

ATLANTIC OCEAN



HWY A1A (± 21,500 VPD)

CLICK TO WATCH
AERIAL VIDEO



Subject Property

Offering Memorandum

Winn-Dixie

St. Augustine, FL

Irreplaceable Real Estate in Historic St. Augustine, FL | NNN | 14+ Years Remaining | 20-Year Operating History



Stan Johnson Co.

THE NET LEASE AUTHORITY®

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Offered Exclusively by



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Investment Highlights

Corporate Guarantee

The investment is fully backed by Winn-Dixie Stores, Inc. Winn-Dixie is the dominant regional brand in the Southeastern United States and the fifth largest grocery chain in the country with over 500 locations.

Successful 20-Year Operating History

Winn-Dixie has been operating at the Property since 1998 and recently executed a new twenty (20) year lease in 2013, a demonstration of the tenant's success at and commitment to the site.

Long Term Absolute NNN Lease

Winn-Dixie is operating under a highly passive twenty (20) year lease with 14.7 years of primary term remaining followed by six (6), five (5) year option periods. Under the absolute NNN expense structure, there are zero landlord responsibilities.

Base Term Rent Increase

The lease provides for increasing returns as it includes a primary term rent increase of 5% in 2024 and to begin each of the six (6), five (5) year renewal options.

Strong Store Sales

Winn-Dixie consistently reports strong sales at this site. Contact broker for additional information.

Solid Parent Company

Southeastern Grocers generated an estimated \$8.26 billion in revenues and an estimated \$512 million in EBITDA as of May 2018.

Historic St. Augustine, FL Location

The Property is located in St. Augustine, FL, the oldest city in the continental U.S. and one of the top tourist destinations on the East Coast.

Income Tax-Free State

Florida is one of the rare states with no state income, estate, or inheritance taxes.

Significant Barriers To Entry

With limited sites available for future retail development and with substantial zoning restrictions in St. Augustine, entry in to the market is virtually impossible.

Situated On Historic Scenic A1A

The Property is situated on Florida's iconic Highway A1A which runs along the Atlantic Ocean from Key West at the very southern tip of Florida to Amelia Island just south of Georgia. The Property benefits from high average traffic counts of 21,500 VPD which rises substantially during peak vacation seasons.

Potential For Future Development

The Property sits on 11.5 acres of prime real estate with ample land that may open up the opportunity for future outparcel development.

Ideal Demographics

The Property benefits from a 5-mile population of 54,164 and an average household income of \$78,809, the tenant's targeted market demographics.



Price:
\$8,035,333



Cap Rate:
5.40%



**5TH LARGEST
GROCERY CHAIN
IN THE U.S.**



**14+
YEARS
REMAINING**



PRIMARY TERM RENT INCREASE



**SIGNIFICANT
BARRIERS
TO ENTRY**



**STRONG
STORE
SALES**



**ABSOLUTE
NNN
LEASE**



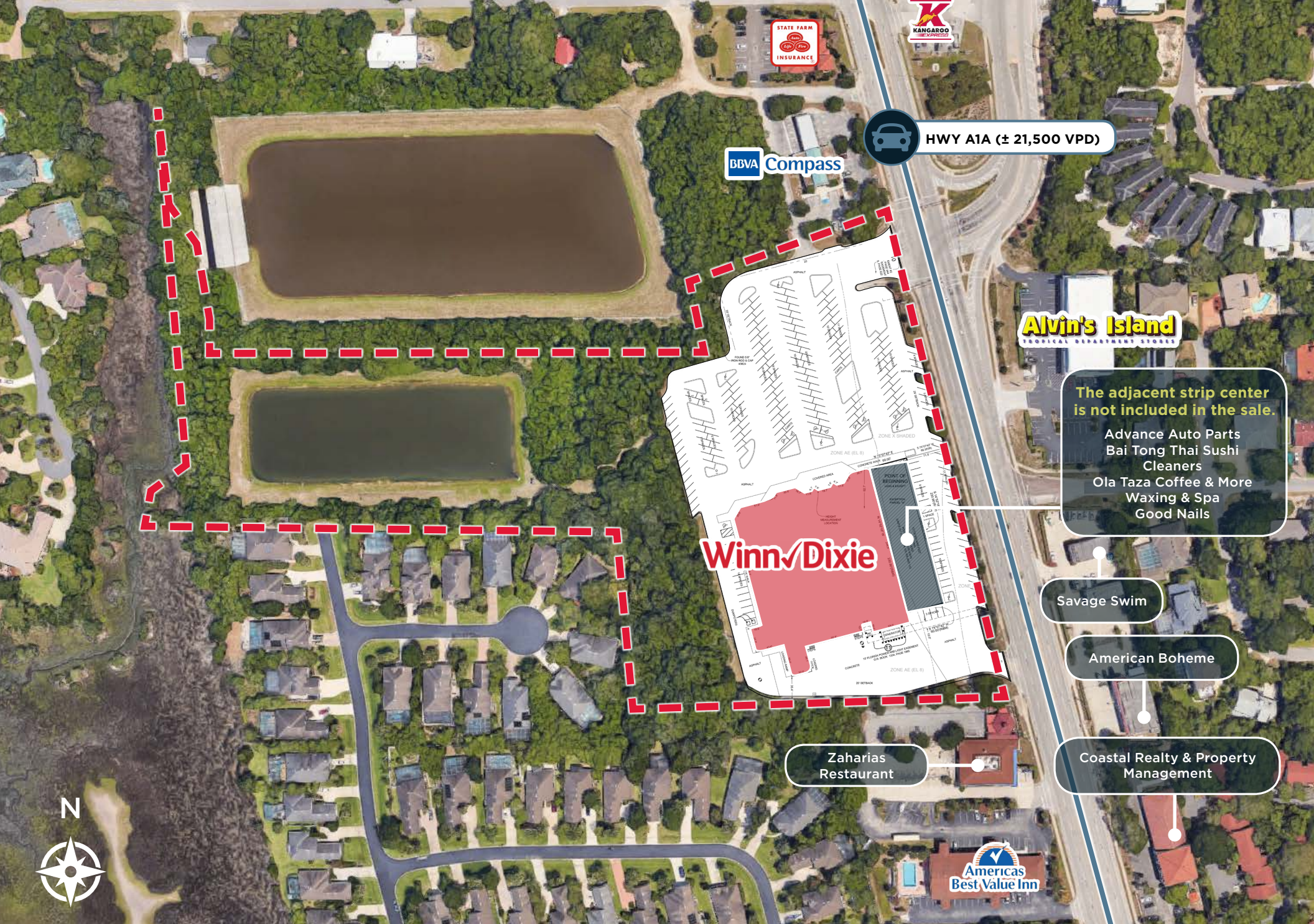
**POTENTIAL
FOR FUTURE
DEVELOPMENT**



INCOME TAX-FREE STATE



Subject Property



HWY A1A (± 21,500 VPD)



Alvin's Island
TROPICAL DEPARTMENT STORES

The adjacent strip center is not included in the sale.
Advance Auto Parts
Bai Tong Thai Sushi
Cleaners
Ola Taza Coffee & More
Waxing & Spa
Good Nails

Winn-Dixie

Savage Swim

American Boheme

Coastal Realty & Property Management

Zaharias Restaurant



Lease Abstract

Tenant	Winn-Dixie Stores Leasing, LLC
Guarantor	Corporate (Winn-Dixie Stores, Inc)
Trade Name	Winn-Dixie
Address	3905 A1A South St St. Augustine, FL 32080
Ownership Type	Fee Simple
Building Size (SF)	51,048
Land Size (AC)	11.5
Year Constructed	1998
Rent Commencement	12/3/2013
Term Expiration	12/31/2033
Term Remaining	14.7 years
Current Annual Rent	\$433,908
Rent Increases	5% to start Year 11; 5% to start each option
Renewal Options	Six (6), five (5) year options
Lease Type	Absolute NNN
Landlord Responsibilities	None
Estoppel	30 days notice



Subject Property

Rent Schedule

Term	Years	Annual Rent	Rent PSF	Rent Increase
Base	Present - 12/31/2023	\$433,908	\$8.50	-%
Base	1/1/2024 - 12/31/2033	\$455,603	\$8.92	5%
Option 1	1/1/2034 - 12/31/2038	\$478,384	\$9.37	5%
Option 2	1/1/2039 - 12/31/2043	\$502,303	\$9.84	5%
Option 3	1/1/2044 - 12/31/2048	\$527,417	\$10.33	5%
Option 4	1/1/2049 - 12/31/2053	\$553,789	\$10.85	5%
Option 5	1/1/2054 - 12/31/2058	\$581,478	\$11.39	5%
Option 6	1/1/2059 - 12/31/2063	\$610,552	\$11.96	5%

Tenant Overview

Winn-Dixie Stores, Inc. is a subsidiary of Southeastern Grocers, which is the fifth-largest supermarket chain in the United States based on store count. Founded in 1925, Winn-Dixie grocery stores, liquor stores and in-store pharmacies serve communities throughout five southeastern states. Winn-Dixie Stores, Inc. is a subsidiary of Southeastern Grocers, which is one of the largest supermarket chains based in the Southeast. Winn-Dixie has ranked number 24 in the 2010 “Top 75 North American Food Retailers,” and was ranked the 45th largest retailer in the United States based on 2012 revenues by Stores magazine.

In March of 2012, Winn-Dixie was acquired by, and became a wholly owned subsidiary of, BI-LO Holdings - another southeastern United States-based Grocer. The post-merger company was based in Winn-Dixie’s former headquarters in Jacksonville, Florida. Subsequently, in 2015, BI-LO Holdings changed their name to Southeastern Grocers and continues to operate their headquarters in Jacksonville.

Today, **Southeastern Grocers (SEG)** operates more than 575 grocery stores under four distinct labels: BI-LO, Winn-Dixie, Harveys, and Fresco y Mas. It is one of the largest conventional supermarket companies in the U.S. SEG grocery stores, liquor stores and in-store pharmacies serve communities throughout the seven southeastern states of Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina and South Carolina. BI-LO, Fresco y Más, Harveys Supermarket and Winn-Dixie are well-known and well-respected regional brands with deep heritages, strong neighborhood ties, proud histories of giving back, talented and caring associates and strong commitments to providing the best possible quality and value to customers.

The privately held parent company does not break out Winn-Dixie Stores, Inc’s sales, however, Southeastern Grocers is estimated to have revenues of \$8.26 billion, \$512 million EBITDA and a new Moody’s rating of B3 Stable/S&P: B-Stable post-bankruptcy. (See next page.)



Financials*

Revenue:	\$8.26 billion
EBITDA:	\$512 million
Avg. Store Sales:	\$14.25 million
S&P:	B-/Stable
Moody's:	B3/Stable

*Estimated 2018 Post-Bankruptcy

Tenant Overview | Recent Credit Upgrade

BI-LO LLC Upgraded To 'B-' Outlook Stable

May 31, 2018

S&P Global Ratings today raised its corporate credit rating on Jacksonville, Fla.-based BI-LO LLC to 'B-' from 'D'. The outlook is stable.

At the same time, we assigned our 'B+' issue-level rating to the company's new \$50 million ABL FILO term loan. The '1' recovery rating indicates our expectation for very high (90% to 100%; rounded estimate: 95%) recovery in the event of a payment default.

We also assigned our 'B' issue-level rating to BI-LO's new \$475 million first-lien term loan due 2024. The recovery rating is '2', indicating our expectation for substantial (70%-90%; rounded estimate: 75%) recovery in the event of a payment default.

The issue-level rating on the term loan is in line with the preliminary rating that we assigned on April 25, 2018. The company's new \$550 million ABL revolver is unrated.

The upgrade follows BI-LO's emergence from bankruptcy and reflects the company's new capital structure and our estimates of its slowly stabilizing operating performance, albeit in an intensely competitive southeastern U.S. market. In our view, the company's restructuring provides a more sustainable capital structure by eliminating \$522 million of holding company debt. As part of the reorganization, BI-LO has reduced its footprint by closing 123 underperforming stores, representing about 17% of its store base, which in our view will lower costs and begin to drive better profitability in the coming year.

The stable outlook reflects our expectation that the company's improved leverage position will help it to execute on its ambitious turn around strategies in the coming year. We also expect BI-LO's new ownership group to employ a less aggressive financial policy than its previous financial sponsor.

We could lower the rating if the company is unable to successfully execute its transformation plan and regain market share, resulting in sustained negative SSS and margin erosion...[Read more »](#)

Source: https://www.standardandpoors.com/en_US/web/guest/article/-/view/type/HTML/id/2048401

Moody's Assigns Ratings to BI-LO's New ABL and FILO TL

May 25, 2018

Moody's Investors Service ("Moody's") today assigned a B1 rating to BI-LO, LLC's proposed new \$550 million ABL revolving credit facility and a B3 rating to the company's proposed new \$50 million FILO term loan. Additionally, Moody's affirmed the company's B3 Corporate Family Rating and its B3-PD probability of default rating. Moody's also affirmed the Caal rating of the company's senior secured term loan which has been downsized to \$475 million from \$525 million. The rating outlook remains stable.

"Although the company will emerge from bankruptcy with a stronger balance sheet, the next couple of years will be challenging as food retailing remains highly competitive and promotional particularly in BI-LO's geography, making it difficult to grow topline and profitability while simultaneously investing in the remaining store base and executing on a longer term strategic plan", Moody's Vice President Chadha stated.

The B3 Corporate Family Rating reflects highly competitive and challenging operating environment for supermarkets particularly in the geographies in which the company operates. Although, Moody's expects the deflationary pressure on food items to abate in 2018, it expects pricing pressure due to intense competition and new competitive openings to continue to pressure top-line and profitability. Debt/EBITDA is expected to be modest at about 4.0 times in the next 12 months, but interest coverage will be relatively weak with EBIT/interest at about 1.5 times and free cash flow will be modest. Positive factors include company's large scale and geographic footprint, its adequate liquidity and significantly lower debt burden as it emerges from bankruptcy. The bankruptcy filing also gives the company an opportunity to reject leases and close underperforming stores to focus on a more cohesive and profitable footprint in the southeast particularly in Florida and South Carolina. However, streamlining the store base will take at least couple of years and the company will still need to invest in the remaining stores to improve traffic, margins and same store sales trends which have been declining. Moody's expects financial policies, which have been very aggressive in the past, to be conservative going forward. The ratings are its large scale and geographic footprint...[Read more »](#)

Source: https://www.moody's.com/research/Moodys-assigns-ratings-to-BI-LOs-new-ABL-and-FILO--PR_384127

Location Overview

St. Augustine is a city on the Atlantic coast of northeastern Florida. Founded in 1565 by Spanish explorers, it is the oldest continuously inhabited European-established settlement within the borders of the continental United States.

The county seat of St. Johns County, St. Augustine is part of Florida's First Coast region and the Jacksonville metropolitan area. The United States Census Bureau's 2018 estimate of the city's population was 14,243, and the Jacksonville Metropolitan Area has a population of more than 1.5 million.


St. Johns County, in northeast Florida, is a highly-desirable, amenity-rich location. Bordered by the scenic Atlantic Ocean and St. Johns River, St. Johns County embraces its historic heritage and uniquely diverse communities such as the City of St. Augustine — the Nation's Oldest City; St. Augustine Beach, Ponte Vedra, and Hastings — the Potato Capital of Florida; which have attracted visitors for centuries. Capitalizing on its global appeal, St. Johns County is poised for economic growth through its strategic location, favorable climate, local economic development incentives, and outstanding community services.

With over 40 miles of scenic coastline, St. Johns County beaches offer some of the best recreational and wildlife viewing opportunities in the State of Florida. Just minutes from the historic district of downtown St. Augustine residents and visitors can park off-beach and walk, sunbathe, fish along endless miles of pristine coastline.



Downtown St. Augustine



 **1.5 MILLION**
METRO POPULATION

 **TOP TOURIST**
DESTINATION ON
EAST COAST

 **OLDEST CITY**
IN CONTINENTAL
U.S.

 **POPULATION**
GROWTH RATE
OF 1.6% WITHIN 5
MILES OF PROPERTY



HWY A1A (± 21,500 VPD)



Significant Barriers To Entry
With limited sites available for future retail development and with substantial zoning restrictions in St. Augustine, entry into the market is virtually impossible.

I-95 (± 59,500 VPD)
(± 10 miles from Subject Property)

H FM Medical Urgent Care

Anastasia Plaza

Publix. CATO

Starbucks. MABLE'S ICE CREAMERY. WESTERN UNION

SUPERCUTS. at&t

DOLLAR TREE. S. UPS

Sea Colony Homes

Bank of America

STATE FARM INSURANCE

KANGAROO EXPRESS

BBVA Compass

Alvin's Island

Advance Auto Parts

Atlantic Beach & Tennis Club

The Beach Club at St Augustine

Americas Best Value Inn

W

VyStar Credit Union

INTERSTATE 95

Spanish Trace Ocean Club

St. Augustine by the Sea

Island Prep Preschool





Anastasia Plaza

Publix. COSTCO

Starbucks. MARBLE SLAB ICE CREAMERY. WESTERN UNION

SUPERCUTS. at&t

DOLLAR TREE. UPS

ATLANTIC OCEAN

Anastasia Bowling Lanes

Marsh Country Club

FM Medical Urgent Care

COURTYARD Marriott

Hampton Inn

Ponce Landing (31 Units)

Fiesta Falls Miniature Golf

Guy Harvey Resort St. Augustine Beach

FIDELITY BANK

St. Augustine Ocean & Racquet Club Condominium Resort

STATE FARM INSURANCE

DUNKIN' DONUTS

BBVA Compass

Alvin's Island
TRICAL DEPARTMENT STORES

Winn-Dixie

Advance Auto Parts

Bai Tong Thai Sushi
Cleaners
Ola Taza Coffee & More
Waxing & Spa
Good Nails

American Boheme

HWY A1A (± 21,500 VPD)

ATLANTIC OCEAN

St Augustine Beach & Tennis Condominium

Spanish Trace Ocean Club

The Beach Club at St Augustine

Atlantic Beach & Tennis Club

Coastal Realty & Property Management

American Boheme

Savage Swim

Alvin's Island
TROPICAL DEPARTMENT STORES

Bai Tong Thai Sushi Cleaners
Ola Taza Coffee & More
Waxing & Spa
Good Nails



HWY A1A (± 21,500 VPD)

Anastasia Condominiums of St Augustine, FL (110 Units)

Island Prep Preschool

World Famous Oasis Restaurant



Zaharias Restaurant



Winn-Dixie





HWY A1A (± 21,500 VPD)

Property Photos



HWY A1A (± 21,500 VPD)



HWY A1A (± 21,500 VPD)



HWY A1A (± 21,500 VPD)




Demographics

3905 A1A South St | St. Augustine, FL 32080



	0 - 1 mi.	0 - 3 mi.	0 - 5 mi.	0 - 7 mi.
 2018 Population	4,711	24,740	49,048	69,043
2023 Population	5,306	27,284	54,989	77,203
2010-2018 Annual Growth Rate	1.52%	1.35%	1.62%	1.59%
2018-2023 Annual Growth Rate	2.41%	1.98%	2.31%	2.26%

 2018 Total Households	2,285	11,820	22,358	30,473
2023 Total Households	2,579	13,056	25,074	34,124
2010-2018 Annual Growth Rate	1.45%	1.38%	1.63%	1.62%
2018-2023 Annual Growth Rate	2.45%	2.01%	2.32%	2.29%

 2018 Average Household Income	\$96,714	\$79,548	\$78,090	\$74,626
2018-2023 Annual Growth Rate	3.97%	3.66%	3.77%	3.85%

Source: Esri - 2018

Offered Exclusively by

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