



Red Lobster  
700 Shorter Avenue NW  
Rome, Georgia 30165

Representative Photo



OFFERING MEMORANDUM

Marcus & Millichap

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## Executive Summary | Investment Highlights

Property Name	Red Lobster
Location	700 Shorter Ave NW, Rome, GA 30165
Price	\$2,665,385
CAP Rate	6.75%
NOI <sup>1</sup>	\$179,913
Price Per SF	\$359
Building Size	7,426 sq ft
Lot Size	1.71 acres
Date of Remodel	September-2013

Marcus & Millichap is pleased to present the exclusive listing for Red Lobster located at 700 Shorter Avenue NW in Rome, Georgia. The property is 7,426 square feet and is situated on approximately 1.71 acres of land.

This Red Lobster is subject to a 25-year triple-net (NNN) lease, with roughly 20 years remaining on the lease. Current annual rent is \$179,913. The rent is scheduled to increase by two percent annually, including through the four, five year tenant renewal options.

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 of experience across the 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.

<sup>1</sup>Rent Based on August 2019 Increase

### Long-Term Triple-Net Lease | Above Market Lease Term

This Red Lobster is subject to a brand new 25-year absolute triple-net (NNN) lease, with 20 years remaining.

### Corporate Guarantor | 704 Locations in the US & Canada

The lease is subject to a corporate guarantee, adding additional security throughout the term of the lease, through 704 corporate locations.

### Attractive Rental Increases & Renewal Options

The rent will increase by two percent annually, including through the four, five year tenant renewal options, providing investors with a strong inflation hedge.





- 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 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

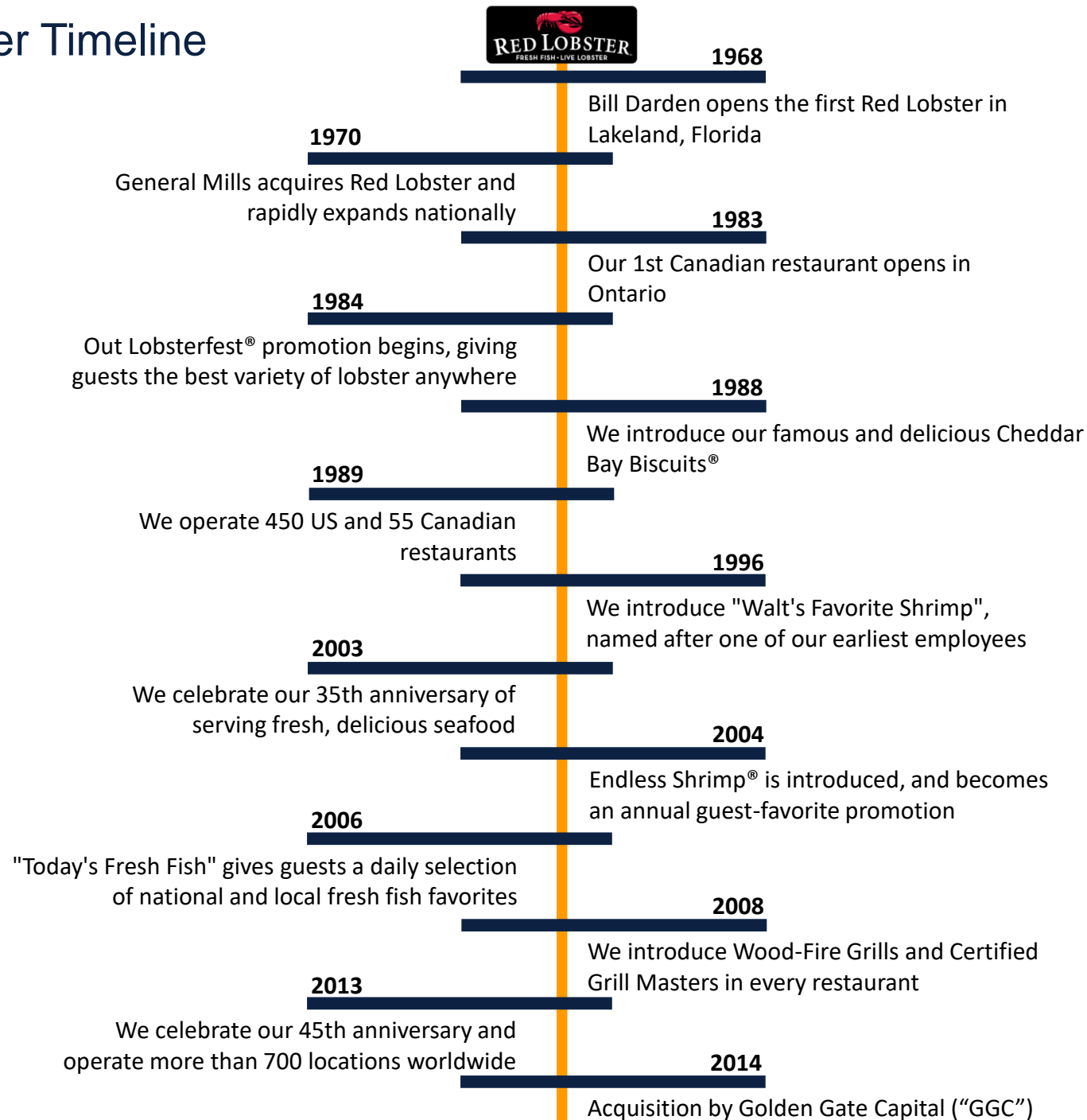
We hold ourselves to the highest standards for service, quality and a welcoming atmosphere. And we're focused on doing what's right – for our employees, in our communities and in the world.

### 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

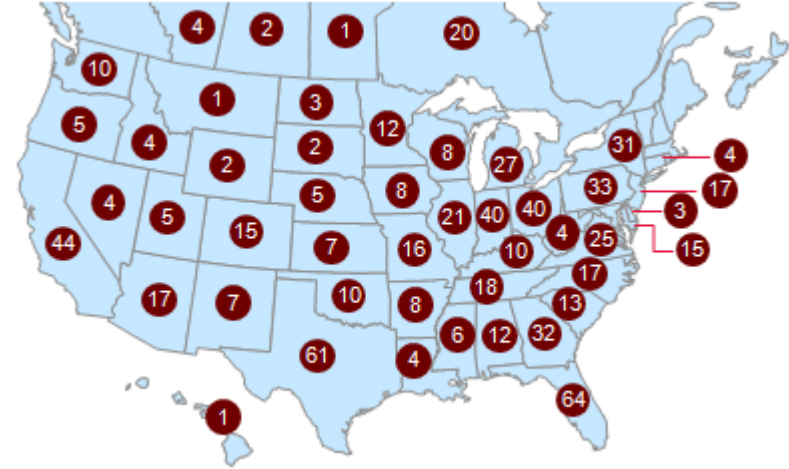


## Tenant Overview

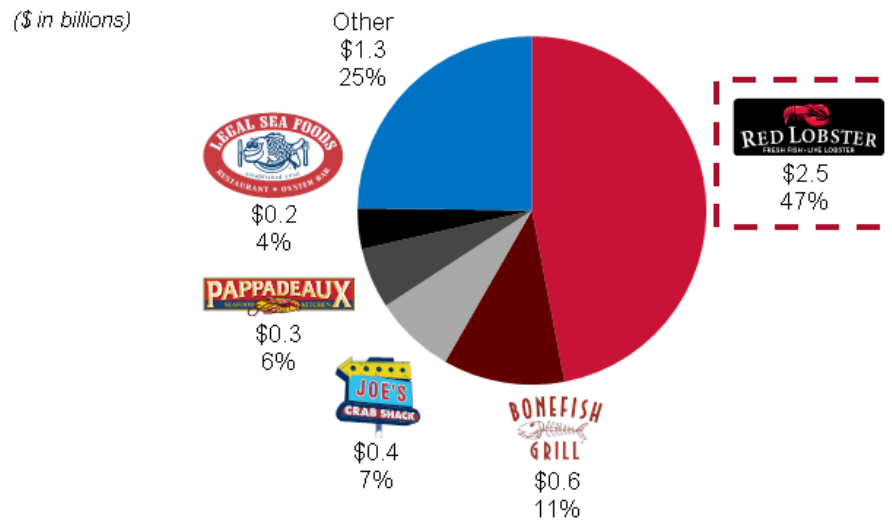
### Strong Market Position

- Red Lobster is the largest seafood restaurant concept in the world with over \$2.5 billion in annual sales and 704 restaurants.
  - \$2.5B LTM Sales.
  - \$3.5M AUV.
- 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.

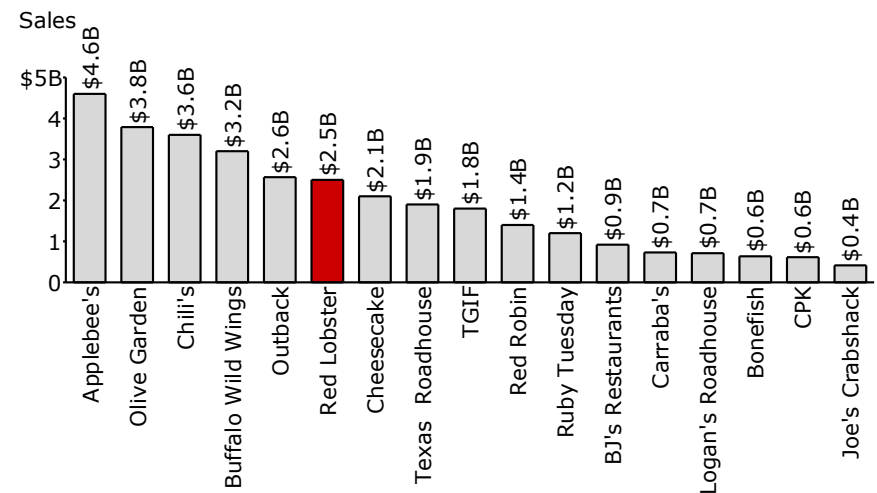
### Significant Scale With Broad Geographic Reach



### ~50% Share in Seafood Casual Dining



### 6<sup>th</sup> Largest Casual Dining Concept in the US





## Tenant Overview

### Iconic Brand With Unparalleled Customer Loyalty

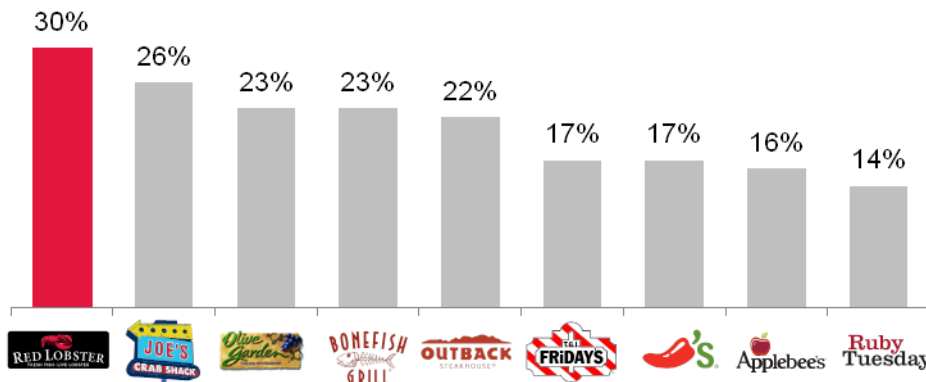
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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









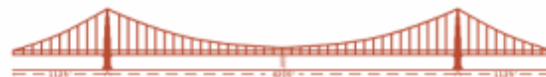
### New Bar Harbor Format



## Tenant Overview

Red Lobster is led by an experienced management team with prior success leading the company.

	<b>Name</b> <i>Title</i>	<b>Industry Tenure</b> <i>(Darden)</i>	<b>Biography</b>
	<b>Kim Lopdrup</b> <i>CEO</i>	31 (15)	<ul style="list-style-type: none"> <li>• Recently served as President of Specialty Restaurant Group and New Business – high growth area of strong brands for Darden</li> <li>• Served as President of Red Lobster from 2005 to 2011, a period of rapidly-rising guest satisfaction and record profitability</li> <li>• Prior to joining Darden, served as EVP and COO of North America for Burger King and CEO of the International Division of Dunkin' Brands</li> <li>• BBA degree, College of William and Mary; MBA with distinction, Harvard University</li> </ul>
	<b>Salli Setta</b> <i>President</i>	28 (28)	<ul style="list-style-type: none"> <li>• Became President of Red Lobster in July 2013</li> <li>• Prior to becoming President, served as Red Lobster's EVP of Marketing for 8 years</li> <li>• From 1990 to 2005, held various management positions at Olive Garden, during which time she was instrumental to the brand's turnaround</li> <li>• Named <i>Restaurant Business</i>' "Menu Strategist of the Year" in 2003</li> <li>• Bachelor's degree, University of Central Florida; MBA, Florida Institute of Technology</li> </ul>
	<b>Bill Lambert</b> <i>Chief Financial Officer</i>	12 (12)	<ul style="list-style-type: none"> <li>• Bill served as CFO of LongHorn Steakhouse since 2010</li> <li>• Prior to leading LongHorn, Bill served as CFO of Red Lobster from 2006 through 2010</li> <li>• Previously, Bill spent 21 years with Macy's</li> <li>• BS, Duke University; MBA, University of Michigan</li> </ul>
	<b>Chip Wade</b> <i>EVP, Operations</i>	30 (16)	<ul style="list-style-type: none"> <li>• Served as EVP of Operations for Red Lobster since 2012</li> <li>• Served as COO of Legal Sea Foods from 2004-2006</li> <li>• Bachelor's degree, Widener University; MBA, University of Texas</li> </ul>
	<b>Tom Gathers</b> <i>Chief People Officer</i>	38 (29)	<ul style="list-style-type: none"> <li>• Recently served as SVP HR for Specialty Restaurant Group and LongHorn Steakhouse</li> <li>• Served as EVP of HR for RARE Hospitality International from 1998 to 2007</li> <li>• Bachelor's degree, Indiana University of Pennsylvania; Master's degree, University of Miami</li> </ul>
	<b>Horace Dawson</b> <i>EVP, General Counsel</i>	21 (14)	<ul style="list-style-type: none"> <li>• Recently served as VP and Division General Counsel Employment and Litigation of Darden</li> <li>• Bachelor's degree, JD and MBA, Harvard University</li> </ul>



## 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 and Retail Investments





## Financial Offering Summary

Property Name	Red Lobster
Property Type	Net Leased Restaurant
Ownership	Private
	Private Equity Sponsor
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	Four, Five Year Option Periods
Rental Increases	Two Percent Annually

## Annualized Operating Data

Rent Increases	Annual Rent	Monthly Rent
Year 6	\$179,913	\$14,993
Year 7	\$183,512	\$15,293
Year 8	\$187,182	\$15,598
Year 9	\$190,926	\$15,910
Year 10	\$194,744	\$16,229
Year 11	\$198,639	\$16,553
Year 12	\$202,612	\$16,884
Year 13	\$206,664	\$17,222
Year 14	\$210,797	\$17,566
Year 15	\$215,013	\$17,918
Year 16	\$219,314	\$18,276
Year 17	\$223,700	\$18,642
Year 18	\$228,174	\$19,014
Year 19	\$232,737	\$19,395
Year 20	\$237,392	\$19,783
Year 21	\$242,140	\$20,178
Year 22	\$246,983	\$20,582
Year 23	\$251,922	\$20,994
Year 24	\$256,961	\$21,413
Year 25	\$262,100	\$21,842
Annual Rent		\$179,913
CAP Rate		6.75%
Price		\$2,665,385

## Location Highlights | Property Description

- ❖ Manufacturing, Education, Healthcare And Other Industries Contribute to Local Economy
- ❖ Retail-Dense Area | Close Proximity to National Retailers Walmart, Sam's Club, and Lowe's
- ❖ Close Proximity to Colleges and Universities | Short University, Berry College, and Georgia Northwestern Technical College
- ❖ Less Than Seventy Miles Northwest of Atlanta, Georgia



## LOCATION OVERVIEW

This Red Lobster property is located at 700 Shorter Avenue in Rome, Georgia. This city's name is in commemoration of the Italian city of Rome due to the fact that it was built on seven hills with a river running in between them. Rome is the largest city in Floyd County and is on the western border of the state. The city's main strength is in its diverse economy. Rome is known for its manufacturing, education, healthcare, technology, and tourism. Rome is only approximately sixty-six miles northwest of Atlanta, Georgia.

The subject property is well-positioned Shorter Avenue Northwest which is highly populated with restaurants and retailers. This road experiences an outstanding average daily traffic count of 29,702 vehicles a day. Major national retailers along Shorter Avenue Northwest include Walmart, Lowe's, Sam's Club, Big Lots!, and CVS Pharmacy. The subject property itself is located adjacent to Alto Plaza.

Rome, Georgia is home to many colleges and universities that provide great opportunities for a consistent customer base. Shorter University's main academic and residential campus is one mile down the road and has an enrollment of over 3,700 students. Additionally, both Berry College and Georgia Northwestern Technical College are within a four-mile radius of the property and bring in over eight thousand additional students to the area.

This Red Lobster is also located near well-frequented medical centers and top employers. The Floyd Medical Center, Harbin Clinic, and Regional Medical Center are less than two miles away. The Floyd Medical Center is the top employer in Floyd and has 304 beds.

The area is home to a number of historic sites and museums that draw visitors into the area. In 2013 alone, over 129 million dollars was generated as a result of tourism-related expenditures. These sites include the Martha Berry Museum, Rome Area History Museum, Chieftains Museum and the Clock Tower.



## Aerial Photo | Surrounding Area



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## Property Photo



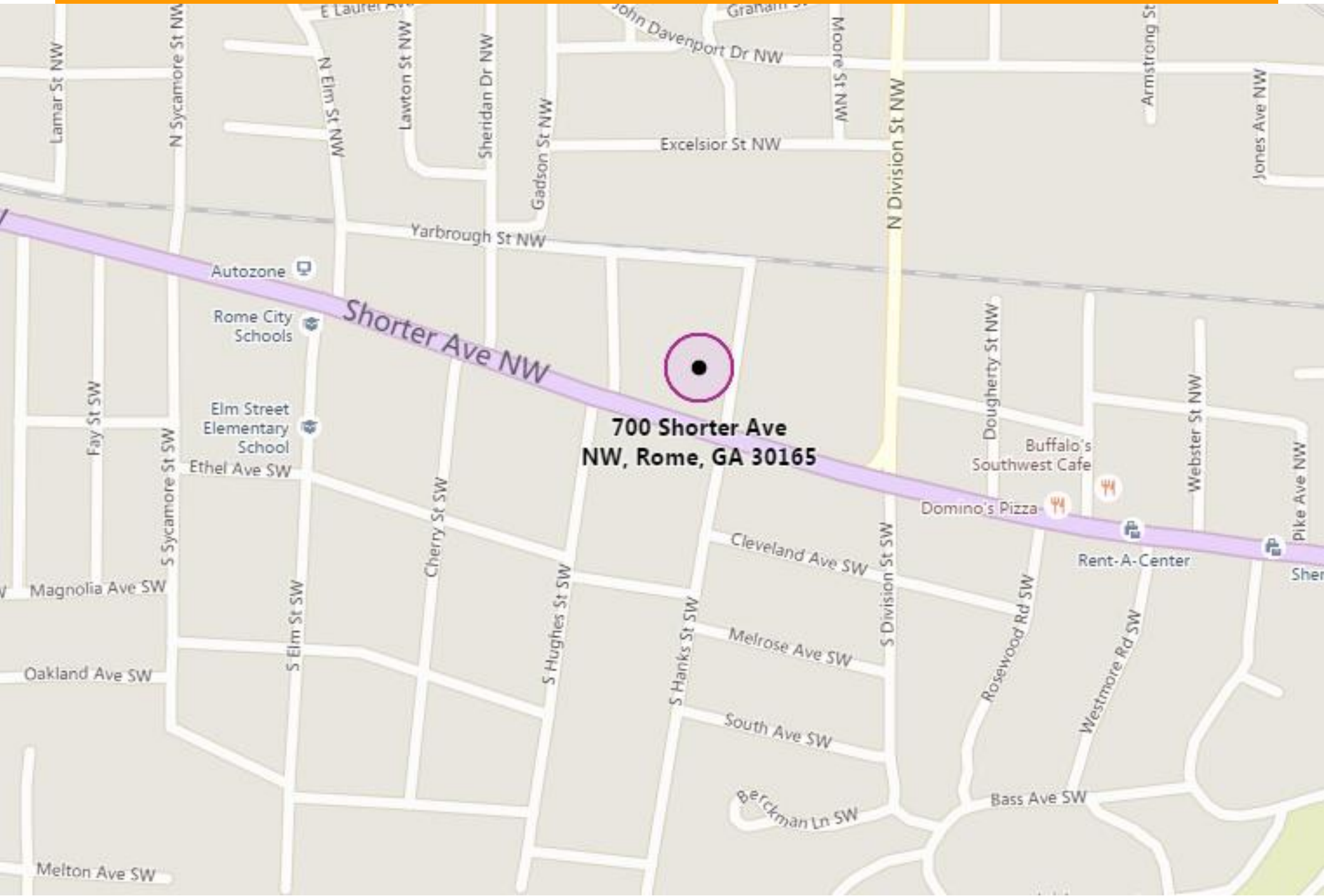


## Surrounding Area Photos





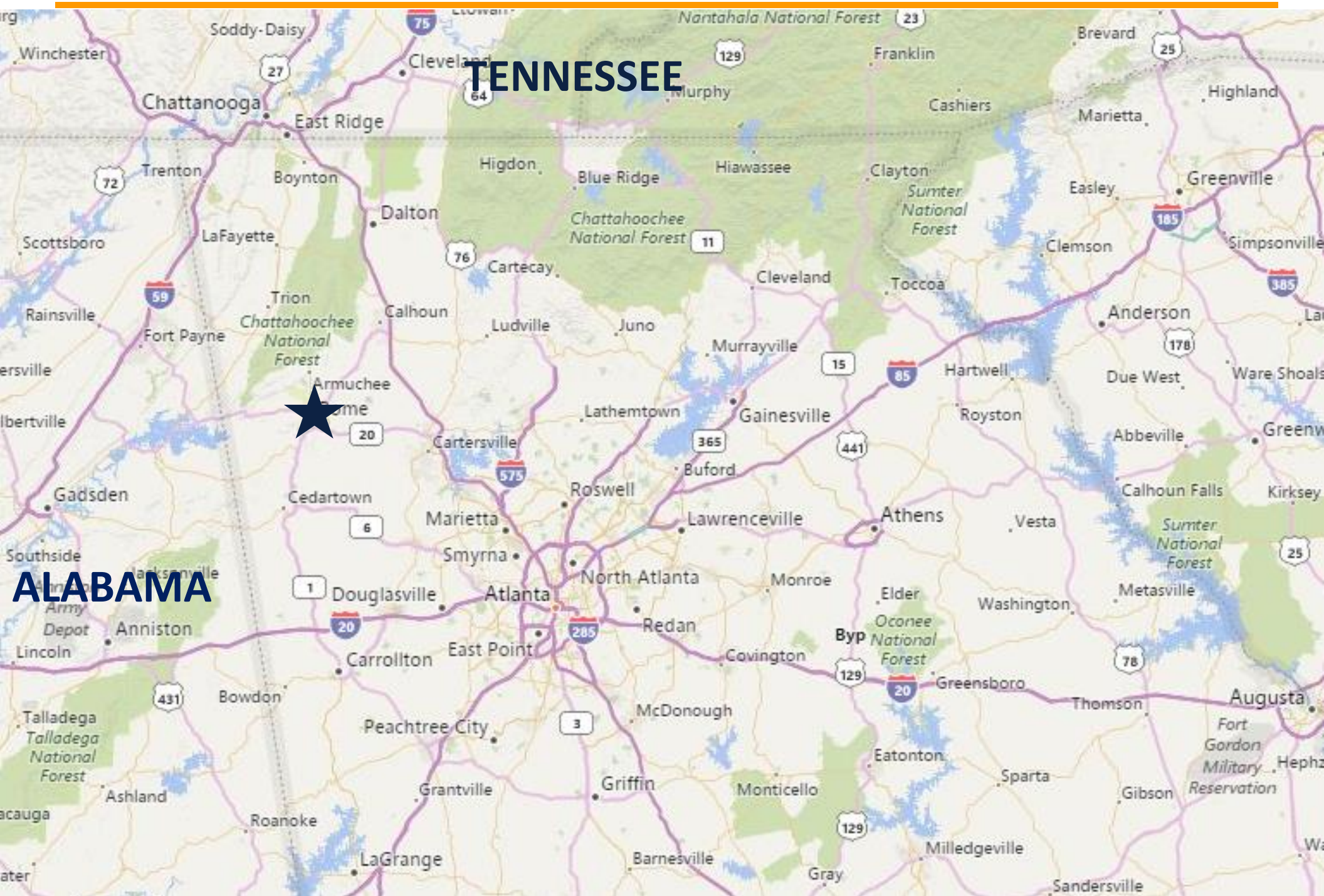
Local Map



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## Regional Map





## Demographic Summary Report



## Population

In 2014, the population in your selected geography is 55,620. The population has changed by 7.58% since 2000. It is estimated that the population in your area will be 56,688 five years from now, which represents a change of 1.92% from the current year. The current population is 47.87% male and 52.12% female. The median age of the population in your area is 35.1, compare this to the Entire US average which is 37.3. The population density in your area is 708.03 people per square mile.

## Income

In 2014, the median household income for your selected geography is \$33,965, compare this to the Entire US average which is currently \$51,972. The median household income for your area has changed by 5.27% since 2000. It is estimated that the median household income in your area will be \$40,332 five years from now, which represents a change of 18.74% from the current year.

The current year per capita income in your area is \$19,810, compare this to the Entire US average, which is \$28,599. The current year average household income in your area is \$51,322, compare this to the Entire US average which is \$74,533.

## Employment

In 2014, there are 31,379 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 50.73% of employees are employed in white-collar occupations in this geography, and 49.38% are employed in blue-collar occupations. In 2014, unemployment in this area is 10.37%. In 2000, the average time traveled to work was 20.9 minutes.

## POPULATION

		1-Mile	3-Mile	5-Mile
	2010	6,233	33,015	55,522
	2014	6,233	33,125	55,620
	2019	6,400	33,475	56,688

## 2014 HOUSEHOLD INCOMES

		1-Mile	3-Mile	5-Mile
	Average	\$47,157	\$46,962	\$51,322
	Median	\$28,395	\$30,715	\$33,965

## TOP EMPLOYERS IN THE COUNTY

	Employer	# of Employees
	Floyd Medical Center	2,000
	Floyd County Schools	1,753
	Harbin Clinic	1,230

# exclusively listed

Offering Memorandum | 700 Shorter Avenue NW, Rome, Georgia 30165

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