



# Red Lobster

1050 Holcomb Bridge Road  
Roswell, Georgia 30076



Representative Photo

## OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap



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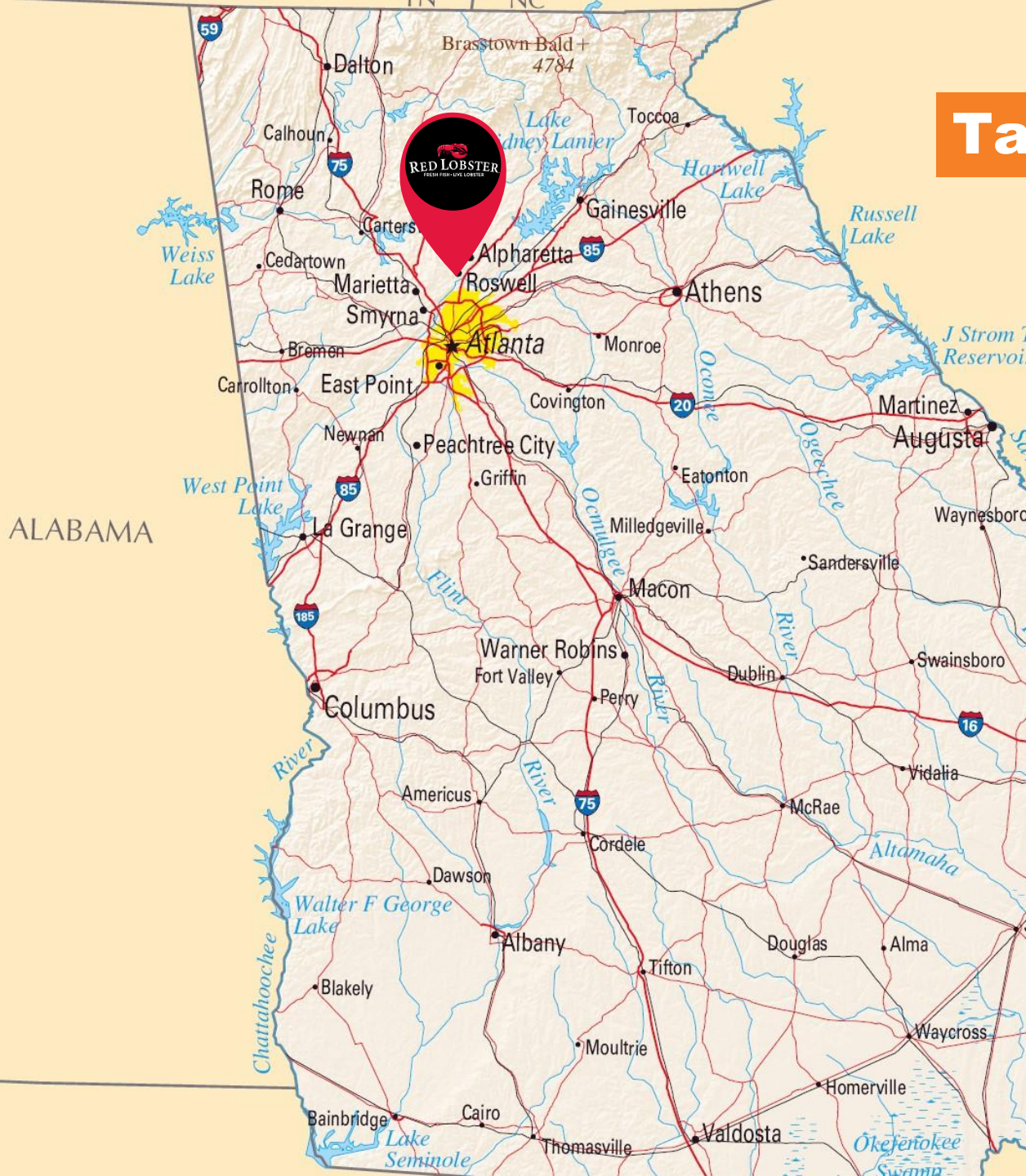
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1050 Holcomb Bridge Road, Roswell, GA 30076

**PRICE: \$5,375,853 | 6.15%CAP | RENT: \$330,615****PROPERTY DESCRIPTION**

Property	Red Lobster
Property Address	1050 Holcomb Bridge Rd
City, State, ZIP	Roswell, GA 30076
Building Size (SF)	8,182
Lot Size (Acres)	+/- 1.76

**THE OFFERING**

Net Operating Income <sup>1</sup>	\$330,615
CAP Rate	6.15%
Purchase Price	\$5,375,853
Price / SF	\$657
Year Opened	1981
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

<sup>1</sup>Rent Based on August 2019 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 Roswell, Georgia. The property consists of approximately 8,182 square feet of building space and is situated on approximately 1.76 acres of land. The property is subject to a 25-year Triple-Net (NNN) lease with 20 years remaining. The current rent is \$330,615 and will continue to increase by 2.00% annually. The increases will continue through the Four, 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 5<sup>th</sup> largest casual dining concept in North America. Red Lobster was recently acquired by Golden Gate Capital.



## FINANCIAL OVERVIEW

### ANNUALIZED OPERATING DATA

Current Annual Rent \$330,615

Base Term Rental Escalations 2.00% Annually

RENT SCHEDULE		
Lease Year	Annual Rent	Monthly Rent
Year 6	\$330,615	\$27,551
Year 7	\$337,227	\$28,102
Year 8	\$343,972	\$28,664
Year 9	\$350,851	\$29,238
Year 10	\$357,868	\$29,822
Year 11	\$365,026	\$30,419
Year 12	\$372,326	\$31,027
Year 13	\$379,773	\$31,648
Year 14	\$387,368	\$32,281
Year 15	\$395,116	\$32,926
Year 16	\$403,018	\$33,585
Year 17	\$411,078	\$34,257
Year 18	\$419,300	\$34,942
Year 19	\$427,686	\$35,640
Year 20	\$436,239	\$36,353
Year 21	\$444,964	\$37,080
Year 22	\$453,864	\$37,822
Year 23	\$462,941	\$38,578
Year 24	\$472,200	\$39,350
Year 25	\$481,644	\$40,137

CAP Rate 6.15%

Purchase Price \$5,375,853



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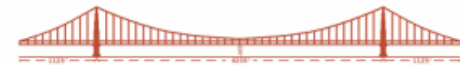
# Tenant Overview



- 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 (2<sup>nd</sup> 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 6<sup>th</sup> 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

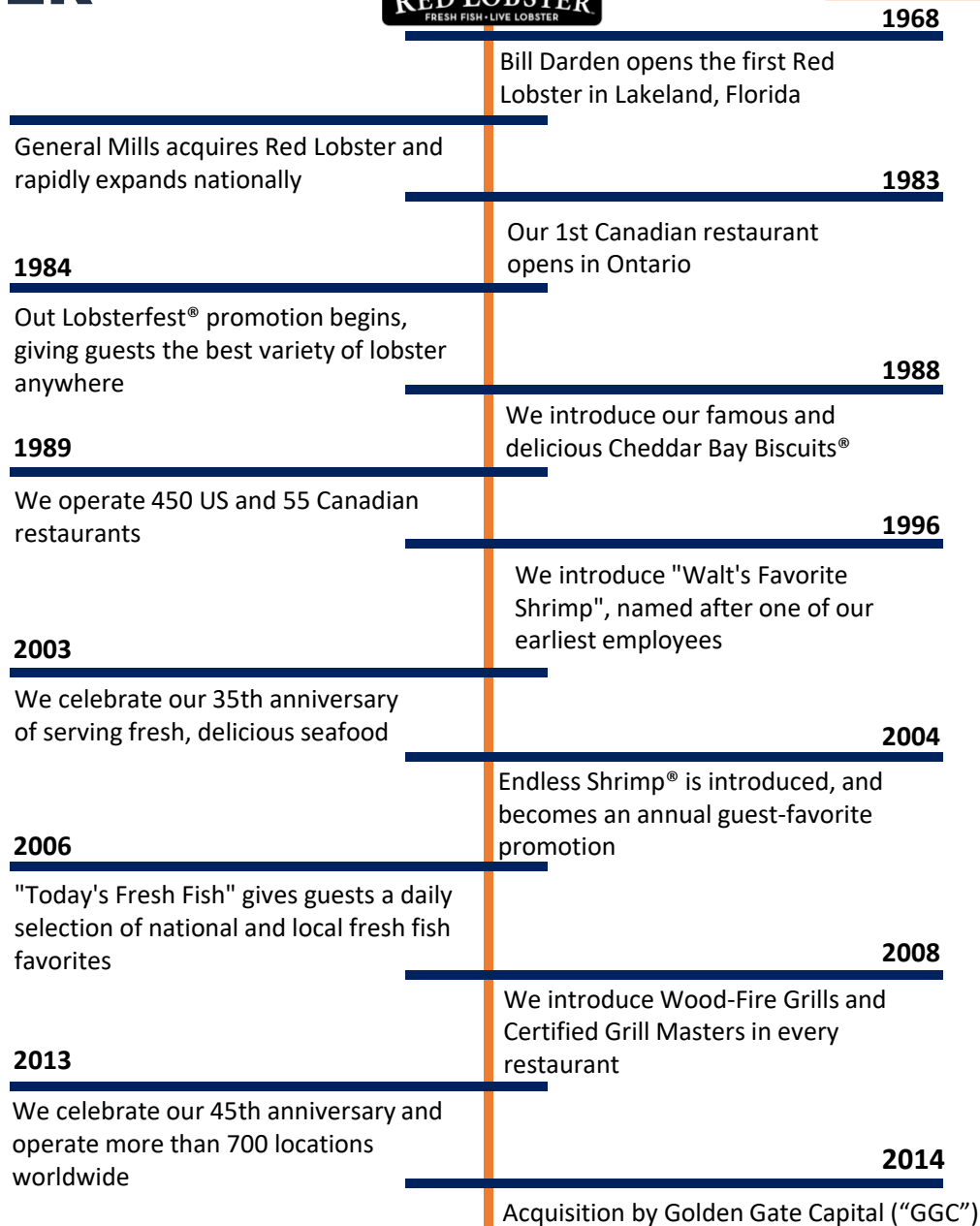
You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

*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



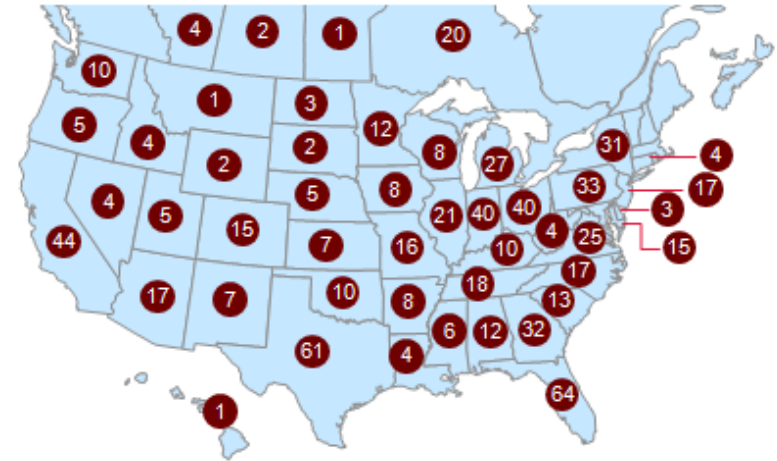
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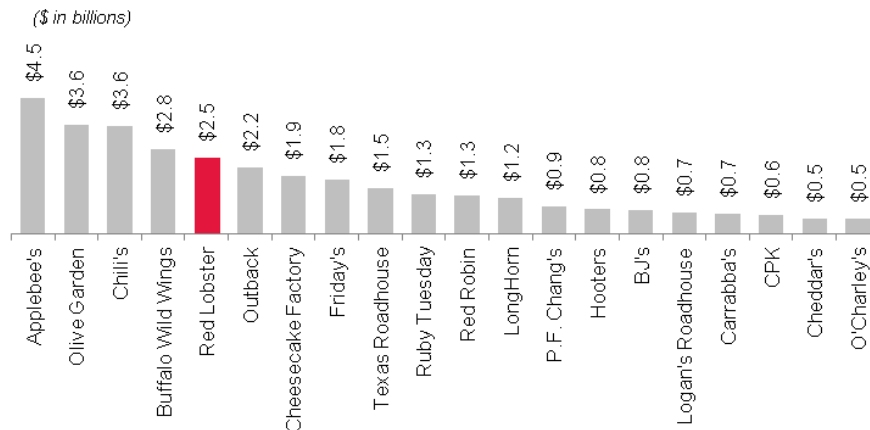
### Strong Market Position

- Red Lobster is the largest seafood restaurant concept in the world and the 6<sup>th</sup> 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.
- 6<sup>th</sup> largest overall casual dining concept in the US.

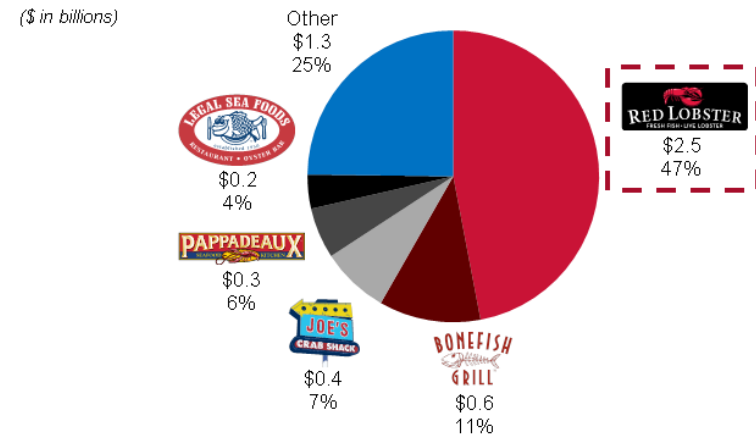
### Significant Scale With Broad Geographic Reach



### 6<sup>th</sup> Largest Casual Dining Concept in the US



### ~50% Share in Seafood Casual Dining





# TENANT OVERVIEW

## Iconic Brand With Unparalleled Customer Loyalty

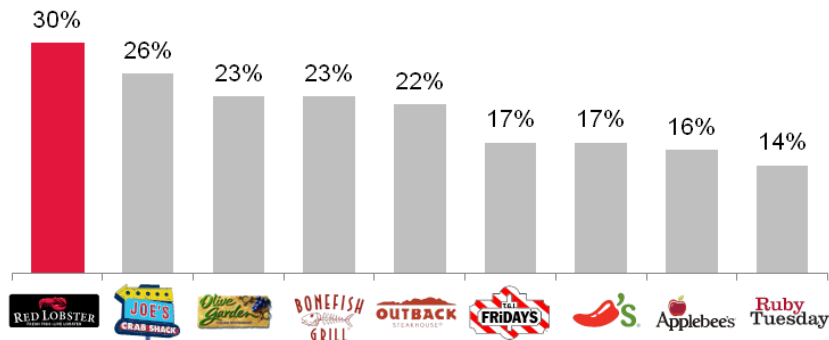
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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



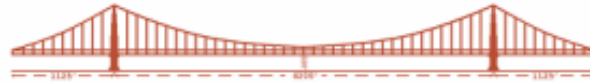
**Bill Lambert**  
CFO  
(12 years in Restaurant Industry)

- 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

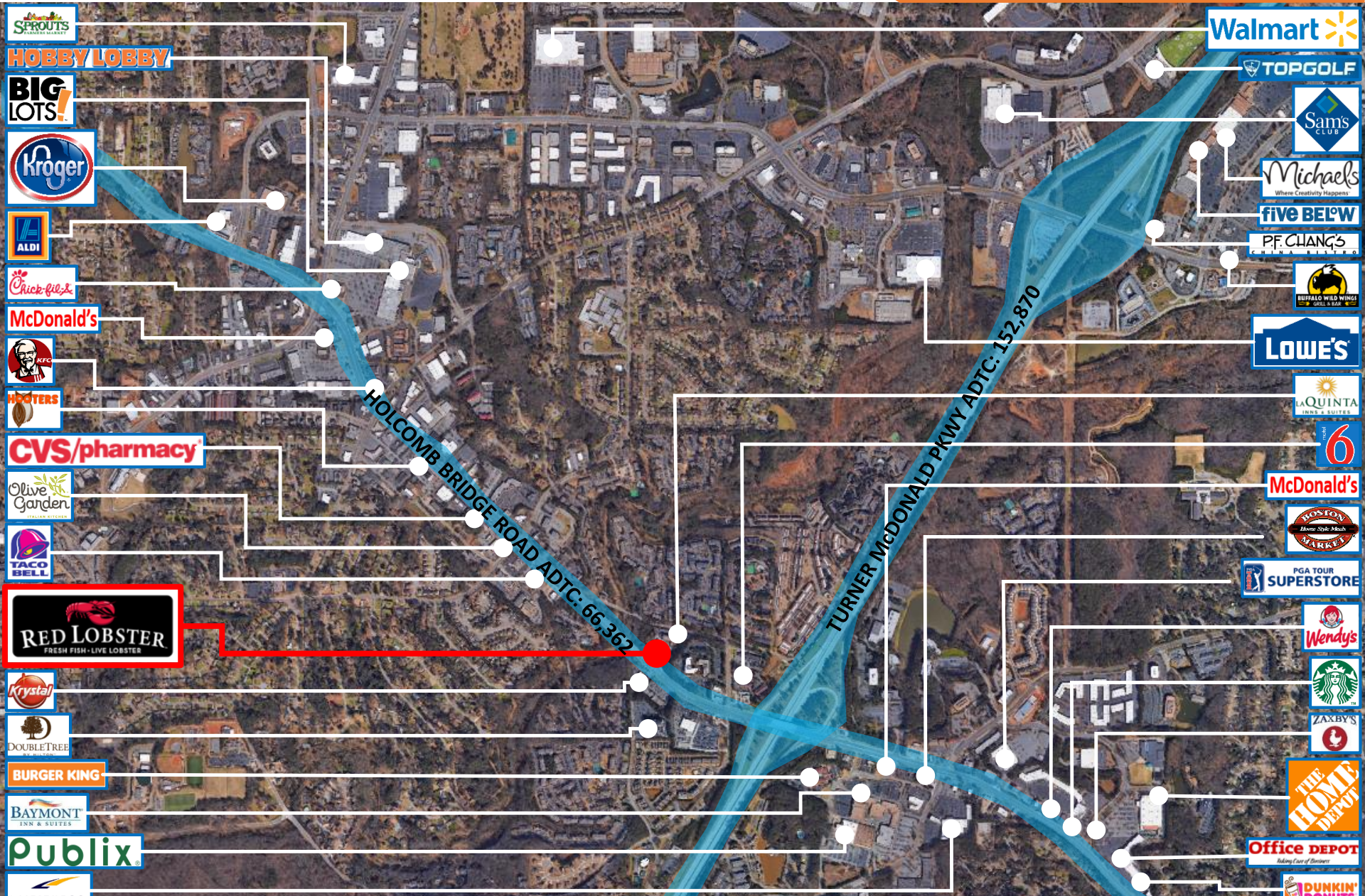
- Golden Gate Capital (GGC) is a San Francisco-based Private Equity firm with over \$15 billion of capital under management.
- GGC has been one of the most active acquirers of multi-unit restaurant and retail companies.
  - Over the past 10 years, GGC has invested in restaurant and retail companies with 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*

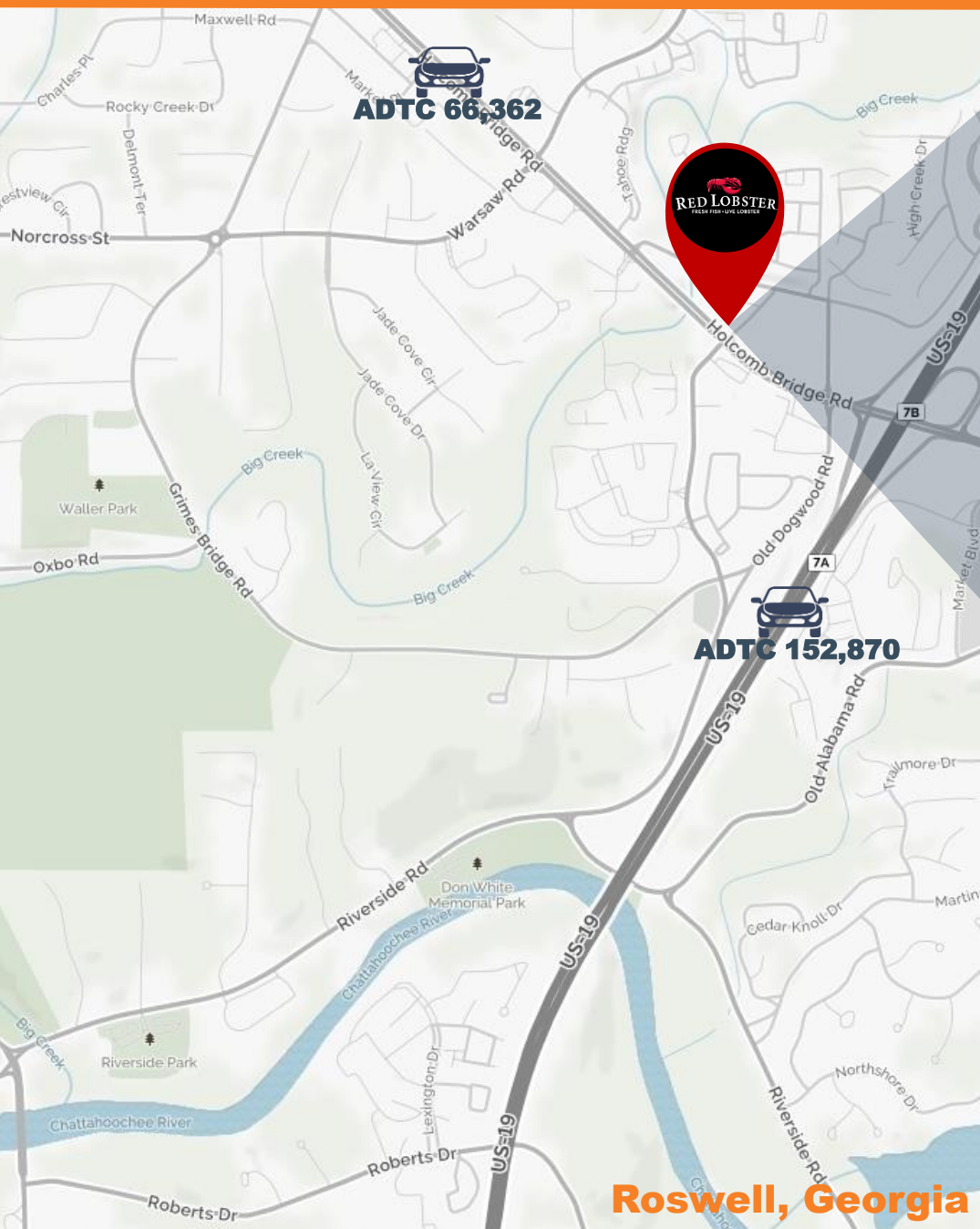
#### ***Restaurant Private Equity Investments***











## HIGHLIGHTS

- Major National Tenants In Surrounding Area: Walmart, Taco Bell, Goodwill, Big Lots, UPS, Kroger, CVS, PNC Bank, and Several others
- Exceptional Traffic Counts | Holcomb Bridge Road and Turner McDonald Parkway | 66,362 and 152,870 Vehicles a Day
- North Fulton Hospital | 196-Bed General Medical and Surgical Hospital
- Roswell | 20 Miles North of Atlanta | Capital of Georgia

## MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Marketsource Inc	8,500
Noridian Mutual Insurance Co	5,003
Magnitude Parent Holdings LLC	3,350
Angelica	3,050
Bway	2,700
Boral Industries Inc	1,975
Meridian Brick LLC	1,537
Verizon	1,340
Precyse Advanced Tech LLC	1,170
Medassets Net Rvnue Systm	1,100
General Motors	1,000
North Medical Hospital	985

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This Red Lobster is located at 1050 Holcomb Bridge Road in Roswell, Georgia. Roswell is a city in north Fulton County, Georgia. It is located roughly 20 miles north of Atlanta. It is the seventh most populous city in the state of Georgia. The city's largest employers include the Kimberly Clark Corporation, North Fulton Regional Hospital, and The City of Roswell.

## Surrounding Retail and Points of Interest

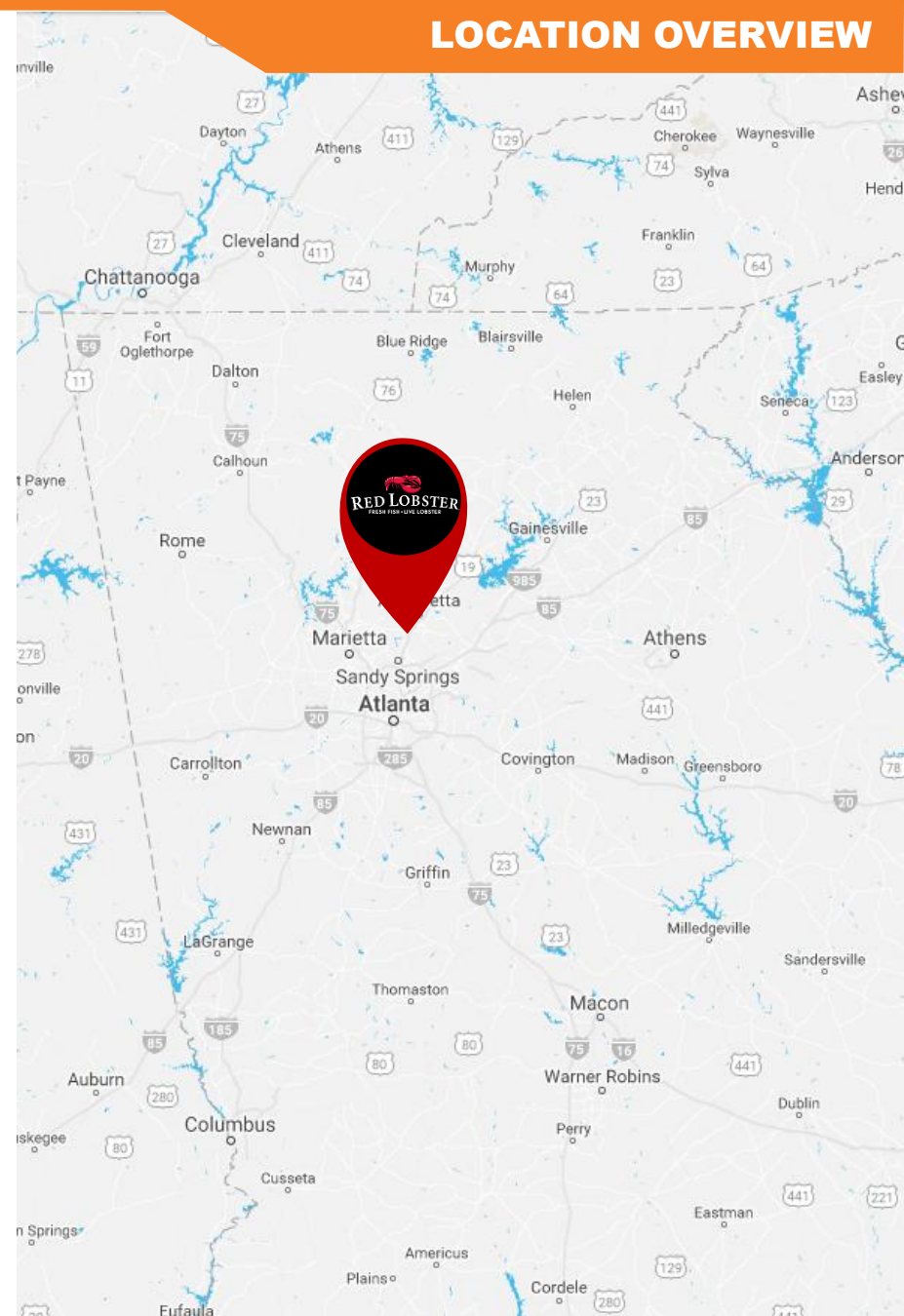
The subject property is well-positioned in a dense retail corridor, benefiting from its proximity to major national and local tenants. Major national tenants in the immediate area include: Walmart Supercenter, Sam's Club, Home Depot, Lowe's, Kroger, Sprouts Farmers Market, Publix, Office Depot, ALDI, PF Changs, CVS Pharmacy, Hobby Lobby, McDonald's and Zaxby's among various others. Within two miles of the property are Mimosa Elementary School and Northwood Elementary School which have a combined enrollment of over 2,000 students. Three miles from the subject property is North Fulton Hospital, the primary healthcare center of the region, which has more than 196 beds.

## Traffic Counts and Demographics

There are approximately 77,664 individuals residing within a three-mile radius of the property and more than 201,294 within a five-mile radius. The Red Lobster property is located on Holcomb Bridge Road which intersects with Turner McDonald Parkway. Holcomb Bridge Road has a daily traffic count of approximately 66,362 vehicles. The subject property is also located nearby Turner McDonald Parkway. This portion of Turner McDonald Parkway has average daily traffic counts of more than 152,860 vehicles.

## Atlanta, GA

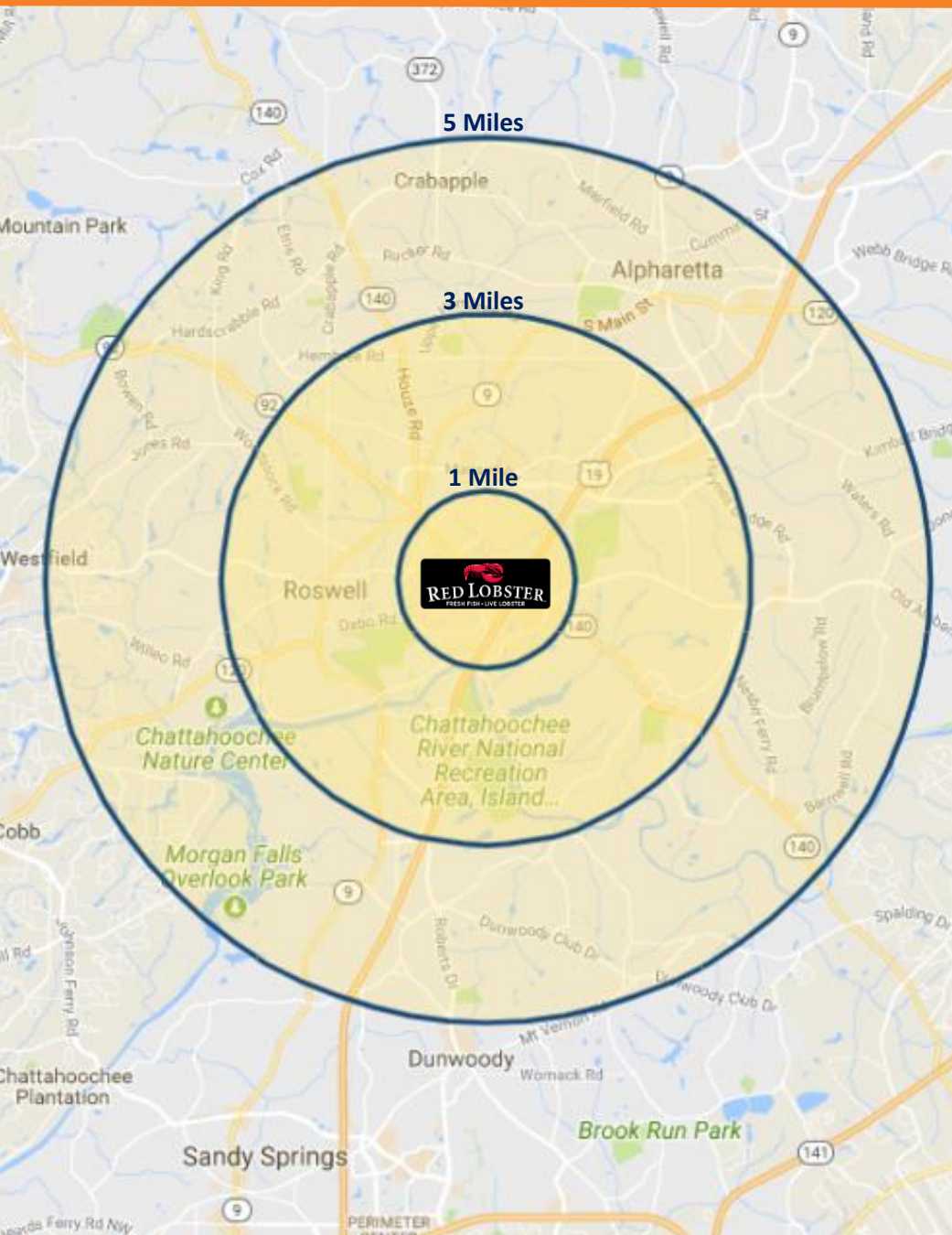
Atlanta is the not only the capital of Georgia, but also most populous city in Georgia and the county seat of Fulton County. Atlanta has the eighth largest economy in the country, as well as the highest concentration of fortune 500 companies headquartered in one city. Coca-Cola, Delta Air Lines, AT&T Mobility, Chick-fil-A, UPS, Newell-Rubbermaid, and The Home Depot, are only some of the several companies headquartered in Atlanta. In August of 2013, Atlanta was featured on Forbes as one of the "Best Places for Businesses and Careers." Additionally, Atlanta has over 35 million visitors a year, making it the seventh most visited city in the United States. Sites such as the World of Coca-Cola, Martin Luther King Jr. National Historic Site, and Georgia Dome, home of the Atlanta Hawks with a capacity of approximately 75,000 are located within the city.











## POPULATION

	1 Miles	3 Miles	5 Miles
2022 Projection	17,050	82,281	212,522
2017 Estimate	16,134	77,664	201,294
2010 Census	14,813	70,273	183,178
2000 Census	14,091	64,426	165,295

## INCOME

Average	\$70,120	\$102,140	\$124,419
Median	\$45,750	\$66,323	\$80,528
Per Capita	\$23,105	\$41,187	\$49,330

## HOUSEHOLDS

2022 Projection	5,573	33,299	84,632
2017 Estimate	5,316	31,248	79,725
2010 Census	4,903	28,437	72,800
2000 Census	4,986	25,995	65,527

## HOUSING

2017	\$198,446	\$269,891	\$326,732
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## EMPLOYMENT

2017 Daytime Population	10,382	104,790	220,247
2017 Unemployment	5.88%	4.65%	4.17%
2017 Median Time Traveled	27	29	29

## RACE & ETHNICITY

White	49.84%	64.45%	70.23%
Native American	0.04%	0.07%	0.04%
African American	20.48%	18.18%	14.30%
Asian/Pacific Islander	3.35%	4.47%	7.32%

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