

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



2522 Candler Rd
Decatur, GA 30032

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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.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

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SPECIAL COVID-19 NOTICE

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.

2522 Candler Rd
Decatur, GA 30032



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Investment Highlights

PRICE: \$4,868,370 | CAP: 6.25% | RENT: \$304,273



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 | Macy's, Big Lots, Dollar Tree, Family Dollar, CVS Pharmacy, Bank of America, Wells Fargo, Chase Bank, McDonald's, Wendy's, Taco Bell, Burger King, KFC and Many More
- ✓ Heavily Trafficked Area | Candler Road and Interstate-20 | Average Daily Traffic Counts Exceeding 39,000, and 148,000 Respectively
- ✓ Multiple Hospitality Accommodations | America's Best Value Inn, Budget Inn and Suites, Gulf American Inn, Econo Lodge
- ✓ Strong Real Estate Fundamentals | Located Less than Five Miles from the City Lines of Atlanta, GA

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: \$4,868,370 | CAP: 6.25% | RENT: \$304,273



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	2522 Candler Road
City, State ZIP	Decatur, GA 30032
Year Built / Renovated	1973 / 2013
Building Size (SF)	8,507
Lot Size (Acres)	+/- 2.04
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$4,868,370
CAP Rate	6.25%
Annual Rent	\$304,273

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	\$304,273	\$25,356	-
Year 8	\$310,359	\$25,863	2.00%
Year 9	\$316,566	\$26,380	2.00%
Year 10	\$322,897	\$26,908	2.00%
Year 11	\$329,355	\$27,446	2.00%
Year 12	\$335,942	\$27,995	2.00%
Year 13	\$342,661	\$28,555	2.00%
Year 14	\$349,514	\$29,126	2.00%
Year 15	\$356,504	\$29,709	2.00%
Year 16	\$363,635	\$30,303	2.00%
Year 17	\$370,907	\$30,909	2.00%
Year 18	\$378,325	\$31,527	2.00%
Year 19	\$385,892	\$32,158	2.00%
Year 20	\$393,610	\$32,801	2.00%
Year 21	\$401,482	\$33,457	2.00%
Year 22	\$409,512	\$34,126	2.00%
Year 23	\$417,702	\$34,808	2.00%
Year 24	\$426,056	\$35,505	2.00%
Year 25	\$434,577	\$36,215	2.00%
Year 26	\$443,268	\$36,939	2.00%
Year 27	\$452,134	\$37,678	2.00%
Year 28	\$461,177	\$38,431	2.00%
Year 29	\$470,400	\$39,200	2.00%
Year 30	\$479,808	\$39,984	2.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive offering for a Red Lobster located at 2522 Candler Rd, in Decatur, GA. The site consists of roughly 8,507 rentable square feet of building space on an estimated 2.04-acre parcel of land. This Red Lobster is subject to a long-term, absolute triple-net (NNN) lease, which commenced July 28, 2014. The current annual rent is \$304,273 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.
- 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.

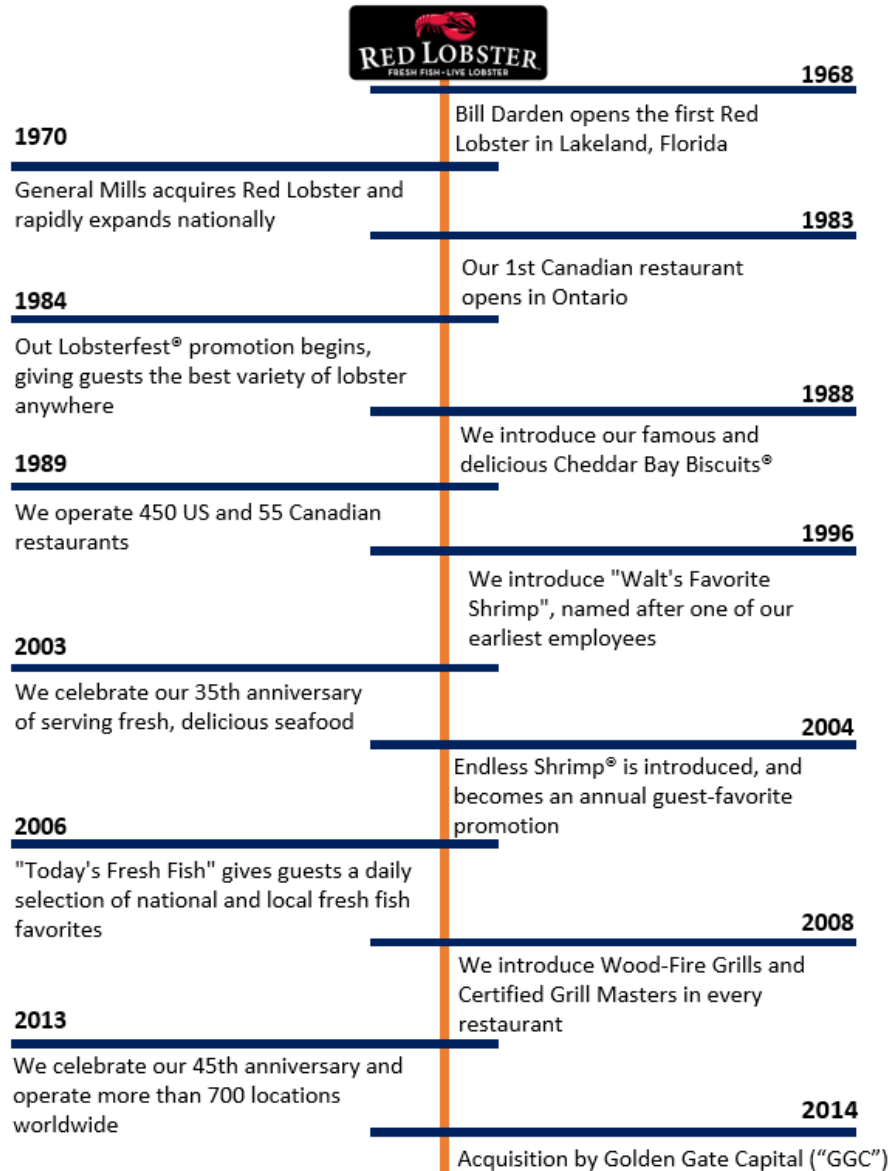
FRESH IS IN OUR COMMITMENT

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.



Concept Overview





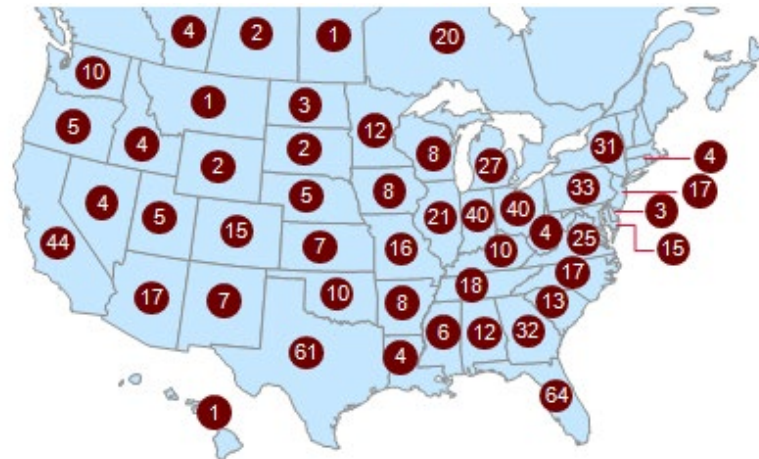
Concept Overview



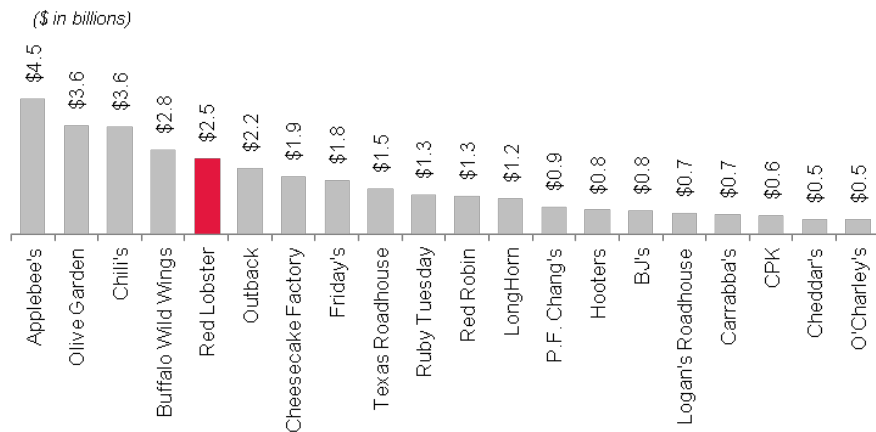
Strong Market Position

- 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.

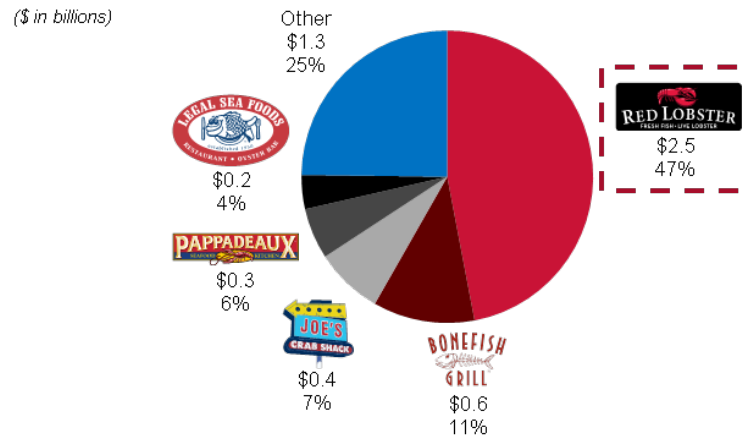
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining





Concept Overview



Iconic Brand With Unparalleled Customer Loyalty

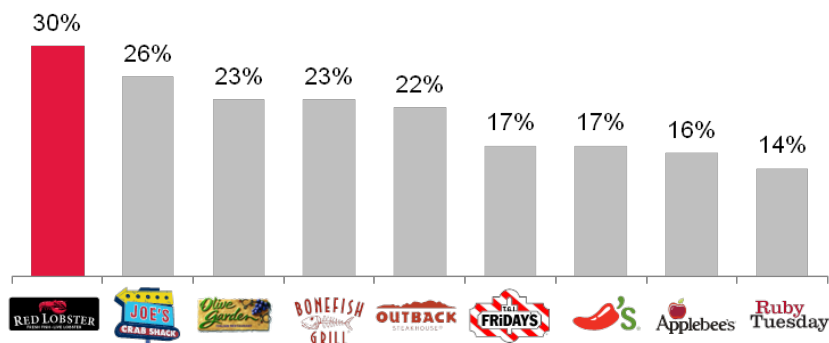
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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





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

2522 Candler Rd, Decatur, GA 30032



Red Lobster

Marcus & Millichap

Candler Road ADTC: 39,000



ADTC: 148,000



Location Overview

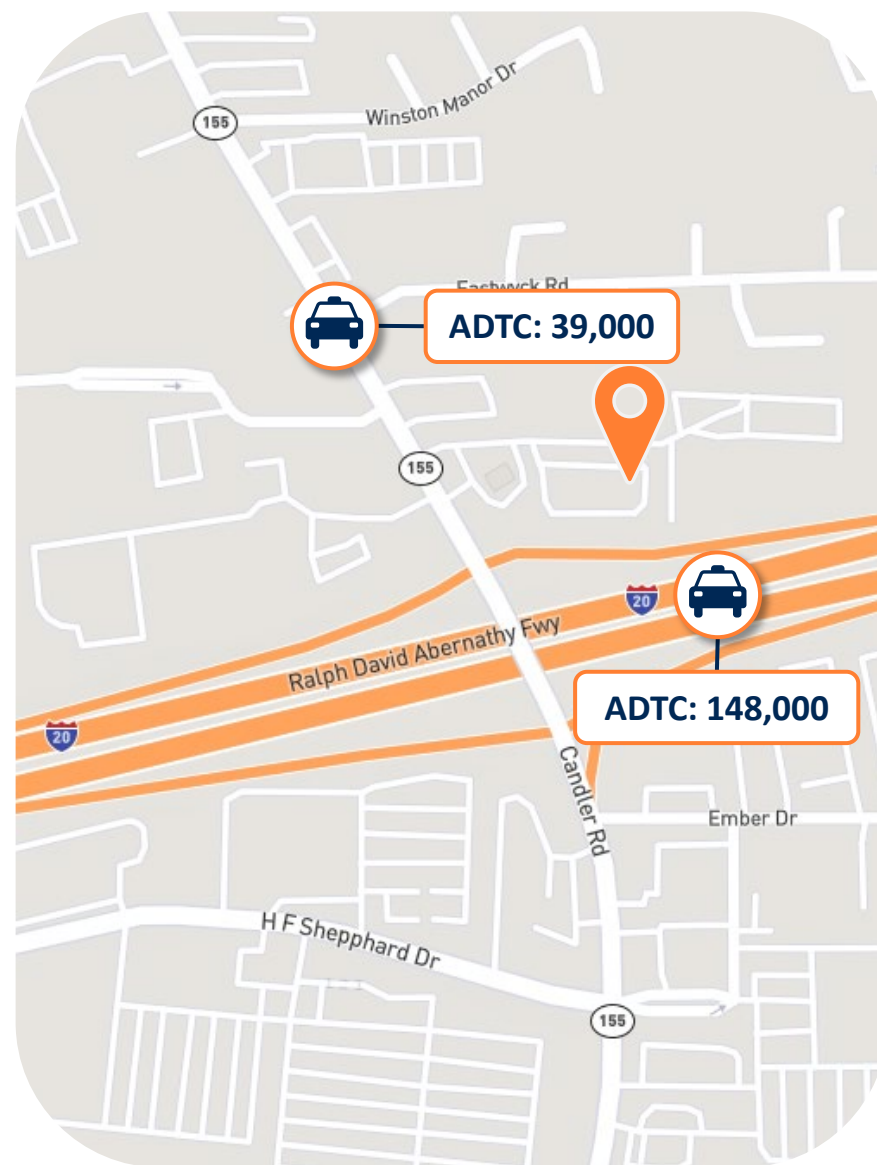
2522 Candler Rd, Decatur, GA 30032



This Red Lobster is located at 2522 Candler Road in Decatur, Georgia. Candler Road boasts an average daily traffic count of approximately 39,000 vehicles. Candler Road is intersected by Interstate 20, which brings an additional 148,000 vehicles into the immediate surrounding area each day. There are more than 82,000 individuals residing within a three-mile radius of the subject property and approximately 227,500 individuals within a five-mile radius.

The subject property is well-positioned in a dense retail corridor, benefiting from its proximity to major national and local retailers, hospitality accommodations, and other points of interest. Major national retailers within immediate proximity to the subject property include Macy's, Big Lots, Dollar Tree, Family Dollar, CVS Pharmacy, Bank of America, Wells Fargo, Chase Bank, McDonald's, Wendy's, Taco Bell, Burger King, KFC, as well as many others. Additionally, this Red Lobster is located within a 2-mile radius to multiple hospitality accommodations. These include: America's Best Value Inn, Budget Inn and Suites, Gulf American Inn, Econo Lodge, as well as others. Additionally, the subject property benefits from its proximity to multiple academic institutions. Decatur High School is located less than 4 miles from this Red Lobster and has an enrollment of over 1,200 students.

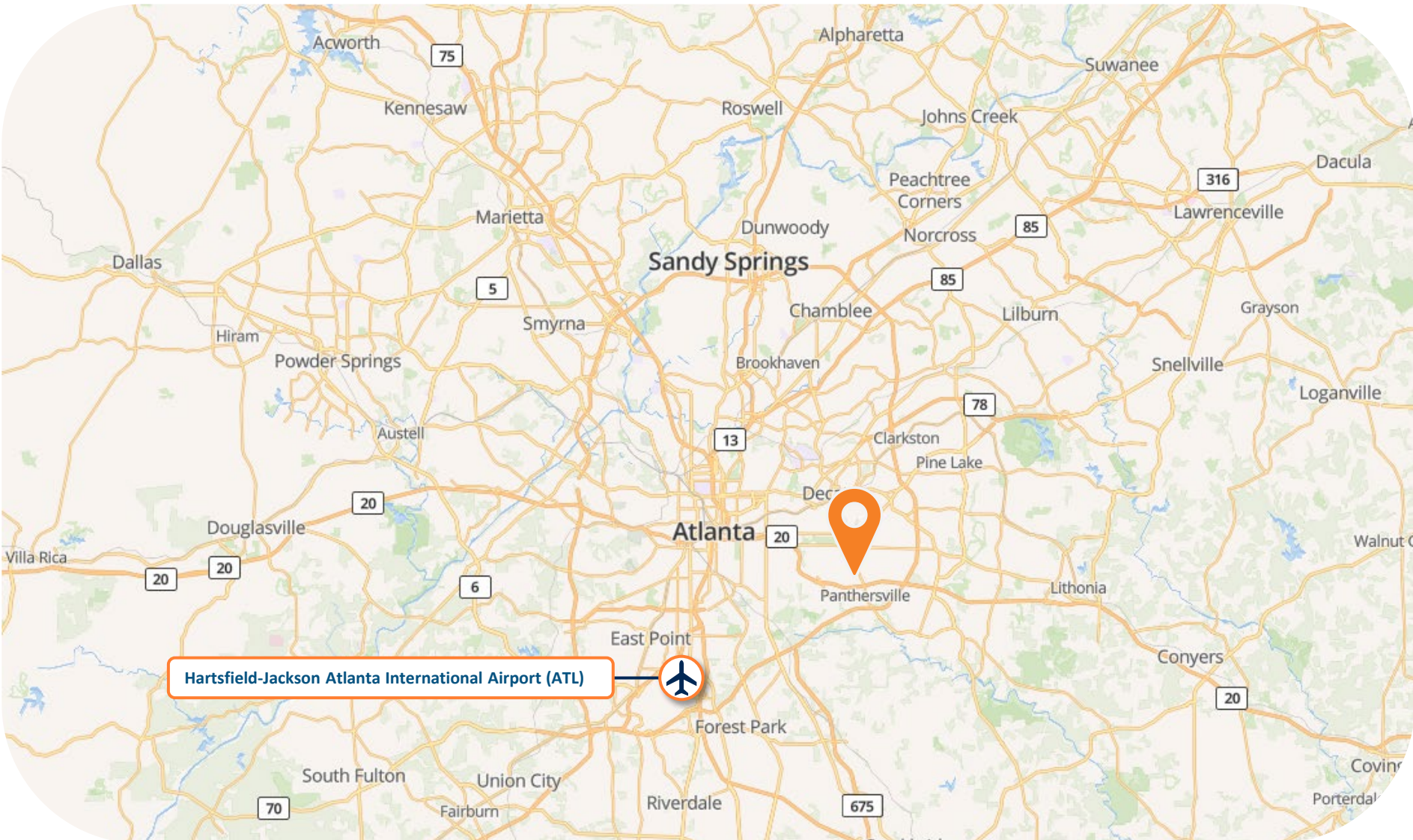
Decatur is a city in, and the county seat of, DeKalb County, Georgia, which is part of the Atlanta metropolitan area. Decatur is a vibrant community that borders the city lines of Atlanta, GA. Decatur is known for its food scene and was named one of the South's "Tastiest Towns" in 2012. In 2016, the New York Times called it "Atlanta's gastronomic equivalent of Berkeley or Brooklyn". Decatur's downtown area and residential neighborhoods are filled with historic structures and sites of interest. This list primarily consists of structures on the National Register of Historic Places, but many remain privately owned and may only be viewed from the exterior. Additionally, Decatur has a thriving art and festival scene. The Decatur Arts Alliance hosts the Decatur Arts Festival each May, in addition to installing public art around the city, providing gallery space for local artists, producing YEA!, which is an event for young emerging artists, and supporting arts and arts education throughout the City. Decatur also holds the annual AJC Decatur Book Festival, which claims to be one of the largest independent book festivals in the United States. It has featured thousands of famous authors, book signings, speeches, and attracted upwards of 85,000 people in 2019.





Local Map

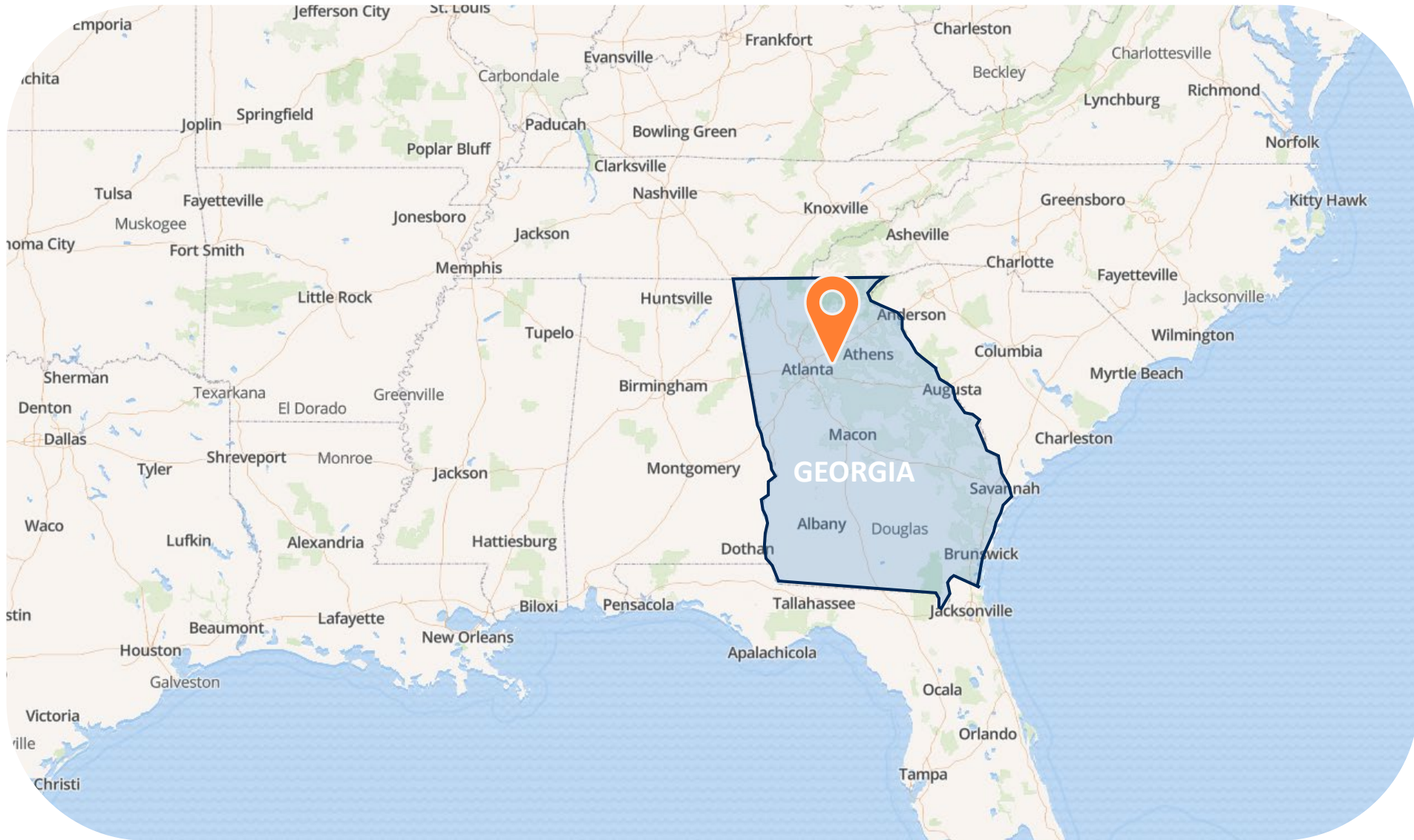
2522 Candler Rd, Decatur, GA 30032





Regional Map

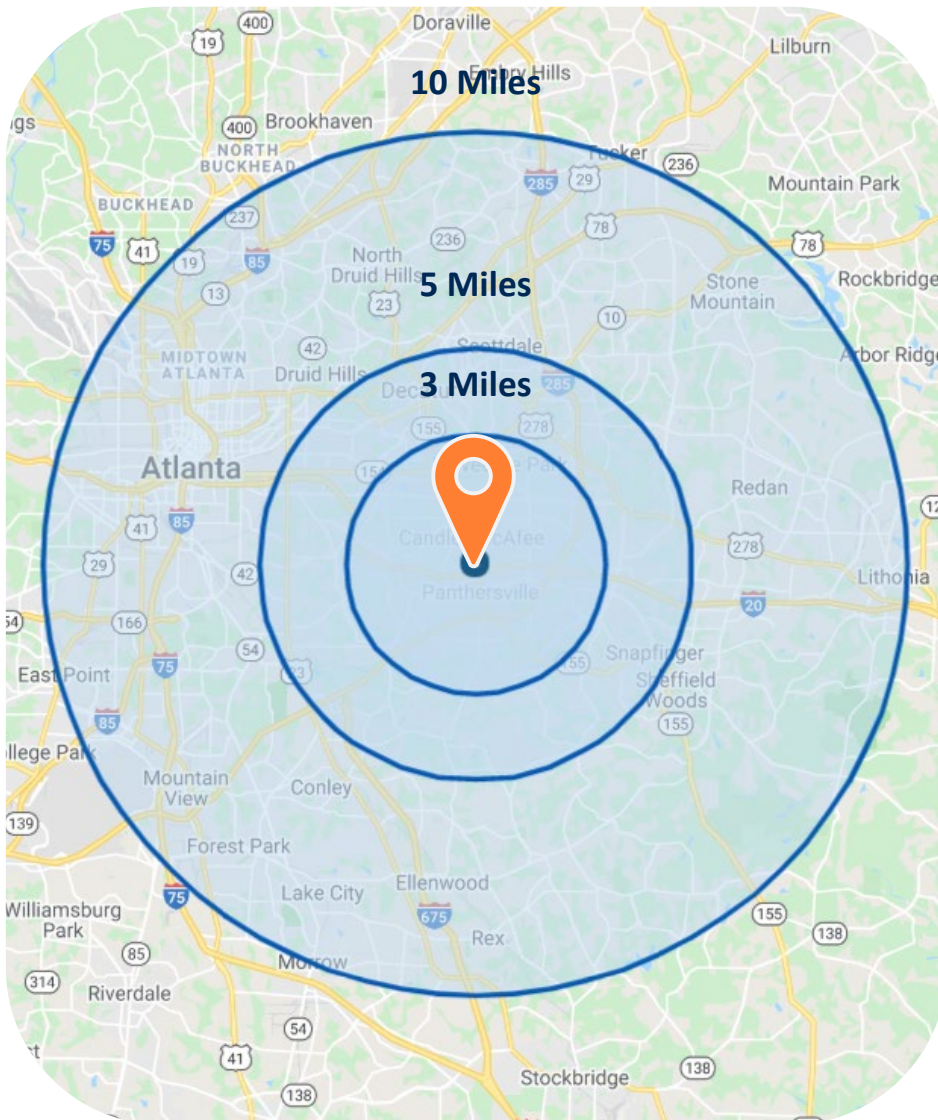
2522 Candler Rd, Decatur, GA 30032





Demographics

2522 Candler Rd, Decatur, GA 30032



	3 Miles	5 Miles	10 Miles
POPULATION			
2024 Projection	82,034	229,201	945,231
2019 Estimate	82,857	227,670	925,574
2010 Census	77,879	211,426	844,532
2000 Census	87,372	224,057	835,606
INCOME			
Average	\$58,874	\$73,503	\$83,083
Median	\$43,456	\$50,287	\$53,234
Per Capita	\$22,620	\$28,889	\$34,015
HOUSEHOLDS			
2024 Projection	31,884	90,592	386,498
2019 Estimate	31,585	88,509	372,365
2010 Census	29,492	81,445	337,171
2000 Census	29,088	78,102	312,351
HOUSING			
2019	\$122,895	\$160,664	\$181,800
EMPLOYMENT			
2019 Daytime Population	61,329	202,419	1,247,941
2019 Unemployment	6.39%	5.44%	4.84%
2019 Median Time Traveled	37 Mins	35 Mins	33 Mins
RACE & ETHNICITY			
White	9.30%	20.36%	28.86%
Native American	0.02%	0.03%	0.04%
African American	87.82%	75.16%	59.68%
Asian/Pacific Islander	0.49%	1.56%	5.46%



Market Overview

2522 Candler Rd, Decatur, GA 30032

Atlanta, GA



Atlanta metro area encompasses 29 counties in north western Georgia. With few natural barriers to limit development, tremendous population growth over the past decade has 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 attracting residents back to 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.

Many corporations are drawn to Atlanta on account of the city's educated workforce. As of 2010, 43 percent of adults in the city have college degrees, compared to 27 percent in the nation as a whole. 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, is due primarily 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. This has established 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).

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Marcus & Millichap

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