



RED LOBSTER

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap



OFFERING MEMORANDUM



14904 West 119th Street, Olathe, Kansas 66062

Confidentiality and Disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

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Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for 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.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

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income or expenses for 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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Investment Highlights

PRICE: \$3,834,350 | CAP: 6.00% | RENT: \$230,061



About the Investment

- ✓ Long-Term, 25-Year Absolute Triple Net (NNN) Lease with ~19.25 Years Remaining
- ✓ Corporate Guaranty (700+ Locations in U.S. & Canada)
- ✓ Attractive Two Percent (2.00%) Annual Rental Increases
- ✓ Four (4), Five (5)-Year Tenant Renewal Options

About the Location

- ✓ Dense Retail Corridor | Home Depot, Whole Foods, Dick's Sporting Goods, Bass Pro Shops, Target, Aldi, Ross Dress for Less, Five Below, HomeGoods, Michael's, OfficeMax, McDonald's, Chick-fil-A, Wendy's, Taco Bell, Zaxby's, Popeyes, Chipotle, Starbucks and Many More
- ✓ Affluent Suburban Community | Average Household Income Exceeds \$106,500 for Homes within Five Miles of the Subject Property
- ✓ Heavily Trafficked Area | W 119th St, S Black Bob Rd, S Strang Line Rd, and I-35 | 33,500, 25,500, 23,000 and 131,500 Vehicles Per Day, Respectively
- ✓ Highly Accommodating Area | Hilton Garden Inn, Courtyard by Marriott, Hampton Inn & Suites, Holiday Inn Express, Fairfield Inn & Suites, Residence Inn by Marriott and More
- ✓ Robust Demographics | Population Exceeds 235,000 Individuals Within a Five-Mile Radius | Projected to Continue Growing
- ✓ Compelling Real Estate Fundamentals | Approximately 15 Miles from the Heart of Downtown Kansas City | Most-Populous City in the U.S. State of Missouri

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 \$2.4B in revenue and is the 7th largest casual dining concept in North America.



Representative Photo



Financial Analysis

PRICE: \$3,834,350 | CAP: 6.00% | RENT: \$230,061



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	14904 West 119th Street
City, State, ZIP	Olathe, Kansas 66062
Year Built	2012
Building Size	5,984
Lot Size	+/- 1.73 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$3,834,350
CAP Rate	6.00%
Annual Rent	\$230,061

LEASE SUMMARY

Property Type	Net Leased Casual Dining
Tenant	Red Lobster Restaurants, LLC
Guarantor	Red Lobster Intermediate Holdings, LLC
Original Lease Term	25 Years
Lease Commencement	October 28, 2015
Lease Expiration	July 31, 2039
Lease Term Remaining	19.25 Years
Lease Type	Absolute Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	2.00% Annually
Options to Renew	Four (4) Periods of Five (5) Years Each

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 6	\$230,060.63	\$19,171.72	-
Year 7	\$234,661.84	\$19,555.15	2.00%
Year 8	\$239,355.08	\$19,946.26	2.00%
Year 9	\$244,142.18	\$20,345.18	2.00%
Year 10	\$249,025.02	\$20,752.09	2.00%
Year 11	\$254,005.52	\$21,167.13	2.00%
Year 12	\$259,085.63	\$21,590.47	2.00%
Year 13	\$264,267.35	\$22,022.28	2.00%
Year 14	\$269,552.69	\$22,462.72	2.00%
Year 15	\$274,943.75	\$22,911.98	2.00%
Year 16	\$280,442.62	\$23,370.22	2.00%
Year 17	\$286,051.48	\$23,837.62	2.00%
Year 18	\$291,772.51	\$24,314.38	2.00%
Year 19	\$297,607.96	\$24,800.66	2.00%
Year 20	\$303,560.11	\$25,296.68	2.00%
Year 21	\$309,631.32	\$25,802.61	2.00%
Year 22	\$315,823.94	\$26,318.66	2.00%
Year 23	\$322,140.42	\$26,845.04	2.00%
Year 24	\$328,583.23	\$27,381.94	2.00%
Year 25	\$335,154.89	\$27,929.57	2.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster located at 14904 West 119th Street in Olathe, KS. The site consists of roughly 5,984 rentable square feet of building space on estimated 1.73-acre parcel of land. The Red Lobster is subject to a 25-year absolute triple-net (NNN) lease, which commenced October 28, 2015. The annual rent will be \$230,060.63 on August 1, 2020 and is scheduled to increase by two percent (2.00%) annually throughout the base term and in each of the four (4), five (5)-year renewal options.



Tenant Overview



- 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.



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.

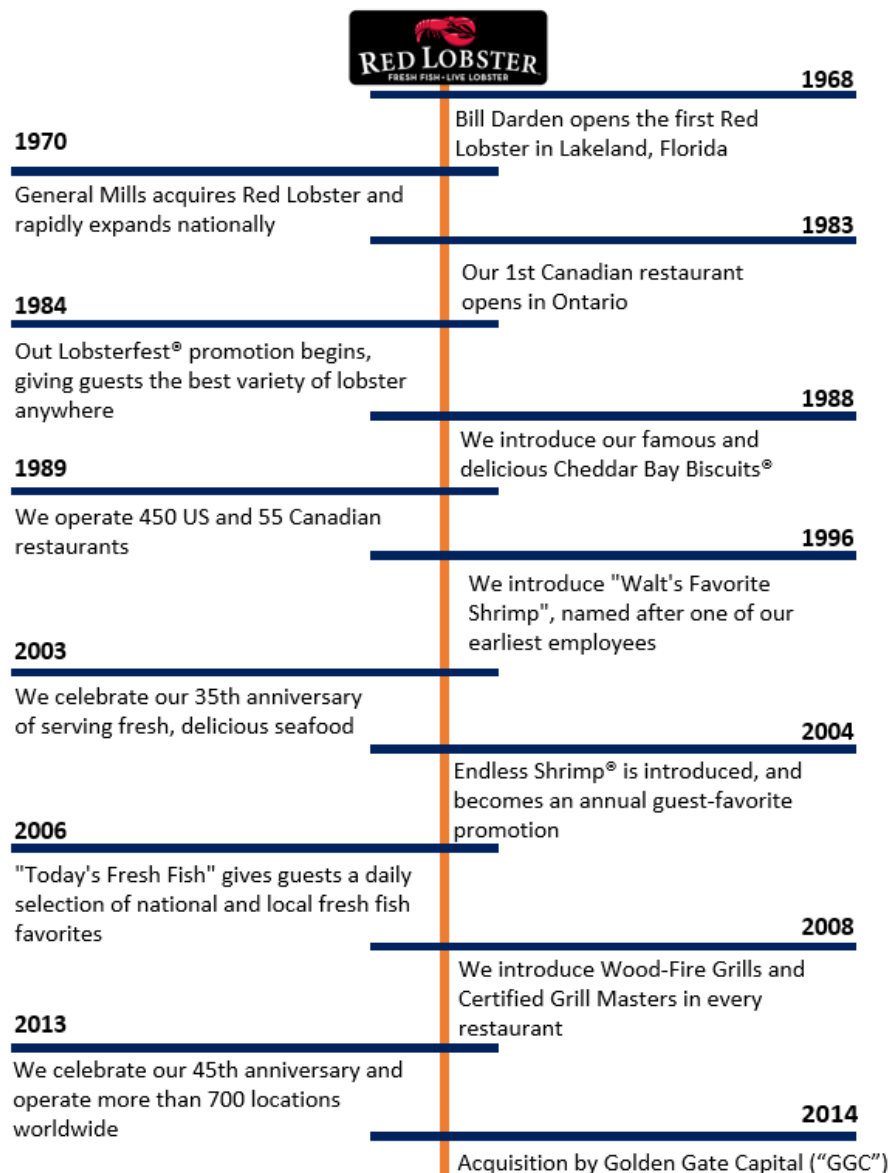
FRESH IS IN OUR COMMITMENT

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.



Red Lobster Timeline





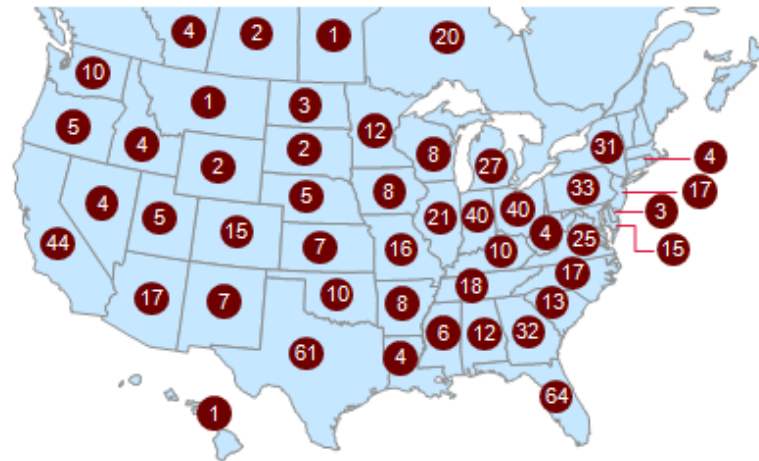
Tenant Overview



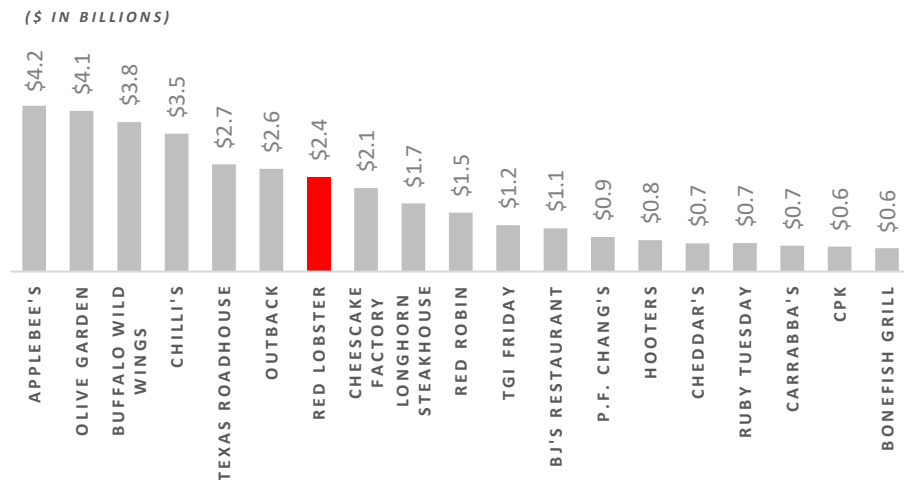
Strong Market Position

- Red Lobster is the largest seafood restaurant concept in the world with over \$2.4 billion in annual sales and over 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.
- Seventh largest overall casual dining concept in the US.

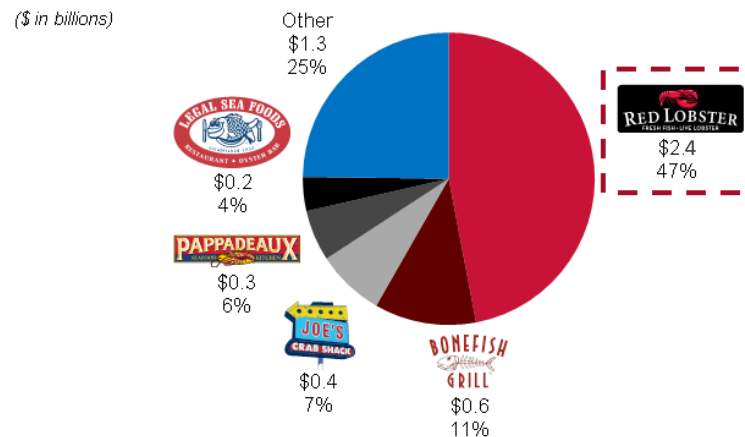
Significant Scale With Broad Geographic Reach



7th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining





Tenant Overview



Iconic Brand With Unparalleled Customer Loyalty

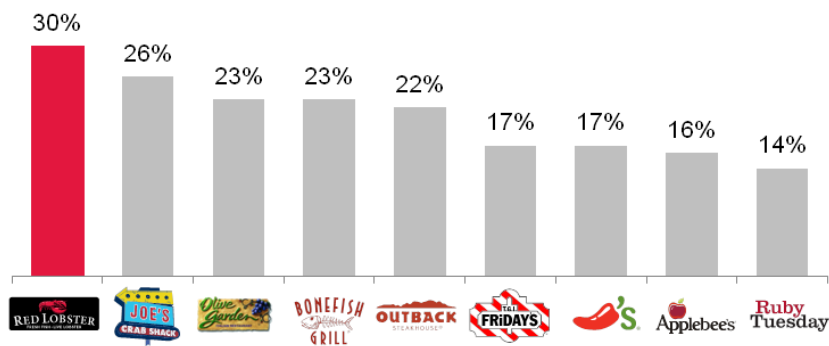
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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

Before



After





Management Team



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

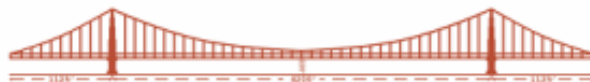


Chip Wade
EVP Operations
(29 years in Restaurant Industry)

- 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



About Golden Gate Capital



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

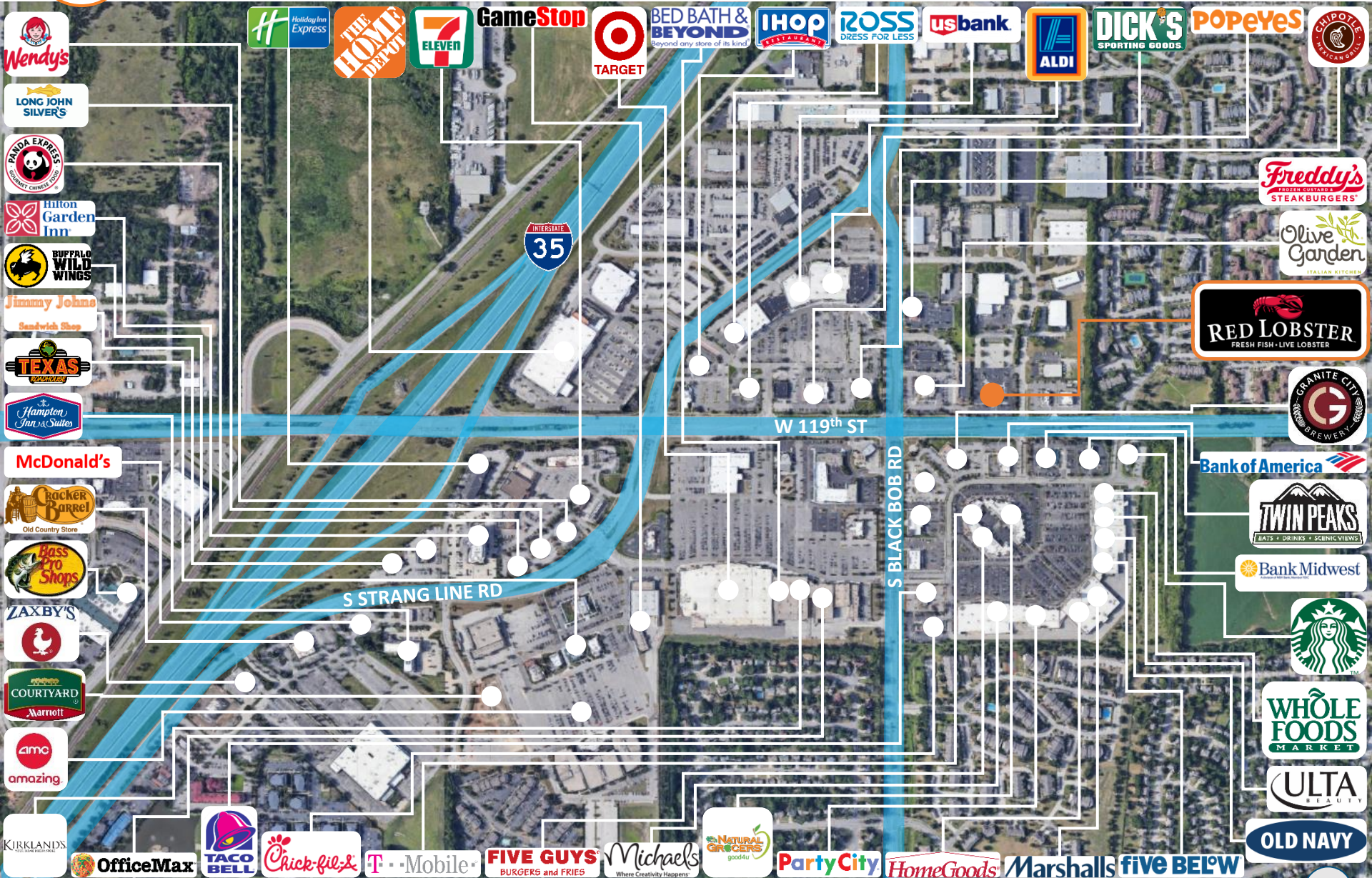
Restaurant Private Equity Investments





Surrounding Area

Property Address: 14904 West 119th Street, Olathe, KS 66062



Red Lobster – Olathe, KS

Marcus & Millichap



Location Overview

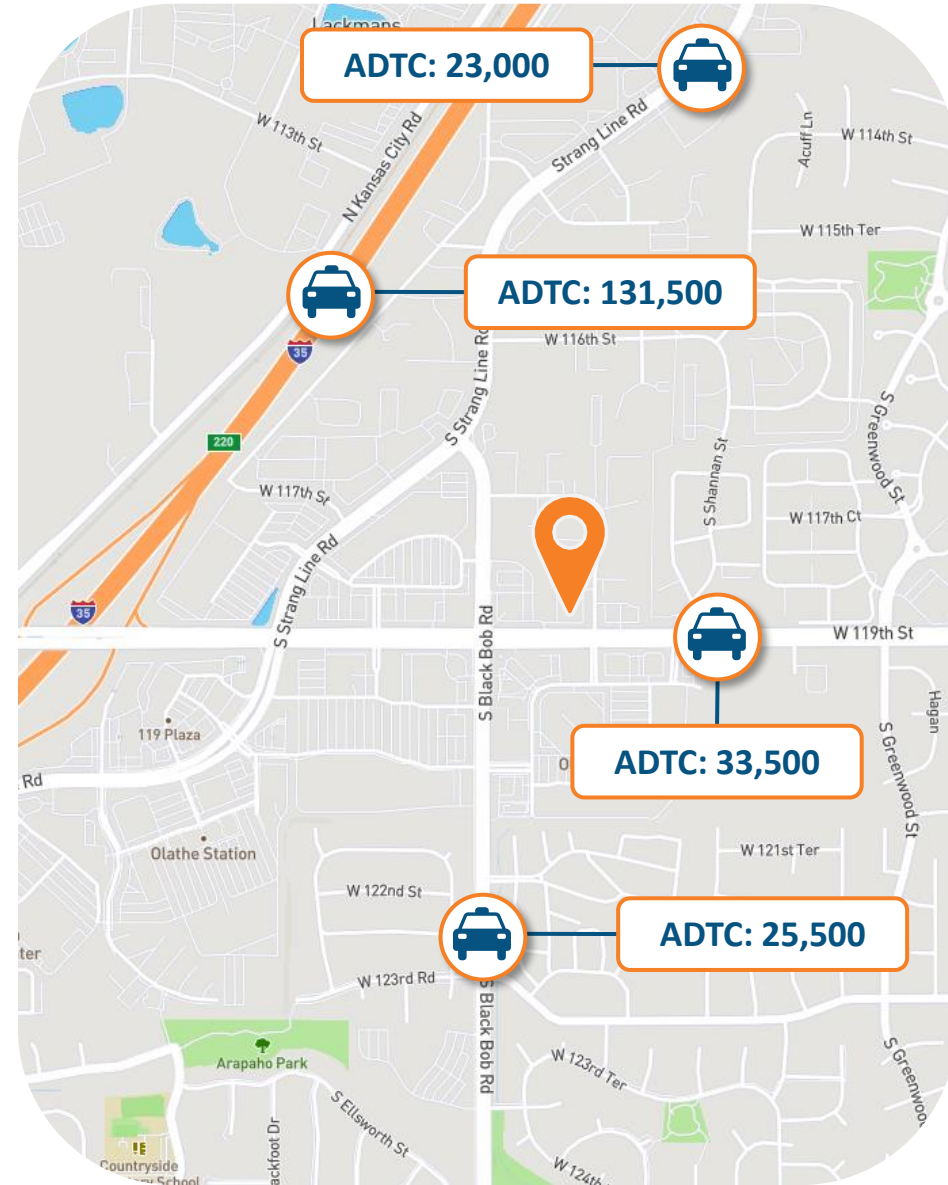
Property Address: 14904 West 119th Street, Olathe, KS 66062



The subject investment property is situated on West 119th Street, which boasts an average daily traffic count of 33,500 vehicles and intersects with South Black Bob Road, which boasts an average daily traffic count of 25,500 vehicles. This Red Lobster benefits from being located moments away from Interstate-35, which brings an additional 131,500 vehicles into the immediate surrounding area each day. Average household income exceeds \$106,500 for homes within five miles of the subject property. There are more than 79,000 individuals residing within a three-mile radius of the subject property and more than 235,500 individuals within a five-mile radius.

This Red Lobster is strategically positioned in a highly dense retail corridor that benefits from its proximity to national and local tenants, hospitality accommodations, academic institutions, and healthcare facilities, all within close proximity of the site. Major national tenants in the immediate area include: Home Depot, Whole Foods, Dick's Sporting Goods, Bass Pro Shops, Target, Aldi, Ross Dress for Less, Five Below, HomeGoods, Michael's, OfficeMax, McDonald's, Chick-fil-A, Wendy's, Taco Bell, Zaxby's, Popeyes, Chipotle, Starbucks and many more. Hospitality accommodations in the immediate area include: Hilton Garden Inn, Courtyard by Marriott, Hampton Inn & Suites, Holiday Inn Express, Fairfield Inn & Suites, Residence Inn by Marriott and more. The subject property benefits from a prominent academic presence, being located within two miles of Johnson County Community College and Saint Thomas Aquinas High School. Together these academic institutions boast a total combined enrollment exceeding 20,000 students. This Red Lobster additionally benefits from its immediate access to healthcare, being located less than three miles from Overland Park Regional Medical Center, a 343-bed medical facility.

Olathe, Kansas, is a community that is attracting local, regional and national attention. In Olathe you will find a pro-growth business environment, cooperative planning, and a dynamic feeling of community. Olathe is the county seat of the rapidly-growing, affluent Johnson County. Located less 20 miles southwest of Kansas City, Olathe is in the center of a national transportation network. Self-contained and self-sufficient, the city is populated with young, well-educated, high income, and highly motivated families. With 150 years of history, Olathe has prospered over the years. Today, it has become one of the Midwest's dominant business, economic, and cultural centers. This community of over 120,000 energetic citizens is one of the fastest-growing communities in Kansas, offering businesses and residents the best opportunities for success. An outstanding central location, an unparalleled transportation network, a nationally-recognized school system, and one of the best-educated workforces in the nation make Olathe an exciting location for families and businesses. If you stop long enough to absorb the incredible energy of Olathe, you'll discover one of the most dynamic and evolving cities anywhere. Olathe businesses are confident about the city's robust economy...more so than their counterparts elsewhere in the Kansas City metro area or the nation.





Property Photo





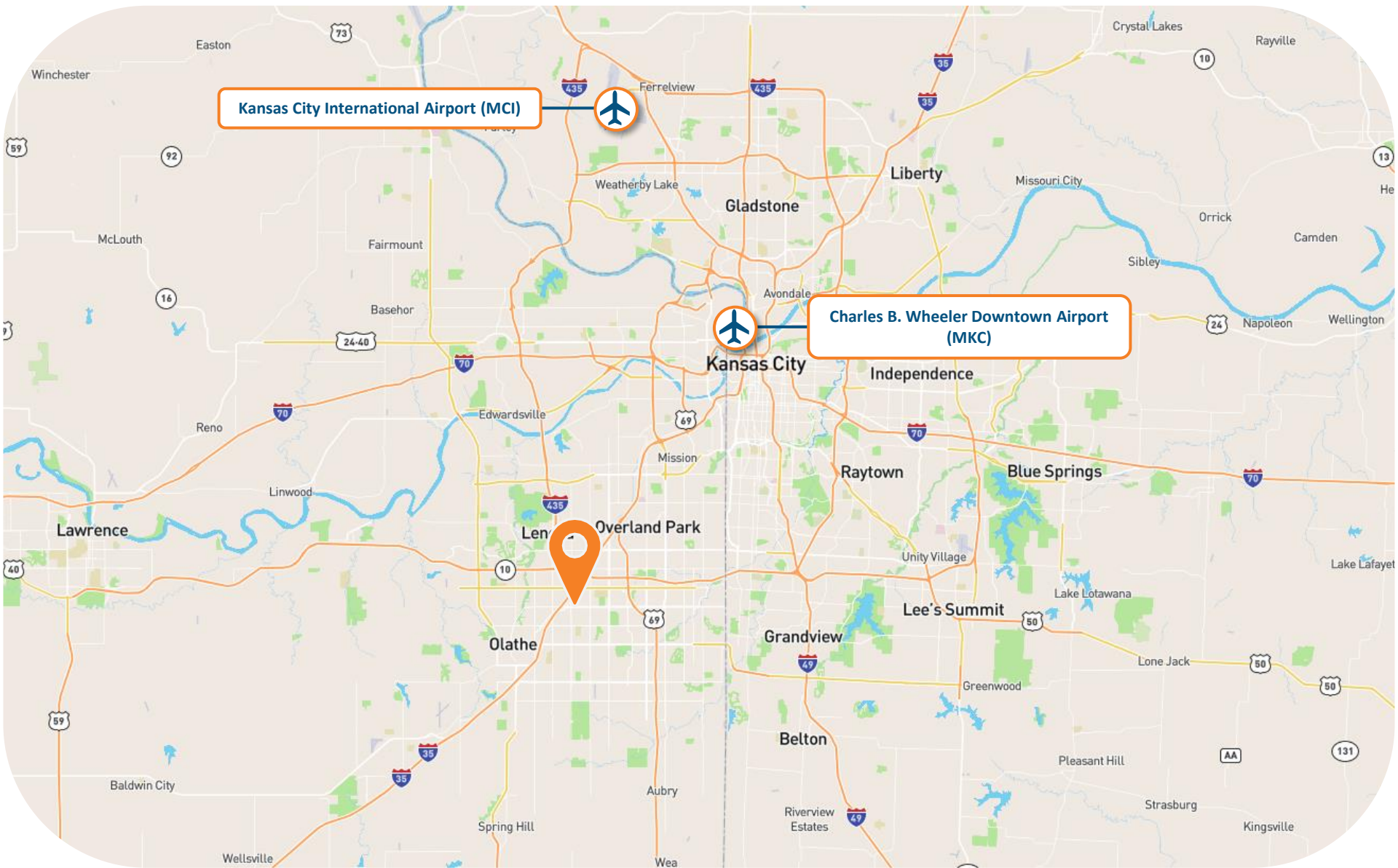
Surrounding Area Photos





Local Map

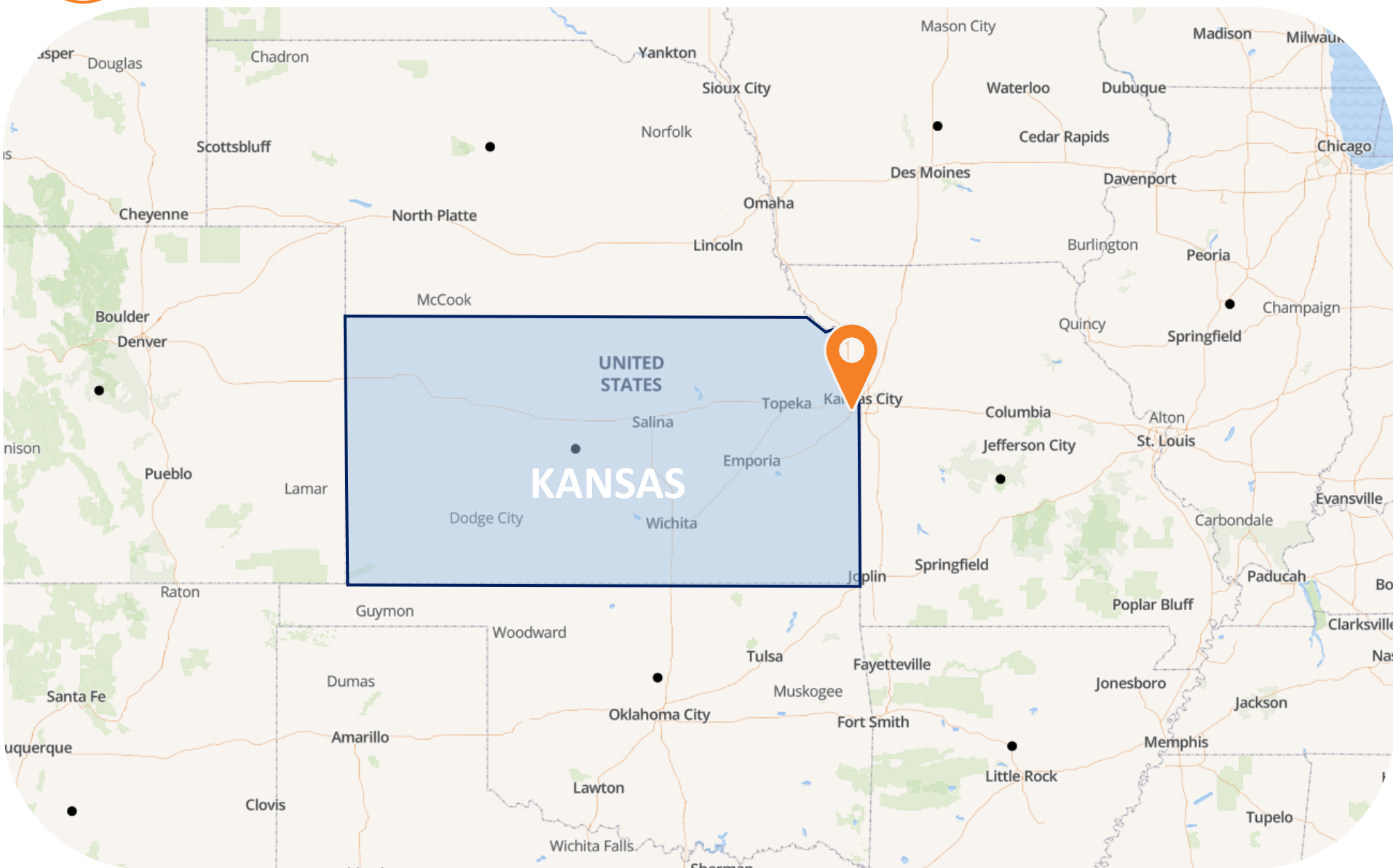
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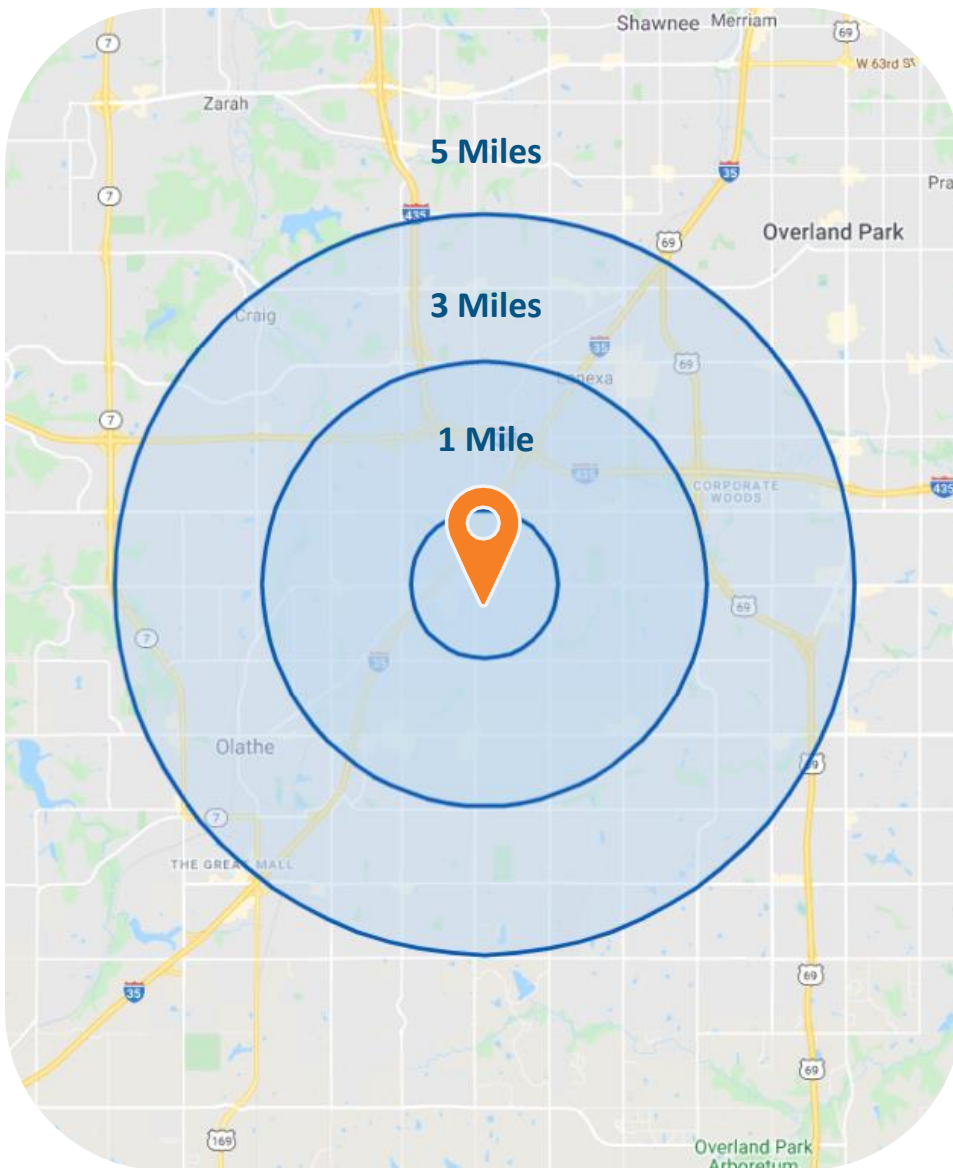
Regional Map

Property Address: 14904 West 119th Street, Olathe, KS 66062





Demographics



Population Trends:

	1 Mile	3 Miles	5 Miles
2024 Projection	10,823	82,655	244,334
2019 Estimate	10,411	79,683	235,524
2010 Census	9,539	74,059	218,524
Growth 2019 - 2024	3.96%	3.73%	3.74%
Growth 2010 - 2019	9.14%	7.59%	7.78%
2019 Population Hispanic Origin	847	7,092	20,925

Population by Race (2019):

White	8,679	66,477	198,946
Black	678	5,289	14,140
American Indian & Alaskan	41	344	968
Asian	719	5,222	14,705
Hawaiian & Pacific Island	11	45	116
Other	283	2,307	6,650

Household Trends:

2024 Projection	4,792	32,826	95,122
2019 Estimate	4,592	31,620	91,590
2010 Census	4,107	29,253	84,404
Growth 2019 - 2024	4.36%	3.81%	3.86%
Growth 2010 - 2019	11.81%	8.09%	8.51%
Owner Occupied	2,053	19,690	60,335
Renter Occupied	2,539	11,930	31,255

Average Household Income (2019):	\$97,101	\$102,643	\$106,550
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Households by Household Income (2019):

<\$25,000	509	3,810	9,527
\$25,000 - \$50,000	991	5,355	15,294
\$50,000 - \$75,000	876	5,549	15,400
\$75,000 - \$100,000	593	4,326	13,561
\$100,000 - \$125,000	501	3,761	11,099
\$125,000 - \$150,000	250	2,446	7,329
\$150,000 - \$200,000	495	3,526	10,187

Median Household Income (2019):	\$72,864	\$81,339	\$85,275
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