1,000 students. Kent State University Airport is located approximately three miles from the subject property. Kent State University Airport is a public airport in Stow, owned by Kent State University. Last year it had 72,500 aircraft operations, an average of 198 per day. Within two miles is Summa Health System, the top employer in Akron with approximately 11,000 people employed.

Traffic Counts and Demographics

Cuyahoga Falls has approximately 75,114 individuals residing within a three-mile radius of the property and more than 143,680 within a five-mile radius. The Red Lobster property is located on Graham Road which intersects with Ohio State Route 8. Graham Road has a daily traffic count of approximately 28,976 vehicles. Nearby Ohio State Route 8 has a daily traffic count of roughly 70,494 vehicles.

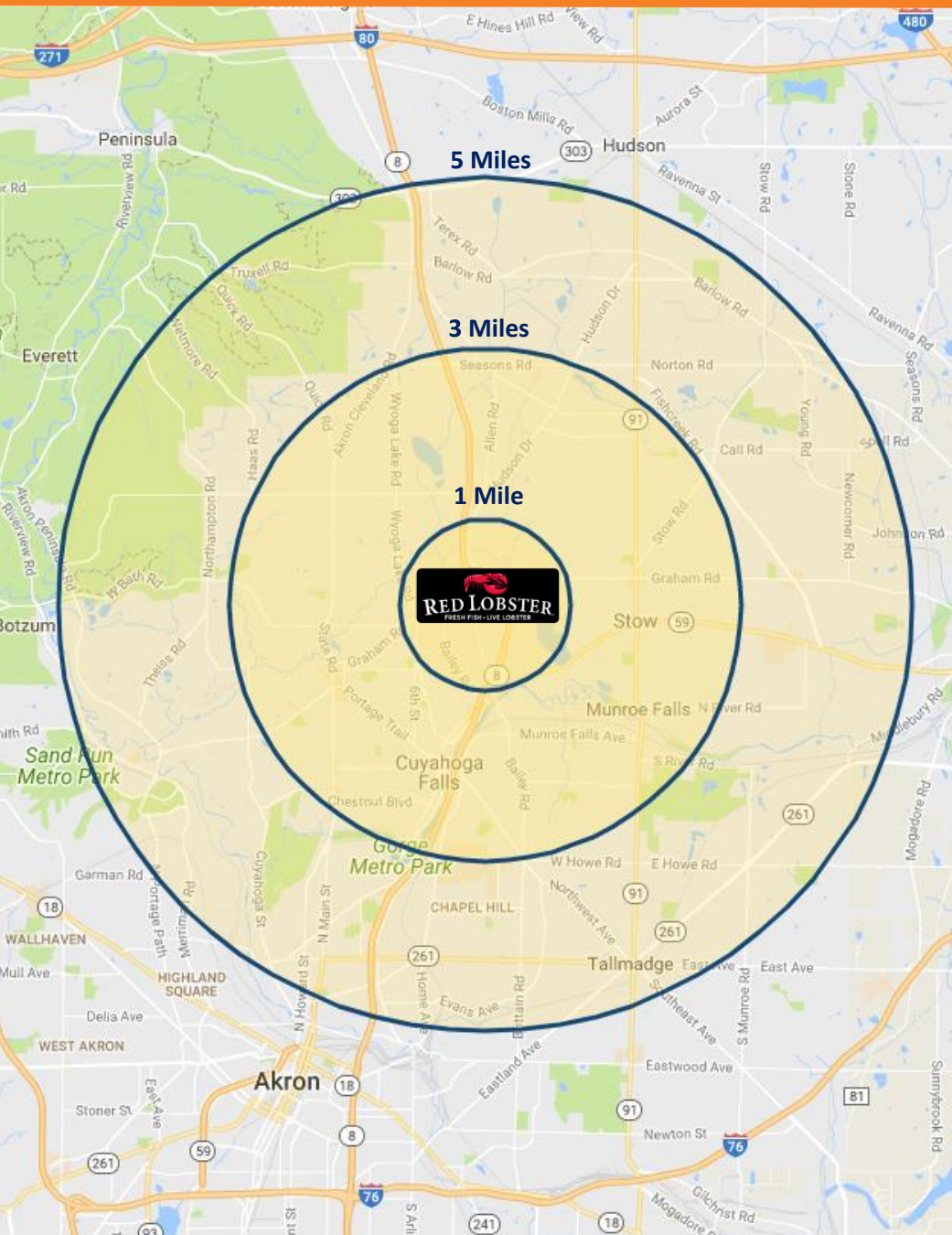
Akron, Ohio

Akron is the county seat of Summit County, Ohio. Akron is the fifth largest city in Ohio as well as a part of the Cleveland-Akron-Ohio Metropolitan Statistical Area. It has historically served as a hub for rubber production, in which Firestone, General Tire, as well as Fortune 500 Companies Goodyear and First Energy have headquartered in. In addition, the University of Akron, which has a total enrollment of roughly 25,000 students, is located within the city limits, and has been awarded one of the "Best in the Midwest" by the Princeton Review. The PGA World Golf Championships travels to Akron each year for the Bridgestone Invitational at Firestone Country Club.









POPULATION

	1 Miles	3 Miles	5 Miles
2022 Projection	8,178	76,302	146,760
2017 Estimate	8,140	75,114	143,680
2010 Census	8,135	74,853	143,318
2000 Census	8,264	74,269	139,499

INCOME

Average	\$79,541	\$71,183	\$72,227
Median	\$60,242	\$56,020	\$55,214
Per Capita	\$35,089	\$31,364	\$30,846

HOUSEHOLDS

2022 Projection	3,683	33,908	63,025
2017 Estimate	3,576	32,955	61,100
2010 Census	3,576	32,892	61,061
2000 Census	3,396	31,355	57,787

HOUSING

2017	\$129,454	\$136,728	\$144,577
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EMPLOYMENT

2017 Daytime Population	6,061	68,095	133,034
2017 Unemployment	3.83%	4.70%	4.83%
2017 Median Time Traveled	23	24	24

RACE & ETHNICITY

White	94.81%	92.33%	85.07%
Native American	0.01%	0.03%	0.04%
African American	1.62%	3.32%	8.50%
Asian/Pacific Islander	1.54%	2.04%	3.13%

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