

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



25901 Hoover Road
Warren, MI 48089

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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.

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Investment Highlights

PRICE: \$5,171,819 | CAP: 6.25% | RENT: \$323,239



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 | Home Depot, Del Taco, Dollar Tree, 7-Eleven, CVS Pharmacy, Advance Auto Parts, Tim Hortons, Taco Bell and Many More
- ✓ Heavily Trafficked Area | Hoover Road and US-696 | Average Daily Traffic Counts Exceeding 33,000, and 170,000 Respectively
- ✓ Less Than Two Miles Away From Ascension Macomb-Oakland Hospital | A Full-Service Hospital with 24/7 Emergency Care and a Level II Trauma Center
- ✓ Strong Real Estate Fundamentals | Only 10 Miles From Downtown Detroit | Approximately 118,000 Individuals in a Three-Mile Radius

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: \$5,171,819 | CAP: 6.25% | RENT: \$323,239



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	25901 Hoover Road
City, State ZIP	Warren, MI 48089
Year Built / Renovated	1975
Building Size (SF)	7,583
Lot Size (Acres)	+/- 2.41
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$5,171,819
CAP Rate	6.25%
Annual Rent	\$323,239

LEASE SUMMARY

Property Type	Net-Leased Restaurant
Tenant	Red Lobster Hospitality 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	\$323,239	\$26,937	-
Year 8	\$329,704	\$27,475	2.00%
Year 9	\$336,298	\$28,025	2.00%
Year 10	\$343,024	\$28,585	2.00%
Year 11	\$349,884	\$29,157	2.00%
Year 12	\$356,882	\$29,740	2.00%
Year 13	\$364,020	\$30,335	2.00%
Year 14	\$371,300	\$30,942	2.00%
Year 15	\$378,726	\$31,561	2.00%
Year 16	\$386,301	\$32,192	2.00%
Year 17	\$394,027	\$32,836	2.00%
Year 18	\$401,907	\$33,492	2.00%
Year 19	\$409,945	\$34,162	2.00%
Year 20	\$418,144	\$34,845	2.00%
Year 21	\$426,507	\$35,542	2.00%
Year 22	\$435,037	\$36,253	2.00%
Year 23	\$443,738	\$36,978	2.00%
Year 24	\$452,613	\$37,718	2.00%
Year 25	\$461,665	\$38,472	2.00%
Year 26	\$470,898	\$39,242	2.00%
Year 27	\$480,316	\$40,026	2.00%
Year 28	\$489,922	\$40,827	2.00%
Year 29	\$499,721	\$41,643	2.00%
Year 30	\$509,715	\$42,476	2.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive offering for a Red Lobster located at 25901 Hoover Road, in Warren, MI. The site consists of roughly 7,583 rentable square feet of building space on an estimated 2.41-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 \$323,239 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.

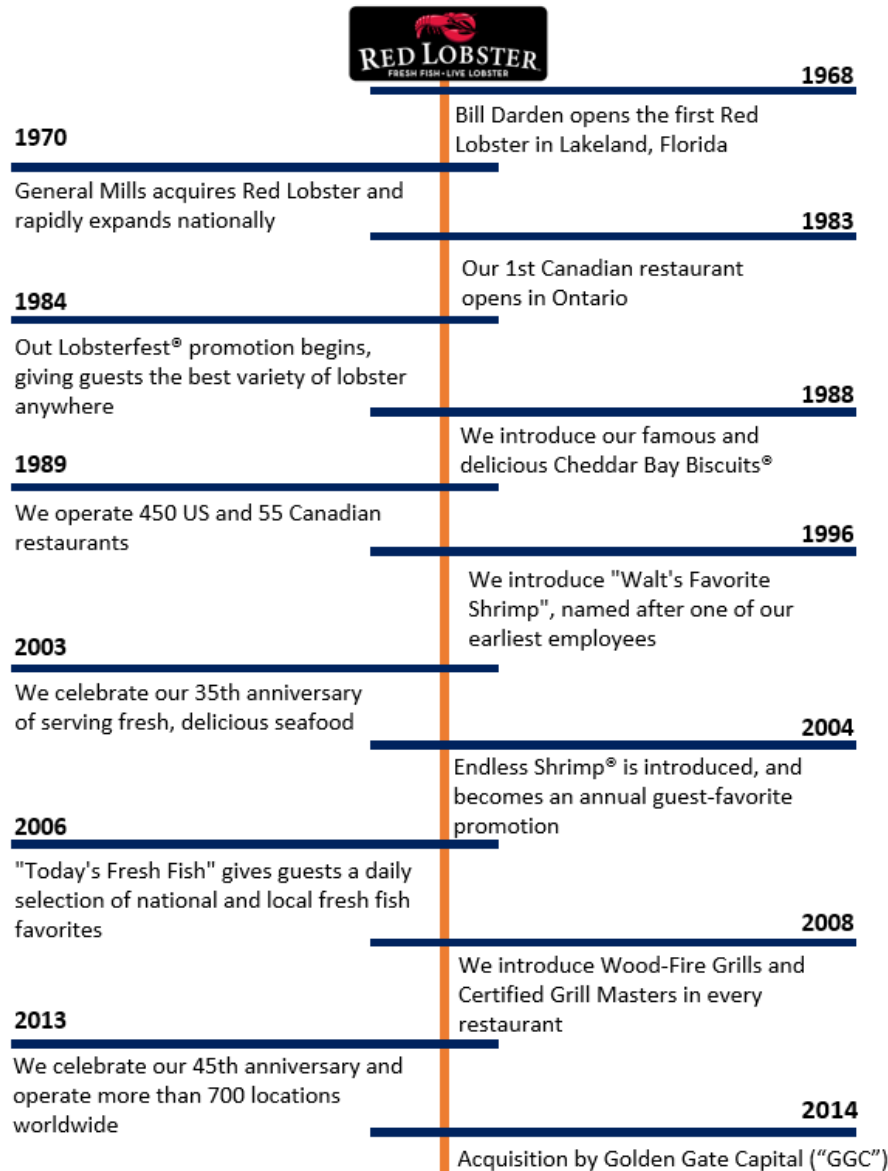
FRESH IS IN OUR COMMITMENT

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





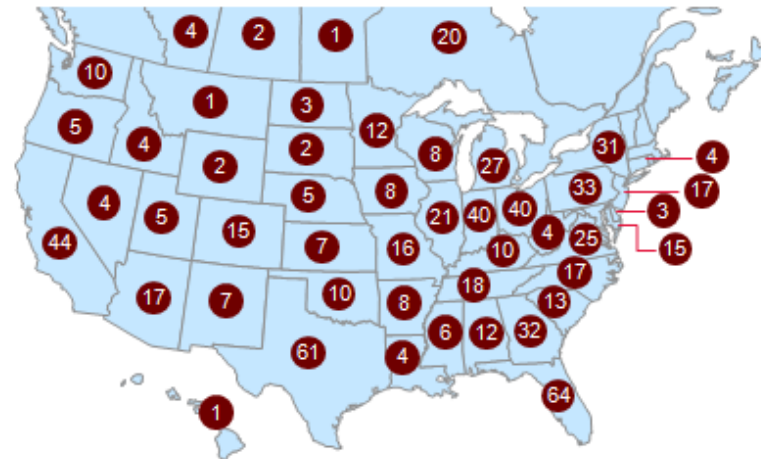
Concept Overview



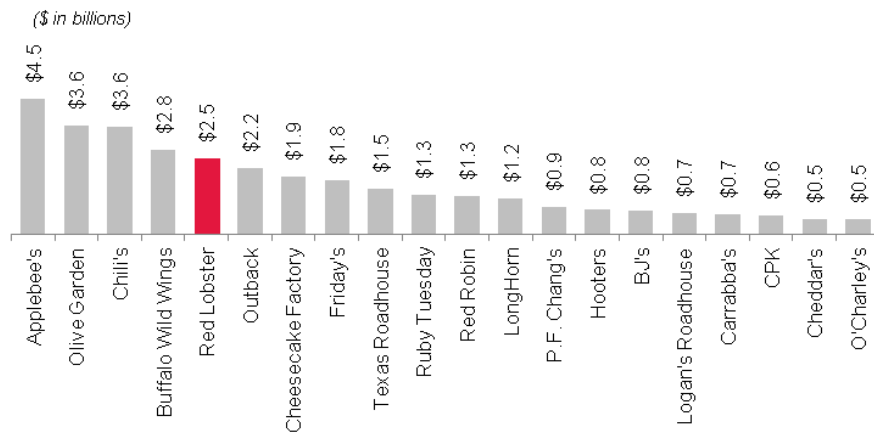
Strong Market Position

- 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.

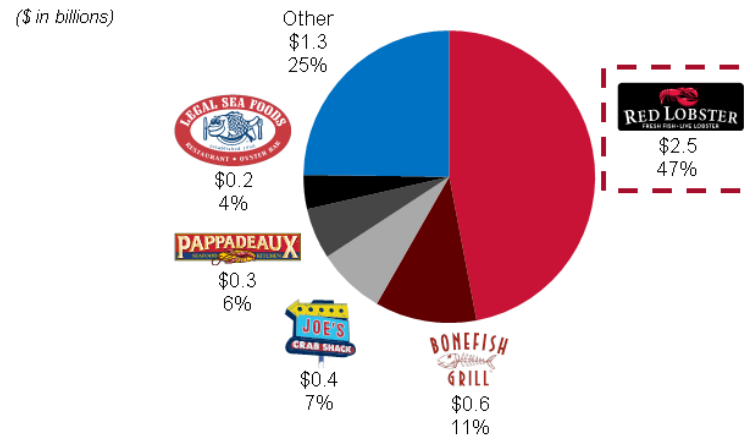
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining





Concept Overview



Iconic Brand With Unparalleled Customer Loyalty

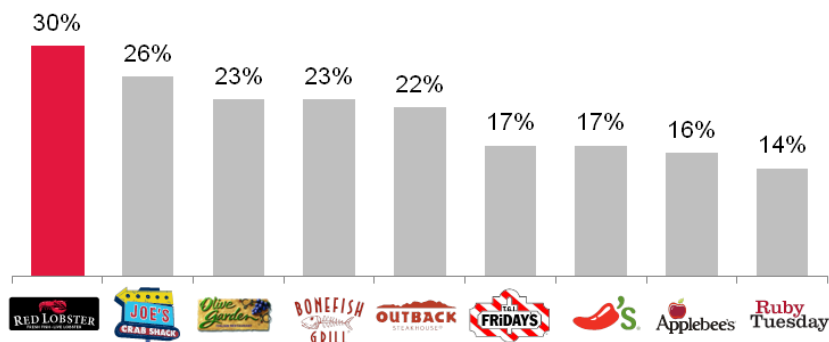
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster 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 11 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

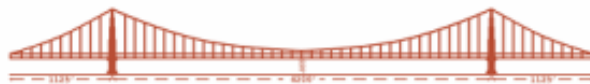


Chip Wade
EVP Operations
(30 years in Restaurant Industry)

- 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

25901 Hoover Road, Warren, MI 48089



ADTC: 170,000

HOOVER ROAD ADTC: 33,000



Tim Hortons

POPEYES





Location Overview

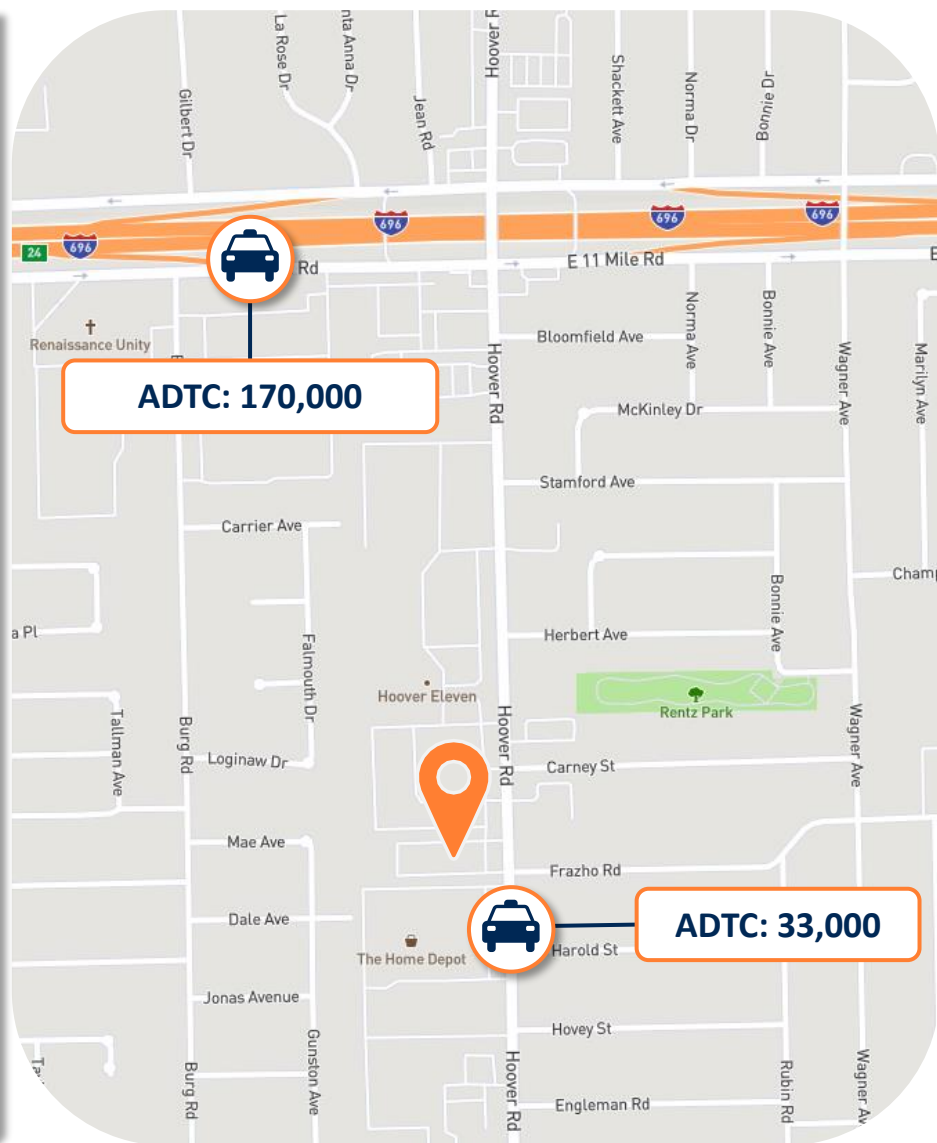
25901 Hoover Road, Warren, MI 48089



This Red Lobster is located at 25901 Hoover Road, Warren, MI 48089. Hoover Road boasts an average daily traffic count of approximately 33,000 vehicles. It intersects with Interstate 696, which brings an additional 170,000 vehicles into the immediate surrounding area each day and leads directly to Lake St. Clair. There are more than 118,000 individuals residing within a three-mile radius of the subject property and approximately 368,000 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 Home Depot, Del Taco, Dollar Tree, 7-Eleven, CVS Pharmacy, Advance Auto Parts, Tim Hortons, Taco Bell, as well as many others. Additionally, this Red Lobster is located within a 2-mile radius to multiple hospitals and surgery centers, most notably Ascension Macomb-Oakland Hospital that specializes in advanced heart care, stroke and cancer care, advanced orthopedics and neurosciences, women's health, and senior specialty care. Many schools surround the property including Center Line High School, Wolfe Middle School, Warren Woods Tower High School, and more which enroll over 5,000 students.

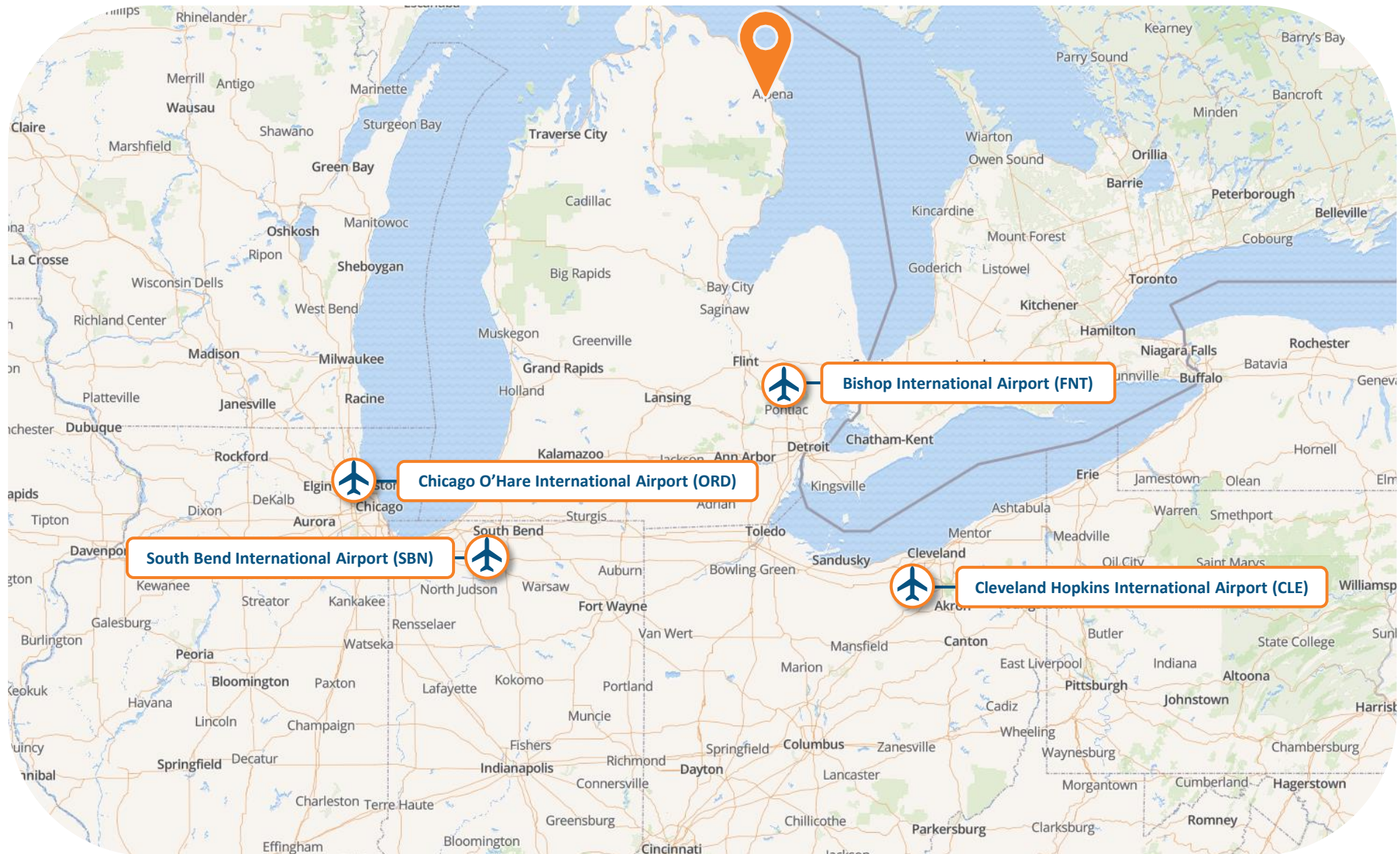
Warren is the largest city in Macomb County, Michigan. Warren is often referred to as the City of Progress. recreation department supports a city community center and a recreation center to go along with a collection of 24 parks. Warren also boasts performance venues including the Warren Civic Theatre and the Macomb Center for the Performing Arts, and the Warren Symphony Orchestra. The metropolitan Detroit area is home to several professional sports teams. Included among these are the Detroit Tigers (Major League Baseball), the Detroit Lions (National Football League), the Detroit Pistons (National Basketball Association), the Detroit Shock (Women's National Basketball Association), and the Detroit Red Wings (National Hockey League). Warren benefits from being about 10 miles outside of downtown Detroit the largest and most populous city in the U.S. state of Michigan, the largest U.S. city on the United States-Canada border, and the seat of Wayne County. The municipality of Detroit had a 2019 estimated population of 670,031, making it the 24th-most populous city in the United States. The metropolitan area, known as Metro Detroit, is home to 4.3 million people, making it the second-largest in the Midwest after the Chicago metropolitan area, and 14th largest in the United States.,





Local Map

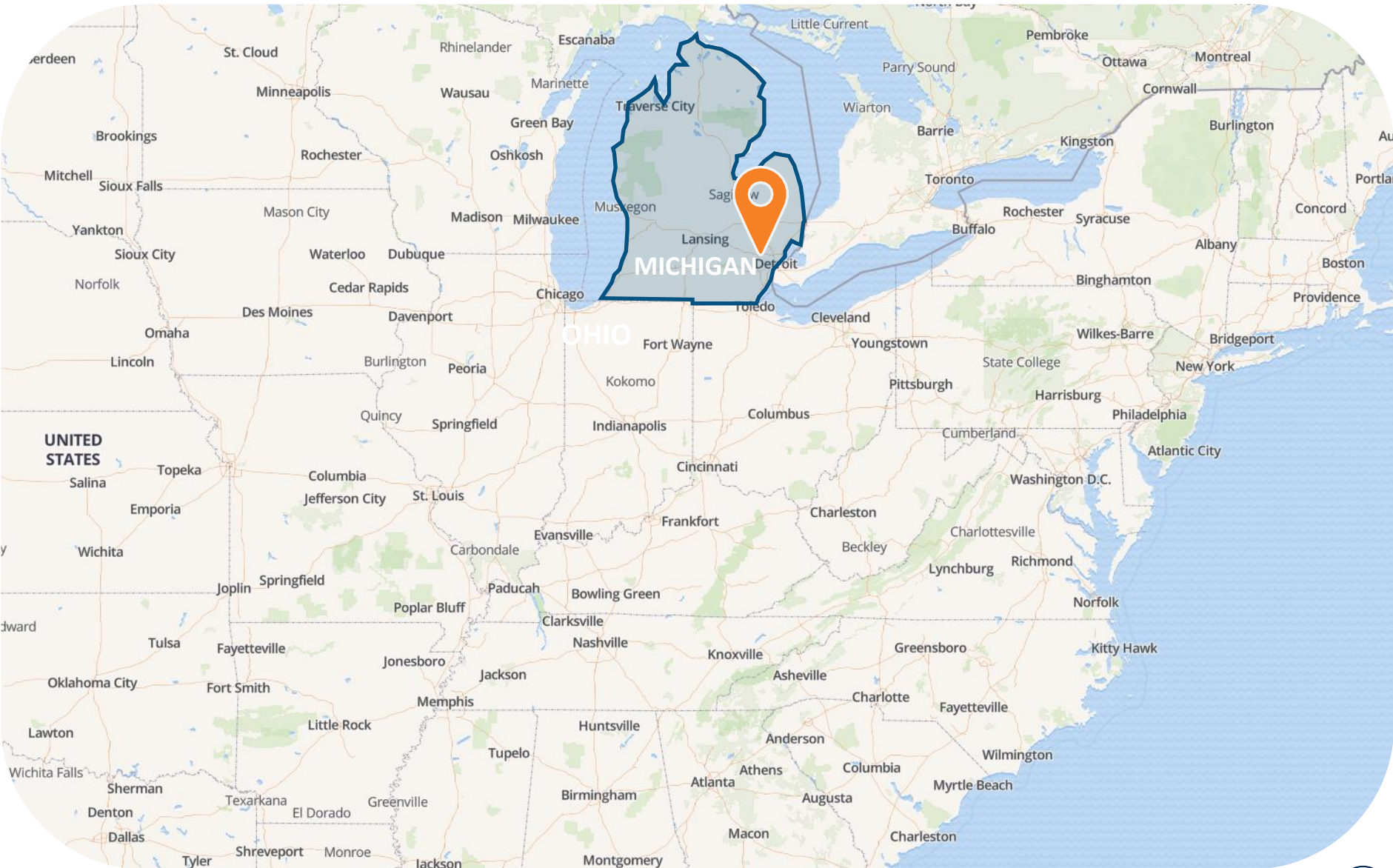
25901 Hoover Road, Warren, MI 48089





Regional Map

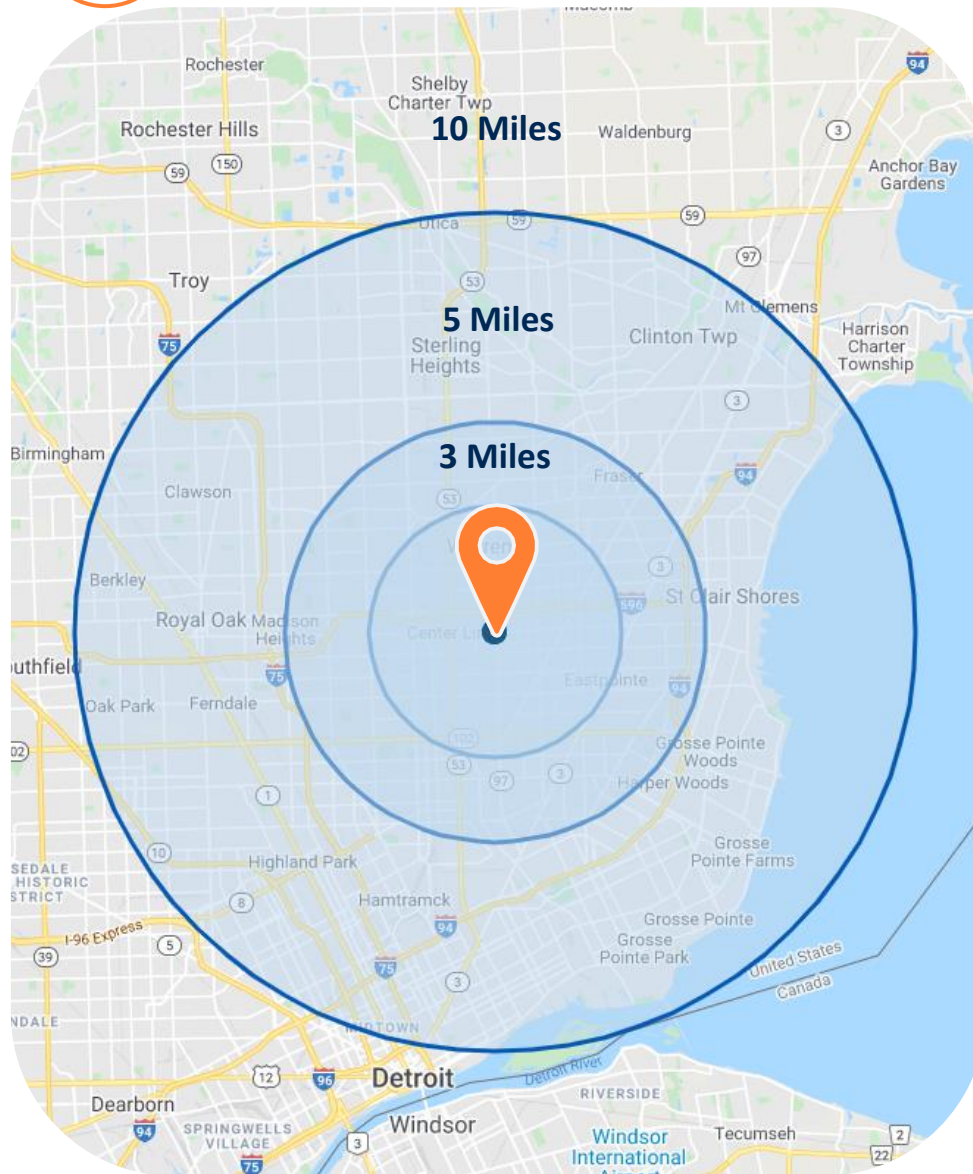
25901 Hoover Road, Warren, MI 48089





Demographics

25901 Hoover Road, Warren, MI 48089



POPULATION

	3 Miles	5 Miles	10 Miles
2024 Projection	118,219	364,142	1,212,207
2019 Estimate	118,748	368,057	1,229,684
2010 Census	116,802	365,386	1,228,077
2000 Census	122,980	407,351	1,397,069

INCOME

	3 Miles	5 Miles	10 Miles
Average	\$58,320	\$57,939	\$68,196
Median	\$46,959	\$46,502	\$49,668
Per Capita	\$23,258	\$22,692	\$27,661

HOUSEHOLDS

	3 Miles	5 Miles	10 Miles
2024 Projection	47,122	142,756	492,619
2019 Estimate	47,076	143,222	495,894
2010 Census	46,183	141,709	495,244
2000 Census	48,954	154,858	542,362

HOUSING

	3 Miles	5 Miles	10 Miles
2019	\$100,765	\$99,311	\$135,268

EMPLOYMENT

	3 Miles	5 Miles	10 Miles
2019 Daytime Population	127,835	336,436	1,213,780
2019 Unemployment	4.84%	5.55%	5.44%
2019 Median Time Traveled	27 Mins	27 Mins	27 Mins

RACE & ETHNICITY

	3 Miles	5 Miles	10 Miles
White	68.59%	58.28%	55.45%
Native American	0.02%	0.02%	0.02%
African American	23.60%	34.38%	36.39%
Asian/Pacific Islander	3.74%	3.72%	4.71%



Market Overview

25901 Hoover Road, Warren, MI 48089

Detroit, MI

Detroit had a 2015 estimated population of 677,116, making it the 21st-most populous city in the United States. The metropolitan area, known as Metro Detroit, is home to 4.3 million people, making it the second-largest in the Midwest after Chicago. Detroit is a major port on the Detroit River, one of the four major straits that connect the Great Lakes system to the Saint Lawrence Seaway. The Detroit Metropolitan Airport is among the most important hubs in the United States. The City of Detroit anchors the third-largest economic region in the Midwest, behind Chicago and Minneapolis, and the 14th-largest in the United States. Detroit and its neighboring Canadian city Windsor are connected through a tunnel and the Ambassador Bridge, the busiest international crossing in North America. Detroit and the surrounding region constitute a major center of commerce, most notably as home to America's big three automobile companies: General Motors, Ford, and Chrysler. Detroit's most heavily represented sectors are manufacturing, finance, technology, and health care. Detroit is home to several institutions of higher learning including Wayne State University, which has over 27,000 students enrolled. In 2014 JPMorgan Chase announced that it was injecting \$100 million into Detroit's economy over the next five years, providing development funding for a variety of projects designed to increase employment. The New York Times listed Detroit as the 9th-best destination in its list of 52 Places to Go in 2017, while travel guide publisher Lonely Planet named Detroit the second-best city in the world to visit in 2018.



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EXCLUSIVE NET-LEASE OFFERING



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