

# Red Lobster

**EXCLUSIVE NET-LEASE OFFERING**



# OFFERING MEMORANDUM



1725 Rainbow Drive  
Gadsden, AL 35901

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# Investment Highlights

PRICE: \$4,740,631 | CAP: 6.20% | RENT: \$293,919



## About the Investment

- ✓ Long-Term 25-Year Absolute Triple Net (NNN) Lease, Zero Landlord Obligations
- ✓ +/- 19 Years Of Lease Term Remaining With 2.00% Annual Bumps
- ✓ Four (4), Five (5)-Year Tenant Renewal Options
- ✓ Corporate Tenant | Corporate Guarantee

## About the Location

- ✓ Dense Retail Corridor | Lowe's Home Improvement, Chick-Fil-A, Office Depot, Walmart, T.J. Maxx, Hobby Lobby, Ross Dress for Less, ALDI, Belk, Applebee's Grill + Bar, Circle K and Many More
  - ✓ Gadsden Mall | Approximately One-Mile Away | 50+ Stores and Services
- ✓ Strong Traffic Counts | Over 34,000 and 28,000 Vehicles Per Day Along Rainbow Drive and Interstate-759
- ✓ Northeast Alabama Regional Airport | Located Roughly Four-Miles Away | Publicly-Owned and Operates 65 Aircraft Operations Per Day
- ✓ Medical Presence | Riverview Regional Medical Center of Gadsden | Located Less Than Two-Miles Away | State-of-the-Art 476-Bed Acute Care Hospital
- ✓ Academic Presence | Gadsden State Community College | Student Enrollment Exceeds 4,700 Students and Over 70 Programs Offered

## 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 (2<sup>nd</sup>-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 6<sup>th</sup>-largest casual dining concept in North America







# Financial Analysis

PRICE: \$4,740,631 | CAP: 6.20% | RENT: \$293,919



## PROPERTY DESCRIPTION

Concept	Red Lobster
Street Address	1725 Rainbow Drive
City, State ZIP	Gadsden, AL 35901
Estimated Building Size (SF)	7,040
Estimated Lot Size (Acres)	1.74
Type of Ownership	Fee Simple

## THE OFFERING

Price	\$4,740,631
CAP Rate	6.20%
Net Operating Income	\$293,919

## LEASE SUMMARY

Property Type	Net Leased Restaurant
Credit Type	Corporate
Tenant	Red Lobster Hospitality, LLC
Guarantor	Red Lobster Hospitality, LLC
Original Lease Term	25 Years
Lease Commencement	December 17 <sup>th</sup> , 2015
Lease Expiration	July 31 <sup>st</sup> , 2042
Lease Term Remaining	+/- 19 Years
Lease Type	Absolute Triple Net (NNN)
Landlord Responsibilities	None
Rental Increases	2% Annually
Renewal Options Remaining	4, 5-Year Options

## RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
8/1/2022 - 7/31/2023	\$288,156	\$24,013	2%
<b>8/1/2023 - 7/31/2024</b>	<b>\$293,919</b>	<b>\$24,493</b>	<b>2%</b>
8/1/2024 - 7/31/2025	\$299,797	\$24,983	2%
8/1/2025 - 7/31/2026	\$305,793	\$25,483	2%
8/1/2026 - 7/31/2027	\$311,909	\$25,992	2%
8/1/2027 - 7/31/2028	\$318,147	\$26,512	2%
8/1/2028 - 7/31/2029	\$324,510	\$27,043	2%
8/1/2029 - 7/31/2030	\$331,001	\$27,583	2%
8/1/2030 - 7/31/2031	\$337,621	\$28,135	2%
8/1/2031 - 7/31/2032	\$344,373	\$28,698	2%
8/1/2032 - 7/31/2033	\$351,260	\$29,272	2%
8/1/2033 - 7/31/2034	\$358,286	\$29,857	2%
8/1/2034 - 7/31/2035	\$365,451	\$30,454	2%
8/1/2035 - 7/31/2036	\$372,760	\$31,063	2%
8/1/2036 - 7/31/2037	\$380,216	\$31,685	2%
8/1/2037 - 7/31/2038	\$387,820	\$32,318	2%
8/1/2038 - 7/31/2039	\$395,576	\$32,965	2%
8/1/2039 - 7/31/2040	\$403,488	\$33,624	2%
8/1/2040 - 7/31/2041	\$411,558	\$34,296	2%
8/1/2041 - 7/31/2042	\$419,789	\$34,982	2%

## INVESTMENT SUMMARY

NNN Pro Group is pleased to present the exclusive listing for a Red Lobster located at 1725 Rainbow Drive in Gadsden, AL. The site consists of roughly 7,040 rentable square feet of building space on estimated 1.74-acre parcel of land. This Red Lobster is subject to a 25-year absolute triple-net (NNN) lease, which commenced December 17<sup>th</sup>, 2015. The current annual rent 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 (2<sup>nd</sup> 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 6<sup>th</sup> 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.

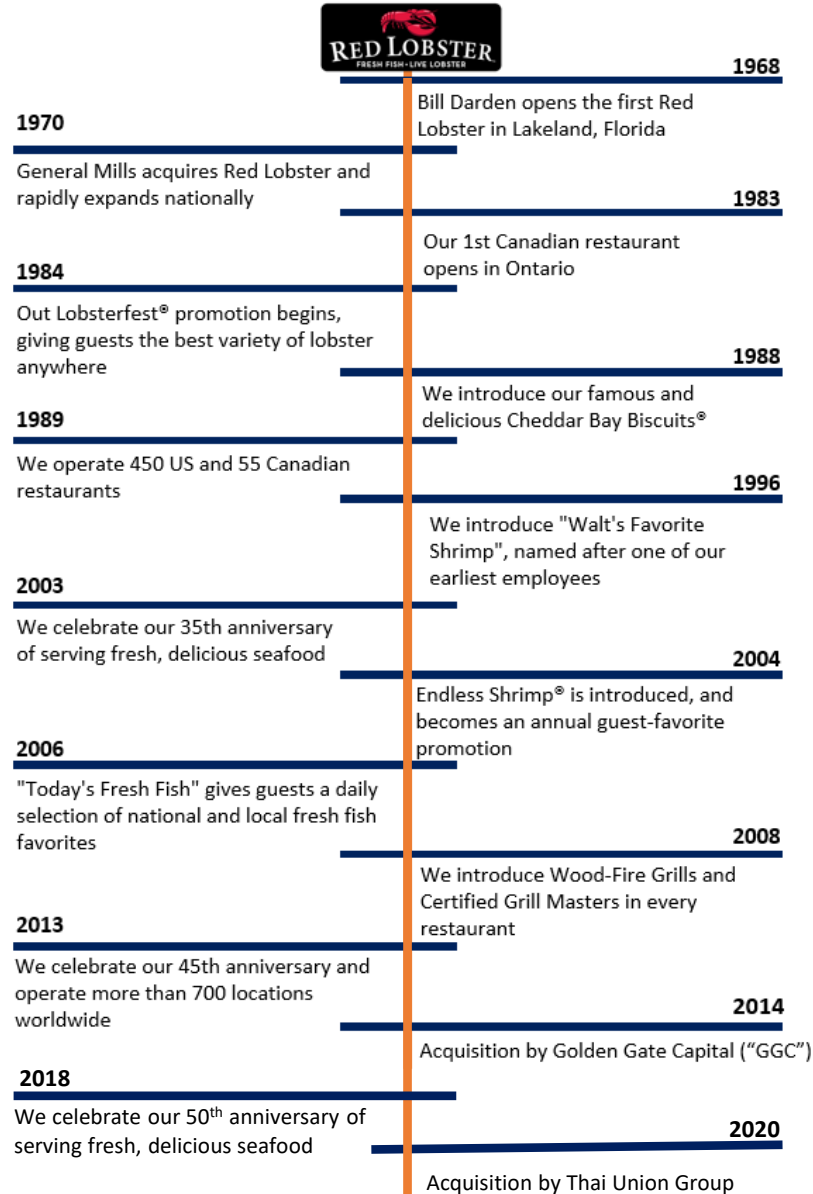
### FRESH IS IN OUR COMMITMENT

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







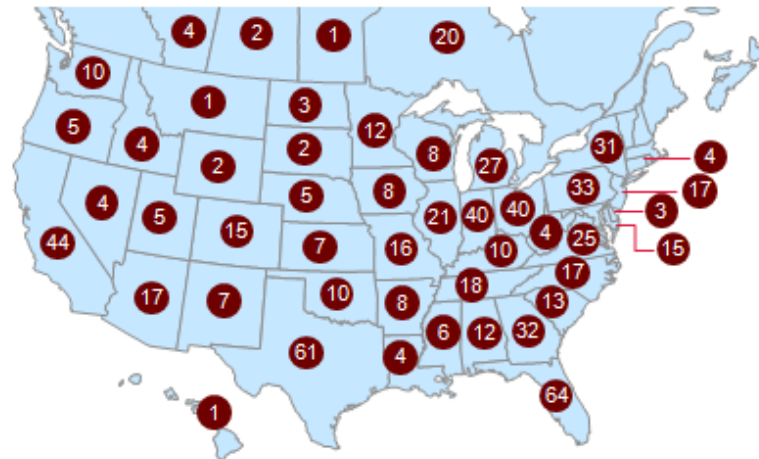
# Concept Overview



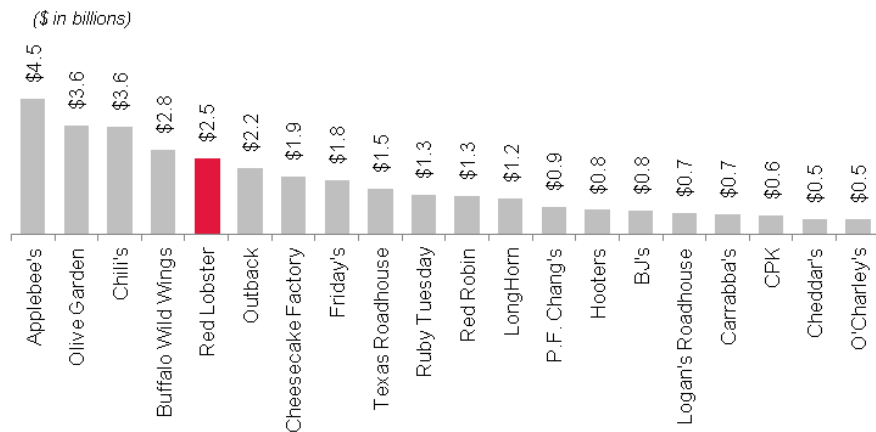
## Strong Market Position

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

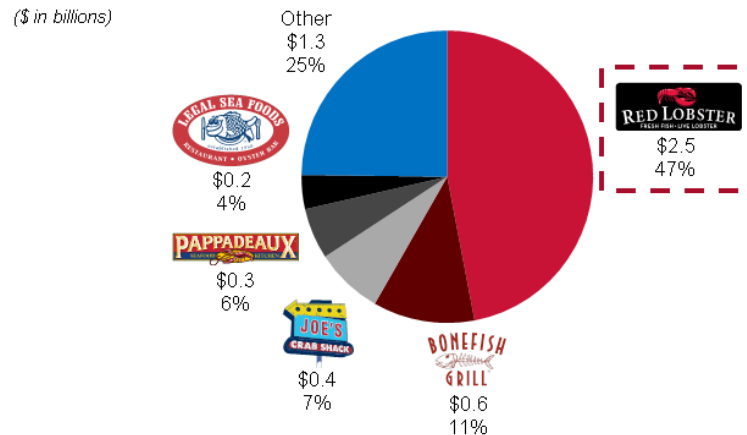
## Significant Scale With Broad Geographic Reach



## 6<sup>th</sup> Largest Casual Dining Concept in the US



## ~50% Share in Seafood Casual Dining





# Concept Overview



## Iconic Brand With Unparalleled Customer Loyalty

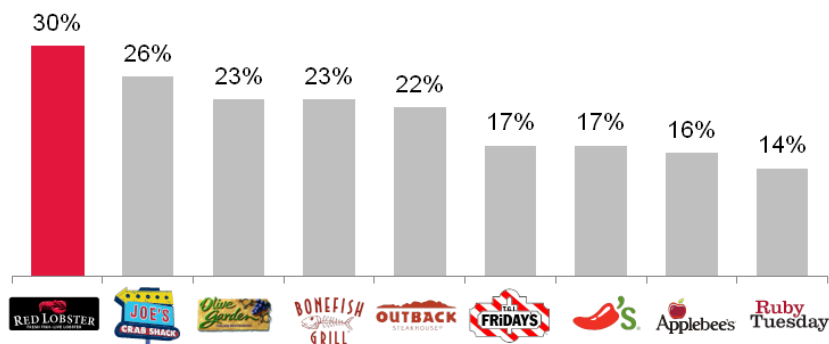
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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





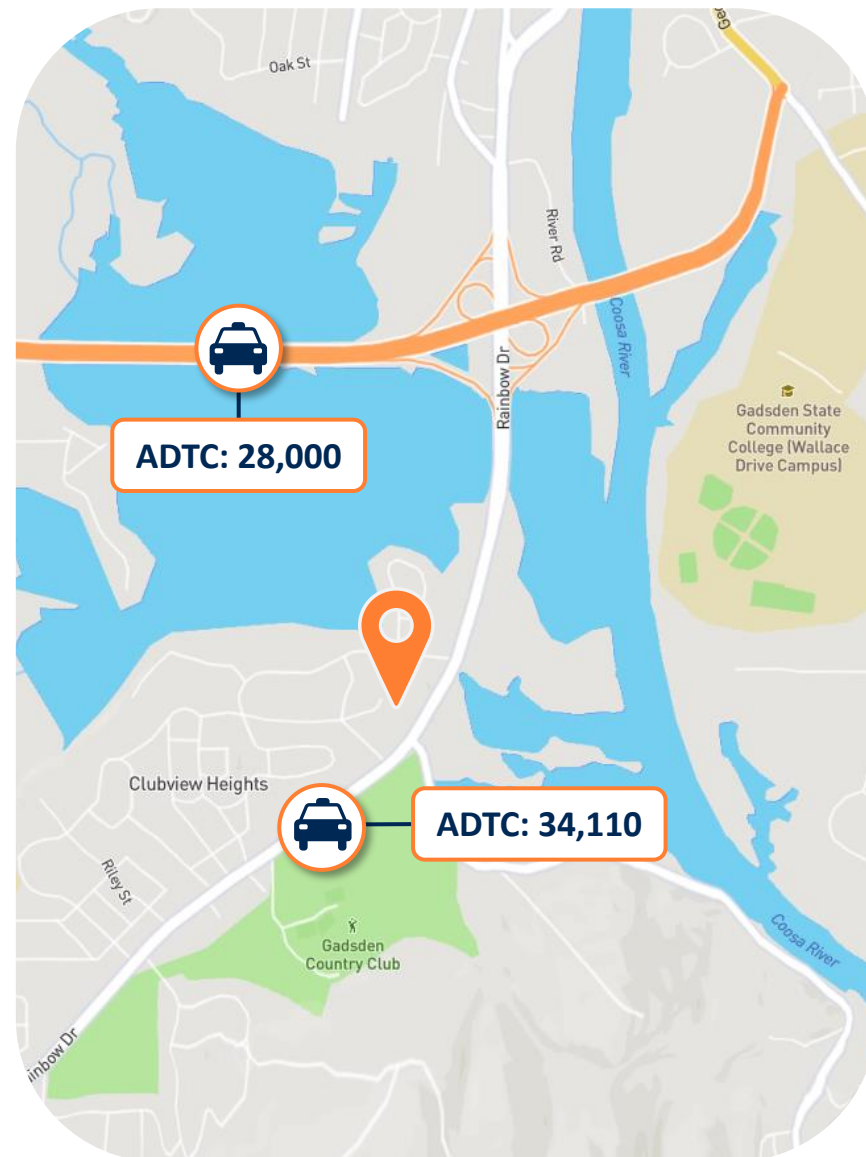
# Location Overview



The subject investment property is a Red Lobster situated on Rainbow Drive, which experiences an average daily traffic count of approximately 34,000 vehicles. Rainbow Drive serves as an access route to Interstate-759, which brings an additional 28,000 vehicles into the immediate area. There are more than 50,000 individuals residing within a five-mile radius of the property.

This Red Lobster property benefits from being well-positioned in a dense retail corridor consisting of national and local tenants, academic institutions and shopping centers. The Gadsden mall is located roughly one-mile from the subject property, and offers over 50 stores and services. Major national tenants in the area include: Walgreens, Ace Hardware, McDonald's, Burger King, Taco Bell, Sonic, Dairy Queen, Advanced Auto Parts and many more. This Red Lobster also benefits from a strong academic presence within the immediate area. Gadsden State Community College is less than two-miles from the subject property and has a total enrollment of over 4,000 students. The Riverview Regional Medical Center is a 475-bed acute care facility located roughly two-miles from the subject Red Lobster. The Northeast Alabama Regional Airport is a publicly-owned airspace located roughly four-miles away and operates 65 aircraft operations per day.

Gadsden is a city in and the county seat of Etowah County in the U.S. state of Alabama. It is located on the Coosa River and 56 miles northeast of Birmingham and 90 miles southwest of Chattanooga, Tennessee. It is the primary city of the Gadsden Metropolitan Statistical Area, which has a population of 103,931. In the 19<sup>th</sup> century, Gadsden was Alabama's second-most important center of commerce and industry, trailing only the seaport of Mobile. The two cities were important shipping centers: Gadsden for riverboats and Mobile for international trade. From the late 19<sup>th</sup> century through the 1980s, Gadsden was a center of heavy industry, including the Goodyear Tire and Rubber Company and Republic Steel. In 1991, following more than a decade of sharp decline in industry, Gadsden was awarded the honor of All-America City by the National Civic League.







# Property Photos







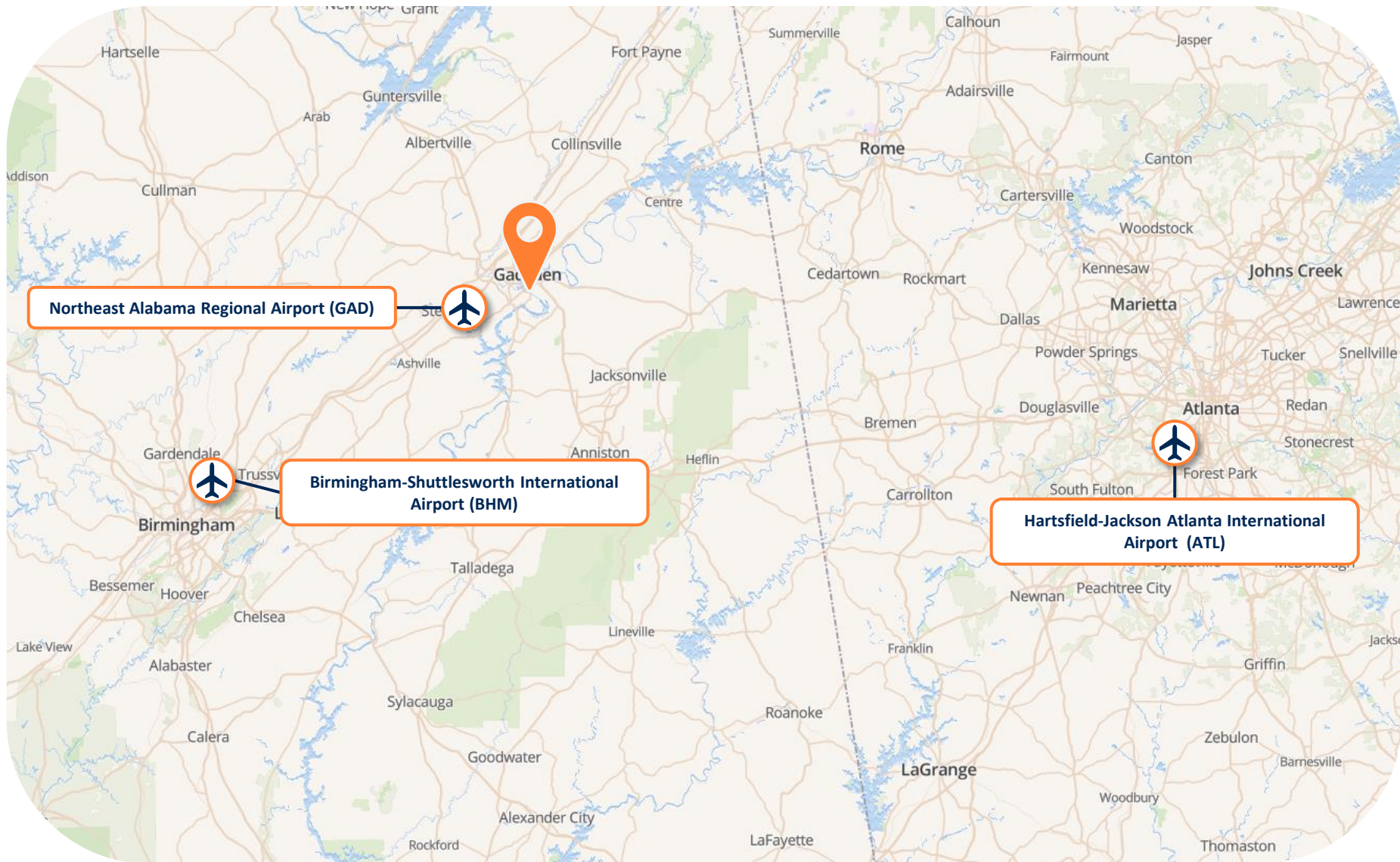
# Surrounding Area Photos





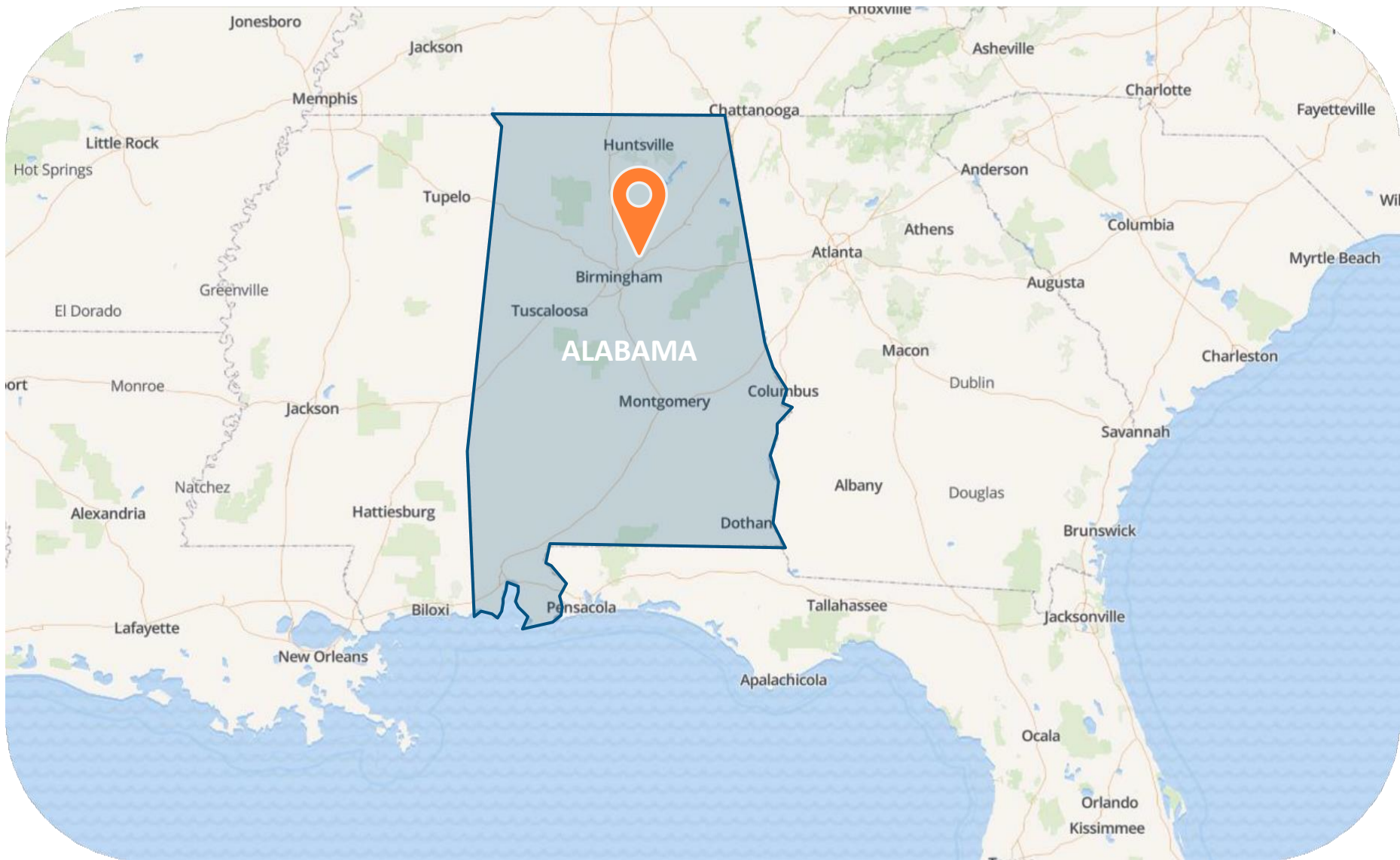


# Local Map





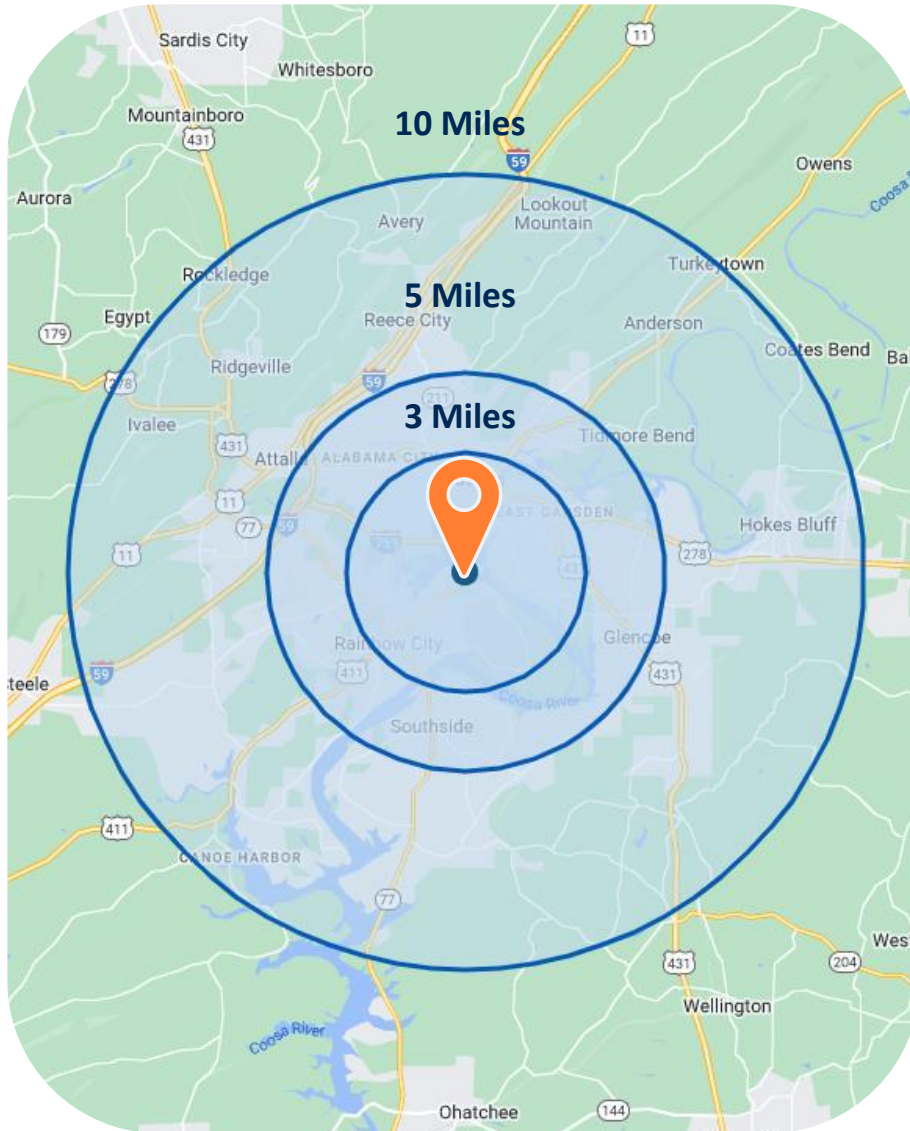
# Regional Map







# Demographics



## POPULATION TRENDS

	3 Miles	5 Miles	10 Miles
2010 Population	26,537	52,603	86,304
2022 Population	26,167	51,409	84,452
2027 Population Projection	26,042	51,075	83,944
Annual Growth 2010-2022	-0.10%	-0.20%	-0.20%
Annual Growth 2022-2027	-0.10%	-0.10%	-0.10%

## HOUSEHOLD TRENDS

	3 Miles	5 Miles	10 Miles
2010 Households	10,952	21,751	35,105
2022 Households	10,814	21,274	34,348
2027 Household Projection	10,767	21,139	34,141
Annual Growth 2010-2022	0.00%	0.00%	0.10%
Annual Growth 2022-2027	-0.10%	-0.10%	-0.10%

## Avg Household Income

	3 Miles	5 Miles	10 Miles
Avg Household Income	\$53,400	\$54,980	\$59,274

## Median Household Income

	3 Miles	5 Miles	10 Miles
Median Household Income	\$35,057	\$36,643	\$42,084

## HOUSEHOLDS BY HOUSEHOLD INCOME (2022)

	3 Miles	5 Miles	10 Miles
< \$25,000	4,217	7,909	10,924
\$25,000 - 50,000	2,598	5,003	8,368
\$50,000 - 75,000	1,613	3,363	6,019
\$75,000 - 100,000	863	1,806	3,408
\$100,000 - 125,000	324	750	1,575
\$125,000 - 150,000	697	1,449	2,157
\$150,000 - 200,000	262	528	1,037
\$200,000+	239	466	860



# Market Overview



*Birmingham, AL*



**Birmingham** is the centerpiece of a thriving region, which encourages the innovative spirit of progress and expansion. Strategic partnerships are continually being forged fostering job creation and bolstering the city's competitiveness as a desirable location with a high quality of life. The Birmingham region is made up of seven counties: Bibb, Blount, Chilton, Jefferson, Shelby, St. Clair and Walker counties. Birmingham is the nation's 49th largest MSA with more than 1,145,000 residents and is Alabama's commercial center, with the highest concentration of business, legal, financial, and medical services in the state.

The metropolitan area also includes the state's largest county, Jefferson, and the state's fastest growing county, Shelby. Although Birmingham was historically the industrial center of the south, the economy is now among the most diversified in the nation. Healthcare, banking, and professional services have replaced steel production as the leading economic sectors and 90 percent of the area's jobs are now non-manufacturing. At the same time, automotive manufacturing has become a major player in the region's economy with Mercedes-Benz, Honda, and Hyundai all opening facilities in the area. The seven county metropolitan area has Alabama's top public school systems plus the state's highest concentration of universities and colleges, including the University of Alabama Birmingham (UAB)—one of the nation's highest ranked medical research centers. UAB and its world-renowned medical center are home to more than 18,000 faculty and staff and more than 17,000 students and is located in downtown Birmingham.

Birmingham is known for its favorable business environment, low cost of doing business, and Birmingham enjoys some of the lowest property taxes in the nation. It also benefits from excellent transportation infrastructure and a highly-educated workforce. The U.S. Conference of Mayors proclaimed Birmingham as "America's Most Livable City" while Newsweek magazine named Birmingham "One of America's Top Ten Cities," highlighting the area's desirability for both residents and visitors.

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