

# Red Lobster

EXCLUSIVE NET-LEASE OFFERING



# OFFERING MEMORANDUM



1560 Dogwood Drive  
Conyers, GA 30013

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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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1560 Dogwood Drive  
Conyers, GA 30013





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# Investment Highlights

PRICE: \$6,545,963 | CAP: 6.50% | RENT: \$425,488



## About the Investment

- ✓ Long-Term, Absolute Triple-Net (NNN) Lease with Approximately 18.8 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
- ✓ Large Redevelopment of Major Shopping Center Across Interstate-20 | Construction on Redevelopment of Salem Gates Market to Host Premiere and Target Retail and Restaurant Brands | Construction to Commence Early-2021
- ✓ Heavily Trafficked Area | Interstate 20 & Hwy 138 SE | Average Daily Traffic Counts Exceeding 91,300 & 32,000 Vehicles, Respectively
- ✓ Multiple Hospitality Accommodations | La Quinta Inn & Suites, Microtel Inn & Suites, Courtyard, Hampton Inn, Best Western, Comfort Inn, Country Inn & Suites, in Addition to Various Others
- ✓ Strong Real Estate Fundamentals | Located 20 Miles East of 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: \$6,545,963 | CAP: 6.50% | RENT: \$425,488



## PROPERTY DESCRIPTION

|                        |                    |
|------------------------|--------------------|
| Property               | Red Lobster        |
| Property Address       | 1560 Dogwood Drive |
| City, State            | Conyers, GA        |
| Year Built / Renovated | 2000 / 2011        |
| Building Size (SF)     | 8,080              |
| Lot Size (Acres)       | +/- 1.16           |
| Type of Ownership      | Fee Simple         |

## THE OFFERING

|                |             |
|----------------|-------------|
| Purchase Price | \$6,545,963 |
| CAP Rate       | 6.50%       |
| Annual Rent    | \$425,488   |

## 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, 2039                          |
| Lease Term Remaining | 18.8 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    | \$425,488   | \$35,457     | -               |
| Year 8     | \$433,997   | \$36,166     | 2.00%           |
| Year 9     | \$442,677   | \$36,890     | 2.00%           |
| Year 10    | \$451,531   | \$37,628     | 2.00%           |
| Year 11    | \$460,561   | \$38,380     | 2.00%           |
| Year 12    | \$469,773   | \$39,148     | 2.00%           |
| Year 13    | \$479,168   | \$39,931     | 2.00%           |
| Year 14    | \$488,752   | \$40,729     | 2.00%           |
| Year 15    | \$498,527   | \$41,544     | 2.00%           |
| Year 16    | \$508,497   | \$42,375     | 2.00%           |
| Year 17    | \$518,667   | \$43,222     | 2.00%           |
| Year 18    | \$529,040   | \$44,087     | 2.00%           |
| Year 19    | \$539,621   | \$44,968     | 2.00%           |
| Year 20    | \$550,414   | \$45,868     | 2.00%           |
| Year 21    | \$561,422   | \$46,785     | 2.00%           |
| Year 22    | \$572,650   | \$47,721     | 2.00%           |
| Year 23    | \$584,103   | \$48,675     | 2.00%           |
| Year 24    | \$595,785   | \$49,649     | 2.00%           |
| Year 25    | \$607,701   | \$50,642     | 2.00%           |

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive offering for a Red Lobster located at 1560 Dogwood Drive in Conyers, Georgia. The site consists of roughly 8,080 rentable square feet of building space on an estimated 1.16-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 \$425,488 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 (2<sup>nd</sup> 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 6<sup>th</sup> largest casual dining concept in North America.

## The Transaction

- On August 31st, 2020, a group led by Thai Union Group (“TUG”) acquired Red Lobster from Golden Gate Capital.
- Thai Union Group was previously a minority owner of Red Lobster – first acquiring a 25% stake in the company in 2016.
- The new ownership group now includes Thai Union Group, current Red Lobster management, and a newly formed investment group, Seafood Alliance, which is led by two prominent global restaurant operators.





## 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.

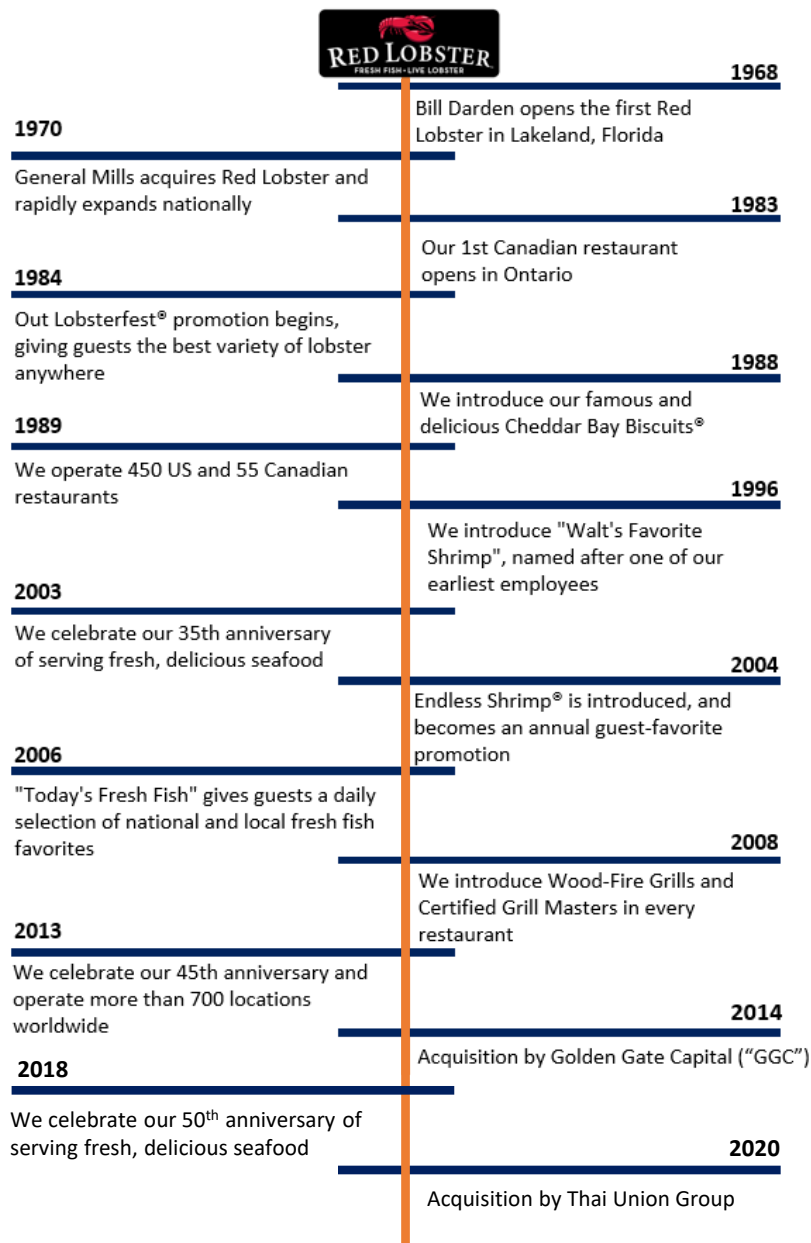
### FRESH IS IN OUR COMMITMENT

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







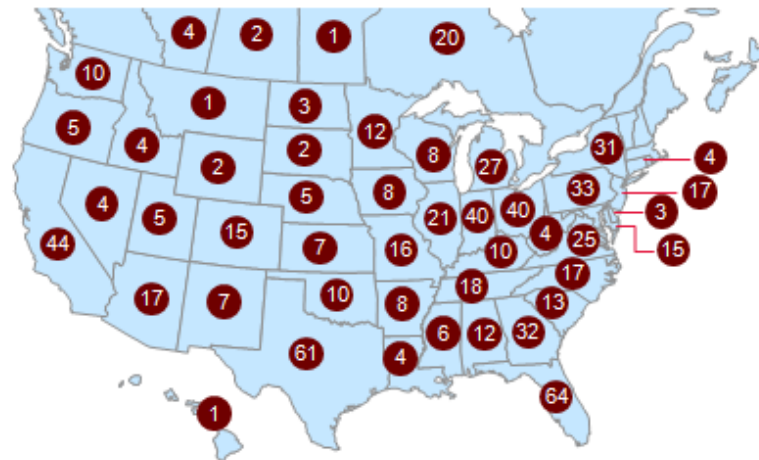
# Concept Overview



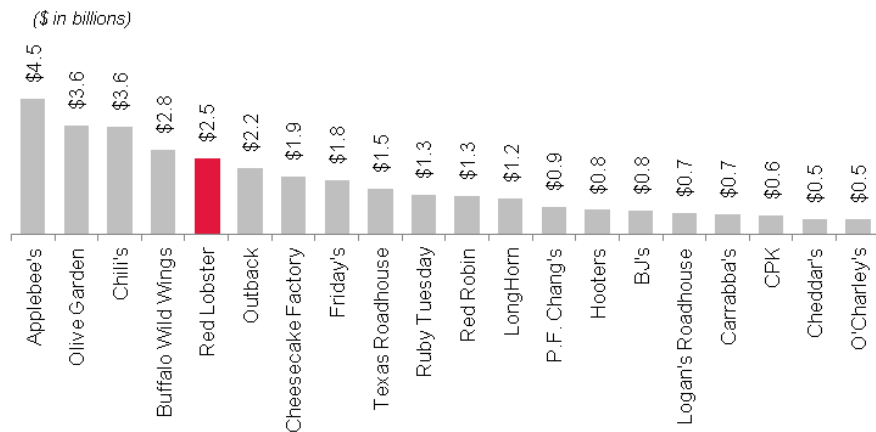
## Strong Market Position

- Red Lobster is the largest seafood restaurant concept in the world and the 6<sup>th</sup> 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.
- 6<sup>th</sup> largest overall casual dining concept in the US.

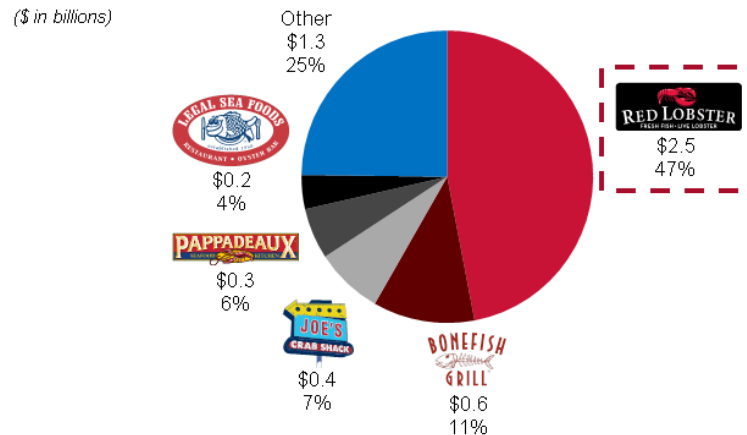
## Significant Scale With Broad Geographic Reach



## 6<sup>th</sup> Largest Casual Dining Concept in the US



## ~50% Share in Seafood Casual Dining





# Concept Overview



## Iconic Brand With Unparalleled Customer Loyalty

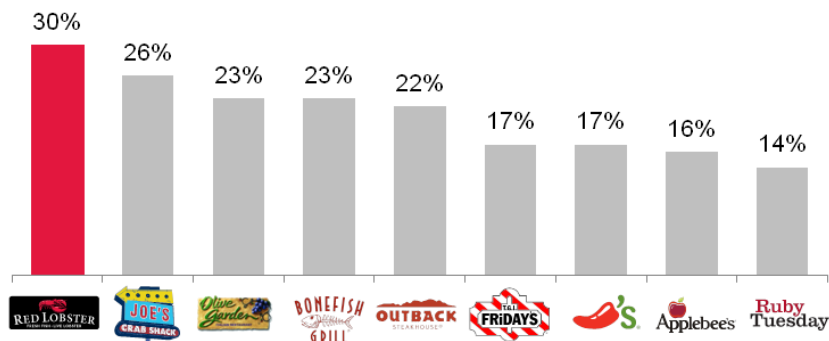
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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

## 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



- Founded in 1977, Thai Union has a rich history of commitment to seafood expertise and innovation around the world.
- Thai Union Group, based out of Thailand with offices North America, Europe, the Middle-East and Asia, currently serves as a main supplier of seafood for Red Lobster's across the world.
- Thai Union Group has been listed on the Stock Exchange of Thailand (SET) since November 1994
  - Prior to the Red Lobster acquisition, Thai Union Group reported annual sales of over \$4.1 Billion
- Through acquisitions and organic growth, TUG's ambitious expansion strategy has established a diverse global brand portfolio. Covering three continents, their brands are consumer favorites and market leaders with a wide range of products including shelf-stable seafood products, frozen and chilled seafood, PetCare products and more.
- TUG has a long, successful track record and significant experience servicing consumers, supermarkets, restaurants, hospitality and others.

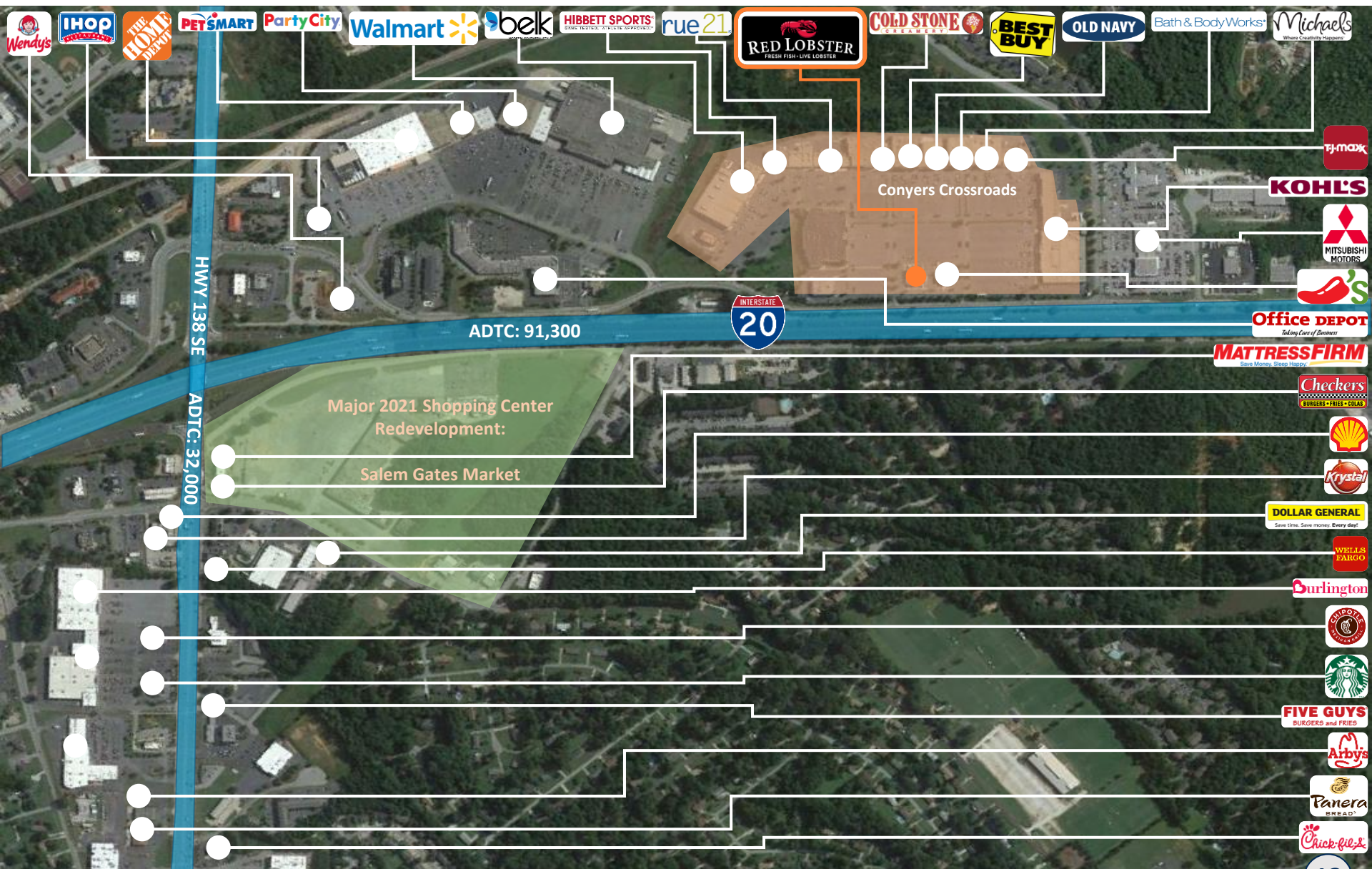
## *Global Brands and Partnerships*





# Surrounding Area

1560 Dogwood Drive, Conyers, GA 30013







# Location Overview

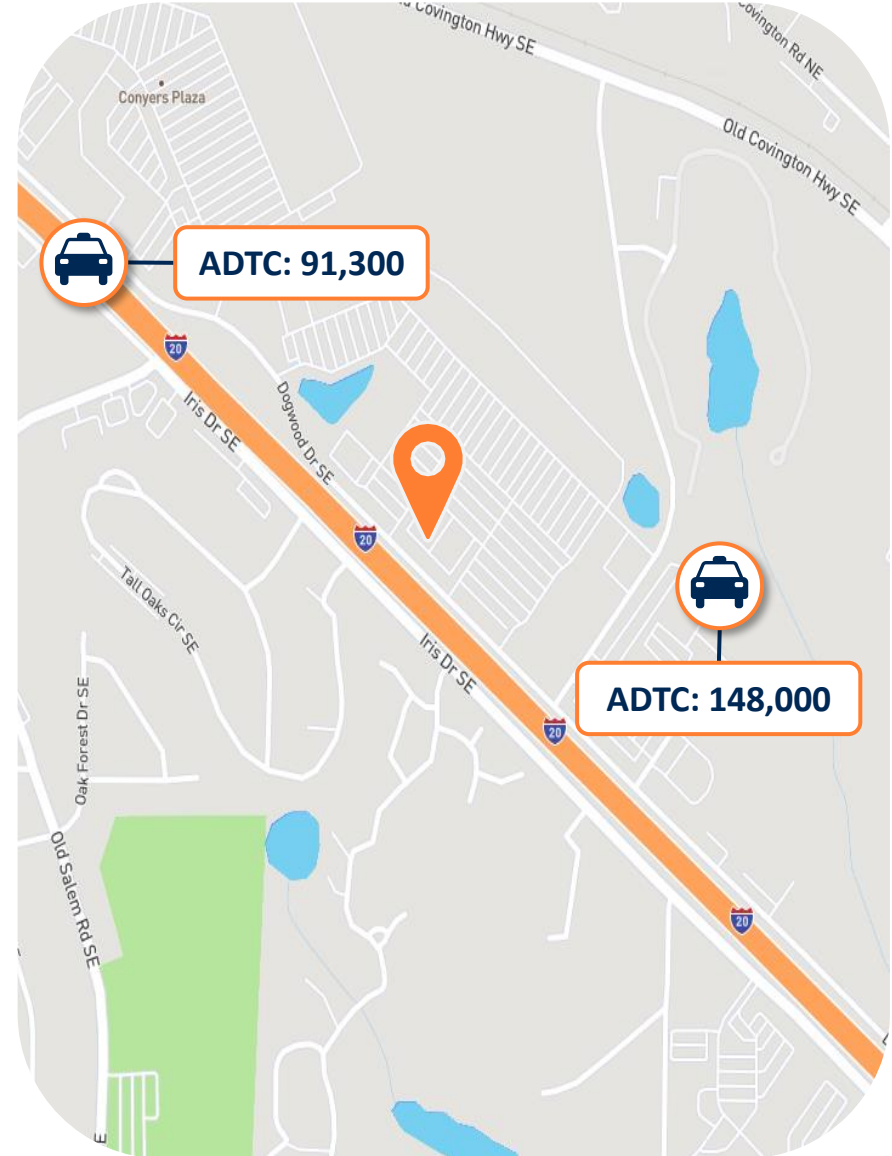
1560 Dogwood Drive, Conyers, GA 30013



This Red Lobster is located at 1560 Dogwood Drive, in Conyers, Georgia. The property sits on Dogwood Drive, running parallel with the active Interstate-20. Interstate 20, which brings an additional 91,300 vehicles into the immediate surrounding of the subject property area each day, is a major artery feeding into Atlanta, roughly 20 miles to the west. There are more than 85,000 individuals residing within a five-mile radius of the subject property and approximately 253,800 individuals within a ten-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 Walmart, Home Depot, Chick-fil-A, Panera Bread, Starbucks, Chipotle, Wells Fargo, Dollar General, Chili's, Office Depot, Old Navy, Best Buy, Party City, Wendy's, Five Guys, as well as many others. Additionally, this Red Lobster is in close proximity to various hospitality accommodations. These include: La Quinta Inn & Suites, Microtel Inn & Suites, Courtyard, Hampton Inn, Best Western, Comfort Inn, Country Inn & Suites, as well as many others. In addition to the subject property's proximity to Conyers Crossing Shopping Center and Conyers Plaza, with over a total of 60 national and local brands, a major redevelopment project, just over Interstate-20, was announced. It is reported that a large development group will engage in a large capital expenditure at this shopping center, to commence construction in 2021, developing a 55,000 square foot Hobby Lobby, a 20,000 square foot North Tool and Supply, a 103-room hotel in addition to other large target retail and restaurant brands.

Conyers hosts a number of annual events such as the Cherry Blossom Festival in April, the world's fastest growing St. Patrick's Day Parade, Olde Town Fall Festival, and Hometown Holiday Parade in December. Historic Olde Town Conyers offers one-of-a-kind shopping and dining, quaint streets, entertainment, and festivals. There are three golf clubs, eight parks, including the Lewis- Vaughn Botanical Garden, and miles of trails for horse back riding and mountain biking.

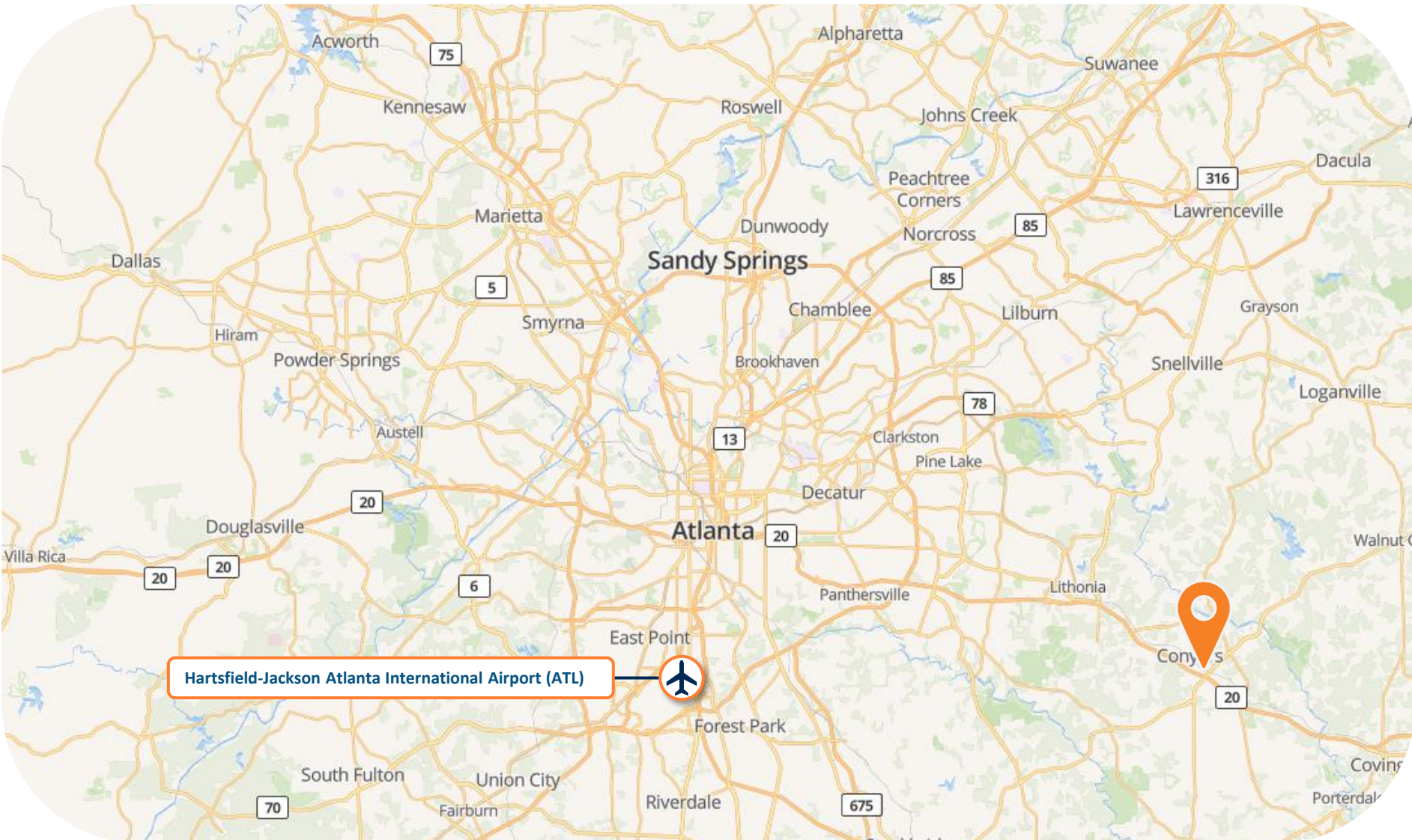






# Local Map

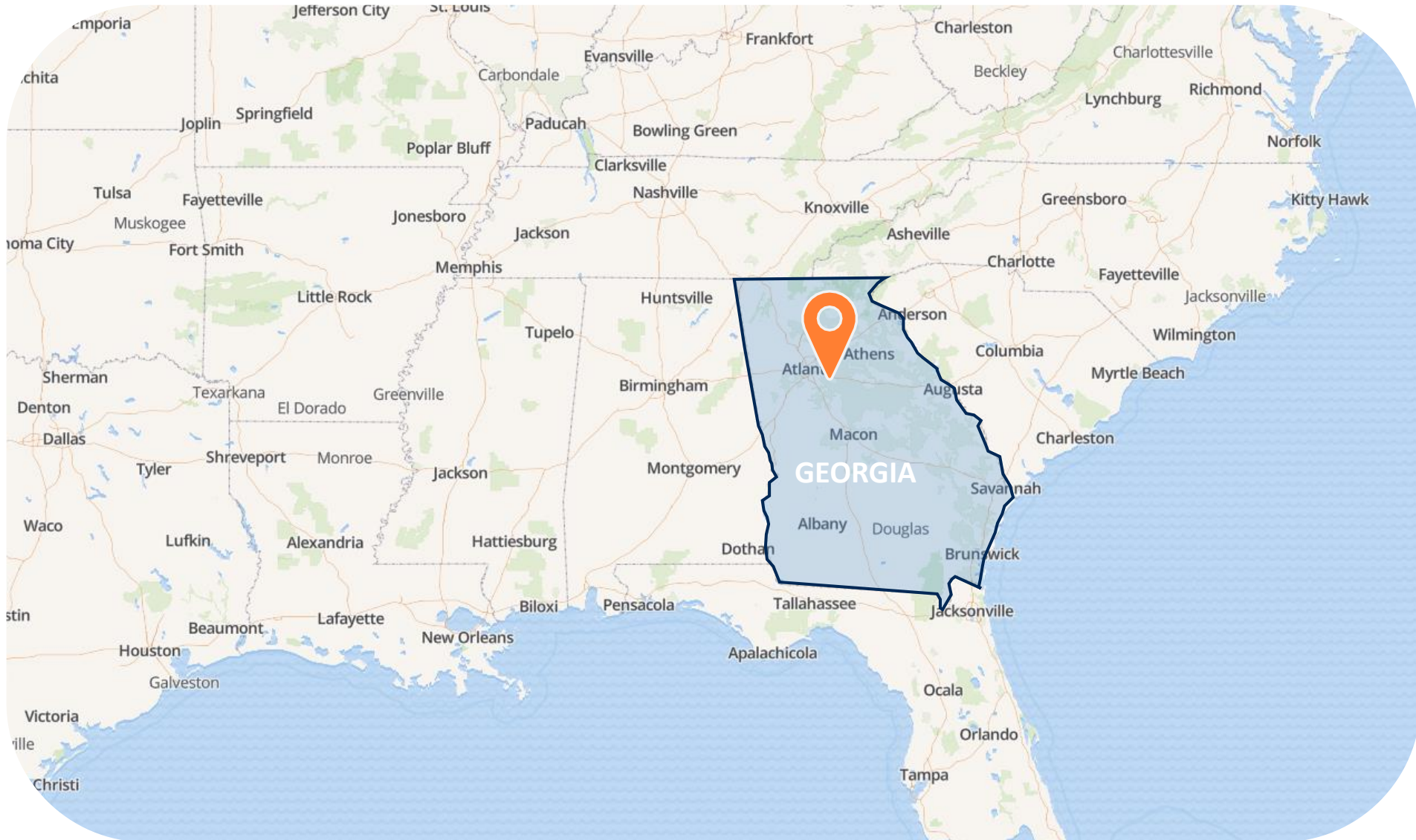
1560 Dogwood Drive, Conyers, GA 30013





# Regional Map

1560 Dogwood Drive, Conyers, GA 30013

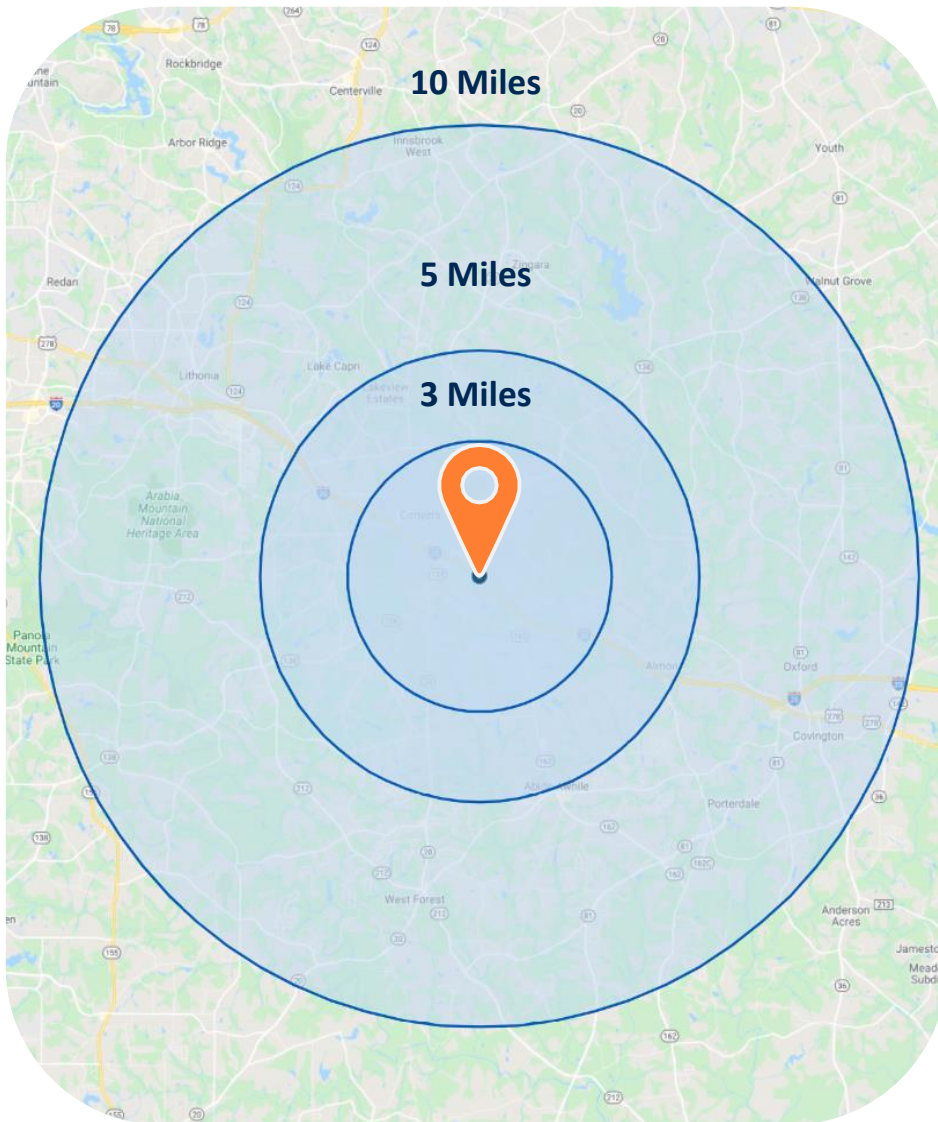






# Demographics

1560 Dogwood Drive, Conyers, GA 30013



|                             | 3 Miles   | 5 Miles   | 10 Miles  |
|-----------------------------|-----------|-----------|-----------|
| <b>POPULATION</b>           |           |           |           |
| 2025 Projection             | 38,189    | 86,274    | 258,917   |
| 2020 Estimate               | 37,754    | 85,052    | 253,819   |
| 2010 Census                 | 34,972    | 78,801    | 231,975   |
| 2000 Census                 | 26,599    | 58,097    | 160,884   |
| <b>INCOME</b>               |           |           |           |
| Average                     | \$72,947  | \$74,666  | \$73,576  |
| Median                      | \$52,220  | \$57,179  | \$56,827  |
| Per Capita                  | \$26,549  | \$26,428  | \$26,309  |
| <b>HOUSEHOLDS</b>           |           |           |           |
| 2025 Projection             | 13,993    | 30,702    | 93,021    |
| 2020 Estimate               | 13,693    | 30,028    | 90,340    |
| 2010 Census                 | 12,699    | 27,831    | 82,159    |
| 2000 Census                 | 9,513     | 20,241    | 56,003    |
| <b>HOUSING</b>              |           |           |           |
| 2020                        | \$175,443 | \$170,508 | \$167,583 |
| <b>EMPLOYMENT</b>           |           |           |           |
| 2020 Daytime Population     | 55,767    | 87,410    | 213,583   |
| 2020 Unemployment           | 4.44%     | 4.11%     | 4.24%     |
| 2020 Median Time Traveled   | 34 Mins   | 35 Mins   | 37 Mins   |
| <b>RACE &amp; ETHNICITY</b> |           |           |           |
| White                       | 21.59%    | 28.12%    | 30.65%    |
| Native American             | 0.17%     | 0.09%     | 0.07%     |
| African American            | 66.65%    | 61.26%    | 61.99%    |
| Asian/Pacific Islander      | 2.13%     | 1.81%     | 1.30%     |





# Market Overview

1560 Dogwood Drive, Conyers, GA 30013

*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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## EXCLUSIVE NET-LEASE OFFERING



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