

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



1956 West Broad Street
Athens, GA 30606

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All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.

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Athens, GA 30606



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Investment Highlights

PRICE: \$5,264,576 | CAP: 6.25% | RENT: \$329,036



About the Investment

- ✓ Long-Term, Absolute Triple-Net (NNN) Lease with Approximately 24 Years Remaining on the Base Term
- ✓ Corporate Tenant | Corporate Guaranty
- ✓ Attractive Rental Increases of Two Percent (2.00%) Annually
- ✓ Four (4), Five (5)-Year Tenant Renewal Options

About the Location

- ✓ Dense Retail Corridor | Kroger, The Fresh Market, CVS, Walgreens, Dollar General, Dollar Tree, Family Dollar, TJ Maxx, HomeGoods, McDonald's, Chick-fil-A, Taco Bell, IHOP, Applebee's, Chili's, Chipotle, and Many More
- ✓ Heavily Trafficked Area | West Broad Street & Hawthorne Avenue | Average Daily Traffic Counts of Approximately 44,000, and 33,000 Respectively
- ✓ Strong & Growing Demographics | More than 176,000 Individuals Reside within a 10-Mile Radius of the Subject Property
- ✓ Affluent Suburban Community | Average Household Income Exceeds \$71,000 for Homes within 10 Miles of the Subject Property
- ✓ Multiple Hospitality Accommodations | Courtyard by Marriott, Holiday Inn Express, Days Inn, America's Best Value Inn, Best Western, Hampton Inn & Suites, Country Inn & Suites, and More
- ✓ Prominent Academic Area | Subject Property is within Two Miles of the University of Georgia | Total Enrollment Exceeds 37,600 Students

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 over 700 restaurants throughout the United States and Canada, and has more than 40 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





Financial Analysis

PRICE: \$5,264,576 | CAP: 6.25% | RENT: \$329,036



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	1956 W. Broad Street
City, State ZIP	Athens, GA 30606
Year Built / Renovated	1972 / 2001
Building Size (SF)	7,236
Lot Size (Acres)	+/- 1.79
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$5,264,576
CAP Rate	6.25%
Annual Rent	\$329,036

LEASE SUMMARY

Property Type	Net-Leased Restaurant
Tenant	Red Lobster Restaurants LLC
Guarantor	Red Lobster Intermediate Holdings, LLC
Lease Commencement	July 28, 2014
Lease Expiration	July 31, 2044
Lease Term Remaining	24 Years
Lease Type	Triple Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	2.00% annually
Options to Renew	Four (4), Five (5)-Year Options

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
Current	\$329,036	\$27,420	2.00%
Year 8	\$335,617	\$27,968	2.00%
Year 9	\$342,329	\$28,527	2.00%
Year 10	\$349,176	\$29,098	2.00%
Year 11	\$356,159	\$29,680	2.00%
Year 12	\$363,282	\$30,274	2.00%
Year 13	\$370,548	\$30,879	2.00%
Year 14	\$377,959	\$31,497	2.00%
Year 15	\$385,518	\$32,127	2.00%
Year 16	\$393,228	\$32,769	2.00%
Year 17	\$401,093	\$33,424	2.00%
Year 18	\$409,115	\$34,093	2.00%
Year 19	\$417,297	\$34,775	2.00%
Year 20	\$425,643	\$35,470	2.00%
Year 21	\$434,156	\$36,180	2.00%
Year 22	\$442,839	\$36,903	2.00%
Year 23	\$451,696	\$37,641	2.00%
Year 24	\$460,730	\$38,394	2.00%
Year 25	\$469,944	\$39,162	2.00%
Year 26	\$479,343	\$39,945	2.00%
Year 27	\$488,930	\$40,744	2.00%
Year 28	\$498,709	\$41,559	2.00%
Year 29	\$508,683	\$42,390	2.00%
Year 30	\$518,857	\$43,238	2.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive offering for a Red Lobster located 1956 West Broad Street in Athens, GA. The site consists of roughly 7,236 rentable square feet of building space on an estimated 1.79-acre parcel of land. This Red Lobster is subject to a 30-year absolute triple-net (NNN) lease, which commenced July 28, 2014. The current annual rent is \$329,036 and is scheduled to increase by 2.00% annually throughout the remainder of the base term and in each of the Four (4), five (5)-year tenant renewal options.



Concept Overview

About Red Lobster



- 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 700+ restaurants throughout the United States and Canada and has 40+ 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.
- 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.

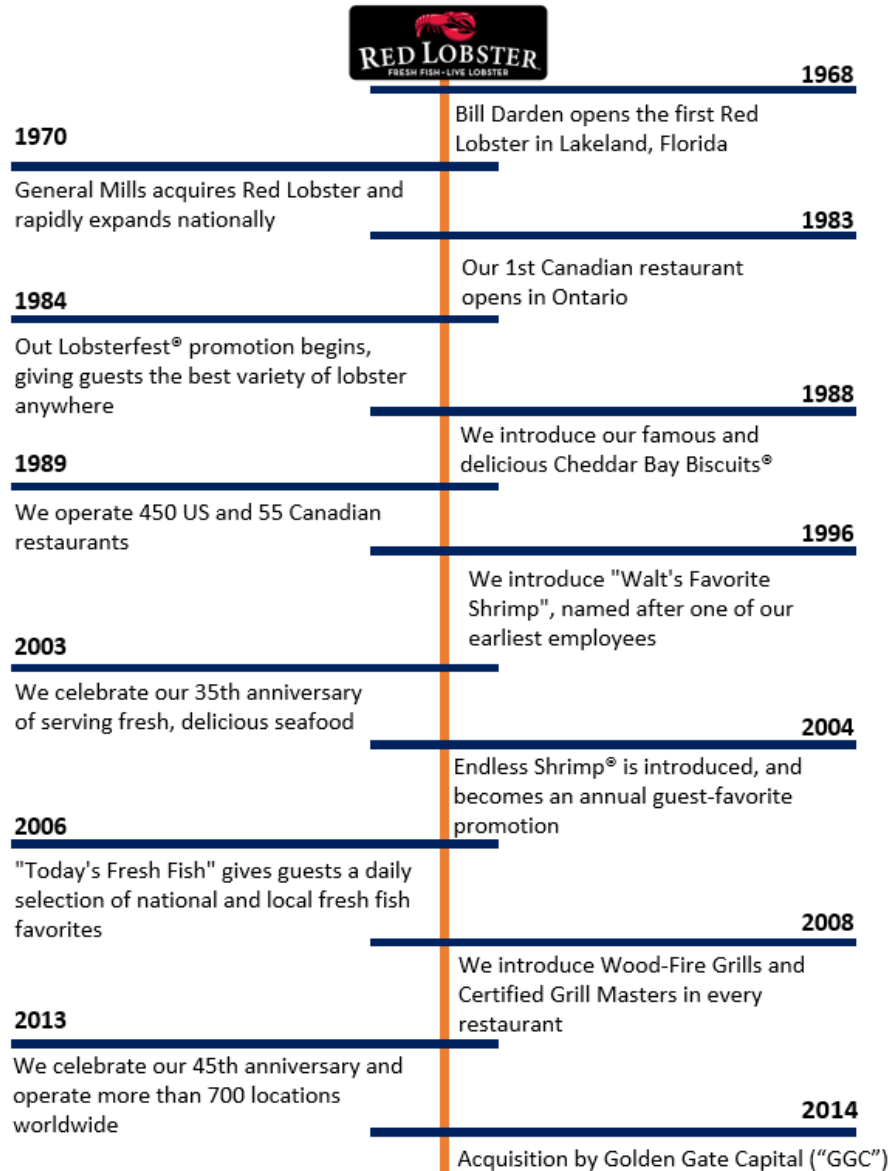
FRESH IS IN OUR COMMITMENT

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.



Concept Overview





Concept Overview



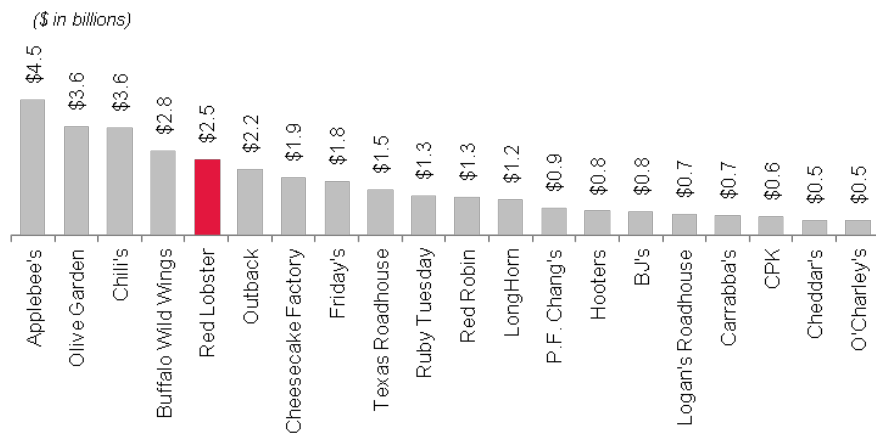
Strong Market Position

- 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 700+ 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.

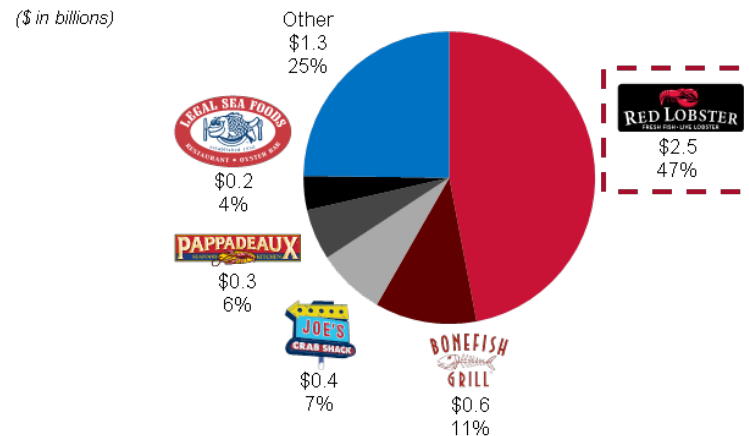
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining





Concept Overview



Iconic Brand With Unparalleled Customer Loyalty

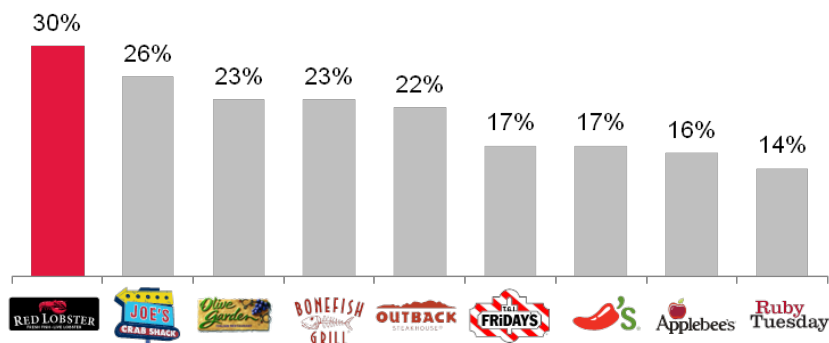
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster 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 9 years.
- \$1.4 billion in overall capital expenditure investment over the past 9 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

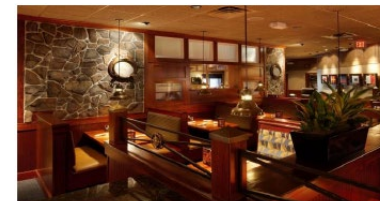


New Bar Harbor Format

Before



After





Concept Overview



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



Concept Overview



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

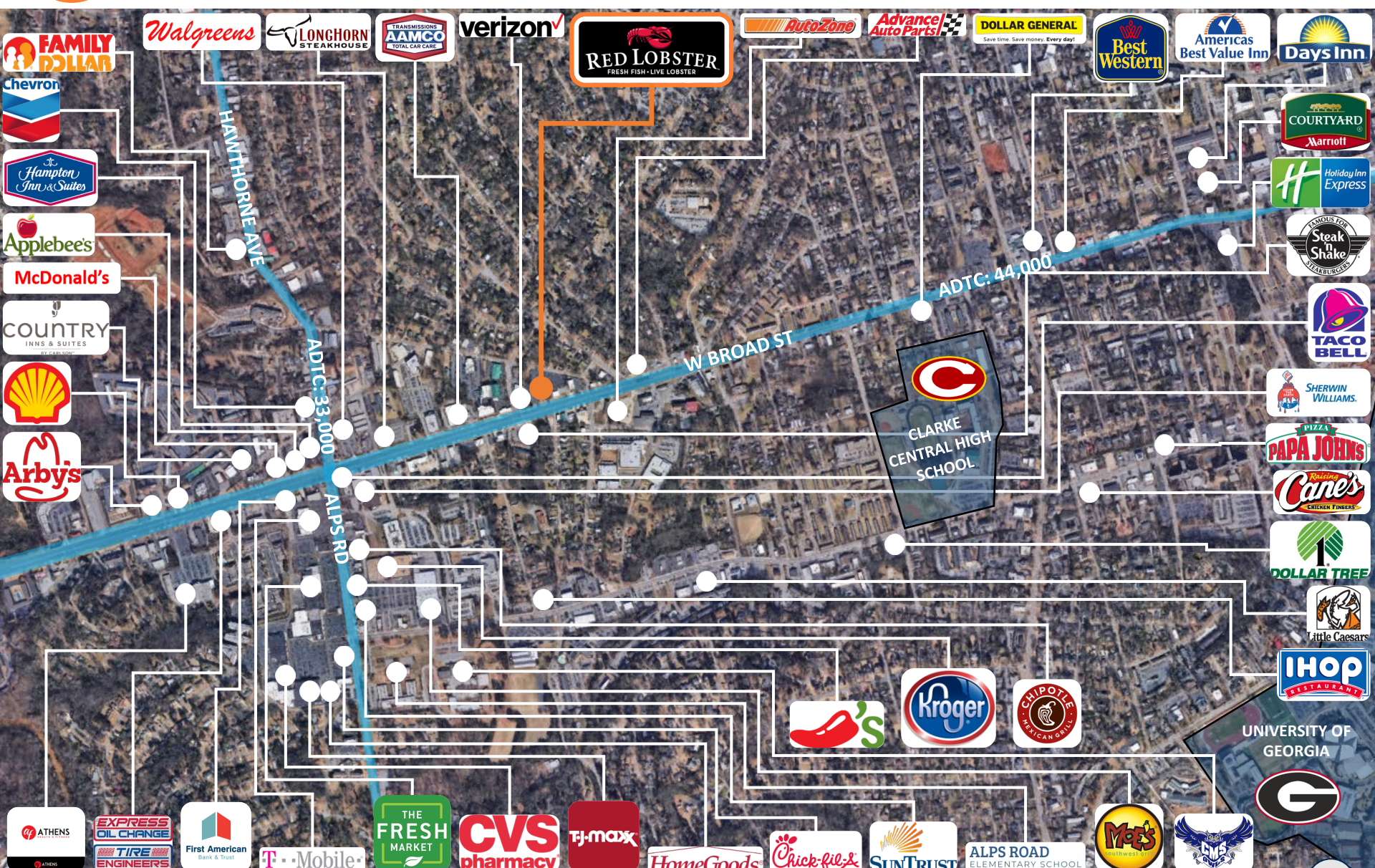
Restaurant Private Equity Investments





Surrounding Area

1956 West Broad Street, Athens, GA 30606



Red Lobster

Marcus & Millichap



Location Overview

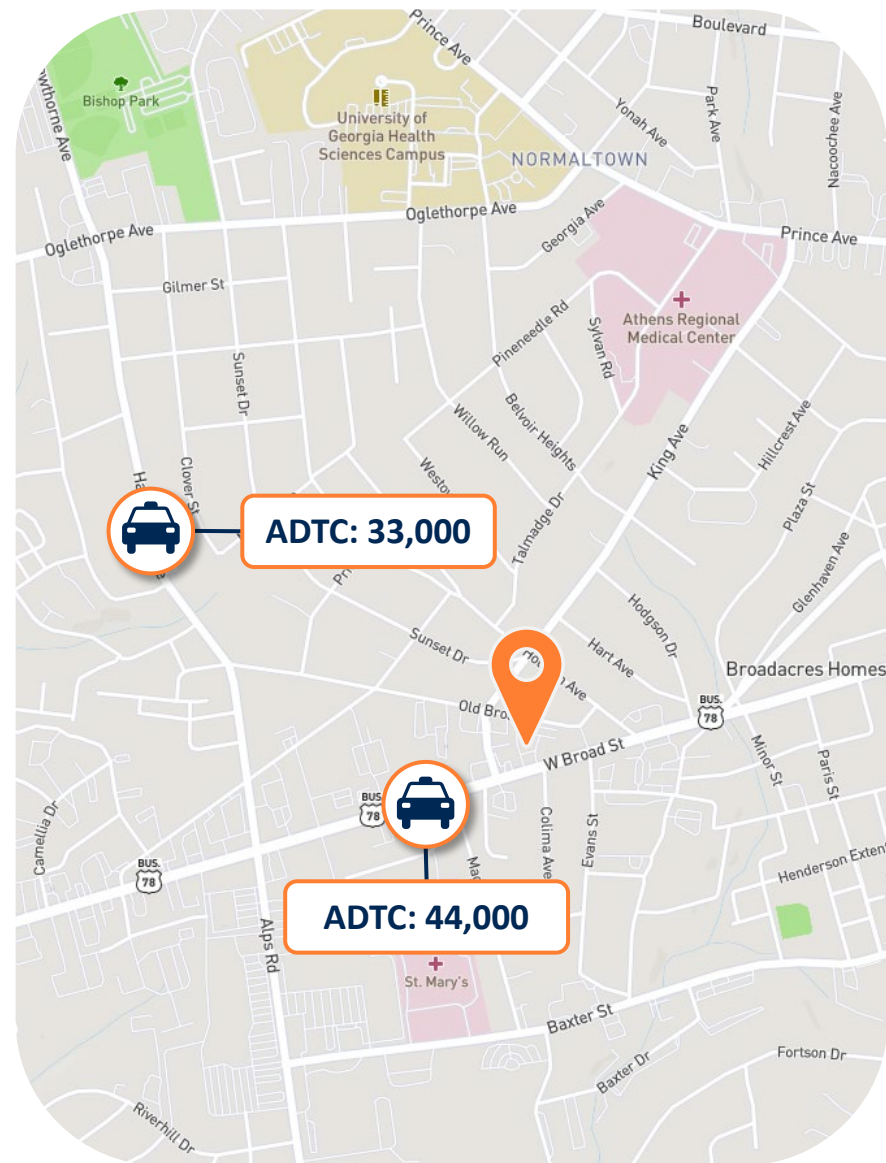
1956 West Broad Street, Athens, GA 30606



This Red Lobster is located at 1956 West Broad Street in Athens, GA. West Broad Street experiences an average traffic count of approximately 44,000 vehicles per day and intersects with Hawthorne Avenue, which brings an additional 33,000 vehicles into the immediate surrounding area each day. Average household income exceeds \$71,000 for homes within 10-mile of the subject property. There are more than 110,000 individuals residing within a five-mile radius of the subject property and more than 176,000 individuals residing within a 10-mile radius.

The subject investment property is strategically positioned in a highly dense retail corridor that benefits from its proximity to a healthy mix of local, regional and national retailers; hospitality accommodations; academic institutions and healthcare facilities. Major national tenants in the immediate area include: Kroger, The Fresh Market, CVS, Walgreens, Dollar General, Dollar Tree, Family Dollar, TJ Maxx, HomeGoods, McDonald's, Chick-fil-A, Taco Bell, IHOP, Applebee's, Chili's, Chipotle, in addition to many others. The subject property is situated in an area with numerous hospitality accommodations, including: Courtyard by Marriott, Holiday Inn Express, Days Inn, America's Best Value Inn, Best Western, Hampton Inn & Suites, Country Inn & Suites, and more. This Red Lobster benefits from its immediate access to healthcare, being located two miles of St. Mary's Health Care System and Landmark Hospital of Athens. Together these healthcare facilities boast a combined total of staffed beds exceeding 200. This Red Lobster additionally benefits from being located less than two miles from the University of Georgia, which boasts a total enrollment exceeding 37,600 students.

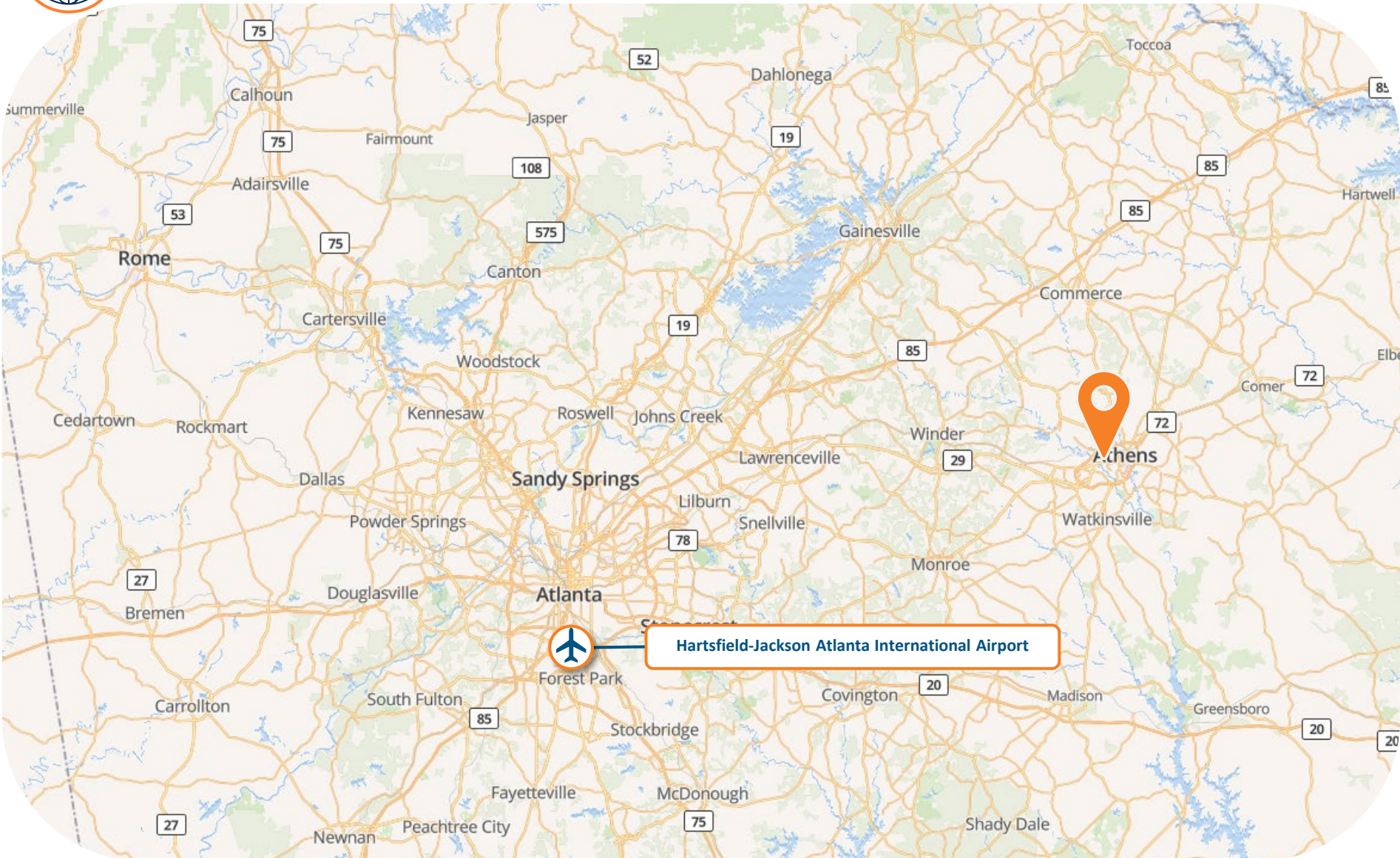
The eclectic college town of Athens is 61 miles northeast of Atlanta, nestled just below the foothills of the Blue Ridge Mountains. A vibrant, restored Victorian-era downtown teems with art galleries, trendy shops, world-renowned nightclubs and distinctive dining. Historic architecture and impressive gardens complete the unique blend of traditional heritage and trend-setting southern culture. In the sweltering Georgia heat, no place is as cool as Athens. This hip college town is home to the University of Georgia, Pulitzer Prize winning authors and famous rock musicians. Explore the downtown area, where Victorian buildings are filled with an eclectic combination of independent coffee shops, restaurants and boutiques. Named "Live Music Central," Athens' busy music venues are known around the world. Check out The 40 Watt Club, where The B-52s and R.E.M got their start.





Local Map

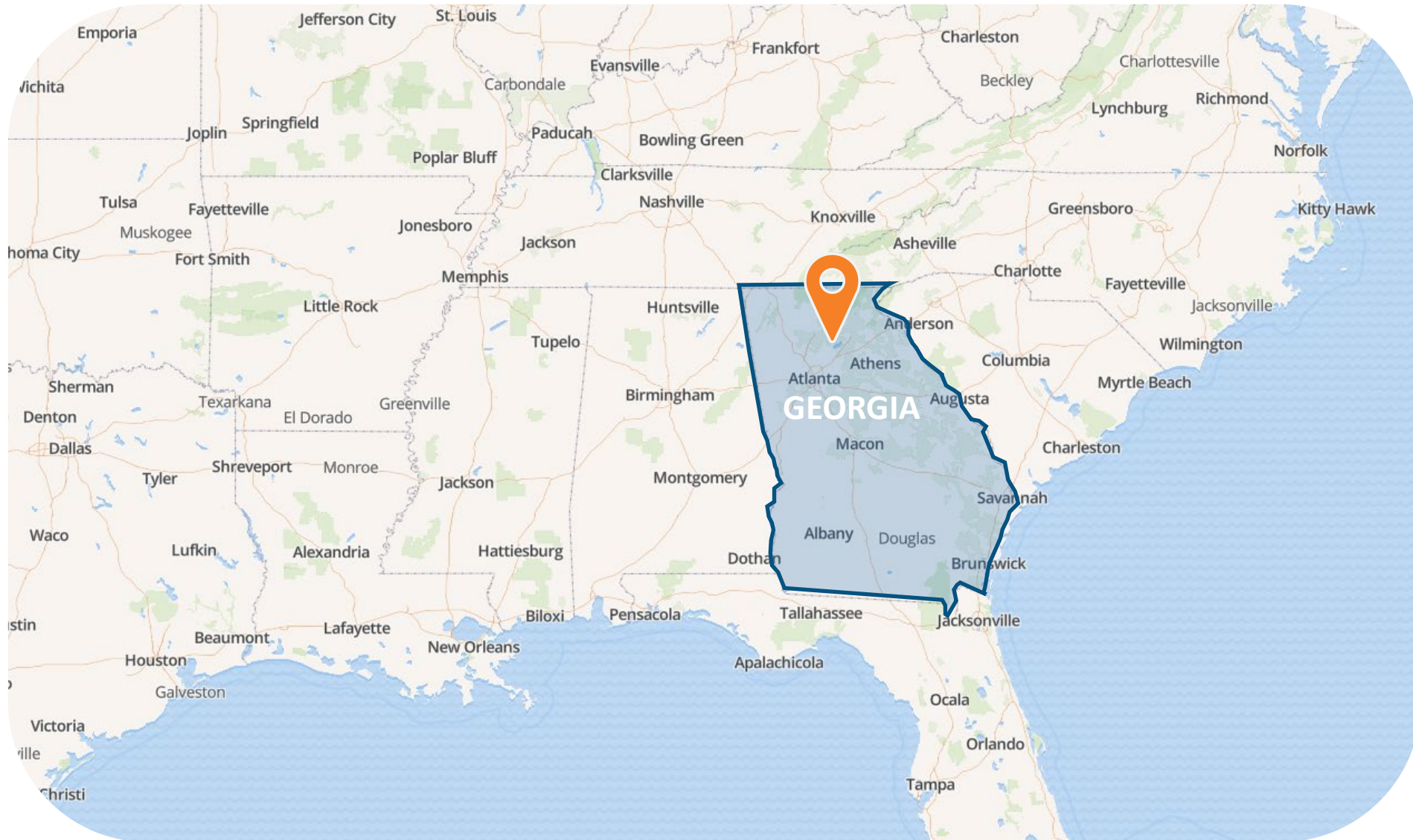
1956 West Broad Street, Athens, GA 30606





Regional Map

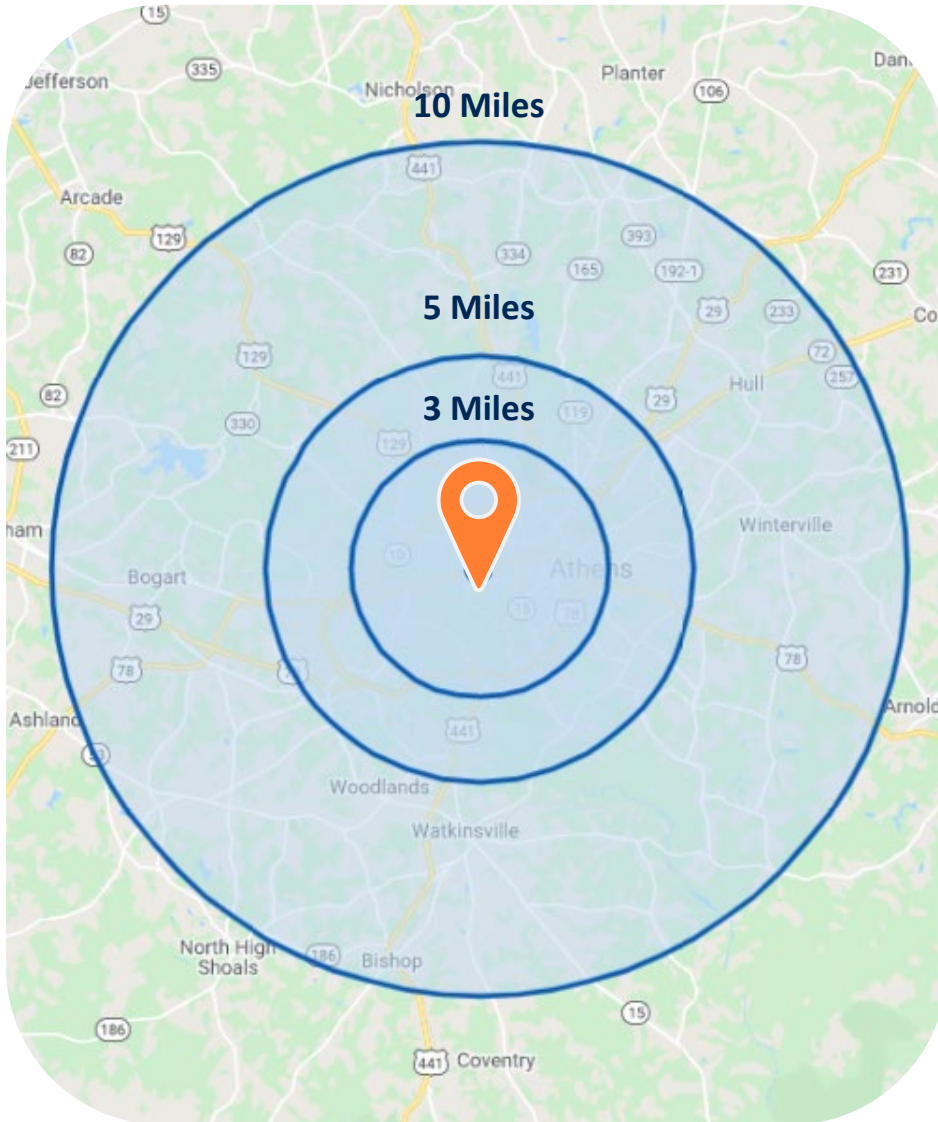
1956 West Broad Street, Athens, GA 30606





Demographics

1956 West Broad Street, Athens, GA 30606



	3 Miles	5 Miles	10 Miles
POPULATION			
2024 Projection	70,437	114,827	184,172
2019 Estimate	68,193	110,966	176,473
2010 Census	61,986	100,988	159,799
2000 Census	55,269	88,614	136,381
INCOME			
Average	\$59,451	\$63,403	\$71,684
Median	\$32,600	\$38,312	\$46,173
Per Capita	\$24,277	\$25,746	\$27,839
HOUSEHOLDS			
2024 Projection	26,829	44,779	69,843
2019 Estimate	25,770	43,023	66,682
2010 Census	23,609	39,478	60,898
2000 Census	21,380	34,657	52,093
HOUSING			
2019	\$203,526	\$189,516	\$194,930
EMPLOYMENT			
2019 Daytime Population	142,202	194,022	250,756
2019 Unemployment	5.25%	4.37%	3.79%
2019 Median Time Traveled	19 Mins	20 Mins	22 Mins
RACE & ETHNICITY			
White	63.82%	61.68%	66.47%
Native American	0.06%	0.05%	0.06%
African American	24.84%	26.03%	22.18%
Asian/Pacific Islander	4.71%	4.71%	4.03%



Market Overview

1956 West Broad Street, Athens, GA 30606

Atlanta, GA

Atlanta, Georgia's metro area encompasses 29 counties in north western Georgia. With few natural barriers to limit development, tremendous population growth over the past decade expanded the metro's borders and the region now has a population of roughly 5.7 million people. Over the next five years the region is expected to add nearly 500,000 residents. Meanwhile, new redevelopment projects in the downtown and midtown sections of Atlanta present a vast array of housing, entertainment and retail opportunities that are enticing residents back into the city and providing options for people moving to the metro.

Encompassing \$304 billion, the Atlanta metropolitan area is the eighth largest economy in this country and 17th-largest in the world. Over 75 percent of Fortune 1000 companies conduct business in Atlanta. Atlanta is home to the headquarters of many different corporations such as The Coca-Cola Company, The Home Depot, Delta Air Lines, AT&T Mobility, Chick-fil-A, UPS, and Newell Rubbermaid among others.

Atlanta has a dynamic, distinctly Southern culture. This is due to a large population of migrants from other parts of the U.S., in addition to many recent immigrants to the U.S. who have made the metropolitan area their home, establishing Atlanta as the cultural and economic hub of an increasingly multi-cultural metropolitan area. Thus, although traditional Southern culture is part of Atlanta's cultural fabric, it is mostly the backdrop to one of the nation's most cosmopolitan cities. This unique cultural combination reveals itself in the arts district of Midtown, the quirky neighborhoods on the city's eastside, and the multi-ethnic enclaves found along Buford Highway. Atlanta is home to four professional sports teams: the Atlanta Braves (MLB), the Atlanta Hawks (NBA), the Atlanta Falcons (NFL), and Atlanta United FC (MLS).

KEY HIGHLIGHTS

- #1 Metro Area for Lowest Cost of Doing Business
- Third-Most Fortune 500 Company Headquarters
- 1.9 Million Forecasted Jobs to be Created by 2040
- #1 Most-Traveled Airport | Hartsfield-Jackson Atlanta International Airport
- #3 Market for Education Attainment

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Marcus & Millichap

EXCLUSIVE NET-LEASE OFFERING



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