

# Red Lobster

EXCLUSIVE NET-LEASE OFFERING



# OFFERING MEMORANDUM



670 NW Blue Parkway  
Lee's Summit, MO 64063

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# Investment Highlights

PRICE: \$5,321,550 | CAP: 6.00% | RENT: \$319,293



## About the Investment

- ✓ Long-Term, Absolute Triple Net (NNN) Lease, Zero Landlord Obligations
- ✓ 22 Years Of Lease Term Remaining With 2.00% Annual Bumps
- ✓ Four (4), Five (5)-Year Tenant Renewal Options
- ✓ Corporate Tenant | Corporate Guarantee

## About the Location

- ✓ Dense Retail Corridor | Lowe's, Chick-fil-A, McDonald's, Panera Bread, Texas Roadhouse, TJ Maxx, Bed Bath & Beyond, Old Navy, Dick's Sporting Goods, Chipotle, Aspen Dental, Longhorn, Big O Tires, and Many More.
- ✓ Strong & Growing Demographics | Population Exceeds 46,000 Individuals Within a Three-Mile Radius, 100,000 Individuals Within a Five-Mile Radius | Around 5% Growth Expected in Five-Years
- ✓ Strong Traffic Counts | US Highway 50 & NW Chapman Road | Over 101,000 & 20,000 Vehicles Per Day, Respectively
- ✓ Medical Presence | St. Luke's East Hospital 2.5 Miles Away | 201 Beds | State-of-the-Art Inpatient & Outpatient Facilities
- ✓ Excellent Visibility & Frontage on NW Chapman Road | Multiple Points of Ingress & Egress
- ✓ Academic Presence | Six Elementary & High schools Within Four-Miles | Over 6,500 Students Combined Students

## 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 \$2.5B In Revenue And Is The 6<sup>th</sup> Largest Casual Dining Concept In North America.







# Financial Analysis

PRICE: \$5,321,550 | CAP: 6.00% | RENT: \$319,293



## PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	670 NW Blue Parkway
City, State ZIP	Lee's Summit, MO 64063
Year Built / Renovated	2010 Remodel
Building Size (SF)	7,018 SF
Lot Size (Acres)	+/- 1.74 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$5,321,550
CAP Rate	6.00%
Annual Rent	\$319,293

## LEASE SUMMARY

Property Type	Net Leased Restaurant
Tenant / Guarantor	Red Lobster Hospitality, LLC
Lease Commencement	December 17 <sup>th</sup> , 2015
Lease Expiration	July 31 <sup>st</sup> , 2042
Lease Term Remaining	22+ Years
Lease Type	Absolute 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
Year 5	\$319,293	\$26,608	2%
Year 6	\$325,679	\$27,140	2%
Year 7	\$332,192	\$27,683	2%
Year 8	\$338,836	\$28,236	2%
Year 9	\$345,613	\$28,801	2%
Year 10	\$352,525	\$29,377	2%
Year 11	\$359,576	\$29,965	2%
Year 12	\$366,767	\$30,564	2%
Year 13	\$374,103	\$31,175	2%
Year 14	\$381,585	\$31,799	2%
Year 15	\$389,216	\$32,435	2%
Year 16	\$397,001	\$33,083	2%
Year 17	\$404,941	\$33,745	2%
Year 18	\$413,040	\$34,420	2%
Year 19	\$421,300	\$35,108	2%
Year 20	\$429,726	\$35,811	2%
Year 21	\$438,321	\$36,527	2%
Year 22	\$447,087	\$37,257	2%
Year 23	\$456,029	\$38,002	2%
Year 24	\$465,150	\$38,762	2%
Year 25	\$474,453	\$39,538	2%
Year 26	\$483,942	\$40,328	2%
Year 27	\$493,620	\$41,135	2%

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster located at 670 NW Blue Parkway in Lee's Summit, Missouri. The site consists of roughly 7,018 rentable square feet of building space on an estimated 1.74-acre parcel of land.

This Red Lobster is subject to a long-term absolute triple-net (NNN) lease, which commenced December 17th, 2015. The current annual rent is \$319,293 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 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.

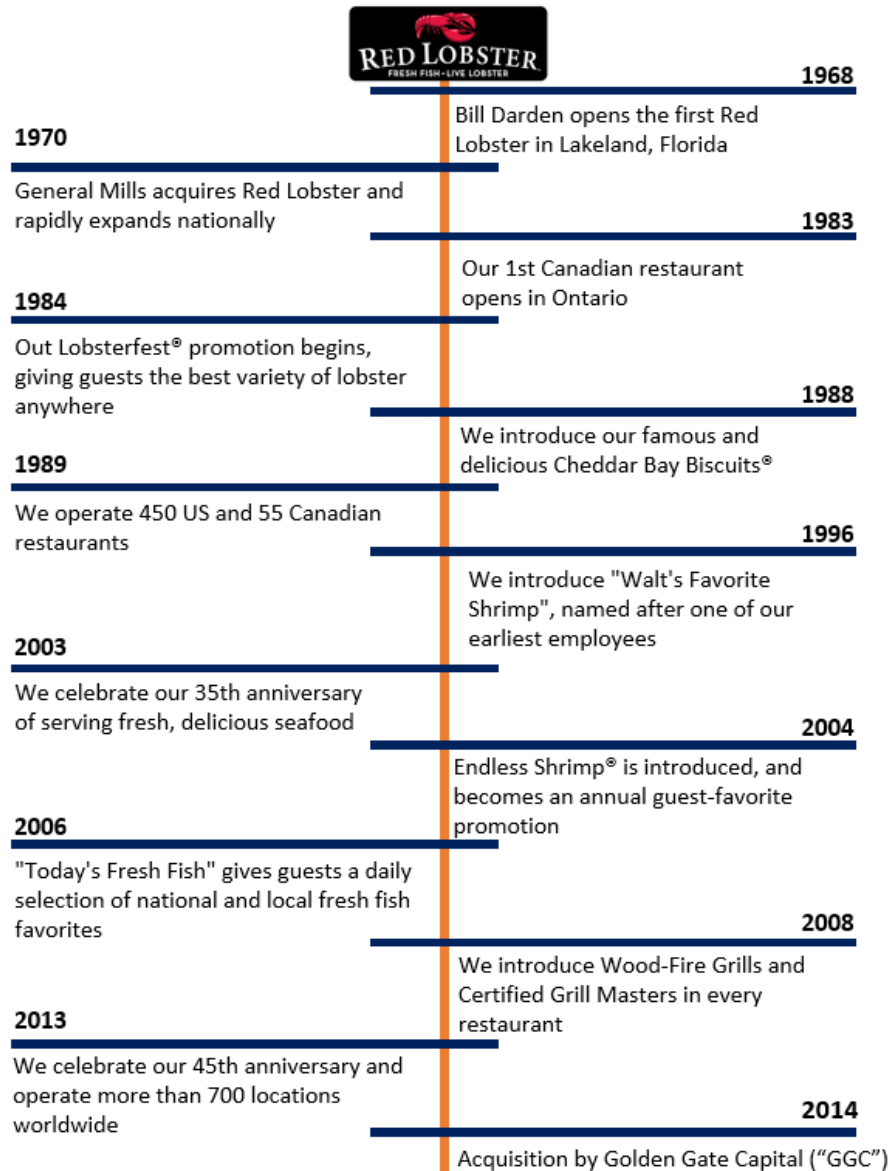
### FRESH IS IN OUR COMMITMENT

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.*



# Concept Overview







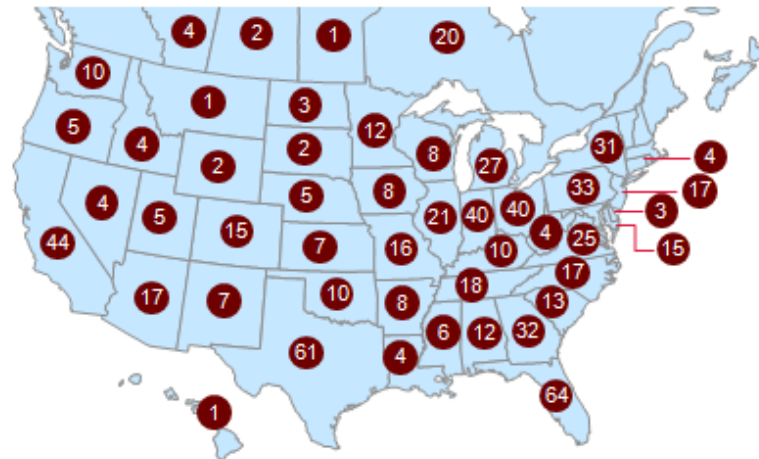
# Concept Overview



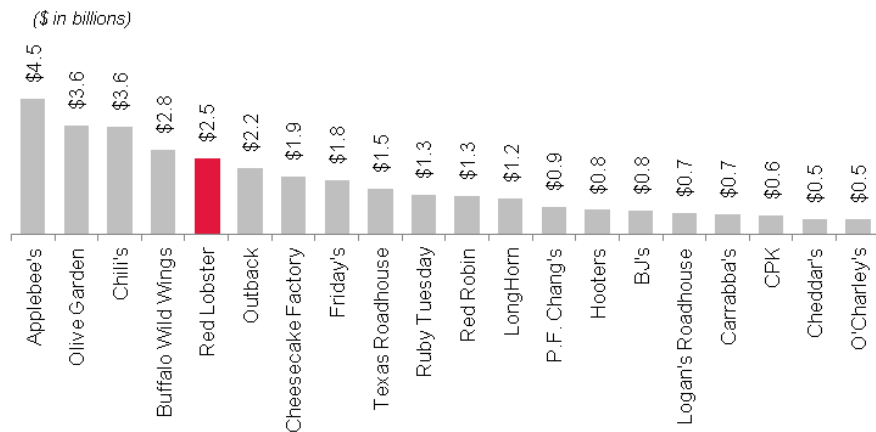
## Strong Market Position

- 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.

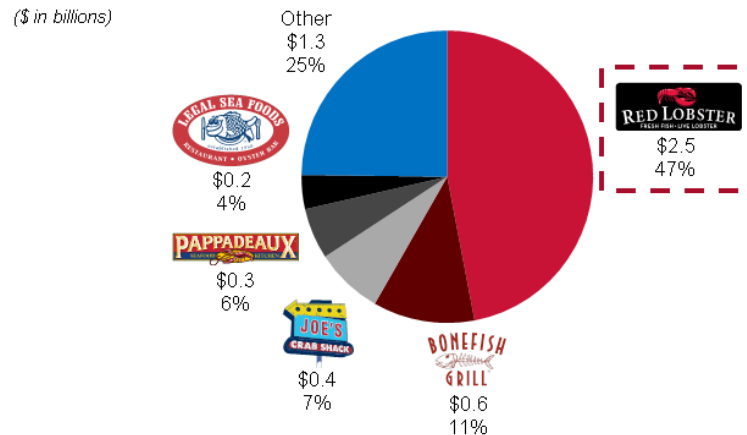
## Significant Scale With Broad Geographic Reach



## 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

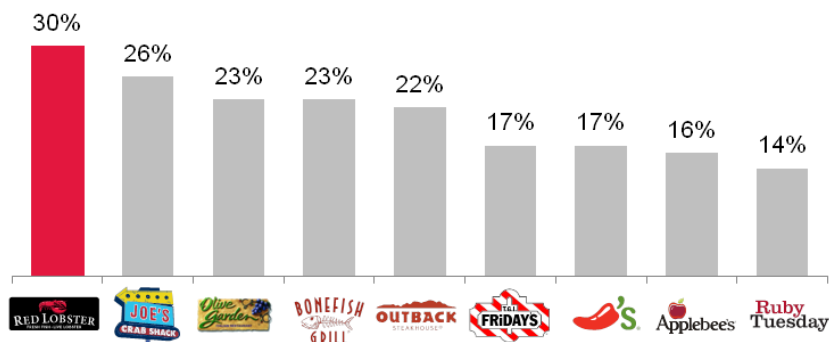
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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

Before



After





# Concept Overview



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



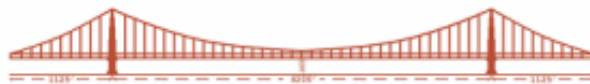
**Chip Wade**  
*EVP Operations*  
(29 years in Restaurant Industry)

- 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





# 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





Marcus & Millichap





# Location Overview

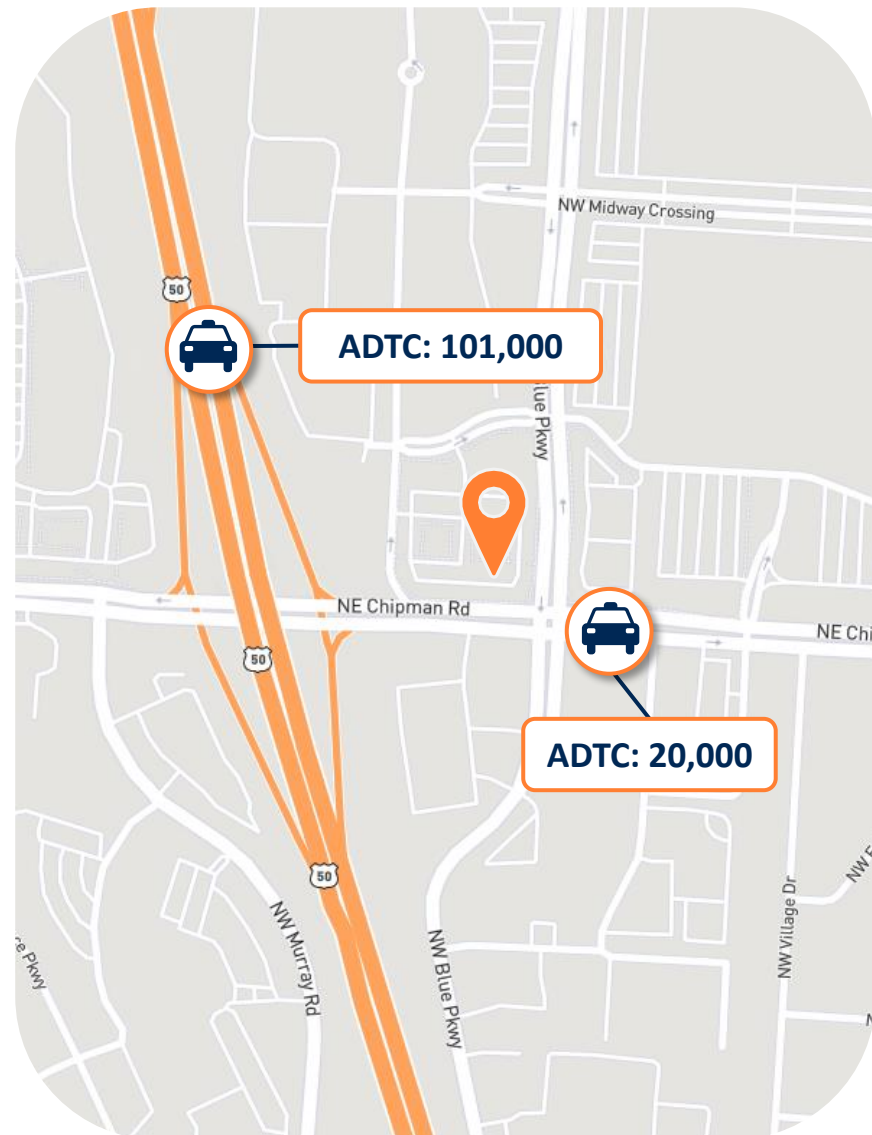
670 NW Blue Parkway - Lee's Summit, MO 64063



This Red Lobster investment property is situated on NW Blue Parkway and intersects NE Chipman Road which has an average daily traffic count exceeding 20,000. The subject property is directly off US Highway-50 which brings an additional 101,000 vehicles per day to the immediate area. There are more than 46,000 individuals within a three-mile radius of the subject property and over 100,000 individuals withing a five-mile radius. In the next five years the population in the immediate area is expected to grow by five percent.

The subject property is strategically situated in a highly dense retail corridor that consists of numerous regional and national tenants, shopping centers and hospitality accommodations, all within close proximity of this site. Major national tenants in the immediate area include: Lowe's, Chick-fil-A, McDonald's, Old Navy, Bed Bath & Beyond, Chipotle, Aspen Dental, and Panera Bread in addition to many others. Additionally, this property is directly between two premier shopping malls, SummitWoods Crossing & Summit Fair Mall, each having over 30 tenants. This Red Lobster benefits from a strong academic presence in the immediate area with six local elementary schools and high schools servicing over 6,500 students within four-miles of the property. Just under three-miles from the subject property is St. Luke's East Hospital, a state-of-the-art inpatient & outpatient medical campus with 201 beds.

Lee's Summit is a city located within the counties of Jackson and Cass in the U.S. state of Missouri. As of the 2020 its population was about 100,683 making it the sixth-largest city in the state. Lee's Summit MO is one of the fastest growing suburbs of Greater Kansas City. The city offers a family-friendly lifestyle with the convenience of being just minutes from the heart of Kansas City.







# Property Photo

670 NW Blue Parkway - Lee's Summit, MO 64063







# Surrounding Area Photos

670 NW Blue Parkway - Lee's Summit, MO 64063

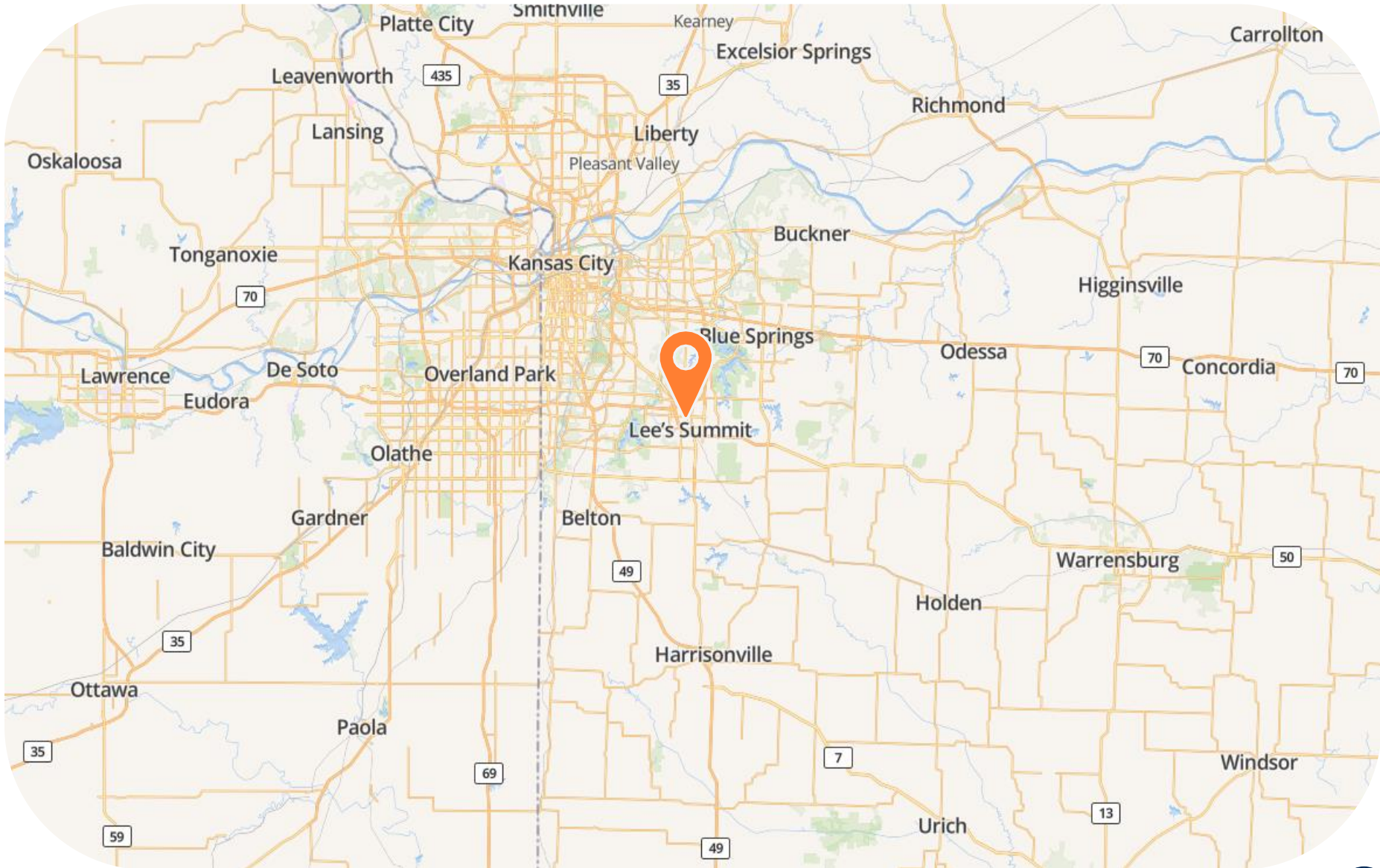






# Local Map

670 NW Blue Parkway - Lee's Summit, MO 64063

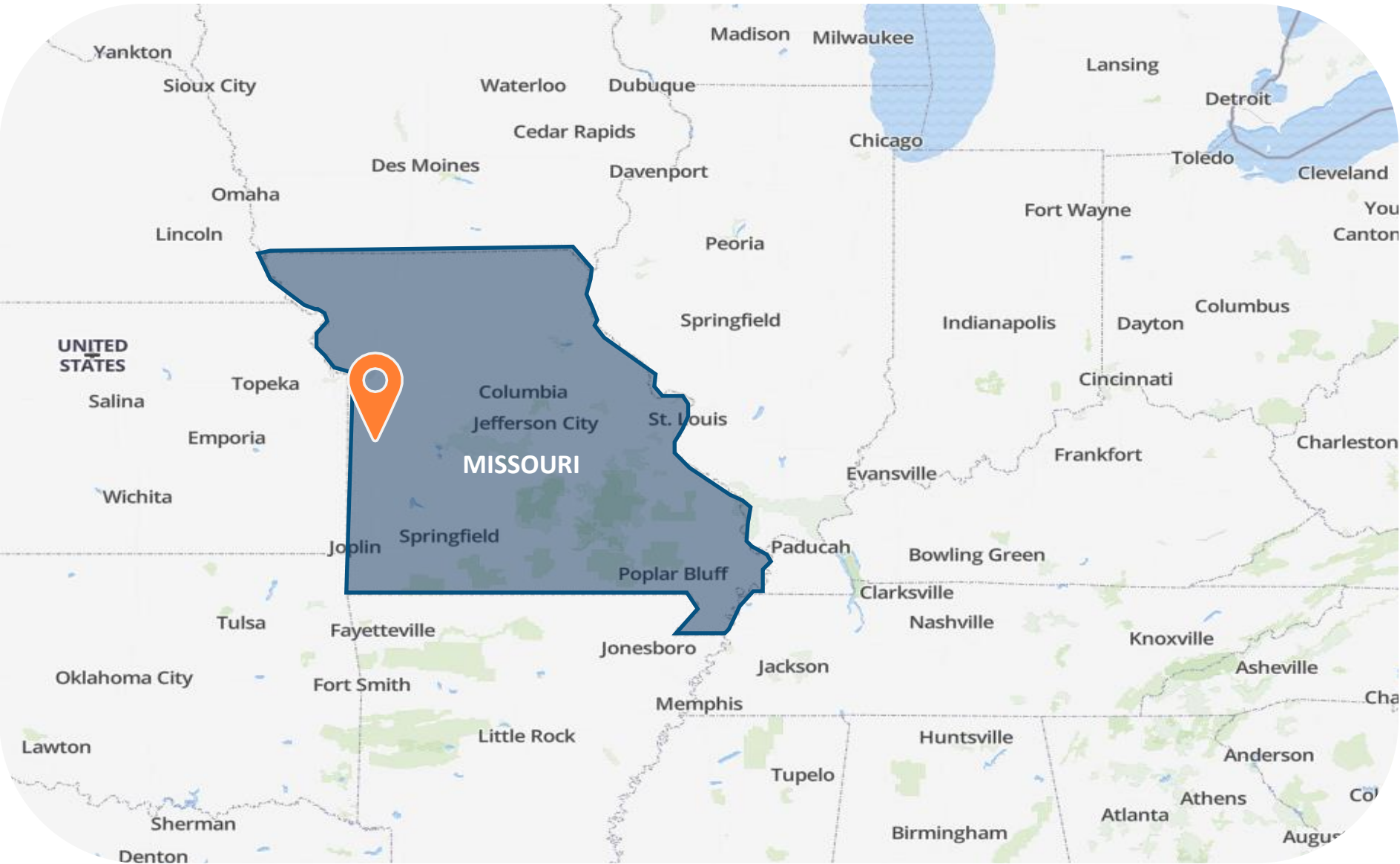






# Regional Map

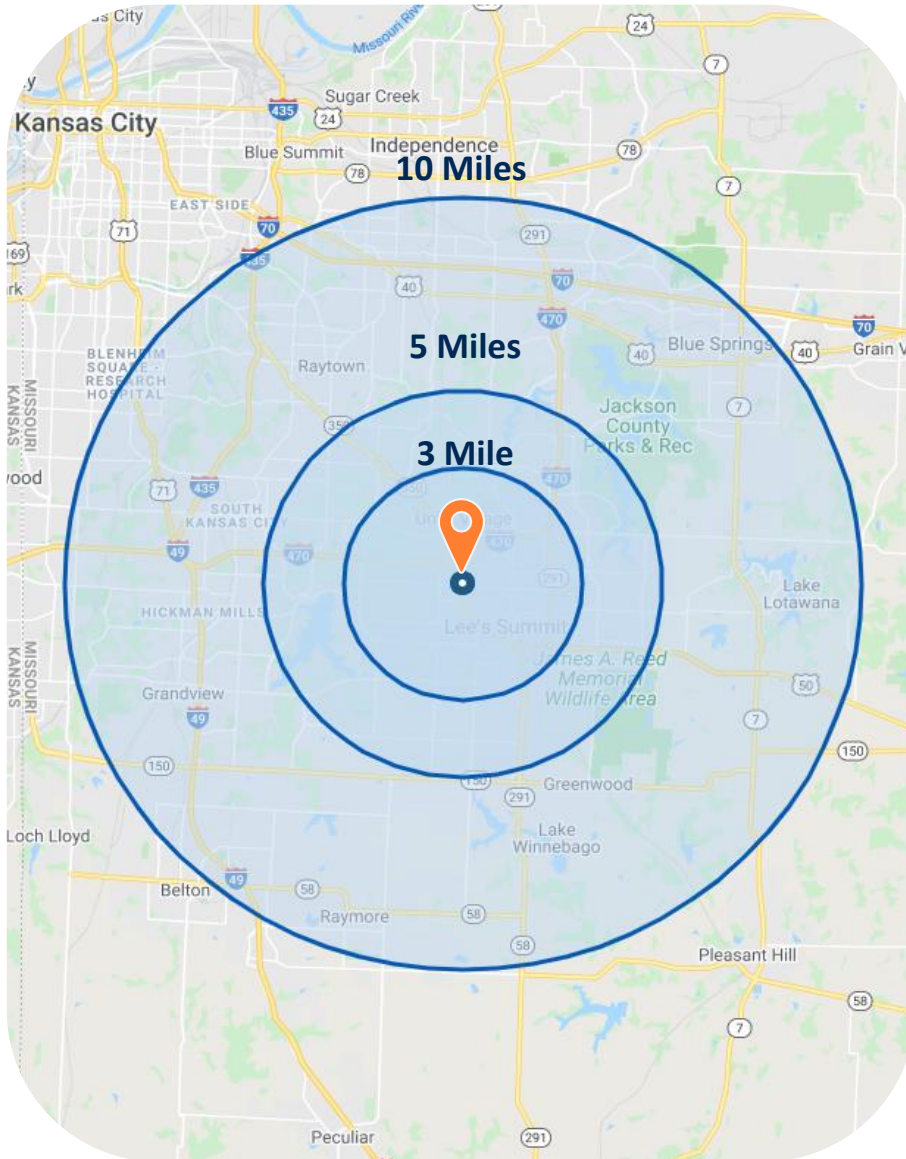
670 NW Blue Parkway - Lee's Summit, MO 64063





# Demographics

670 NW Blue Parkway - Lee's Summit, MO 64063



	3 Mile	5 Miles	10 Miles
<b>POPULATION</b>			
2024 Projection	48,362	105,379	406,327
2019 Estimate	46,355	100,970	393,380
2010 Census	42,951	93,475	369,204
2000 Census	37,156	80,651	339,955
<b>INCOME</b>			
Average	\$92,275	\$95,959	\$79,362
Median	\$70,044	\$74,933	\$60,951
Per Capita	\$36,613	\$36,351	\$31,105
<b>HOUSEHOLDS</b>			
2024 Projection	19,148	39,980	159,590
2019 Estimate	18,317	38,104	153,580
2010 Census	17,269	35,724	145,666
2000 Census	15,032	30,531	133,619
<b>HOUSING</b>			
2019	\$188,016	\$184,488	\$161,354
<b>EMPLOYMENT</b>			
2019 Daytime Population	51,601	89,611	329,978
2019 Unemployment	2.34%	2.40%	3.29%
2019 Median Time Traveled	25 mins	26 mins	26 mins
<b>RACE &amp; ETHNICITY</b>			
White	84.36%	78.27%	69.43%
Native American	0.14%	0.14%	0.17%
African American	8.68%	15.08%	22.56%
Asian/Pacific Islander	1.78%	1.74%	1.53%





# Market Overview

City: Lee's Summit | County: Jackson | State: Missouri

*Kansas City, MO*

**Kansas City,** is the largest city in Missouri by population and area. According to the U.S. Census Bureau, the city had an estimated population of 495,327 in 2019, making it the 38th most-populous city in the United States. It is the most populated municipality and historic core city of the Kansas City metropolitan area, which straddles the Kansas–Missouri state line and has a combined statistical area population of 2,487,053. Most of the city lies within Jackson County, but portions spill into Clay, Cass, and Platte counties. The city borders Kansas City, Kansas, and the Kansas counties of Johnson County and Wyandotte County. Kansas City was founded in the 1830s as a Missouri River port at its confluence with the Kansas River coming in from the west.

The federal government is the largest employer in the Kansas City metro area. More than 146 federal agencies maintain a presence there. Kansas City is one of ten regional office cities for the US government. The Internal Revenue Service maintains a large service center in Kansas City that occupies nearly 1.4 million square feet. It is one of only two sites to process paper returns. The IRS has approximately 2,700 full-time employees in Kansas City, growing to 4,000 during tax season. Ford Motor Company operates a large manufacturing facility in Claycomo at the Ford Kansas City Assembly Plant, which builds the Ford F-150.

Kansas City is home to many professional sports teams including the Kansas City Chiefs in the National Football League (NFL), the Kansas City Royals in Major League Baseball (MLB) and Sporting Kansas City in Major League Soccer (MLS).



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