

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



1400 Howe Avenue
Sacramento, CA 95825

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Investment Highlights

PRICE: \$8,784,557 | CAP: 5.75% | RENT: \$505,112



About the Investment

- ✓ Long-Term, Absolute Triple-Net (NNN) Lease with Over 17 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 | Home Depot, Wells Fargo, Walmart, Sam's Club, Outback Steakhouse, Taco Bell, Bucca di Beppo, Extra Space Storage, Starbucks, Chick-fil-A, Nordstrom Rack, Homegoods, Applebee's, Marshall's, Panda Express, and Many More.
- ✓ Affluent Suburban Community | Average Household Income Exceeds \$86,000 for Homes within Three-Miles of the Subject Property
- ✓ Strong & Growing Demographics | Population Exceeds 22,000 Individuals Within a One-Mile Radius & 140,662 Within a Three-Mile Radius
- ✓ Heavily Trafficked Area | Howe Avenue, Hurlery Way & Arden Way | Average Daily Traffic Counts Exceeding 35,000, 18,500 & 47,500, Respectively
- ✓ Academic Presence | California State University, Sacramento Only Three-Miles Away | Over 31,000 Students
- ✓ Excellent California Real Estate | Six 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: \$8,784,557 | CAP: 5.75% | RENT: \$505,112



PROPERTY DESCRIPTION

Property	Red Lobster
Property Address	1400 Howe Avenue
City, State ZIP	Sacramento, CA 95825
Building Size (SF)	9,200 SF
Lot Size (Acres)	+/- 1.64 Acres
Type of Ownership	Fee Simple

THE OFFERING

Price	\$8,784,557
CAP Rate	5.75%
Net Operating Income	\$505,112

LEASE SUMMARY

Property Type	Net Leased Restaurant
Credit Type	Corporate
Tenant	Red Lobster Intermediate Holdings LLC
Guarantor	Red Lobster Intermediate Holdings LLC
Original Lease Term	25 Years
Lease Commencement	December 17th, 2015
Lease Expiration	July 31st, 2040
Lease Term Remaining	+/- 17 Years
Lease Type	Triple Net (NNN)
Landlord Responsibilities	None
Rental Increases	2.00% Annually
Renewal Options Remaining	Four (4), Five (5)-Year Options

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
8/1/2022 - 7/31/2023	\$495,208	\$41,267	2%
8/1/2023 - 7/31/2024	\$505,112	\$42,093	2%
8/1/2024 - 7/31/2025	\$515,214	\$42,934	2%
8/1/2025 - 7/31/2026	\$525,518	\$43,793	2%
8/1/2026 - 7/31/2027	\$536,029	\$44,669	2%
8/1/2027 - 7/31/2028	\$546,749	\$45,562	2%
8/1/2028 - 7/31/2029	\$557,684	\$46,474	2%
8/1/2029 - 7/31/2030	\$568,838	\$47,403	2%
8/1/2030 - 7/31/2031	\$580,215	\$48,351	2%
8/1/2031 - 7/31/2032	\$591,819	\$49,318	2%
8/1/2032 - 7/31/2033	\$603,655	\$50,305	2%
8/1/2033 - 7/31/2034	\$615,728	\$51,311	2%
8/1/2034 - 7/31/2035	\$628,043	\$52,337	2%
8/1/2035 - 7/31/2036	\$640,604	\$53,384	2%
8/1/2036 - 7/31/2037	\$653,416	\$54,451	2%
8/1/2037 - 7/31/2038	\$666,484	\$55,540	2%
8/1/2038 - 7/31/2039	\$679,814	\$56,651	2%
8/1/2039 - 7/31/2040	\$693,410	\$57,784	2%

INVESTMENT SUMMARY

NNN Pro Group is pleased to present the exclusive listing for a Red Lobster located at 1400 Howe Avenue in Sacramento, California. The site consists of roughly 9,200 rentable square feet of building space on estimated 1.64-acre parcel of land. This Red Lobster is subject to a 20-year absolute triple-net (NNN) lease, which commenced October 28th, 2015. The current annual rent is \$505,112 and is scheduled to increase by 2% annually throughout the base term and in each of the 4, 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.
- 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



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.

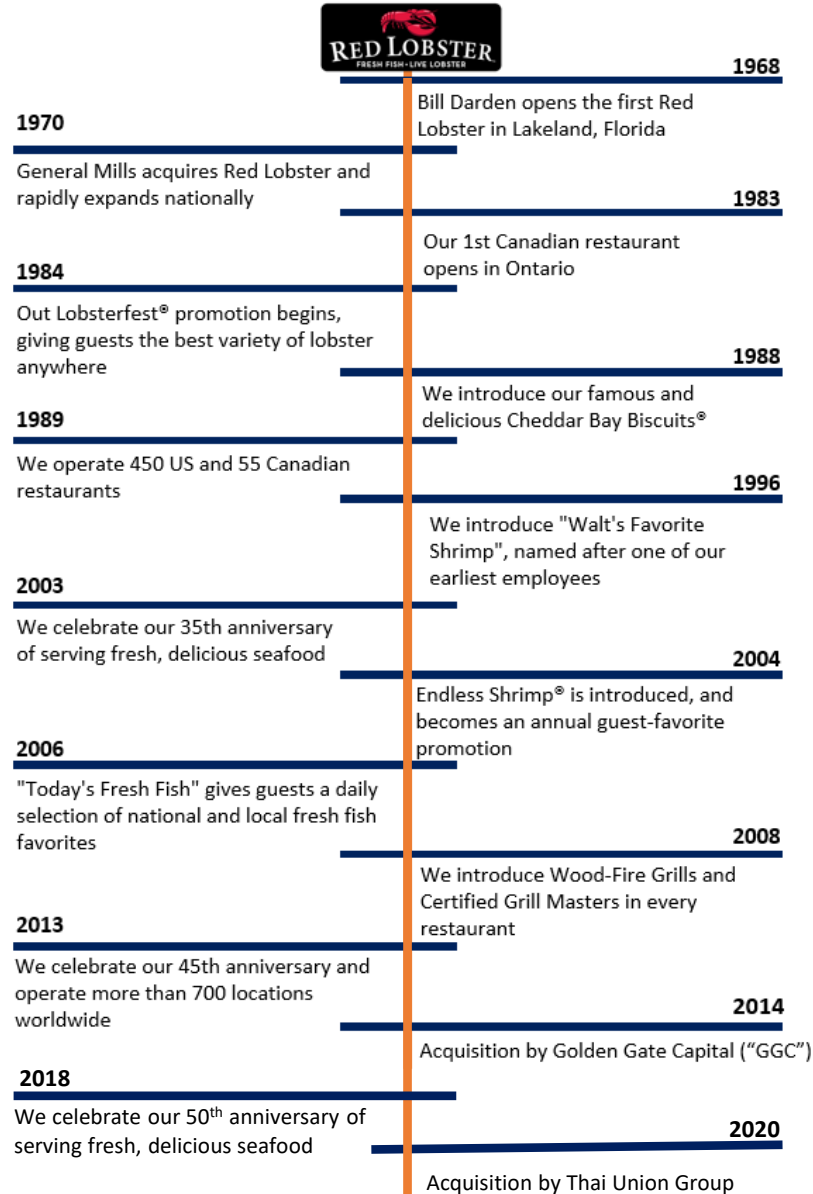
FRESH IS IN OUR COMMITMENT

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





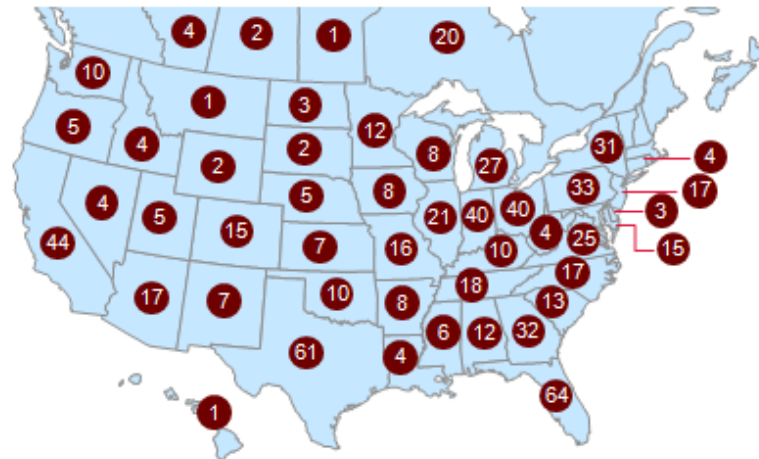
Concept Overview



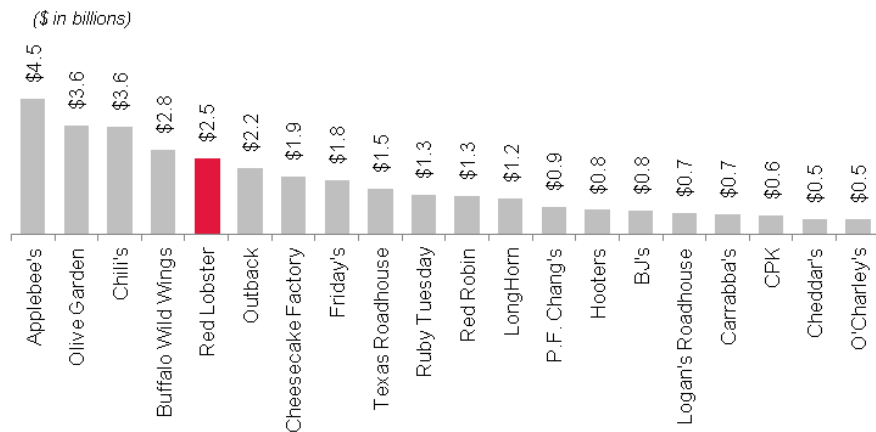
Strong Market Position

- 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.

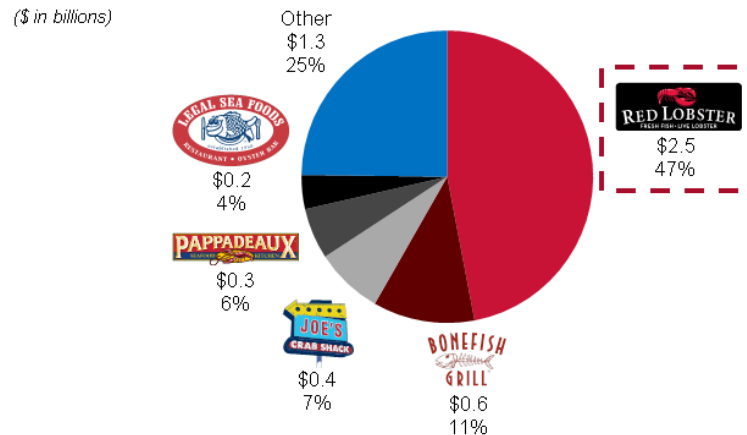
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining





Concept Overview



Iconic Brand With Unparalleled Customer Loyalty

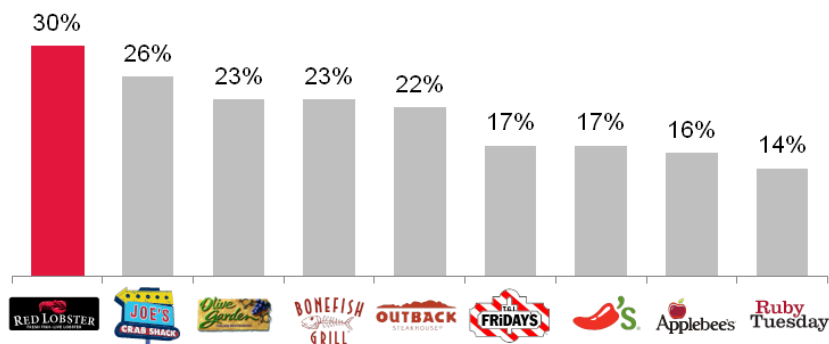
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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



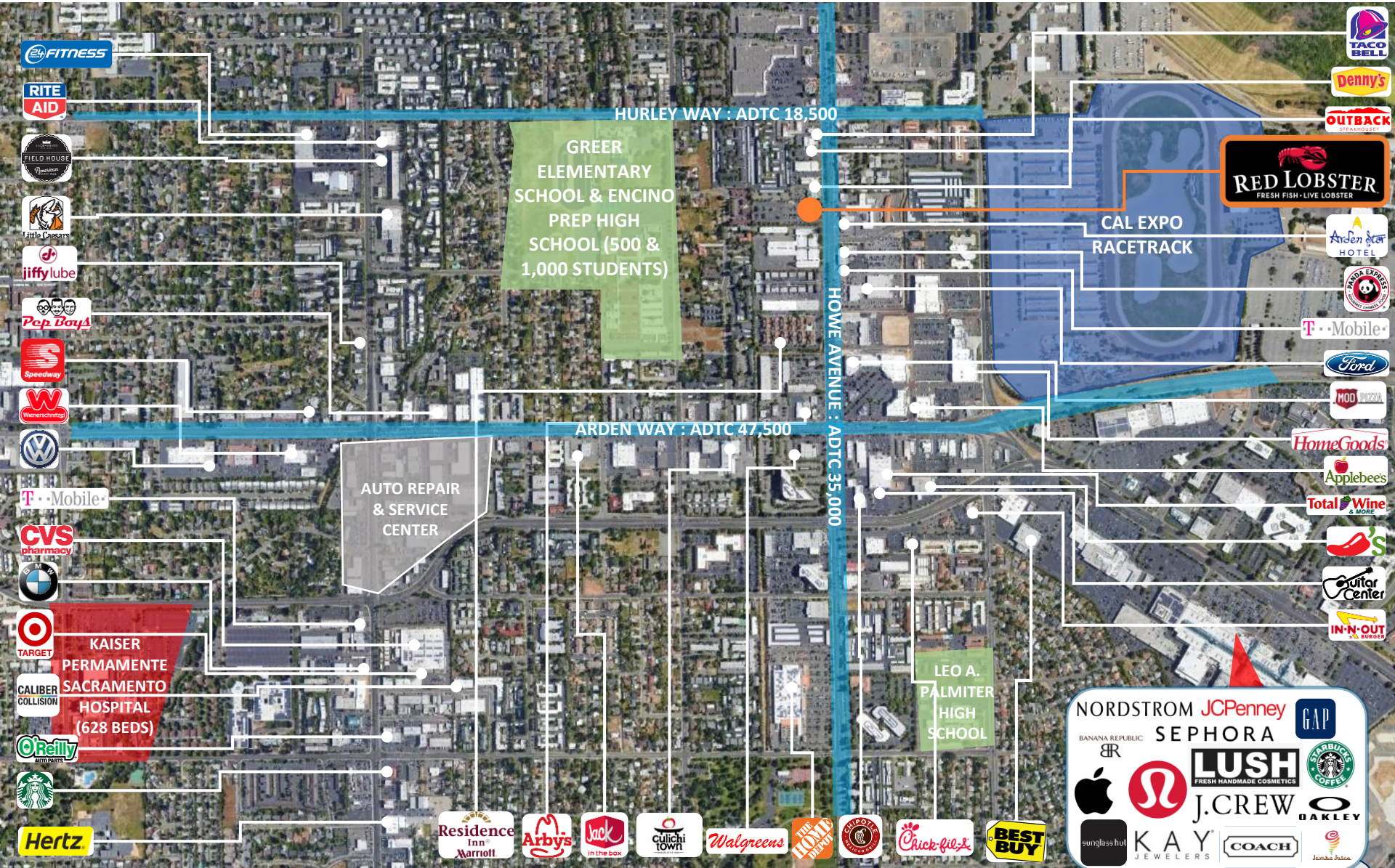
- Founded in 1977, Thai Union has a rich history of commitment to seafood expertise and innovation around the world.
- Thai Union Group, based out of Thailand with offices North America, Europe, the Middle-East and Asia, currently serves as a main supplier of seafood for Red Lobster's across the world.
- 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





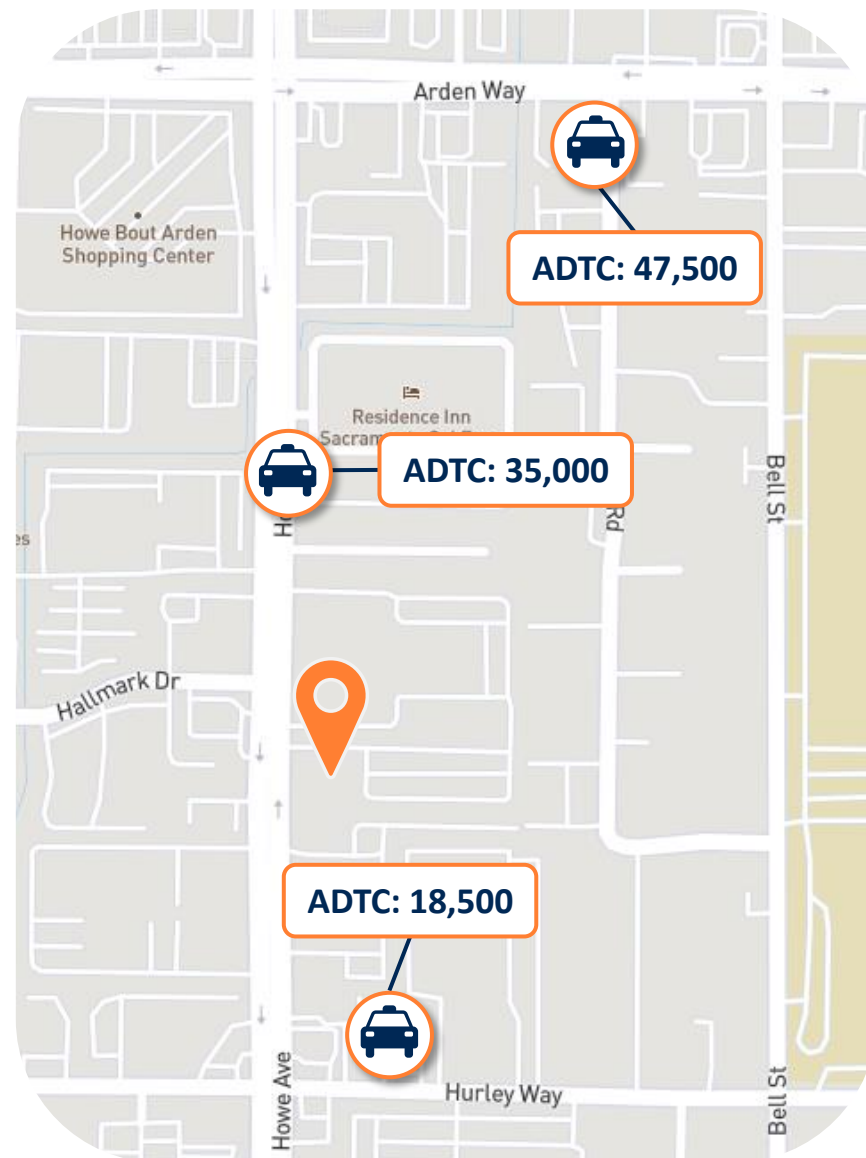
Location Overview



This Red Lobster investment property is situated on Howe Avenue, which boasts an average daily traffic count exceeding 35,000 vehicles. Howe Avenue intersects with Arden Way, as well as Hurley Way, which bring an additional 47,500 and 18,500 vehicles into the immediate surrounding area each day, respectively. There are more than 22,000 individuals residing within a one-mile radius of the subject property, more than 140,000 individuals within a three-mile radius, and over 386,000 within a five-mile radius. Average household income for homes within three miles of the subject property exceeds \$86,000.

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: Home Depot, Wells Fargo, Walmart, Sam's Club, Outback Steakhouse, Taco Bell, Bucca di Beppo, Extra Space Storage, Starbucks, Chick-fil-A, Nordstrom Rack, Dollar Tree, and Bank of America in addition to many others. This Red Lobster benefits from being only three-miles from California State University's Sacramento campus which services over 31,000 students. Kaiser Permanente Medical Center of Sacramento, a 628-bed, state-of-the-art medical facility is located approximately three-miles from the subject property.

Sacramento is the capital city of the U.S. state of California and the seat of Sacramento County. Located at the confluence of the Sacramento River and the American River in Northern California's Sacramento Valley, Sacramento's estimated 2018 population of 501,334 makes it the sixth-largest city in California and the ninth largest capital in the United States. Sacramento is the seat of the California Legislature and the Governor of California, making it the state's political center and a hub for lobbying and think tanks. Sacramento is also the cultural and economic core of the Sacramento metropolitan area, which had a 2010 population of 2,414,783, making it the fifth largest in California.





Property Photos



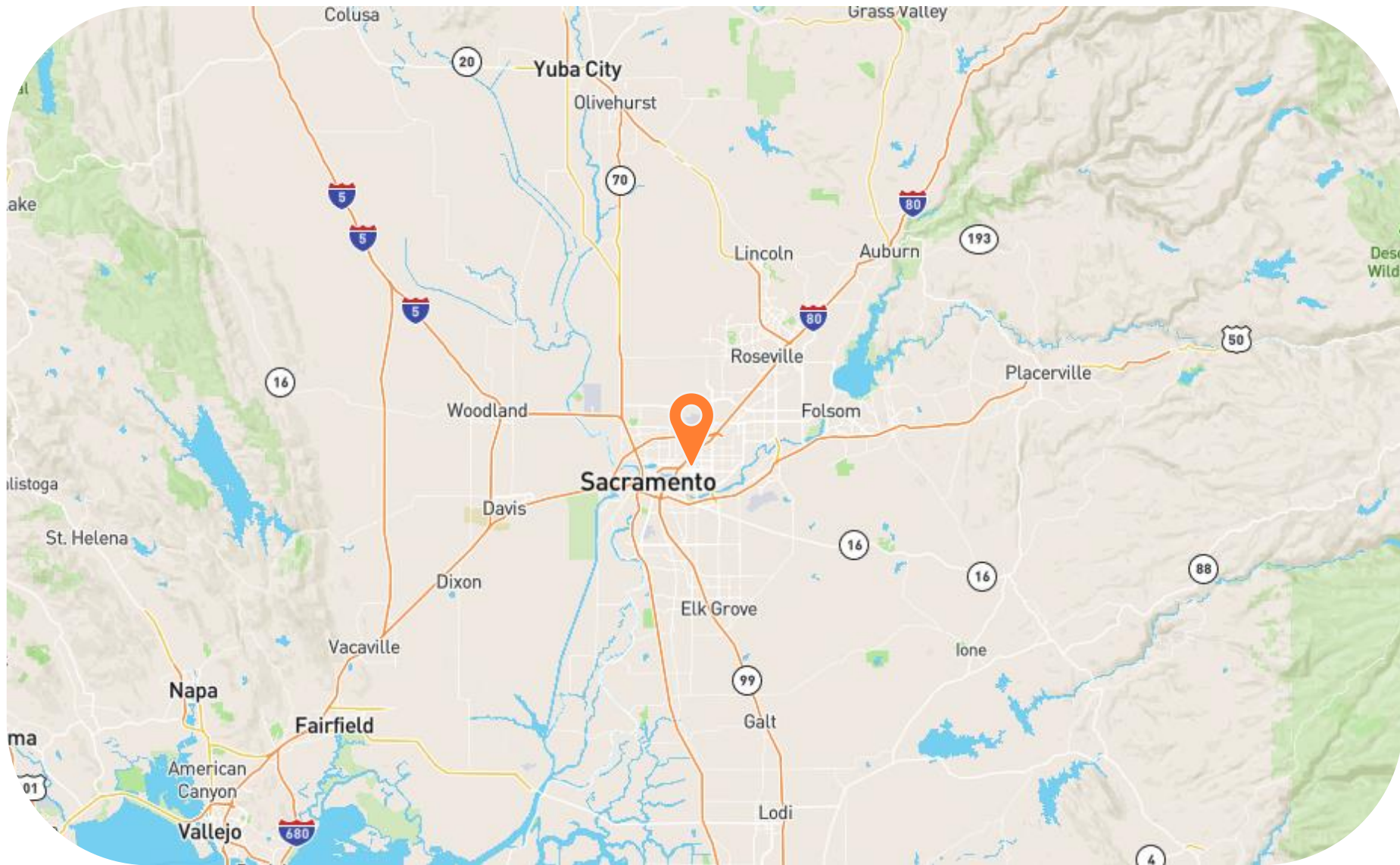


Surrounding Area Photos



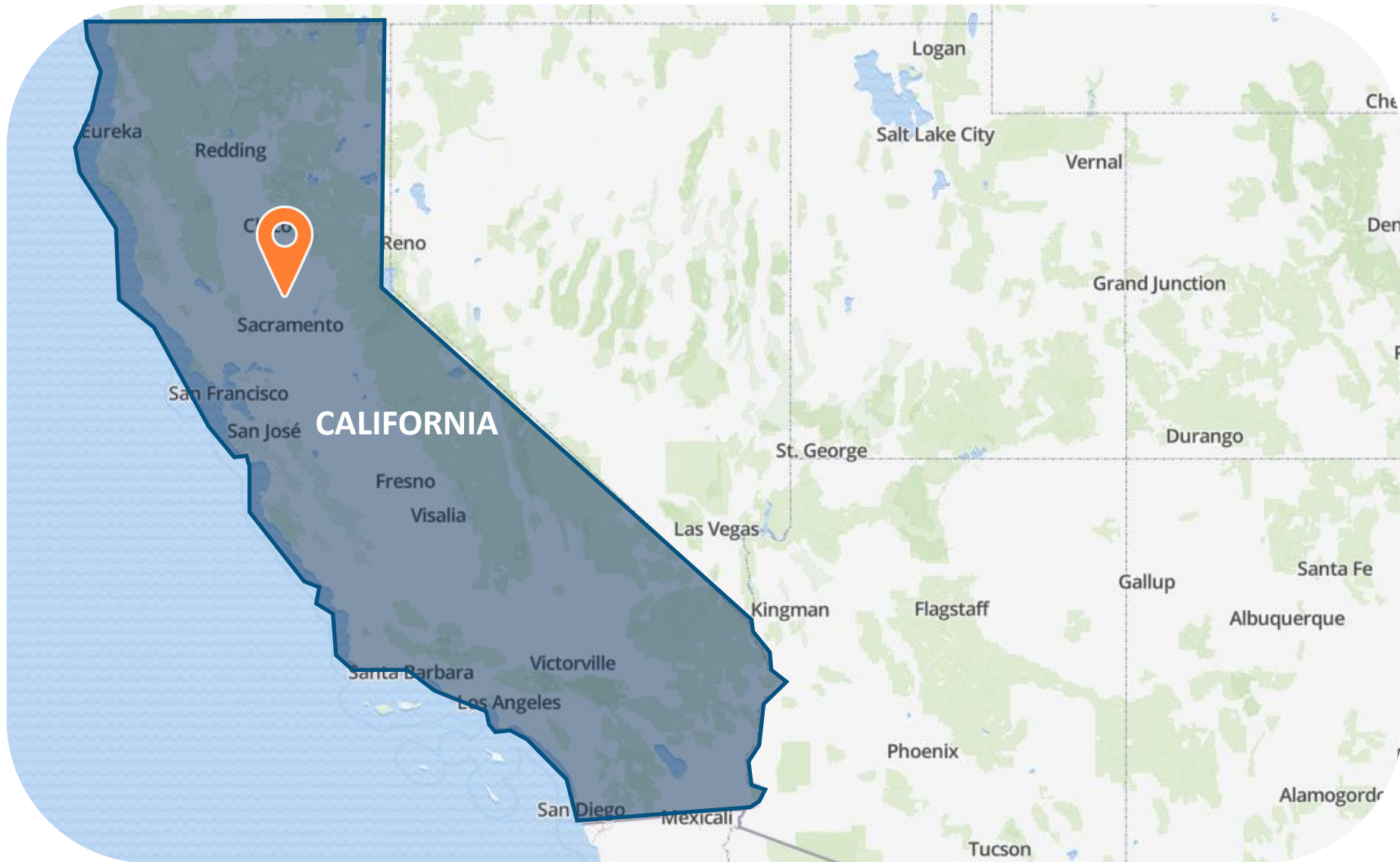


Local Map



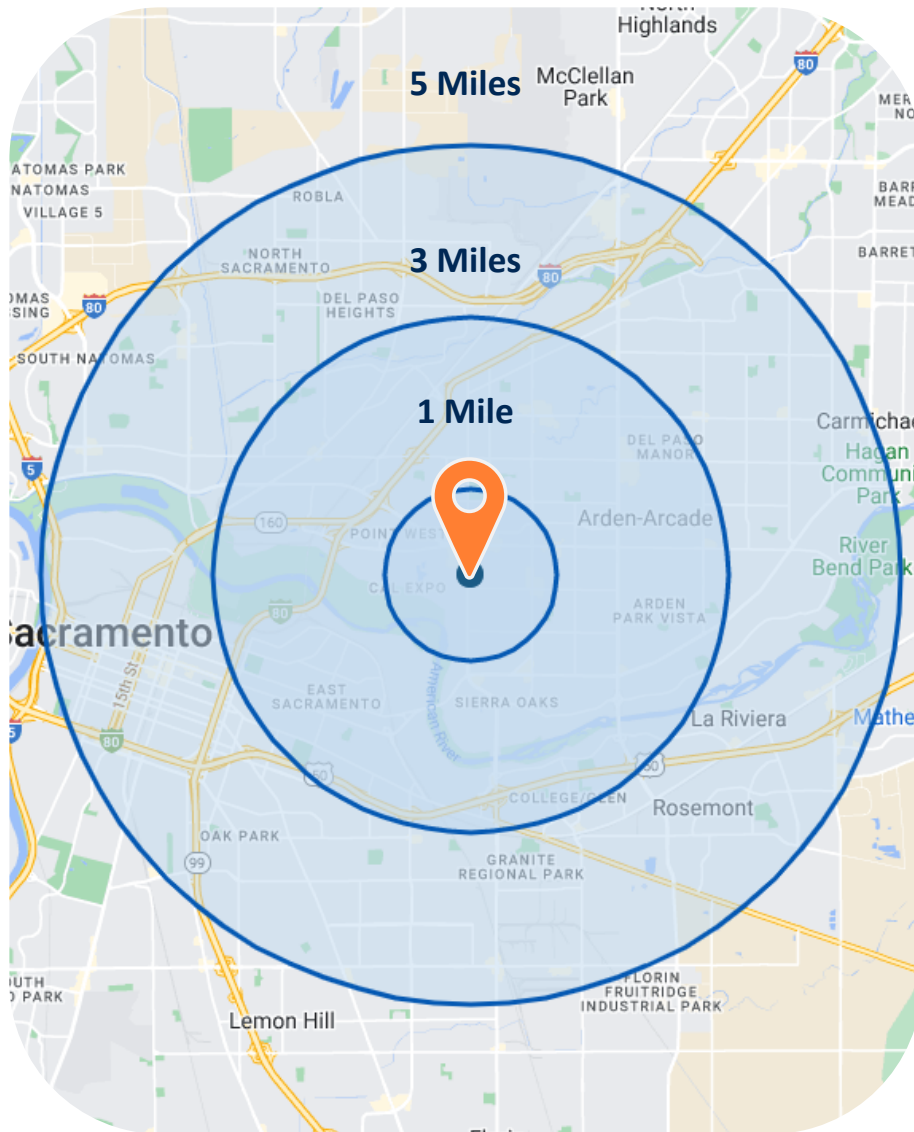


Regional Map





Demographics



POPULATION TRENDS

	1 Mile	3 Miles	5 Miles
2010 Population	18,983	127,863	351,863
2022 Population	22,112	140,717	387,796
2027 Population Projection	23,246	146,681	404,317
Annual Growth 2010-2022	1.40%	0.80%	0.90%
Annual Growth 2022-2027	1.00%	0.80%	0.90%

HOUSEHOLD TRENDS

	1 Mile	3 Miles	5 Miles
2010 Households	8,747	55,786	144,531
2022 Households	10,176	61,453	159,450
2027 Household Projection	10,698	64,084	166,302
Annual Growth 2010-2022	0.40%	0.20%	0.20%
Annual Growth 2022-2027	1.00%	0.90%	0.90%

Avg Household Income

	1 Mile	3 Miles	5 Miles
Avg Household Income	\$56,628	\$86,789	\$85,646

Median Household Income

	1 Mile	3 Miles	5 Miles
Median Household Income	\$41,889	\$58,074	\$62,110

HOUSEHOLDS BY HOUSEHOLD INCOME (2022)

	1 Mile	3 Miles	5 Miles
< \$25,000	3,064	13,889	32,666
\$25,000 - 50,000	2,939	13,491	32,932
\$50,000 - 75,000	1,783	8,785	27,232
\$75,000 - 100,000	821	7,088	20,182
\$100,000 - 125,000	816	5,751	15,437
\$125,000 - 150,000	215	2,724	8,086
\$150,000 - 200,000	323	4,094	10,586
\$200,000+	216	5,632	12,327



Market Overview



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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