



# Red Lobster

27760 Novi Rd, Novi, MI 48377



Representative Photo

## OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap



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27760 Novi Road, Novi, Michigan 48377

**PRICE: \$6,966,203 | 6.15%CAP | RENT: \$428,422****PROPERTY DESCRIPTION**

Property	Red Lobster
Property Address	27760 Novi Road
City, State, ZIP	Novi, MI 48377
Building Size (SF)	8,565
Lot Size (Acres)	+/- 2.82

**THE OFFERING**

Net Operating Income <sup>1</sup>	\$428,422
CAP Rate	6.15%
Purchase Price	\$6,966,203
Price / SF	\$813
Year Opened	1983
Year Remodeled	2013

**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> 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



## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster property located in Novi, Michigan. The property consists of 8,565 square feet of building space and is situated on approximately 2.82 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 \$428,422 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 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	\$428,422
Base Term Rental Escalations	2.00% Annually

### RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent
Year 6	\$428,422	\$35,702
Year 7	\$436,990	\$36,416
Year 8	\$445,730	\$37,144
Year 9	\$454,644	\$37,887
Year 10	\$463,737	\$38,645
Year 11	\$473,012	\$39,418
Year 12	\$482,472	\$40,206
Year 13	\$492,122	\$41,010
Year 14	\$501,964	\$41,830
Year 15	\$512,003	\$42,667
Year 16	\$522,243	\$43,520
Year 17	\$532,688	\$44,391
Year 18	\$543,342	\$45,279
Year 19	\$554,209	\$46,184
Year 20	\$565,293	\$47,108
Year 21	\$576,599	\$48,050
Year 22	\$588,131	\$49,011
Year 23	\$599,894	\$49,991
Year 24	\$611,891	\$50,991
Year 25	\$624,129	\$52,011

CAP Rate	6.15%
Purchase Price	\$6,966,203



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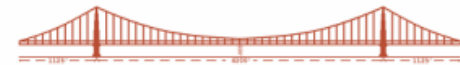
# Tenant Overview



- 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

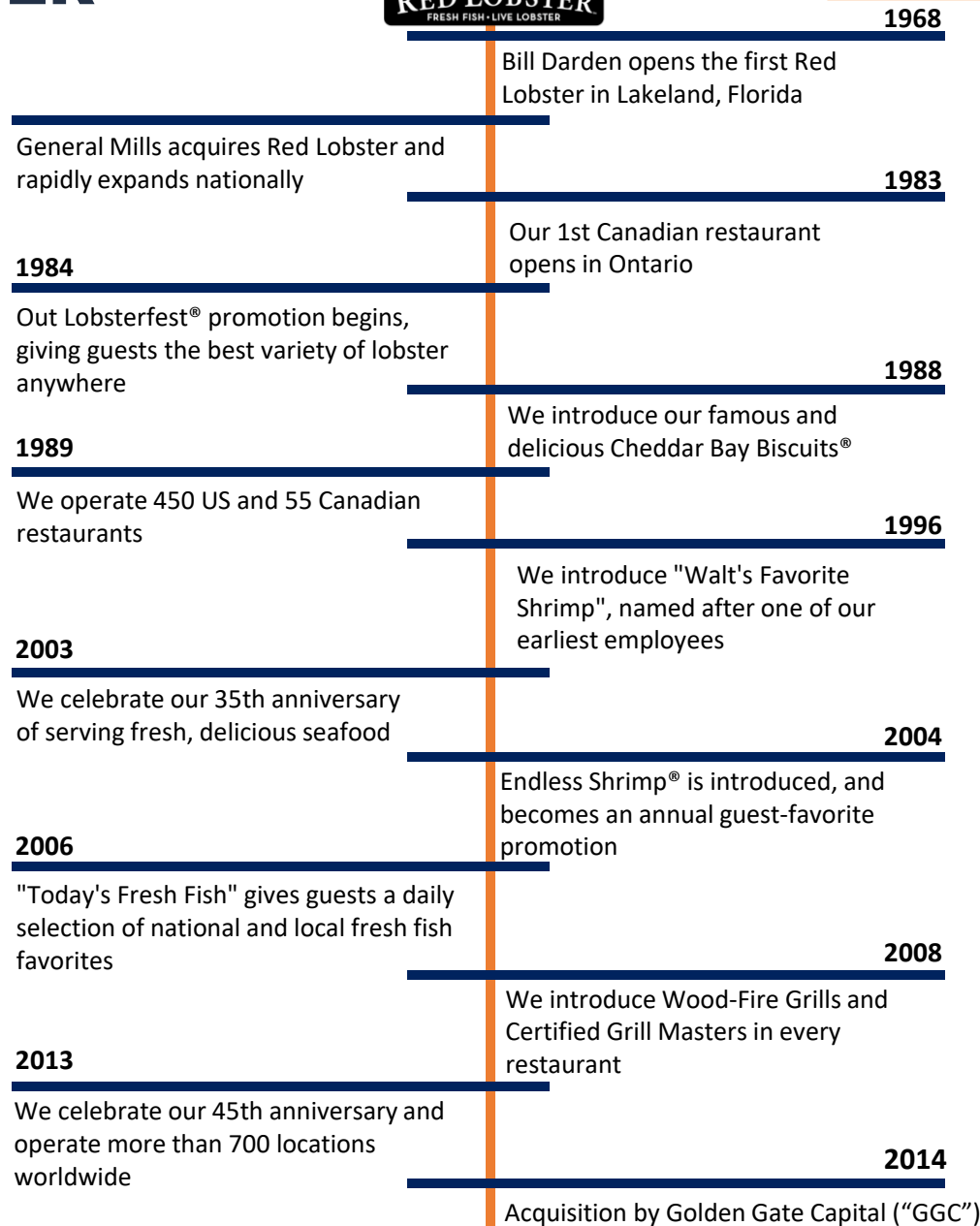
You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

*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

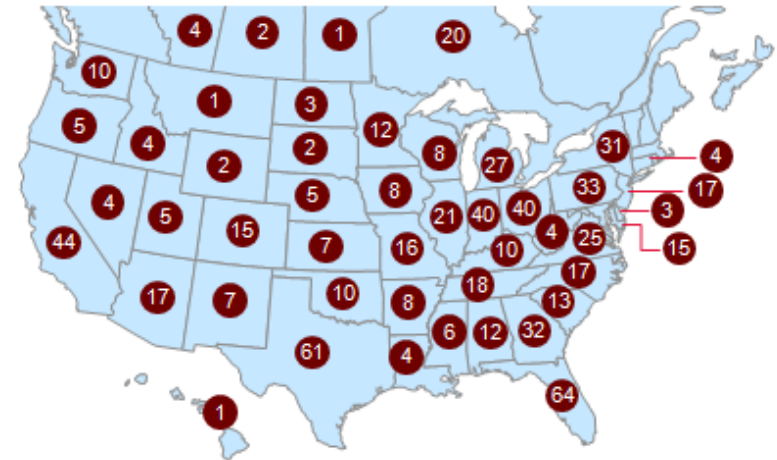


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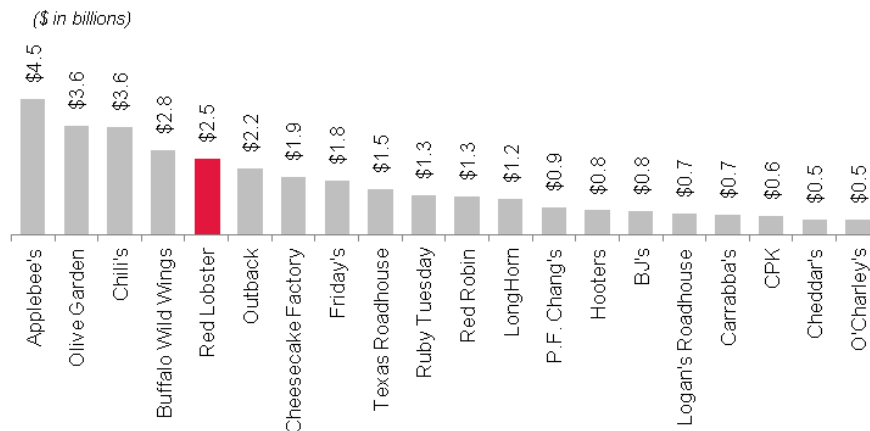
### Strong Market Position

- 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.

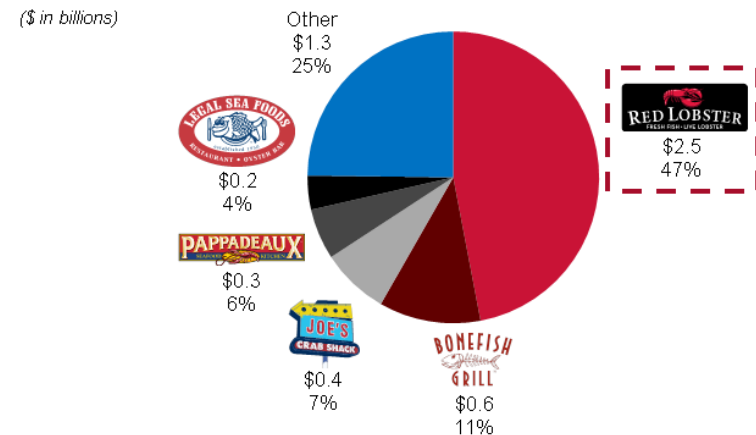
### Significant Scale With Broad Geographic Reach



### 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

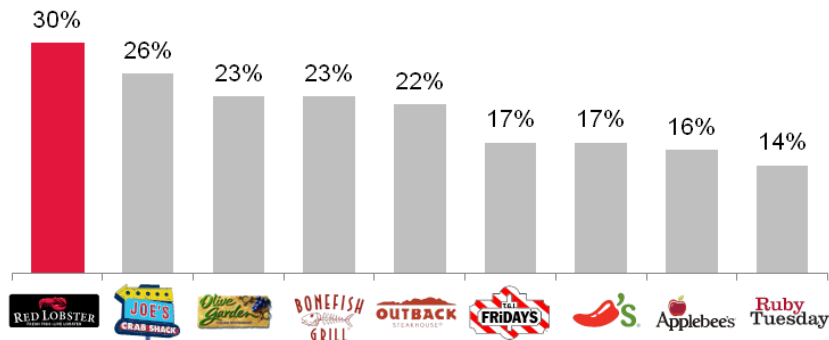
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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



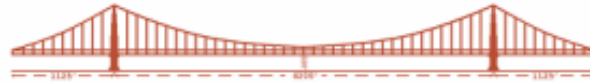
**Bill Lambert**  
CFO  
(12 years in Restaurant Industry)

- 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

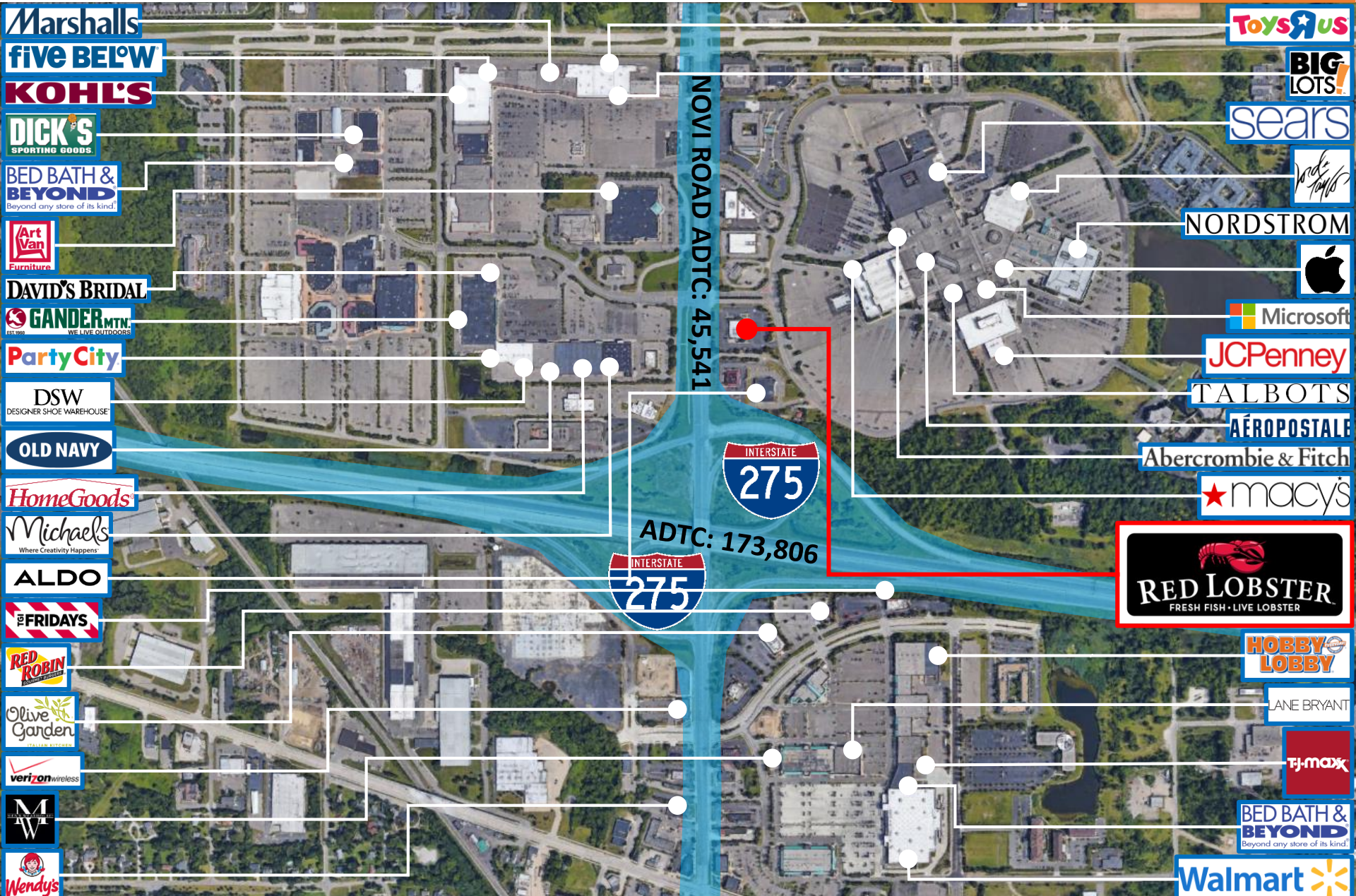
- Golden Gate Capital (GGC) is a San Francisco-based Private Equity firm with over \$15 billion of capital under management.
- GGC has been one of the most active acquirers of multi-unit restaurant and retail companies.
  - Over the past 10 years, GGC has invested in restaurant and retail companies with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







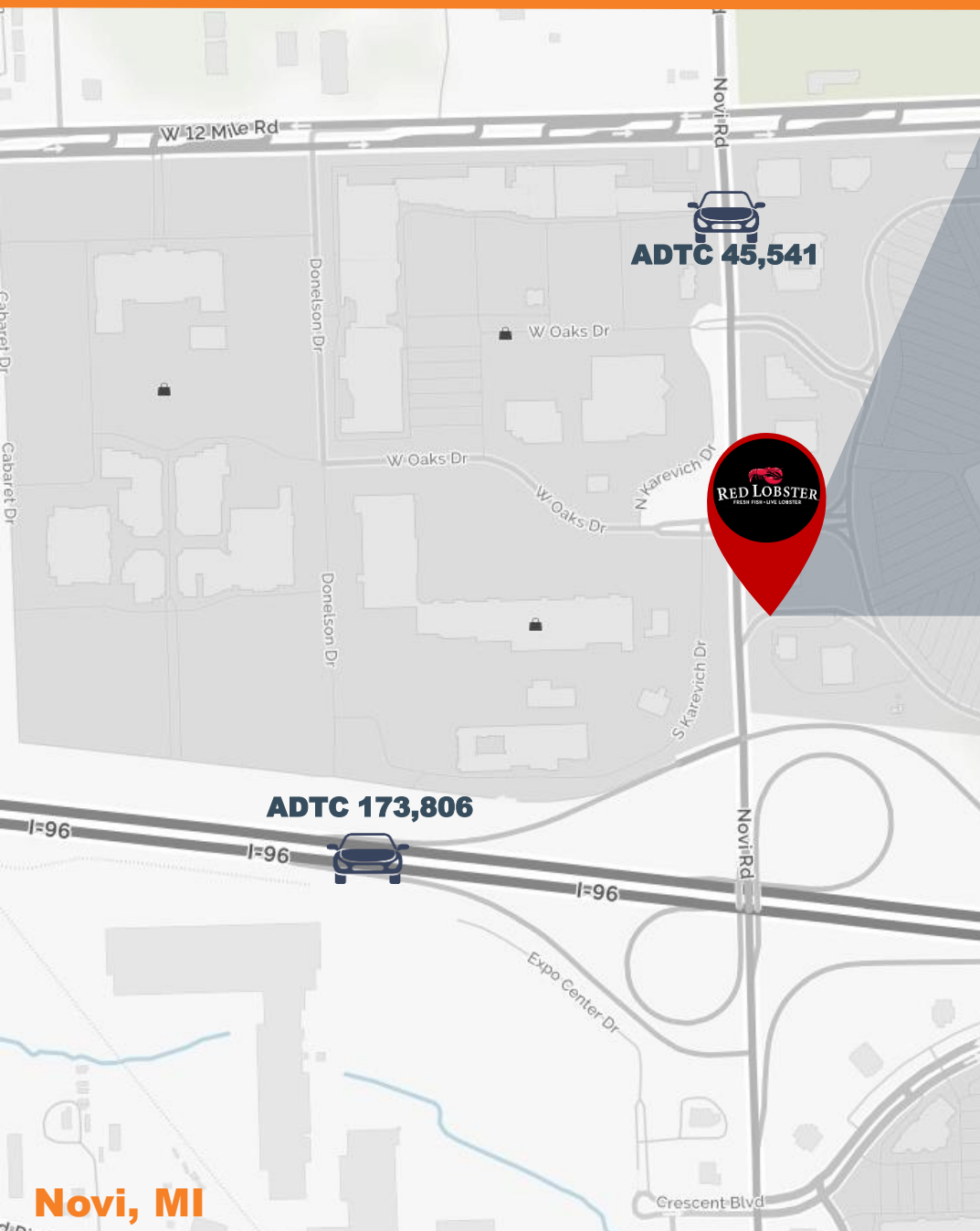


## HIGHLIGHTS

- Major National Tenants In Surrounding Area: Walmart Supercenter, Kohl's, Old Navy, Marshalls, Big Lots, Macy's, Lord & Taylor, Nordstrom
- Exceptional Traffic Counts | Novi Road and U.S. Interstate-96 | 45,541 and 173,806 Vehicles a Day
- Affluent Population | Average Household Income Exceeds \$115,264 in Three Mile Radius
- Compelling Location | Less Than One Mile From Twelve Oaks Mall and Novi Town Center

## MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Summit Health Inc	12,000
Tower International	11,000
Prestolite International Holdg	2,500
Amgram Cassell-East LLC	1,981
Red Robin Gourmet Burgers Inc	1,556
Henry Ford Medical Center	1,381
Gale	1,232
Kurabe America Corporation	1,100
Ford	1,003
Nissan North America Inc	1,000
CATHOLIC HEALTH EAST	925
Kroger	818



Novi, MI

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This Red Lobster is located at 27760 Novi Road in Novi, Michigan. Novi is a city in Oakland County. Located in eastern Michigan, Novi is located 25 miles northeast of Ann Arbor and 25 miles northwest of Detroit, the largest city in Michigan.

## Surrounding Retail and Points of Interest

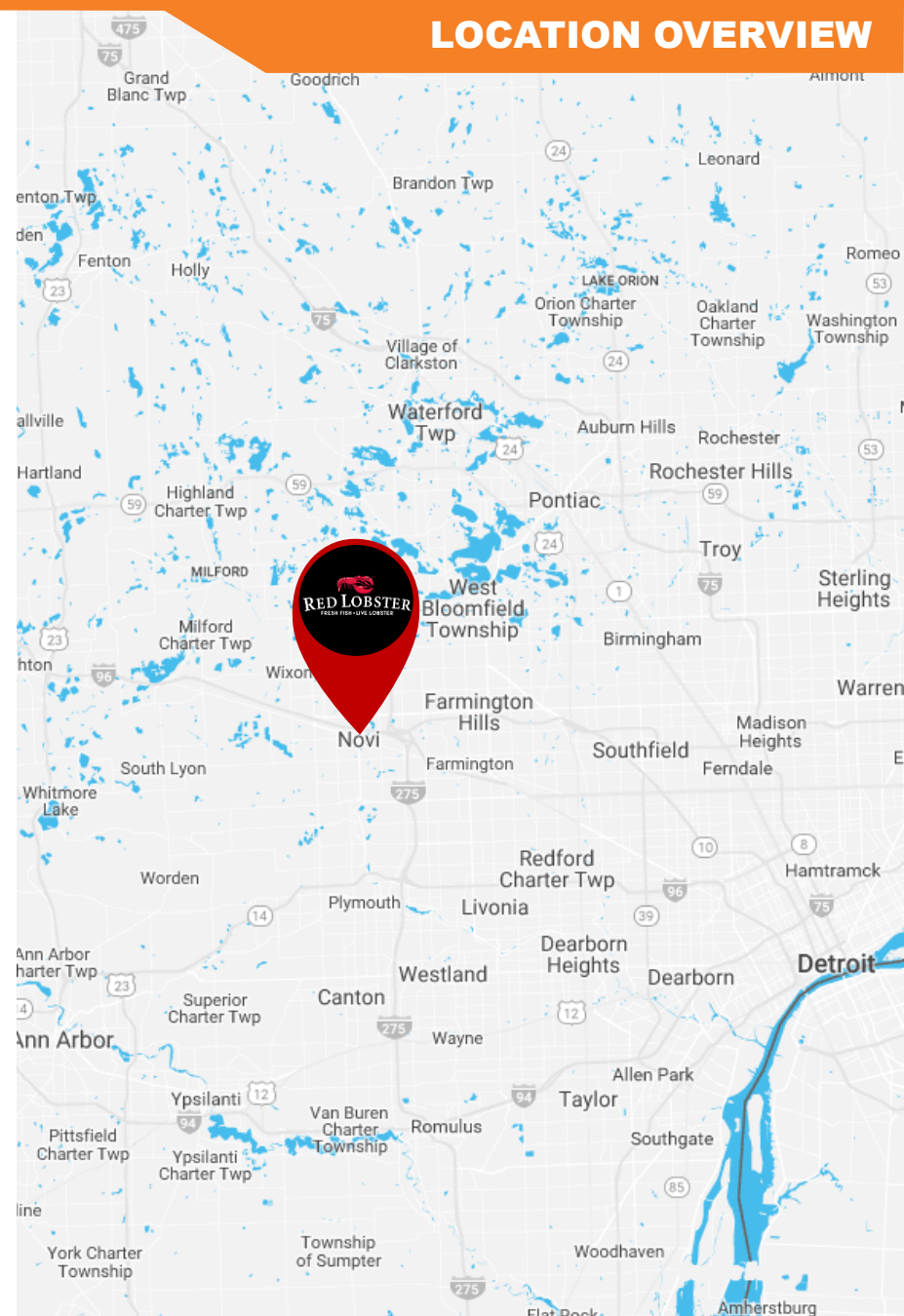
The subject property is well-positioned in a dense retail corridor, benefiting from its proximity to major national and local retailers including the Twelve Oaks Mall and Novi Town Center. Major tenants in the immediate vicinity include: Walmart Supercenter, Kohl's, Old Navy, Marshalls, Big Lots, Macy's, Lord & Taylor, and Nordstrom among various others. There are six schools less than two miles from the subject property: four elementary schools, and two high schools. These six schools have current total enrollment over 3900 students. Three miles away is Providence--Providence Park Hospital, which has a total amount of 200 beds.

## Traffic Counts and Demographics

Novi has approximately 53,773 individuals residing within a three-mile radius of the property and more than 155,141 within a five-mile radius. The Red Lobster property is located on Novi Road which intersects with U.S. Interstate-96. Novi Road has a daily traffic count of approximately 45,541 vehicles. Nearby the subject property is U.S. Interstate-96 has a daily traffic count of roughly 173,806 vehicles. Interstate-696 and Interstate-275 also go through the city of Novi.

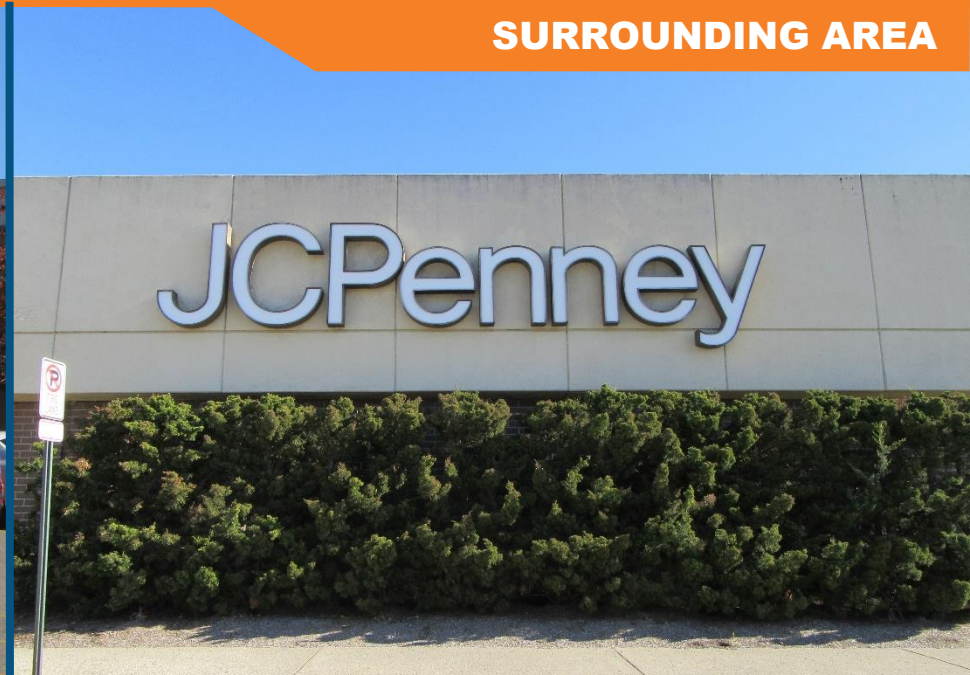
## Novi, Michigan

Detroit is the county seat of Wayne County, Michigan as well as the largest city in the state. Detroit's economy is primarily in the automobile industry, with companies such as General Motors and Ford Motor Company being the top employers, as well as having several factories in the area. Many other large companies are based in Detroit, such as Little Caesars, Quicken Loans, and Ally Financial just to name a few. Wayne State University is also found within the city with a total enrollment of nearly 30,000 students.

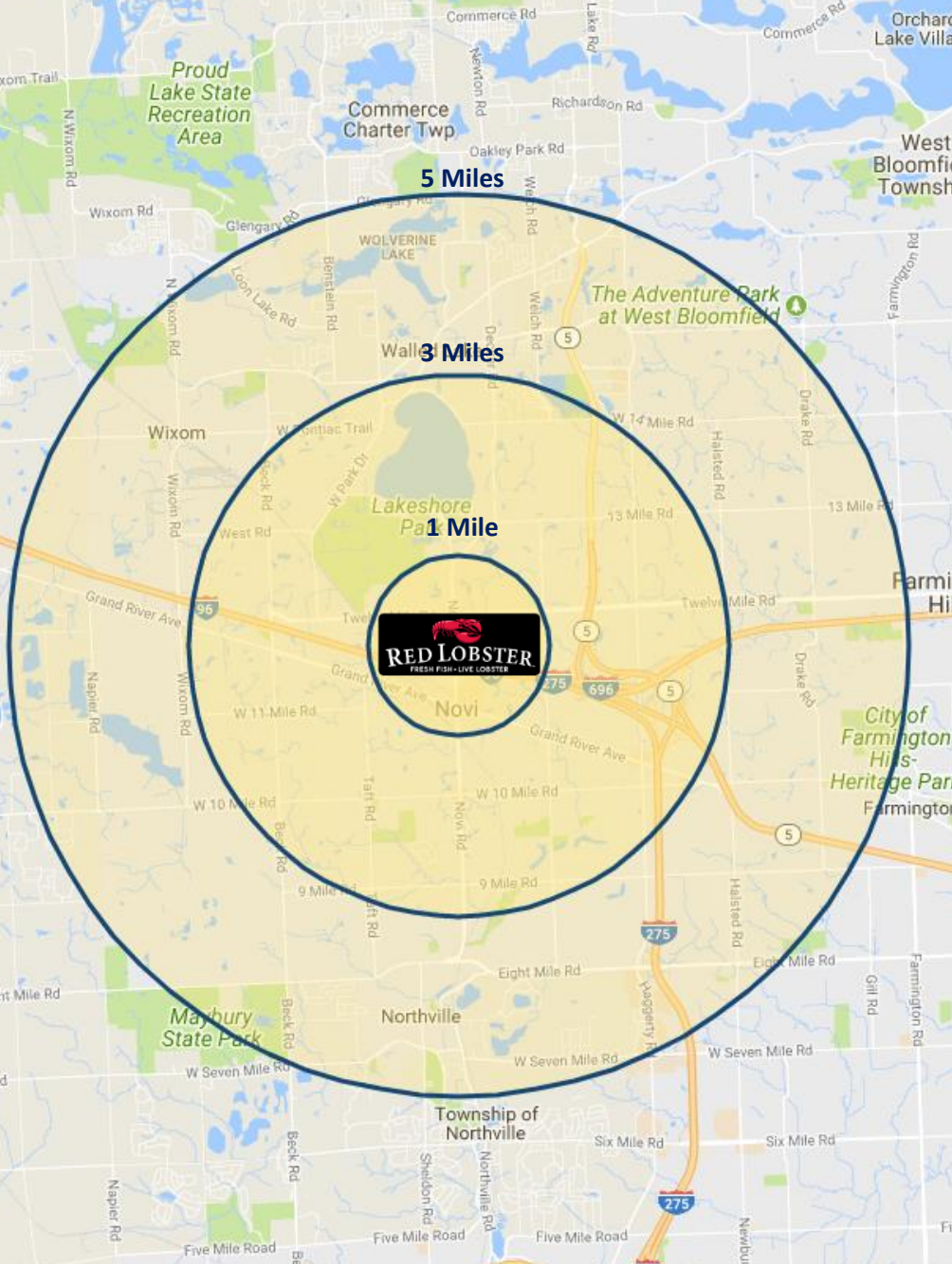


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## POPULATION

	1 Miles	3 Miles	5 Miles
2022 Projection	2,059	58,438	163,330
2017 Estimate	1,740	53,773	155,141
2010 Census	1,599	51,033	148,294
2000 Census	1,172	44,662	138,359

## INCOME

Average	\$106,780	\$115,264	\$115,177
Median	\$77,048	\$82,694	\$82,225
Per Capita	\$56,663	\$48,615	\$48,228

## HOUSEHOLDS

2022 Projection	1,102	24,696	68,641
2017 Estimate	923	22,637	64,898
2010 Census	846	21,482	62,084
2000 Census	567	18,495	57,246

## HOUSING

2017	\$235,469	\$251,284	\$254,952
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## EMPLOYMENT

2017 Daytime Population	5,906	66,307	168,500
2017 Unemployment	2.24%	3.49%	3.60%
2017 Median Time Traveled	27 Mins	29 Mins	28 Mins

## RACE & ETHNICITY

White	56.21%	65.33%	70.22%
Native American	0.02%	0.02%	0.01%
African American	8.15%	10.24%	11.00%
Asian/Pacific Islander	32.96%	21.01%	15.30%

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# exclusively listed

MI BOR: Steven Chaben  
248-415-2600  
MI: 6502387903

Glen Kunofsky  
[Glen.Kunofsky@marcusmillichap.com](mailto:Glen.Kunofsky@marcusmillichap.com)  
212.430.5115  
NY: 49KU1129178

Matthew Anuskiewicz  
[Matthew.Anuskiewicz@marcusmillichap.com](mailto:Matthew.Anuskiewicz@marcusmillichap.com)  
212.430.5129  
NY: 10401285141

**Marcus & Millichap**