

Investment Offering Memorandum

Down the Hatch / Lake Shore Lounge

292 Candlewood Lake Road & 5 Kellogg Street

Proposed Asking Price: \$6,999,000

Executive Investment Highlights

- Only restaurant on Candlewood Lake with direct boat docking and lake access
- More than 11,000 sq. ft. of indoor and outdoor dining space
- Long-standing FirstLight waterfront licensing rights creating a market monopoly
- Established business with over 40 years of operating history
- Consistent annual revenue between \$1.95M and \$2.07M
- Four additional cottages providing additional income or redevelopment potential
- 2.11-acre parcel providing essential parking and operational support
- Destination waterfront property with high tourism and boating traffic

Property Overview

The Down the Hatch restaurant occupies a portion of a 0.38-acre parcel at 292 Candlewood Lake Road and licensed waterfront land from FirstLight CT Housatonic LLC. The restaurant features more than 11,000 square feet of indoor and outdoor deck dining space, making it one of the most unique waterfront dining venues in Connecticut.

The adjacent 5 Kellogg Street parcel consists of approximately 2.11 acres and includes parking required for restaurant operations, four cottages currently used as staff housing, and a 1,400 square foot maintenance workshop.

Unique Market Position

Down the Hatch is the ONLY restaurant on Candlewood Lake with direct boat dock access for patrons. These long-standing rights granted under licensing agreements with FirstLight create a competitive advantage that cannot be replicated due to shoreline restrictions and environmental regulation.

This exclusive positioning establishes a natural market monopoly for boat-access dining on the lake.

Financial Performance

Historical revenues for the restaurant have remained consistently between \$1.95M and \$2.07M annually.

Operating performance demonstrates strong cost controls with food cost between 23–25% and labor costs between 32–35%, both outperforming many hospitality industry benchmarks.

Normalized EBITDA is estimated between \$450,000 and \$520,000 annually.

Cottage Income Potential

The four cottages located on the 5 Kellogg Street parcel represent additional income potential if converted to year-round residential rentals.

Metric	Annual Amount
Gross Potential Rent	\$97,500
Effective Gross Income (5% vacancy)	\$92,625
Operating Expenses (42%)	\$39,600
Net Operating Income	\$53,025

Return on Investment Analysis

Purchase Price: \$6,999,000

Scenario	NOI	ROI
Restaurant Only (Seasonal Operation)	\$485,000	6.93%
Restaurant + Cottage Rentals	\$538,025	7.69%

Expanded Year-Round Model	\$1,067,731	15.26%
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Cap Rate Analysis

Using normalized restaurant NOI of approximately \$485,000, the implied capitalization rate at the \$6,999,000 purchase price is approximately 6.93%.

When including potential cottage income, the stabilized cap rate increases to approximately 7.69%.

Strategic Upside Opportunities

- Conversion of cottages to market-rate residential rentals
- Expansion of marina / dock capacity for additional boat traffic
- Event hosting and private waterfront functions
- Operational extension beyond seasonal schedule
- Potential redevelopment or repositioning of adjacent land

Conclusion

The Down the Hatch property represents a rare opportunity to acquire a dominant waterfront hospitality asset on Candlewood Lake. The combination of irreplaceable lake access rights, a long-standing operating history, and additional real estate assets provides both immediate income and long-term investment upside.