

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



7750 Winchester Road
Memphis, Tennessee

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7750 Winchester Road
Memphis, Tennessee

Table of Contents

Investment Highlights	4
Financial Analysis	5
Concept Overview	6-12
Surrounding Area	13
Location Overview	14
Property Photos	15-16
Surrounding Area Photos	17
Local Map	18
Regional Map	19
Demographics / Market Overview	20-21





Investment Highlights

PRICE: \$4,870,983 | CAP: 6.00% | RENT: \$292,259



About the Investment

- ✓ Long-Term, Absolute Triple Net (NNN) Lease, Zero Landlord Obligations
- ✓ 22 Years Of Lease Term Remaining With 2.00% Annual Bumps
- ✓ Four (4), Five (5)-Year Tenant Renewal Options
- ✓ Corporate Tenant | Corporate Guarantee

About the Location

- ✓ Dense Retail Corridor | Lowe's, Walmart, Costco, Kroger, Olive Garden, Arby's, Wingstop, Dunkin', Marshall's, Dick's Sporting Goods, Starbucks, PetSmart, McDonald's, Buffalo Wild Wings, Wendy's, Taco Bell and Many More.
- ✓ Extremely Strong & Growing Demographics | Population Exceeds 81,000 Individuals Within a Three-Mile Radius, 179,000 Individuals Within a Five-Mile Radius, and Over 500,000 Within a Ten-Mile Radius
- ✓ Strong Traffic Counts | Winchester Road & Bill Morris Parkway | Over 35,000 & 107,000 Vehicles Per Day, Respectively
- ✓ Medical Presence | Methodist Le Bonheur Germantown Hospital Four-Miles Away | 319 Beds | State-of-the-Art Inpatient & Outpatient Facilities
- ✓ Excellent Visibility & Frontage on Winchester Road | Multiple Points of Ingress & Egress
- ✓ Academic Presence | 10 Elementary & High schools Within Three-Miles | Over 8,000 Students Combined 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 705 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 6th Largest Casual Dining Concept In North America.





Financial Analysis

PRICE: \$4,870,983 | CAP: 6.00% | RENT: \$292,259



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	7750 Winchester Boulevard
City, State ZIP	Memphis, TN 38125
Year Built / Renovated	2008
Building Size (SF)	7,222 SF
Lot Size (Acres)	+/- 0.88 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$4,870,983
CAP Rate	6.00%
Annual Rent	\$292,259

LEASE SUMMARY

Property Type	Net Leased Restaurant
Tenant / Guarantor	Red Lobster Hospitality, LLC
Lease Commencement	December 17 th , 2015
Lease Expiration	July 31 st , 2042
Lease Term Remaining	22+ Years
Lease Type	Absolute 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
Year 5	\$292,259	\$24,355	2%
Year 6	\$298,104	\$24,842	2%
Year 7	\$304,066	\$25,339	2%
Year 8	\$310,148	\$25,846	2%
Year 9	\$316,351	\$26,363	2%
Year 10	\$322,678	\$26,890	2%
Year 11	\$329,131	\$27,428	2%
Year 12	\$335,714	\$27,976	2%
Year 13	\$342,428	\$28,536	2%
Year 14	\$349,277	\$29,106	2%
Year 15	\$356,262	\$29,689	2%
Year 16	\$363,387	\$30,282	2%
Year 17	\$370,655	\$30,888	2%
Year 18	\$378,068	\$31,506	2%
Year 19	\$385,630	\$32,136	2%
Year 20	\$393,342	\$32,779	2%
Year 21	\$401,209	\$33,434	2%
Year 22	\$409,233	\$34,103	2%
Year 23	\$417,418	\$34,785	2%
Year 24	\$425,766	\$35,481	2%
Year 25	\$434,282	\$36,190	2%
Year 26	\$442,967	\$36,914	2%
Year 27	\$451,826	\$37,652	2%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster located at 7750 Winchester Boulevard in Memphis, Tennessee. The site consists of roughly 7,222 rentable square feet of building space on an estimated 0.88-acre parcel of land.

This Red Lobster is subject to a long-term absolute triple-net (NNN) lease, which commenced December 17th, 2015. The current annual rent is \$292,259 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.

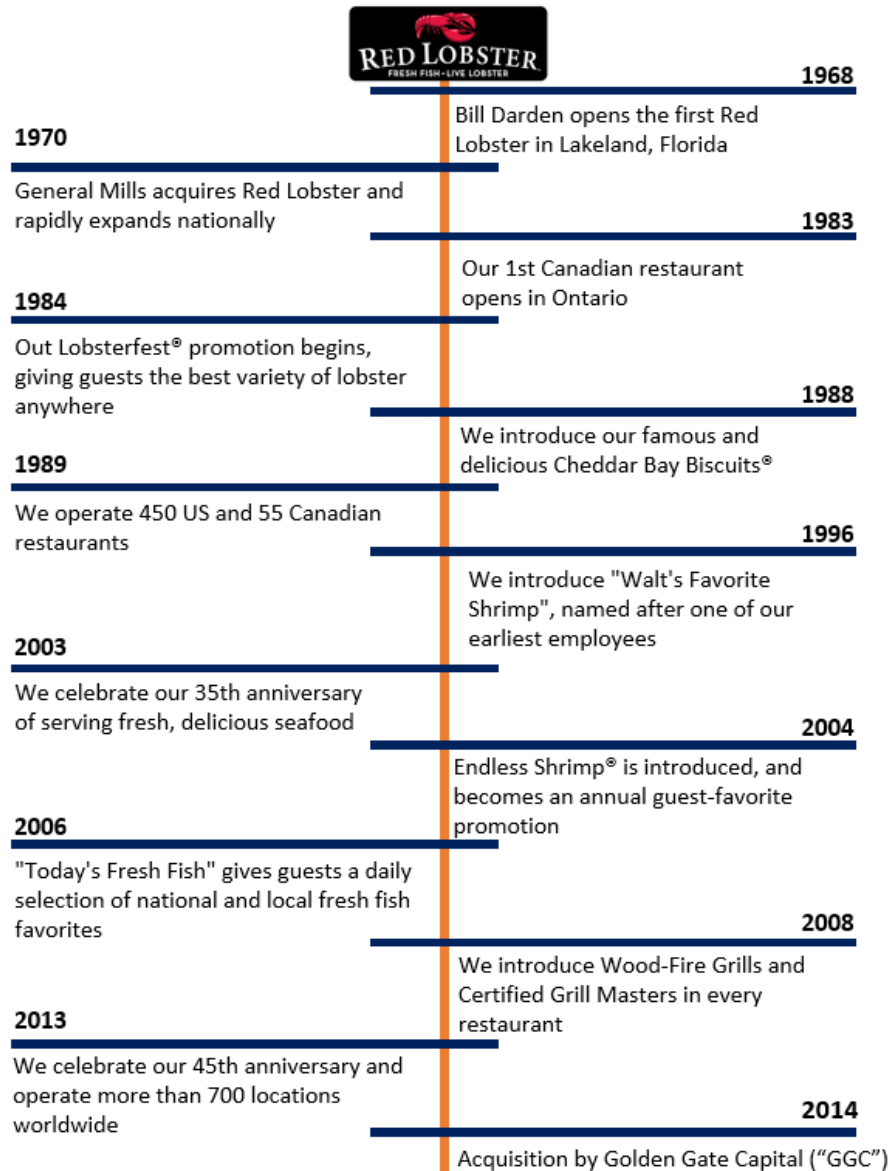
FRESH IS IN OUR COMMITMENT

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





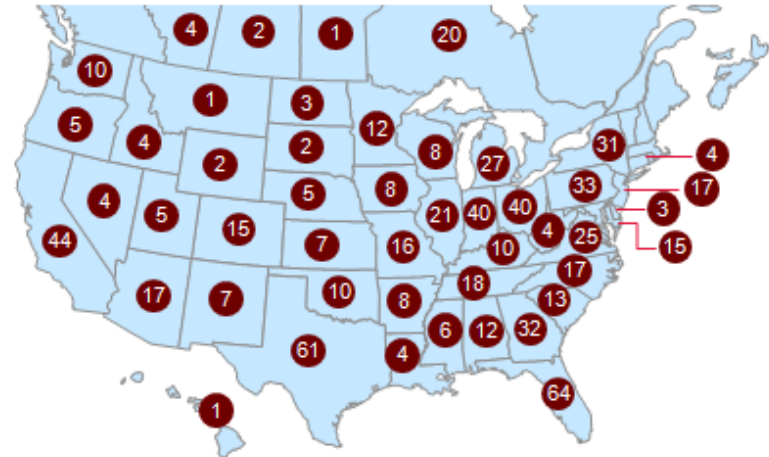
Concept Overview



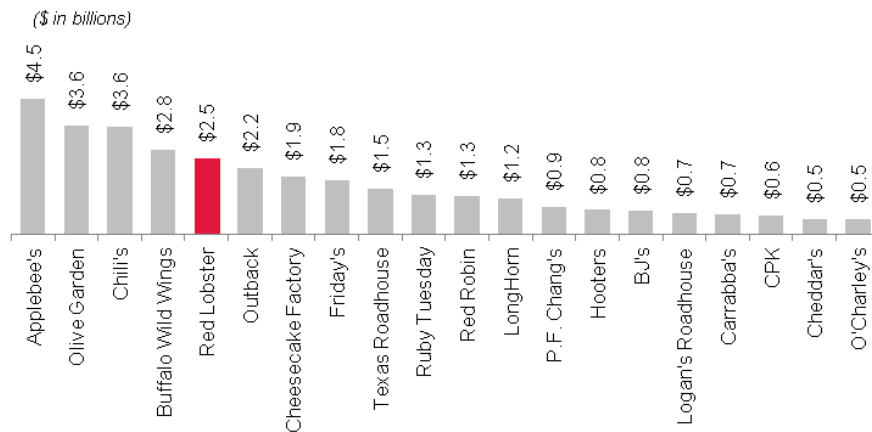
Strong Market Position

- 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.

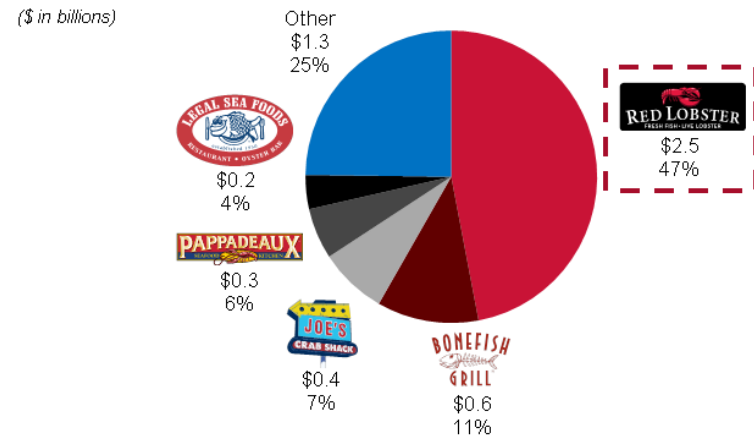
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining





Concept Overview



Iconic Brand With Unparalleled Customer Loyalty

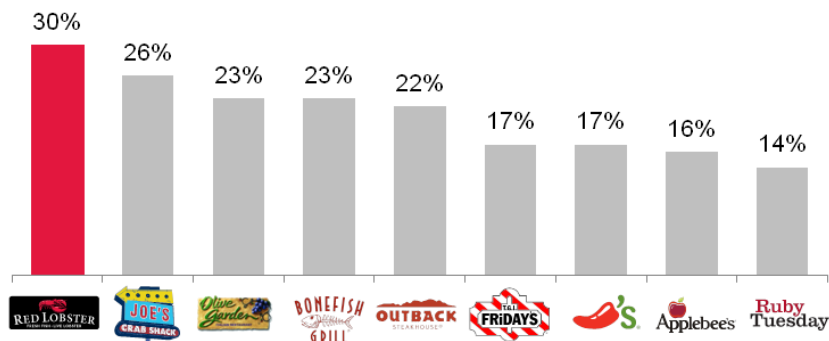
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster 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
(30 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
(27 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
(11 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

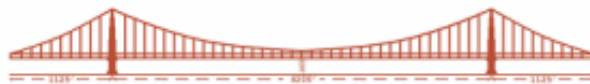


Chip Wade
EVP Operations
(29 years in Restaurant Industry)

- 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

7750 Winchester Road – Memphis, TN 38125





Location Overview

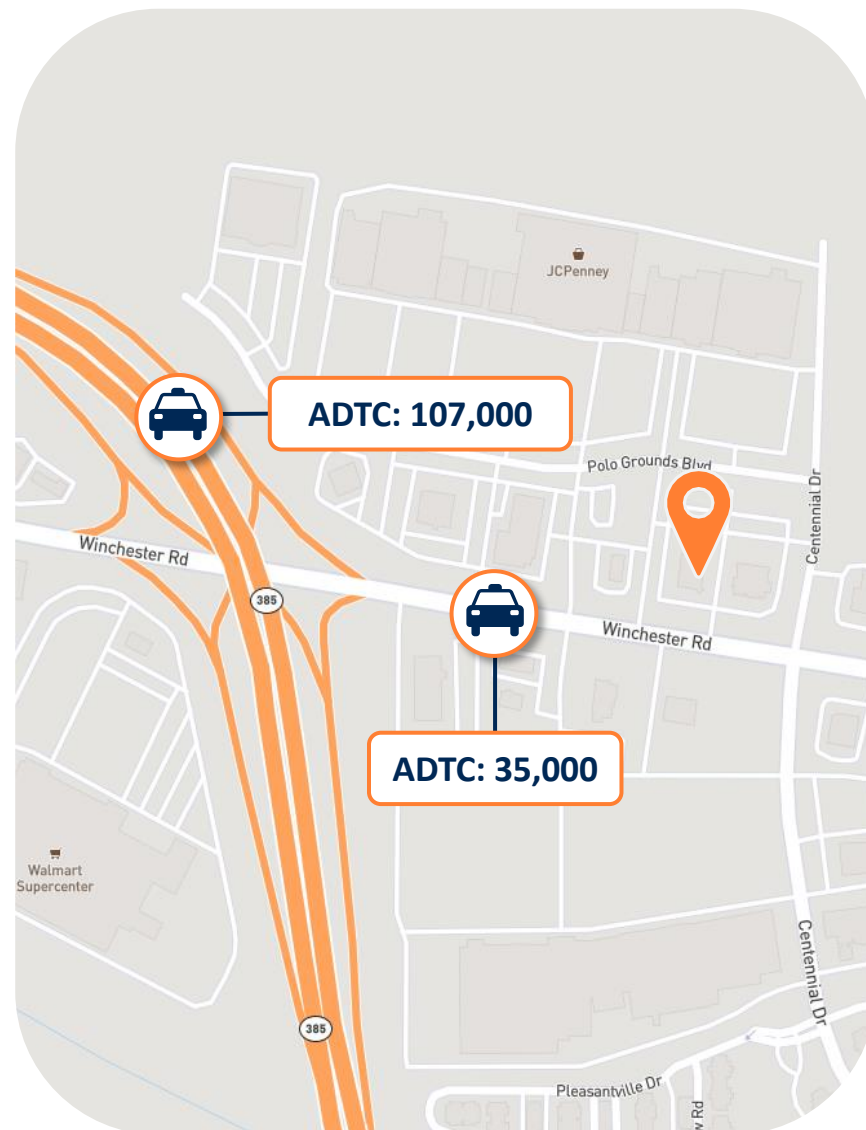
7750 Winchester Road – Memphis, TN 38125



This Red Lobster investment property is situated on Winchester Road which has an average daily traffic count exceeding 35,000 vehicles. Winchester Road is directly off the Bill Morris Parkway which brings an additional 107,000 vehicles per day to the immediate area. There are over 81,000 individuals within a one-mile radius of the subject property, over 179,000 individuals within a three-mile radius, and over 500,000 individuals within a ten-mile radius. In the next five years the population in the immediate area is expected to grow around 3%.

The subject property is strategically situated in a highly dense retail corridor that consists of numerous regional and national tenants, shopping centers and hospitality accommodations, all within close proximity of this site. Major national tenants in the immediate area include: Lowe's, Walmart, Sam's Club, Costco, Olive Garden, Kroger, Dunkin', Wendy's, Taco Bell, Starbucks, and Petsmart in addition to many others. This Red Lobster benefits from a strong academic presence in the immediate area with ten local elementary schools and high schools servicing over 8,000 students within three-miles of the property. Just over four-miles from the subject property is Methodist Le Bonheur Germantown Hospital, a state-of-the-art inpatient & outpatient medical campus with 319 beds.

Since the civil rights era, Memphis has grown to become one of the nation's leading commercial centers in transportation and logistics. The city's largest employer is the multinational courier corporation FedEx which maintains its global air hub at Memphis International Airport, making it the second busiest cargo airport in the world. Today, Memphis is a regional center for commerce, education, media, art, and entertainment. The city has long had a prominent music scene, with historic blues clubs on Beale Street originating the unique Memphis blues sound during the early 20th century. The city's music has continued to be shaped by a multi-cultural mix of influences across the blues, country, rock n' roll, soul, and hip-hop genres. Memphis barbecue has achieved international prominence, and the city hosts the World Championship Barbecue Cooking Contest which attracts over 100,000 visitors to the city annually.





Property Photo

7750 Winchester Road – Memphis, TN 38125





Property Photo

7750 Winchester Road – Memphis, TN 38125





Surrounding Area Photos

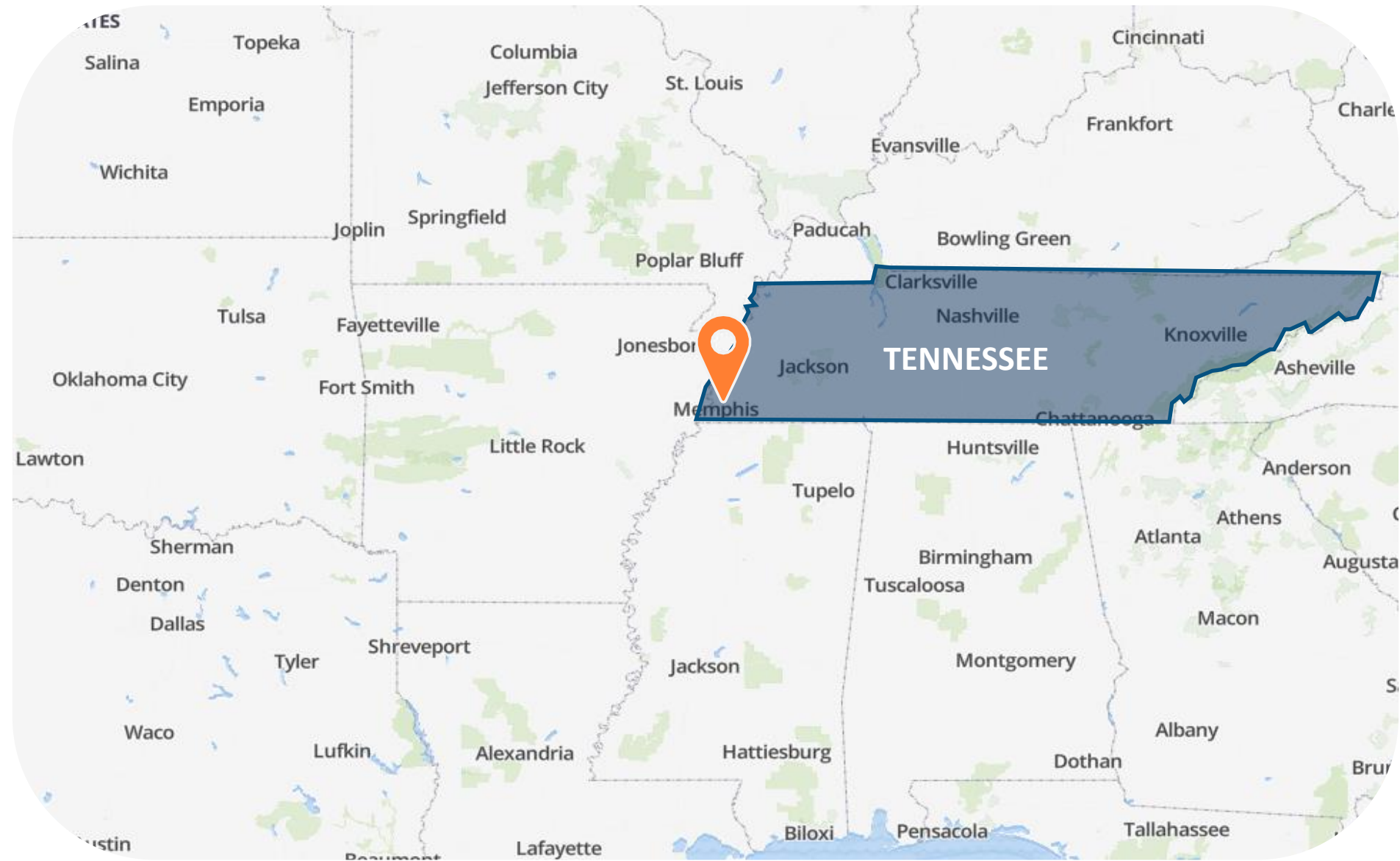
7750 Winchester Road – Memphis, TN 38125





Regional Map

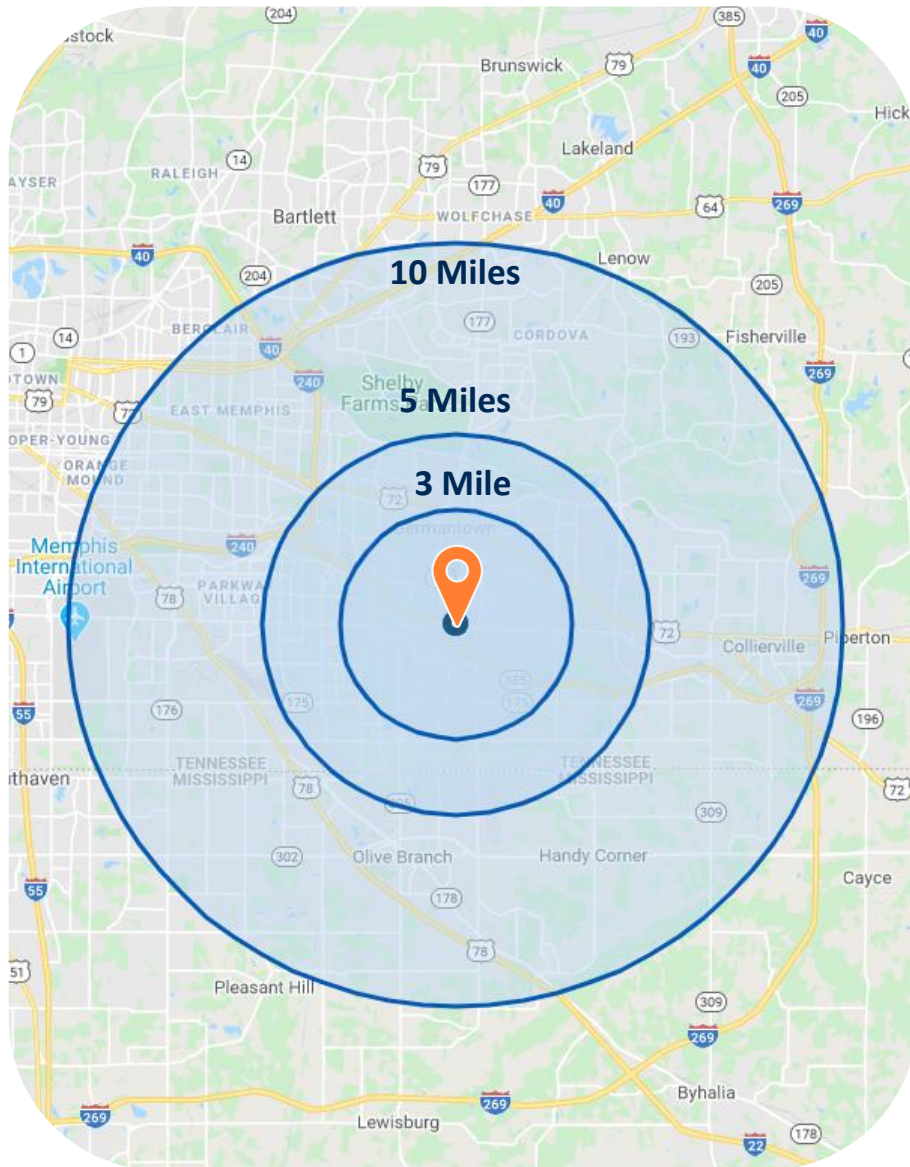
7750 Winchester Road – Memphis, TN 38125





Demographics

7750 Winchester Road – Memphis, TN 38125



	3 Mile	5 Miles	10 Miles
POPULATION			
2024 Projection	82,714	181,674	514,226
2019 Estimate	81,513	179,584	503,882
2010 Census	79,003	174,797	482,797
2000 Census	68,925	156,893	423,301
INCOME			
Average	\$86,662	\$95,295	\$91,442
Median	\$60,179	\$62,952	\$62,139
Per Capita	\$33,541	\$36,357	\$34,478
HOUSEHOLDS			
2024 Projection	32,232	69,735	193,917
2019 Estimate	31,513	68,443	188,903
2010 Census	30,728	66,987	182,747
2000 Census	27,151	60,819	162,119
HOUSING			
2019	\$175,846	\$192,593	\$185,037
EMPLOYMENT			
2019 Daytime Population	66,965	176,516	524,531
2019 Unemployment	3.56%	3.38%	3.52%
2019 Median Time Traveled	24 mins	24 mins	24 mins
RACE & ETHNICITY			
White	29.50%	37.10%	47.71%
Native American	0.02%	0.03%	0.04%
African American	61.26%	53.46%	42.41%
Asian/Pacific Islander	3.37%	3.61%	3.59%



Market Overview

City: Memphis | County: Shelby | State: Tennessee

Memphis, TN

Memphis, is a city located along the Mississippi River in southwestern Shelby County, Tennessee, United States. The 2019 population was 652,000, making Memphis the largest city on the Mississippi River, the second most populous city in Tennessee, as well as the 25th largest city in the United States. Greater Memphis is the 42nd largest metropolitan area in the United States, with a greater Mid-South region, which includes portions of neighboring Arkansas and Mississippi. Memphis is the county seat of Shelby County, the most populous county in Tennessee. As one of the most historic and cultural cities of the southern United States, the city features a wide variety of landscapes and distinct neighborhoods.

Memphis is the birthplace of Rock n' Roll and the home of the Blues. It's also home to the National Civil Rights Museum, Beale Street, the Memphis Rock and Soul Museum, the National Ornamental Metal Museum and Graceland, the second most visited residence in the United States. Memphis still has a vibrant music scene to this day, with live music each night on Beale Street and in most areas of the city. But music is not Memphis' only export; these days, most goods come through Memphis and its transportation and logistics infrastructure. Not only is the airport the second largest cargo airport in the world –a fact attributable to FedEx's "Super Hub" – but Memphis sits at a crossroads of what is called the four R's: Railroads, Runways, Roads, and the Mississippi River. The city is also home to several Fortune 500 companies, including AutoZone, International Paper, and FedEx, as well as St. Jude Children's Research Hospital and the Memphis Grizzlies. Every year, Beale Street and Downtown's Tom Lee Park are transformed into a sea of music, pork, and people during the Memphis in May International Festival. This month-long celebration draws tens of thousands of visitors every spring and features the world-famous Beale Street Music Festival, World Championship Barbecue Cooking Contest, and several other international events honoring a different foreign country every year.

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