

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



9838 Watson Rd.,
Crestwood, MO 63126

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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.

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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.

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All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.

9838 Watson Rd.,
Crestwood, MO 63126



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Investment Highlights

PRICE: \$3,337,936 | CAP: 6.25% | RENT: \$208,621



About the Investment

- ✓ Long-Term, Absolute Triple-Net (NNN) Lease with Approximately 24 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 | Walmart, Chick-fil-A, Burger King, McDonald's, Applebee's, Walgreens, Starbucks, Lowe's, Home Depot and Many More
- ✓ Heavily Trafficked Area | I-44 and Watson Road | Average Daily Traffic Counts Exceeding 105,750 and 23,500, Respectively
- ✓ Multiple Hospitality Accommodations | Holiday Inn, Best Western, Holiday Inn South County Center, Hilltop Hotel, Courtyard and More
- ✓ Strong Real Estate Fundamentals | St. John's Vianney High School | Over 1,000 Daily Students, Just Under Two Miles from Subject Property

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: \$3,337,936 | CAP: 6.25% | RENT: \$208,621



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	9838 Watson Road
City, State ZIP	Crestwood, MO 63126
Year Built / Renovated	1975 / 2005
Building Size (SF)	6,625
Lot Size (Acres)	+/- 1.75
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$3,337,936
CAP Rate	6.25%
Annual Rent	\$208,621

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, 2044
Lease Term Remaining	24 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	\$208,621	\$17,385	-
Year 8	\$212,793	\$17,733	2.00%
Year 9	\$217,049	\$18,087	2.00%
Year 10	\$221,390	\$18,449	2.00%
Year 11	\$225,818	\$18,818	2.00%
Year 12	\$230,334	\$19,195	2.00%
Year 13	\$234,941	\$19,578	2.00%
Year 14	\$239,640	\$19,970	2.00%
Year 15	\$244,433	\$20,369	2.00%
Year 16	\$249,321	\$20,777	2.00%
Year 17	\$254,308	\$21,192	2.00%
Year 18	\$259,394	\$21,616	2.00%
Year 19	\$264,582	\$22,048	2.00%
Year 20	\$269,874	\$22,489	2.00%
Year 21	\$275,271	\$22,939	2.00%
Year 22	\$280,776	\$23,398	2.00%
Year 23	\$286,392	\$23,866	2.00%
Year 24	\$292,120	\$24,343	2.00%
Year 25	\$297,962	\$24,830	2.00%
Year 26	\$303,921	\$25,327	2.00%
Year 27	\$310,000	\$25,833	2.00%
Year 28	\$316,200	\$26,350	2.00%
Year 29	\$322,524	\$26,877	2.00%
Year 30	\$328,974	\$27,415	2.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive offering for a Red Lobster located at 9838 Watson Road, in Crestwood, MO. The site consists of roughly 6,625 rentable square feet of building space on an estimated 1.75-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 \$208,621 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

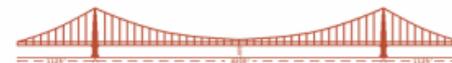
About Red Lobster



- 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.
- Golden Gate Capital has a long, successful track record and significant experience with multi-unit restaurant and retail businesses.



GOLDEN GATE CAPITAL



Concept Overview



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.

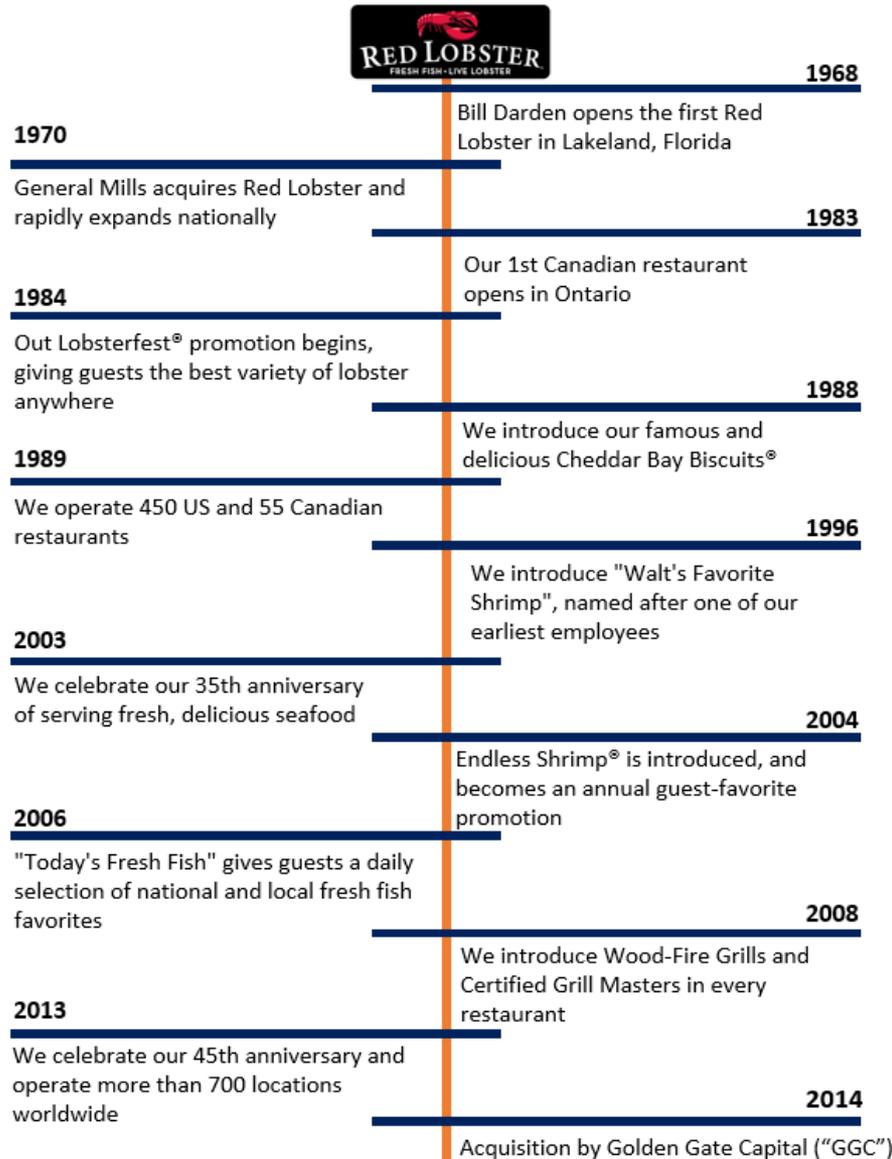
FRESH IS IN OUR COMMITMENT

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



Iconic Brand With Unparalleled Customer Loyalty

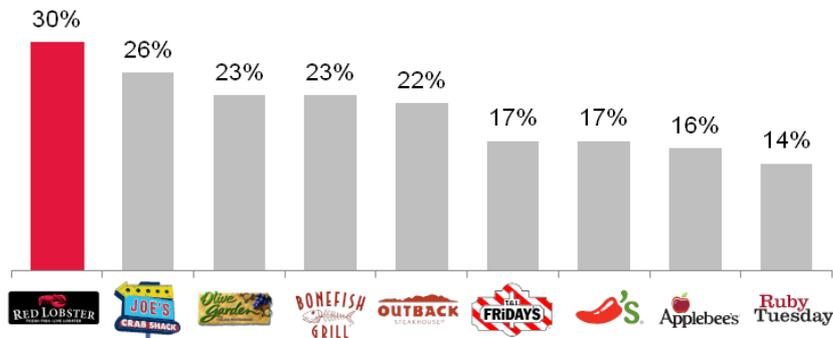
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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



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

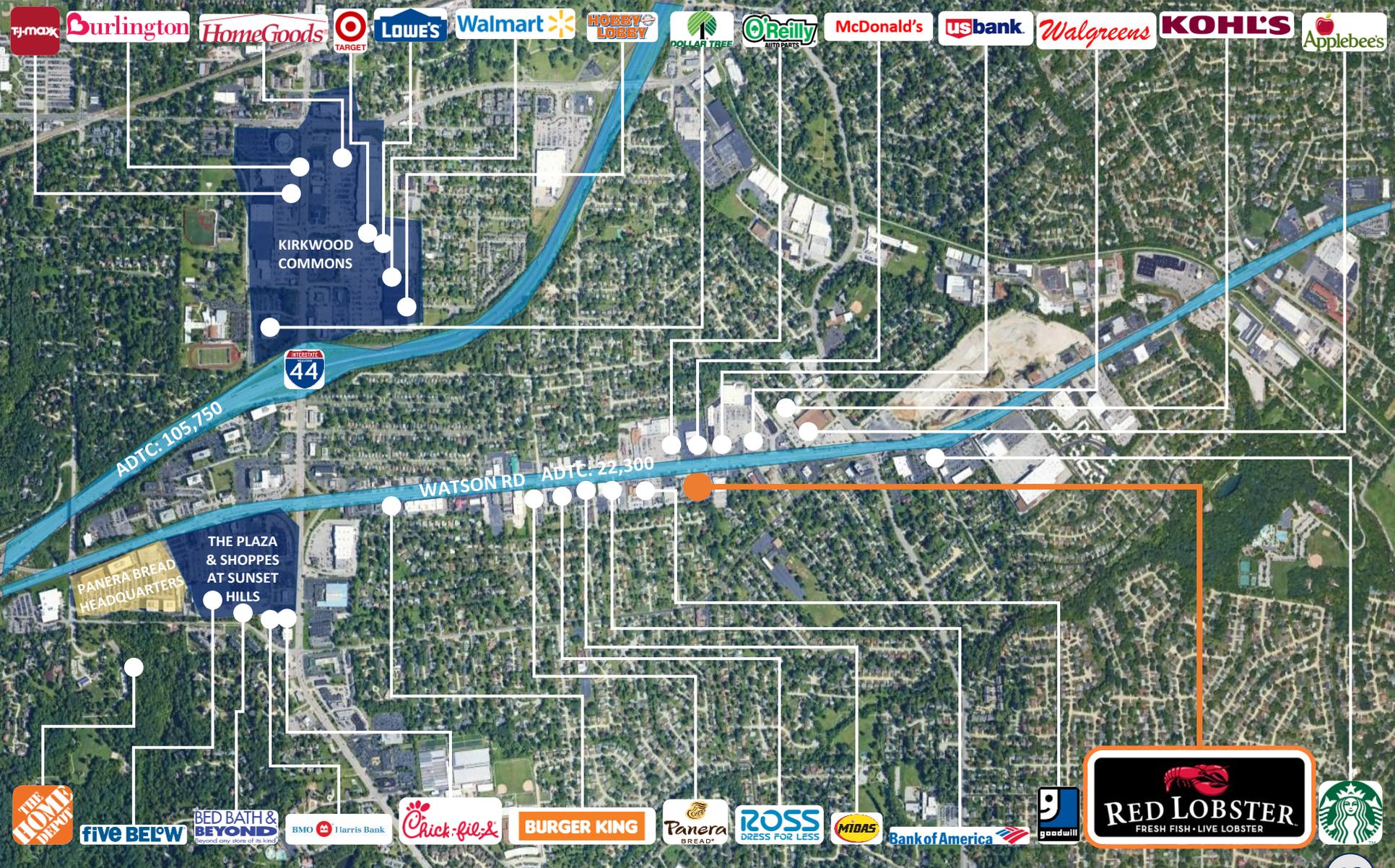
Restaurant Private Equity Investments





Surrounding Area

9838 Watson Rd., Crestwood, MO 63126





Location Overview

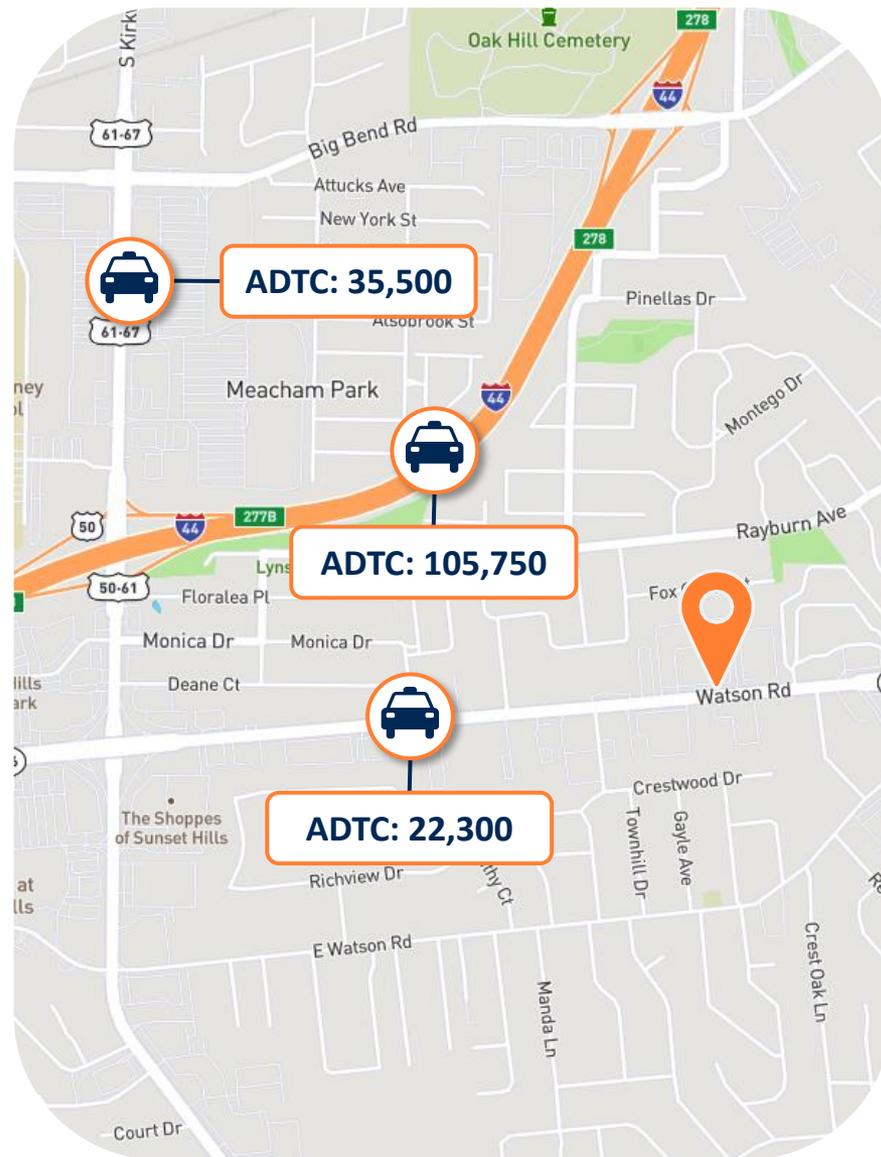
9838 Watson Rd., Crestwood, MO 63126



This Red Lobster is located at 9838 Watson Rd., St. Louis, Missouri. This Red Lobster investment property is situated just off of I-44. I-44 boasts an average daily traffic count of approximately 105,750 vehicles. I-44 intersects Watson Road, which brings an additional 22,300 vehicles into the immediate surrounding area each day. There are more than 76,500 individuals residing within a three-mile radius of the subject property and approximately 197,000 individuals within a five-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, Chick-fil-A, Burger King, McDonald's, Applebee's, Walgreens, Starbucks, Lowe's, Home Depot, among many more. Additionally, this Red Lobster is located within a 2-mile radius to multiple hospitality accommodations. These include: Holiday Inn, Best Western, Holiday Inn South County Center, Hilltop Hotel, Courtyard, as well as others. The St. John's Vianney High School is a private, all male Catholic school with approximately 1,000 students, and is located just under two miles from the subject investment property.

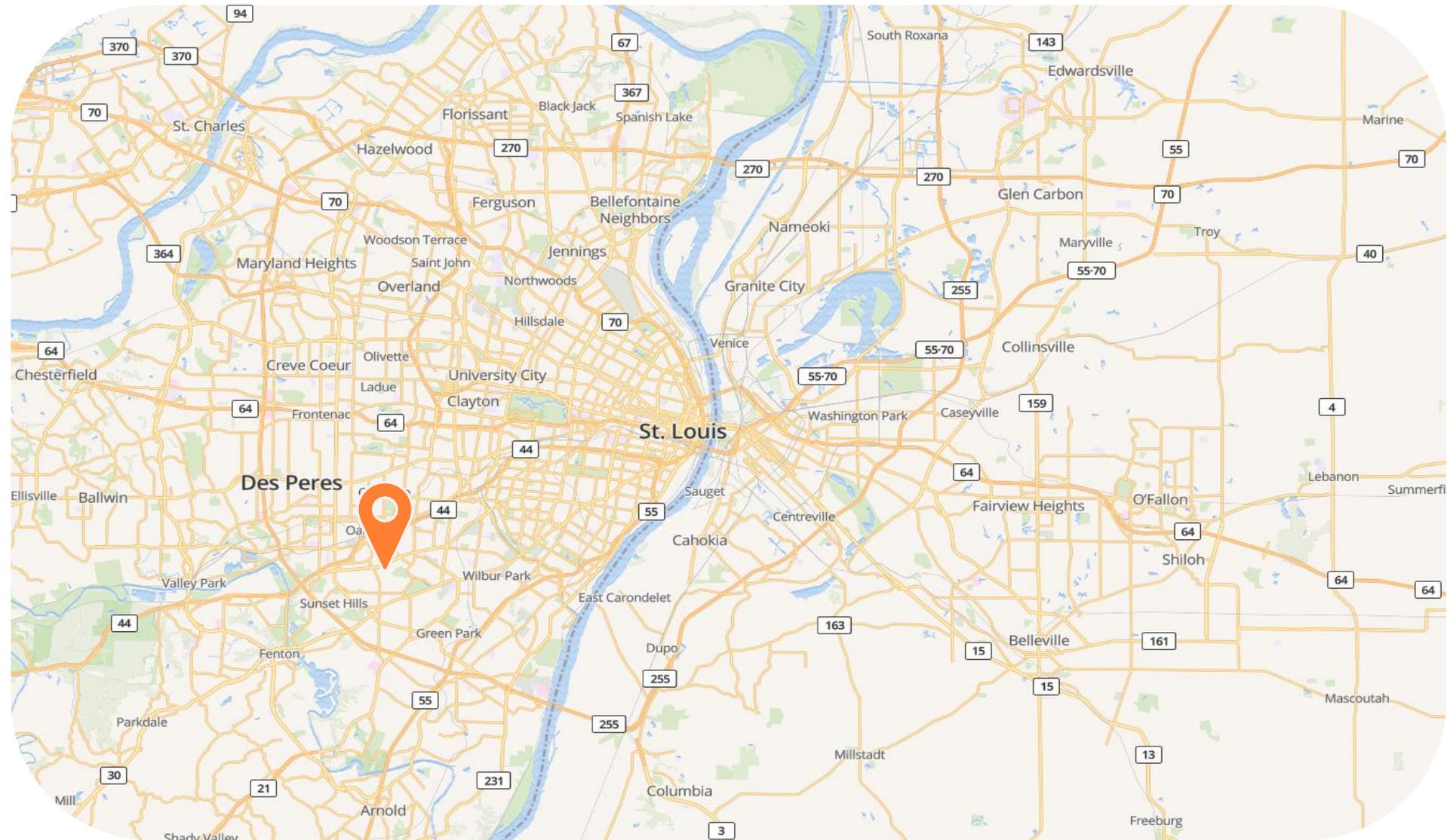
St. Louis is an independent city and inland port in the state of Missouri. The city developed along the western bank of the Mississippi River, which forms Missouri's border with Illinois. St. Louis is the second-largest city in Missouri after Kansas City. As of 2013, the St. Louis Metropolitan Area is home to nine Fortune 500 companies, the third-highest in the Midwestern United States. St. Louis itself is home to two of those companies, Peabody Energy and Ameren. Health care and biotechnology institutions with operations in St. Louis include Pfizer, the Solae Company, Sigma-Aldrich and Multidata Systems International. 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. The School of Medicine is also affiliated with St. Louis Children's Hospital, one of the country's top pediatric hospitals. Boeing employs nearly 15,000 people in its north St. Louis campus, the headquarters to their defense unit.





Local Map

9838 Watson Rd., Crestwood, MO 63126





Regional Map

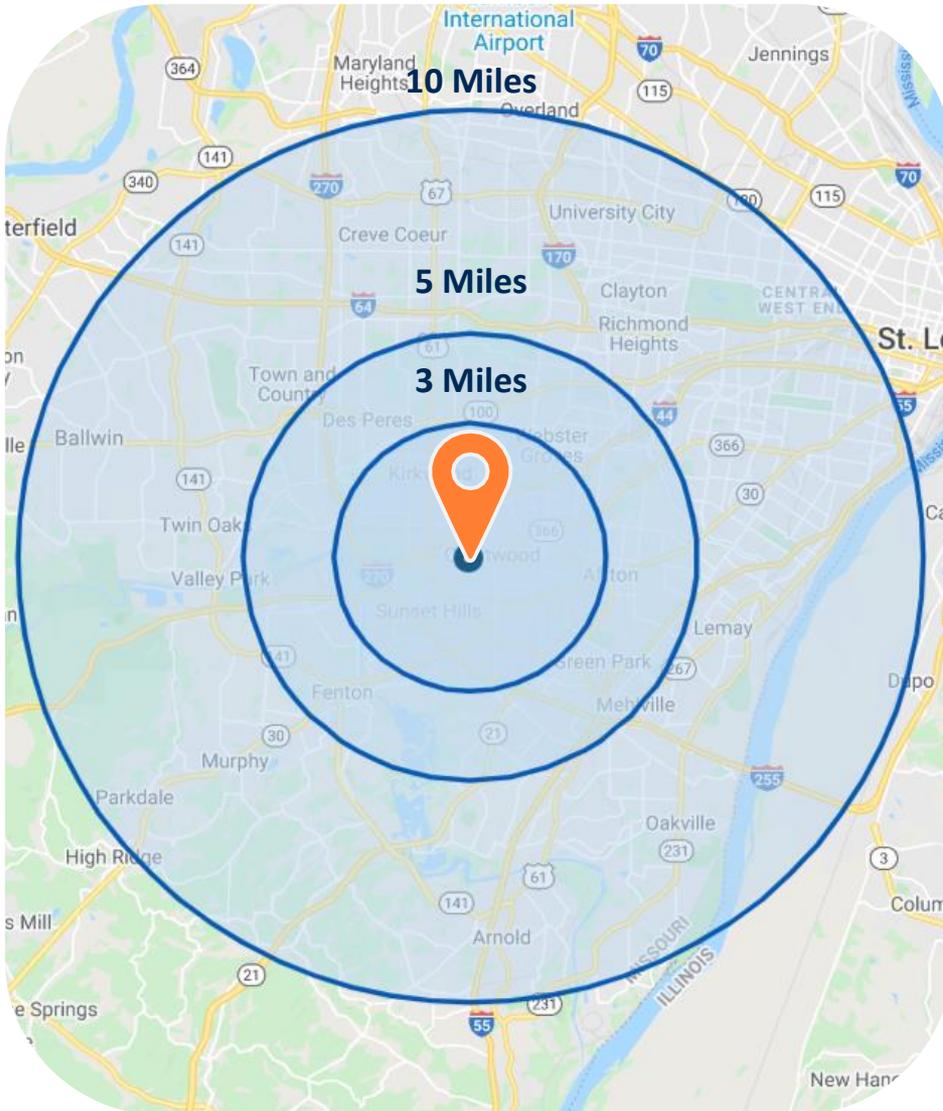
9838 Watson Rd., Crestwood, MO 63126





Demographics

9838 Watson Rd., Crestwood, MO 63126



	3 Miles	5 Miles	10 Miles
POPULATION			
2024 Projection	76,497	196,790	812,748
2019 Estimate	76,562	197,125	815,519
2010 Census	76,031	195,692	811,965
2000 Census	75,900	196,169	827,976
INCOME			
Average	\$112,615	\$107,819	\$97,545
Median	\$80,056	\$76,085	\$66,093
Per Capita	\$48,451	\$46,118	\$41,578
HOUSEHOLDS			
2024 Projection	32,868	84,194	346,302
2019 Estimate	32,820	84,010	345,380
2010 Census	32,651	83,585	345,117
2000 Census	32,559	83,002	342,658
HOUSING			
2019	\$245,663	\$228,624	\$206,140
EMPLOYMENT			
2019 Daytime Population	89,646	245,803	958,237
2019 Unemployment	2.12%	2.05%	2.59%
2019 Median Time Traveled	23 Mins	24 Mins	25 Mins
RACE & ETHNICITY			
White	91.26%	90.45%	78.17%
Native American	0.04%	0.03%	0.03%
African American	4.14%	4.11%	13.31%
Asian/Pacific Islander	2.27%	2.91%	4.77%



Market Overview

9838 Watson Rd., Crestwood, MO 63126

St. Louis, MO

St. Louis is a major independent city and inland port in Missouri. It is the second largest city in the state of Missouri behind Kansas City. The city is situated along the western bank of the Mississippi River, which marks Missouri's border with Illinois. The Missouri River merges with the Mississippi River just north of the city, forming the fourth-largest river system in the world. A "Gamma" global city with a metropolitan GDP of more than \$160 billion in 2017, metropolitan St. Louis's diverse economy has strengths in the service, manufacturing, trade, transportation, and tourism industries. Home to nine of the ten Fortune 500 companies based in Missouri, Greater St. Louis counts among its major corporations Anheuser-Busch, Express Scripts, Centene, Boeing Defense, Emerson, Energizer, Panera, Enterprise, Peabody Energy, Ameren, Post Holdings, Monsanto, Edward Jones, Go Jet, Purina, Olin Corporation, and Sigma-Aldrich. Major research universities within the city include Washington University in St. Louis and Saint Louis University. The Washington University Medical Center hosts an agglomeration of medical and pharmaceutical institutions, including the nationally recognized Barnes-Jewish Hospital.

The Gateway Arch anchors downtown St. Louis and a historic center that includes: the Federal courthouse where the Dred Scott case was first argued, a newly renovated and expanded public library, major churches and businesses, and retail. An increasing downtown residential population has taken to adapted office buildings and other historic structures. In nearby University City is the Delmar Loop, ranked by the American Planning Association as a "great American street" for its variety of shops and restaurants, and the Tivoli Theater, all within walking distance



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Marcus & Millichap

EXCLUSIVE NET-LEASE OFFERING



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