



Red Lobster

3217 Vermilion Street, Danville, Illinois 61832



Representative Photo

OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap



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PRICE: \$2,428,246 | 6.00%CAP | RENT: \$145,695

PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	3217 Vermillion Street
City, State, ZIP	Danville, IL 61832
Building Size (SF)	8,565
Lot Size (Acres)	+/- 1.42

THE OFFERING

Net Operating Income ¹	\$145,695
CAP Rate	6.00%
Purchase Price	\$2,428,246
Price / SF	\$284
Rent / SF	\$16.67
Year Opened	1991

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	4, 5-Year Option Periods
Rental Increases in Options	2.00% Annually

¹ NOI Based on August 2019 Rental Increase

HIGHLIGHTS

- Brand New 25-Year Triple-Net (NNN) Lease with 20 Years Remaining
- Corporate Guaranty | 704 Locations in the United States and Canada
- Strong Inflation Hedge | Attractive 2.0 Percent Annual Increases
- Four, Five-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 Danville, Illinois. The property consists of approximately 8,565 square feet of building space and is situated on approximately 1.42 acres of land. The property is subject to a 25-year triple-net (NNN) lease with 20 years remaining. The current rent is \$145,695 and will continue to increase by 2.00 percent 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	\$145,695
Base Term Rental Escalations	2.00% Annually

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent
Year 6	\$145,695	\$12,141
Year 7	\$148,609	\$12,384
Year 8	\$151,581	\$12,632
Year 9	\$154,612	\$12,884
Year 10	\$157,705	\$13,142
Year 11	\$160,859	\$13,405
Year 12	\$164,076	\$13,673
Year 13	\$167,357	\$13,946
Year 14	\$170,705	\$14,225
Year 15	\$174,119	\$14,510
Year 16	\$177,601	\$14,800
Year 17	\$181,153	\$15,096
Year 18	\$184,776	\$15,398
Year 19	\$188,472	\$15,706
Year 20	\$192,241	\$16,020
Year 21	\$196,086	\$16,340
Year 22	\$200,008	\$16,667
Year 23	\$204,008	\$17,001
Year 24	\$208,088	\$17,341
Year 25	\$212,250	\$17,687

CAP Rate	6.00%
Purchase Price	\$2,428,246

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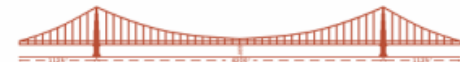
Tenant Overview



- 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 \$2.5 billion 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 >\$200 million of liquidity.
- Golden Gate Capital has a long, successful track record and significant experience with multi-unit restaurant and retail businesses.



GOLDEN GATE CAPITAL

TENANT OVERVIEW

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

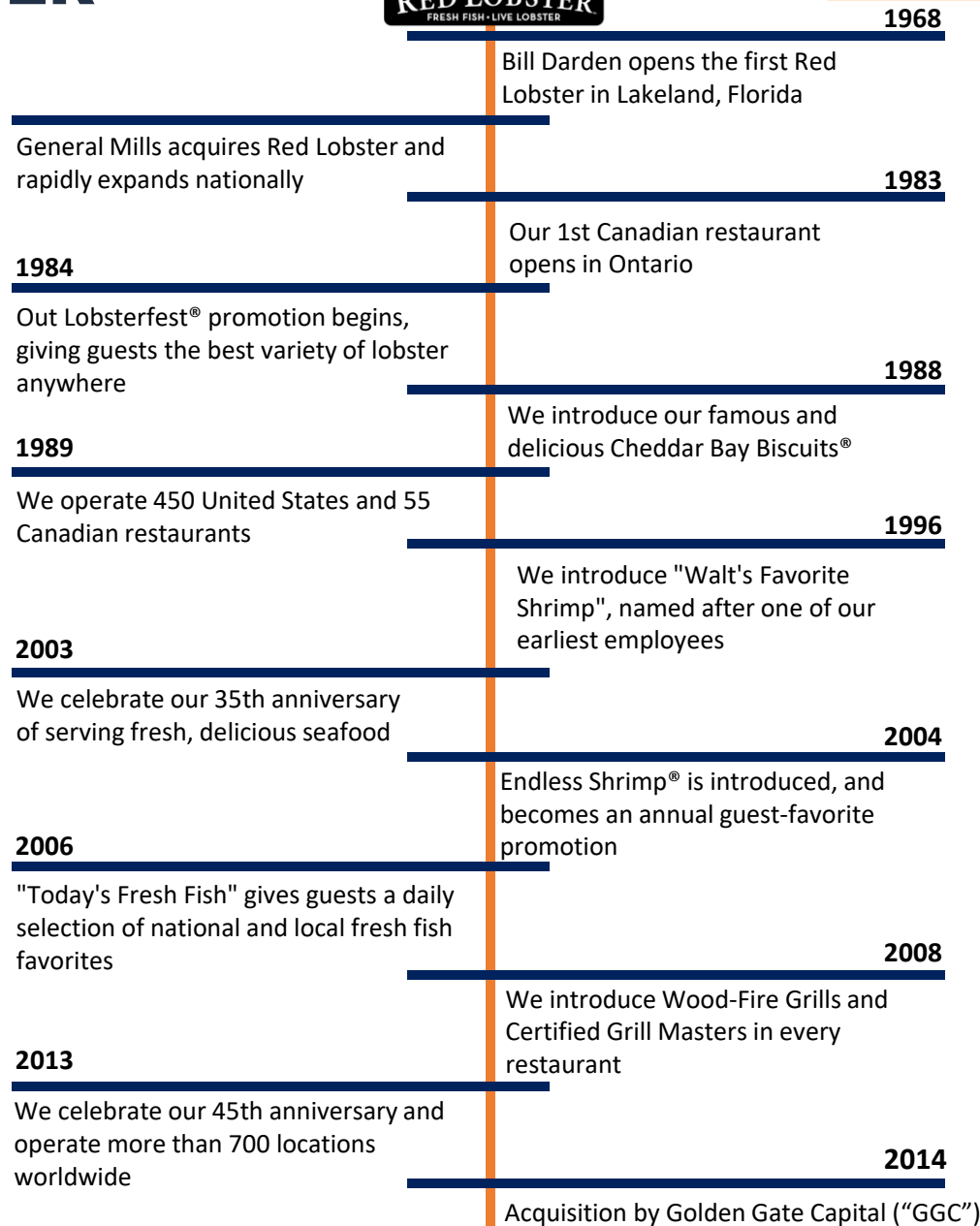
You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

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

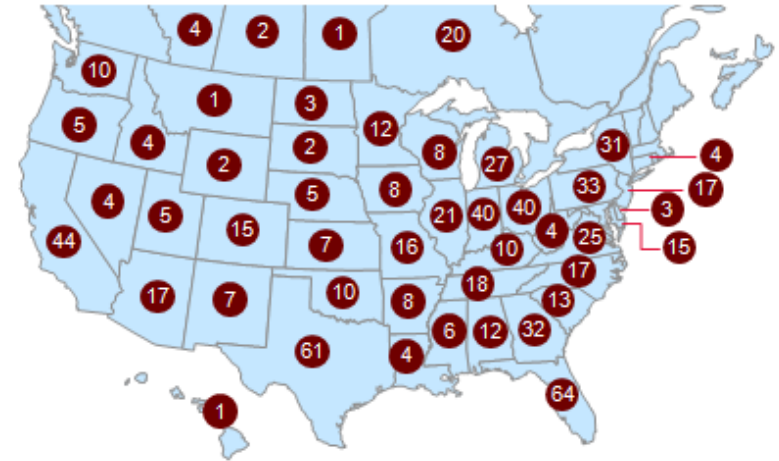


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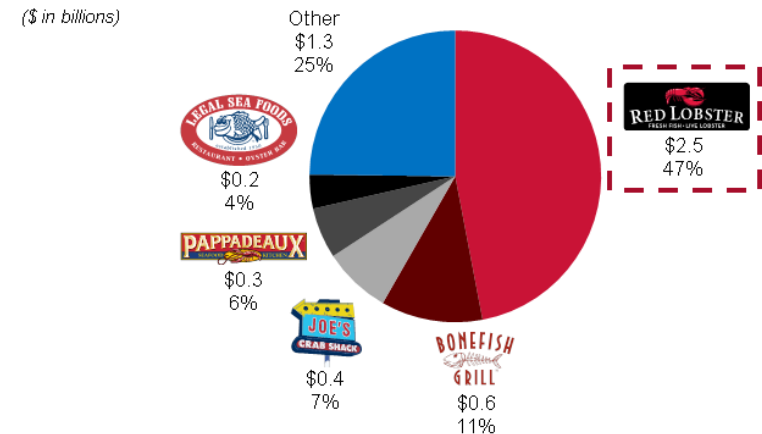
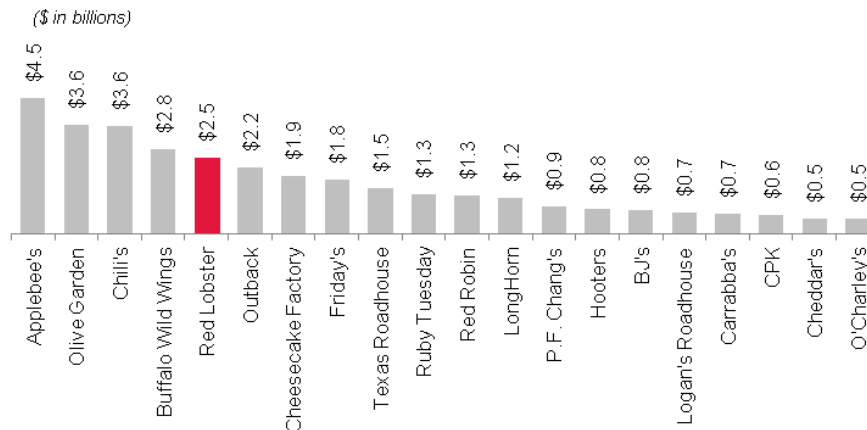
Strong Market Position

- 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 percent market share.
 - Largest share of any restaurant concept in any segment.
- 6th largest overall casual dining concept in the United States.

Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the United States ~50 Percent Share in Seafood Casual Dining



TENANT OVERVIEW

Iconic Brand With Unparalleled Customer Loyalty

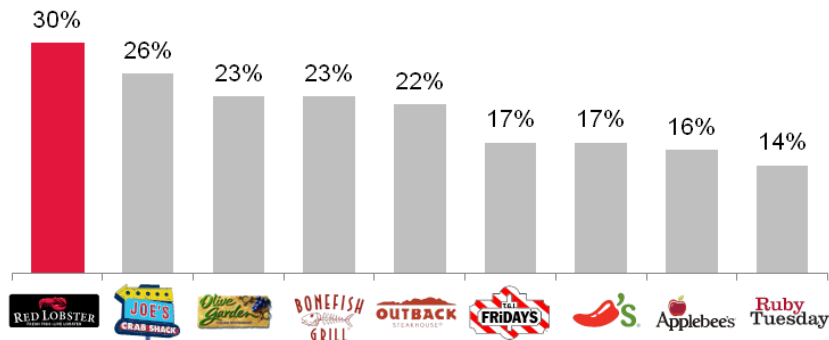
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit one –two times per month and account for more than 50 percent of sales.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



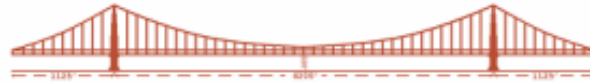
Bill Lambert
CFO
(12 years in Restaurant Industry)

- 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



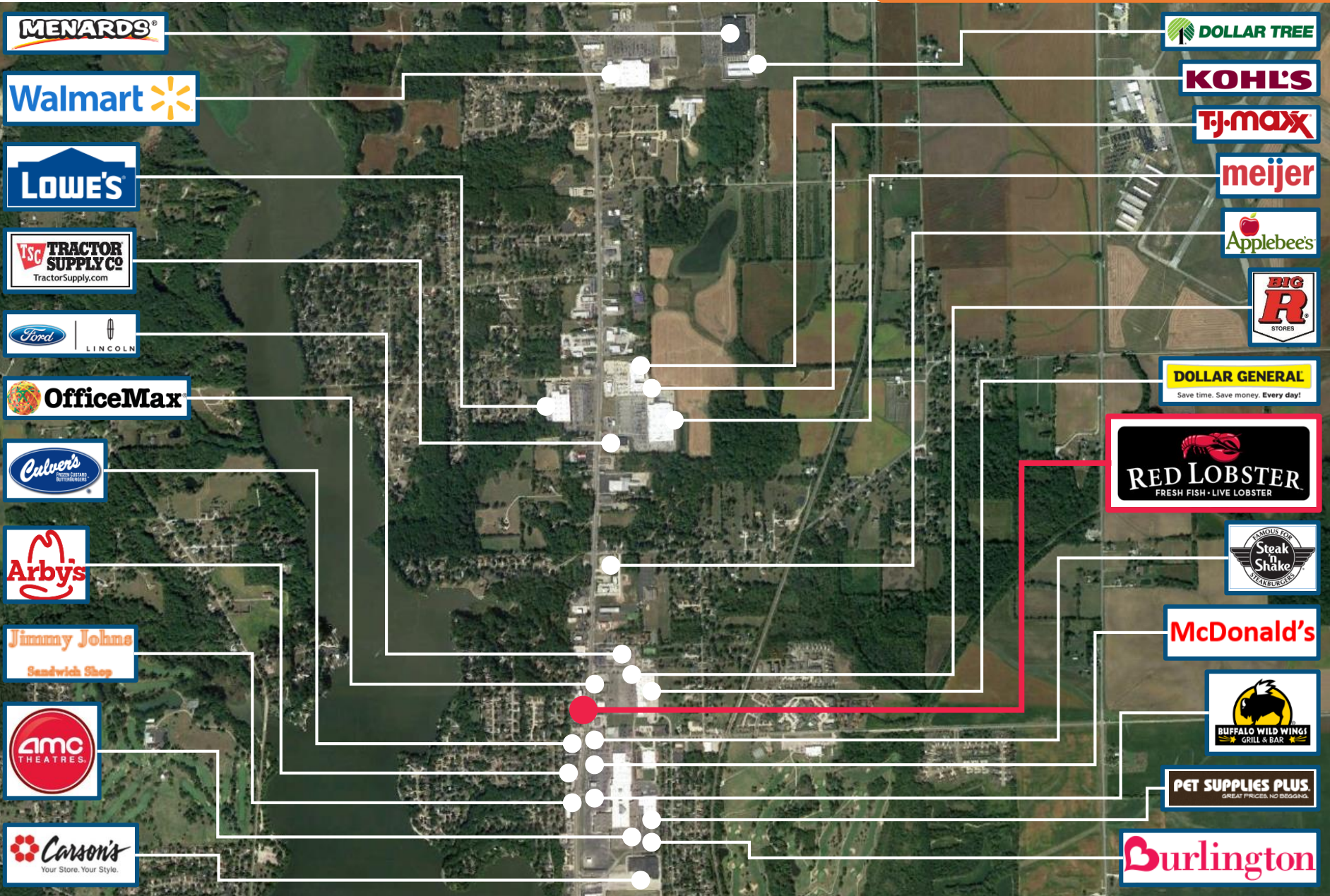
GOLDEN GATE CAPITAL

- 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



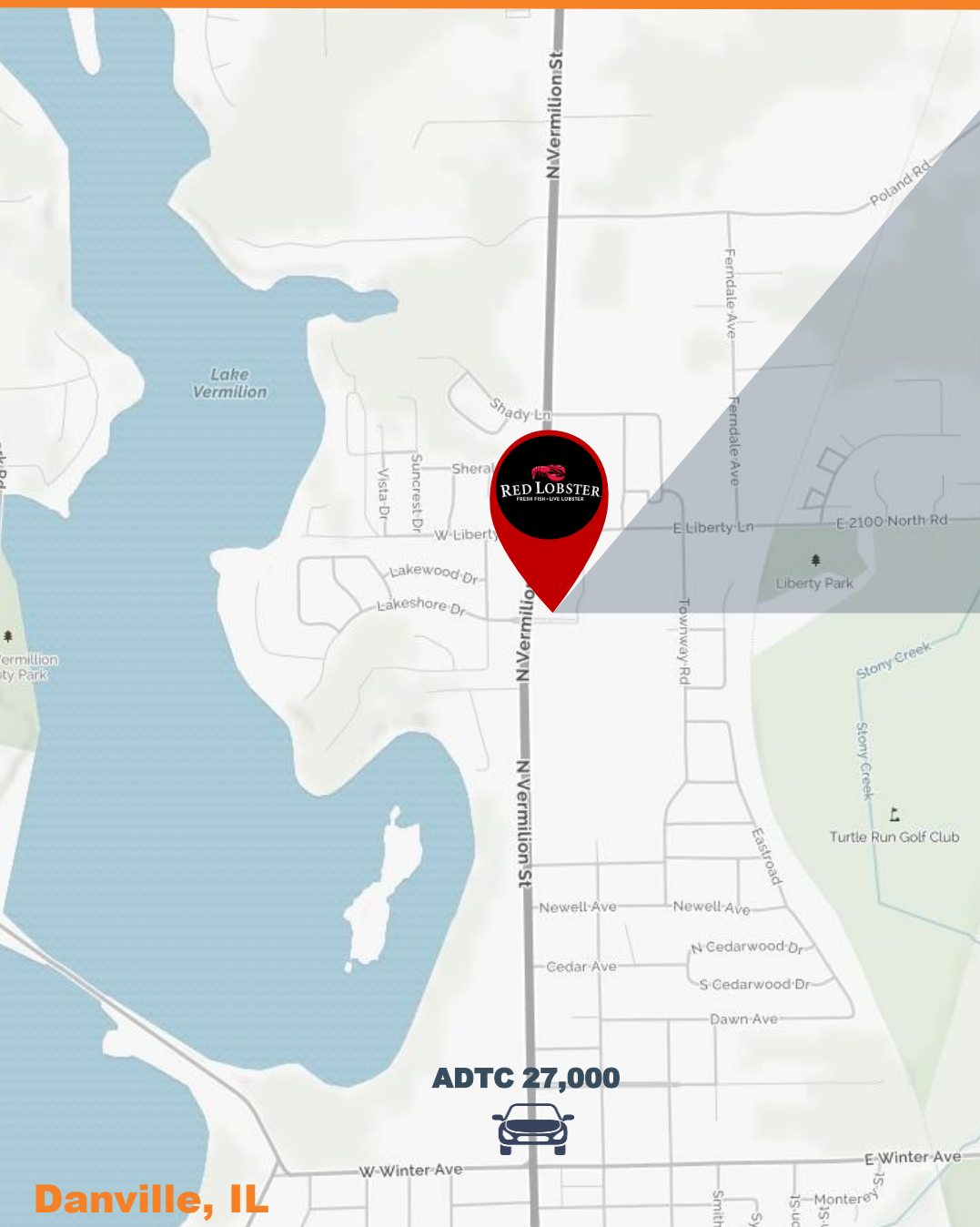


HIGHLIGHTS

- Major National Tenants in Surrounding Area Include: Walmart, Lowe's, Tractor Supply Company, Kohl's, T.J. Maxx, Meijer, and Applebee's
- Strong Traffic Counts | North Vermilion Street | 27,000 Vehicles Daily
- Down the Road from the Village Mall | Primary Shopping Center of the Region | 545,000+ Square Feet of Retail Floor Area
- Danville | 50 Miles West of Indianapolis | Capital of Indiana

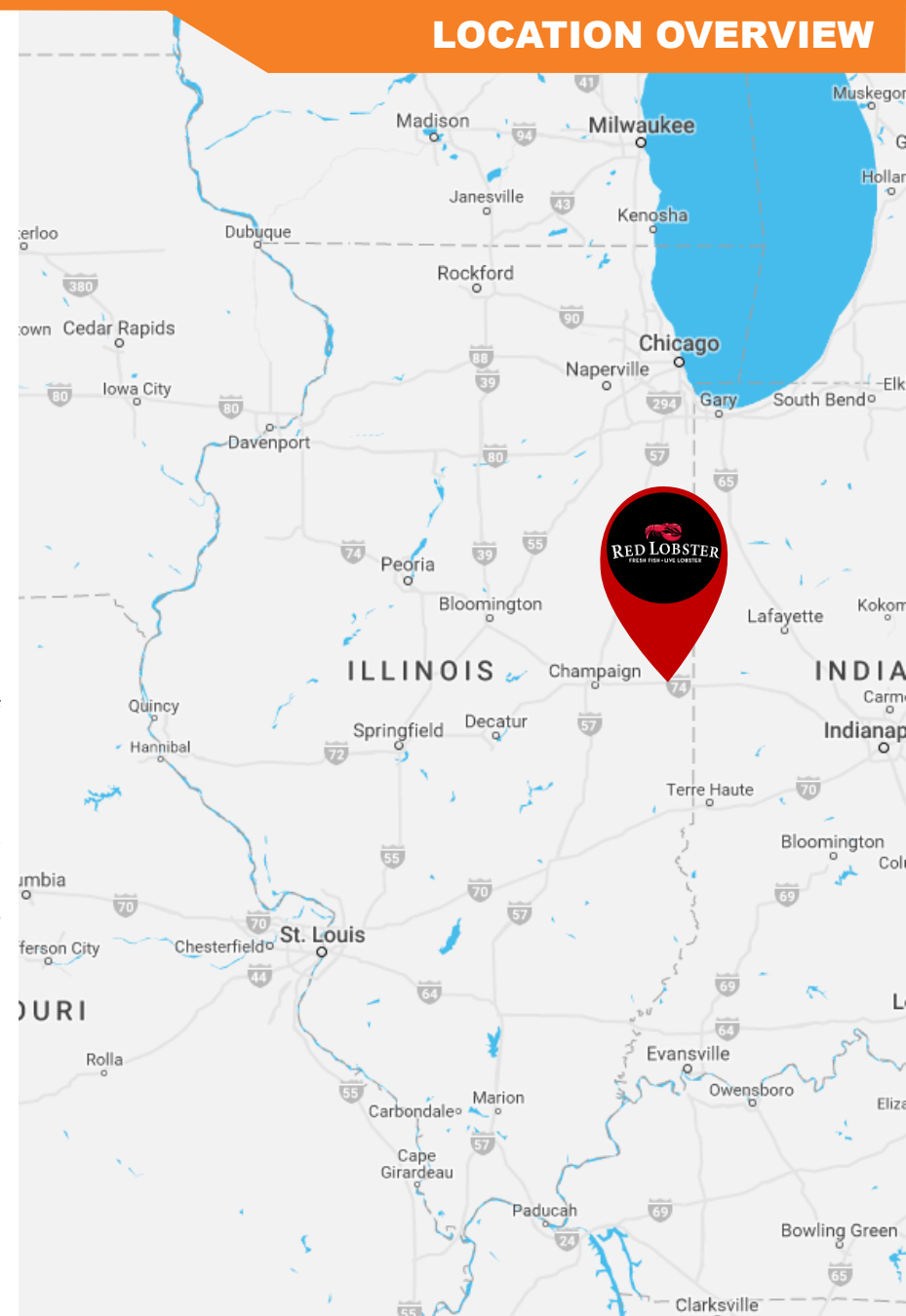
MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Carle Home Care	2,392
Danville V A Medical Center	1,400
Walgreens	1,310
Presence Untd Smaritan Med Ctr	1,080
Provena Untd Smrtins Hlth Care	1,000
Physician Reliance LLC	948
Quaker Oats	600
Freight Car Services Inc	480
Poch Staffing Inc	468
Community College District 507	379
Thyssenkrupp Crankshaft Co LLC	365
Walmart	364



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LOCATION OVERVIEW



This Red Lobster is located at 3217 Vermilion Street in Danville, Illinois. Located on the eastern border of Illinois, Danville is the county seat of Vermilion County. Danville is approximately 50 miles west of Indianapolis, the capital of Indiana.

Surrounding Retail and Points of Interest

The subject property is well-positioned in a Vermilion Street, benefiting from its proximity to major national and local retailers. Nearby national tenants include: Walmart, Lowe's, Tractor Supply Company, Kohl's, T.J. Maxx, Meijer, Applebee's, Steak n' Shake, Arby's, and Buffalo Wild Wings among various others. Additionally, the Village Mall is located across the street from the property, a 545,000-square-foot shopping center with tenants such as Burlington Coat Factory, Ross, AMC, and Pet Supplies Plus. Several schools are found in the nearby area, with both Schlarman Academy and North Ridge Middle School approximately a mile away. The schools have a combined enrollment of over 1,000 students. The Carle Foundation Hospital Danville on Vermilion is also found in the immediate vicinity, with specialty services such as the SurgiCenter and Therapy Services.

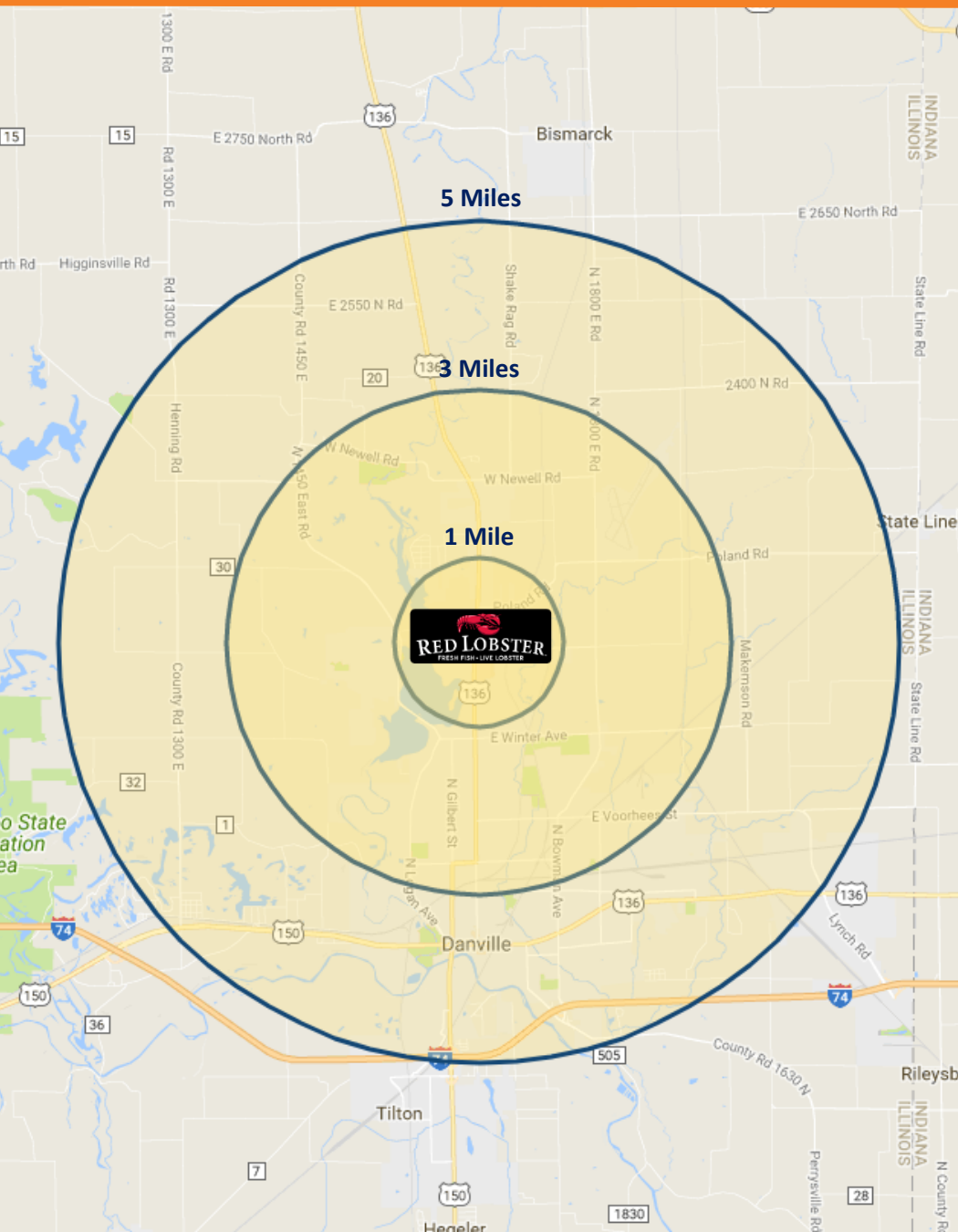
Traffic Counts and Demographics

Danville has over 64,000 individuals residing within a five-mile radius of the property. The Red Lobster property is located on North Vermilion Street which has a daily traffic count of over 27,000 vehicles a day. Danville is found 50 miles west of Indianapolis, the capital of Indiana as well as the most populous city in the state.

Danville, Illinois

Indianapolis is the capital and largest city of Indiana and is one of the fastest growing cities in the United States with an extremely diverse and strong economy and rich cultural heritage. Indianapolis is the second most populous city in the Midwest, after Chicago, and 14th largest in the United States. The city is the economic and cultural center of the Indianapolis metropolitan area, home to 2 million people. Indianapolis's largest industry sectors are manufacturing, health care, social services, and retail trade. Many of Indiana's largest and most recognized companies are headquartered in Indianapolis such as: Brightpoint, Finish Line, REIT Simon Property Group, and hhgregg Incorporated. Indianapolis is also home to many major sporting teams and events including: the Indianapolis Colts, Indiana Pacers, The Indianapolis 500, and in 2002 hosted the Super Bowl. Lastly, Indianapolis International Airport was named the best airport in North America in 2013, 2012, and 2010 by Airports Council International.

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POPULATION

	1 Miles	3 Miles	5 Miles
2022 Projection	3,021	32,859	70,055
2017 Estimate	2,607	29,488	64,262
2010 Census	2,438	27,279	59,313
2000 Census	1,243	19,868	46,658

INCOME

Average	\$70,558	\$75,974	\$66,632
Median	\$55,499	\$53,945	\$46,913
Per Capita	\$34,010	\$30,752	\$27,955

HOUSEHOLDS

2022 Projection	1,461	13,208	29,088
2017 Estimate	1,246	11,605	26,297
2010 Census	1,164	10,726	24,267
2000 Census	568	7,332	18,746

HOUSING

2017	\$191,583	\$185,250	\$163,375
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EMPLOYMENT

2017 Daytime Population	4,359	36,802	74,136
2017 Unemployment	2.34%	7.26%	6.09%
2017 Median Time Traveled	24 Mins	22 Mins	22 Mins

RACE & ETHNICITY

White	74.21%	79.56%	73.38%
Native American	0.04%	0.06%	0.08%
African American	12.47%	11.98%	16.74%
Asian/Pacific Islander	7.11%	3.91%	2.67%

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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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Marcus & Millichap

Red Lobster

3217 Vermilion Street, Danville, Illinois 61832



Representative Photo

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