



Red Lobster
12235 Saint Charles Rock Road
Bridgeton, Missouri 63044



OFFERING MEMORANDUM

Marcus & Millichap

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some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history 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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the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

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Executive Summary | Investment Highlights

Property Name	Red Lobster
Location	12235 Saint Charles Rock Rd Bridgeton, MO 63044
Price	\$5,489,448
CAP Rate	6.25%
NOI ¹	\$343,091
Price Per SF	\$643
Building Size	8,534 sq ft
Lot Size	1.67 acres
Date of Remodel	August-2012
Year Opened	1973

Marcus & Millichap is pleased to present the exclusive listing for Red Lobster located at 12235 Saint Charles Rock Road in Bridgeton, Missouri. The property is 8,534 square feet and is situated on approximately 1.67 acres of land.

This Red Lobster is subject to a 20-year triple-net (NNN) lease, with roughly 16 years remaining on the lease. Current annual rent is \$343,091. The rent is scheduled to increase by two percent annually, including through the four, five year tenant renewal options.

Red Lobster is the largest seafood restaurant concept in the world and is an iconic full service brand with broad demographic appeal and significant advertising budget. Red Lobster is led by an experienced management team with a history of success leading the brand (average 27+ years of experience across the executive team). The company generates \$2.5 billion in revenue and is the 5th largest casual dining concept in North America. Red Lobster was recently acquired by Golden Gate Capital.

1 NOI Based on August 2018 Rent Increase

Long-Term Triple-Net Lease | Above Market Lease Term

This Red Lobster is subject to a 20-year absolute triple-net (NNN) lease, with 16 years remaining.

Corporate Guarantor | 704 Locations in the US & Canada

The lease is subject to a corporate guarantee, adding additional security throughout the term of the lease, through 704 corporate locations.

Attractive Rental Increases & Renewal Options

The rent will increase by two percent annually, including through the four, five year tenant renewal options, providing investors with a strong inflation hedge.





- 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 704 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.

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.



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

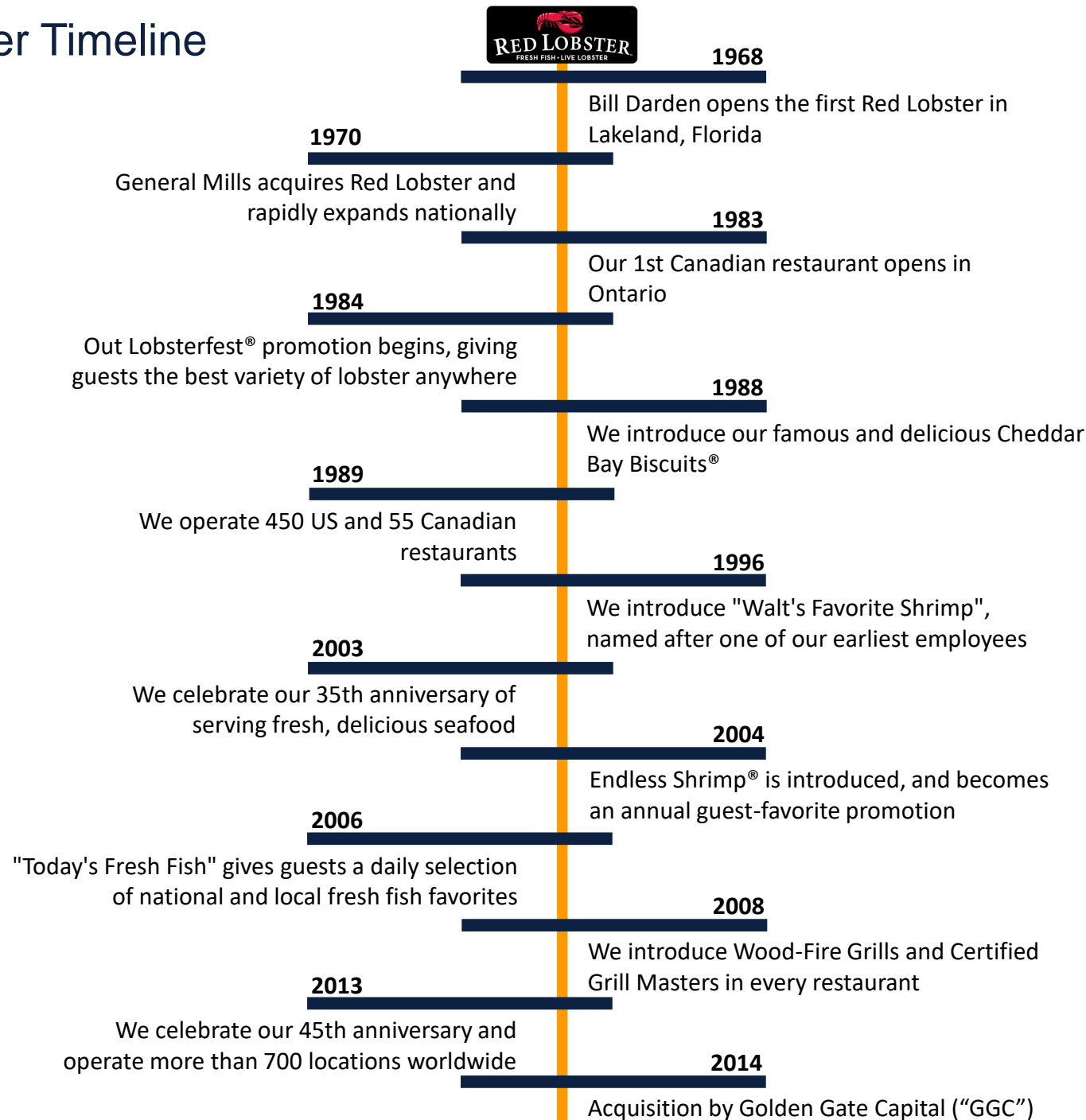
We hold ourselves to the highest standards for service, quality and a welcoming atmosphere. And we're focused on doing what's right – for our employees, in our communities and in the world.

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.

Red Lobster Timeline

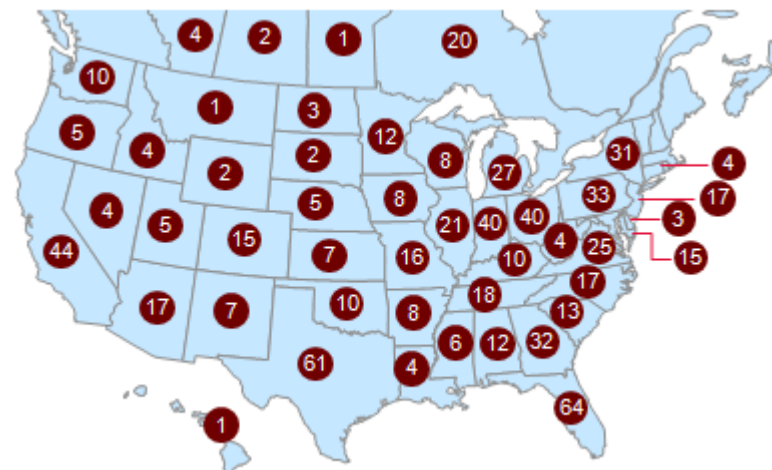


Tenant Overview

Strong Market Position

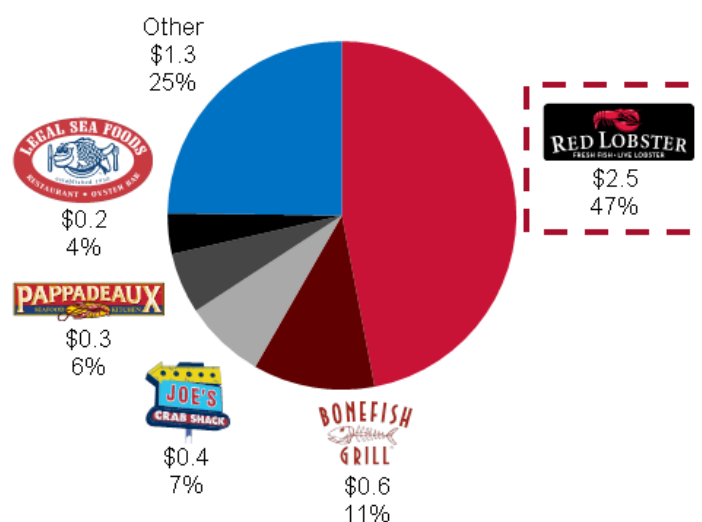
- Red Lobster is the largest seafood restaurant concept in the world with over \$2.5 billion in annual sales and 704 restaurants.
 - \$2.5B LTM Sales.
 - \$3.5M AUV.
- The Company is the category killer in the seafood casual dining space, holding almost 50% market share.
 - Largest share of any restaurant concept in any segment.
- 6th largest overall casual dining concept in the US.

Significant Scale With Broad Geographic Reach

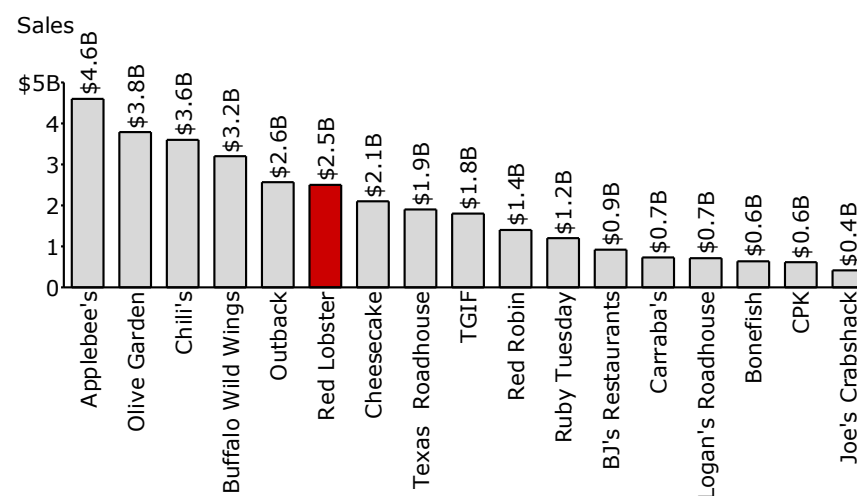


~50% Share in Seafood Casual Dining

(\$ in billions)



6th Largest Casual Dining Concept in the US



Tenant Overview

Iconic Brand With Unparalleled Customer Loyalty

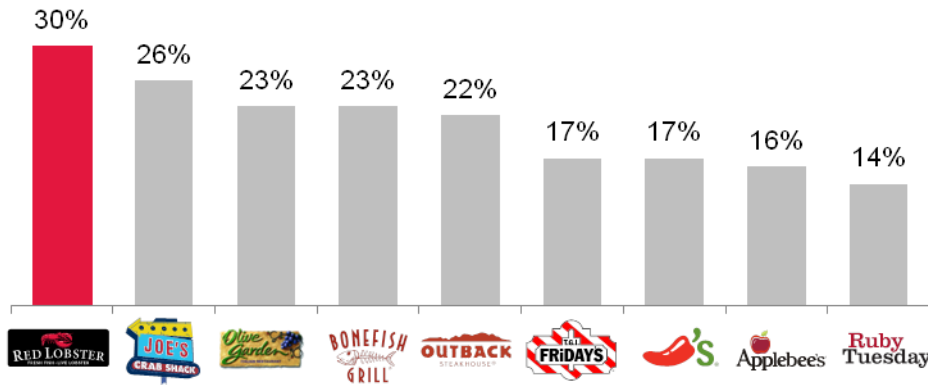
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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

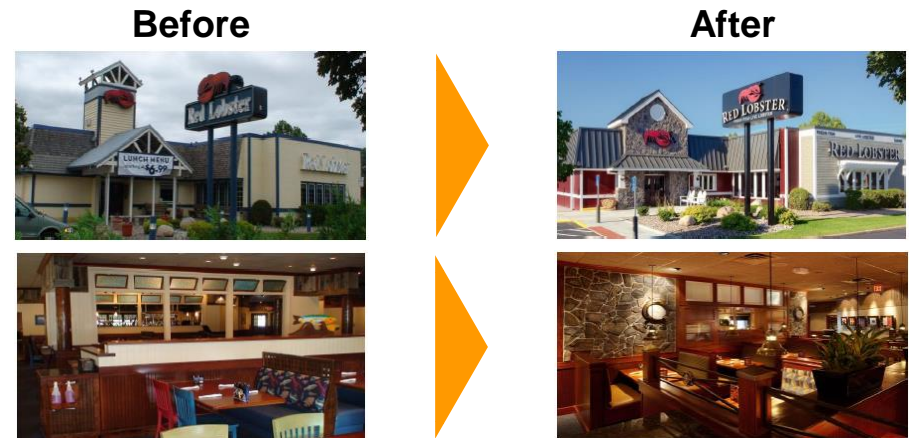
- Over \$320 million invested in remodels covering >90% of restaurants over the past 8 years.
- \$1.4 billion in overall capital expenditure investment over the past 10 years.
- New Bar Harbor format has strong appeal across customer base.
- 100% of restaurants are cash flow positive.

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









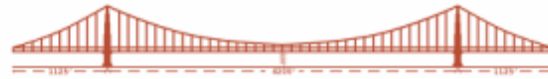
New Bar Harbor Format



Tenant Overview

Red Lobster is led by an experienced management team with prior success leading the company.

	Name <i>Title</i>	Industry Tenure <i>(Darden)</i>	Biography
	Kim Lopdrup <i>CEO</i>	30 (14)	<ul style="list-style-type: none"> • Recently served as President of Specialty Restaurant Group and New Business – high growth area of strong brands for Darden • Served as President of Red Lobster from 2005 to 2011, a period of rapidly-rising guest satisfaction and record profitability • Prior to joining Darden, served as EVP and COO of North America for Burger King and CEO of the International Division of Dunkin' Brands • BBA degree, College of William and Mary; MBA with distinction, Harvard University
	Salli Setta <i>President</i>	27 (27)	<ul style="list-style-type: none"> • Became President of Red Lobster in July 2013 • Prior to becoming President, served as Red Lobster's EVP of Marketing for 8 years • From 1990 to 2005, held various management positions at Olive Garden, during which time she was instrumental to the brand's turnaround • Named <i>Restaurant Business</i>' "Menu Strategist of the Year" in 2003 • Bachelor's degree, University of Central Florida; MBA, Florida Institute of Technology
	Bill Lambert <i>Chief Financial Officer</i>	11 (11)	<ul style="list-style-type: none"> • Bill served as CFO of LongHorn Steakhouse since 2010 • Prior to leading LongHorn, Bill served as CFO of Red Lobster from 2006 through 2010 • Previously, Bill spent 21 years with Macy's • BS, Duke University; MBA, University of Michigan
	Chip Wade <i>EVP, Operations</i>	29 (15)	<ul style="list-style-type: none"> • Served as EVP of Operations for Red Lobster since 2012 • Served as COO of Legal Sea Foods from 2004-2006 • Bachelor's degree, Widener University; MBA, University of Texas
	Tom Gathers <i>Chief People Officer</i>	37 (28)	<ul style="list-style-type: none"> • Recently served as SVP HR for Specialty Restaurant Group and LongHorn Steakhouse • Served as EVP of HR for RARE Hospitality International from 1998 to 2007 • Bachelor's degree, Indiana University of Pennsylvania; Master's degree, University of Miami
	Horace Dawson <i>EVP, General Counsel</i>	20 (13)	<ul style="list-style-type: none"> • Recently served as VP and Division General Counsel Employment and Litigation of Darden • Bachelor's degree, JD and MBA, Harvard University



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 and Retail Investments



Financial Offering Summary

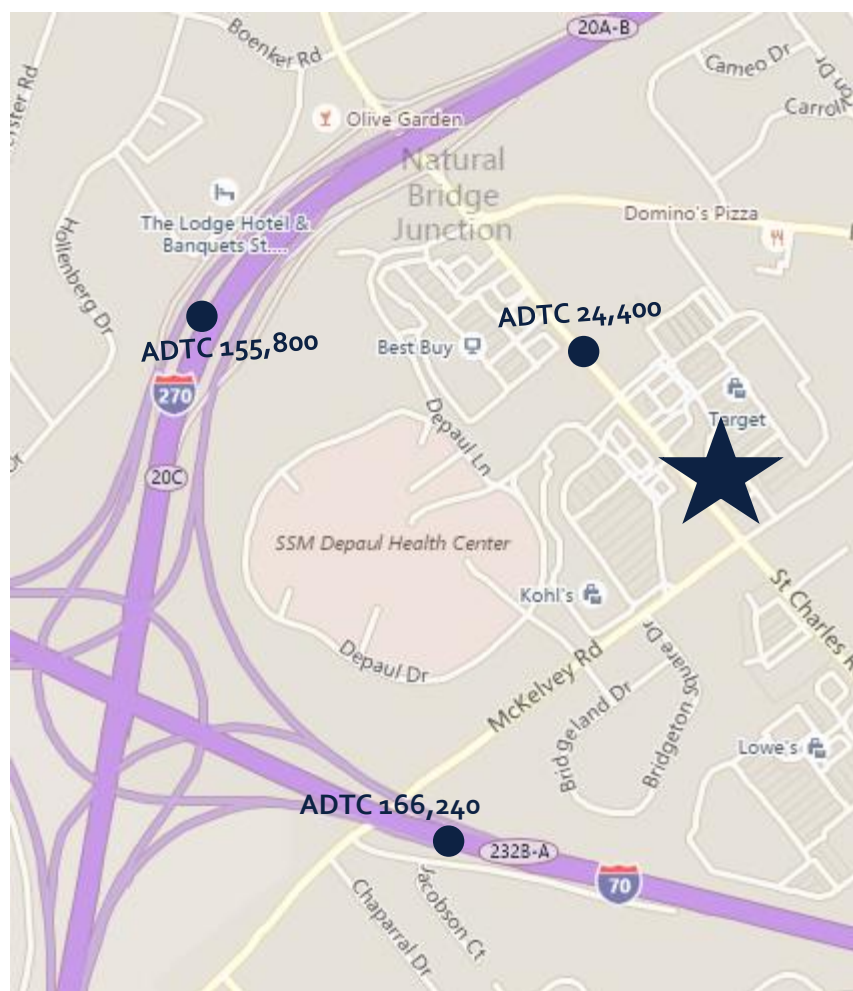
Property Name	Red Lobster
Property Type	Net Leased Restaurant
Ownership	Private
	Private Equity Sponsor
Tenant	Red Lobster Restaurants, LLC
Guarantor	Red Lobster Intermediate Holdings, LLC
Lease Term	20 Years
Lease Commencement	7/28/2014
Lease Expiration	7/31/2034
Lease Term Remaining	16 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Options to Renew	Four, Five Year Option Periods
Rental Increases	Two Percent Annually

Annualized Operating Data

Rent Increases	Annual Rent	Monthly Rent
Year 5	\$343,091	\$28,591
Year 6	\$349,952	\$29,163
Year 7	\$356,951	\$29,746
Year 8	\$364,090	\$30,341
Year 9	\$371,372	\$30,948
Year 10	\$378,800	\$31,567
Year 11	\$386,376	\$32,198
Year 12	\$394,103	\$32,842
Year 13	\$401,985	\$33,499
Year 14	\$410,025	\$34,169
Year 15	\$418,225	\$34,852
Year 16	\$426,590	\$35,549
Year 17	\$435,122	\$36,260
Year 18	\$443,824	\$36,985
Year 19	\$452,701	\$37,725
Year 20	\$461,755	\$38,480
Annual Rent	\$343,091	
CAP Rate	6.25%	
Price	\$5,489,448	

Location Highlights | Property Description

- ❖ Strong Traffic Count in the Area | U.S. Interstate 270 and U.S. Interstate 70 | 155,800 and 166,240 Vehicles a Day Respectively
- ❖ Located In a Dense Retail Corridor | Major National Retailers Include: Walmart, Target, CVS, Best Buy, Lowe's, Kmart, Kohl's
- ❖ SSM Health DePaul | 476-Bed Hospital | Across the Street
- ❖ Bridgeton | Seventeen Miles Northwest from Downtown St. Louis



LOCATION OVERVIEW

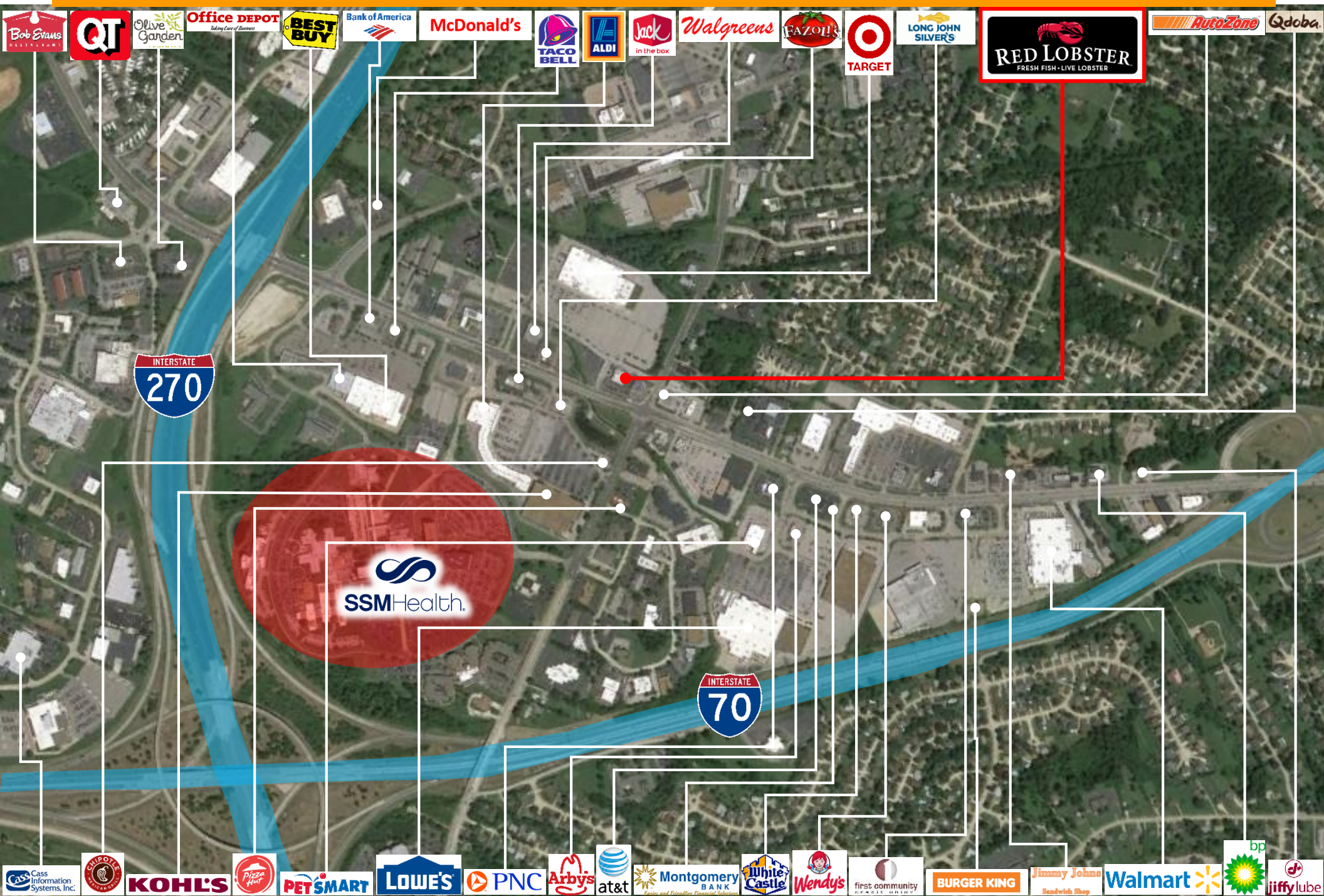
This Red Lobster property is located at 12235 Saint Charles Rock Road in Bridgeton, Missouri. Bridgeton is a second-ring suburb of Greater St. Louis in northwestern St. Louis County, Missouri. Bridgeton serves as the primary transport hub within Greater St. Louis. Portions of Lambert-St. Louis International Airport are also conveniently located in Bridgeton, not far from this property.

There are approximately 40,776 people within a three-mile radius of this property and more than 144,000 within a five-mile radius. This Red Lobster is located directly off of Saint Charles Rock Road, which experiences traffic counts of over 24,400 vehicles per day. Saint Charles Rock Road intersects with U.S. Interstate 270 which experiences an additional 155,800 vehicles per day. U.S. Interstate 270 also intersects U.S. Interstate 70 which has traffic counts of over 166,240 vehicles, ultimately benefiting the trade area.

The subject property is well-positioned in a dense retail corridor, benefitting from its proximity to major national and local retailers. Major national retailers in the area include: Walmart, Kmart, AtHome, Lowe's, PetSmart, Kohl's, Chipotle Mexican Grill, CVS, Best Buy, Office Depot, Stop & Shop, Hobby Lobby, AutoZone, Target, Walgreens, U.S. Bank, McDonald's, as well as many others. SSM Health DePaul is located across the street from this Red Lobster. SSM Health De Paul is a 476-bed hospital, and is the oldest continuously existing business in St. Louis. The hospital has 2,347 employees and over 23,100 patient admissions annually.

The subject property is located approximately seventeen miles from Downtown St. Louis. St. Louis is the second-largest city in Missouri. The economy of St. Louis relies on service, manufacturing, trade, transportation of goods, and tourism. As of 2013, the St. Louis Metropolitan Area is home to nine Fortune 500 companies: Peabody Energy, Ameren, Express Scripts, Emerson Electric, Monsanto, Centene, Edward Jones, Investments, and others. St. Louis is a center of medicine and biotechnology. The Washington University School of Medicine is affiliated with Barnes-Jewish Hospital, the fifth-largest hospital in the world. Both institutions operate the Alvin J. Siteman Cancer Center. Washington University in St. Louis is ranked 32nd in the world, and has over 14,000 students.

Aerial Photo | Surrounding Area



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Property Photo



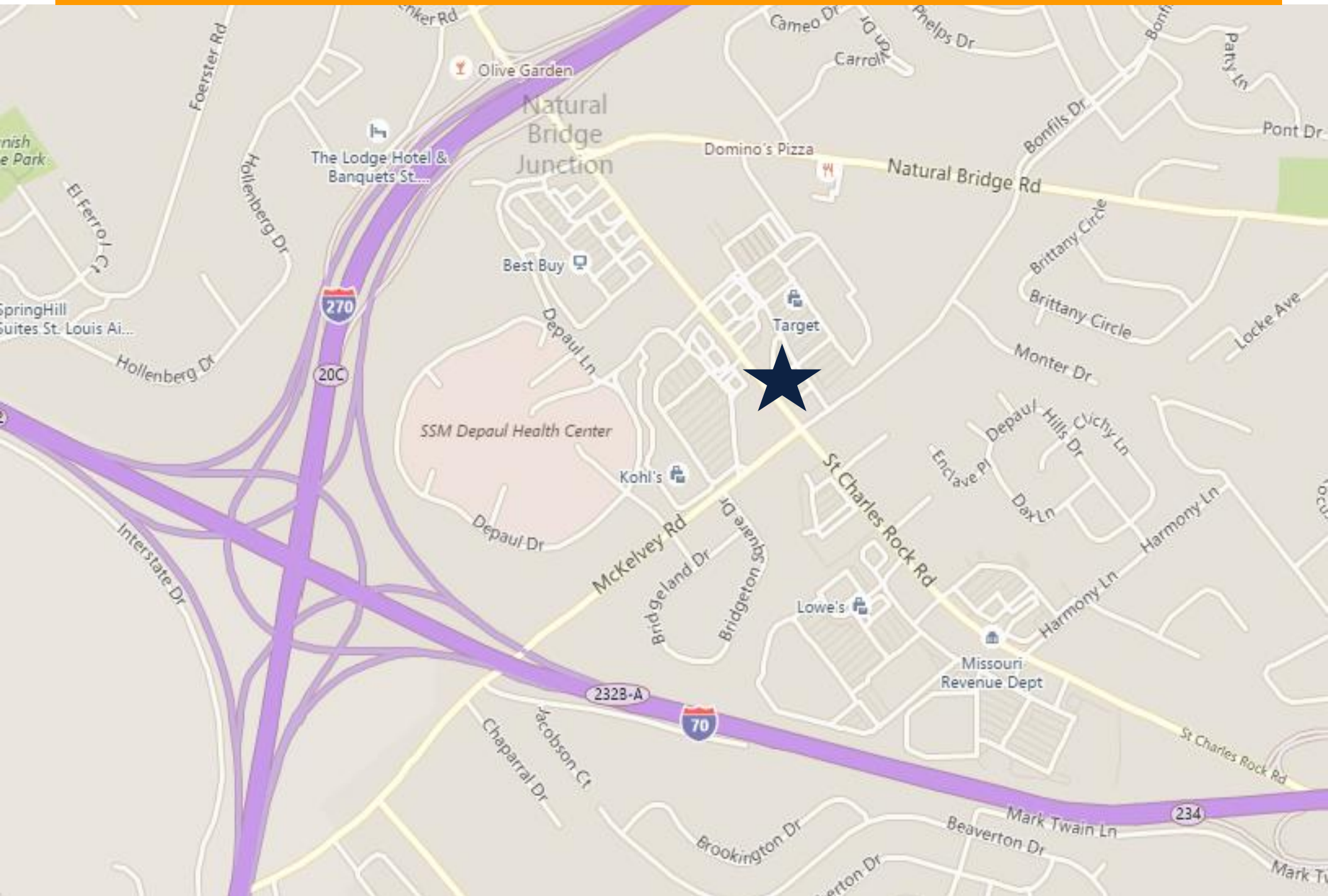
Property Photo



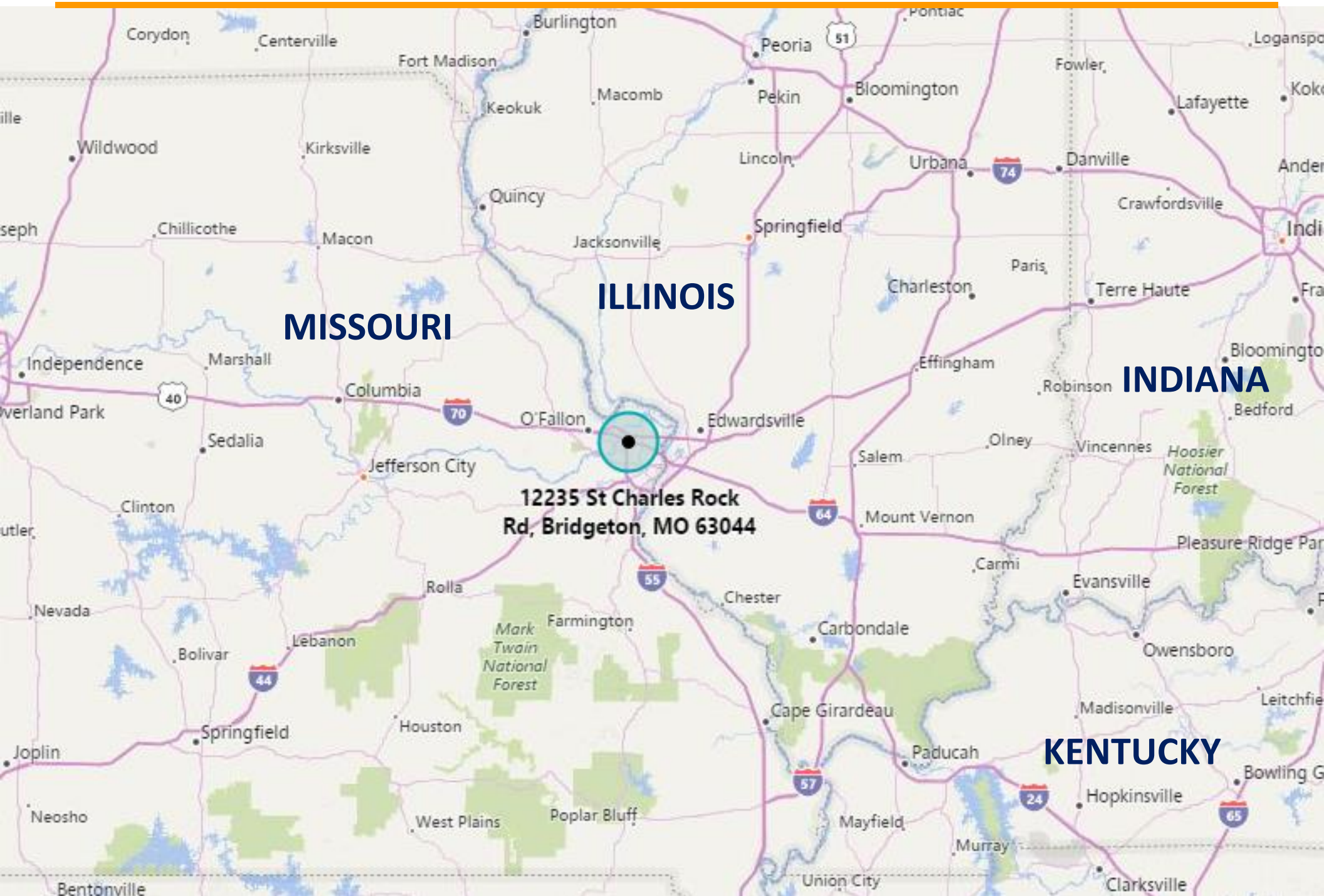
Surrounding Area Photos



Local Map



Regional Map



Demographic Summary Report



St. Louis, MO

Population

In 2014, the population in your selected geography is 144,007. The population has changed by 0.92% since 2000. It is estimated that the population in your area will be 143,529 five years from now, which represents a change of 0.33% from the current year. The current population is 48.44% male and 51.55% female. The median age of the population in your area is 36.6, compare this to the Entire US average which is 37.3. The population density in your area is 1,831.35 people per square mile.

Income


In 2014, the median household income for your selected geography is \$47,184, compare this to the Entire US average which is currently \$51,972. The median household income for your area has changed by 9.41% since 2000. It is estimated that the median household income in your area will be \$51,913 five years from now, which represents a change of 10.02% from the current year.

The current year per capita income in your area is \$26,050, compare this to the Entire US average, which is \$28,599. The current year average household income in your area is \$60,355, compare this to the Entire US average which is \$74,533.


Employment

In 2014, there are 146,888 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 64.43% of employees are employed in white-collar occupations in this geography, and 35.41% are employed in blue-collar occupations. In 2014, unemployment in this area is 6.61%. In 2000, the average time traveled to work was 22.5 minutes.


POPULATION

		1-Mile	3-Mile	5-Mile
	2010	5,301	40,660	143,320
	2014	5,328	40,776	144,007
	2019	5,089	40,675	143,529

2014 HOUSEHOLD INCOMES

		1-Mile	3-Mile	5-Mile
	Average	\$62,504	\$62,396	\$60,355
	Median	\$47,201	\$49,502	\$47,184

MAJOR EMPLOYERS IN ST. LOUIS

	Employer	# of Employees
	BJC HealthCare	24,000
	Boeing Defense, Space, & Security	15,000
	Washington University in St. Louis	14,170

exclusively listed

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