



Red Lobster

5201 South Pulaski Road, Chicago, IL 60632



Representative Photo

OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap

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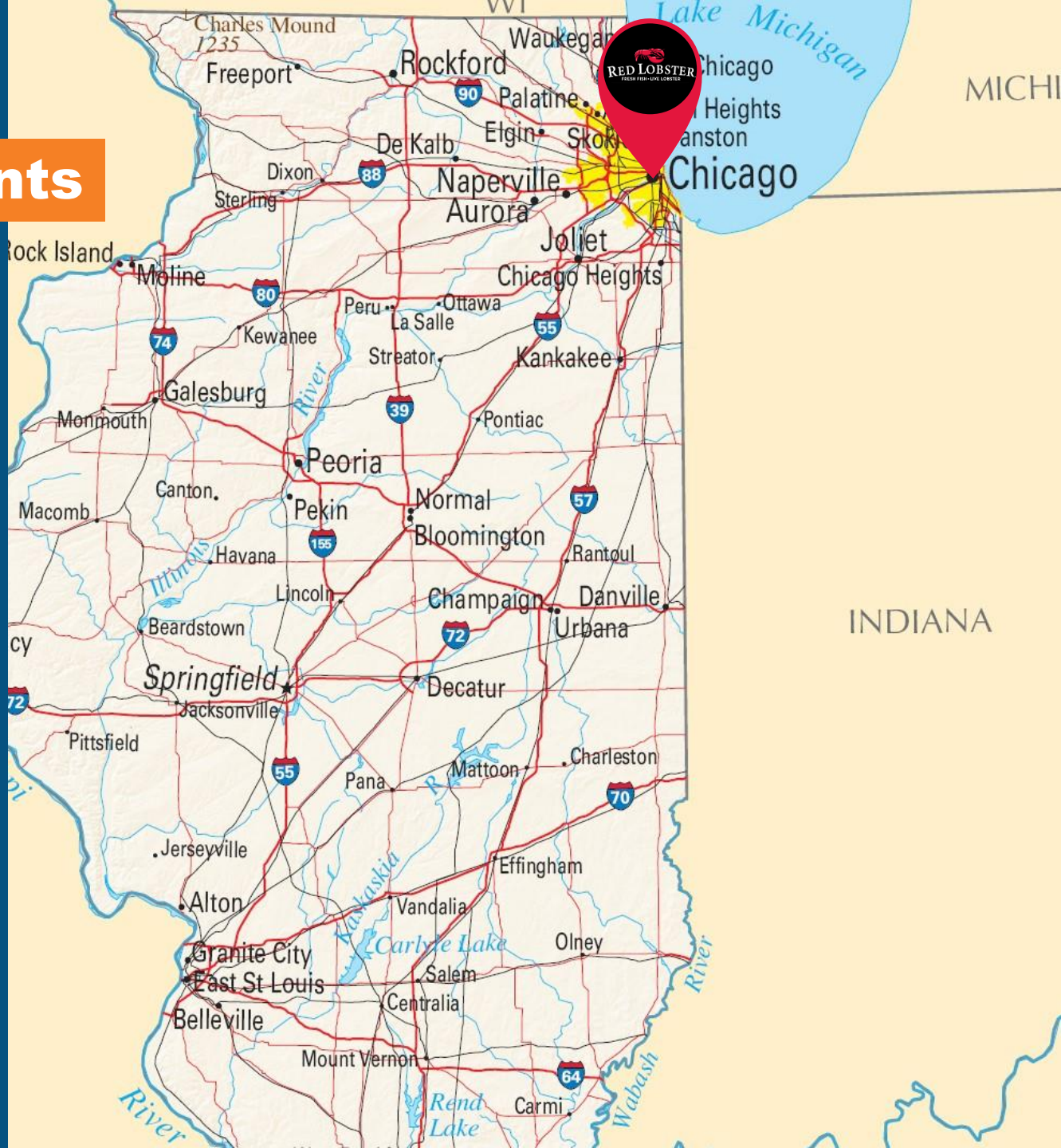
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5201 S Pulaski Rd – Chicago, IL 60632

PRICE: \$4,565,932 | 6.75%CAP | RENT: \$308,200

PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	5201 South Pulaski Road
City, State, ZIP	Chicago, Illinois 60632
Date of Remodel	October-2011
Building Size (SF)	6,563
Lot Size (Acres)	1.35
Type of Ownership	Fee Simple

THE OFFERING

Price	\$4,565,932
CAP Rate	6.75%
Annual Rent ¹	\$308,200

LEASE SUMMARY

Property Name	Red Lobster
Property Type	Net Leased Fast Casual Dining
Ownership	Private
Tenant	Red Lobster Restaurants, LLC
Guarantor	Red Lobster Intermediate Holdings, LLC
Lease Term	25 Years
Lease Commencement	7/28/2014
Lease Expiration	7/31/2039
Lease Term Remaining	20 Years
Lease Type	Triple Net (NNN)
Roof & Structure	Tenant Responsible
Options to Renew	4, 5-Year Option Periods
Rental Increases	2.00% Annually

¹Rent Based on August 2019 Increase

HIGHLIGHTS

- Brand New 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 located in 5201 South Pulaski Road in Chicago, Illinois. The property consists of approximately 6,563 square feet of building space and sits on 1.35 acres of land. The property is subject to a 25-year Triple-Net (NNN) lease with 20 years remaining. The base rent is \$308,200 with 2.00% rental increases annually. The increases will continue through the 4, 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 5th largest casual dining concept in North America. Red Lobster was recently acquired by Golden Gate Capital.



ANNUALIZED OPERATING DATA

Current Annual Rent	\$308,200
Base Term Rental Escalations	2.00% Annually

RENT SCHEDULE		
Lease Year	Annual Rent	Monthly Rent
Current	\$308,200	\$25,683
Year 7	\$314,364	\$26,197
Year 8	\$320,652	\$26,721
Year 9	\$327,065	\$27,255
Year 10	\$333,606	\$27,801
Year 11	\$340,278	\$28,357
Year 12	\$347,084	\$28,924
Year 13	\$354,025	\$29,502
Year 14	\$361,106	\$30,092
Year 15	\$368,328	\$30,694
Year 16	\$375,695	\$31,308
Year 17	\$383,208	\$31,934
Year 18	\$390,873	\$32,573
Year 19	\$398,690	\$33,224
Year 20	\$406,664	\$33,889
Year 21	\$414,797	\$34,566
Year 22	\$423,093	\$35,258
Year 23	\$431,555	\$35,963
Year 24	\$440,186	\$36,682
Year 25	\$448,990	\$37,416

CAP Rate	6.75%
Purchase Price	\$4,565,932

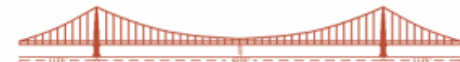
Tenant Overview



- 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 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

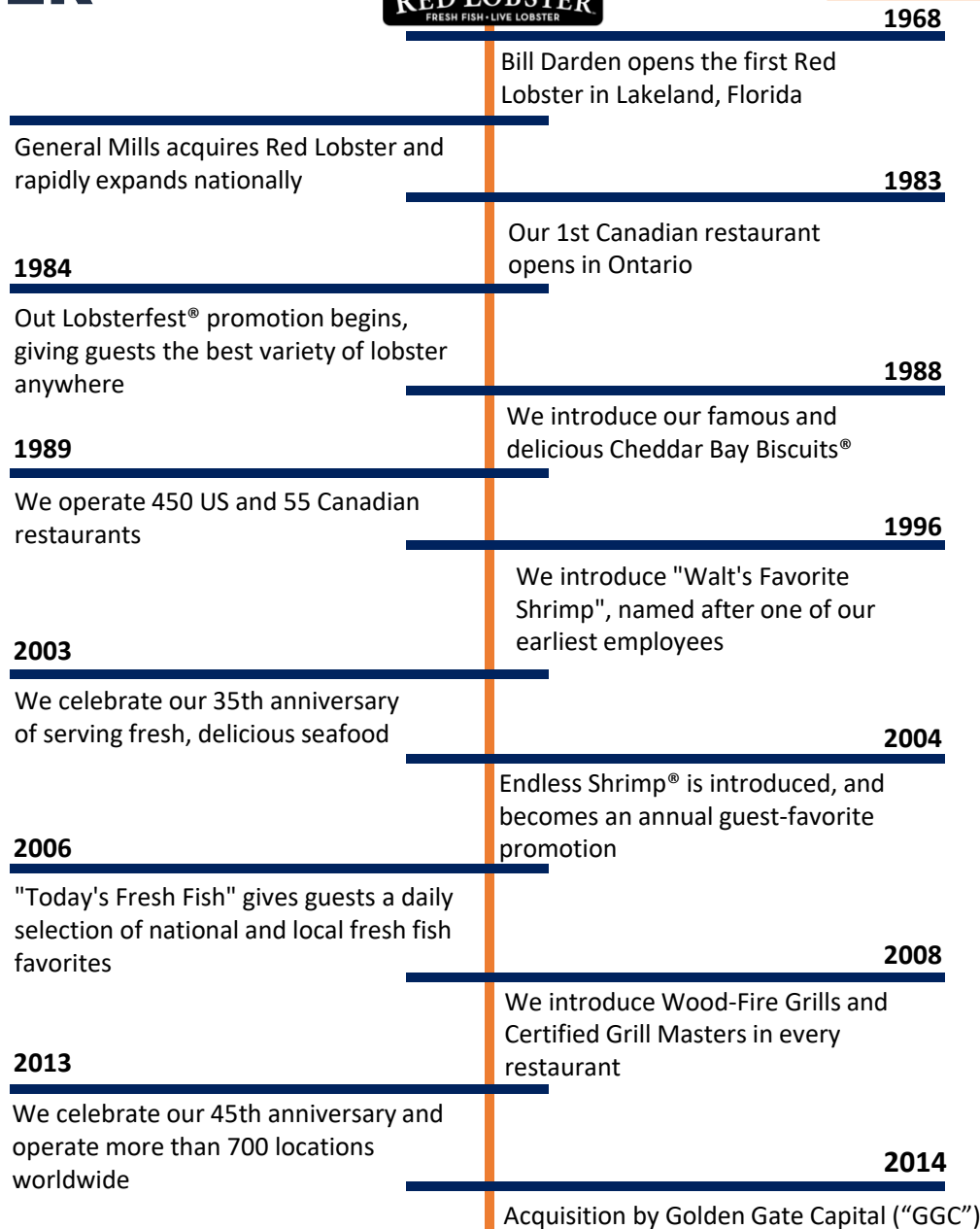
You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

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



EXECUTIVE SUMMARY

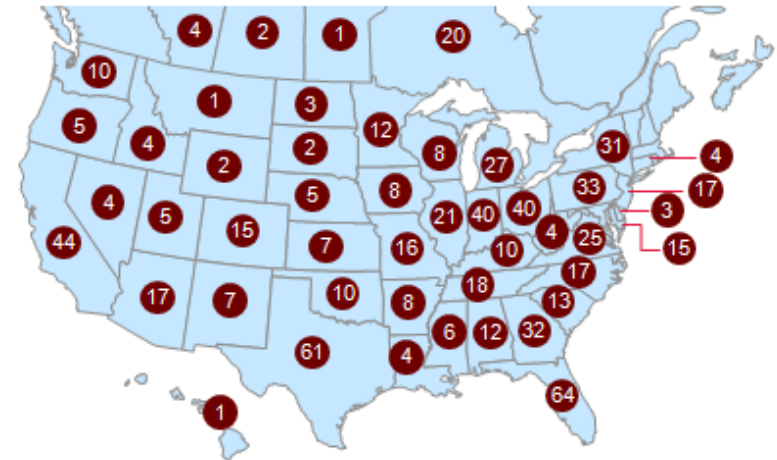


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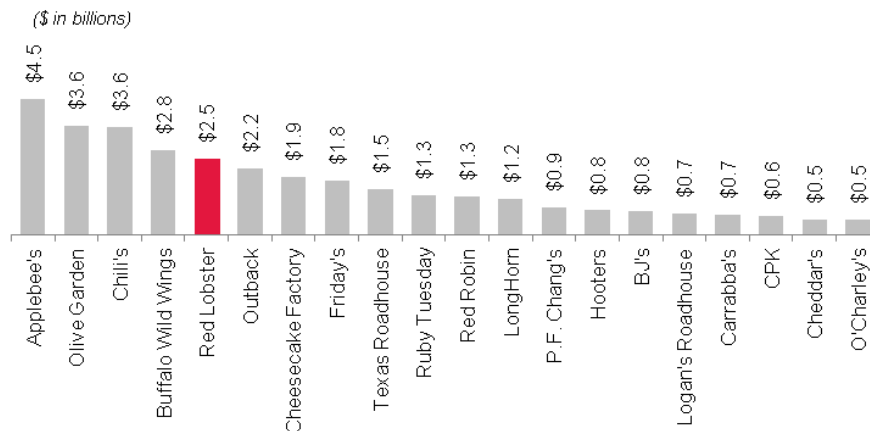
Strong Market Position

- 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.

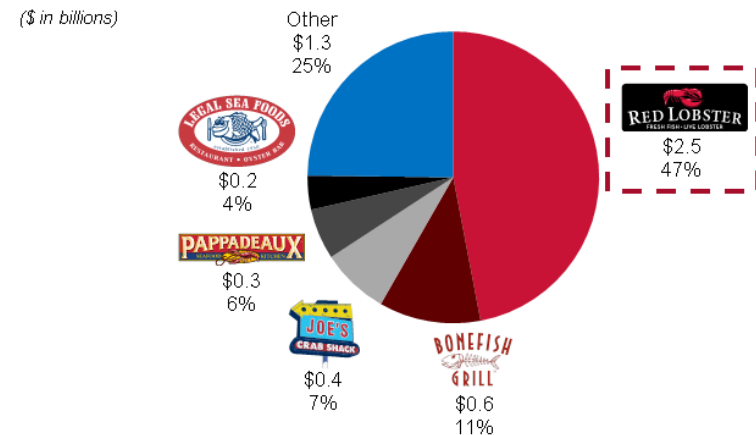
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining



TENANT OVERVIEW

Iconic Brand With Unparalleled Customer Loyalty

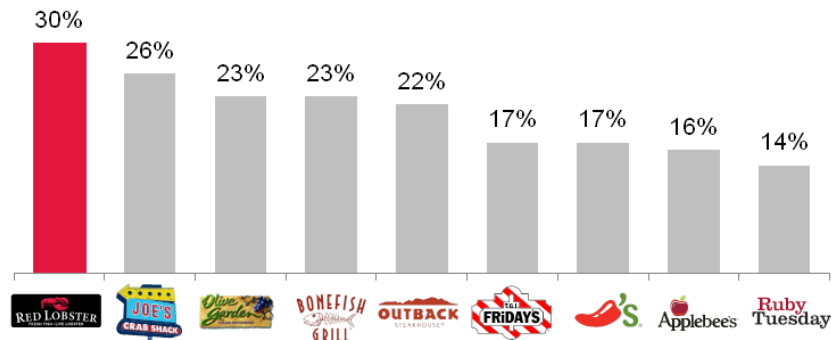
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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

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



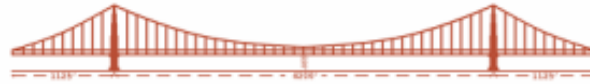
Bill Lambert
CFO
(12 years in Restaurant Industry)

- 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



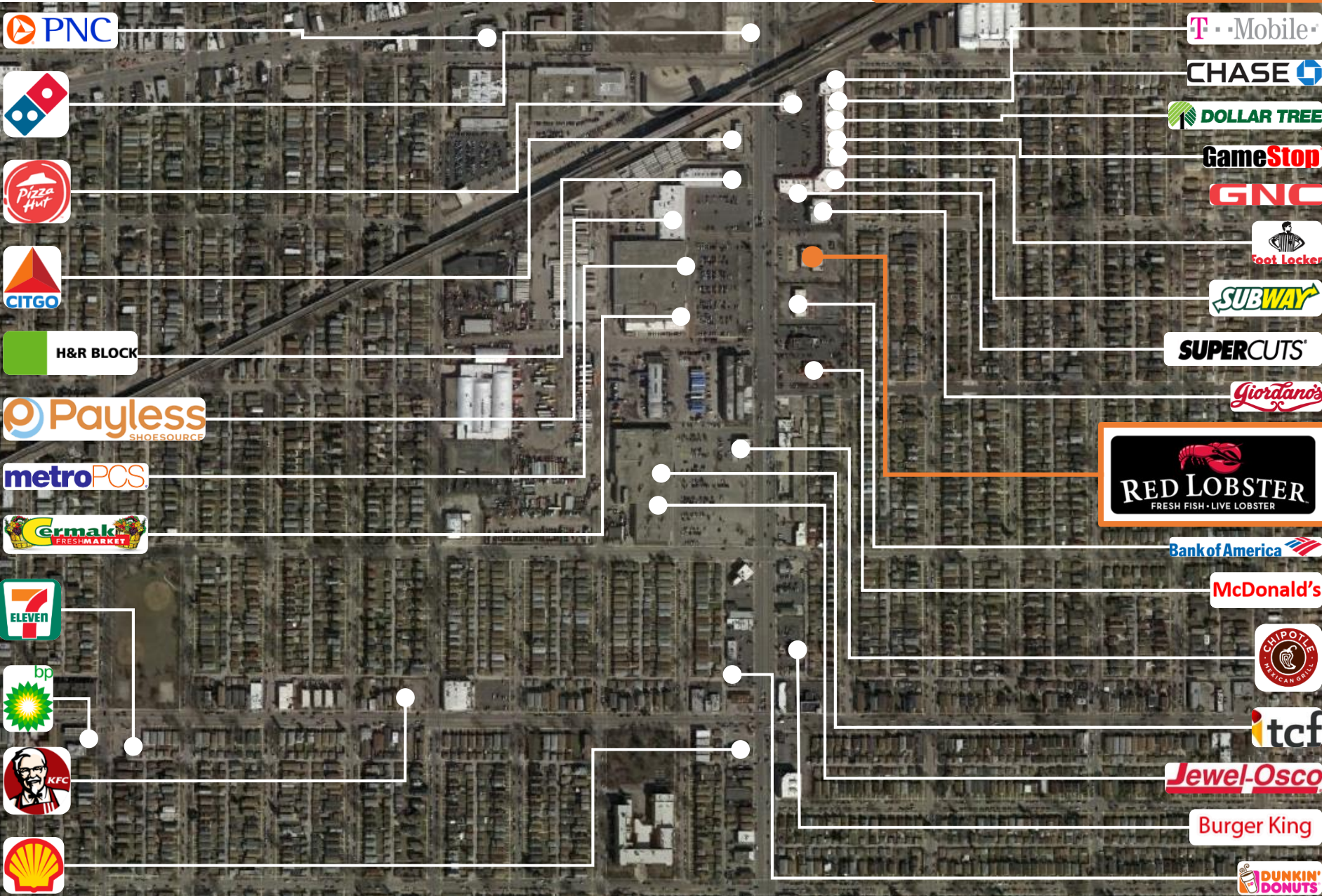
GOLDEN GATE CAPITAL

- 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





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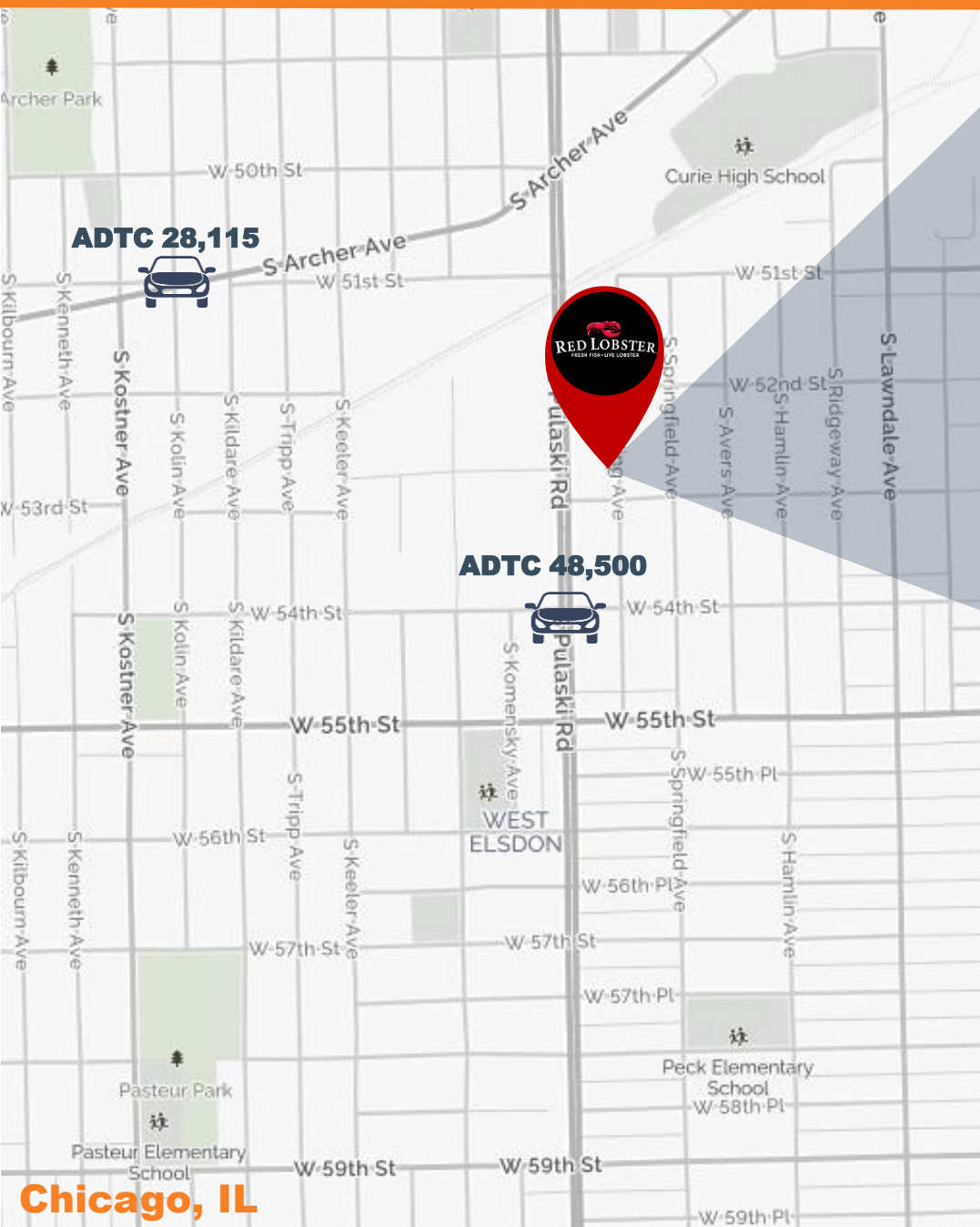
HIGHLIGHTS

- Major National Tenants In Surrounding Area: Jewel-Osco, Cermak Food Market, GNC, Payless Shoesource, Chase Bank, PNC Bank, Giordano's
- Pulaski Train Stop | Orange Line | Average of 58,765 Passengers Daily
- Exceptional Traffic Counts | South Pulaski Road and South Archer Avenue | Average Daily Traffic Counts of 48,500 and 28,115 Vehicles
- Chicago Midway International Airport | Within Two Miles Of Subject Property | Chicago Metropolitan Area's Second Largest Passenger Airport

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Sinai Health System	4,205
Mount Sinai Hospital	3,000
Go Airport Shuttle	2,500
Streets and Sanitation Dept	2,482
Hinckley Springs	2,466
City of Chicago	1,865
Friends of Sinai Children	1,696
Harborquest Inc	1,500
Pactiv LLC	1,364
Edsal Manufacturing Co Inc	1,300
Walgreens	1,250
Monterrey Security Cons Inc	1,150

* # of Employees based on 5 mile radius



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This Red Lobster property is located at 5201 South Pulaski Road in Chicago, Illinois. Red Lobster is situated ten miles from the Chicago downtown area. Located along side Lake Michigan, Chicago is the third largest city in the United States.

Surrounding Retail and Points of Interest

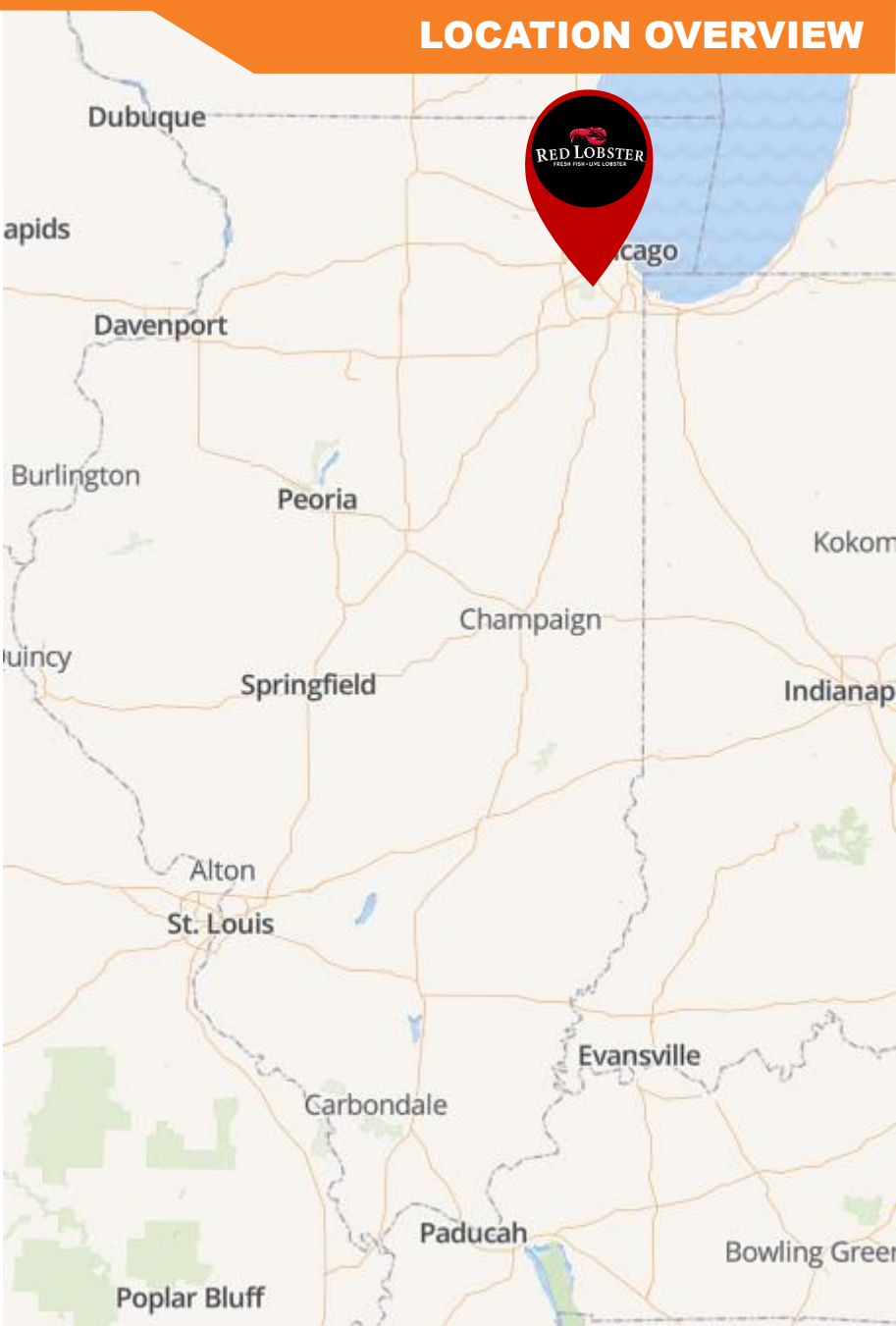
The subject property is well-positioned in a dense retail corridor, benefiting from its proximity to major national and local retailers. Nearby national tenants include: Jewel-Osco, Cermak Food Market, GNC, Payless Shoesource, Chase Bank, PNC Bank, Bank of America, TCF Bank, Hertz, Shell, Citgo, Cricket Wireless, Pizza Hut, Domino’s, KFC, Subway, Giordano’s, McDonald’s, Burger King, Chipotle, Dunkin’ Donuts, and many more. Curie High School and John Hancock College Preparatory High School are located within one mile of this Red Lobster property. Together, they share a total enrollment of over 4,000 students. Mercy Medical Center, a 189 bed general medical and surgical hospital, is less than one mile away from the subject property. This Red Lobster location is within two miles of Chicago Midway International Airport, the second-largest passenger airport in the Chicago metropolitan area. The subject property’s close proximity to the CTA Pulaski Metro Stop adds further convenience for commuting customers.

Traffic Counts and Demographics

Chicago has approximately 308,134 individuals residing within a three-mile radius of the property and more than 802,806 within a five-mile radius. The Red Lobster property is located on South Pulaski Road which intersects with South Archer Avenue. South Pulaski Road has a daily traffic count of approximately 48,500 vehicles. Nearby South Archer Avenue has a daily traffic count of roughly 28,115 vehicles.

Chicago, Illinois

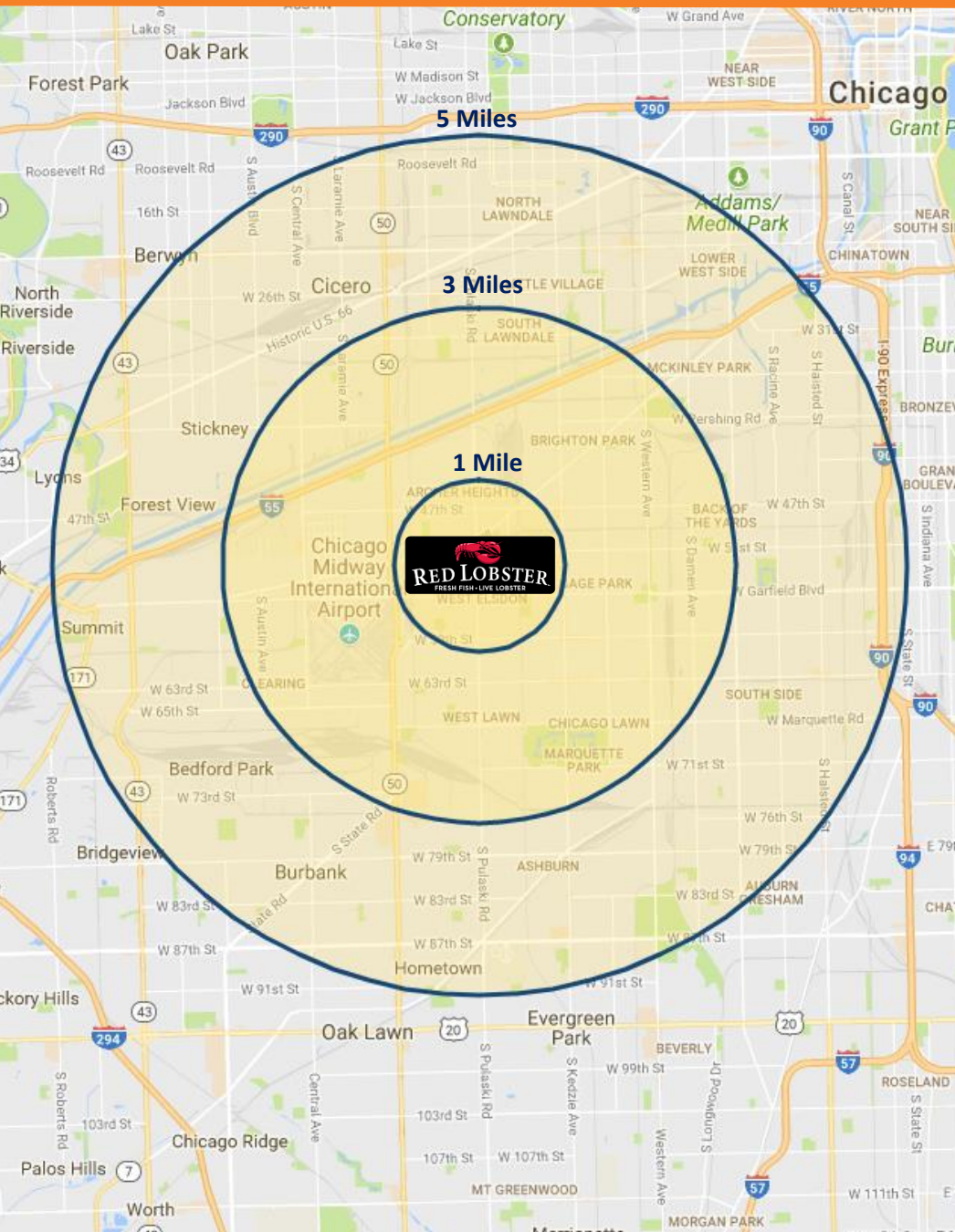
Chicago is the third largest city in the United States and the county seat of Cook County. Located where the Chicago River meets Lake Michigan, Chicago is known as the “Windy City” due to the weather caused by the nearby bodies of water. Chicago has the second largest business district in the nation as well as having its most balanced economy. Multiple Dow 30 companies are based in the Chicago Metropolitan Area, such as Boeing, Sears, Kraft, and McDonald’s. Every year, over 50 million people visit the city. With two-time World Series winners the Chicago Cubs, the six-time Stanley Cup winning Chicago Blackhawks, and six-time NBA championship winning Chicago Bulls, the city has a tradition of excellence in all sports. Chicago is also home to several universities such as Northwestern University, University of Chicago, the Art Institute of Chicago, Depaul University, and several others with a combined total enrollment of over 60,000 students.



LOCATION OVERVIEW







Demographics



POPULATION

	1 Miles	3 Miles	5 Miles
2022 Projection	42,074	299,218	781,005
2017 Estimate	43,327	308,134	802,806
2010 Census	42,854	304,724	796,173
2000 Census	39,326	310,027	851,293

INCOME

Average	\$60,119	\$56,096	\$56,087
Median	\$47,552	\$43,142	\$41,933
Per Capita	\$16,153	\$15,580	\$16,957

HOUSEHOLDS

2022 Projection	11,596	84,754	238,646
2017 Estimate	11,637	84,735	239,234
2010 Census	11,454	83,540	236,427
2000 Census	11,933	88,047	251,186

HOUSING

2017	\$182,759	\$174,410	\$173,956
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EMPLOYMENT

2017 Daytime Population	40,008	221,941	621,844
2017 Unemployment	6.88%	8.30%	9.11%
2017 Median Time Traveled	39	39	38

RACE & ETHNICITY

White	51.35%	45.20%	41.22%
Native American	0.05%	0.03%	0.02%
African American	1.58%	13.69%	25.75%
Asian/Pacific Islander	1.25%	1.61%	2.59%

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