

FURMAN

CAPITAL ADVISORS



Virginia Beach, Virginia

CONFIDENTIAL OFFERING MEMORANDUM

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INVESTMENT OVERVIEW

Executive Summary



PROPERTY SUMMARY

Address	709 Independence Blvd Virginia Beach, VA 23455
Ownership	Fee Simple
Tenancy	Single
Year Renovated	2015
Lot Size	±1.89 Acres
Road Frontage	120' FT
Traffic Counts	±50,000 (Independence Blvd)
Parking	68 Surface Spaces

FINANCIAL SUMMARY

NOI (Base Rent)	\$324,193
Cap Rate	5.75%
List Price	\$5,638,139
Lease Type	Absolute Net
Remaining Lease Term	±20 Years
Remaining Options	4 - (5) Year
Rent Increases	2% Annually
Average Cap Rate (20 yrs)	7.00%

INVESTMENT HIGHLIGHTS

- Red Lobster is the largest seafood restaurant concept in the world, generates \$2.5 billion in revenue, is the 5th largest casual dining concept in North America with ±706 locations in the US and Canada, and employees ±58,000 people.
- The Parent Company, Golden Gate Capital, holds investments in more than 40 companies.
- Excellent access to population density – 250K residents and 266K employees within 5-miles, and 1-mile Avg HH Income of \$86K.
- Booming Greater Market – Most populous city in Virginia.
- Twenty internationally-based firms have their US or North American headquarters in Virginia Beach.
- Virginia Beach is also home to nine major military installations, including the world's largest Naval Base and home of the Atlantic Fleet with more than 86,000 active-duty military personnel.



INVESTMENT OVERVIEW

Lease Summary



LEASE SUMMARY

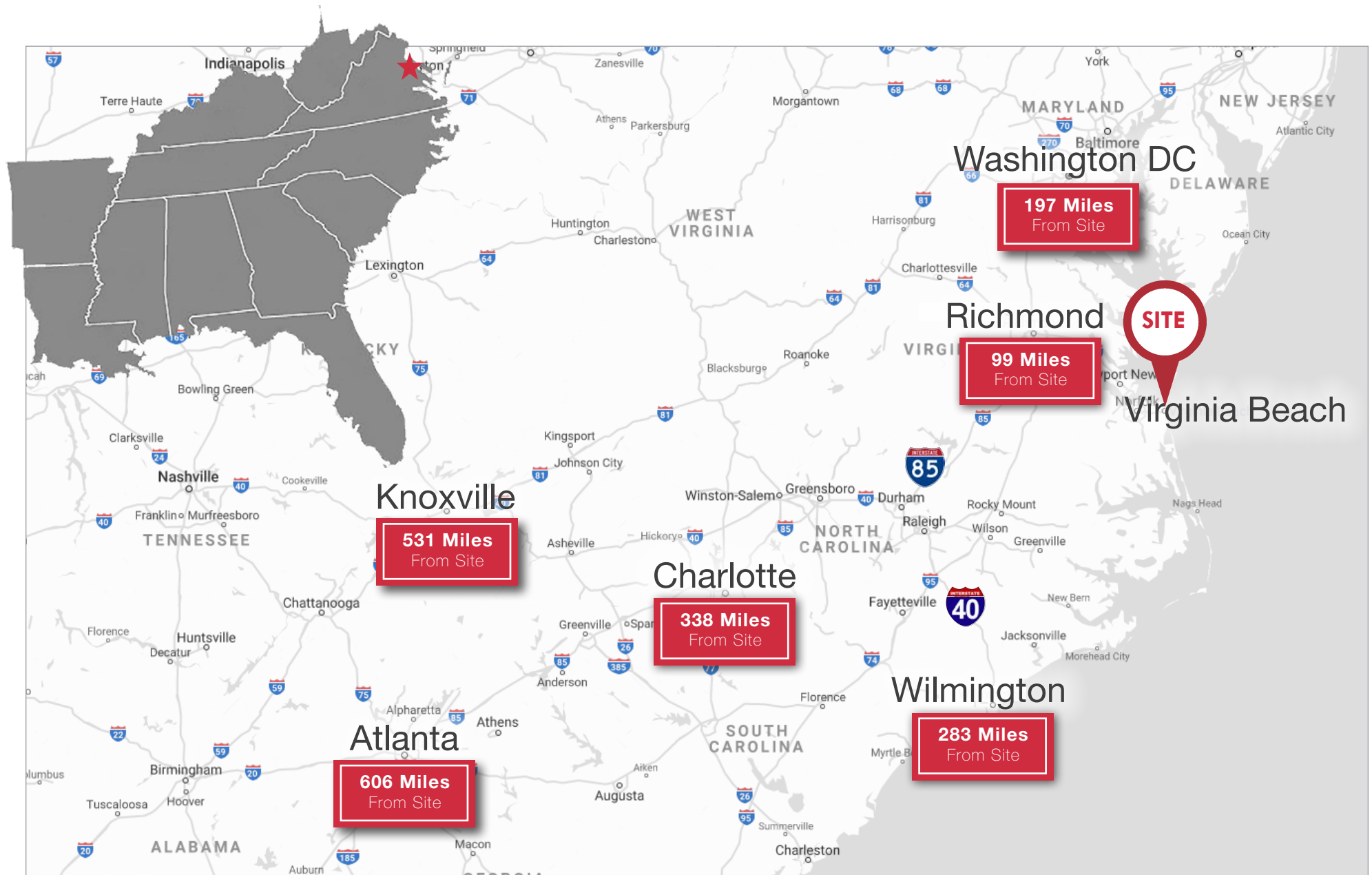
Tenant	Red Lobster Restaurants, LLC
Tenant Trade Name	Red Lobster
Lease Guarantor	Red Lobster Intermediate Holdings, LLC
Tenant Classification	Corporate
Lease Type	Absolute Net
Original Lease Term	24 Years
Commencement Date	10/28/2015
Expiration Date	7/31/2039
Term Remaining on Lease	±20 Years
Options	Four, 5-Year Options
Increases	2% Annually
Property Taxes	Tenant is Solely Responsible
Insurance	Tenant is Solely Responsible
Common Area Maintenance	Tenant is Solely Responsible
Roof	Tenant is Solely Responsible
Structure	Tenant is Solely Responsible
Parking Lot	Tenant is Solely Responsible

RENT SCHEDULE

Initial Term	Monthly	Annually
Year 5 (8/1/19-7/31/20)	\$27,016	\$324,193
Year 6	\$27,556	\$330,677
Year 7	\$28,108	\$337,291
Year 8	\$28,670	\$344,037
Year 9	\$29,243	\$350,918
Year 10	\$29,828	\$357,936
Year 11	\$30,425	\$365,095
Year 12	\$31,033	\$372,397
Year 13	\$31,654	\$379,845
Year 14	\$32,287	\$387,442
Year 15	\$32,933	\$395,191
Year 16	\$33,591	\$403,095
Year 17	\$34,263	\$411,157
Year 18	\$34,948	\$419,380
Year 19	\$35,647	\$427,768
Year 20	\$36,360	\$436,323
Year 21	\$37,087	\$445,049
Year 22	\$37,829	\$453,950
Year 23	\$38,586	\$463,029
Year 24	\$39,358	\$472,290

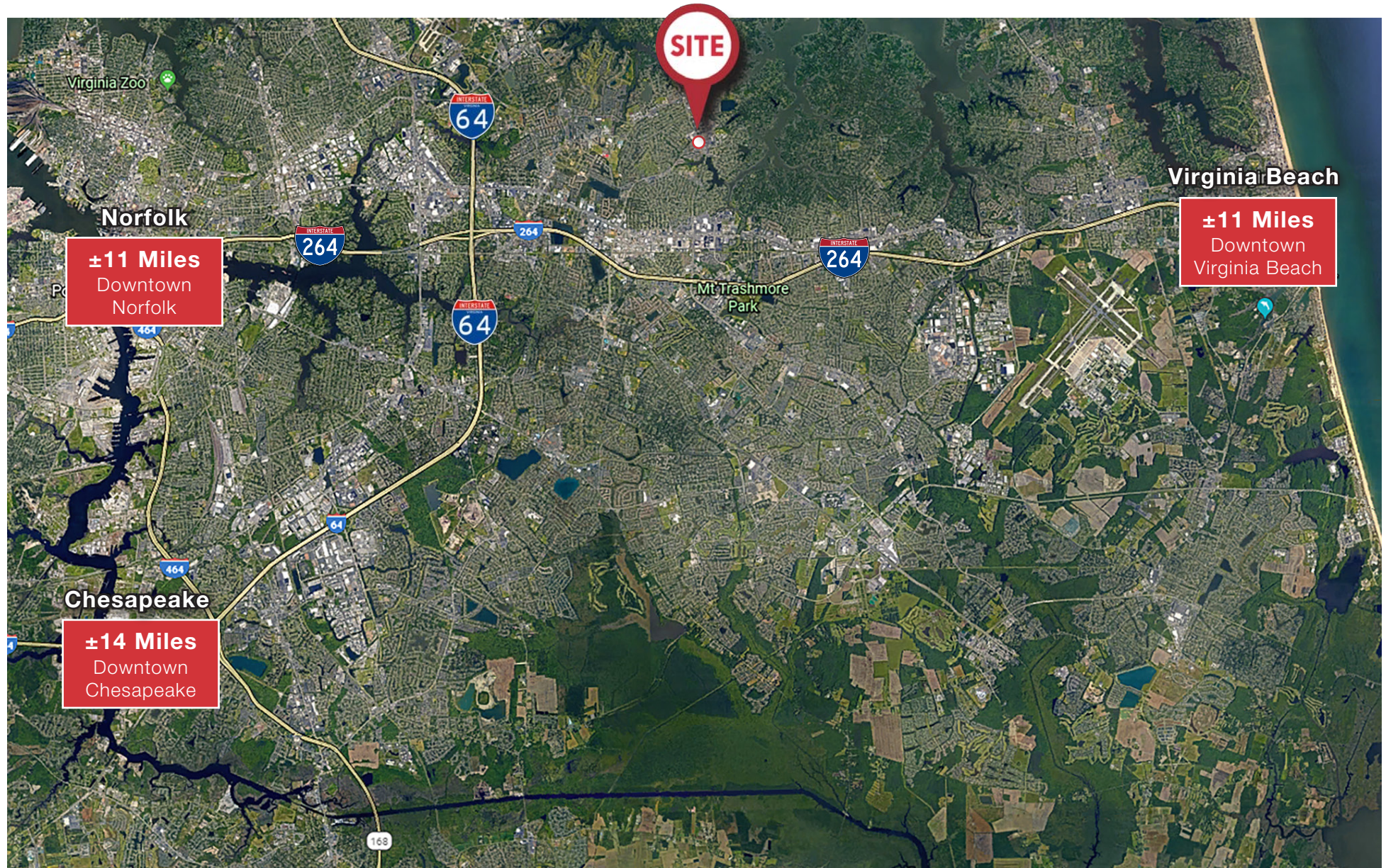
PROPERTY OVERVIEW

Regional Map



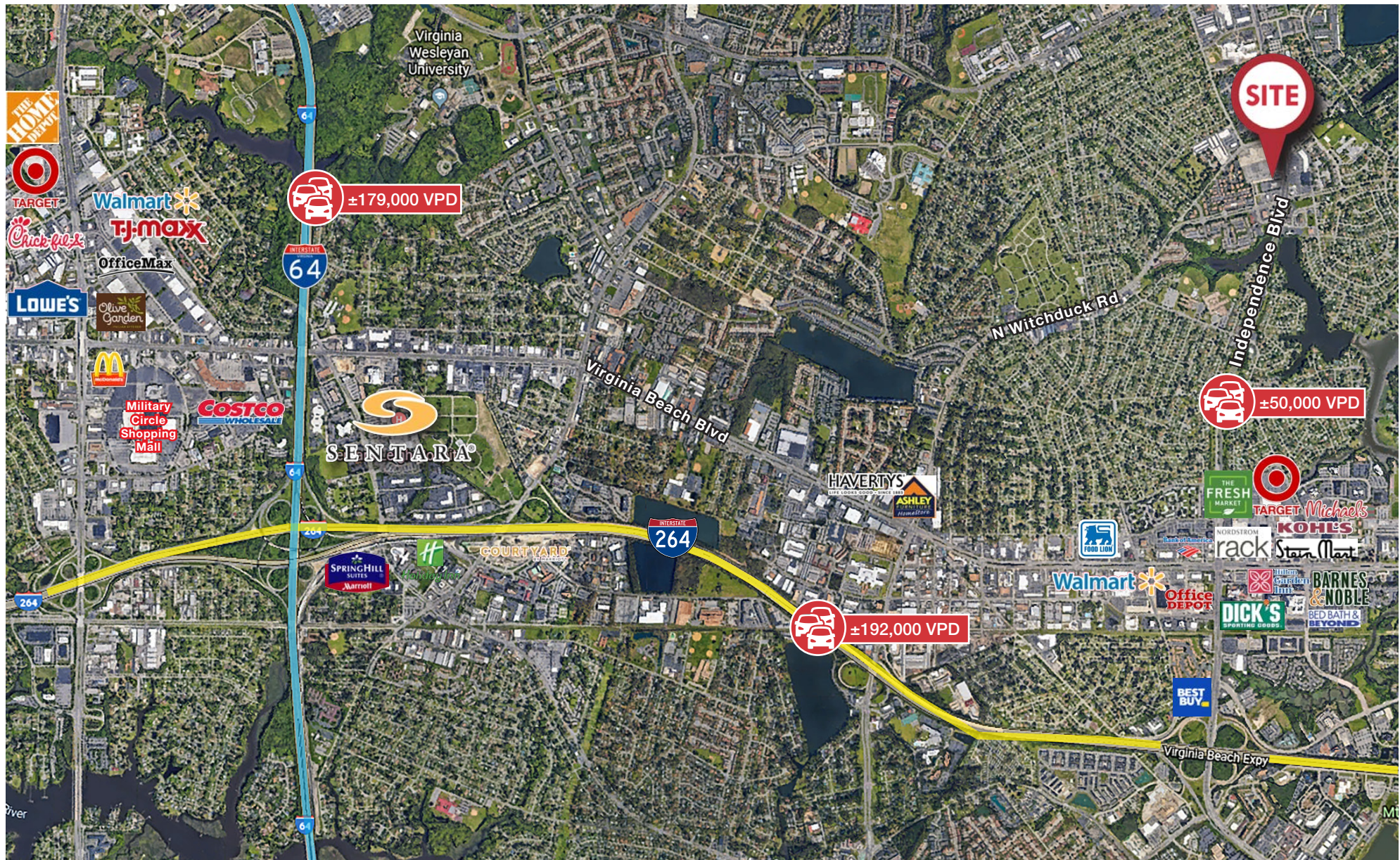
PROPERTY OVERVIEW

Market Map



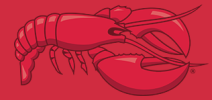
PROPERTY OVERVIEW

Submarket Map



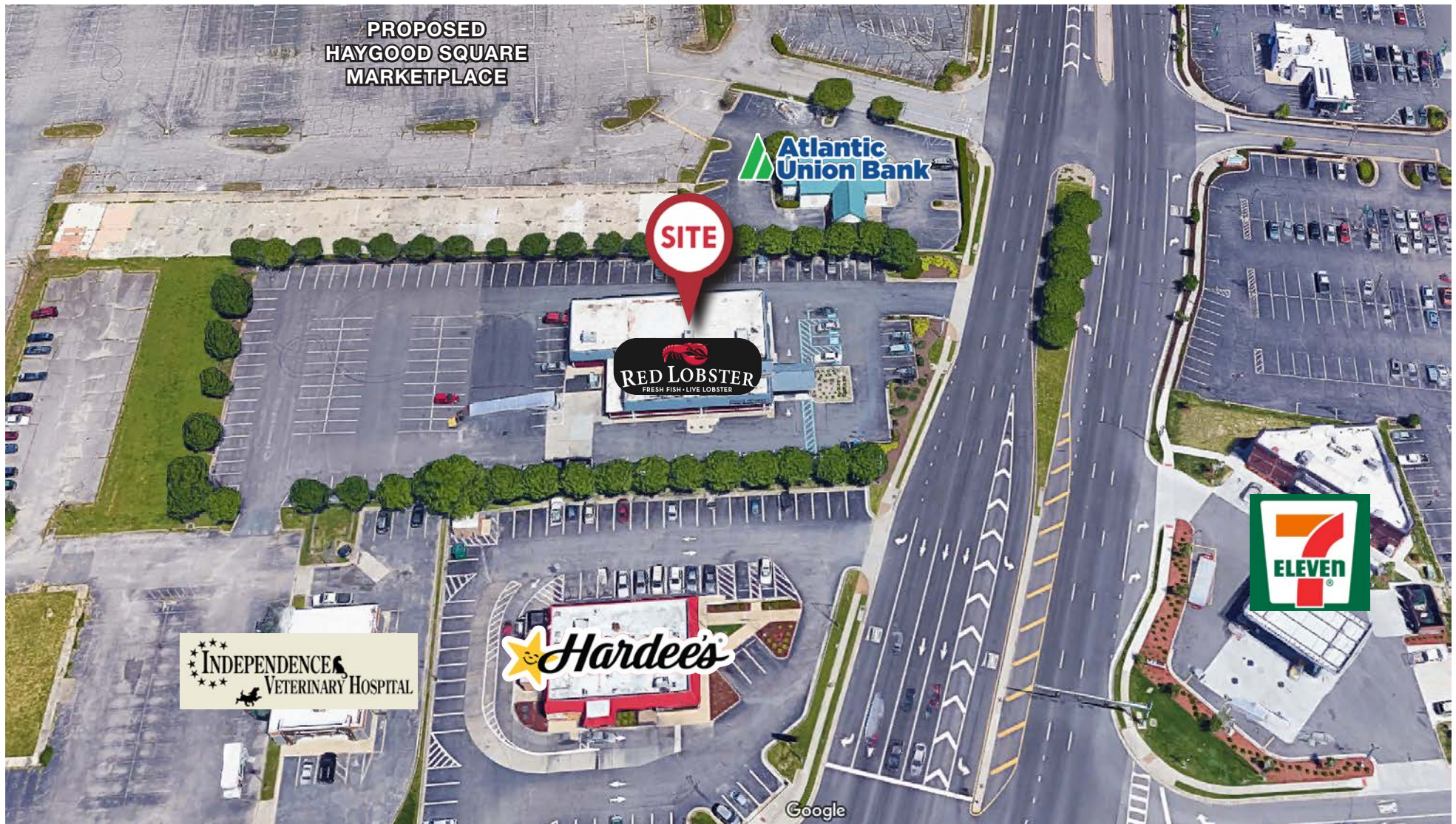
PROPERTY OVERVIEW

Aerial Map



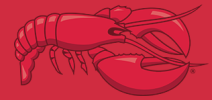
PROPERTY OVERVIEW

Aerial Map



PROPERTY OVERVIEW

Proposed Development



PROPOSED HAYGOOD SQUARE MARKETPLACE



Rendering



Rendering



Rendering

Pembroke Crossing
Shoppes

PEMBROKE BLVD.

N. WITCHDUCK RD.

INDEPENDENCE BLVD.



HAYGOOD SQUARE
is a proposed retail
development on the corner of
Independence Blvd. and
N. Witchduck Rd.

- Anchor Space: 10,000 - 50,000 SF
- Small Shops: 1,000 - 10,000 SF
- Outparcel Available
- 13.5 Total Acres



Pembroke Meadows
Shopping Center



SITE



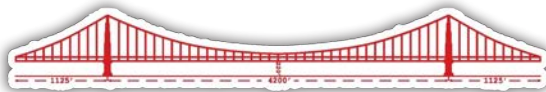
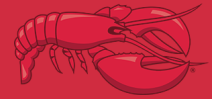
PROPERTY OVERVIEW

Property Photographs



TENANT OVERVIEW

Red Lobster



GOLDEN GATE CAPITAL

Tenant	Red Lobster Hospitality LLC
Business Type	Casual Dining Restaurant
Ownership	Private
Revenue	\$2.5 Billion
Founded	1968
Headquarters	Orlando, FL
Website	www.goldengatecap.com



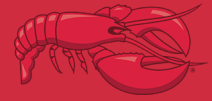
Red Lobster holds many international awards for culinary success, such as, “The Best Seafood Restaurant in America” and ‘The Menu Masters Award’.

In October 2019, National Restaurant News reported Red Lobster was ranked in the Top 10 for ambiance, brand loyalty and food quality.

Red Lobster’s parent company, Golden Gate Capital, is a San Francisco-based private equity investment firm with over \$15 billion of capital under management. The principals of Golden Gate have a long and successful history of investing across a wide range of industries and transaction types, including going-privates, corporate divestitures, and recapitalizations, as well as debt and public equity investments. Golden Gate is one of the most active investors in multi-unit consumer companies with leading brands. Representative investments include Ann Taylor, California Pizza Kitchen, Payless ShoeSource, Eddie Bauer, Express, Zales, J.Jill and Pacific Sunwear.

TENANT OVERVIEW

Red Lobster



Website	www.RedLobster.com
Number of Locations	706
Number of Employees	±58,000

- 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).
- Thai Union, primarily known for its large global tuna brands including Chicken of the Sea and John West, recently invested \$575 million (25% stake) in Red Lobster – [Click HERE](#) to read that article.
- The Company was founded in 1968 and currently operates 706 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 the executive team).
- The Company generates \$2.5B in revenue and is the 6th largest casual dining concept in North America.
- On July 28, 2017, 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 net worth and >\$200M of liquidity.
- Golden Gate Capital has a long, successful track record and significant experience with multi-unit restaurant and retail businesses.



Representative Photos



Virginia Beach, Virginia



LOCATION

- Virginia Beach is located at the southeastern corner of Virginia in the Hampton Roads area where the Chesapeake Bay meets the Atlantic Ocean.
- It is the most populous city in Virginia and the 44th most populous city in the nation. In 2018, the population of Virginia Beach was estimated to be 450,138.
- The city of Norfolk is recognized as the central business district, while the Virginia Beach oceanside resort district and Williamsburg are primarily centers of tourism.



INFRASTRUCTURE

- The city is connected to I-64 via I-264, which runs from the oceanfront, intersects with I-64 on the east side of Norfolk, and continues through downtown Norfolk and Portsmouth until rejoining I-64 at the terminus of both roads in Chesapeake where Interstate 664 completes the loop which forms the Hampton Roads Beltway.



HIGHER EDUCATION

- Virginia Wesleyan University: A private liberal arts college, is located on the border with Norfolk.
- Regent University: A private university which has historically focused on graduate education but has recently established an undergraduate program as well.
- University of Virginia and Virginia Tech operate satellite campuses in Virginia Beach.
- Old Dominion University and Norfolk State University are both located in nearby Norfolk.



CULTURE

- Virginia Beach is a resort city with miles of beaches and hundreds of hotels, motels, and restaurants along its oceanfront.
- The vibrant coastal city is home to a flourishing local culinary scene, rich history, a variety of arts and entertainment and family-friendly attractions that keeps locals and visitors entertained year-round.
- The city is listed in the Guinness Book of Records as having the longest pleasure beach in the world.
- Every year the city hosts the East Coast Surfing Championships as well as the North American Sand Soccer Championship.



ECONOMY

- Virginia Beach was ranked at number 45 on Forbes list of best places for business and careers.
- The city's location and business climate have made it a hub of international commerce, as nearly 200 foreign firms have established a presence, an office location or their North American headquarters in Hampton Roads.
- Twenty internationally-based firms have their U.S. or North American headquarters in Virginia Beach, including companies like STIHL, Busch, IMS Gear, and Sanjo Corte Fino.
- Virginia Beach is also home to several United States Military bases. These include the United States Navy's NAS Oceana and Training Support Center Hampton Roads, and the Joint Expeditionary Base East located at Cape Henry.

MARKET OVERVIEW

Demographics



POPULATION GROWTH

5-Mile

2000	240,588
2010	240,578
2019	249,637
2024	255,287



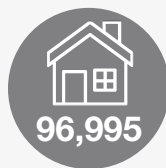
249,637

2019 Population

HOUSEHOLD GROWTH

5-Mile

2000	89,526
2010	93,456
2019	96,995
2024	99,236



96,995

2019 Households

AVERAGE HOUSEHOLD INCOME

2019

1-Mile	\$85,939
3-Miles	\$92,109
5-Miles	\$92,051



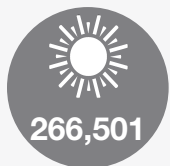
\$92,051

2019 Avg Household Income

DAYTIME POPULATION

2019

1-Mile	11,201
3-Miles	105,708
5-Miles	266,501



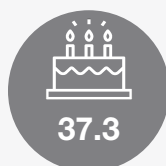
266,501

2019 (5-Mile)

MEDIAN AGE

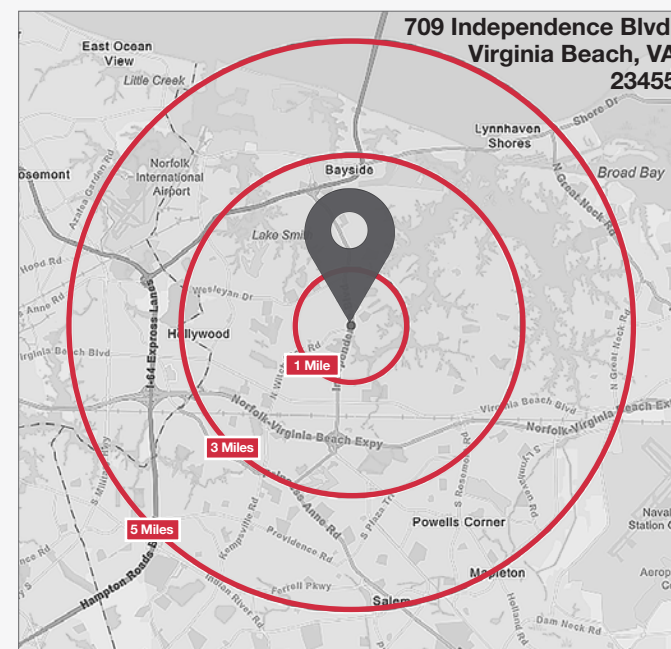
5-Mile

2010	35.2
2019	37.3
2024	38.3



37.3

2019 (5-Mile)



2020 Esri



This Offering Memorandum contains select information pertaining to the business and affairs of the property located at 709 Independence Blvd., Virginia Beach, VA 23455 ("Property"). It has been prepared by Furman Capital Advisors ("Agent"). This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in the Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Owner or Agent. The material is based in part upon information supplied by the Owner and in part upon financial information obtained from sources it deems reliable. The Owner, nor their officers, employees, or agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Owner.

Owner and Agent expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed by all parties and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to the Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Agent or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or cause of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the creation of this Offering Memorandum.

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