



Red Lobster

255 Graff Road S.E., New Philadelphia, OH 44663



OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap

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255 Graff Road SE, New Philadelphia, Ohio 44663

PRICE: \$3,275,928 | 6.15%CAP | RENT: \$201,470**PROPERTY DESCRIPTION**

Property	Red Lobster
Property Address	255 Graff Road, S.E.
City, State, ZIP	New Philadelphia, OH 44663
Building Size (SF)	6,166
Lot Size (Acres)	+/- 1.66

THE OFFERING

Net Operating Income ¹	\$201,470
CAP Rate	6.15%
Purchase Price	\$3,275,928
Price / SF	\$531
Year Opened	1991
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 NOI 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



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INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster property located in New Philadelphia, Ohio. The property consists of 6,166 square feet of building space and is situated on approximately 1.66 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 \$201,470 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 \$201,470

Base Term Rental Escalations 2.00% Annually

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent
Year 6	\$201,470	\$16,789
Year 7	\$205,499	\$17,125
Year 8	\$209,609	\$17,467
Year 9	\$213,801	\$17,817
Year 10	\$218,077	\$18,173
Year 11	\$222,439	\$18,537
Year 12	\$226,887	\$18,907
Year 13	\$231,425	\$19,285
Year 14	\$236,054	\$19,671
Year 15	\$240,775	\$20,065
Year 16	\$245,590	\$20,466
Year 17	\$250,502	\$20,875
Year 18	\$255,512	\$21,293
Year 19	\$260,622	\$21,719
Year 20	\$265,835	\$22,153
Year 21	\$271,152	\$22,596
Year 22	\$276,575	\$23,048
Year 23	\$282,106	\$23,509
Year 24	\$287,748	\$23,979
Year 25	\$293,503	\$24,459

CAP Rate 6.15%

Purchase Price \$3,275,928

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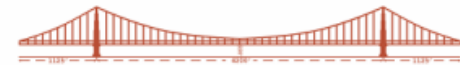
Tenant Overview



- 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

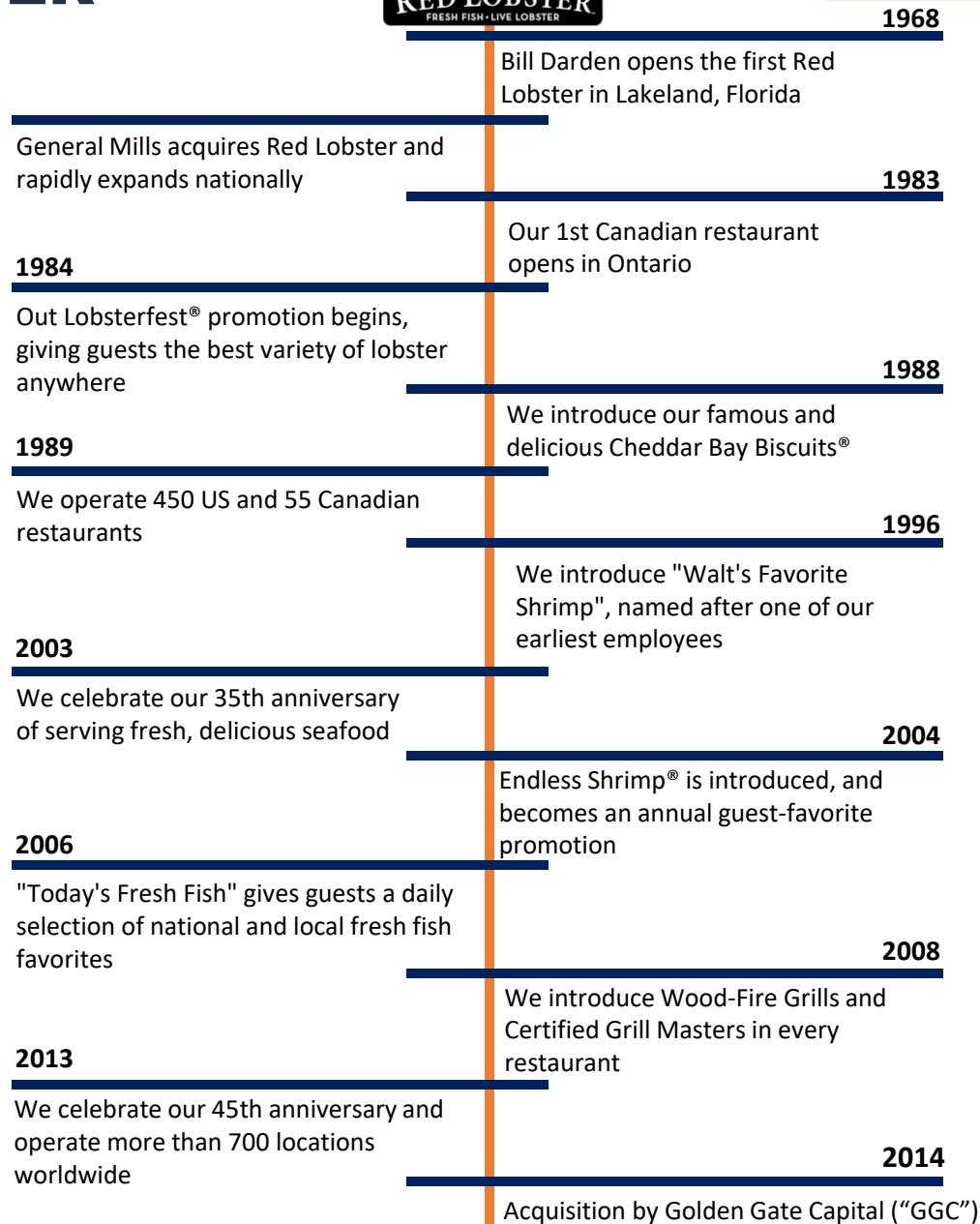
You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

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



EXECUTIVE SUMMARY

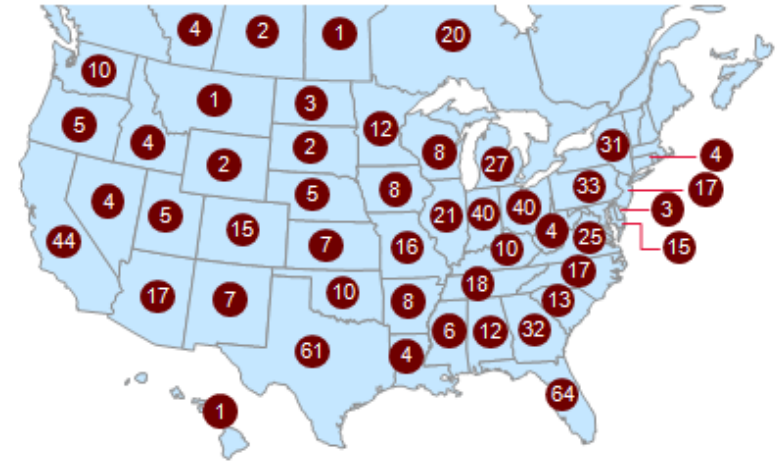


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Strong Market Position

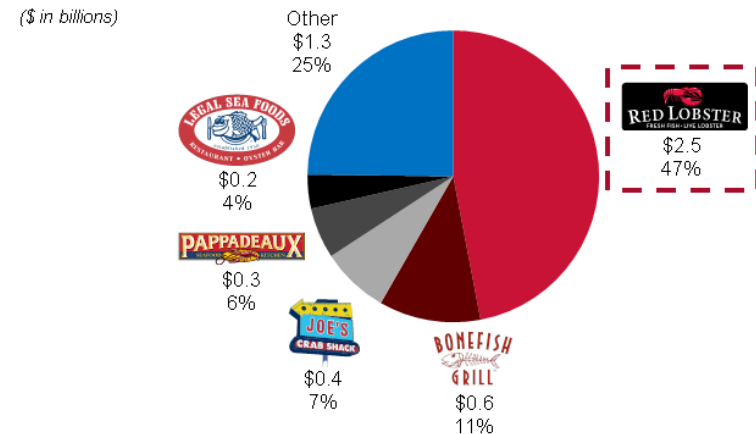
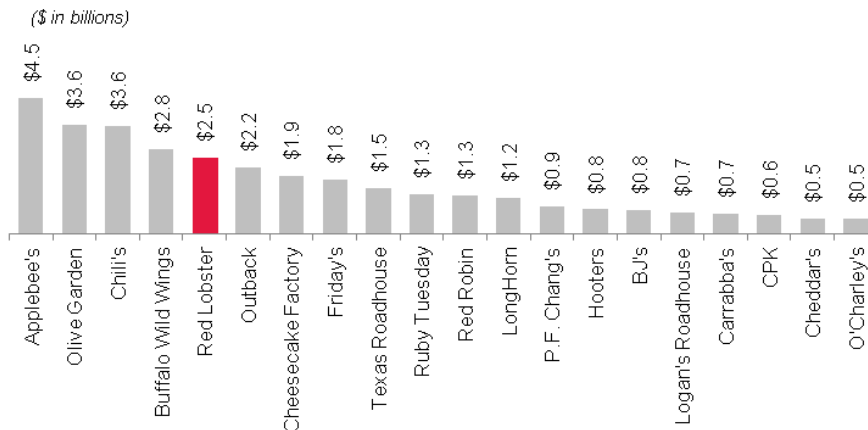
- Red Lobster is the largest seafood restaurant concept in the world and the 6th largest casual dining concept in the United States with over \$2.5 billion in annual sales and 704 restaurants.
- The Company is the category killer in the seafood casual dining space, holding almost 50% market share.
 - 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

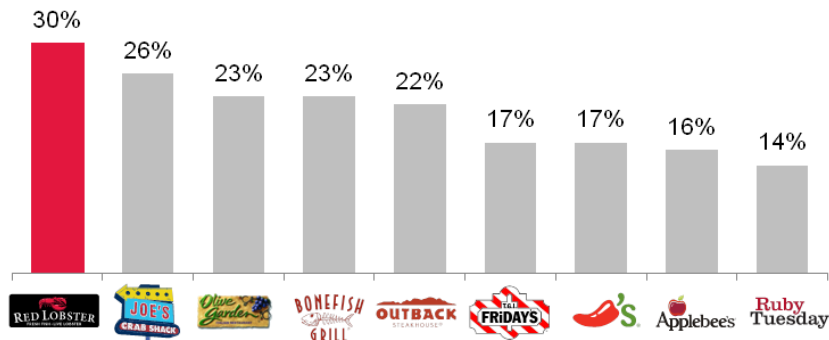
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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



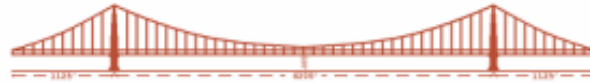
Bill Lambert
CFO
(12 years in Restaurant Industry)

- 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



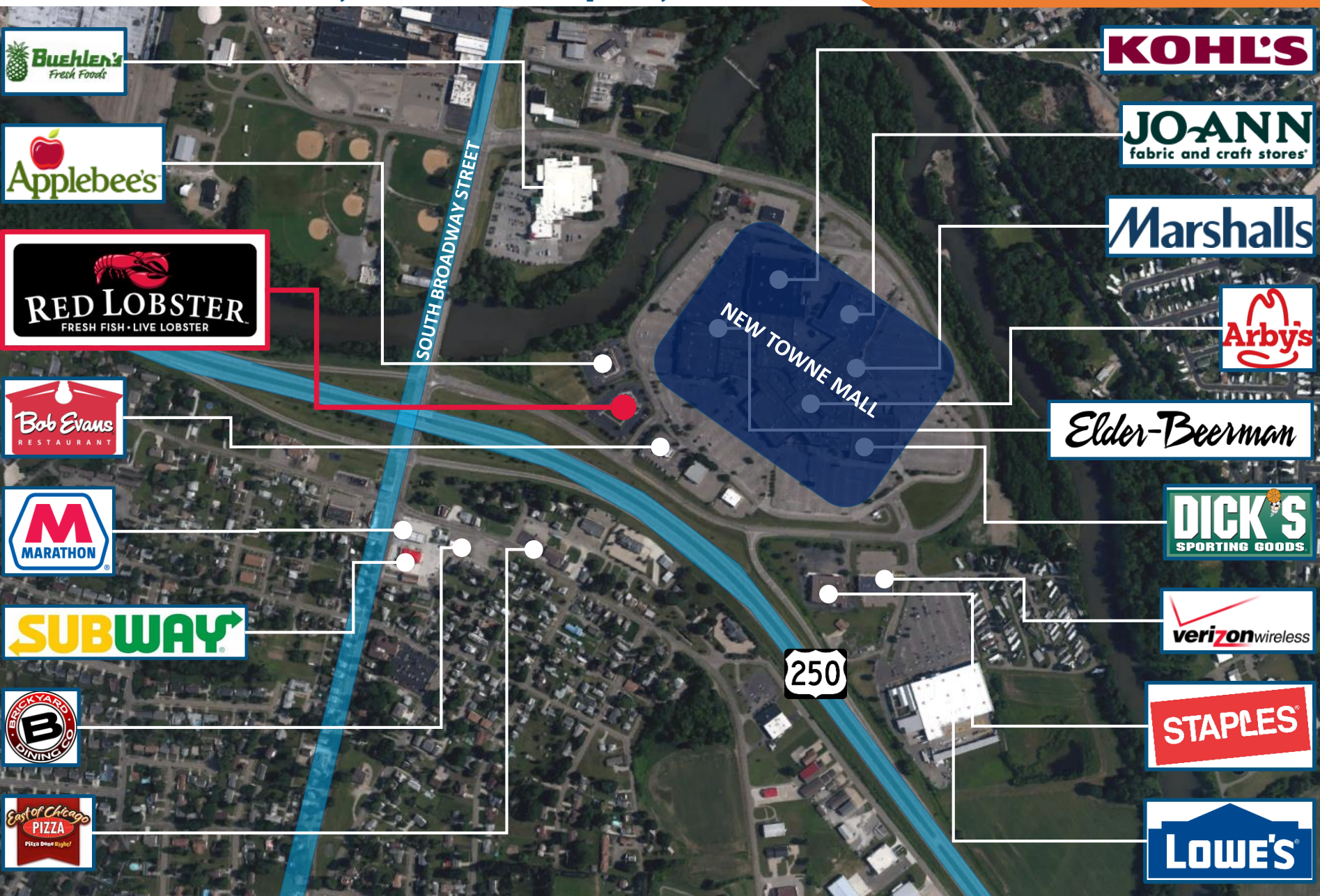
GOLDEN GATE CAPITAL

- 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



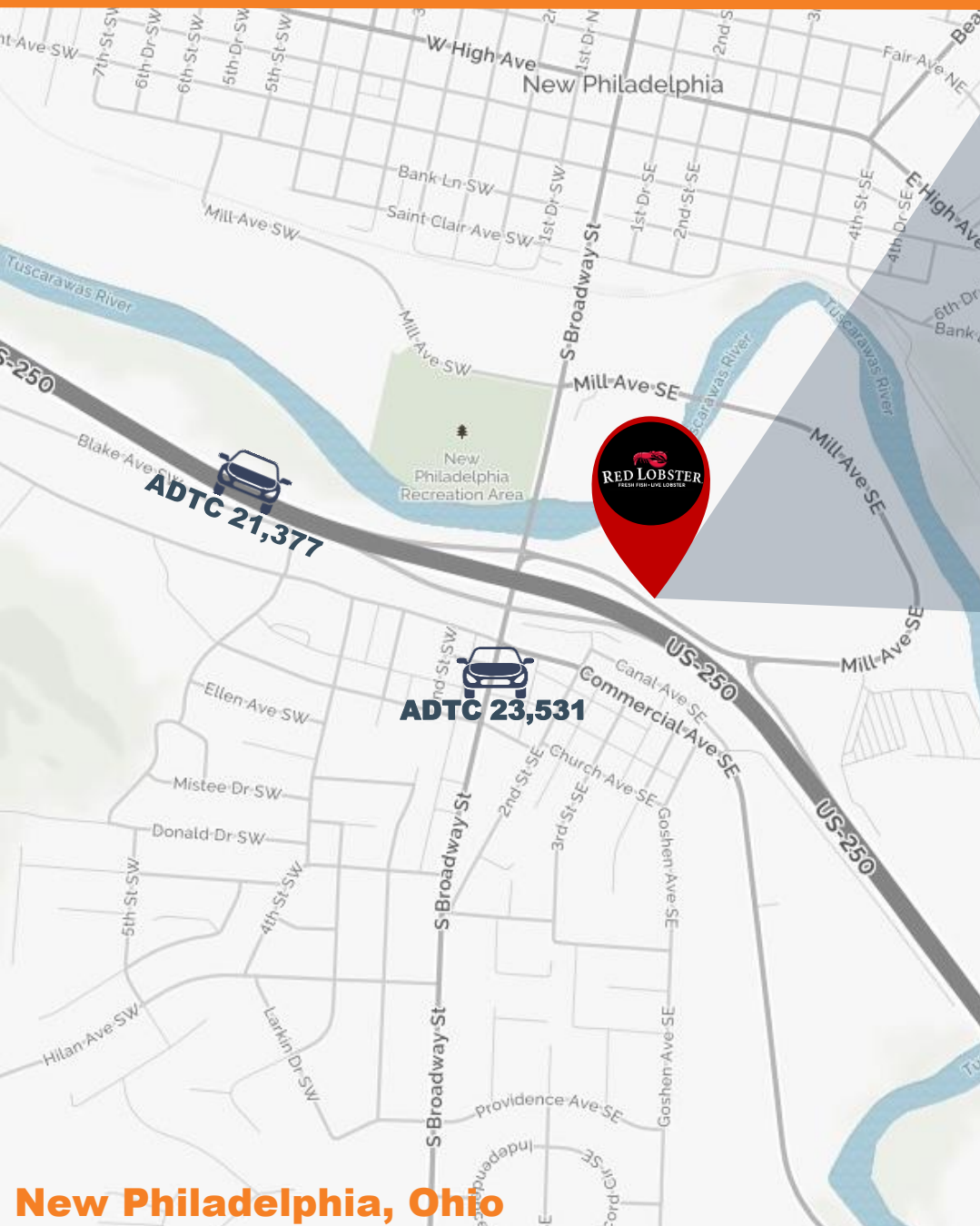


HIGHLIGHTS

- Major National Tenants In Surrounding Area Include: Lowe's, Dick's Sporting Goods, Kohl's, JCPenney, Marshalls
- Wood's Tall Timber Resort | 157-Acres | Within Six Miles from Subject Property
- Traffic Counts | South Broadway Street and U.S. Route 250 | 23,531 and 21,377 Vehicles a Day Respectfully
- New Philadelphia | Largest City in Tuscarawas County

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Union Hospital Association	925
Childrens Hosp Med Ctr Akron	732
New Philadelphia Board Educatn	364
County of Tuscarawas	331
Disabled American Veterans	330
Marlite Inc	300
Walmart	300
Lauren Manufacturing LLC	288
REA & Associates Inc	270
Times Reporter/Midwest Offset	245
McDonalds	207
Buehler of New Philadelphia	200



New Philadelphia, Ohio

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This Red Lobster is located at 255 Graff Road Southeast in New Philadelphia, Ohio. New Philadelphia is a city and the county seat of Tuscarawas County. The county's largest city, it is located 70 miles south of Cleveland .

Surrounding Retail and Points of Interest

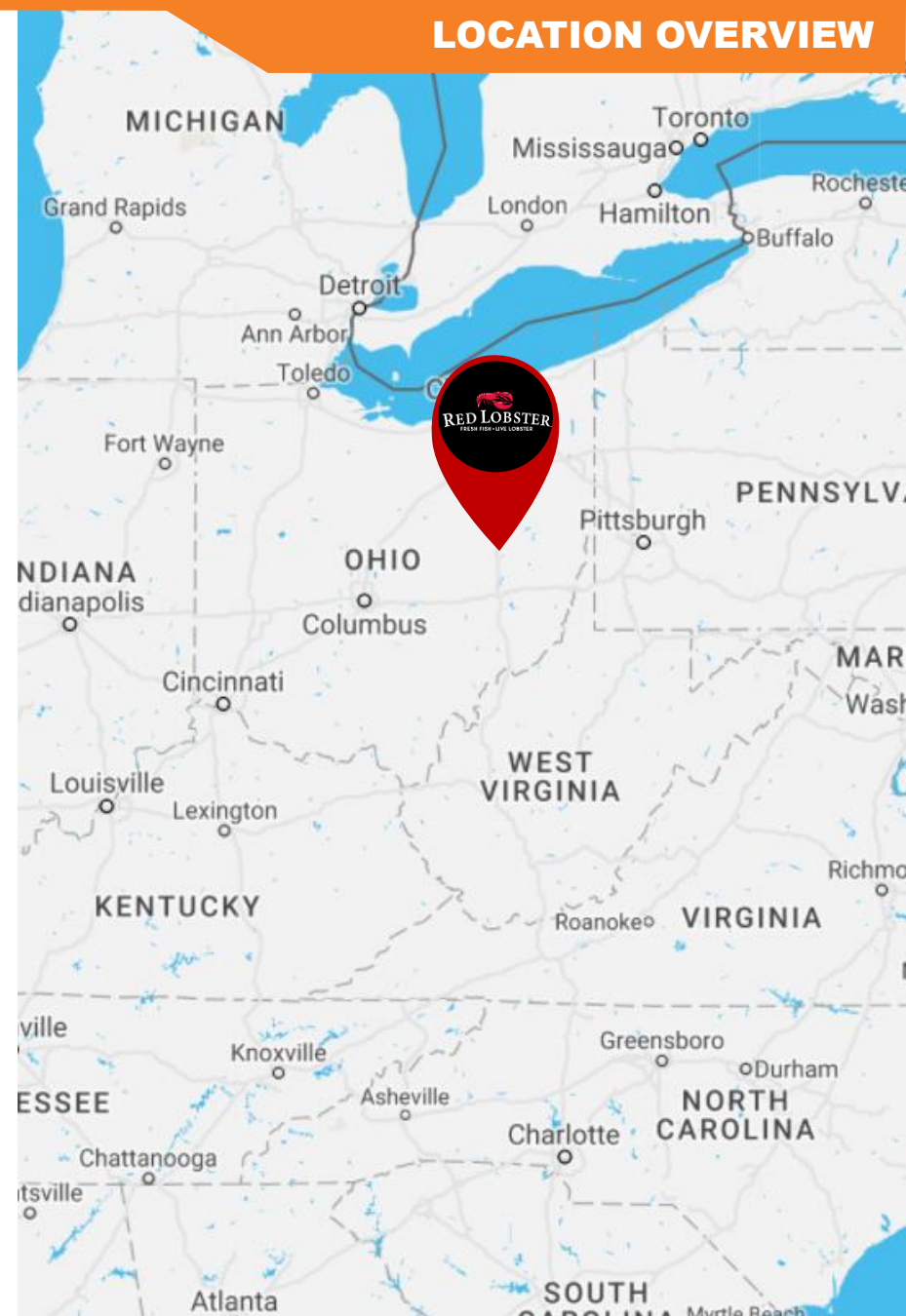
The subject property is well-positioned in a dense retail corridor, benefiting from its proximity to major national and local retailers. Lowe's, Dick's Sporting Goods, Kohl's, JCPenney, Marshalls, Staples, Arby's as well as many other retailers are in the immediate vicinity. Schoenbrunn Village, the site of several Ohio firsts, is located three miles southeast of the subject property. The village, restored to appear as it did more than two centuries ago, includes the original cemetery and 16 reconstructed log structures, as well as the church and gardens. Additionally, 157- acre Resort, Wood's Tall Timber Resort, is the perfect place to enjoy the beauty and comforts that Tuscarawas County has to offer. Including a seven acre lake, zip lining, a golf course, cottages, and recreational activities, Wood's Tall Timber Resort is located within six miles from the subject property.

Traffic Counts and Demographics

New Philadelphia has approximately 22,425 individuals residing within a three-mile radius of the property and more than 37,679 within a five-mile radius. The Red Lobster property is located on Graff Road which intersects with South Broadway Street. South Broadway Street has a daily traffic count of approximately 23,531 vehicles. Nearby U.S Route 250 has a daily traffic count of roughly 21,377 vehicles.

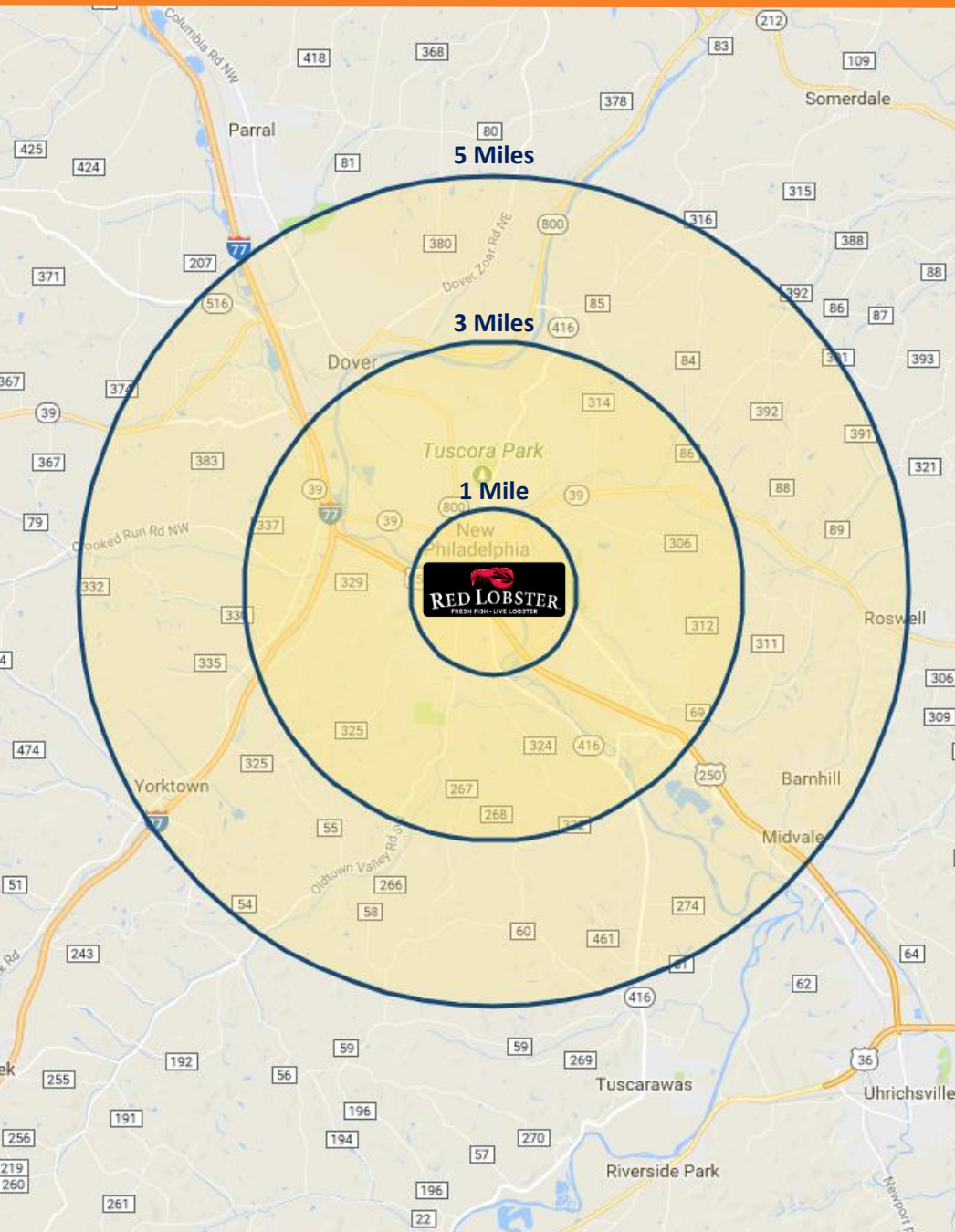
New Philadelphia, Ohio

New Philadelphia is the largest city in Tuscarawas County, Ohio. It is one of the principal cities of the New Philadelphia-Dover Ohio Micropolitan Statistical Area. Tuscarawas county is located along Interstate-77 between Columbus, Cleveland, and Pittsburgh, making it a key location for logistics. Major companies in the area include Lauren International, Arizona Chemical, Dover Chemical, Marlite, and Snyder Manufacturing. Top industry clusters are manufacturing, research and development, energy, health services, and trade. New Philadelphia is also conveniently located 40 miles from Akron and 70 miles from Cleveland.









	1 Miles	3 Miles	5 Miles
POPULATION			
2022 Projection	7,057	22,522	37,909
2017 Estimate	7,064	22,425	37,679
2010 Census	7,179	22,568	37,707
2000 Census	7,191	22,370	37,043
INCOME			
Average	\$59,048	\$60,928	\$61,409
Median	\$45,929	\$46,632	\$48,692
Per Capita	\$25,713	\$25,991	\$25,496
HOUSEHOLDS			
2022 Projection	3,071	9,581	15,734
2017 Estimate	3,055	9,463	15,452
2010 Census	3,111	9,535	15,482
2000 Census	3,175	9,479	15,199
HOUSING			
2017	\$109,440	\$119,445	\$122,903
EMPLOYMENT			
2017 Daytime Population	9,043	28,724	43,097
2017 Unemployment	5.89%	5.51%	5.32%
2017 Median Time Traveled	20	20	21
RACE & ETHNICITY			
White	93.45%	92.96%	93.72%
Native American	0.27%	0.40%	0.43%
African American	1.16%	1.35%	1.15%
Asian/Pacific Islander	0.54%	0.59%	0.48%

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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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