



Red Lobster

2801 North Mayfair Road
Wauwatosa, Wisconsin 53222



OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap



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2801 North Mayfair Road, Wauwatosa, WI 53222

PRICE: \$5,708,040 | 6.25%CAP | RENT: \$356,752**PROPERTY DESCRIPTION**

| | |
|--------------------|-------------------------|
| Property | Red Lobster |
| Property Address | 2801 North Mayfair Road |
| City, State, ZIP | Wauwatosa, WI 53222 |
| Building Size (SF) | 7,468 |
| Lot Size (Acres) | +/- 1.70 |

THE OFFERING

| | |
|----------------------|-------------|
| Net Operating Income | \$356,752 |
| CAP Rate | 6.25% |
| Purchase Price | \$5,708,040 |
| Price / SF | \$764 |
| Year Opened | 1975 |
| Year Remodeled | 2013 |

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 Wauwatosa, Wisconsin. The property consists of 7,468 square feet of building space and is situated on approximately 1.70 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 \$356,752 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 | \$356,752 |
| Base Term Rental Escalations | 2.00% Annually |

RENT SCHEDULE

| Lease Year | Annual Rent | Monthly Rent |
|------------|-------------|--------------|
| Year 6 | \$356,752 | \$29,729 |
| Year 7 | \$363,888 | \$30,324 |
| Year 8 | \$371,165 | \$30,930 |
| Year 9 | \$378,589 | \$31,549 |
| Year 10 | \$386,160 | \$32,180 |
| Year 11 | \$393,884 | \$32,824 |
| Year 12 | \$401,761 | \$33,480 |
| Year 13 | \$409,796 | \$34,150 |
| Year 14 | \$417,992 | \$34,833 |
| Year 15 | \$426,352 | \$35,529 |
| Year 16 | \$434,879 | \$36,240 |
| Year 17 | \$443,577 | \$36,965 |
| Year 18 | \$452,448 | \$37,704 |
| Year 19 | \$461,497 | \$38,458 |
| Year 20 | \$470,727 | \$39,227 |
| Year 21 | \$480,142 | \$40,012 |
| Year 22 | \$489,745 | \$40,812 |
| Year 23 | \$499,540 | \$41,628 |
| Year 24 | \$509,530 | \$42,461 |
| Year 25 | \$519,721 | \$43,310 |

| | |
|----------------|-------------|
| CAP Rate | 6.25% |
| Purchase Price | \$5,708,040 |



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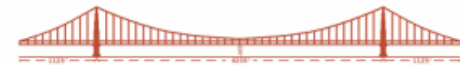
Tenant Overview



- 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

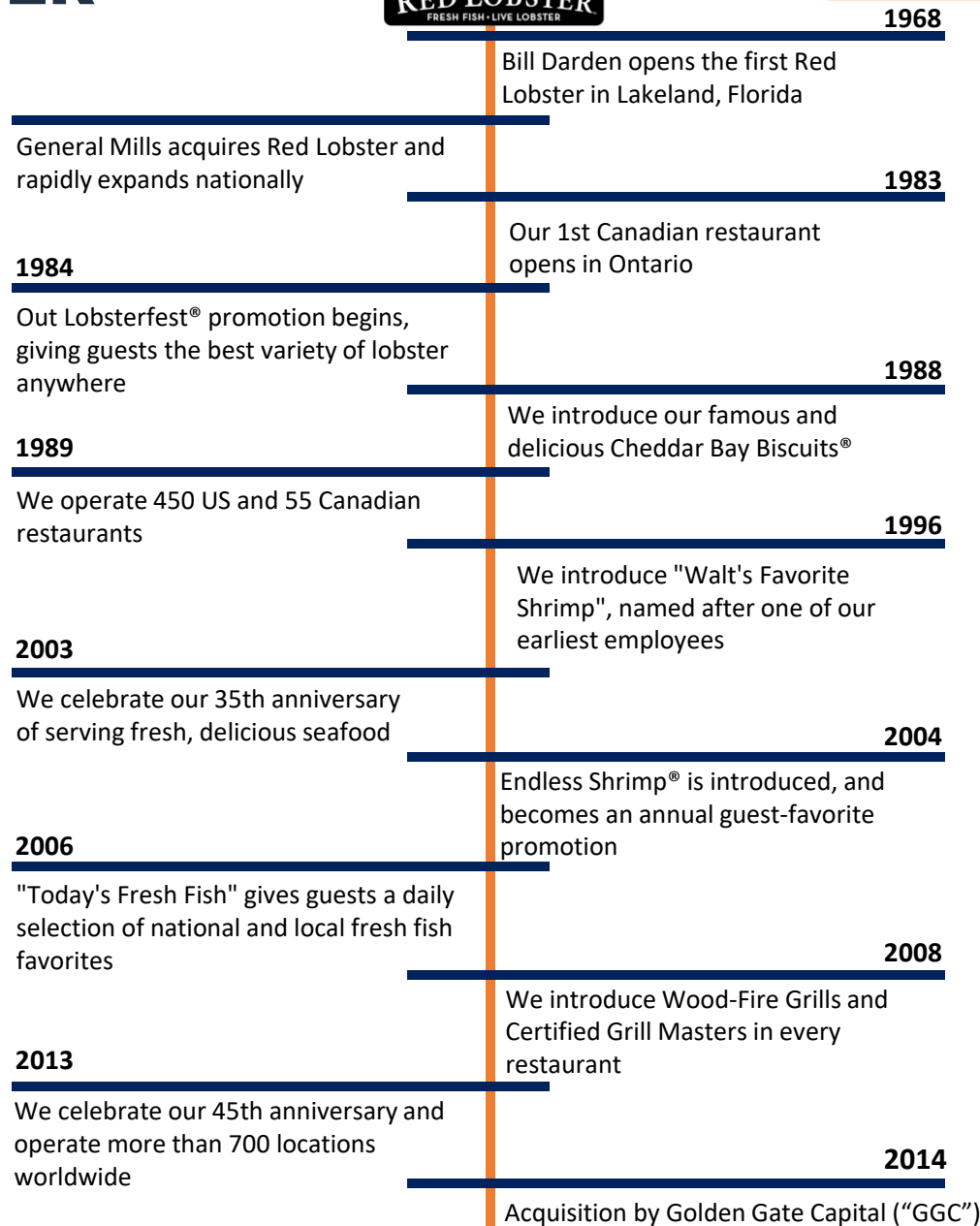
You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

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

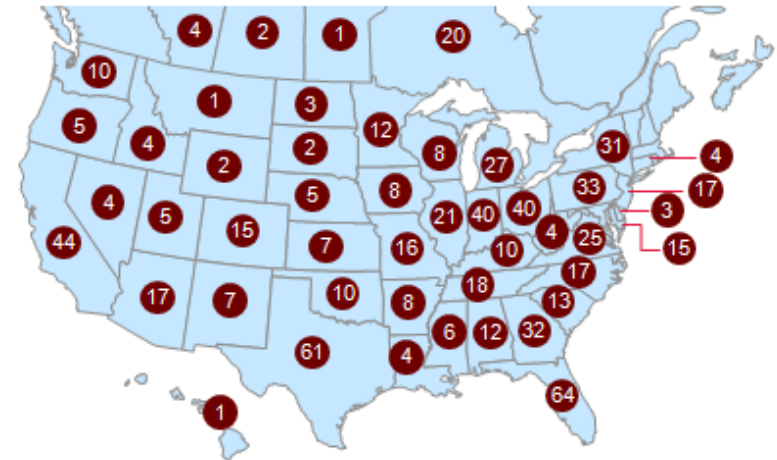


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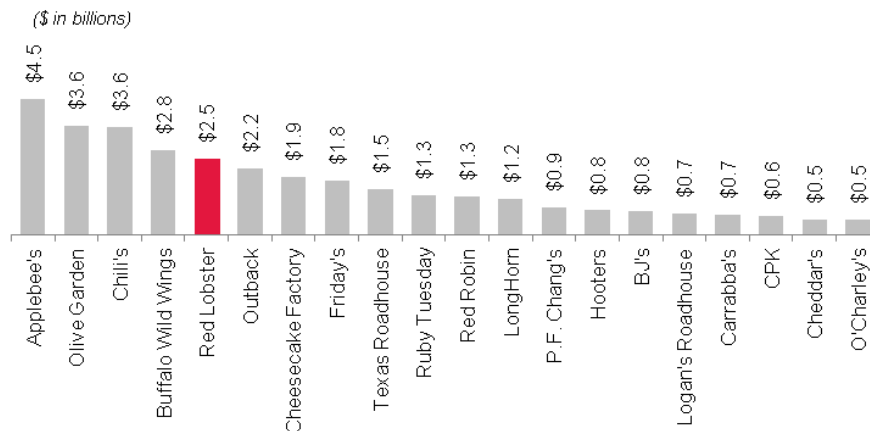
Strong Market Position

- 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.

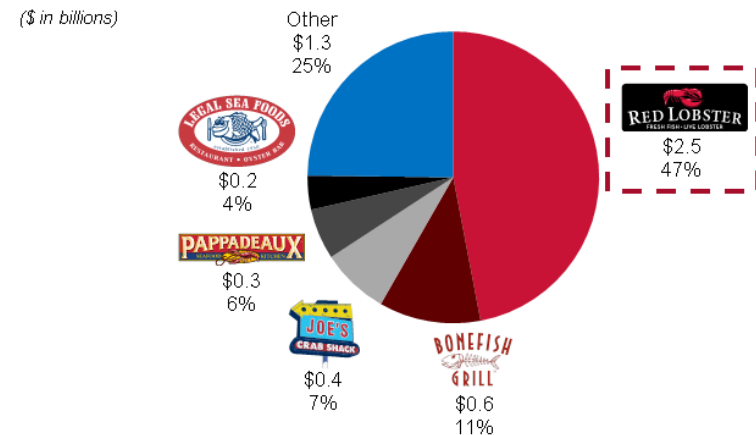
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining



TENANT OVERVIEW

Iconic Brand With Unparalleled Customer Loyalty

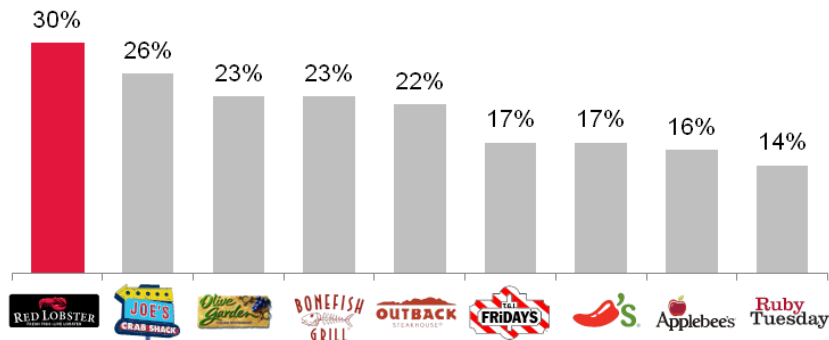
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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



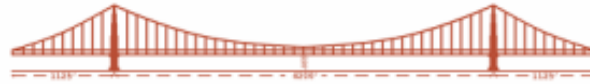
Bill Lambert
CFO
(12 years in Restaurant Industry)

- 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



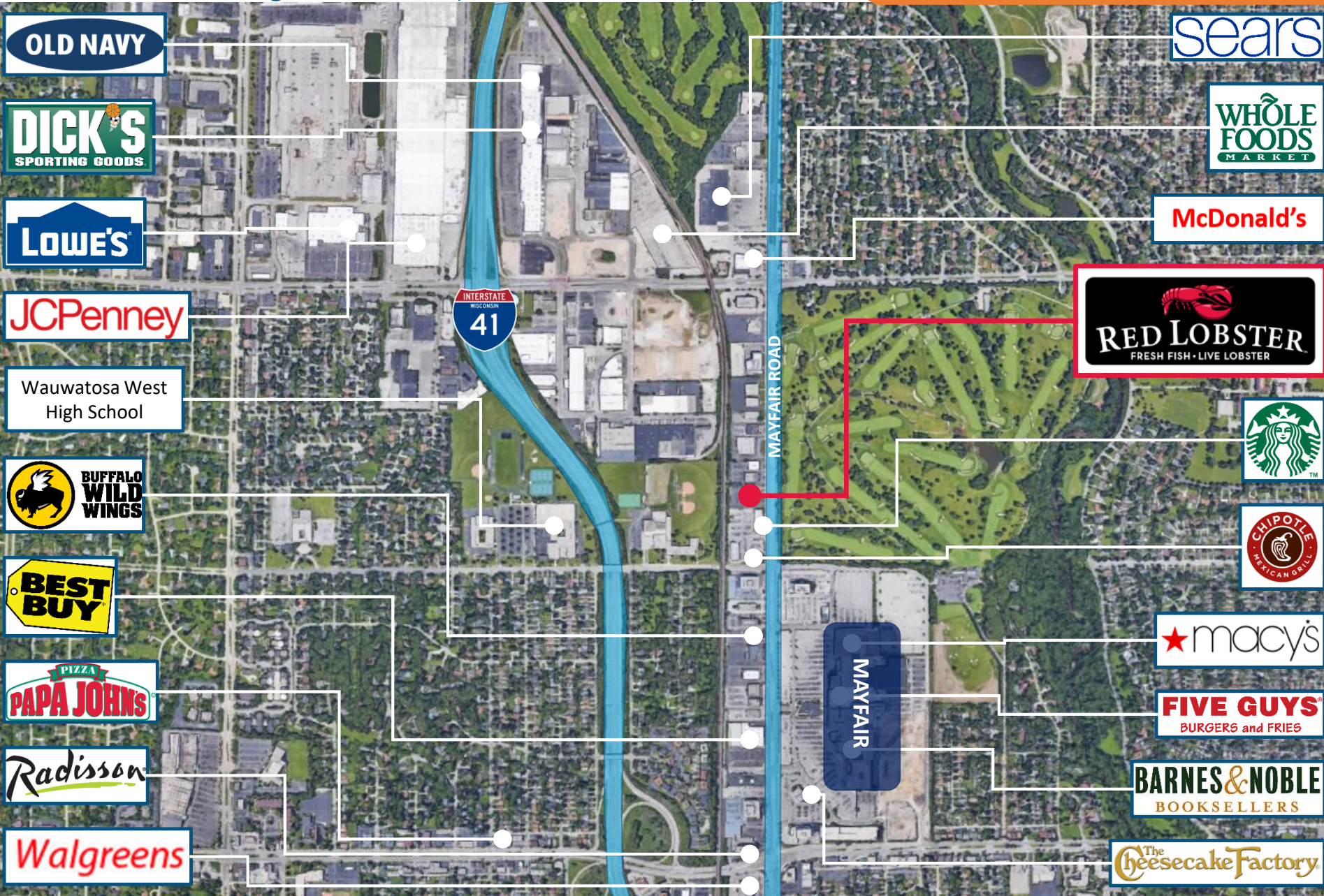
GOLDEN GATE CAPITAL

- 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





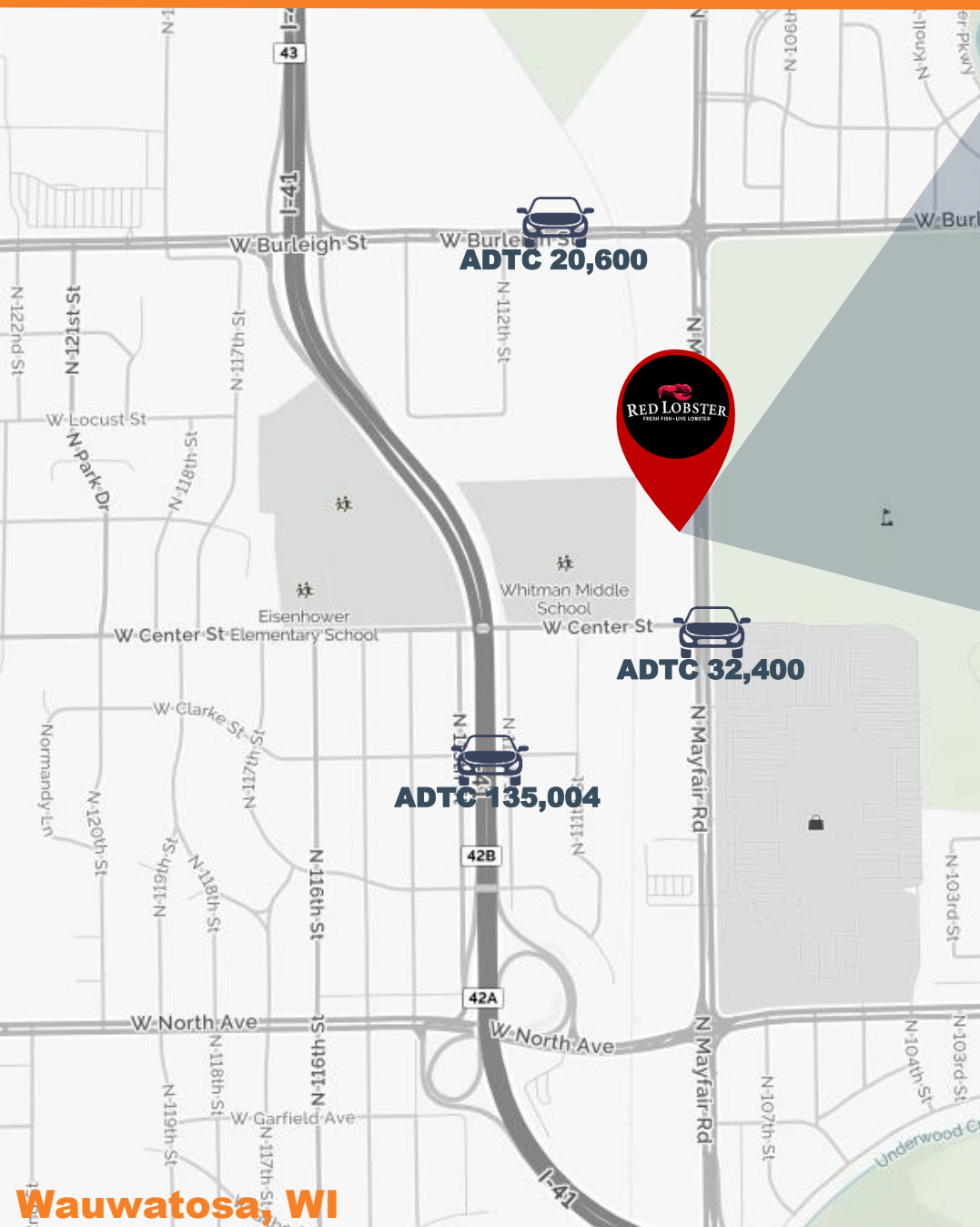
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HIGHLIGHTS

- Major National Tenants In Surrounding Area: Best Buy, Macy's, Lowe's, Target, FedEx, Nordstrom Rack, Home Depot, Gap, Bath and Body Works, and Several Others
- Strong Demographics | 315,555 Individuals Within a 5-Mile Radius
- Froedtert Hospital | 550-Bed, General Medical and Surgical Facility
- Exceptional Traffic Counts | N Mayfair Rd, W Burleigh St and Interstate-41 | 32,400, 20,600 and 135,004 Vehicles Per Day
- Wauwatosa | Suburb of Milwaukee | Largest City in Wisconsin

MAJOR EMPLOYERS

| EMPLOYER | # OF EMPLOYEES * |
|--------------------------------|------------------|
| Miller Breweries East Inc | 2,889 |
| Veolia Envmtl Svcs N Amer LLC | 2,767 |
| Atlas Copco Cnstrn Mining Tech | 2,500 |
| Froedtert Mem Ltheran Hosp Inc | 2,499 |
| Briggs & Stratton | 2,466 |
| Medical Cllege of Wsconsin Inc | 2,425 |
| Childrens Hosp & Hlth Sys Inc | 2,204 |
| Milwaukee VA Medical Center | 2,052 |
| Aurora West Allis Medical Ctr | 2,000 |
| Business Information Solution | 2,000 |
| Childrens Hosp of Wisconsin | 1,900 |
| Great Lakes Dental USA | 1,553 |



Wauwatosa, WI

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This Red Lobster is located at 2801 North Mayfair Road in Wauwatosa, Wisconsin. Located east of Wisconsin, Wauwatosa is a suburb of Milwaukee, the largest city in Wisconsin.

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 including Mayfair Shopping Center. Within the shopping center, several major names can be found such as Best Buy, Gap, Macy's, Banana Republic, Barnes and Noble, and Pottery Barn just to name a few. Chipotle, Old Navy, Target, FedEx, GNC, Enterprise, Lowe's, JCPenney, Starbucks, Sears, Nordstrom Rack and many more can be found within the immediate vicinity of the Red Lobster property. The subject property also benefits from the nearby residential areas, as Mt. Mary University, Brookfield East High School, and Wauwatosa West High School can be found within two miles of the property. The schools have a combined enrollment of over 4,000 students. Additionally, the Milwaukee Regional Medical Center can be found across the street and holds Froedtert Hospital, which has a total of 550 beds.

Traffic Counts and Demographics

Wauwatosa has approximately 94,431 individuals residing within a three-mile radius of the property and more than 315,555 within a five-mile radius. This Red Lobster property is located on North Mayfair Road, which experiences average daily traffic counts exceeding 32,400 vehicles. Intersecting with North Mayfair Road is Interstate-41 and West Burleigh Street, which bring an additional 135,004 and 20,600 vehicles to the immediate area daily.

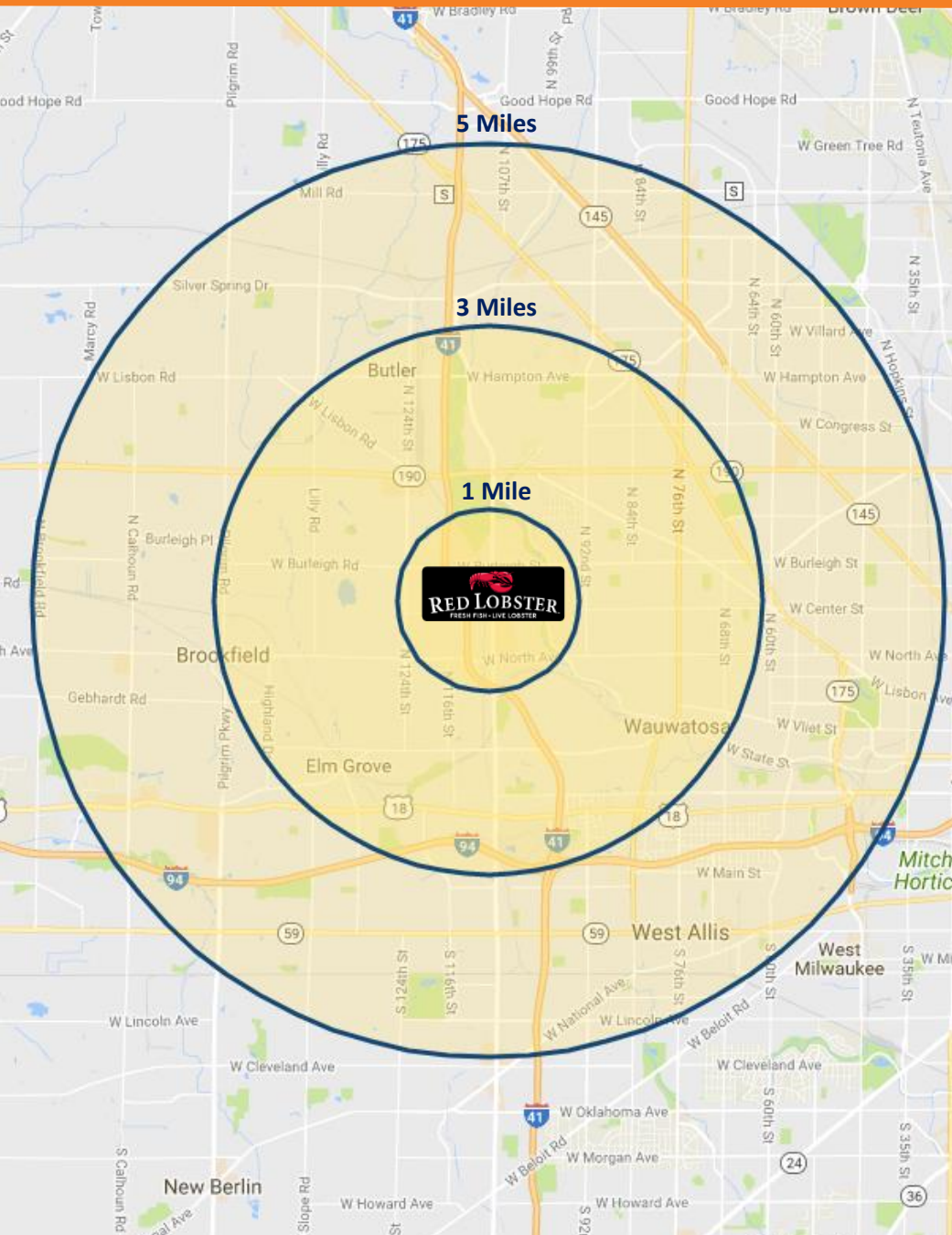
Decatur, Alabama

Milwaukee is the county seat of Milwaukee County, Wisconsin. It is the largest city in the state as well as fifth largest city in the nation. Located on the western shore of Lake Michigan, it is the economic and cultural center of the Milwaukee—Racine—Waukesha metropolitan area. Milwaukee is home to six Fortune 500 companies, Johnson Controls, Northwestern Mutual, Manpower, Rockwell Automation, Harley-Davidson, and Joy Global. Other companies such as Kohl's holds major operations in the area, having it been one of the largest employers in the area. Healthcare remains to be one of the main industries of the area, with Aurora Healthcare and Wheaton Franciscan Healthcare being two of the city's top employers with over 30,000 employed.









POPULATION

| | 1 Miles | 3 Miles | 5 Miles |
|-----------------|---------|---------|---------|
| 2022 Projection | 7,289 | 94,160 | 314,493 |
| 2017 Estimate | 7,319 | 94,431 | 315,155 |
| 2010 Census | 7,218 | 93,304 | 311,156 |
| 2000 Census | 7,617 | 94,121 | 318,946 |

INCOME

| | | | |
|------------|----------|----------|----------|
| Average | \$85,770 | \$80,901 | \$68,833 |
| Median | \$64,156 | \$59,456 | \$49,835 |
| Per Capita | \$38,367 | \$35,015 | \$27,818 |

HOUSEHOLDS

| | | | |
|-----------------|-------|--------|---------|
| 2022 Projection | 3,234 | 40,667 | 127,763 |
| 2017 Estimate | 3,246 | 40,556 | 126,662 |
| 2010 Census | 3,183 | 39,910 | 124,517 |
| 2000 Census | 3,347 | 40,768 | 126,256 |

HOUSING

| | | | |
|------|-----------|-----------|-----------|
| 2017 | \$225,451 | \$195,790 | \$165,194 |
|------|-----------|-----------|-----------|

EMPLOYMENT

| | | | |
|---------------------------|--------|---------|---------|
| 2017 Daytime Population | 30,674 | 127,267 | 329,798 |
| 2017 Unemployment | 3.26% | 3.70% | 5.74% |
| 2017 Median Time Traveled | 20 | 22 | 23 |

RACE & ETHNICITY

| | | | |
|------------------------|--------|--------|--------|
| White | 83.06% | 72.99% | 54.22% |
| Native American | 0.03% | 0.05% | 0.03% |
| African American | 6.87% | 18.42% | 35.02% |
| Asian/Pacific Islander | 5.88% | 4.08% | 5.22% |

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