



Red Lobster

603 North Cockrell Hill Road
Duncanville, Texas 75116



OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap

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PRICE: \$5,456,882 | 6.00%CAP | RENT: \$327,413

PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	603 N Cockrell Hill Road
City, State, ZIP	Duncanville, TX 75116
Building Size (SF)	9,497
Lot Size (Acres)	+/- 1.57

THE OFFERING

Net Operating Income	\$327,413
CAP Rate	6.00%
Purchase Price	\$5,456,882
Price / SF	\$575
Year Opened	1974
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

*Rent based on August 2019 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 Duncanville, Texas. The property consists of 9,497 square feet of building space and is situated on approximately 1.57 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 \$327,413 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	\$327,413
Base Term Rental Escalations	2.00% Annually

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent
Year 6	\$327,413	\$27,284
Year 7	\$333,961	\$27,830
Year 8	\$340,640	\$28,387
Year 9	\$347,453	\$28,954
Year 10	\$354,402	\$29,534
Year 11	\$361,490	\$30,124
Year 12	\$368,720	\$30,727
Year 13	\$376,095	\$31,341
Year 14	\$383,616	\$31,968
Year 15	\$391,289	\$32,607
Year 16	\$399,115	\$33,260
Year 17	\$407,097	\$33,925
Year 18	\$415,239	\$34,603
Year 19	\$423,544	\$35,295
Year 20	\$432,014	\$36,001
Year 21	\$440,655	\$36,721
Year 22	\$449,468	\$37,456
Year 23	\$458,457	\$38,205
Year 24	\$467,626	\$38,969
Year 25	\$476,979	\$39,748

CAP Rate	6.00%
Purchase Price	\$5,456,882



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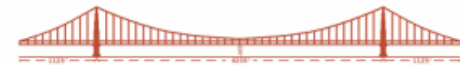
Tenant Overview



- 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

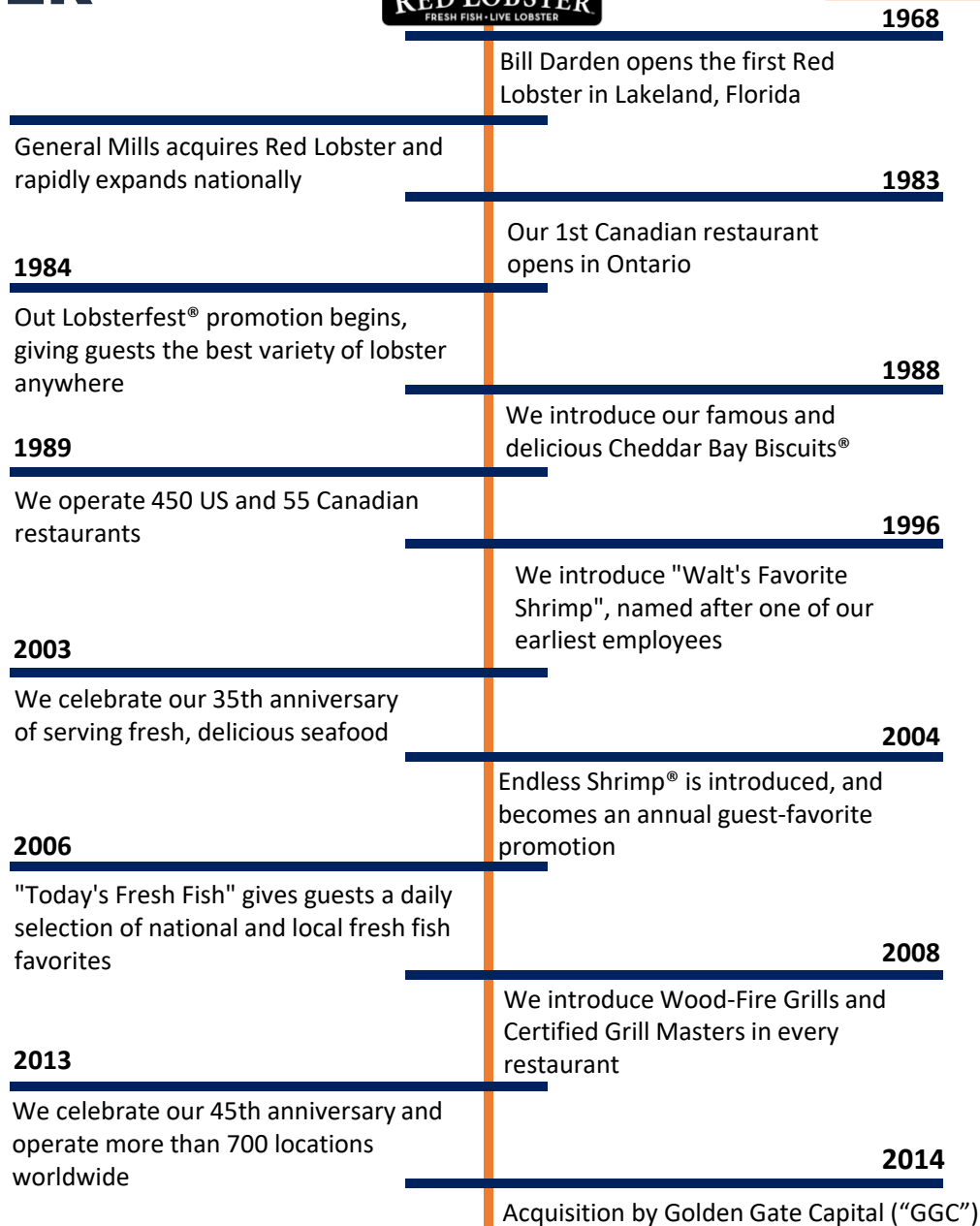
You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

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

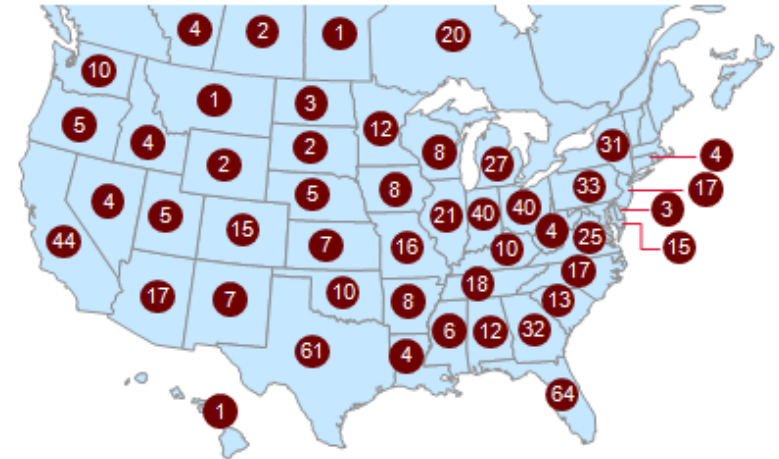


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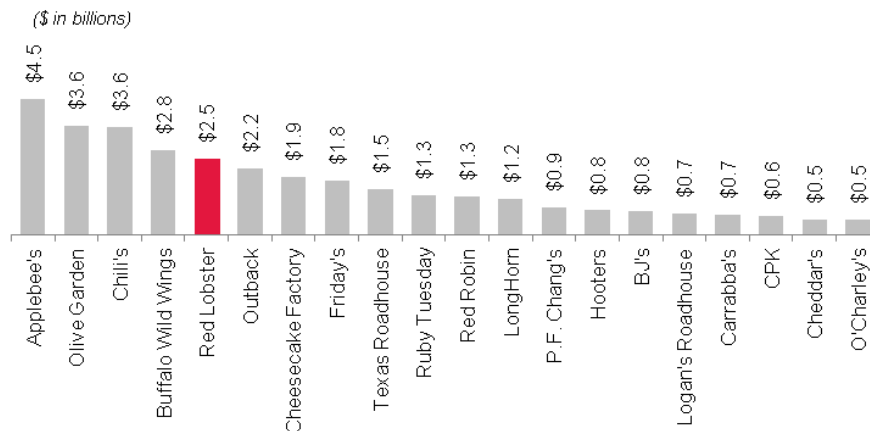
Strong Market Position

- 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.

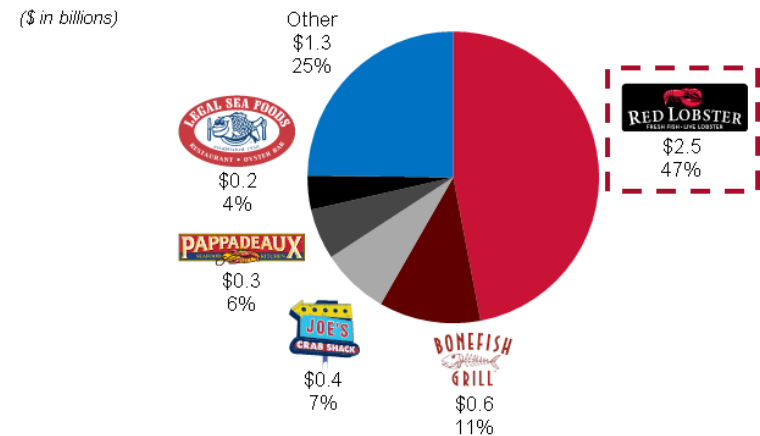
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining



TENANT OVERVIEW

Iconic Brand With Unparalleled Customer Loyalty

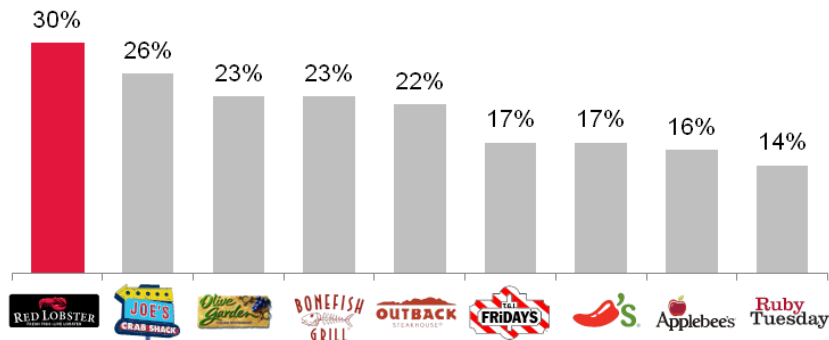
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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



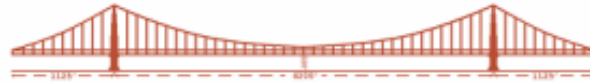
Bill Lambert
CFO
(12 years in Restaurant Industry)

- 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.

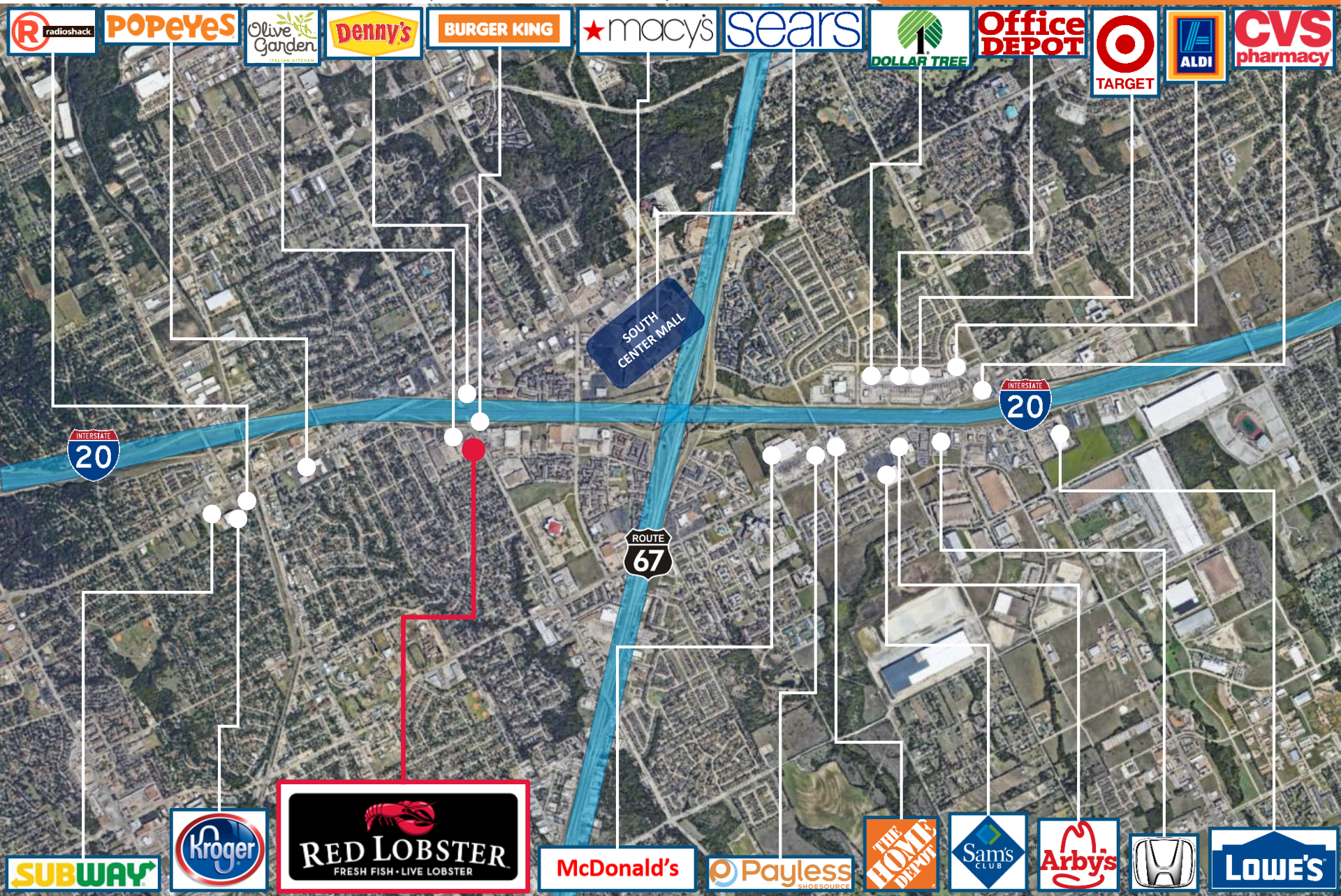
Select Restaurant Investments

Restaurant Private Equity Investments



603 North Cockrell Hill, Duncanville, TX

AERIAL



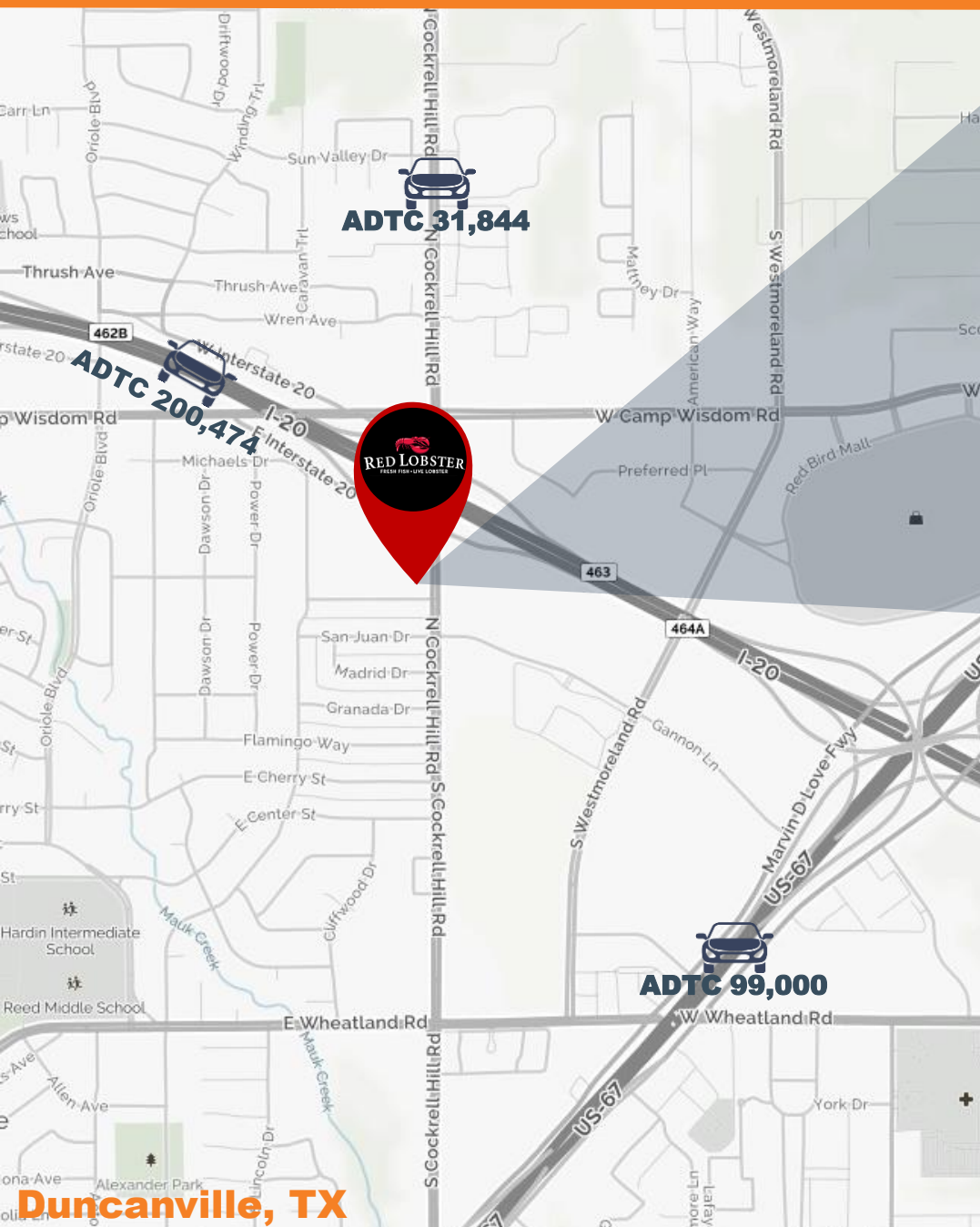
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HIGHLIGHTS

- Major National Tenants In Surrounding Area Include: Sam's Club, Lowe's, The Home Depot, Target, Sears, Macy's, Olive Garden, Popeye's, CVS
- Dallas, Texas | Within Twelve Miles from Subject Property
- Exceptional Traffic Counts | North Cockrell Hill Road, U.S. Interstate 20 and S G Alexander Fairway | 31,844, 200,474 and 99,000 Vehicles Per Day Respectfully
- Dallas Executive Airport | Within a Four-Mile Radius

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Aafes Logistics	4,500
Ffe Logistics Inc	1,500
Dallas Independent School Dst	1,036
Walmart	1,015
School Community Guidance Ctr	954
Wycliffe Bible Translators Inc	900
Methodist Hospital	765
Dart Container Corporation	750
Mss	750
Pioneer Frozen Foods	750
Manufacturing Group Amer Inc	700
Mission Foods	500



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This Red Lobster is located at 603 North Cockrell Hill Road in Duncanville, Texas. Duncanville is a City in Southern Dallas County. The city is part of the Best Southwest area, which includes Duncanville, Cedar Hill, DeSoto, and Lancaster.

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. Sam’s Club, Lowe’s, The Home Depot, Target, Sears, Macy’s, McDonald’s Payless, Olive Garden, Popeye’s, Denny’s, CVS Pharmacy, GNC, PetSmart, Dollar Tree, Office Depot, Five Below, Party City, Burlington Coat Factory, Chuck E. Cheese, Lids, as well as many other retailers are in the immediate vicinity. Dallas Executive Airport is approximately four miles from the subject property. The airport serves approximately 42,900 passengers annually. Dallas, the third largest city in the state of Texas and largest urban center of the fourth most populous metropolitan area in the United States, is located within twelve miles from the subject property. Additionally, the International Museum of Cultures, a venue of opportunities, is located about two miles from the subject property.

Traffic Counts and Demographics

Duncanville has approximately 86,884 individuals residing within a three-mile radius of the property and more than 247,045 within a five-mile radius. The Red Lobster property is located on North Cockrell Hill Road which experiences average daily traffic counts exceeding 31,844. Intersecting with North Cockrell Hill Road is U.S. Interstate 20 and S G Alexander Fairway, which brings an additional 200,474 and 90,000 vehicles to the immediate area daily.

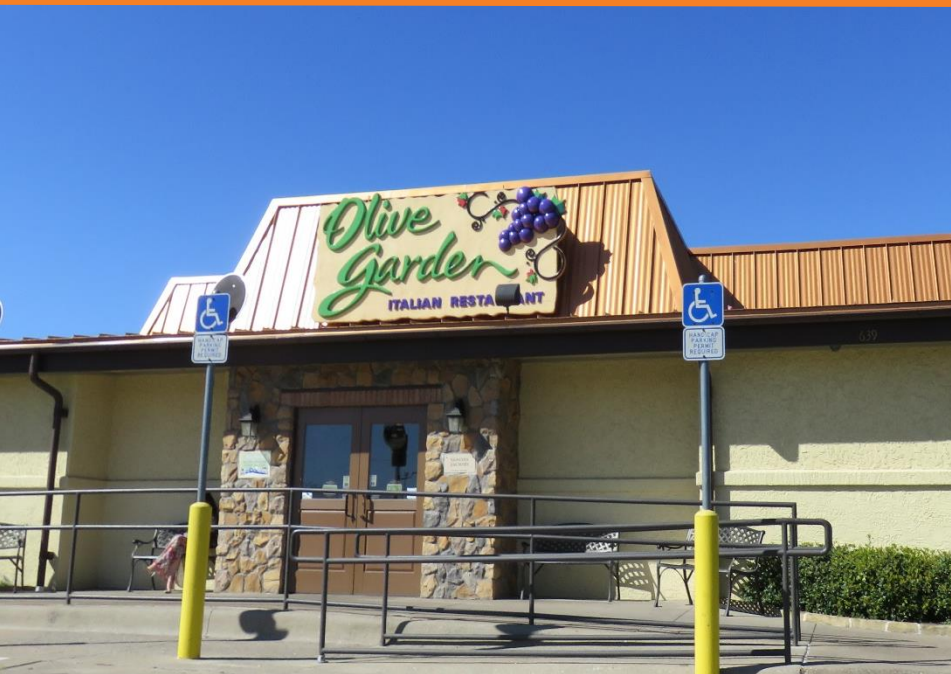
Duncanville, Texas

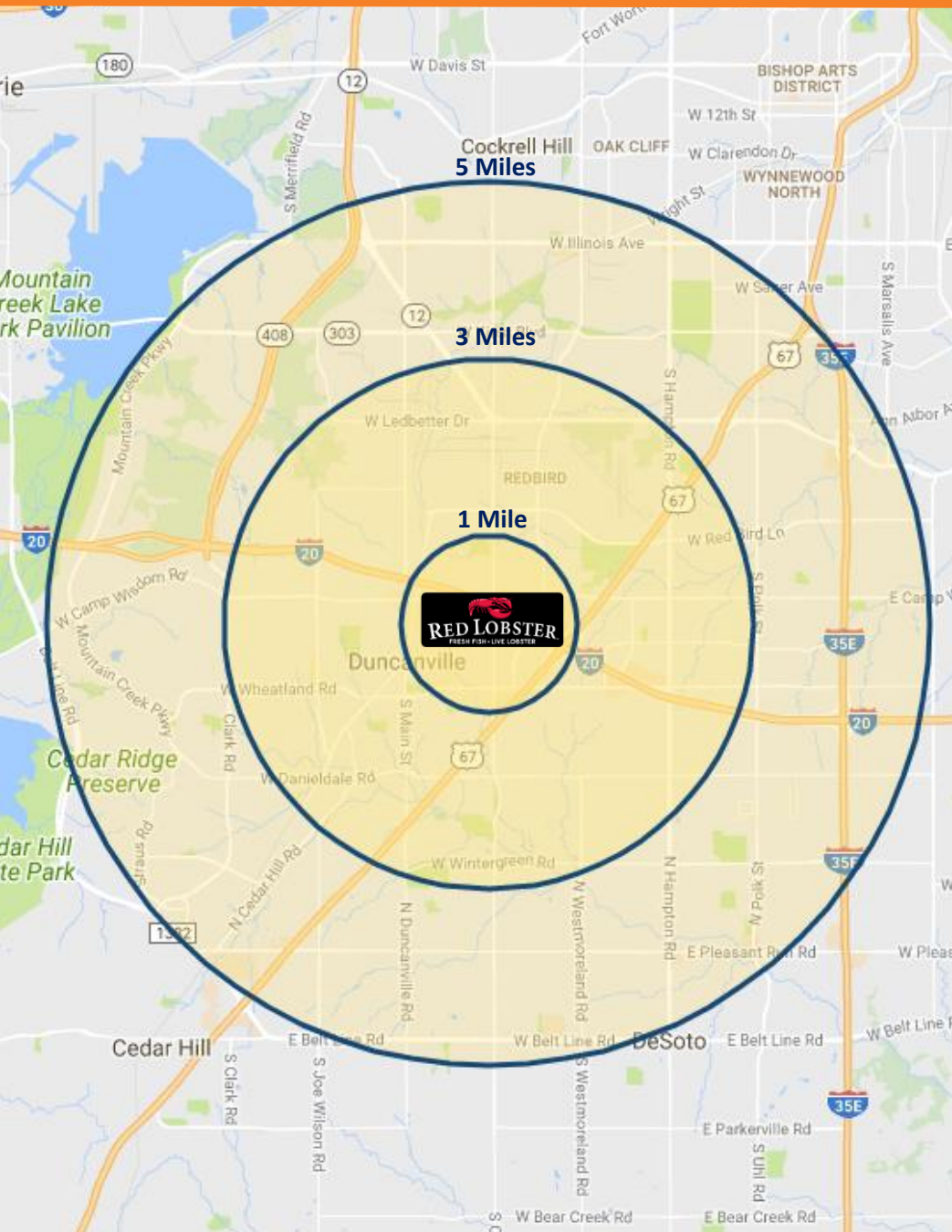
Duncanville, Texas Is located in Southern Dallas County. The Texas Historical Commission has designated the City of Duncanville as an official Main Street City. Duncanville has increased in stature as a popular tourist destination. Situated just minutes from downtown Dallas and 20 minutes from Fort Worth, Duncanville provides you with the perfect touch of seclusion yet instant access to quality DFW businesses and attractions at the same time. The American Airlines Center is one of the nation’s top arenas. Since opening its doors in the 2001 the American Airlines Center has been setting the precedent for sporting and live entertainment events. The AT&T Stadium, formerly known as Cowboys Stadium, home of the Dallas Cowboys of the National Football League, is located within 17 miles from the city. Popular industry clusters include aerospace and defense, energy, biotechnology, information and computer technology and chemical products.





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POPULATION

	1 Miles	3 Miles	5 Miles
2022 Projection	18,532	91,176	262,910
2017 Estimate	17,956	86,884	247,045
2010 Census	16,956	78,513	223,580
2000 Census	15,304	68,285	185,761

INCOME

	1 Miles	3 Miles	5 Miles
Average	\$42,023	\$56,797	\$61,242
Median	\$31,003	\$41,371	\$45,883
Per Capita	\$16,484	\$21,470	\$20,990

HOUSEHOLDS

	1 Miles	3 Miles	5 Miles
2022 Projection	7,415	34,861	91,242
2017 Estimate	7,009	32,668	84,060
2010 Census	6,602	29,433	75,677
2000 Census	6,213	26,018	63,177

HOUSING

	1 Miles	3 Miles	5 Miles
2017	\$96,358	\$114,433	\$120,510

EMPLOYMENT

	1 Miles	3 Miles	5 Miles
2017 Daytime Population	18,652	88,994	202,932
2017 Unemployment	3.83%	4.14%	4.05%
2017 Median Time Traveled	29	30	31

RACE & ETHNICITY

	1 Miles	3 Miles	5 Miles
White	32.54%	31.50%	31.67%
Native American	0.07%	0.05%	0.04%
African American	45.36%	50.36%	47.26%
Asian/Pacific Islander	1.38%	1.69%	1.80%

confidentiality & disclaimer

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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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