



# Red Lobster

5400 National Road East, Richmond, IN 47374



## OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap





5400 National Road East, Richmond, Indiana 47374

**PRICE: \$2,548,324 | 6.00%CAP | RENT: \$152,899****PROPERTY DESCRIPTION**

Property	Red Lobster
Property Address	5400 National Road East
City, State, ZIP	Richmond, IN 47374
Building Size (SF)	7,895
Lot Size (Acres)	+/- 2.18

**THE OFFERING**

Net Operating Income <sup>1</sup>	\$152,899
CAP Rate	6.00%
Purchase Price	\$2,548,324
Price / SF	\$322
Year Opened	1996
Year Remodeled	2012

**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 Richmond, Indiana. The property consists of 7,895 square feet of building space and is situated on approximately 2.18 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 \$152,899 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	\$152,899
Base Term Rental Escalations	2.00% Annually

### RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent
Year 6	\$152,899	\$12,742
Year 7	\$155,957	\$12,996
Year 8	\$159,077	\$13,256
Year 9	\$162,258	\$13,522
Year 10	\$165,503	\$13,792
Year 11	\$168,813	\$14,068
Year 12	\$172,190	\$14,349
Year 13	\$175,633	\$14,636
Year 14	\$179,146	\$14,929
Year 15	\$182,729	\$15,227
Year 16	\$186,384	\$15,532
Year 17	\$190,111	\$15,843
Year 18	\$193,913	\$16,159
Year 19	\$197,792	\$16,483
Year 20	\$201,748	\$16,812
Year 21	\$205,782	\$17,149
Year 22	\$209,898	\$17,492
Year 23	\$214,096	\$17,841
Year 24	\$218,378	\$18,198
Year 25	\$222,746	\$18,562

CAP Rate	6.00%
Purchase Price	\$2,548,324



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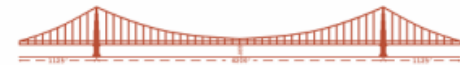
# Tenant Overview



- 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

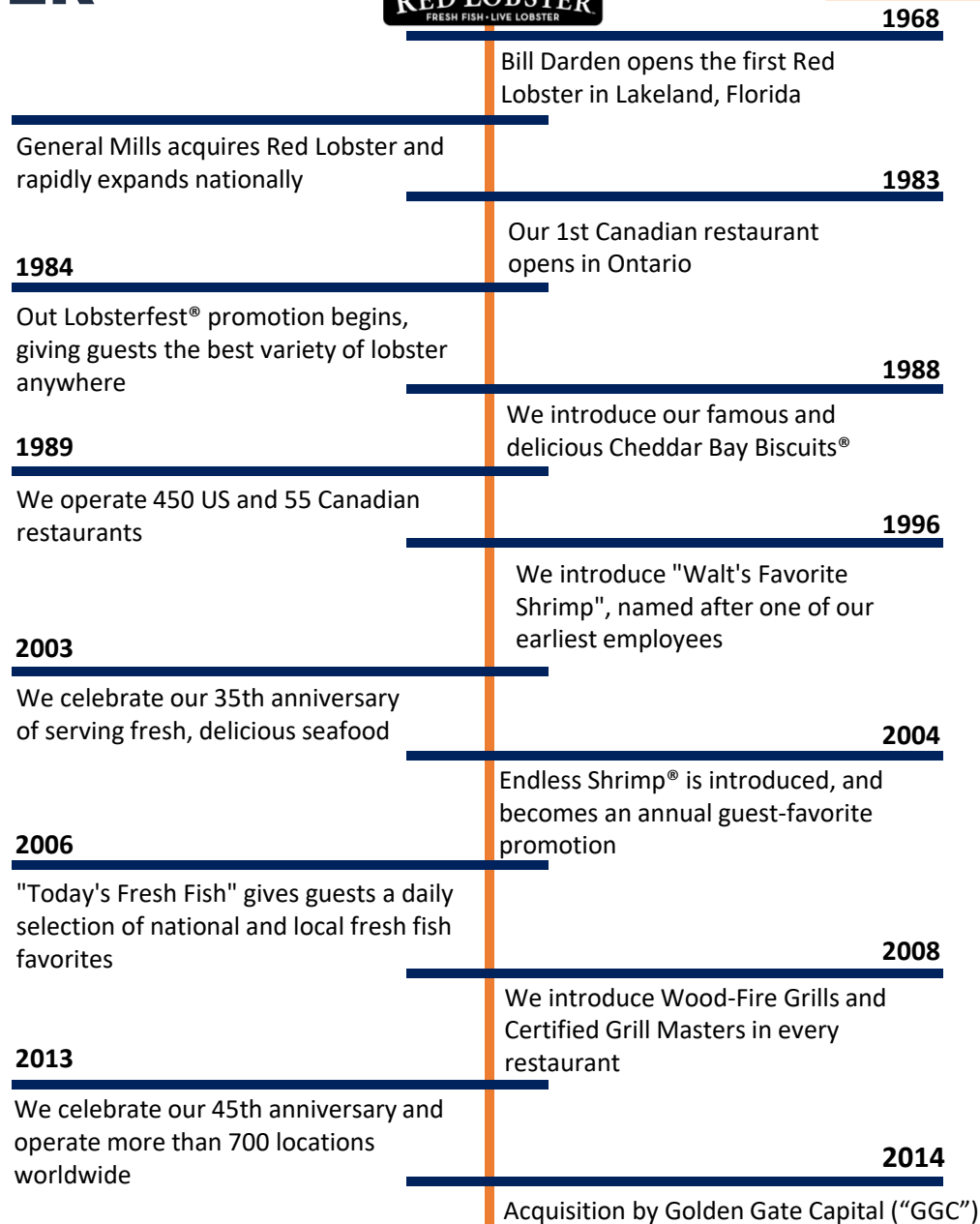
You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

*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

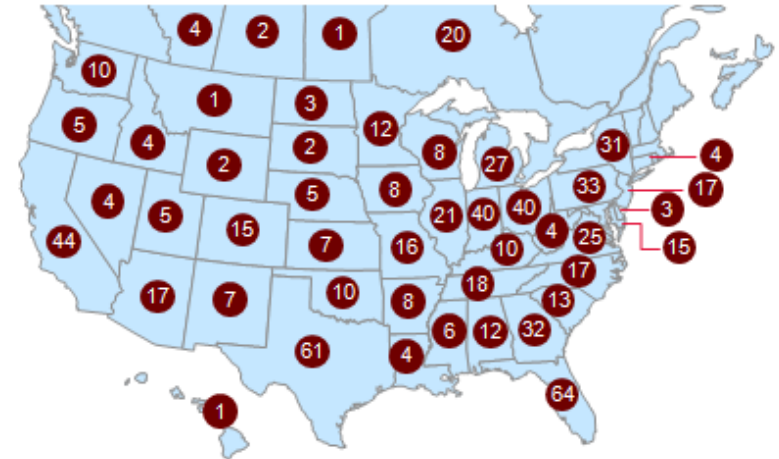


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### Strong Market Position

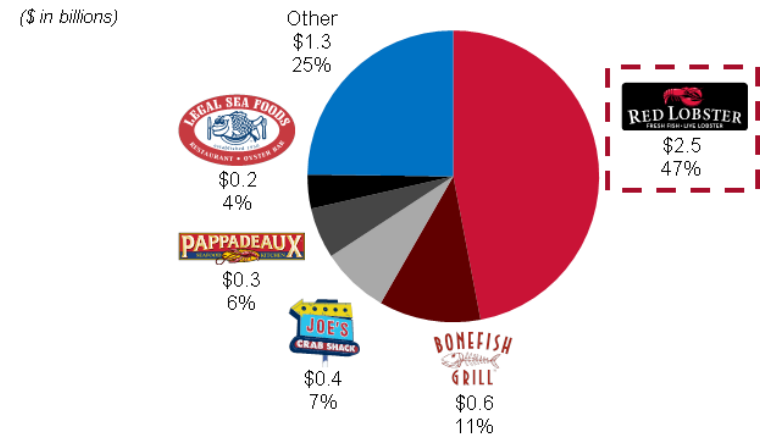
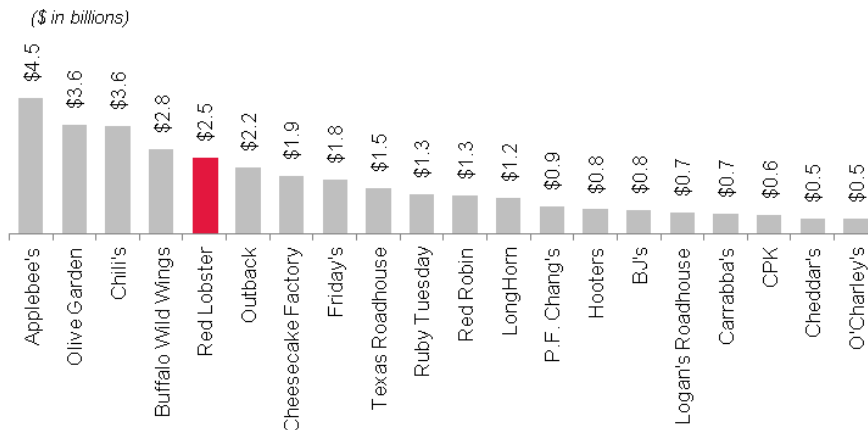
- Red Lobster is the largest seafood restaurant concept in the world and the 6<sup>th</sup> largest casual dining concept in the United States with over \$2.5 billion in annual sales and 704 restaurants.
- The Company is the category killer in the seafood casual dining space, holding almost 50% market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

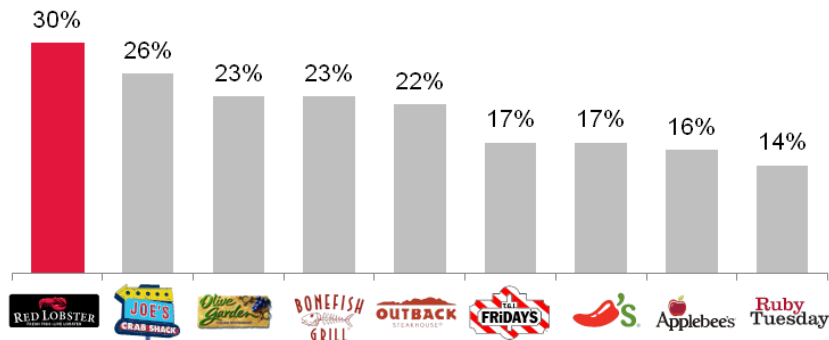
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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



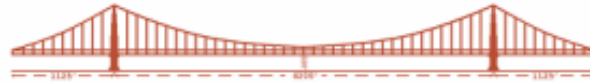
**Bill Lambert**  
CFO  
(12 years in Restaurant Industry)

- 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

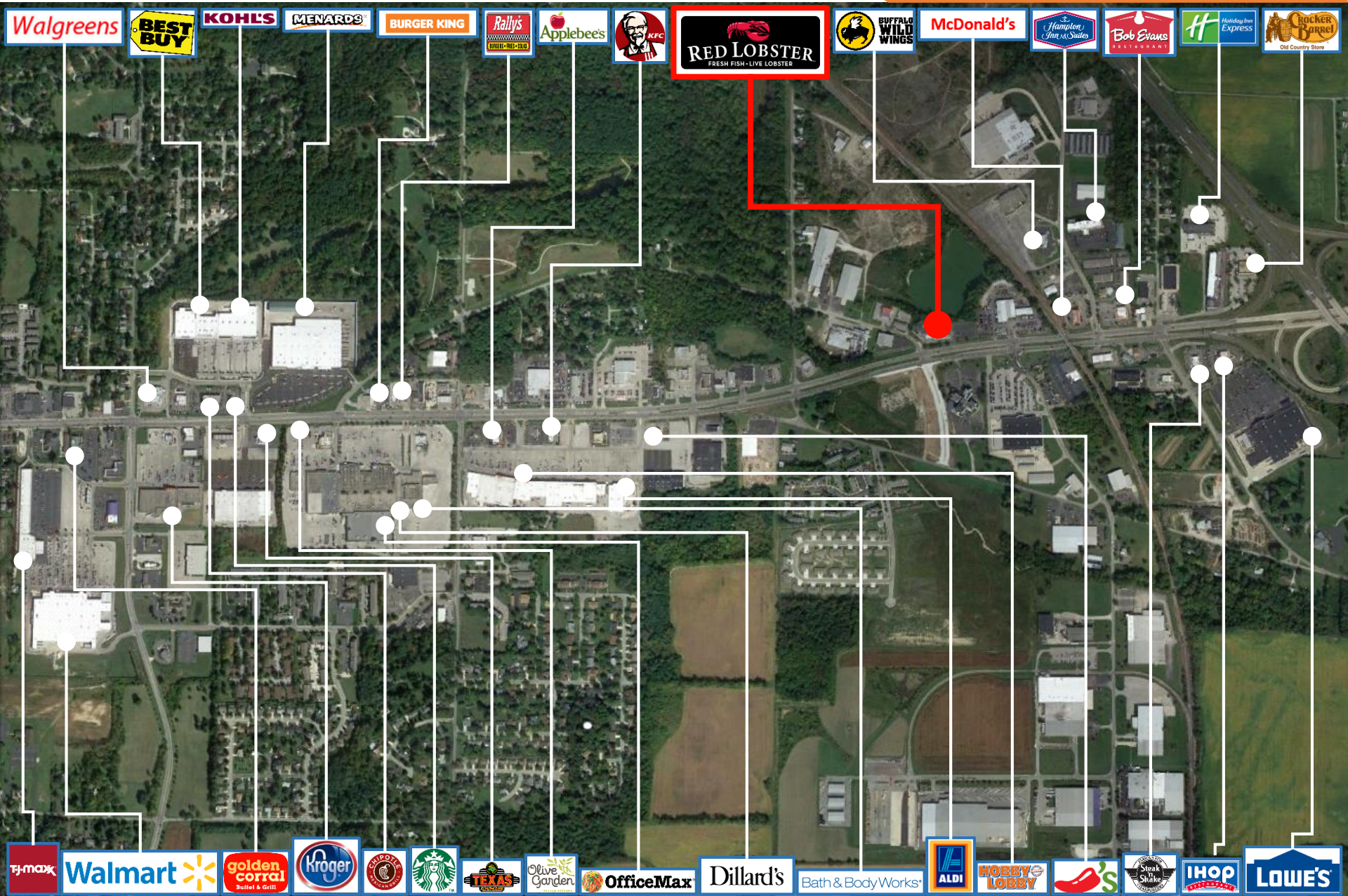
- Golden Gate Capital (GGC) is a San Francisco-based Private Equity firm with over \$15 billion of capital under management.
- GGC has been one of the most active acquirers of multi-unit restaurant and retail companies.
  - Over the past 10 years, GGC has invested in restaurant and retail companies with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







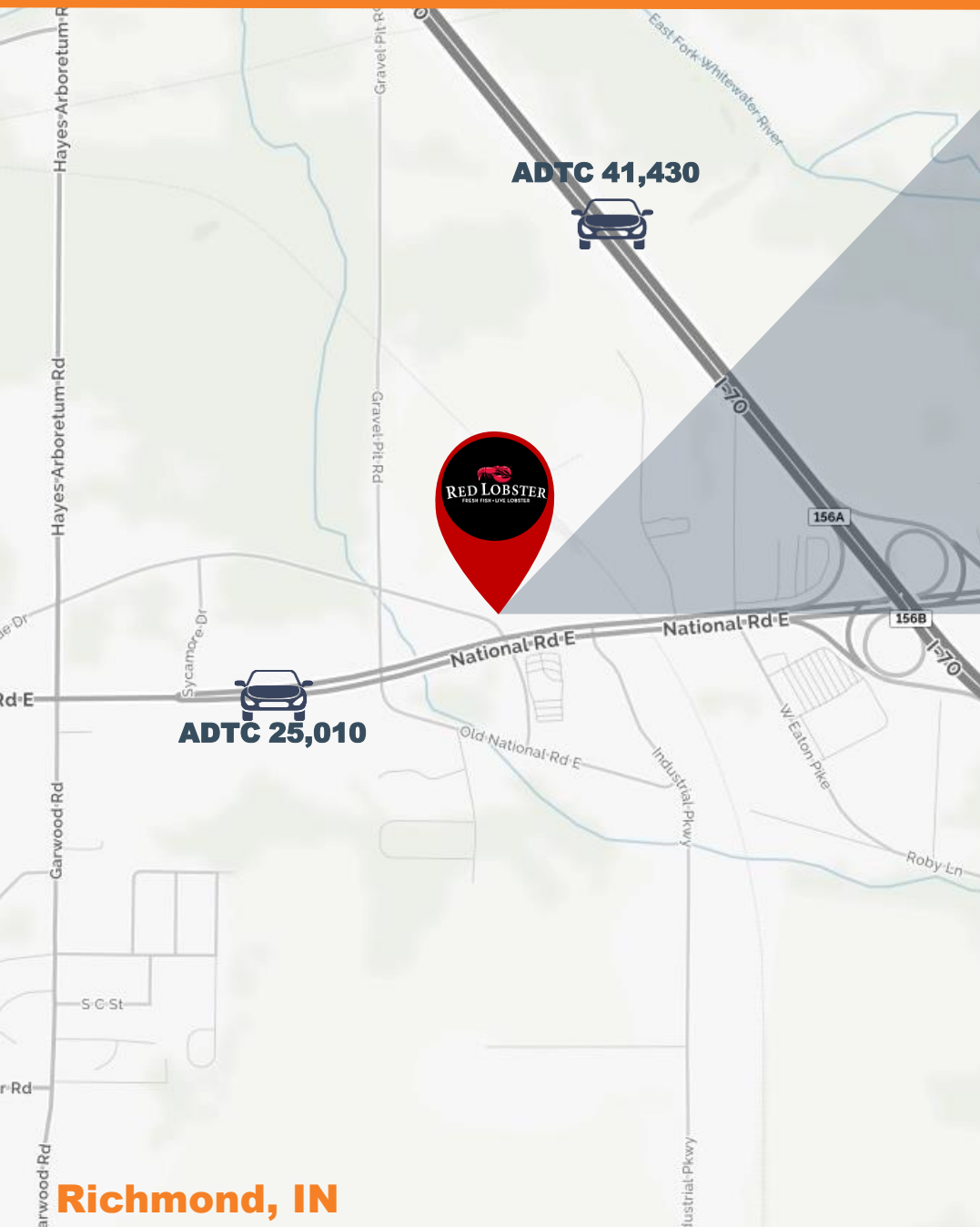
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## HIGHLIGHTS

- Major National Tenants In Surrounding Area  
Include: Walmart, Walgreens, Lowe's, Best Buy, JCPenney, TJ-Maxx, Bed Bath & Beyond
- Positive Real Estate Fundamentals | Positioned on Hard Corner of Signalized Intersection
- Compelling Location | Adjacent to two car dealerships, Wayne County Convention, Tourism, and Welcome Center
- Features High Visibility and Direct Access from National Road East

## MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Reid Hosptl & Hlth Cre Svcs Fo	3,001
Reid Hosp & Hlth Care Svcs Inc	1,800
Richmond High School	875
Indiana University East	701
Belden Cdt	700
Premium Trnsp Staffing Inc	500
Primex	500
Sears Roebuck and Co	500
Anthony Wayne Rehabilitation C	404
Commissioners of	400
Walmart	350
Berry Global Inc	332



Richmond, IN

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This Red Lobster is located at 5400 National Road East in Richmond, Indiana. Richmond is a city in and county seat of Wayne County, nearby the Ohio-Indiana border.

**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: Walmart, IHop, Chipotle Mexican Grill, Starbucks, Burger King, McDonald’s, Best Western, Applebee’s, Texas Roadhouse, Lowe’s, Best Buy, Pizza Hut, Taco Bell, Olive Garden, JCPenney, Big Lots, TJ-Maxx, Arby’s, Dollar Tree, Kohl’s, as well as a variety of others. The subject property is surrounded by a plethora of stores, services, and facilities. Two auto dealerships lie adjacent to the subject property, offering five brands of cars. Four hospitality facilities, including Holiday Inn and Best Western, are all positioned within one mile of the subject location. The Richmond Mall, which includes tenants such as JCPenney along with 20 other stores and services, is situated approximately one mile away from this Red Lobster location. There are also several industrial facilities and manufacturing plants in the immediate vicinity, including FedEx’s shipping center, Southeast Wood Treating, and Berry Plastics.

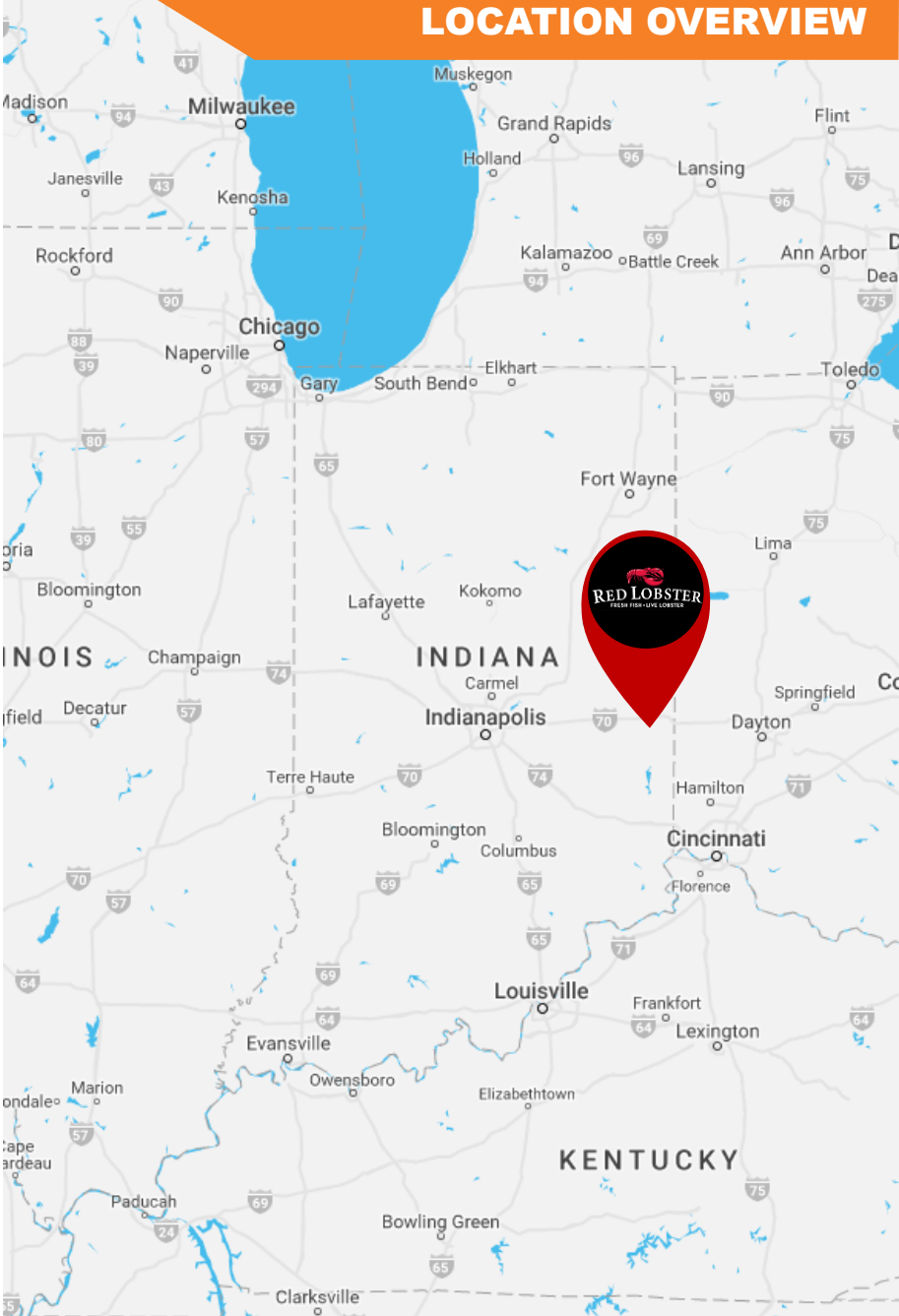
**Traffic Counts and Demographics**

Richmond has approximately 16,060 individuals residing within a three-mile radius of the property and more than 39,242 within a five-mile radius. This Red Lobster property is located on National Road East, which is nearby Interstate-70. National Road East and Interstate-70 experience average daily traffic counts of 25,010 and 41,430 vehicles, respectively.

**Dayton, Ohio**

Roughly 40 miles southeast of Richmond is Dayton, Ohio. The Dayton area is a logistical centroid for manufacturers, suppliers and shippers. Dayton also hosts significant research and development in fields like industrial, aeronautical, and astronautical engineering that have led to many technological innovations. Dayton’s Businesses have diversified into a service economy that includes insurance and legal sectors as well as healthcare and government sectors. Much of this innovation is due in part to Wright-Patterson Air Force Base and its place within the community. Healthcare accounts for much of Dayton's economy. It is estimated that Premier Health Partners, contributes more than two billion a year to the region through operating, employment, and capital expenditures. Dayton was rated the No. three city in the nation for excellence in health care. Dayton is also noted for its association with aviation; the city is home to the National Museum of the United States Air Force and is the birthplace of Orville Wright.

**LOCATION OVERVIEW**



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1 Miles    3 Miles    5 Miles

## POPULATION

2022 Projection	959	15,862	38,692
2017 Estimate	963	16,060	39,242
2010 Census	980	16,245	39,863
2000 Census	1,074	16,239	42,278

## INCOME

Average	\$74,717	\$62,957	\$53,434
Median	\$47,838	\$42,992	\$38,229
Per Capita	\$35,466	\$26,908	\$22,374

## HOUSEHOLDS

2022 Projection	464	6,762	15,788
2017 Estimate	455	6,749	15,854
2010 Census	467	6,881	16,230
2000 Census	462	6,868	17,353

## HOUSING

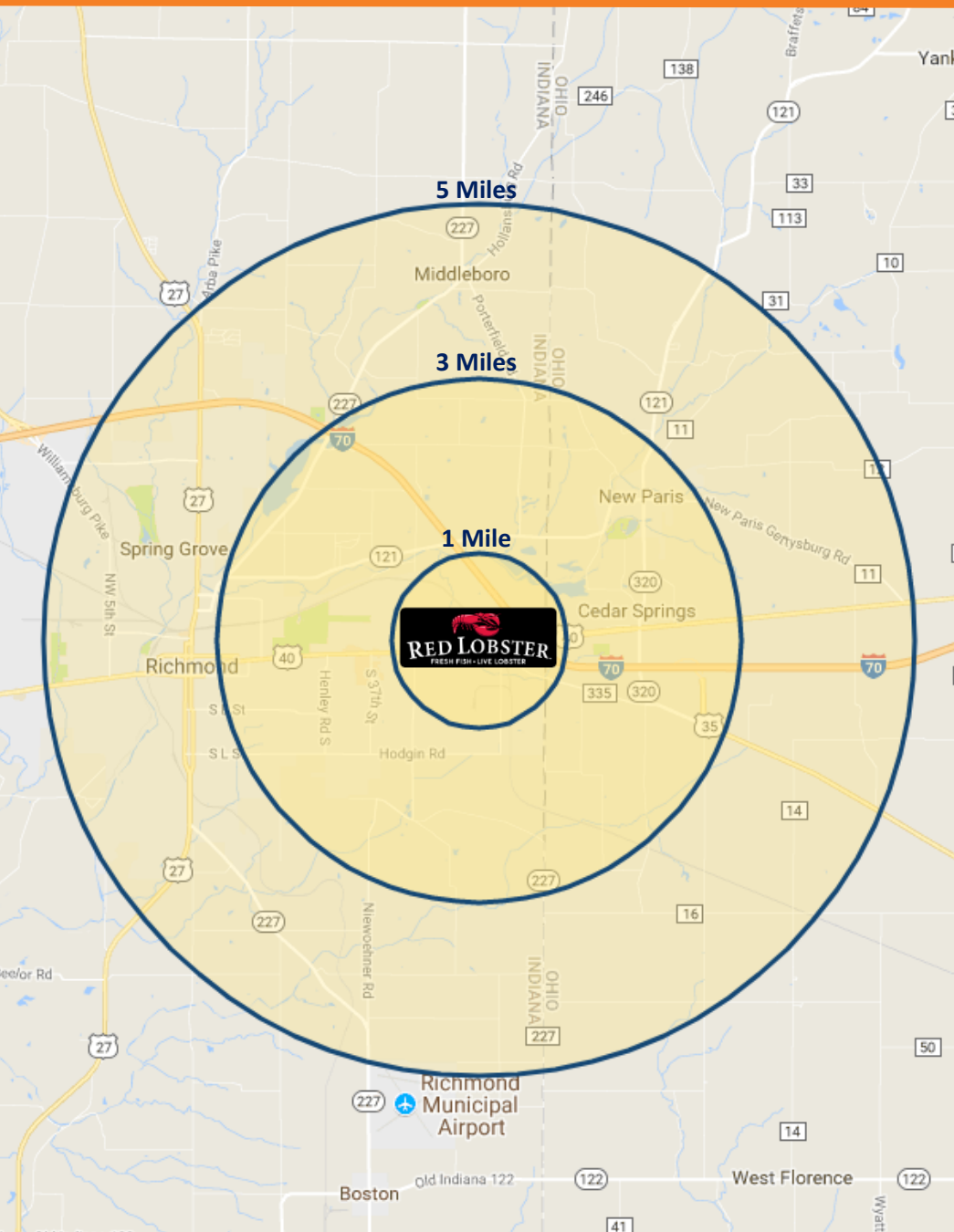
2017	\$145,853	\$116,614	\$91,230
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## EMPLOYMENT

2017 Daytime Population	1,801	18,878	45,838
2017 Unemployment	1.97%	5.04%	7.31%
2017 Median Time Traveled	17	19	19

## RACE & ETHNICITY

White	81.55%	84.22%	84.48%
Native American	0.00%	0.02%	0.10%
African American	8.10%	8.03%	7.82%
Asian/Pacific Islander	4.37%	1.92%	1.12%





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