

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



3700 Park Sierra,
Riverside, CA 92505

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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: \$6,102,422 | CAP: 6.00% | RENT: \$366,145



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

- ✓ Extremely Dense Retail Corridor | Target, Walgreens, Best Buy, Petco, Dollar Tree, JCPenney, Macy's, Nordstrom Rack, Ross, Burlington, Barnes & Noble and Many More
- ✓ Heavily Trafficked Area | Riverside Fairway and Magnolia Avenue | Average Daily Traffic Counts Exceeding 170,000, and 31,500 Vehicles, Respectively
- ✓ Robust Demographics | Over 134,000 Individuals Within a Three-Mile Radius
- ✓ Multiple Hospitality Accommodations | Day's Inn, Econo Lodge, Motel 6, Sands Motel, Roadway Inn, American Inn and More | Located Within a One-Mile Radius
- ✓ Very Prominent Academic Presence | Over Six Academic Institutions and Two Colleges Within a Two-Mile Radius | California Baptist University & La Sierra University | Combined Total Enrollment Exceeds 16,000 Students
- ✓ Castle Park Amusement Park | Located Adjacent to Subject Property | Attracts Thousands of Visitors Annually
- ✓ Kaiser Permanente Riverside Medical Center | A 226-Bed State-Of-The-Art Medical Education Facility and Hospital | Located Adjacent To Subject Property
- ✓ Within a 30-Mile Radius of Downtown Los Angeles

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: \$6,102,422 | CAP: 6.00% | RENT: \$366,145



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	3700 Park Sierra
City, State ZIP	Riverside, CA 92505
Year Built / Renovated	1988
Building Size (SF)	7,963
Lot Size (Acres)	+/- 0.92
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$6,102,422
CAP Rate	6.00%
Annual Rent	\$366,145

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	\$366,145	\$30,512	-
Year 8	\$373,468	\$31,122	2.00%
Year 9	\$380,937	\$31,745	2.00%
Year 10	\$388,556	\$32,380	2.00%
Year 11	\$396,327	\$33,027	2.00%
Year 12	\$404,254	\$33,688	2.00%
Year 13	\$412,339	\$34,362	2.00%
Year 14	\$420,586	\$35,049	2.00%
Year 15	\$428,997	\$35,750	2.00%
Year 16	\$437,577	\$36,465	2.00%
Year 17	\$446,329	\$37,194	2.00%
Year 18	\$455,255	\$37,938	2.00%
Year 19	\$464,360	\$38,697	2.00%
Year 20	\$473,648	\$39,471	2.00%
Year 21	\$483,121	\$40,260	2.00%
Year 22	\$492,783	\$41,065	2.00%
Year 23	\$502,639	\$41,887	2.00%
Year 24	\$512,691	\$42,724	2.00%
Year 25	\$522,945	\$43,579	2.00%
Year 26	\$533,404	\$44,450	2.00%
Year 27	\$544,072	\$45,339	2.00%
Year 28	\$554,954	\$46,246	2.00%
Year 29	\$566,053	\$47,171	2.00%
Year 30	\$577,374	\$48,114	2.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive offering for a Red Lobster located at 3700 Park Sierra Drive, in Riverside, California. The site consists of roughly 7,963 rentable square feet of building space on an estimated 0.92-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 \$366,145 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.

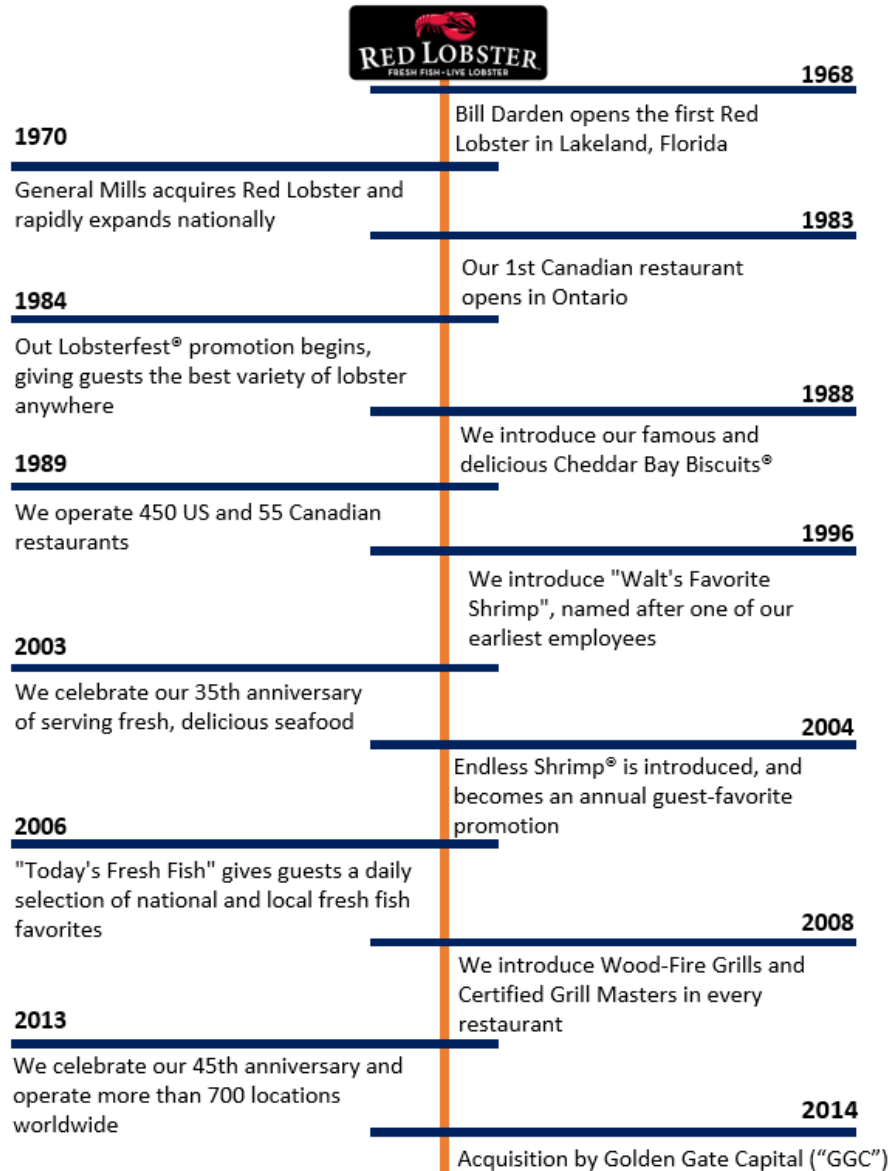
FRESH IS IN OUR COMMITMENT

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





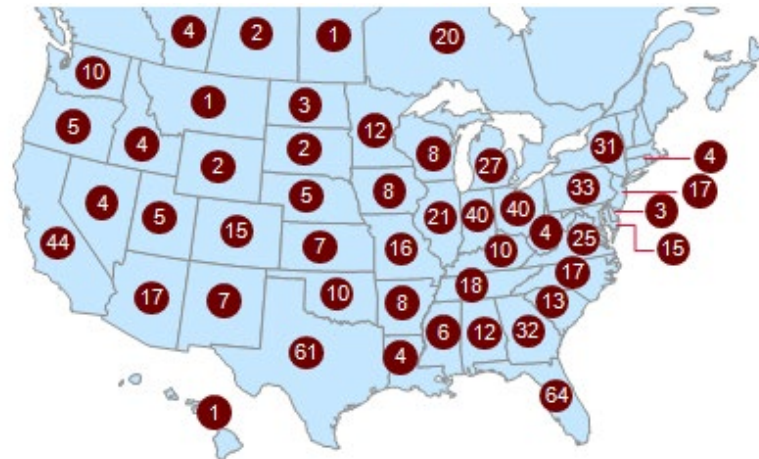
Concept Overview



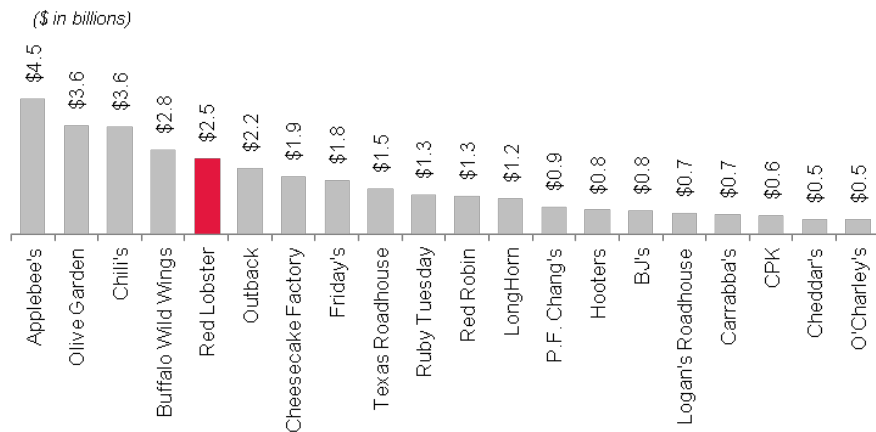
Strong Market Position

- 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.

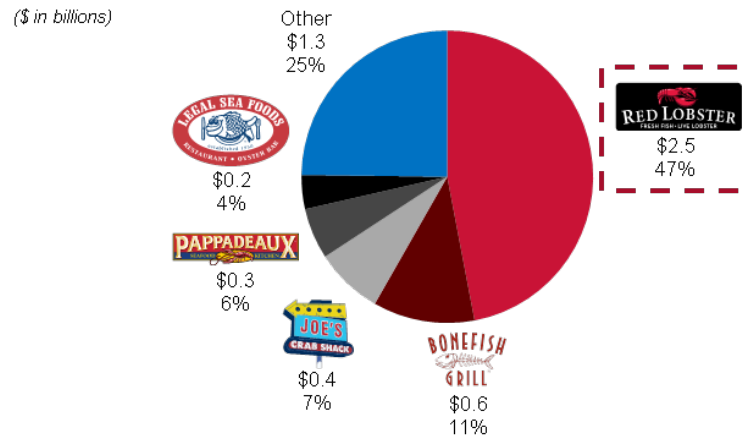
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining





Concept Overview



Iconic Brand With Unparalleled Customer Loyalty

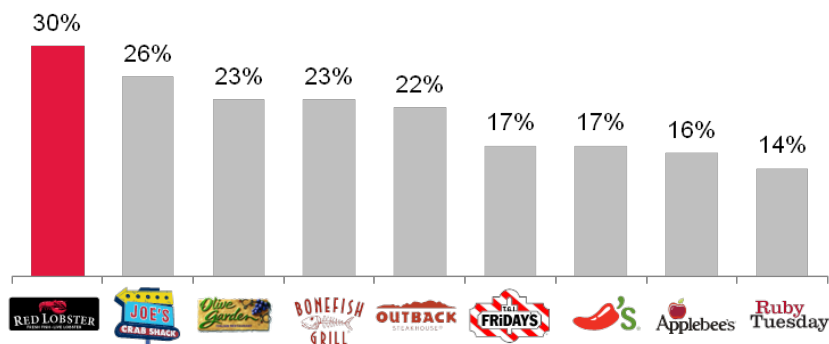
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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

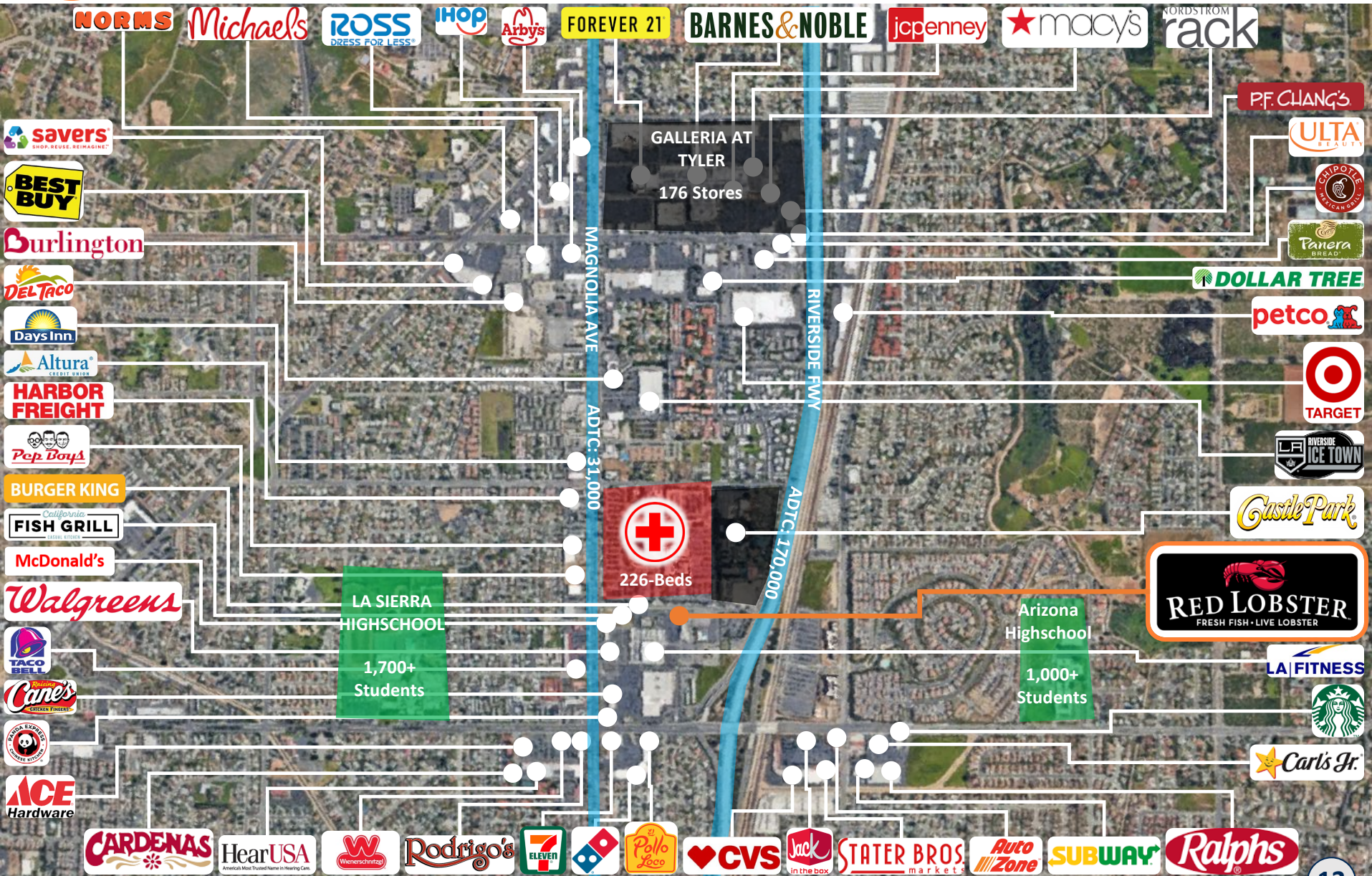
Restaurant Private Equity Investments





Surrounding Area

3700 Park Sierra Dr, Riverside, CA 92505



Red Lobster

Marcus & Millichap



Location Overview

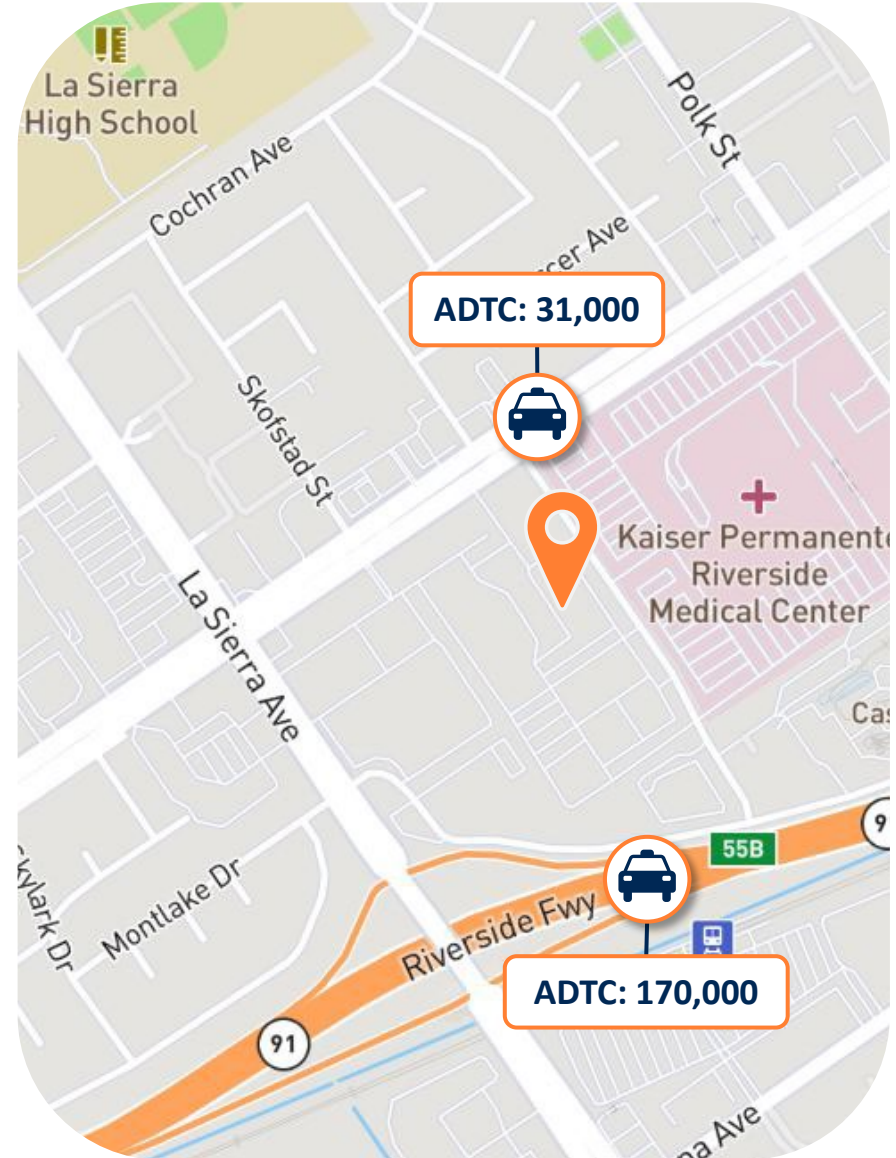
3700 Park Sierra Dr, Riverside, CA 92505



This Red Lobster is located at 3700 Park Sierra Drive in Riverside, CA. This Red Lobster investment property is situated just off of Riverside Fairway. Riverside Fairway boasts an average daily traffic count of approximately 170,000 vehicles. Riverside Fairway runs parallel to Magnolia Avenue, which brings an additional 31,000 vehicles into the immediate surrounding area each day. There are more than 134,000 individuals residing within a three-mile radius of the subject property and approximately 241,000 individuals within a five-mile radius. The surrounding area is an affluent community, with an average household income within a three-mile radius exceeding \$81,000.

The subject property is strategically position adjacent to a hospital as well as an amusement park, with three shopping malls within close proximity. This Red Lobster is also 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 a one-mile radius of the subject property Target, Walgreens, Best Buy, Petco, Dollar Tree, JCPenney, Macy's, Nordstrom Rack, Ross, Burlington, Barnes & Noble as well as many others. Additionally, this Red Lobster is located within a one-mile radius to multiple hospitality accommodations. These include: Day's Inn, Econo Lodge, Motel 6, Sands Motel, Roadway Inn, American Inn as well as others. This Red Lobster is also situated adjacent to Kaiser Permanente Riverside Medical Center, a 226-bed, medical education hospital. Also situated adjacent to this Red Lobster is Castle Park amusement park, which attracts thousands of visitors annually. Additionally this subject property benefits from a prominent academic presence. There are more then six academic institutions within a two-mile radius and two universities, La Sierra University and California Baptist University, with a combined total enrollment exceeding 16,000 students.

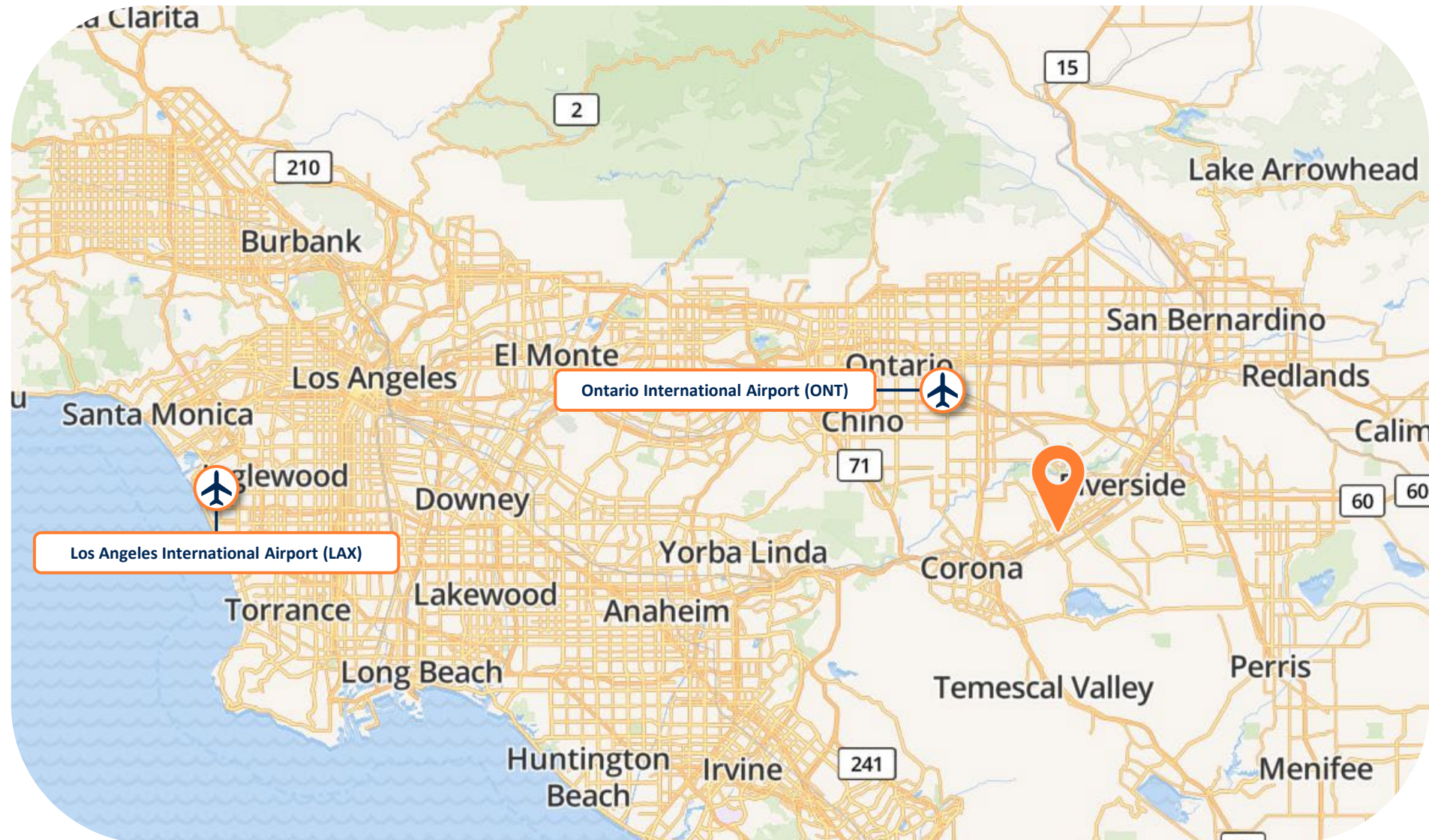
Riverside is a city in, and the county seat of, Riverside County, California, located in the Inland Empire metropolitan area. It is named for its location beside the Santa Ana River. Riverside's economy consists largely of light-industry and generates a range of products including aircraft components, automotive parts, gas cylinders, electronic equipment, food products, and medical devices. Supporting the manufacturing sector are several industrial parks, including those in the Hunter Industrial Park, Sycamore Canyon Industrial Park and Airport Industrial Areas. As the county seat of Riverside County and the most populous city in the Inland Empire.





Local Map

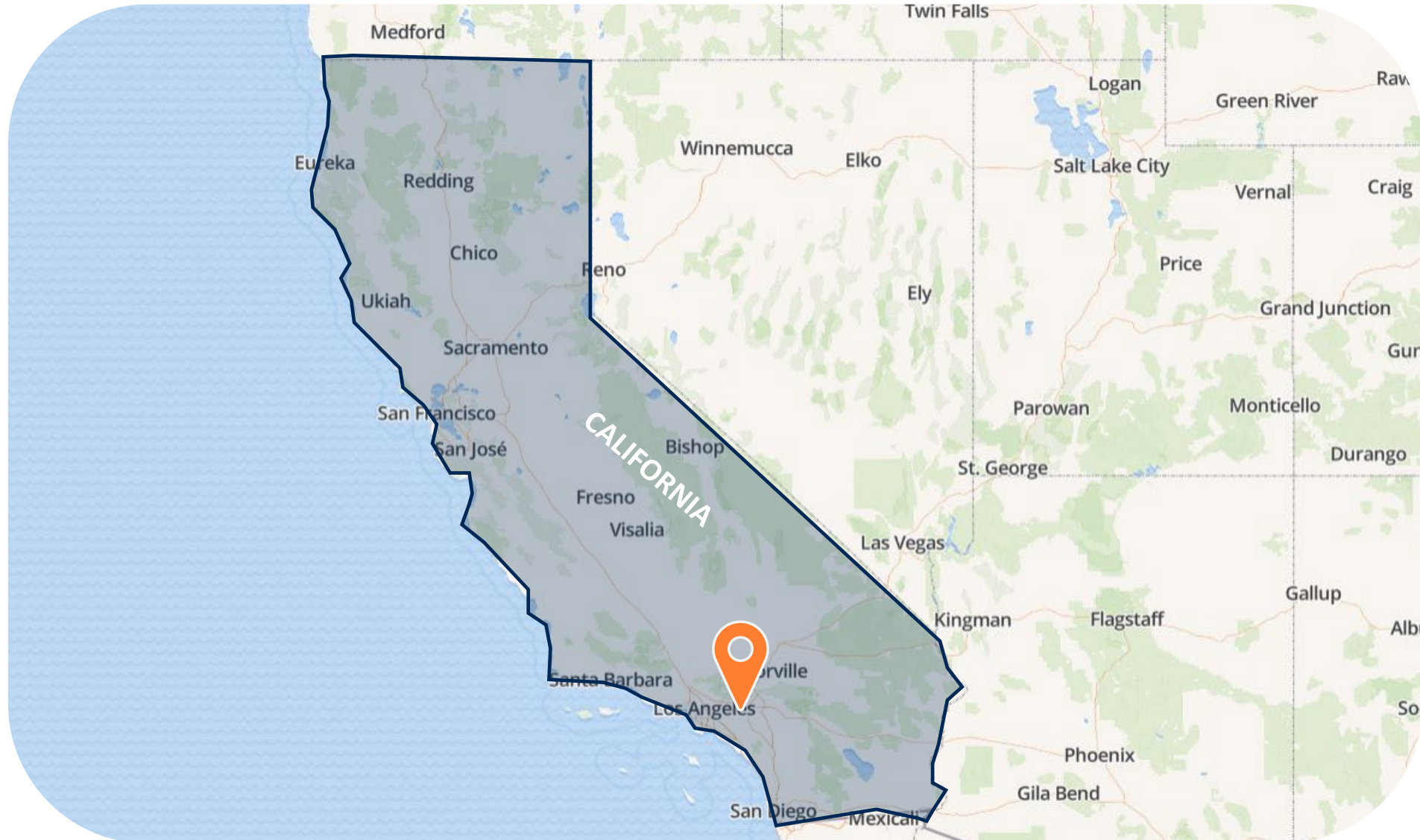
3700 Park Sierra Dr, Riverside, CA 92505





Regional Map

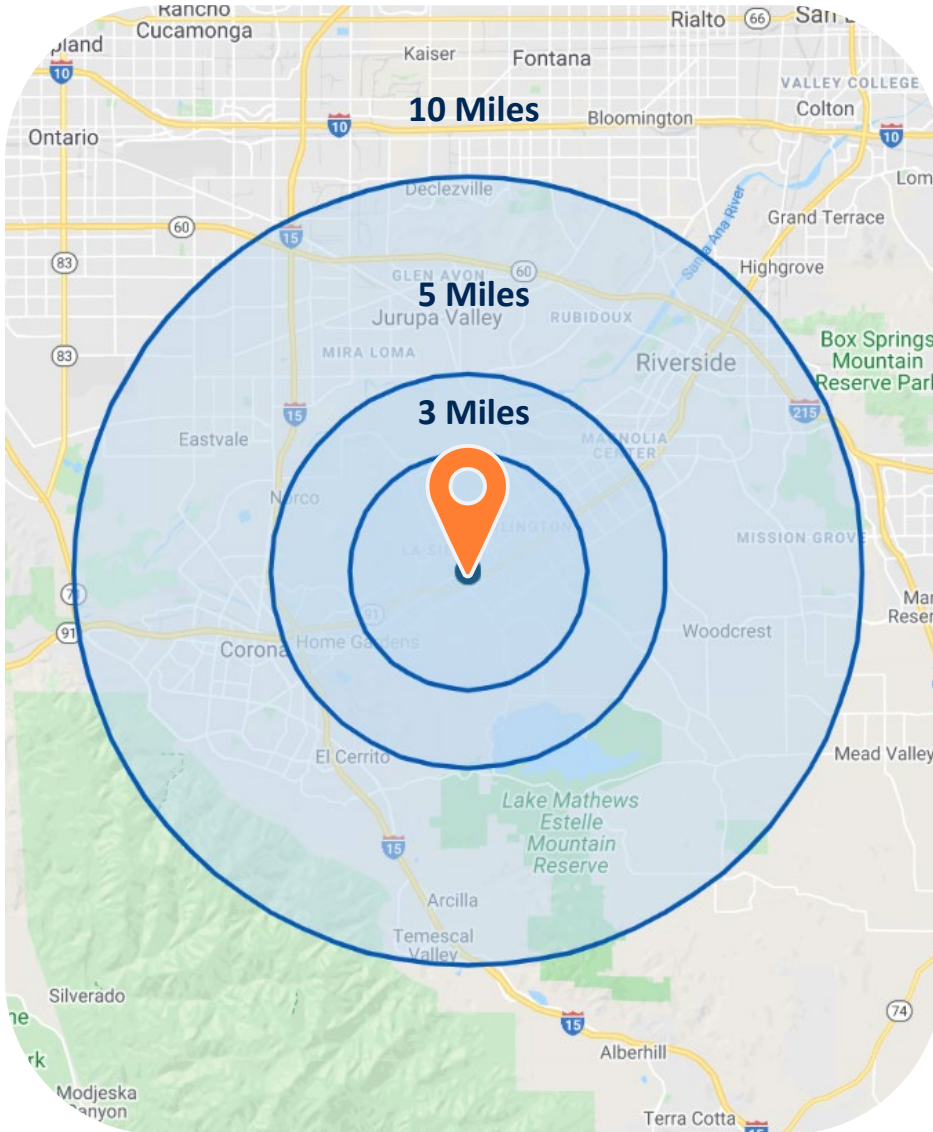
3700 Park Sierra Dr, Riverside, CA 92505





Demographics

3700 Park Sierra Dr, Riverside, CA 92505



	3 Miles	5 Miles	10 Miles
POPULATION			
2024 Projection	138,316	247,176	823,289
2019 Estimate	134,165	241,189	791,013
2010 Census	124,418	225,509	725,803
2000 Census	103,438	192,126	560,204
INCOME			
Average	\$81,448	\$82,708	\$95,722
Median	\$66,197	\$65,523	\$72,814
Per Capita	\$23,788	\$24,520	\$28,212
HOUSEHOLDS			
2024 Projection	40,042	72,716	239,238
2019 Estimate	38,714	70,796	229,611
2010 Census	35,332	65,174	207,716
2000 Census	30,966	58,629	169,061
HOUSING			
2019	\$277,629	\$294,084	\$351,213
EMPLOYMENT			
2019 Daytime Population	111,870	210,894	748,799
2019 Unemployment	4.87%	4.53%	4.22%
2019 Median Time Traveled	36 Mins	36 Mins	36 Mins
RACE & ETHNICITY			
White	50.23%	52.68%	52.69%
Native American	0.56%	0.46%	0.37%
African American	5.97%	5.79%	6.79%
Asian/Pacific Islander	8.10%	7.20%	9.47%



Market Overview

3700 Park Sierra Dr, Riverside, CA 92505

Los Angeles, CA

Los Angeles, or "The City of Angels", is the cultural, financial, and commercial center of Southern California. It is the second most populous city in the United States (after New York City) and the most populous city in the state of California.

Los Angeles is known for its Mediterranean climate, ethnic diversity, and sprawling metropolis. The city is one of the most substantial economic engines within the nation, with a diverse economy in a broad range of professional and cultural fields. Los Angeles is also famous as the home of Hollywood, a major center of the world entertainment industry. A global city, it has been ranked 6th in the Global Cities Index and 9th in the Global Economic Power Index. The Los Angeles combined statistical area (also has a gross metropolitan product of 831 billion (as of 2008) making it the third largest in the world. Los Angeles hosted the 1932 and 1984 Summer Olympics and will host the Olympics for a third time in 2028. Being the Entertainment Capital of the world, with its attractions including the Hollywood Sign, Griffith Observatory, the Getty Center, the Walt Disney Concert Hall at the Music Center in Downtown LA, the Hollywood Walk of Fame, Space Shuttle Endeavour, the Battleship USS Iowa; Air Force One at the Ronald Regan Library and Universal Studios Hollywood, Los Angeles received a total of over 47 million visitors in 2016.



Glen Kunofsky
Glen.Kunofsky@marcusmillichap.com
212.430.5115 | NY: 10301203289

Matthew Anuszkiewicz
Matthew.Anuszkiewicz@marcusmillichap.com
212.430.5129 | NY: 10401285141

Marcus & Millichap

EXCLUSIVE NET-LEASE OFFERING



CA BOR:
Jim Markel
Marcus & Millichap
16830 Ventura Boulevard Suite 100
Encino, CA 91436
Tel: (818) 212-2700
License: # BRK.01253407



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