



Red Lobster
1 Baltimore Pike
Springfield, Pennsylvania 19064

Representative Photo



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Marcus & Millichap

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TABLE OF CONTENTS

I. Investment Overview

Investment Overview

Tenant Overview

II. Pricing and Financial Analysis

Financial Overview

III. Property Overview

Location Overview

Aerial Photo

Local Map

Regional Map

IV. Demographics

Demographic Report

Executive Summary | Investment Highlights

Property Name	Red Lobster
Location	1 Baltimore Pike Springfield, PA 19064
Price	\$6,347,584
CAP Rate	6.75%
NOI ¹	\$428,462
Price Per SF	\$484
Building Size	13,115 sq ft
Lot Size	3.13 acres
Date of Remodel	May-2012

Marcus & Millichap is pleased to present the exclusive listing for Red Lobster located at 1 Baltimore Pike in Springfield, Pennsylvania. The property is 13,115 square feet and is situated on approximately 3.13 acres of land.

This Red Lobster is subject to a 20-year triple-net (NNN) lease, with roughly 15 years remaining on the lease. Current annual rent is \$428,462. The rent is scheduled to increase by two percent annually, including through the four, five year tenant renewal options.

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 of experience across the 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.

¹Rent Based on August 2019 Increase

Long-Term Triple-Net Lease | Above Market Lease Term

This Red Lobster is subject to a brand new 20-year absolute triple-net (NNN) lease, with 15 years remaining.

Corporate Guarantor | 704 Locations in the US & Canada

The lease is subject to a corporate guarantee, adding additional security throughout the term of the lease, through 704 corporate locations.

Attractive Rental Increases & Renewal Options

The rent will increase by two percent annually, including through the four, five year tenant renewal options, providing investors with a strong inflation hedge.





- 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 net worth and >\$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

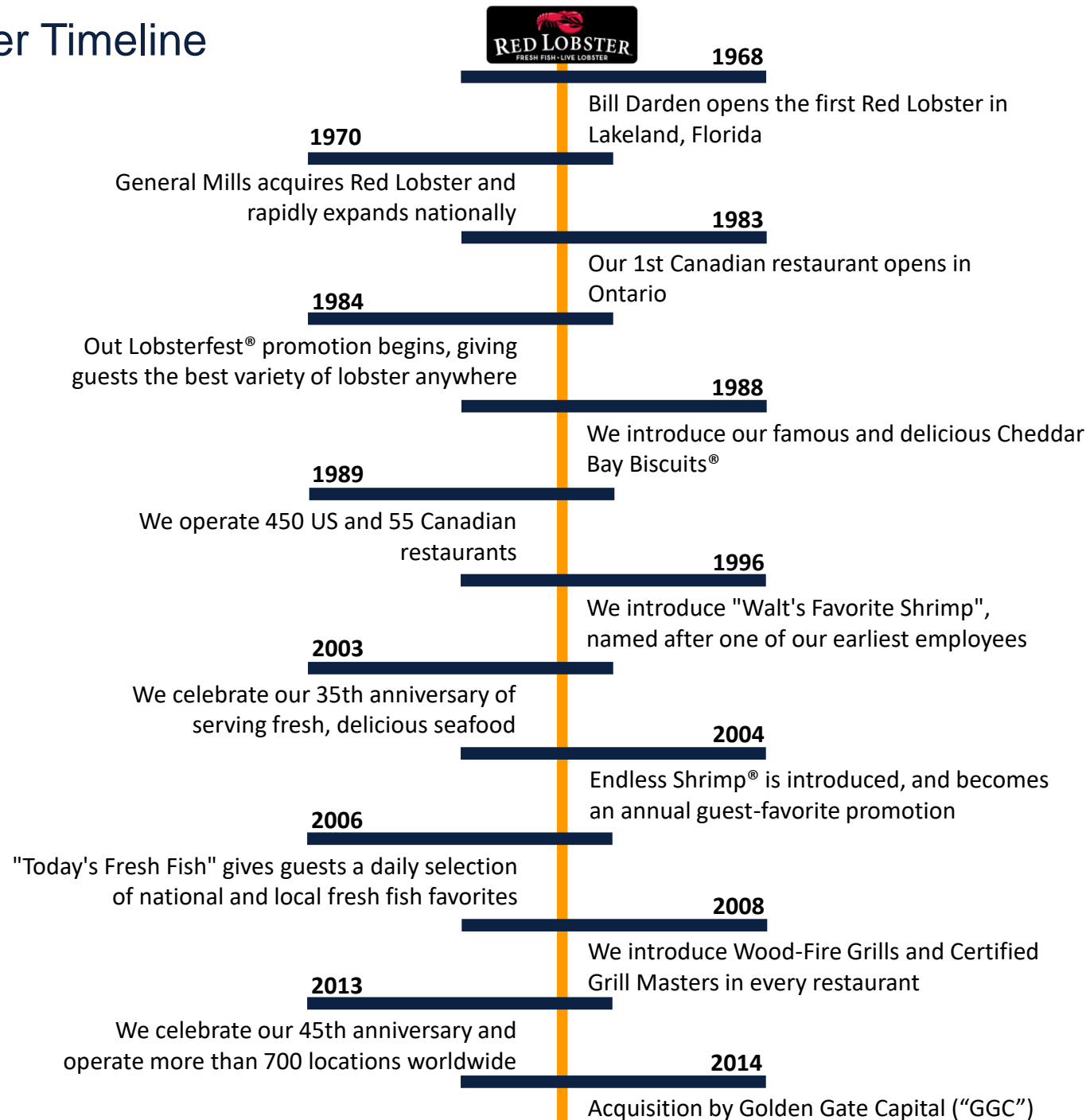
We hold ourselves to the highest standards for service, quality and a welcoming atmosphere. And we're focused on doing what's right – for our employees, in our communities and in the world.

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

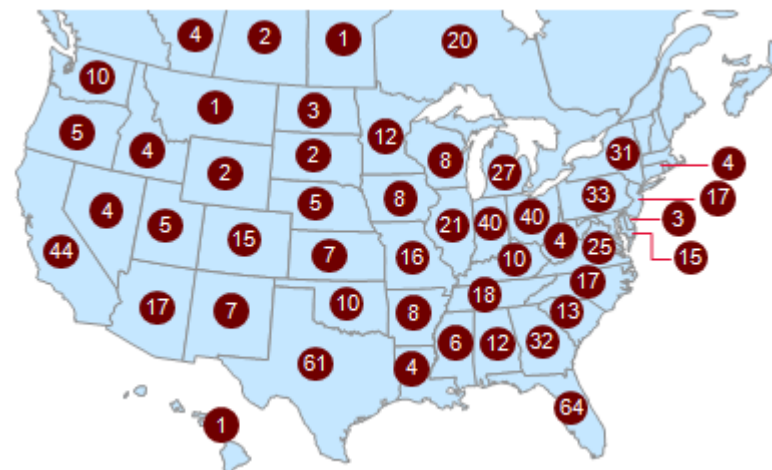


Tenant Overview

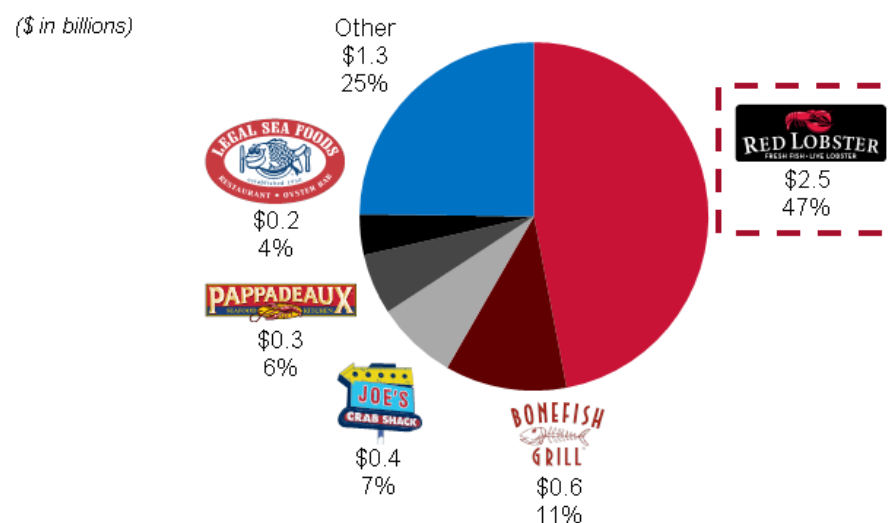
Strong Market Position

- Red Lobster is the largest seafood restaurant concept in the world with over \$2.5 billion in annual sales and 704 restaurants.
 - \$2.5B LTM Sales.
 - \$3.5M AUV.
- 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.

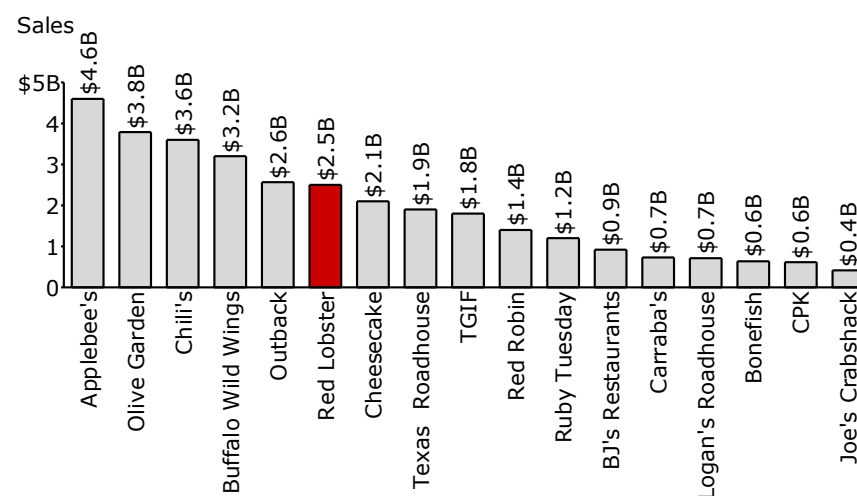
Significant Scale With Broad Geographic Reach



~50% Share in Seafood Casual Dining



6th Largest Casual Dining Concept in the US



Tenant Overview

Iconic Brand With Unparalleled Customer Loyalty

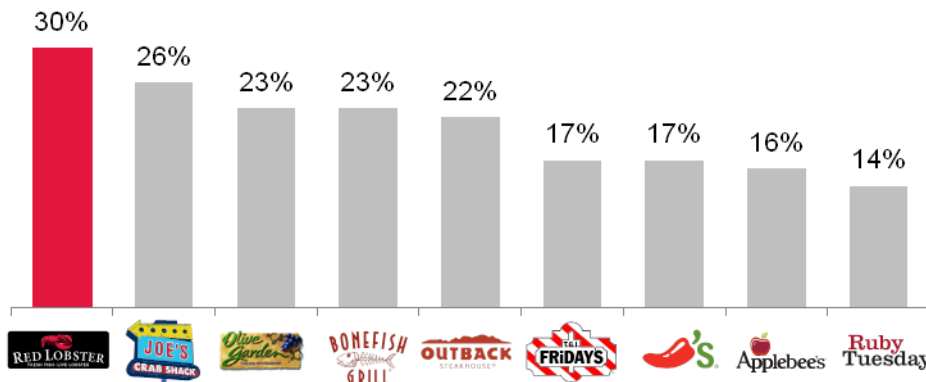
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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









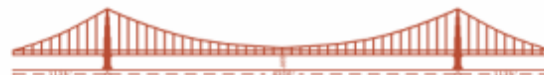
New Bar Harbor Format



Tenant Overview

Red Lobster is led by an experienced management team with prior success leading the company.

	Name <i>Title</i>	Industry Tenure <i>(Darden)</i>	Biography
	Kim Lopdrup <i>CEO</i>	31 (15)	<ul style="list-style-type: none"> • Recently served as President of Specialty Restaurant Group and New Business – high growth area of strong brands for Darden • Served as President of Red Lobster from 2005 to 2011, a period of rapidly-rising guest satisfaction and record profitability • Prior to joining Darden, served as EVP and COO of North America for Burger King and CEO of the International Division of Dunkin' Brands • BBA degree, College of William and Mary; MBA with distinction, Harvard University
	Salli Setta <i>President</i>	28 (28)	<ul style="list-style-type: none"> • Became President of Red Lobster in July 2013 • Prior to becoming President, served as Red Lobster's EVP of Marketing for 8 years • From 1990 to 2005, held various management positions at Olive Garden, during which time she was instrumental to the brand's turnaround • Named <i>Restaurant Business</i>' "Menu Strategist of the Year" in 2003 • Bachelor's degree, University of Central Florida; MBA, Florida Institute of Technology
	Bill Lambert <i>Chief Financial Officer</i>	12 (12)	<ul style="list-style-type: none"> • Bill served as CFO of LongHorn Steakhouse since 2010 • Prior to leading LongHorn, Bill served as CFO of Red Lobster from 2006 through 2010 • Previously, Bill spent 21 years with Macy's • BS, Duke University; MBA, University of Michigan
	Chip Wade <i>EVP, Operations</i>	30 (16)	<ul style="list-style-type: none"> • Served as EVP of Operations for Red Lobster since 2012 • Served as COO of Legal Sea Foods from 2004-2006 • Bachelor's degree, Widener University; MBA, University of Texas
	Tom Gathers <i>Chief People Officer</i>	38 (29)	<ul style="list-style-type: none"> • Recently served as SVP HR for Specialty Restaurant Group and LongHorn Steakhouse • Served as EVP of HR for RARE Hospitality International from 1998 to 2007 • Bachelor's degree, Indiana University of Pennsylvania; Master's degree, University of Miami
	Horace Dawson <i>EVP, General Counsel</i>	21 (14)	<ul style="list-style-type: none"> • Recently served as VP and Division General Counsel Employment and Litigation of Darden • Bachelor's degree, JD and MBA, Harvard University



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 and Retail Investments



Financial Offering Summary

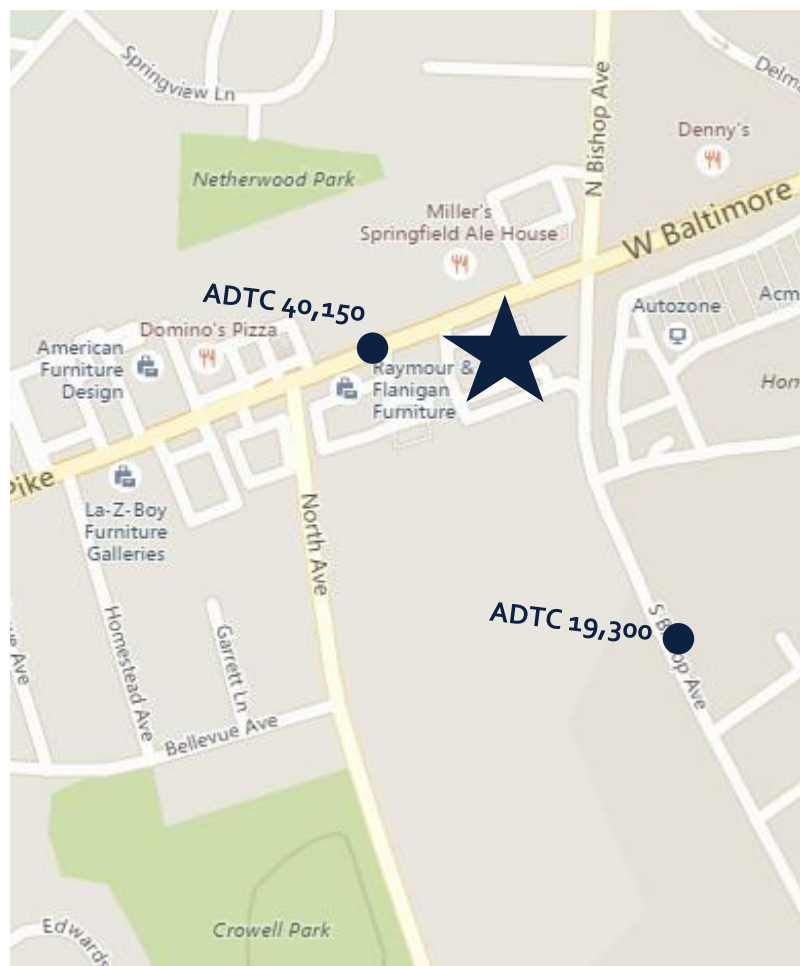
Property Name	Red Lobster
Property Type	Net Leased Restaurant
Ownership	Private
	Private Equity Sponsor
Tenant	Red Lobster Restaurants, LLC
Guarantor	Red Lobster Intermediate Holdings, LLC
Lease Term	20 Years
Lease Commencement	7/28/2014
Lease Expiration	7/31/2034
Lease Term Remaining	15 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Options to Renew	Four, Five Year Option Periods
Rental Increases	Two Percent Annually

Annualized Operating Data

Rent Increases	Annual Rent	Monthly Rent
Year 6	\$428,462	\$35,705
Year 7	\$437,031	\$36,419
Year 8	\$445,772	\$37,148
Year 9	\$454,687	\$37,891
Year 10	\$463,781	\$38,648
Year 11	\$473,057	\$39,421
Year 12	\$482,518	\$40,210
Year 13	\$492,168	\$41,014
Year 14	\$502,011	\$41,834
Year 15	\$512,052	\$42,671
Year 16	\$522,293	\$43,524
Year 17	\$532,739	\$44,395
Year 18	\$543,393	\$45,283
Year 19	\$554,261	\$46,188
Year 20	\$565,346	\$47,112
Annual Rent		\$428,462
CAP Rate		6.75%
Price		\$6,347,584

Location Highlights | Property Description

- ❖ Strong Traffic Count in the Area | Baltimore Pike and South Bishop Street | 40,150 and 19,300 Vehicles a Day Respectively
- ❖ Located In a Dense Retail Corridor | Major National Retailers Include: The Home Depot, Babies "R" Us, Best Buy, CVS Pharmacy, Walgreens, Wawa, Acme Market, Miller's Ale House
- ❖ Springfield Mall | 598,000 Square Feet of Retail Space | Over 70 Stores
- ❖ Springfield | Suburb of Philadelphia | Ten Miles from Downtown



LOCATION OVERVIEW

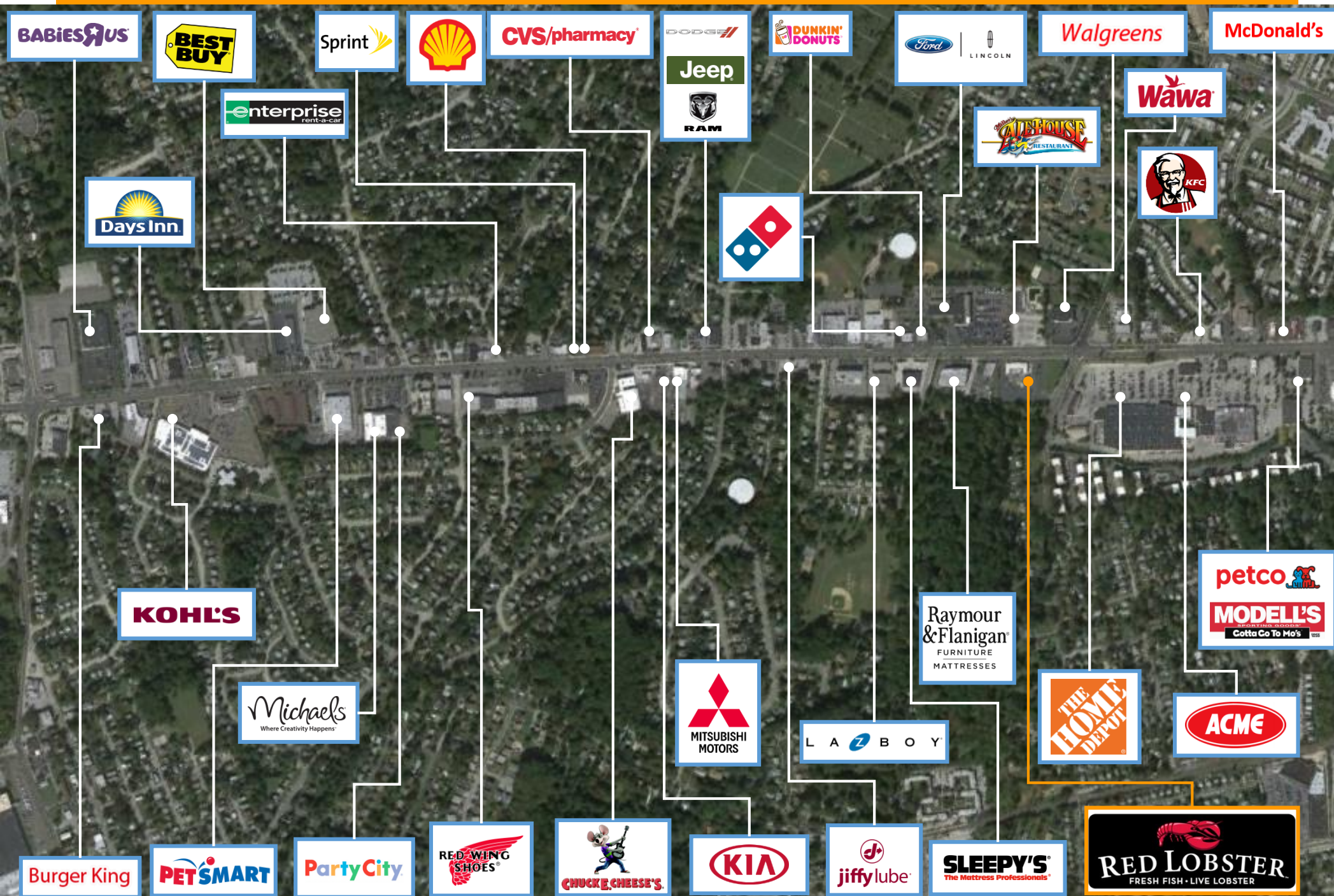
This Red Lobster property is located at 1 Baltimore Pike in Springfield, Pennsylvania. Springfield is a township in Delaware County, Pennsylvania. Springfield is a suburb of Philadelphia, located about ten miles west of the city. In the past century, all of Springfield's farmland was slowly bought up by developers who turned Springfield into the town it is today, that is, largely comprising developments of standard suburban single-family homes and various retail areas.

The subject property is well-positioned in a dense retail corridor, benefitting from its proximity to major national and local retailers. Major national retailers in the area include: Babies "R" Us, Best Buy, Enterprise, Sprint, Shell, CVS Pharmacy, Dunkin Donuts, Domino's Pizza, Ford, Lincoln, Miller's Ale House, Walgreens, Wawa, KFC, McDonald's, PetSmart, Modell's Sporting Goods, Acme Market, The Home Depot, Sleepy's, La-Z-Boy, JiffyLube, Mitsubishi, Kia, Chuck E. Cheese's, Party City, Burger King, Kohl's, Michaels, and many others.

There are approximately 187,095 people within a three-mile radius of this property and more than 497,980 within a five-mile radius. This Red Lobster is located directly off of Baltimore Pike. Interstate Baltimore Pike experiences traffic counts of over 40,150 vehicles daily. Intersecting with Baltimore Pike is South Bishop Avenue, which has an additional traffic count of 19,300 vehicles a day. Springfield Mall, a 589,000 square foot shopping mall containing over 70 stores, is located approximately two miles from this Red Lobster.

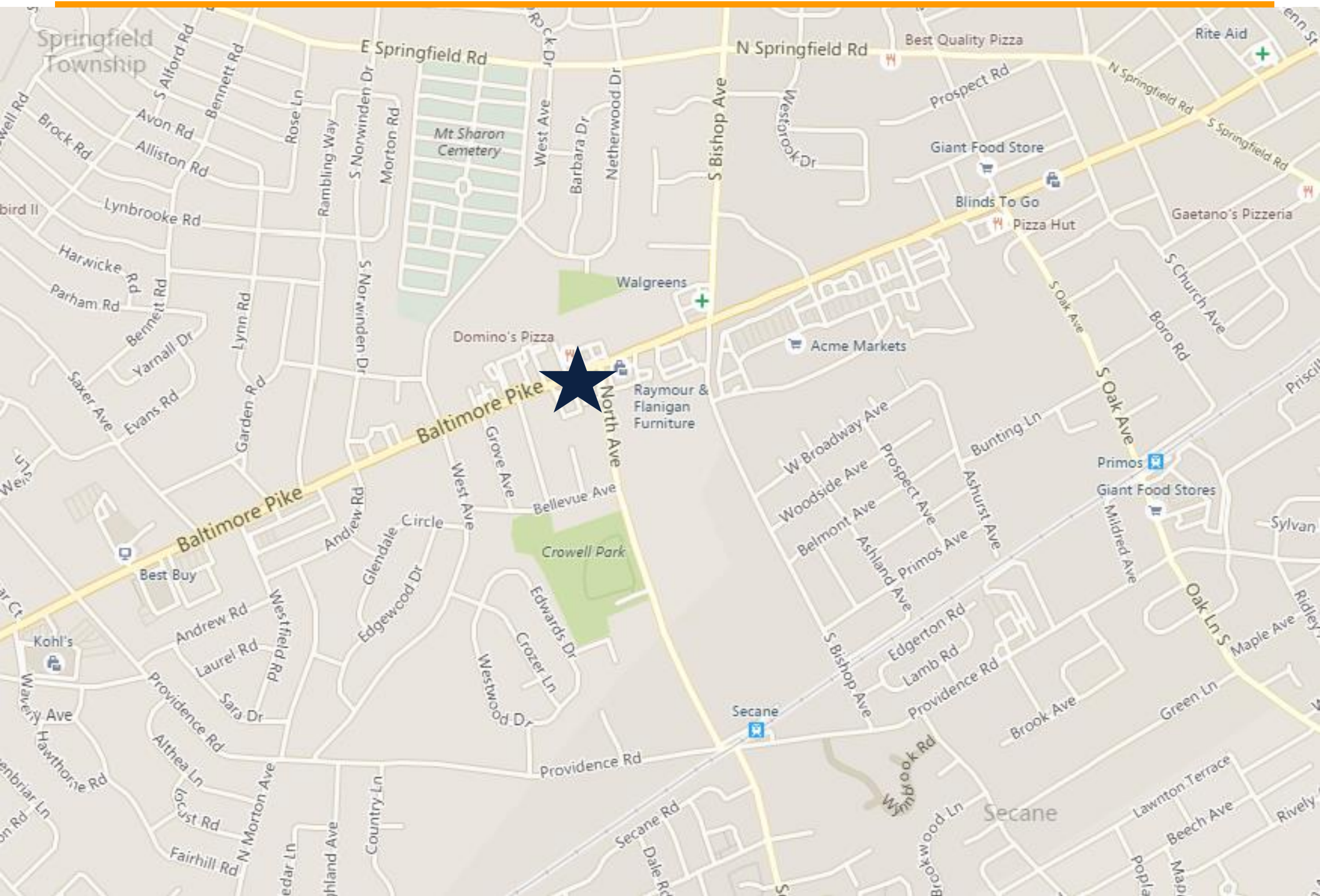
Philadelphia is the largest city in the Commonwealth of Pennsylvania and the fifth-most-populous in the United States. It is the economic and cultural anchor of the Delaware Valley. The area's many universities and colleges make Philadelphia a top international study destination, as the city has evolved into an educational and economic hub. With a gross domestic product of \$388 billion, Philadelphia ranks ninth among world cities and fourth in the nation. The 67 National Historic Landmarks in the city helped account for the \$10 billion generated by tourism. Philadelphia's economic sectors include information technology, manufacturing, oil refining, food processing, health care, biotechnology, tourism, and financial services. Financial activities account for the largest sector of the metropolitan area's economy, and it is one of the largest health education and research centers in the United States.

Aerial Photo | Surrounding Area



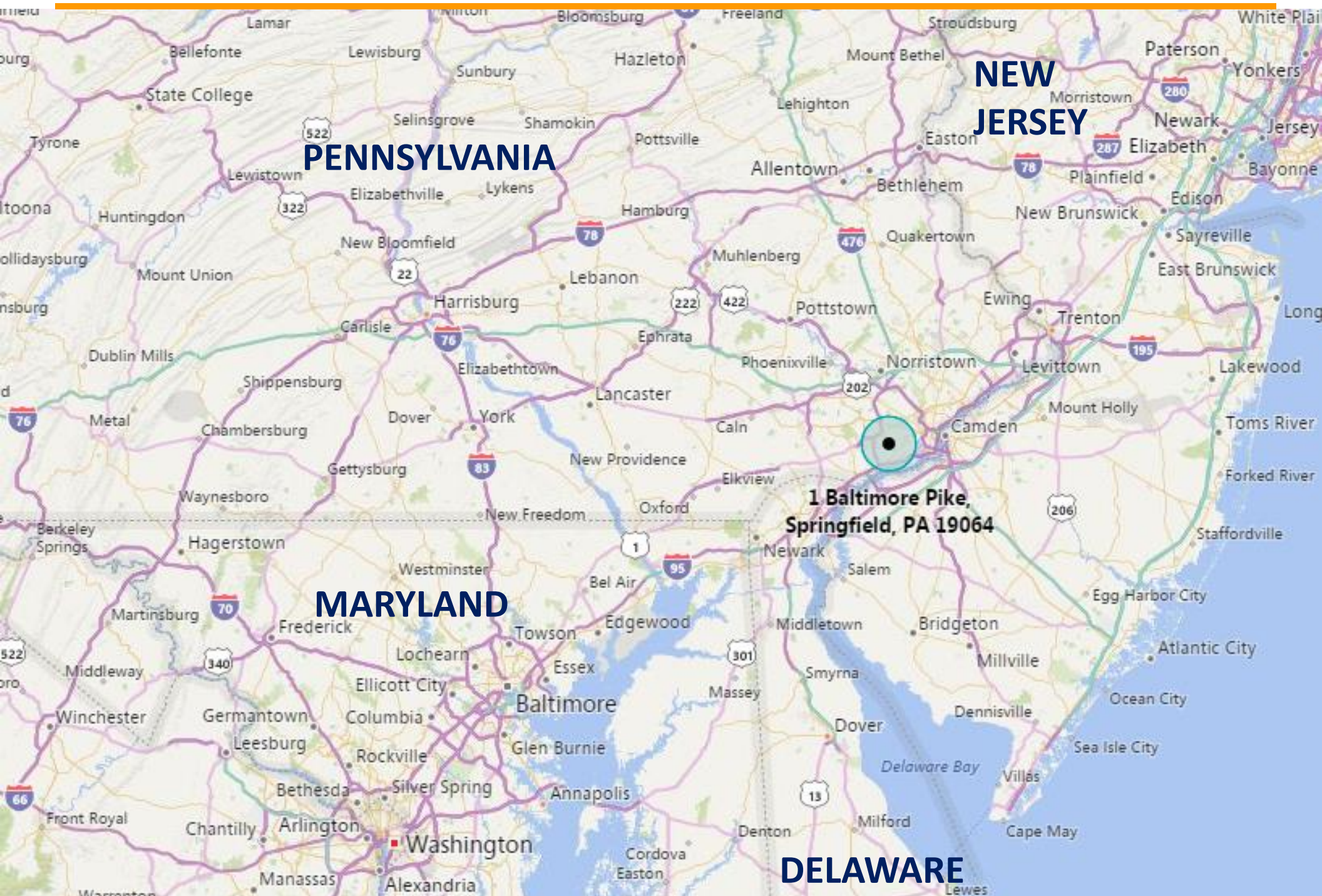
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Local Map



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Regional Map



Demographic Summary Report

Philadelphia, PA

Population

In 2014, the population in your selected geography is 497,983. The population has changed by 0.29% since 2000. It is estimated that the population in your area will be 496,321 five years from now, which represents a change of 0.33% from the current year. The current population is 47.09% male and 52.90% female. The median age of the population in your area is 37.4, compare this to the Entire US average which is 37.3. The population density in your area is 6,331.20 people per square mile.

Income

In 2014, the median household income for your selected geography is \$50,840, compare this to the Entire US average which is currently \$51,972. The median household income for your area has changed by 21.86% since 2000. It is estimated that the median household income in your area will be \$58,331 five years from now, which represents a change of 14.73% from the current year. The current year per capita income in your area is \$27,327, compare this to the Entire US average, which is \$28,599. The current year average household income in your area is \$71,032, compare this to the Entire US average which is \$74,533.

Employment

In 2014, there are 136,736 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 65.52% of employees are employed in white-collar occupations in this geography, and 34.49% are employed in blue-collar occupations. In 2014, unemployment in this area is 8.53%. In 2000, the average time traveled to work was 32.1 minutes.

POPULATION



		1-Mile	3-Mile	5-Mile
2010		23,090	185,488	491,988
2014		23,288	187,095	497,983
2019		23,280	186,716	496,321

2014 HOUSEHOLD INCOMES



		1-Mile	3-Mile	5-Mile
Average		\$78,067	\$78,740	\$71,033
Median		\$58,409	\$59,874	\$50,840

MAJOR EMPLOYERS IN DELAWARE COUNTY



Employer

The Boeing Company
Crozer-Chester Medical Center
Wawa Inc.

exclusively listed

Offering Memorandum | 1 Baltimore Pike, Springfield, Pennsylvania 19064
