



Maple Grove, MN



OFFERING
MEMORANDUM

12515 Elm Creek Boulevard North
Maple Grove, Minnesota 55369

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income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

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Table of Contents

Investment Highlights	4
Financial Analysis	5
Tenant Overview	6-12
Surrounding Area	13
Location Overview	14
Property Photos	15-16
Local Map	17
Regional Map	18
Demographics	19



RED LOBSTER





Investment Highlights

PRICE: \$5,096,650 | CAP: 6.00% | RENT: \$305,799



About the Investment

- ✓ Long-Term, 25-Year Absolute Triple Net (NNN) Lease
- ✓ 20 Years Of Lease Term Remaining With 2.00% Annual Bumps
- ✓ Four (4), Five (5)-Year Tenant Renewal Options
- ✓ Corporate Tenant | Corporate Guarantee

About the Location

- ✓ Major National Tenants In Surrounding Area - Lowe's, Office Depot, Walgreens, Marshall's, Kohl's, Burger King, Dick's Sporting Goods, Chick-fil-A, Panera Bread, Starbucks, Party City
- ✓ Strong Traffic Counts | U.S. Interstate 94 and Minnesota State Route 169 | Average Traffic Counts of 127,000 and 110,000 Vehicles Per Day, Respectively
- ✓ Over 188,000 Individuals Within a Five-Mile Radius
- ✓ Average Household Income Exceeds \$110,000 Within a Three-Mile Radius
- ✓ Located Twenty Minutes Outside of Minneapolis

About the Tenant / Brand

- ✓ 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 705 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 5th Largest Casual Dining Concept In North America.





Financial Analysis

PRICE: \$5,096,650 | CAP: 6.00% | RENT: \$305,799



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	12515 Elm Creek Boulevard North
City, State, ZIP	Maple Grove, MN 55369
Building Size (Square Feet)	7,185
Lot Size	+/- 1.31 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$5,096,650
CAP Rate	6.00%
Annual Rent	\$305,799
Rent Per Square Foot	\$42.56

LEASE SUMMARY

Property Type	Net-Leased Restaurant
Tenant	Red Lobster Restaurants, LLC
Original Lease Term	25 Years
Lease Commencement	December 17, 2015
Lease Expiration	July 31, 2039
Lease Term Remaining	~20 Years
Lease Type	Triple-Net (NNN)
Rental Increases	2.00% Annually
Options to Renew	Four, Five Year Options

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 5	\$305,799	\$25,483	2.00%
Year 6	\$311,915	\$25,993	2.00%
Year 7	\$318,153	\$26,513	2.00%
Year 8	\$324,516	\$27,043	2.00%
Year 9	\$331,007	\$27,584	2.00%
Year 10	\$337,627	\$28,136	2.00%
Year 11	\$344,379	\$28,698	2.00%
Year 12	\$351,267	\$29,272	2.00%
Year 13	\$358,292	\$29,858	2.00%
Year 14	\$365,458	\$30,455	2.00%
Year 15	\$372,767	\$31,064	2.00%
Year 16	\$380,223	\$31,685	2.00%
Year 17	\$387,827	\$32,319	2.00%
Year 18	\$395,584	\$32,965	2.00%
Year 19	\$403,495	\$33,625	2.00%
Year 20	\$411,565	\$34,297	2.00%
Year 21	\$419,796	\$34,983	2.00%
Year 22	\$428,192	\$35,683	2.00%
Year 23	\$436,756	\$36,396	2.00%
Year 24	\$445,491	\$37,124	2.00%
Year 25	\$454,401	\$37,867	2.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for Red Lobster located at 12515 Elm Creek Boulevard North in Maple Grove, Minnesota. The property is roughly 7,185 square feet and is situated on approximately 1.31 acres of land. This Red Lobster is subject to a 25-year triple-net (NNN) lease, with roughly 20 years remaining on the lease. The rent is scheduled to increase by two percent annually, including through the four, five year tenant renewal options.



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 705 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 5th 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.



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.

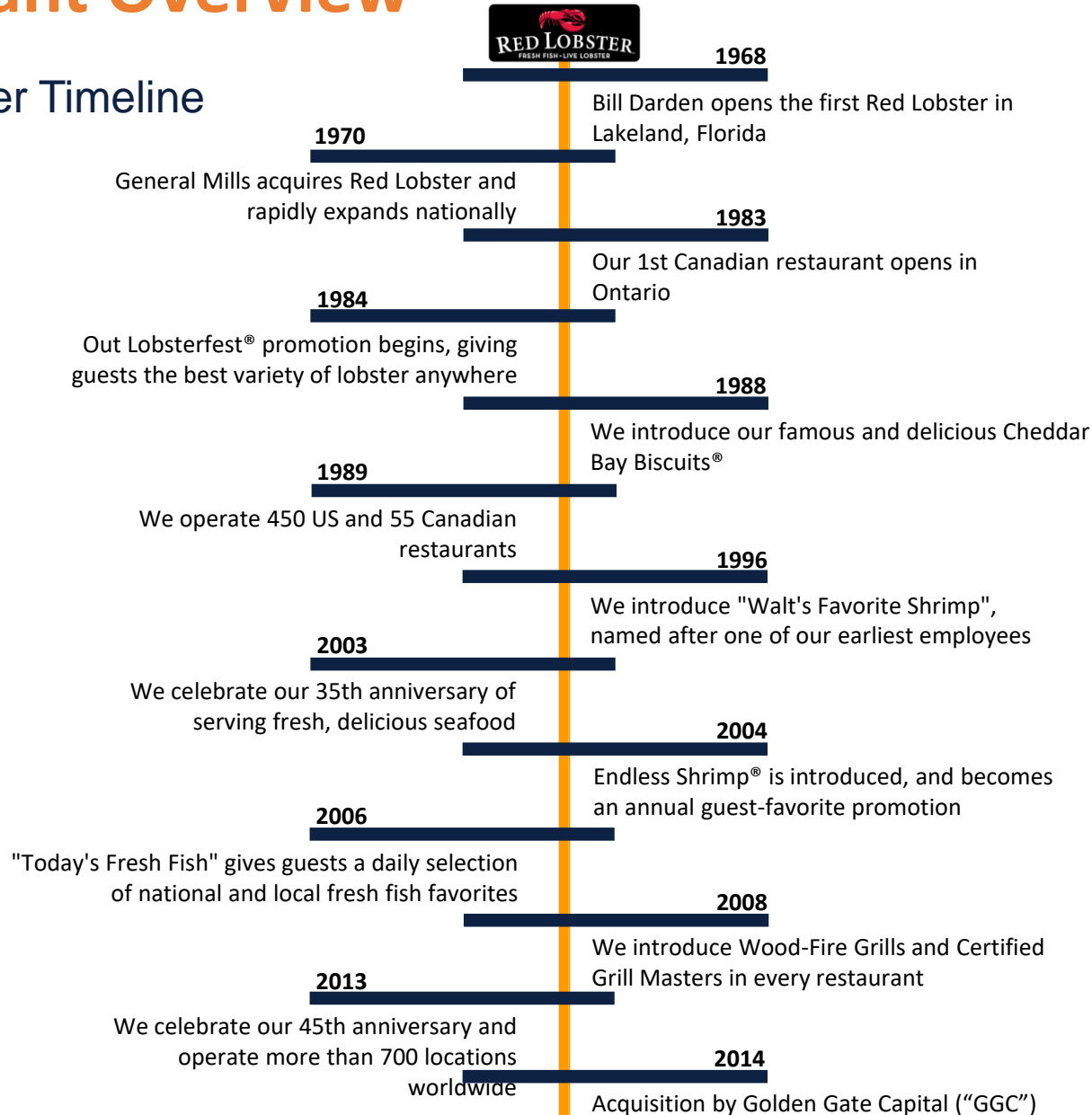
We invite you to come in and experience our commitment to quality for yourself. Whether it's choosing your favorite fresh fish from our "Today's Fresh Fish" menu, or selecting your favorite seafood to be prepared over our wood-fired grill, Red Lobster is the place you can enjoy fresh, delicious seafood now and for generations.



Tenant Overview



Red Lobster Timeline



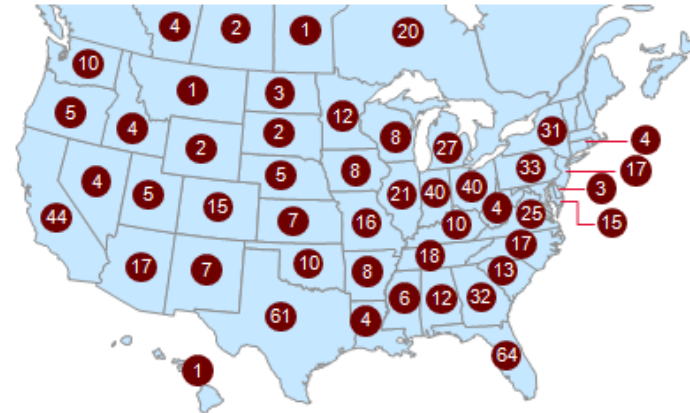
Tenant Overview



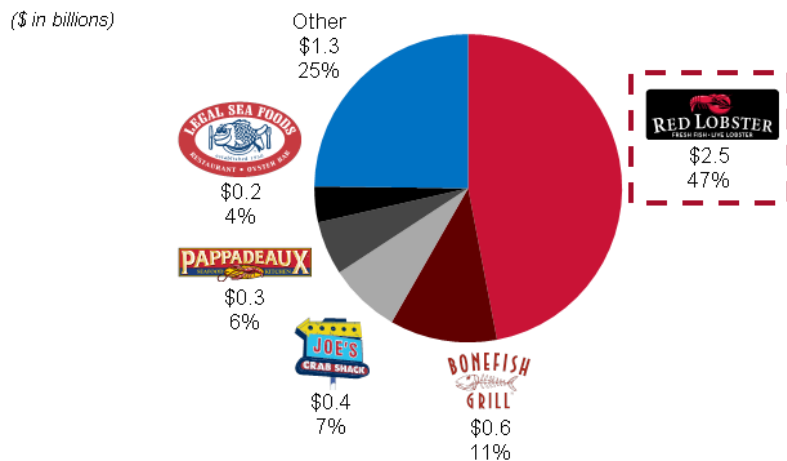
Strong Market Position

- Red Lobster is the largest seafood restaurant concept in the world and the 5th largest casual dining concept in the United States with over \$2.5 billion in annual sales and 705 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.
- 5th largest overall casual dining concept in the US.

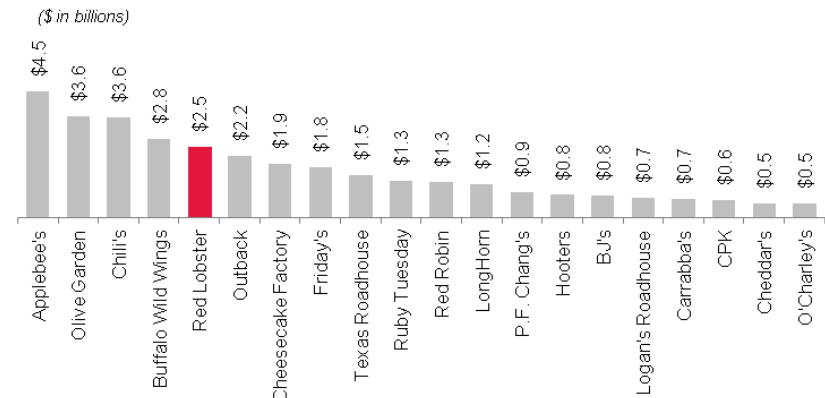
Significant Scale With Broad Geographic Reach



~50% Share in Seafood Casual Dining



5th Largest Casual Dining Concept in the US



Tenant Overview



Iconic Brand With Unparalleled Customer Loyalty

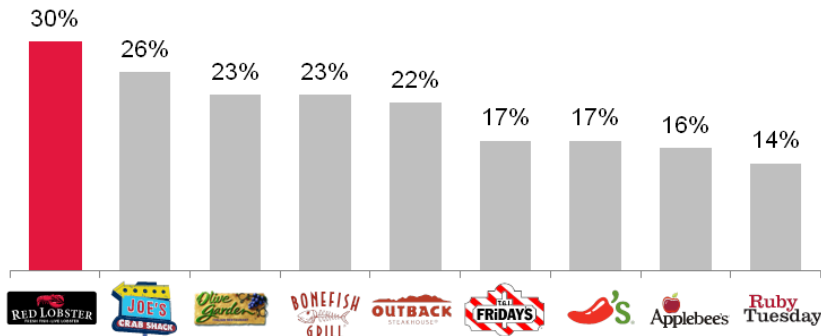
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster 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.
- 99% 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 brand.



Kim Lopdrup
CEO
(28 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
(25 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
(31 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

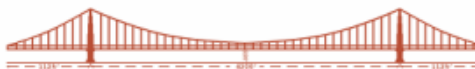


Chip Wade
EVP Operations
(27 years in Restaurant Industry)

- 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



Tenant Overview



GOLDEN GATE CAPITAL

- Golden Gate Capital (GGC) is a San Francisco-based Private Equity firm with over \$12 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

EXPRESS

 **Payless**
SHOESOURCE®

ANN TAYLOR

PACSUN


california
PIZZA KITCHEN


ON THE
BORDER
MEXICAN GRILL
& CANTINA

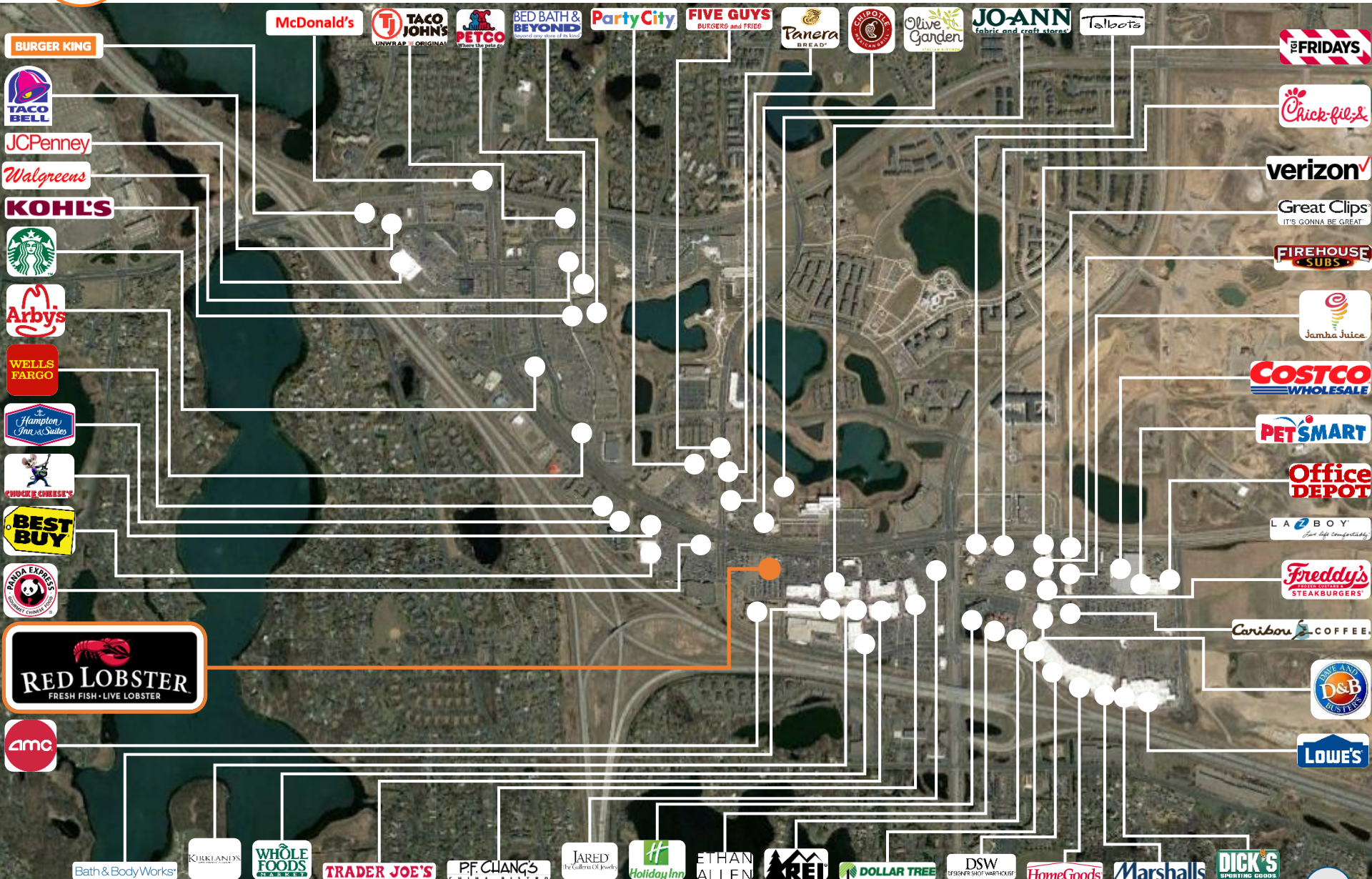
J.Jill

Eddie Bauer EST. 1920

ZALES



Surrounding Area





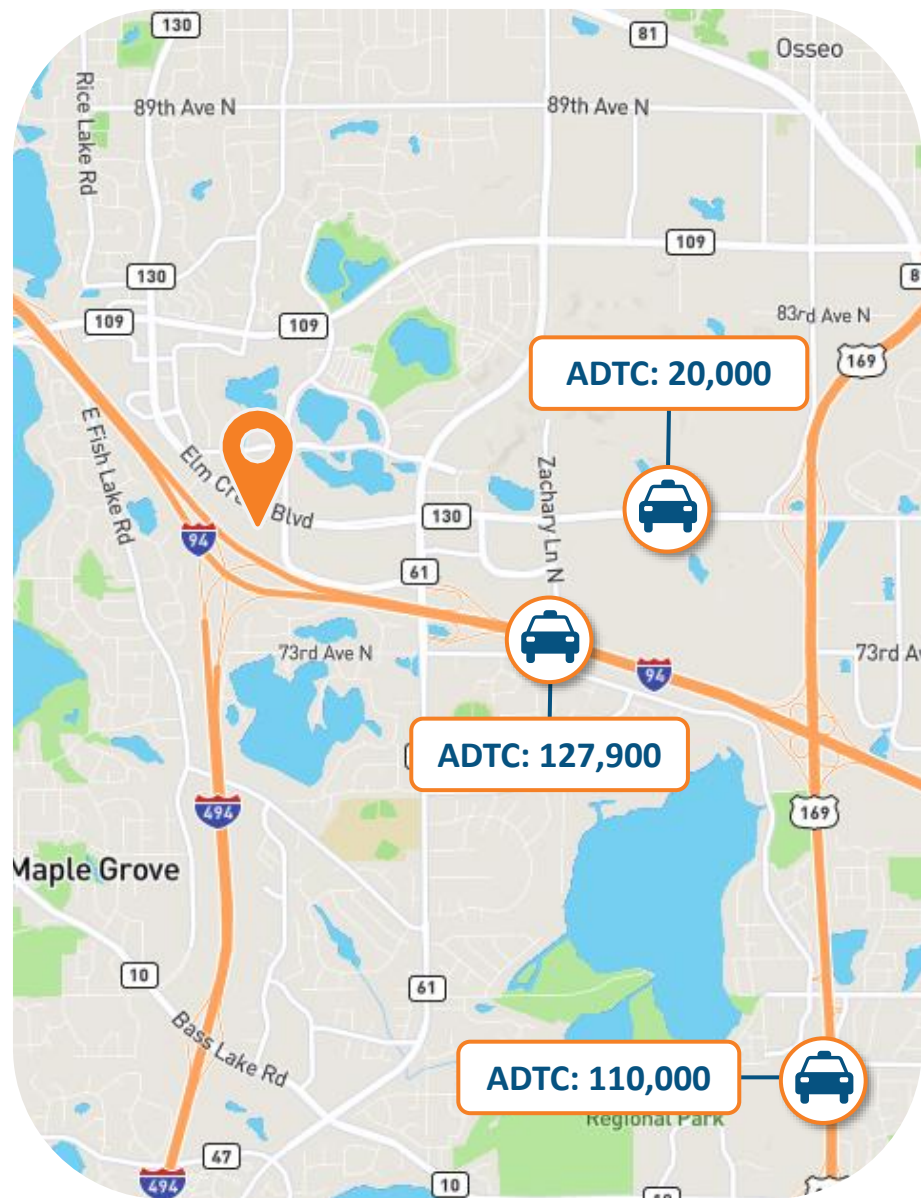
Location Overview



This Red Lobster is situated along Elm Creek Boulevard, which serves as an access road and runs parallel to Interstate Highway 94 and perpendicular to State Highway 169, which boasts average daily traffic counts of more than 127,000 and 110,000 vehicles, respectively. There are more than 58,000 individuals residing within a three-mile radius of the property and more than 188,000 individuals within a five-mile radius.

The Red Lobster benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants, shopping centers, and hospitality accommodations all within close proximity of this property. Major national tenants include J.C. Penny, Lowe's, Office Depot, Walgreens, Marshall's, Kohl's, Burger King, Dick's Sporting Goods, Chick-fil-A, Panera Bread, Starbucks, Party City, and various others. There are several hospital accommodations within the immediate area, including Staybridge Suites, Hampton Inn, Courtyard by Marriott, La Quinta Inn, Hilton Garden Inn, and many more. Located less than 15-miles away is the University of Minnesota, a public research university, which is home to approximately 50,000 students. The University of Minnesota stretches across a major city – or two, to be exact. Minneapolis and St. Paul, known as the Twin Cities, are frequently recognized for sports, cleanliness and volunteerism. The school has a campus in each city, though the Minneapolis site is considered the main campus of the University of Minnesota.

Maple Grove is a flourishing community in the Twin Cities metro area that over 61,000 residents proudly call home. Just twenty minutes from Minneapolis and forty-five minutes from the Minneapolis/St. Paul International Airport, citizens receive every amenity of a large city and the peace and charm of a small town. Today, over 1,000 businesses operate in this progressive city which offers people quality healthcare, year-round recreational activities, and an excellent standard of living. Rated high by citizens as a great place to raise children, Maple Grove offers plenty of opportunities for residents to live life to the fullest. Maple Grove is also a great place for commerce and has a solid business community in which a number of highly regarded businesses continue to thrive. Located just 17 miles southeast is the City of Minneapolis. A dramatic riverfront skyline, three professional sports stadiums within 1.3 miles, so much art you're literally surrounded by it and a theater on almost every corner. A culture committed to perfecting the craft of the brew, one of the best park systems in the nation, and a foodie paradise where you can get Nordic cuisine for breakfast, Ethiopian for lunch and this thing called a "Jucy Lucy" for dinner.





Property Photo



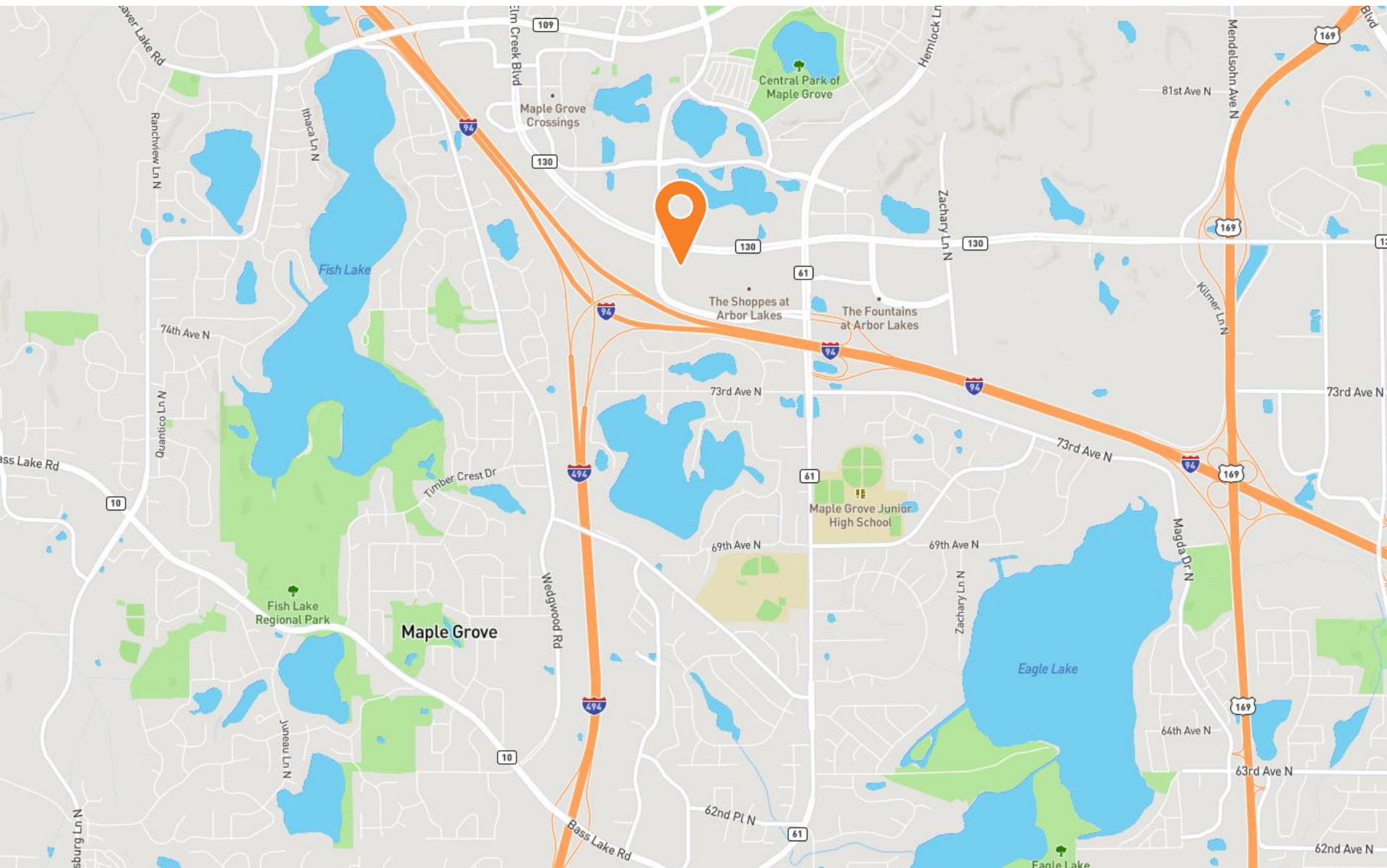


Property Photo



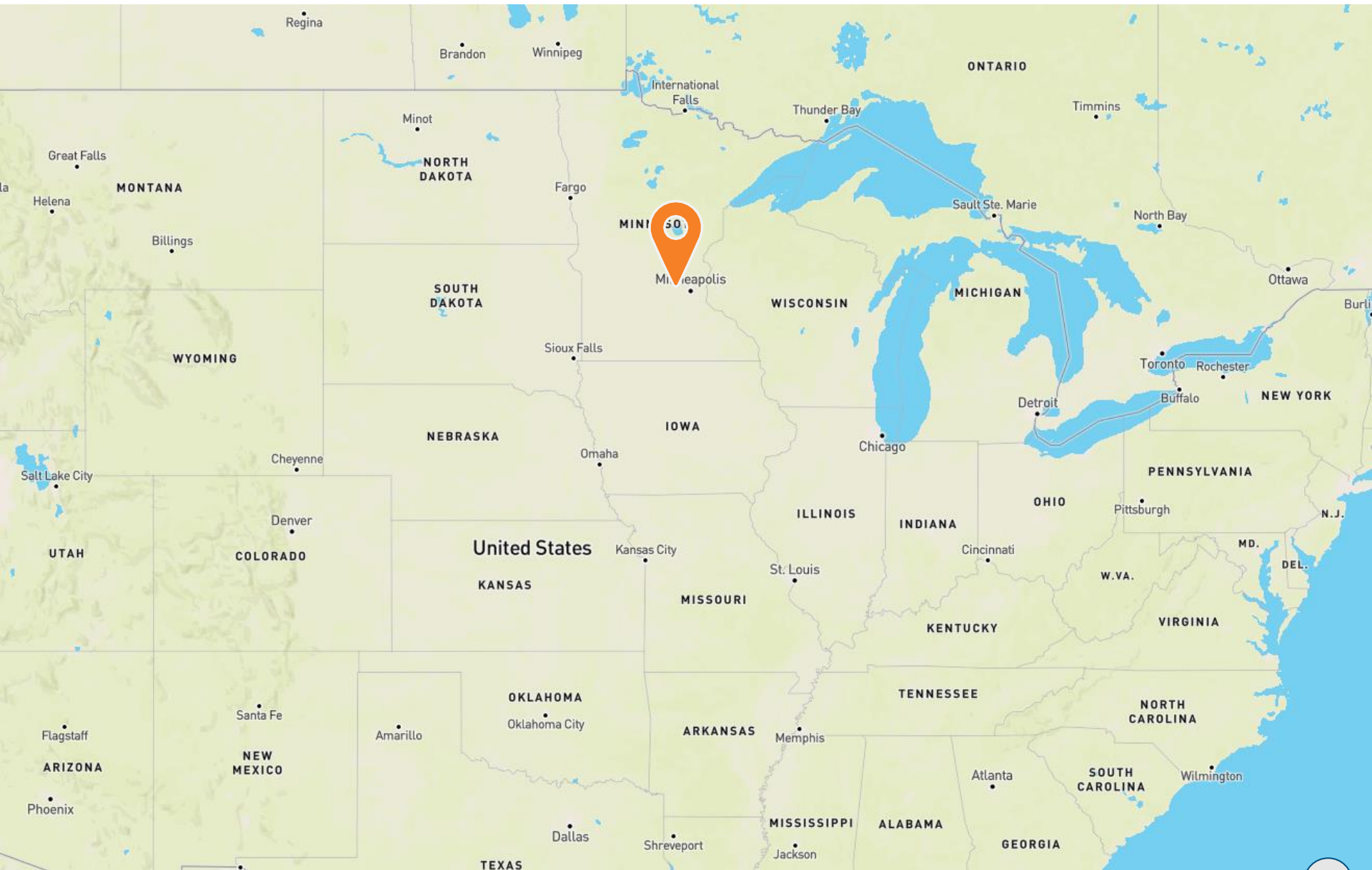


Local Map



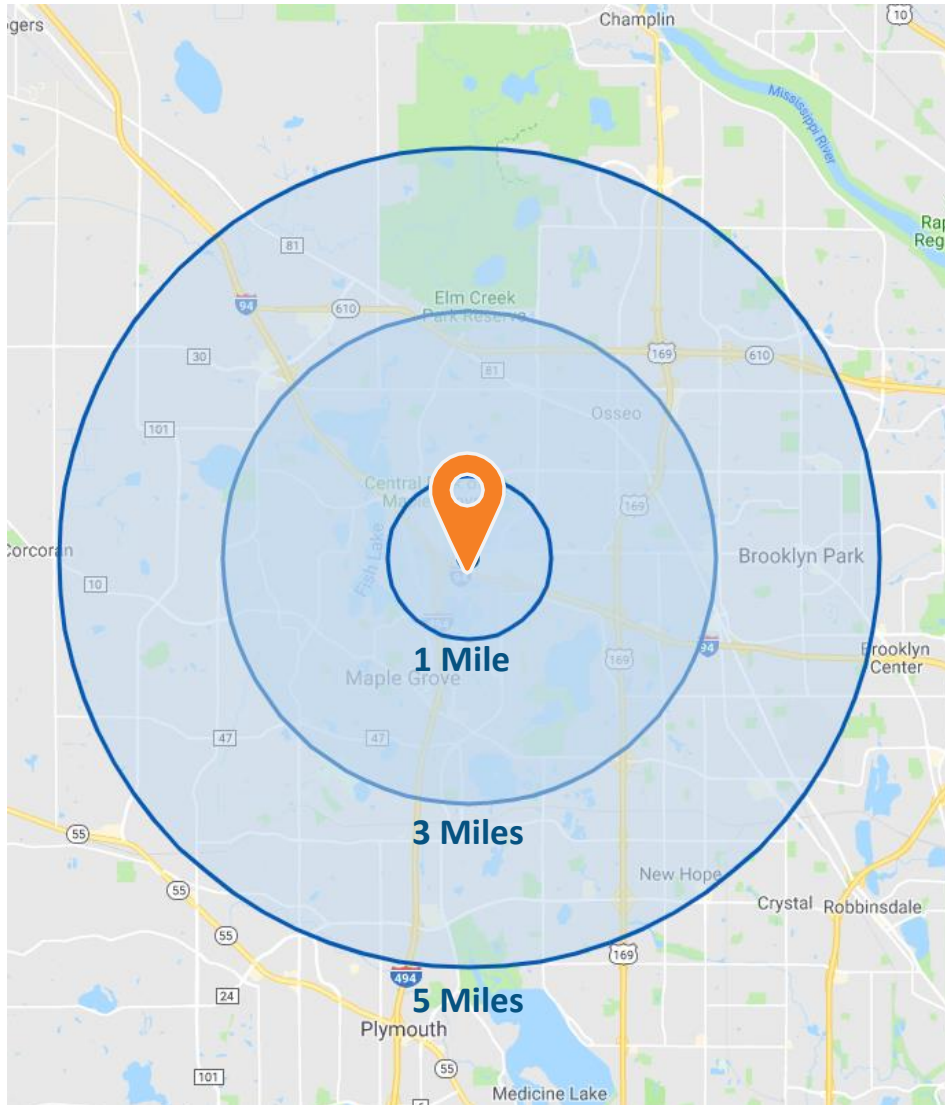


Regional Map





Demographics



Population:

	1 Mile	3 Miles	5 Miles
2024 Projection	6,221	62,090	198,907
2019 Estimate	5,779	58,397	188,627
2010 Census	4,305	47,840	163,775
Growth 2019-2024	7.65%	6.32%	5.45%
Growth 2010-2019	34.24%	22.07%	15.17%
2019 Population Hispanic Origin	249	1,803	9,257

2019 Population by Race:

	1 Mile	3 Miles	5 Miles
White	4,699	48,852	137,454
Black	514	3,668	25,644
Am. Indian & Alaskan	19	198	813
Asian	380	4,176	19,186
Hawaiian & Pacific Island	4	38	134
Other	165	1,465	5,396

U.S. Armed Forces:

0 5 33

Households:

	1 Mile	3 Miles	5 Miles
2024 Projection	2,823	24,648	75,793
2019 Estimate	2,615	23,125	71,765
2010 Census	1,905	18,642	61,777
Growth 2019 - 2024	7.95%	6.59%	5.61%
Growth 2010 - 2019	37.27%	24.05%	16.17%
Owner Occupied	1,691	18,557	53,287
Renter Occupied	924	4,568	18,478

2019 Avg Household Income

\$93,353 \$112,204 \$106,970

2019 Med Household Income

\$72,059 \$91,767 \$85,095

2019 Households by Household Inc:

	1 Mile	3 Miles	5 Miles
<\$25,000	287	1,917	8,911
\$25,000 - \$50,000	417	3,405	11,997
\$50,000 - \$75,000	697	3,974	10,894
\$75,000 - \$100,000	444	3,380	10,106
\$100,000 - \$125,000	298	2,962	8,448
\$125,000 - \$150,000	110	2,228	6,074
\$150,000 - \$200,000	155	2,803	7,520
\$200,000+	207	2,457	7,816



Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING