



Red Lobster

Marcus & Millichap

EXCLUSIVE OFFERING MEMORANDUM



OFFERING

MEMORANDUM



3920 28th Street S.E., Grand Rapids, MI

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.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

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.

CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the 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.

NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

SPECIAL COVID-19 NOTICE

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.





Investment Highlights

PRICE: \$4,243,000 | CAP: 6.15% | RENT: \$260,976



About the Investment

- ✓ Long-Term, 25-Year Absolute Triple Net (NNN) Lease with ~18.5 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

- ✓ Major National Tenants In Surrounding Area: Sam's Club, Big Lots, Best Buy, Apple, Lowe's, Burlington Coat Factory, Costco, Chick-Fil-A, PetSmart, and Many Others.
- ✓ Exceptional Traffic Counts | 28th Street SE and E Paris Avenue SE | 35,211 and 19,202 Vehicles a Day Respectfully
- ✓ Kentwood | Part of Grand Rapids-Muskegon-Holland Combined Statistical Area
- ✓ Eight Miles From Grand Rapids, Michigan

✓ 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
- ✓ The company generates \$2.5B in revenue and is the 6th-largest casual dining concept in North America
- ✓ Recently acquired by an investment group led by Thai Union Group, one of the worlds largest seafood distributors





Financial Analysis

PRICE: \$4,243,000 | CAP: 6.15% | RENT: \$260,976



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	3920 28th Street. S.E.
City, State ZIP	Grand Rapids, MI 49512
Year Built / Renovated	1975 / 2013
Building Size (SF)	8,530 SF
Lot Size (Acres)	+/- 2.00
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$4,243,000
CAP Rate	6.15%
Annual Rent	\$260,976

LEASE SUMMARY

Property Type	Net-Leased Restaurant
Tenant	Red Lobster Hospitality, LLC
Guarantor	Red Lobster Intermediate Holdings, LLC
Lease Expiration	July 31, 2039
Lease Term Remaining	18.5 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
Year 8	\$260,976	\$21,748	2.00%
Year 9	\$266,195	\$22,183	2.00%
Year 10	\$271,519	\$22,627	2.00%
Year 11	\$276,949	\$23,079	2.00%
Year 12	\$282,488	\$23,541	2.00%
Year 13	\$288,138	\$24,012	2.00%
Year 14	\$293,901	\$24,492	2.00%
Year 15	\$299,779	\$24,982	2.00%
Year 16	\$305,774	\$25,481	2.00%
Year 17	\$311,890	\$25,991	2.00%
Year 18	\$318,128	\$26,511	2.00%
Year 19	\$324,490	\$27,041	2.00%
Year 20	\$330,980	\$27,582	2.00%
Year 21	\$337,600	\$28,133	2.00%
Year 22	\$344,352	\$28,696	2.00%
Year 23	\$351,239	\$29,270	2.00%
Year 24	\$358,264	\$29,855	2.00%
Year 25	\$365,429	\$30,452	2.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster located at 3920 28th Street S.E. in Grand Rapids, MI. The site consists of roughly 8,530 rentable square feet of building space on estimated 2.00-acre parcel of land. The Red Lobster is subject to a 25-year absolute triple-net (NNN) lease, which expires on July 31, 2039. The annual rent will be \$260,976 on August 1, 2021 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.



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 August 31st, 2020, a group led by Thai Union Group (“TUG”) acquired Red Lobster from Golden Gate Capital.
- Thai Union Group was previously a minority owner of Red Lobster – first acquiring a 25% stake in the company in 2016.
- The new ownership group now includes Thai Union Group, current Red Lobster management, and a newly formed investment group, Seafood Alliance, which is led by two prominent global restaurant operators.





Concept Overview



- Founded in 1977, Thai Union has a rich history of commitment to seafood expertise and innovation around the world.
- Thai Union Group, based out of Thailand with offices North America, Europe, the Middle-East and Asia, currently serves as a main supplier of seafood for Red Lobster's across the world.
- Thai Union Group has been listed on the Stock Exchange of Thailand (SET) since November 1994
 - Prior to the Red Lobster acquisition, Thai Union Group reported annual sales of over \$4.1 Billion
- Through acquisitions and organic growth, TUG's ambitious expansion strategy has established a diverse global brand portfolio. Covering three continents, their brands are consumer favorites and market leaders with a wide range of products including shelf-stable seafood products, frozen and chilled seafood, PetCare products and more.
- TUG has a long, successful track record and significant experience servicing consumers, supermarkets, restaurants, hospitality and others.

Global Brands and Partnerships





Surrounding Area





Location Overview

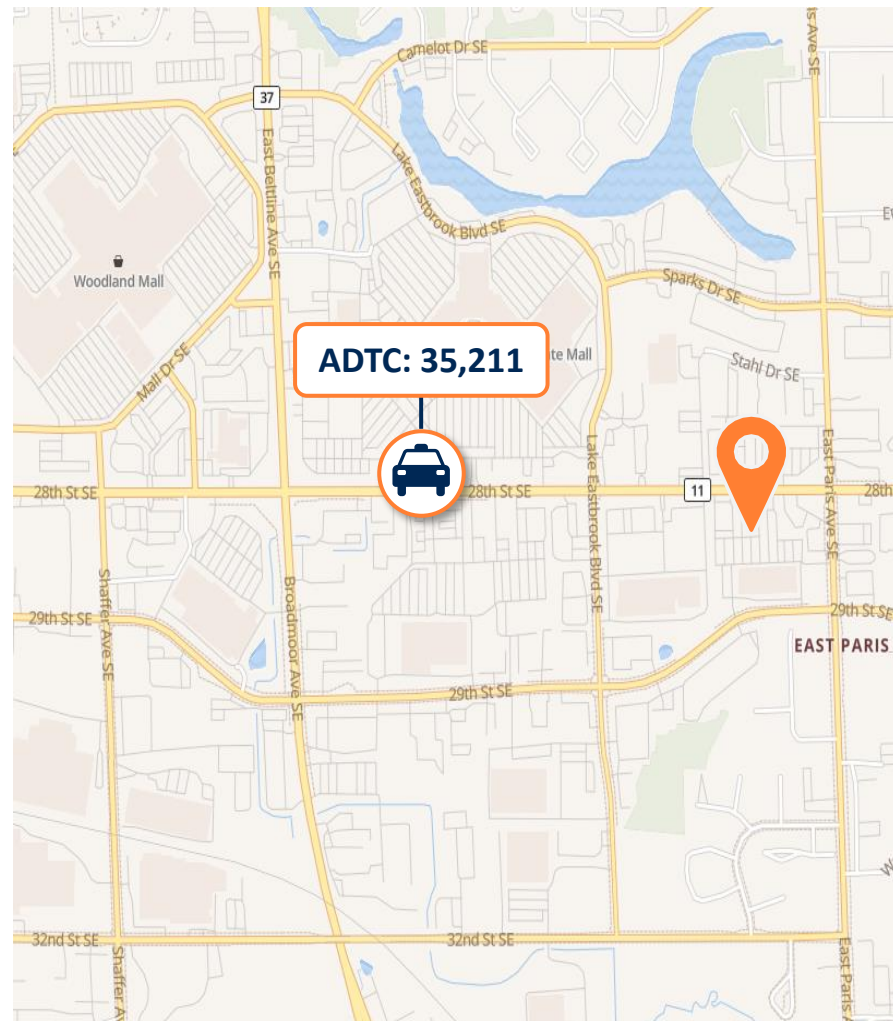


This Red Lobster is located at 3920 28th Street SE in Grand Rapids, Michigan. The neighborhood, Kentwood, is a city in Kent County, Michigan. It is also a part of the Grand Rapids-Muskegon-Holland combined Statistical Area. This Red Lobster Property is located approximately eight miles south of Grand Rapids.

The subject property is well-positioned in a dense retail corridor, benefiting from its proximity to major national and local retailers. Sam's Club, Big Lots, Apple, Best Buy, Lowe's, Chick-Fil-A, Texas Roadhouse, Old Navy, Nordstrom Rack, Goodwill, Dollar Tree, and several others are in the immediate vicinity. While being in a high traffic area filled with retailers, the property also borders a large residential area. Ridge Park Charter Academy is found less than a mile away. This school has a total enrollment of over 600 students.

Kentwood has approximately 56,784 individuals residing within a three-mile radius of the property and more than 171,990 within a five-mile radius. The Red Lobster property is located on 28th Street SE which intersects with E Paris Ave SE. 28th Street SE has a daily traffic count of approximately 35,211 vehicles. Nearby E Paris Avenue SE has a daily traffic count of roughly 19,202 vehicles.

Grand Rapids is the county seat of Kent County, Michigan. Grand Rapids is also the second largest city in the state as well as a part of the Grand Rapids—Muskegon—Holland combined Statistical Area. Grand Rapids is located in eastern Michigan along the Grand River. The Michigan State University College of Human Medicine being located in the city helps support healthcare as the largest employer in the city, with over 23,000 employed by Spectrum Health. Major economic clusters include healthcare, information technology, automobiles, aviation, and consumer goods. One of Michigan's largest employers, Spectrum Health, is headquartered in Grand Rapids with over 23,000 staff and 1,300 physicians. Other well-known companies who are headquartered in the city include Meijer, Amway, Bissell, SpartanNash, and Universal Forest Products. Ferris State University, Western Michigan University, and Michigan State University, all have campuses in the city.



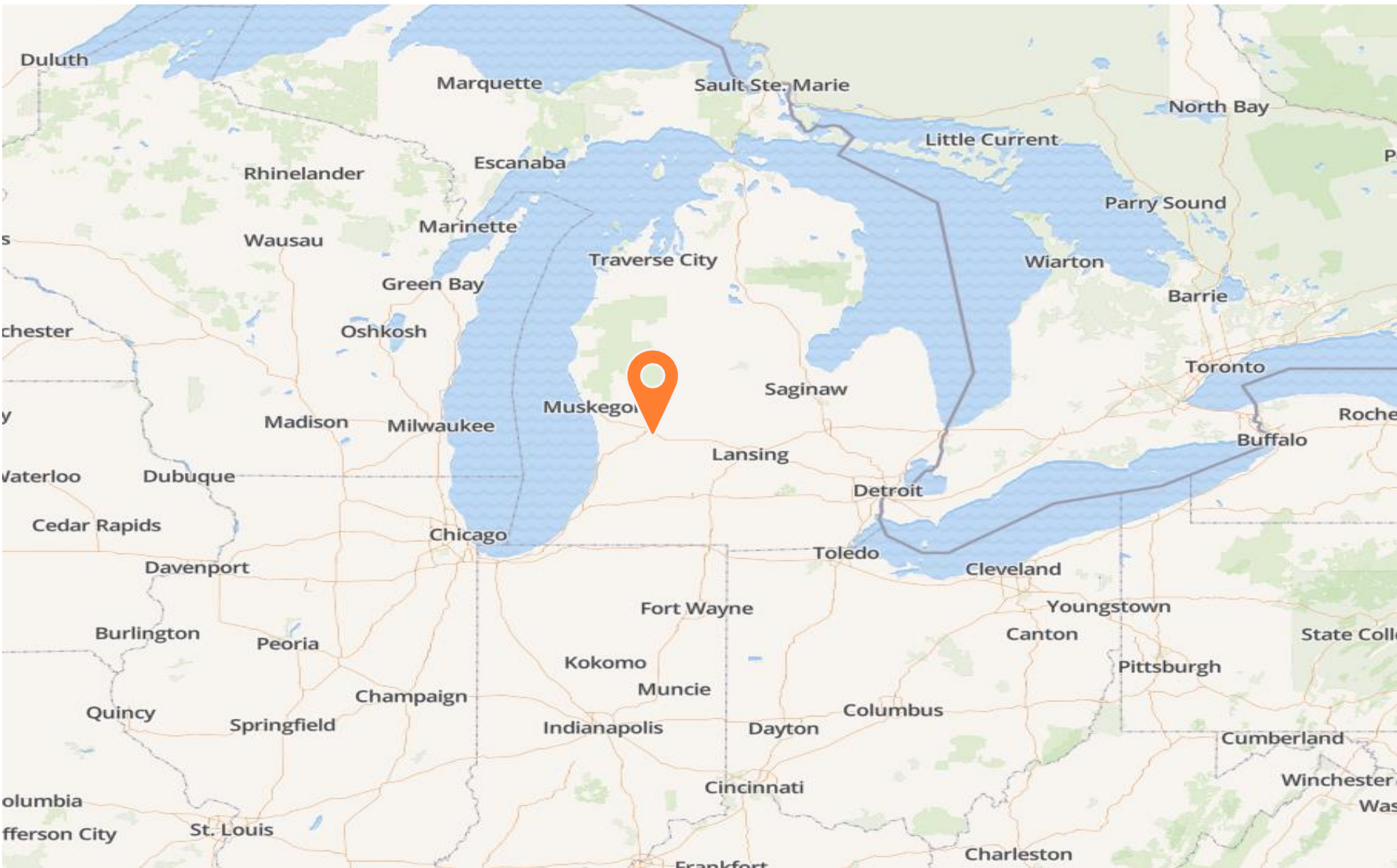


Property Photo



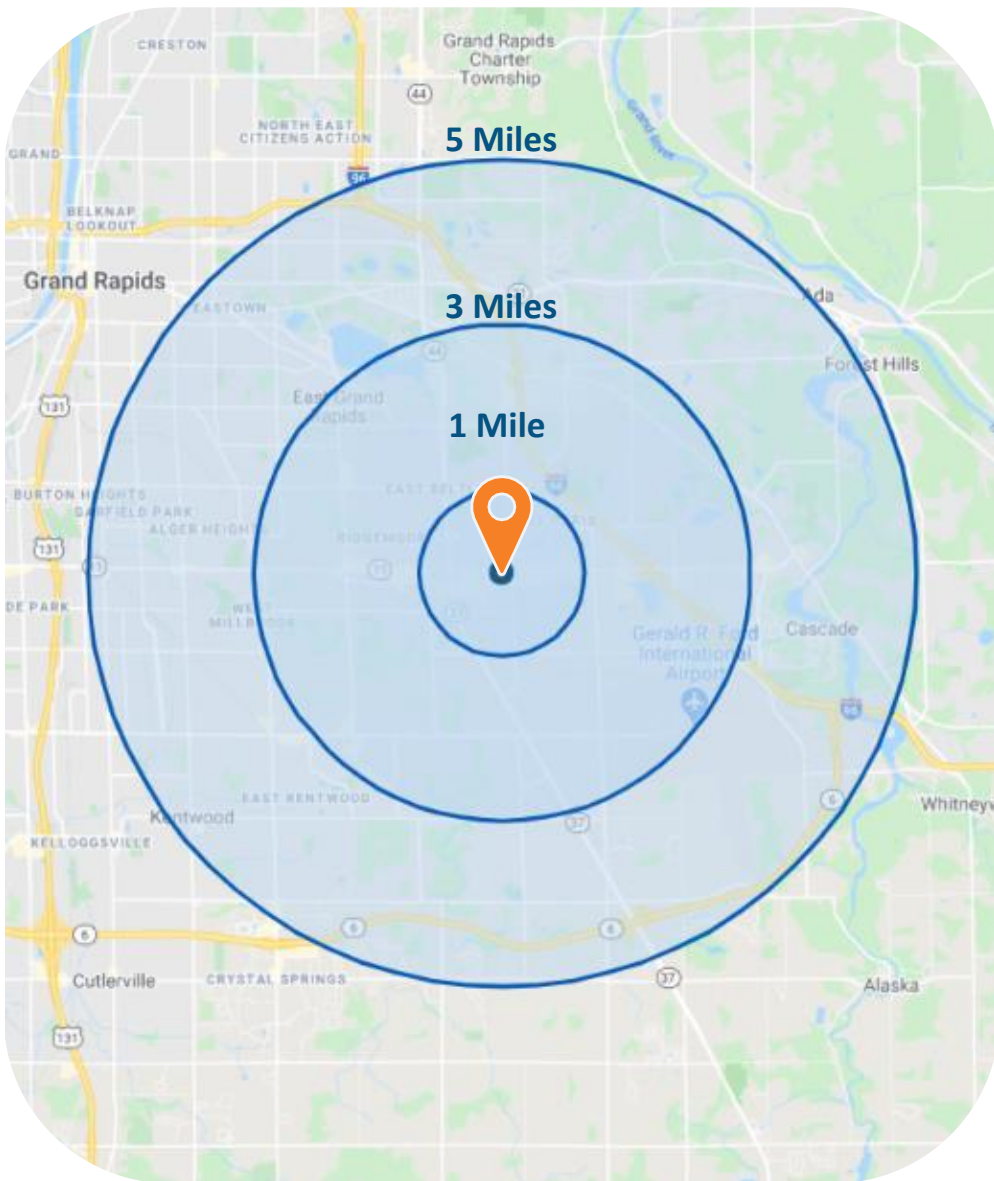


Regional Map





Demographics



POPULATION

	1 Mile	3 Miles	5 Miles
2025 Projection	7,044	58,000	175,296
2020 Estimate	6,998	56,784	171,990
2010 Census	6,576	52,881	160,428
2000 Census	6,883	49,981	158,286

INCOME

	1 Mile	3 Miles	5 Miles
Average	\$56,432	\$93,248	\$95,789
Median	\$41,228	\$64,685	\$66,581
Per Capita	\$27,887	\$39,543	\$36,972

HOUSEHOLDS

	1 Mile	3 Miles	5 Miles
2025 Projection	3,453	24,334	67,352
2020 Estimate	3,390	23,711	65,709
2010 Census	3,143	21,823	60,631
2000 Census	3,091	20,125	58,388

HOUSING

	1 Mile	3 Miles	5 Miles
2020	\$193,261	\$231,832	\$202,694

EMPLOYMENT

	1 Mile	3 Miles	5 Miles
2020 Daytime Population	21,253	95,096	218,309
2020 Unemployment	1.98%	2.27%	2.72%
2020 Median Time Traveled	18 Mins	19 Mins	20 Mins

RACE & ETHNICITY

	1 Mile	3 Miles	5 Miles
White	54.26%	69.57%	66.11%
Native American	0.00%	0.03%	0.05%
African American	26.10%	16.41%	20.08%
Asian/Pacific Islander	9.81%	7.72%	5.67%

Marcus & Millichap

EXCLUSIVE NET-LEASE OFFERING



MI BOR:
Steven Chaben
Marcus & Millichap
Two Towne Square, Suite 450
Southfield, MI 48076
Tel: (248) 415-2600
Fax: (248) 352-3813
License: 6502387903



3920 28th Street S.E., Grand Rapids, MI 49512