



# Red Lobster

2626 George Busbee Parkway, Kennesaw, Georgia 30144



Representative Photo

## OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap





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2626 George Busbee Pkwy, Kennesaw, GA 30114

**PRICE: \$6,695,554 | 6.00%CAP | RENT: \$401,733****PROPERTY DESCRIPTION**

Property	Red Lobster
Property Address	2626 George Busbee Pkwy
City, State, ZIP	Kennesaw, GA 30144
Building Size (SF)	9,189
Lot Size (Acres)	+/- 1.94

**THE OFFERING**

Net Operating Income	\$401,733 <sup>1</sup>
CAP Rate	6.00%
Purchase Price	\$6,695,554
Price / SF	\$714
Year Opened	1987
Year Remodeled	2011

**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	19 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>Based on August 2020 rental increase**HIGHLIGHTS**

- Brand New 25 Year Triple-Net (NNN) Lease With 19 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 Kennesaw, Georgia. The property consists of approximately 9,189 square feet of building space and is situated on approximately 1.94 acres of land. The property is subject to a 25-year Triple-Net (NNN) lease with 19 years remaining. The current rent is \$401,733 and will continue to increase by 2.00% annually. The increases will continue through the Four, 5-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 \$401,733

Base Term Rental Escalations 2.00% Annually

RENT SCHEDULE		
Lease Year	Annual Rent	Monthly Rent
Year 7	\$401,733	\$33,478
Year 8	\$409,768	\$34,147
Year 9	\$417,963	\$34,830
Year 10	\$426,323	\$35,527
Year 11	\$434,849	\$36,237
Year 12	\$443,546	\$36,962
Year 13	\$452,417	\$37,701
Year 14	\$461,465	\$38,455
Year 15	\$470,695	\$39,225
Year 16	\$480,108	\$40,009
Year 17	\$489,711	\$40,809
Year 18	\$499,505	\$41,625
Year 19	\$509,495	\$42,458
Year 20	\$519,685	\$43,307
Year 21	\$530,078	\$44,173
Year 22	\$540,680	\$45,057
Year 23	\$551,494	\$45,958
Year 24	\$562,524	\$46,877
Year 25	\$573,774	\$47,814

CAP Rate 6.00%

Purchase Price \$6,695,554

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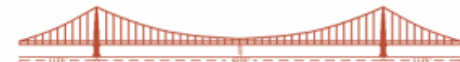
# Tenant Overview



- 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 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

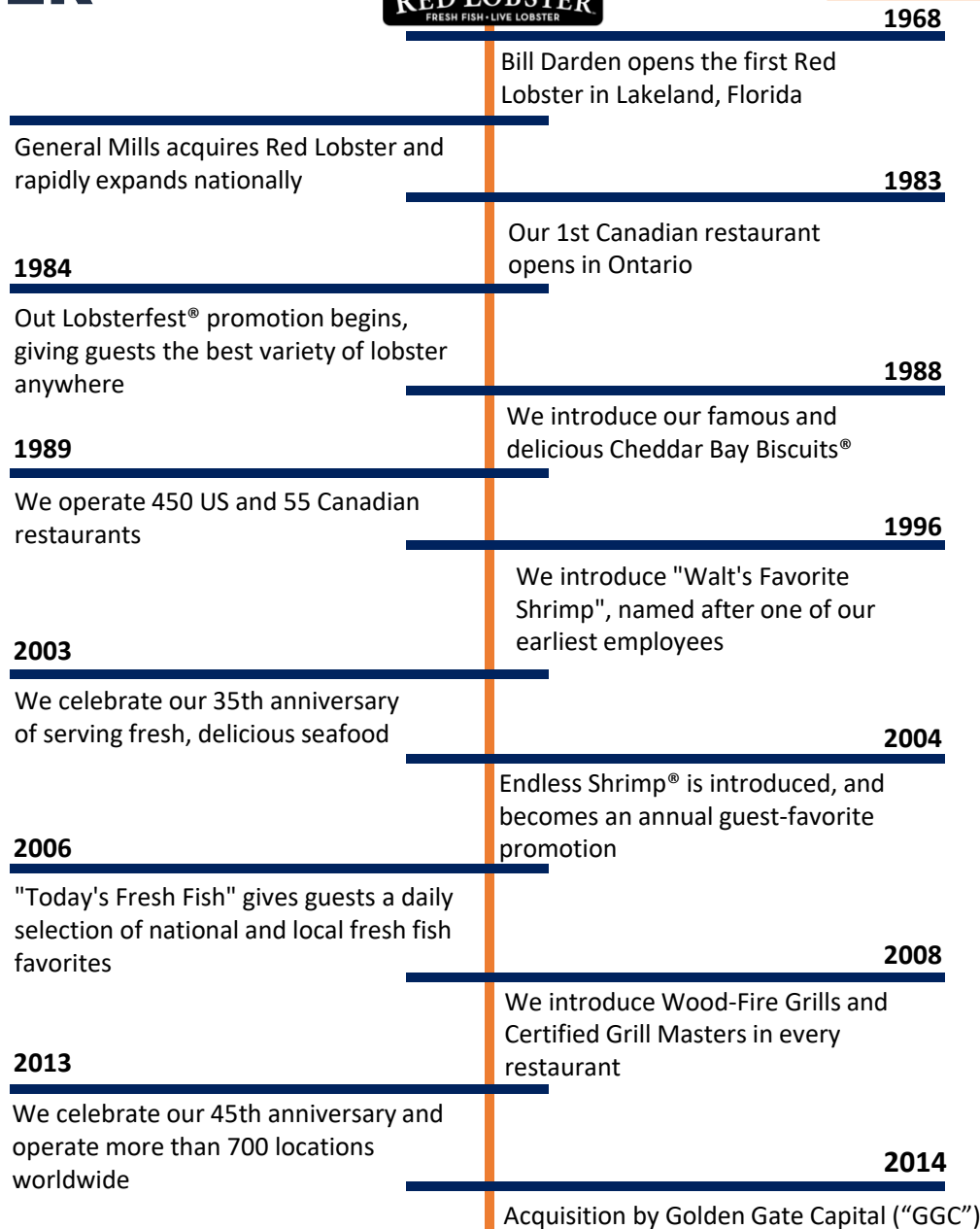
You deserve the freshest food and thinking. So every time you visit one of our seafood restaurants or our online seafood store, you'll find an uncommon commitment to deliver the best of the sea with fresh energy and fresh ideas that we hope will make you want to come back again and again.

*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



## EXECUTIVE SUMMARY



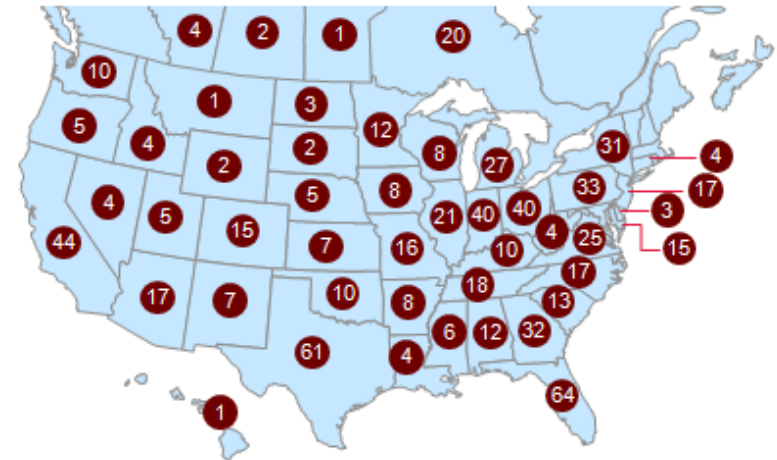
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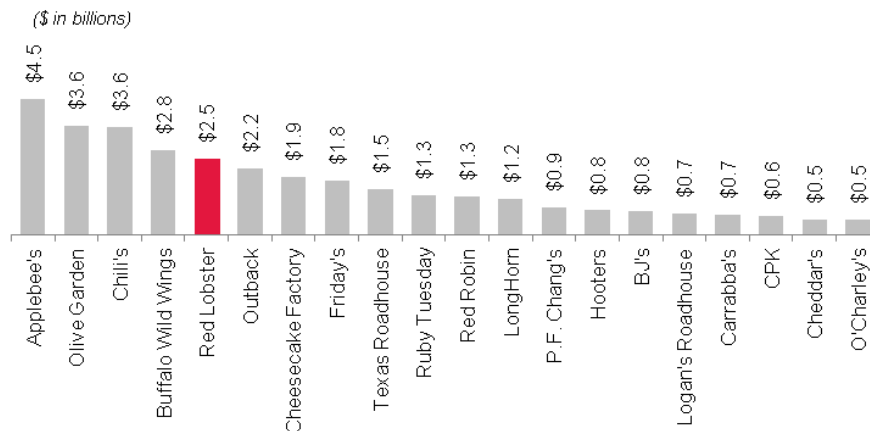
### Strong Market Position

- 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.

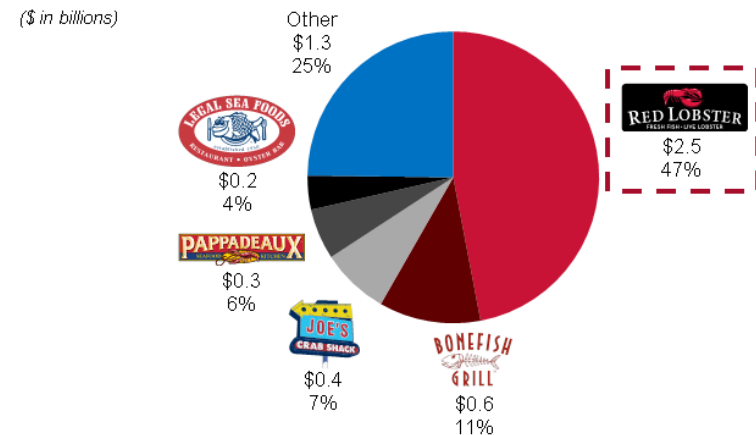
### Significant Scale With Broad Geographic Reach



### 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

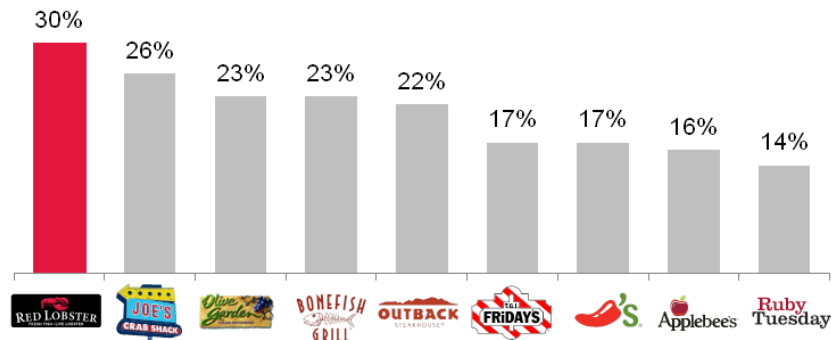
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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

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



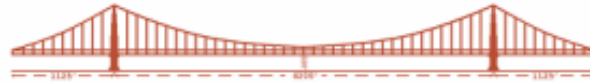
**Bill Lambert**  
CFO  
(12 years in Restaurant Industry)

- 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

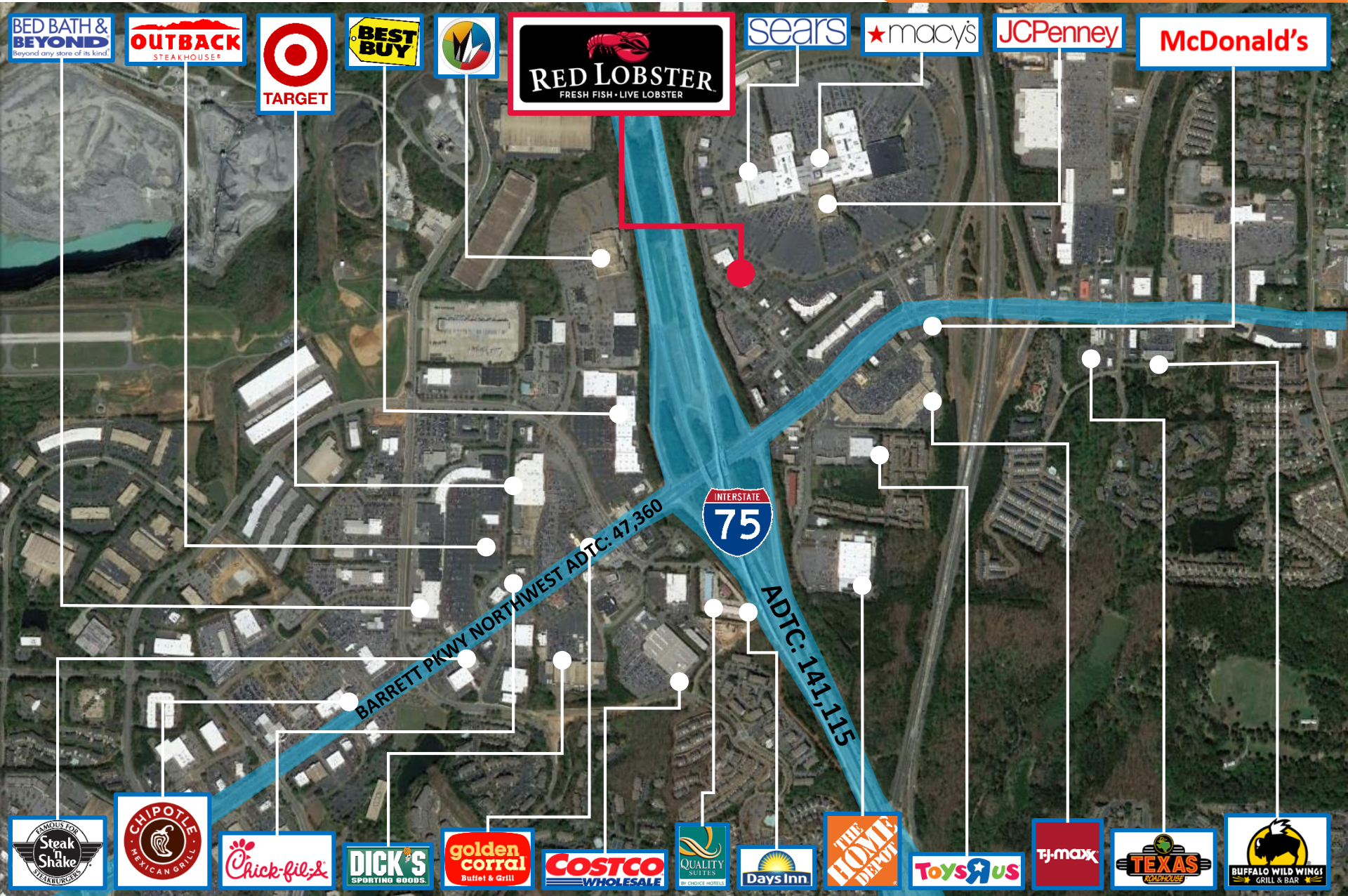
- Golden Gate Capital (GGC) is a San Francisco-based Private Equity firm with over \$15 billion of capital under management.
- GGC has been one of the most active acquirers of multi-unit restaurant and retail companies.
  - Over the past 10 years, GGC has invested in restaurant and retail companies with 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: McDonald's, Chipotle, Buffalo Wild Wings, Chick-fil-A, Outback, Macy's & Many More
- Five Miles Away from Wellstar Kennestone Hospital | 663 Beds
- Exceptional Traffic Counts | Barrett Parkway Northwest and Interstate-75 | 47,360 and 141,115 Vehicles per Day
- Kennesaw | 30 Miles North of Atlanta | Largest City in Georgia

## MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Brand Industrial Holdings Incorporated	6,000
SMS Holdings Corporation	5,005
Well Star	2,900
City of Marietta	1,086
Interbond Corporation America	1,081
Pamarco Global Graphics Incorporated	788
MetroAlanta Ambulance Services Incorporated	750
Heidelberg USA	700
United Retail Service LLC	700
Wellstar Health System Incorporated	696
Cobb County Sheriff	689
Tip Top Poultry Incorporated	650

ADTC 141,115



ADTC 47,360



Kennesaw, GA

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This Red Lobster is located at 2626 George Busbee Parkway in Kennesaw, Georgia. Kennesaw is a town in central Georgia in Cobb County. In 2007 the city was named as one of the nations “10 Best Towns for Families” by Family Circle. Atlanta, the state’s capital and largest city is 30 miles south of the property.

## Surrounding Retail and Points of Interest

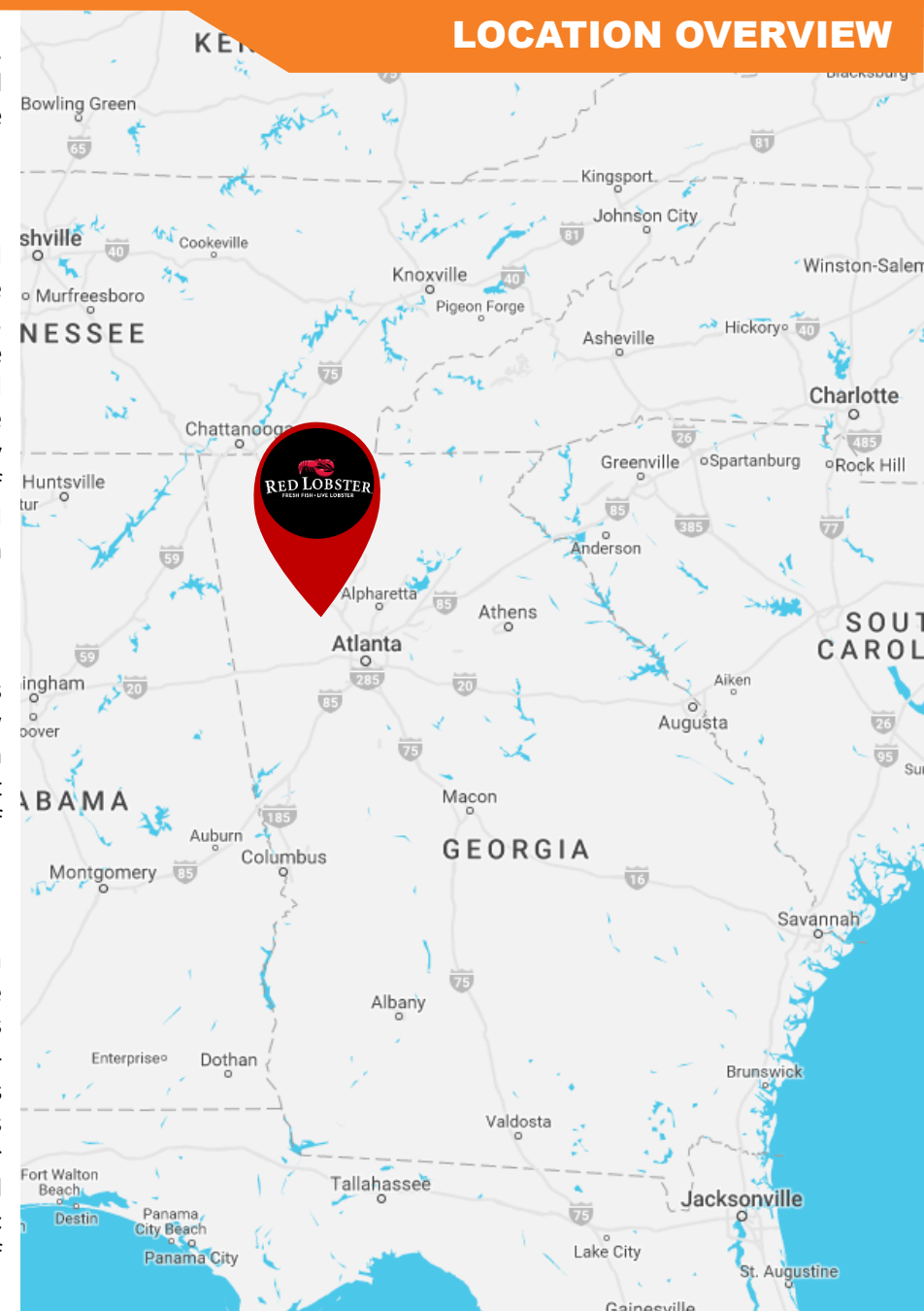
The subject property is well-positioned in a dense retail corridor and an outparcel to The Town Center at Cobb. The Town Center at Cobb is a major 1,272,963 square foot shopping center and contains major retailers such as Macy’s, Sears, JCPenney, Belk, and Verizon just to name a few. Several other national tenants are in the immediate vicinity, such as Target, T.J. Maxx, Best Buy, Costco, Home Depot, Bed Bath and Beyond, and Toyota. Additionally, the Red Lobster benefits from the nearby residential areas. Less than three miles away are Big Shanty Elementary School and Daniell Middle School, which have a combined enrollment of approximately 1,800 students. The Wellstar Kennestone Hospital is also located within proximity of the property, and is a major healthcare center of the region with 663 beds.

## Traffic Counts and Demographics

Kennesaw has approximately 52,768 individuals residing within a three-mile radius of the property and more than 171,935 within a five-mile radius. The Kennesaw property is located on George Busbee Parkway Northwest which intersects with Barret Parkway Northwest, right off of Interstate-75. Barret Parkway Northwest has a daily traffic count of 47,360. Nearby Interstate-75 has a daily traffic count of roughly 141,115 vehicles.

## Atlanta, Georgia

Atlanta is the not only the capital of Georgia, but also most populous city in Georgia and county seat of Fulton County. Atlanta has the eighth largest economy in the country, as well as the highest concentration of fortune 500 companies headquartered. Coca-Cola, Delta Air Lines, AT&T Mobility, Chick-Fil-A, UPS, Newell-Rubbermaid, and The Home Depot, are only some of the several companies headquartered in Atlanta. In August of 2013, Atlanta was featured on Forbes as one of the “Best Places for Businesses and Careers.” Additionally, Atlanta has over 35 million visitors a year, making it the seventh most visited city in the United States. Sites such as the World of Coca-Cola, Martin Luther King Jr. National Historic Site, and Georgia Dome, home of the Atlanta Hawks with a capacity of approximately 75,000 are located within the city.



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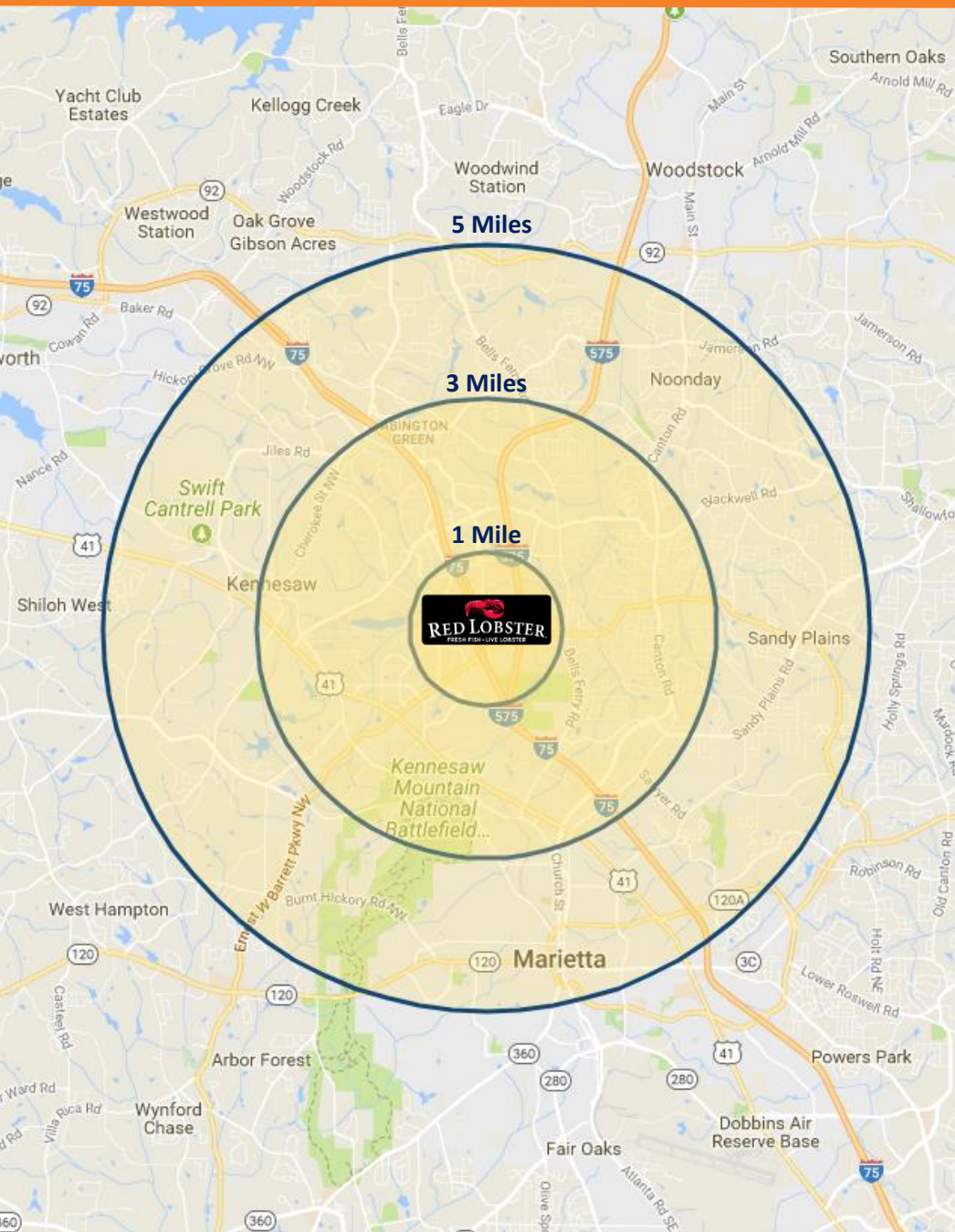












## POPULATION

	1 Miles	3 Miles	5 Miles
2023 Projection	2,822	61,626	191,553
2018 Estimate	2,512	55,981	178,478
2010 Census	2,284	51,158	164,473
2000 Census	1,887	38,320	137,700

## INCOME

Average	\$77,741	\$87,453	\$95,997
Median	\$54,659	\$63,639	\$74,233
Per Capita	\$39,131	\$36,132	\$36,861

## HOUSEHOLDS

2023 Projection	1,412	25,631	74,389
2018 Estimate	1,264	22,622	67,975
2010 Census	1,130	20,397	62,117
2000 Census	935	15,266	51,626

## HOUSING

2018	\$247,301	\$214,299	\$218,416
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## EMPLOYMENT

2018 Daytime Population	6,301	112,170	236,138
2018 Unemployment	2.56%	3.52%	3.78%
2018 Median Time Traveled	29 Mins	30 Mins	33 Mins

## RACE & ETHNICITY

White	51.96%	59.83%	65.74%
Native American	0.04%	0.06%	0.05%
African American	29.28%	23.48%	20.08%
Asian/Pacific Islander	11.45%	8.10%	6.20%



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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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