

DRONE FOOTAGE



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Subject Property

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



6231 Sunrise Boulevard
Citrus Heights, CA 95610

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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

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6231 Sunrise Boulevard
Citrus Heights, CA 95610

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Investment Highlights

PRICE: \$8,662,533 | CAP: 5.25% | RENT: \$454,783



About the Investment

- ✓ Long-Term, Absolute Triple-Net (NNN) Lease with Over 18 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, Bringing the Potential Lease Term to 46 Years

About the Location

- ✓ Dense Retail Corridor | Walmart, CVS Pharmacy, Walgreens, Panera Bread, Lowe's Home Improvement, Shell, Buffalo Wild Wings, Best Buy, Chipotle, Target, Chase Bank, Sprout's Farmer's Market, Staples, Burger King, and Many More.
- ✓ Affluent Suburban Community | Average Household Income Exceeds \$93,000 for Homes within Three-Miles of the Subject Property
- ✓ Strong & Growing Demographics | Population Exceeds 22,000 Individuals Within a One-Mile Radius & 141,000 Within a Three-Mile Radius
- ✓ Heavily Trafficked Area | Sunrise Boulevard & Greenback Lane | Average Daily Traffic Counts Exceeding 41,000 & 32,000 Respectively
- ✓ Significant Academic Presence | 10 Local Elementary and High schools Within Three-Miles | Over 6,000 Students
- ✓ Excellent California Real Estate | Fifteen Miles from the Heart of Downtown Sacramento | Sixth Most Populous City in California | High Quality Rail Transportation

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: \$8,662,533 | CAP: 5.25% | RENT: \$454,783



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	6231 Sunrise Blvd
City, State ZIP	Citrus Heights, CA 95610
Building Size (SF)	8,658 SF
Lot Size (Acres)	+/- 0.92 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	*\$8,662,533
CAP Rate	5.25%
Annual Rent	\$454,783

LEASE SUMMARY

Property Type	Net Leased Restaurant
Tenant / Guarantor	Red Lobster Intermediate Holdings LLC
Lease Commencement	October 28 th , 2015
Lease Expiration	July 31 st , 2040
Lease Term Remaining	18+ 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

*Pricing based off August 2022 Rental Increase

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
8/1/2021 - 7/31/2022	\$445,865	\$37,155	2%
8/1/2022 - 7/31/2023	\$454,783	\$37,899	2%
8/1/2023 - 7/31/2024	\$463,878	\$38,657	2%
8/1/2024 - 7/31/2025	\$473,156	\$39,430	2%
8/1/2025 - 7/31/2026	\$482,619	\$40,218	2%
8/1/2026 - 7/31/2027	\$492,271	\$41,023	2%
8/1/2027 - 7/31/2028	\$502,117	\$41,843	2%
8/1/2028 - 7/31/2029	\$512,159	\$42,680	2%
8/1/2029 - 7/31/2030	\$522,402	\$43,534	2%
8/1/2030 - 7/31/2031	\$532,850	\$44,404	2%
8/1/2031 - 7/31/2032	\$543,508	\$45,292	2%
8/1/2032 - 7/31/2033	\$554,378	\$46,198	2%
8/1/2033 - 7/31/2034	\$565,465	\$47,122	2%
8/1/2034 - 7/31/2035	\$576,775	\$48,065	2%
8/1/2035 - 7/31/2036	\$588,310	\$49,026	2%
8/1/2036 - 7/31/2037	\$600,076	\$50,006	2%
8/1/2037 - 7/31/2038	\$612,078	\$51,006	2%
8/1/2038 - 7/31/2039	\$624,319	\$52,027	2%
8/1/2039 - 7/31/2040	\$636,806	\$53,067	2%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Red Lobster located at 6231 Sunrise Boulevard, Citrus Heights, CA 95610. The site consists of roughly 8,658 rentable square feet of building space on an estimated 0.92-acre parcel of land.

This Red Lobster is subject to a long-term absolute triple-net (NNN) lease, which commenced October 28th, 2015. The current annual rent is \$445,865 and is scheduled to increase to \$454,783 in August 2022. Rent will increase 2% 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.
- 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.





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.

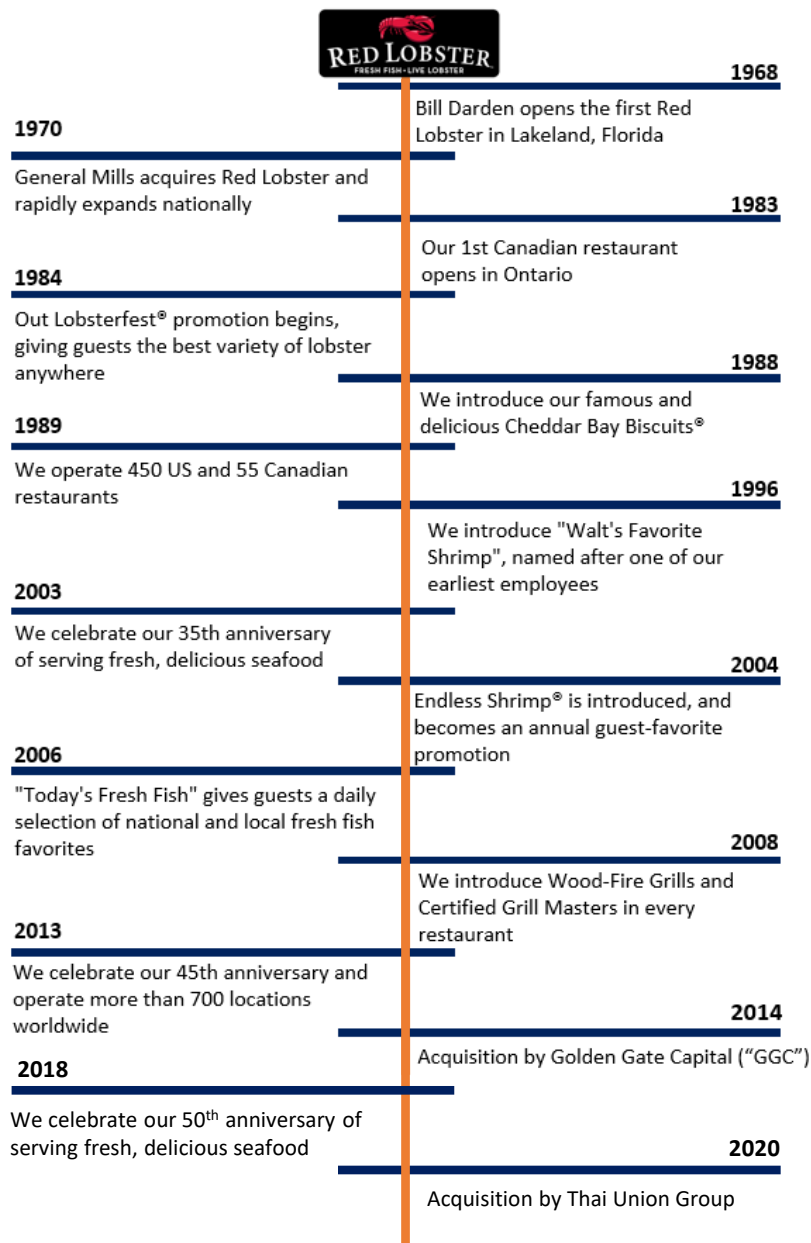
FRESH IS IN OUR COMMITMENT

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





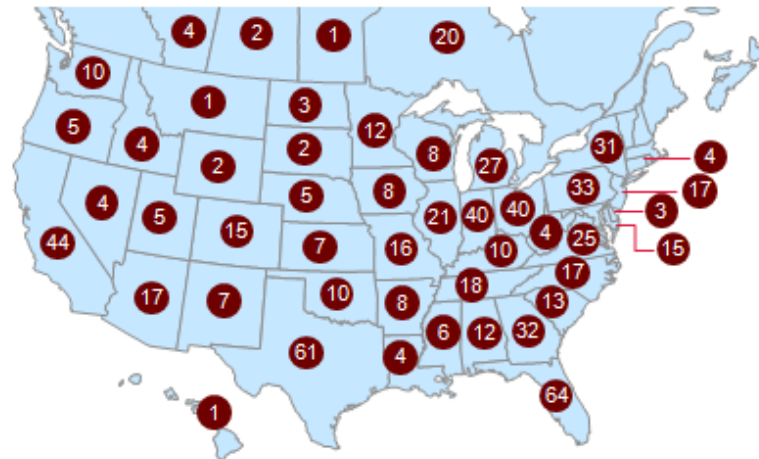
Concept Overview



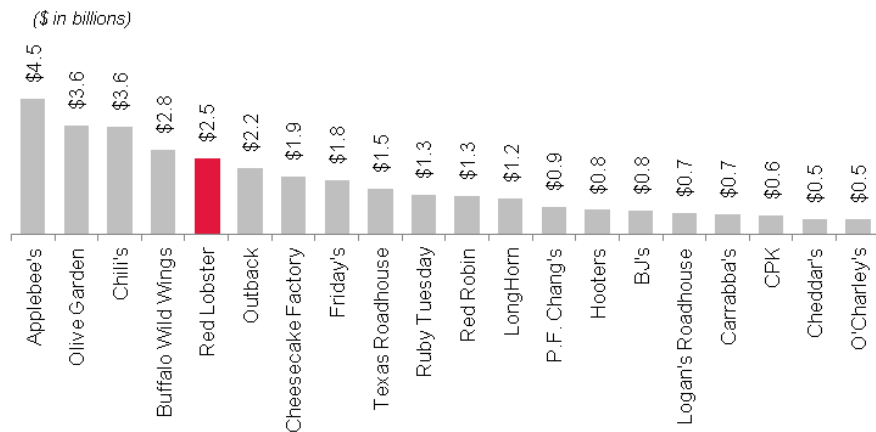
Strong Market Position

- Red Lobster is the largest seafood restaurant concept in the world and the 6th 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.
- 6th largest overall casual dining concept in the US.

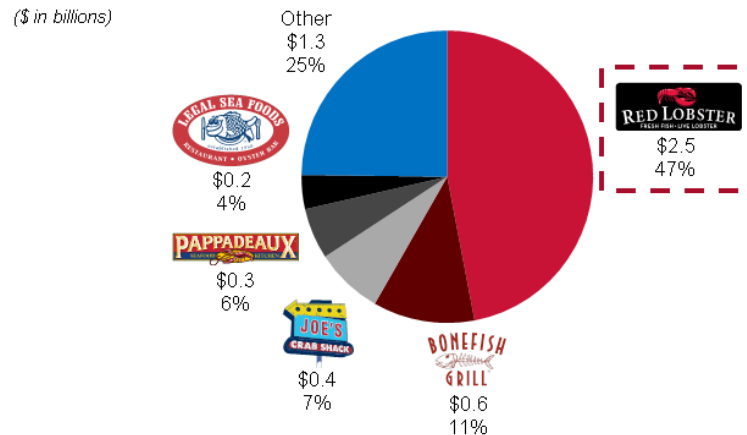
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining





Concept Overview



Iconic Brand With Unparalleled Customer Loyalty

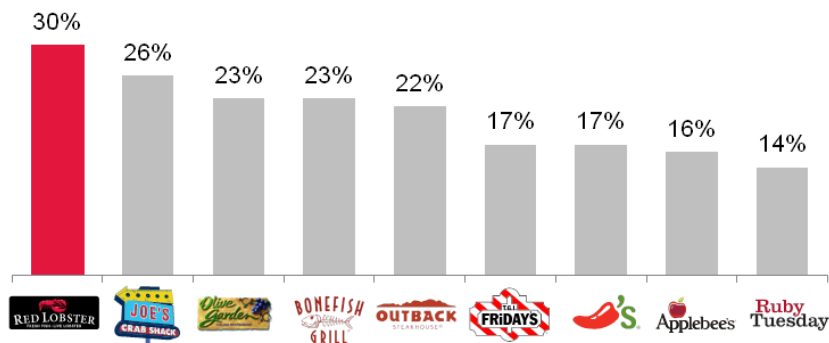
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster 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 14 years.
- \$1.4 billion in overall capital expenditure investment over the past 17 years.
- New Bar Harbor format has strong appeal across customer base.

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



- 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

6231 Sunrise Boulevard – Citrus Heights, CA 95610





Location Overview

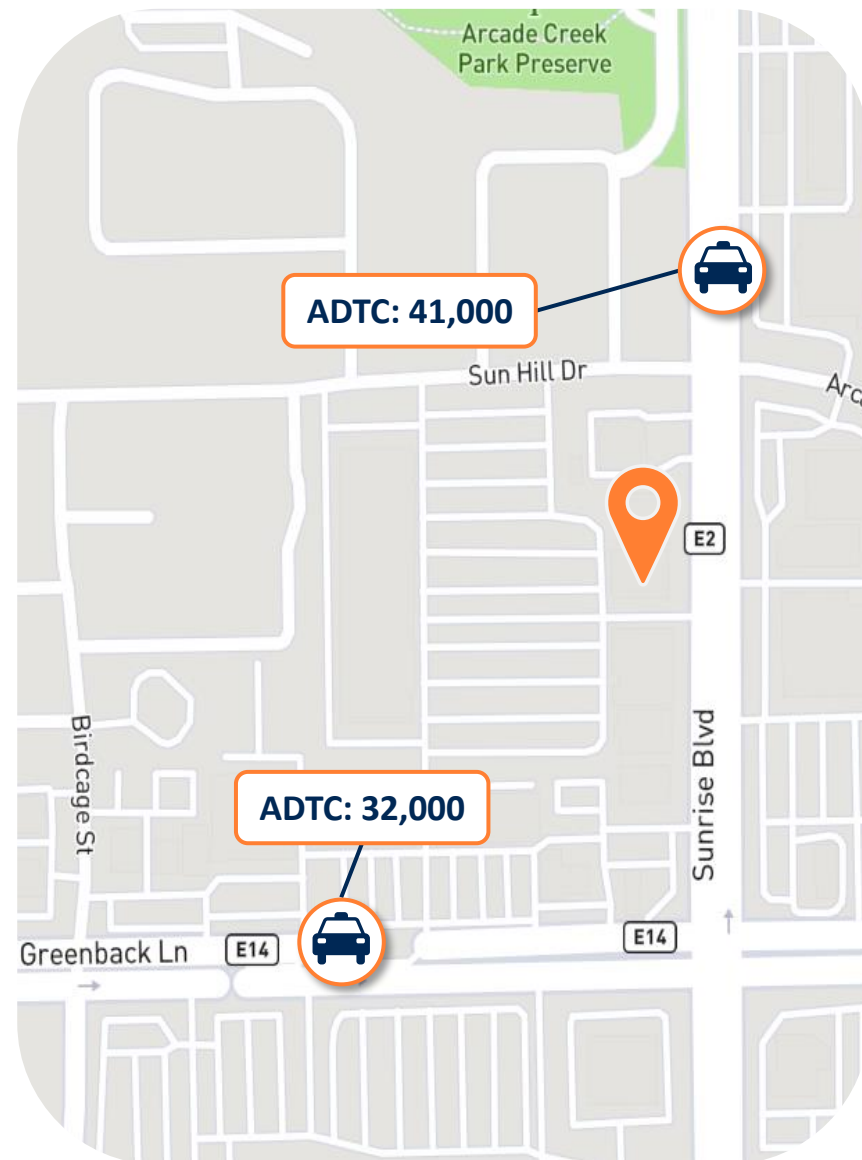
6231 Sunrise Boulevard – Citrus Heights, CA 95610



This Red Lobster investment property is situated on Sunrise Boulevard, which boasts an average daily traffic count exceeding 41,000 vehicles. Sunrise Boulevard intersects with Greenback Lane which brings an additional 32,000 vehicles into the immediate surrounding area each day. There are more than 22,000 individuals residing within a one-mile radius of the subject property, more than 141,000 individuals within a three-mile radius, and almost 331,000 within a five-mile radius. Average household income for homes within three miles of the subject property exceeds \$93,000.

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: Walmart, CVS Pharmacy, Walgreens, Panera Bread, Best Buy, Staples, Burger King, Chase Bank, Chipotle, and Lowe's Home Improvement in addition to many others. This Red Lobster benefits from a significant academic presence. Within a three-mile radius there are over 9 schools servicing over 6,000 students. Mercy San Juan Medical Center, a 370-bed, state-of-the-art medical facility is located just over three-miles from the subject property.

Citrus Heights is a city in Sacramento County. Located just 18-miles East of Sacramento Citrus Heights is an established community with an estimated population of over 87,000 individuals as of 2018. The diverse economy offers a mix of industries: Health Care & Social Assistance, Retail Trade, Accommodation and Food Service, as well as many others. Citrus Heights offers a business-friendly environment with a solid base of small business, retail chains, and food service establishments. With an ongoing commitment to providing high-quality, economical, responsive services to the local community, Citrus Heights is well positioned for future economic development and redevelopment opportunities. Citrus Heights is centrally located between the region's major freeways and highways. Interstate-80, Interstate-5, and CA State Route 99 are all located from three to 11 miles in the city. Sacramento International Airport is only 20-miles from the city.





Property Photos

6231 Sunrise Boulevard – Citrus Heights, CA 95610



DRONE FOOTAGE



CLICK HERE



Surrounding Area Photos

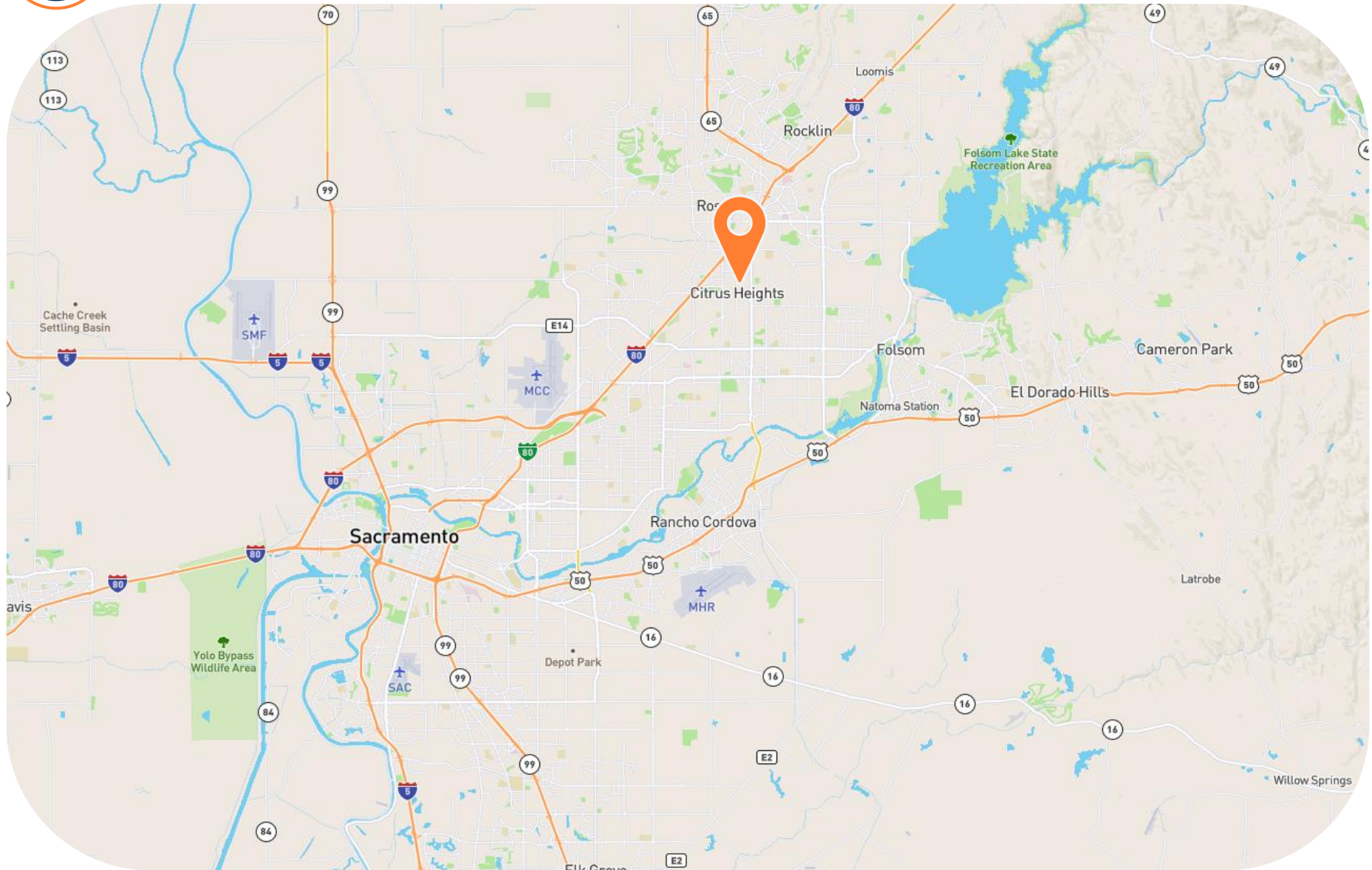
6231 Sunrise Boulevard – Citrus Heights, CA 95610





Local Map

6231 Sunrise Boulevard – Citrus Heights, CA 95610





Regional Map

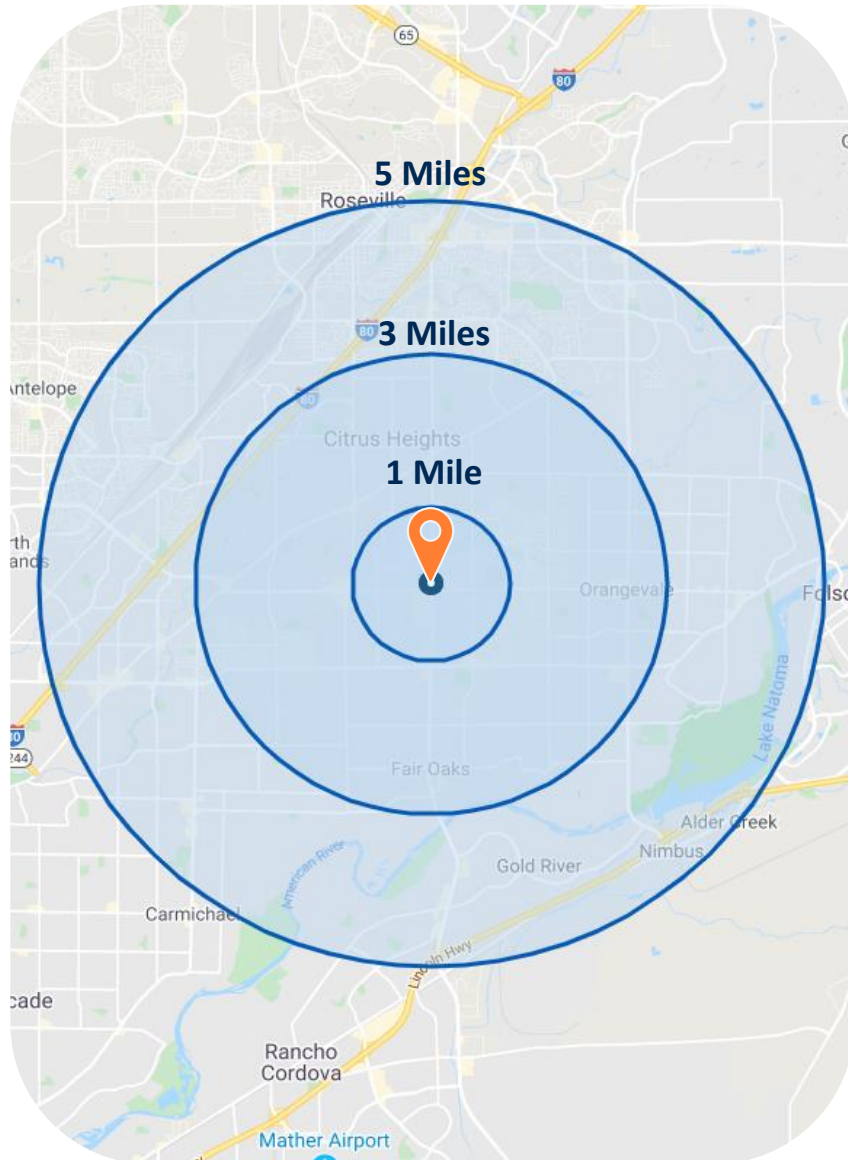
6231 Sunrise Boulevard – Citrus Heights, CA 95610





Demographics

6231 Sunrise Boulevard – Citrus Heights, CA 95610



Population Trends:

	1 Mile	3 Miles	5 Miles
2010 Population	20,772	132,617	312,907
2021 Population	22,843	141,173	331,664
2026 Population Projection	23,661	145,512	342,666
Annual Growth 2010 - 2020	0.90%	0.60%	0.50%
Annual Growth 2020 - 2025	0.70%	0.60%	0.70%

Population by Race (2020):

	1 Mile	3 Miles	5 Miles
White	18,841	119,956	269,507
Black	1,115	4,639	16,013
American Indian/Alaskan Native	335	1,651	4,002
Asian	1,115	6,401	21,173
Hawaiian & Pacific Islander	155	812	1,999
Two or More Races	1,283	7,715	18,971
Hispanic Origin	5,259	21,483	53,402

Household Trends:

	1 Mile	3 Miles	5 Miles
2010 Households	8,284	52,364	122,123
2021 Households	9,033	55,579	129,454
2026 Household Projection	9,344	57,253	133,726
Growth 2010 - 2021	0.30%	0.20%	0.20%
Growth 2020 - 2026	0.70%	0.60%	0.70%
Owner Occupied	3,570	35,164	81,373
Renter Occupied	5,774	22,089	52,353

Average Household Income (2020):

	1 Mile	3 Miles	5 Miles
Average Household Income (2020):	\$74,782	\$93,688	\$97,274

Households by Household Income (2020):

	1 Mile	3 Miles	5 Miles
<\$25,000	1,454	6,645	16,733
\$25,000 - \$50,000	2,188	10,381	23,515
\$50,000 - \$75,000	2,108	11,385	24,852
\$75,000 - \$100,000	1,026	8,315	18,535
\$100,000 - \$125,000	928	6,751	15,336
\$125,000 - \$150,000	493	3,697	8,474
\$150,000 - \$200,000	570	4,392	10,470
\$200,000+	265	4,015	11,537

Median Household Income (2020):

	1 Mile	3 Miles	5 Miles
Median Household Income (2020):	\$58,810	\$73,572	\$74,608



Market Overview

City: Citrus Heights | County: Sacramento | State: California



Sacramento, CA

Sacramento, is the sixth most populous city in the state of California. The Sacramento-Roseville-Arden-Arcade metro is located in the middle of the 450-mile-long Central Valley of California and is composed of four counties: Sacramento, El Dorado, Placer and Yolo. It contains nearly 2.3 million people and unlike the nearby San Francisco Bay Area, Sacramento is seismically quiet. Sacramento, home of the state capitol, is the most populous city, with approximately 498,400 residents, followed by Elk Grove and Roseville, respectively. During the next five years, a more affordable cost of living and infill redevelopment projects will help draw businesses and residents to the metro. The diverse economy offers a mix of industries: Health Care & Social Assistance, Public Administration, Retail Trade, Scientific & Technical Services as well as many more.

Sacramento is the fastest-growing major city in California, owing to its status as a notable financial center on the West Coast and as a major educational hub, home of California State University, Sacramento and University of California, Davis. Similarly, Sacramento is a major center for the California healthcare industry, as the seat of Sutter Health, the world-renowned UC Davis Medical Center, and the UC Davis School of Medicine, and notable tourist destination in California, as the site of The California Museum, the Crocker Art Museum, the California State Railroad Museum, the California Hall of Fame, the California State Capitol Museum, and the Old Sacramento State Historic Park. Sacramento International Airport, located northwest of the city, is the city's major airport. Sacramento is known for its evolving contemporary culture, dubbed the most "hipster city" in California. In 2002, the Harvard University Civil Rights Project conducted for Time magazine named Sacramento "America's Most Diverse City".



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