

Red Lobster

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



2550 Nicholasville Road
Lexington, KY 40503

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Investment Highlights

PRICE: \$5,479,177 | CAP: 6.20% | RENT: \$339,709



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 | Walmart Supercenter, Lowe's Home Improvement, Whole Foods Market, Burlington, Best Buy, Target, Macy's, Dillard's, ALDI, Old Navy, Dick's Sporting Goods, and Many More
 - ✓ Fayette Mall | Less than One-Mile Away | 170+ Stores and Services
- ✓ Strong Demographics | Population Exceeds 120,000 Individuals Within a Three-Mile Radius & Over 240,000 Within a Five-Mile Radius
- ✓ Strong Real Estate Fundamentals | Located Less Than 3-Miles from Downtown Lexington, Kentucky
- ✓ Strong Traffic Counts | Over 100,000 and 68,000 Vehicles Per Day Along Nicholasville Road and New Circle Rd
- ✓ Blue Grass Airport | Located Less Than Six-Miles Away | Serves over 79 Million Passengers Per Year
- ✓ University of Kentucky | Largest School in the State of Kentucky | Located Approximately Three-Miles Away | Over 30,000 Students Enrolled
- ✓ Affluent Community | Average Household Income Exceeding \$85,500 Within a Three-Mile Radius

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: \$5,479,177 | CAP: 6.20% | RENT: \$339,709



PROPERTY DESCRIPTION

Concept	Red Lobster
Street Address	2550 Nicholasville Road
City, State ZIP	Lexington, KY 40503
Estimated Building Size (SF)	8,426
Estimated Lot Size (Acres)	2.01
Type of Ownership	Fee Simple

THE OFFERING

Price	\$5,479,177
CAP Rate	6.20%
Net Operating Income	\$339,709

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 th , 2015
Lease Expiration	July 31 st , 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	\$333,048	\$27,754	2%
8/1/2023 - 7/31/2024	\$339,709	\$28,309	2%
8/1/2024 - 7/31/2025	\$346,503	\$28,875	2%
8/1/2025 - 7/31/2026	\$353,433	\$29,453	2%
8/1/2026 - 7/31/2027	\$360,502	\$30,042	2%
8/1/2027 - 7/31/2028	\$367,712	\$30,643	2%
8/1/2028 - 7/31/2029	\$375,066	\$31,256	2%
8/1/2029 - 7/31/2030	\$382,568	\$31,881	2%
8/1/2030 - 7/31/2031	\$390,219	\$32,518	2%
8/1/2031 - 7/31/2032	\$398,023	\$33,169	2%
8/1/2032 - 7/31/2033	\$405,984	\$33,832	2%
8/1/2033 - 7/31/2034	\$414,103	\$34,509	2%
8/1/2034 - 7/31/2035	\$422,385	\$35,199	2%
8/1/2035 - 7/31/2036	\$430,833	\$35,903	2%
8/1/2036 - 7/31/2037	\$439,450	\$36,621	2%
8/1/2037 - 7/31/2038	\$448,239	\$37,353	2%
8/1/2038 - 7/31/2039	\$457,204	\$38,100	2%
8/1/2039 - 7/31/2040	\$466,348	\$38,862	2%
8/1/2040 - 7/31/2041	\$475,675	\$39,640	2%
8/1/2041 - 7/31/2042	\$485,188	\$40,432	2%

INVESTMENT SUMMARY

NNN Pro Group is pleased to present the exclusive listing for a Red Lobster located at 2550 Nicholasville Road in Lexington, KY. The site consists of roughly 8,426 rentable square feet of building space on estimated 2.01-acre parcel of land. This Red Lobster is subject to a 25-year absolute triple-net (NNN) lease, which commenced December 17th, 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 (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.

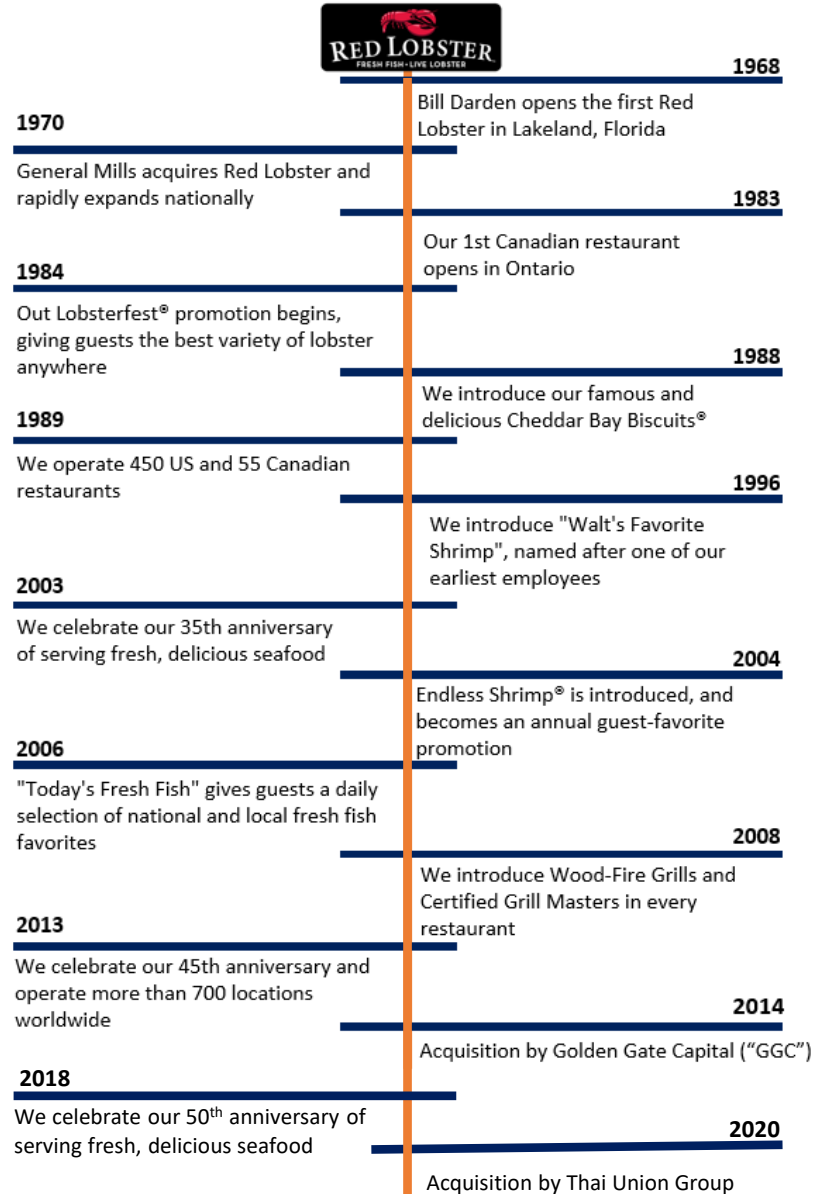
FRESH IS IN OUR COMMITMENT

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





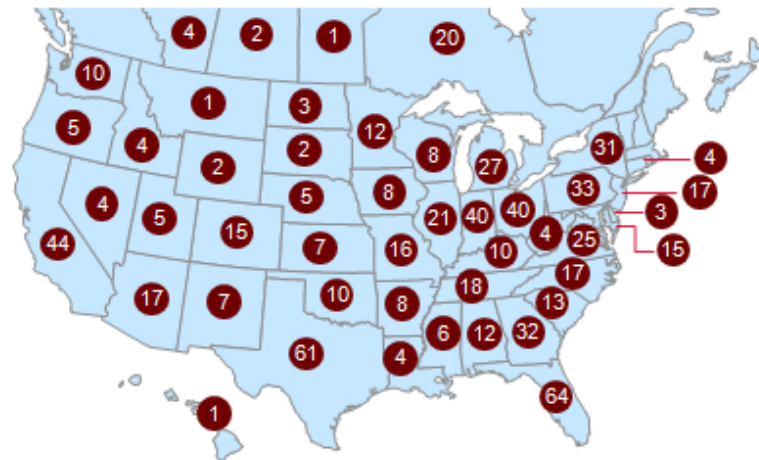
Concept Overview



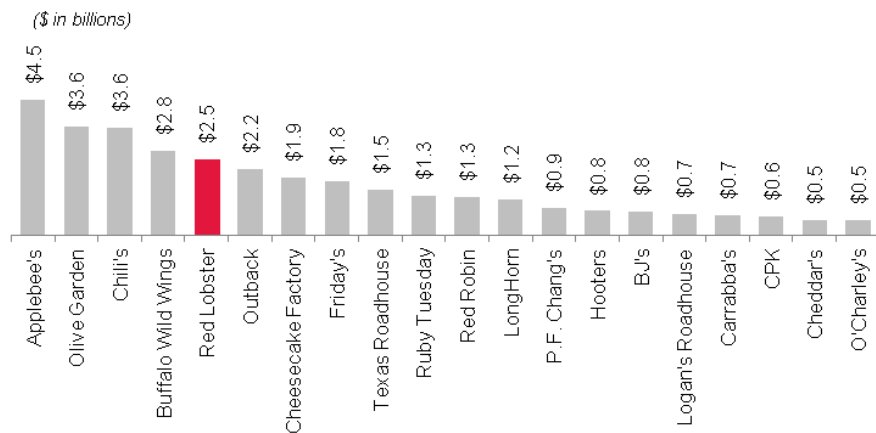
Strong Market Position

- 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.

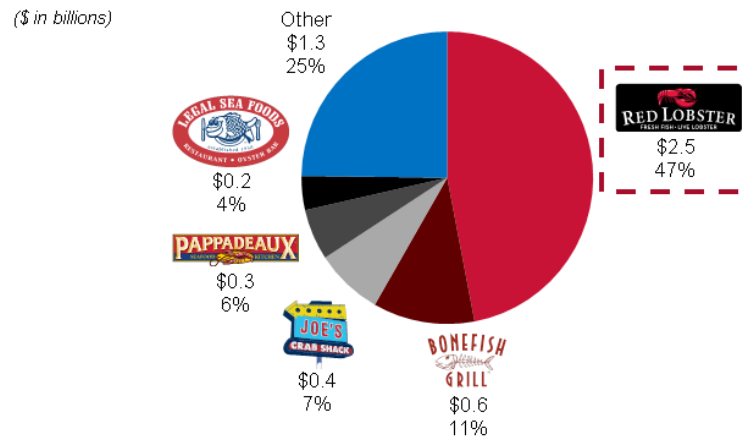
Significant Scale With Broad Geographic Reach



6th Largest Casual Dining Concept in the US



~50% Share in Seafood Casual Dining





Concept Overview



Iconic Brand With Unparalleled Customer Loyalty

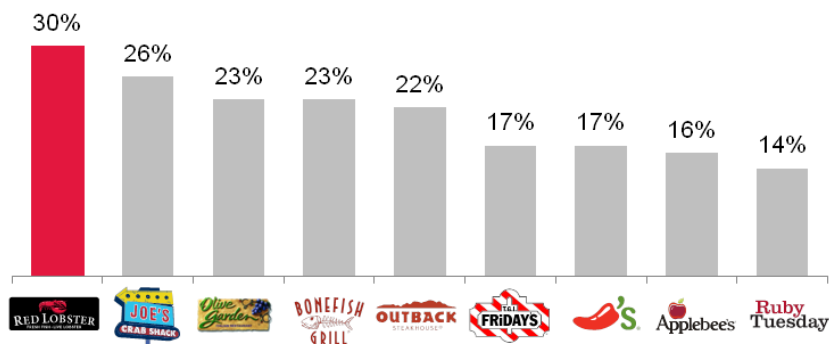
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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





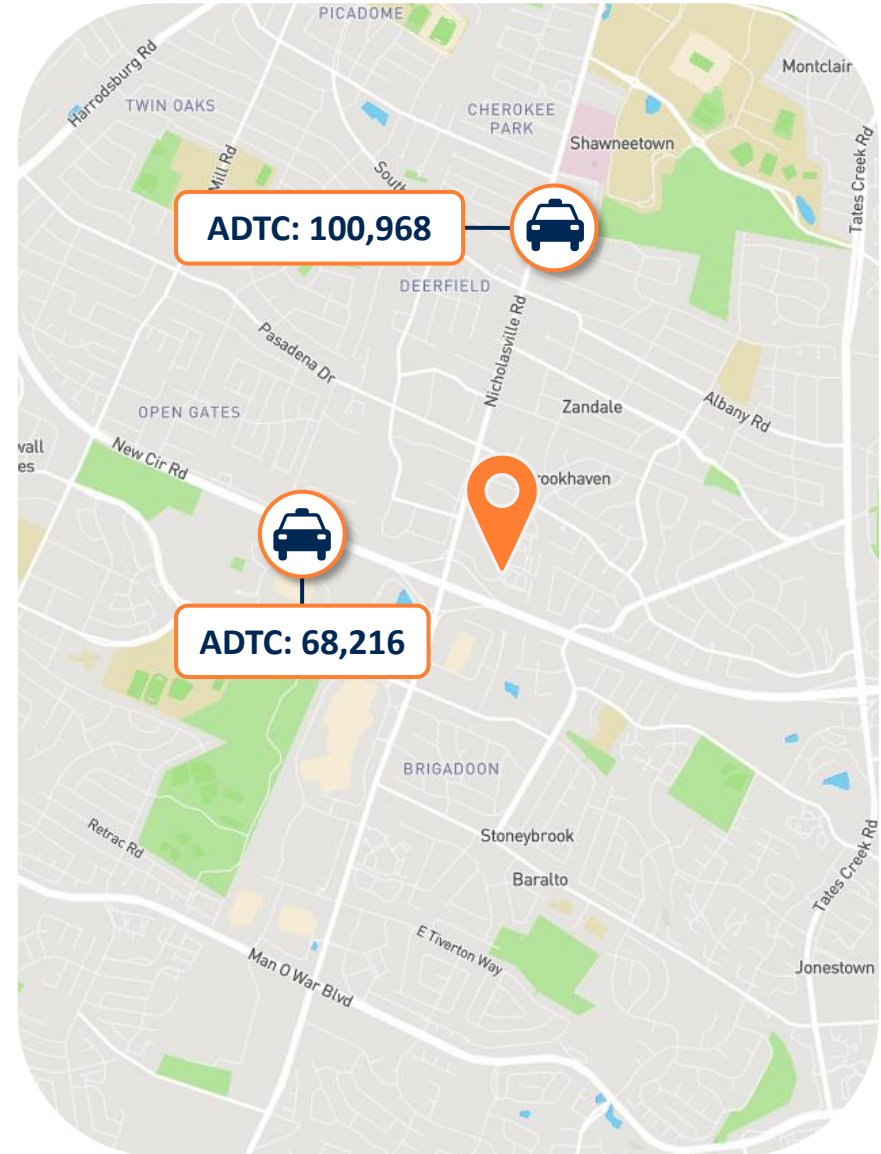
Location Overview



The subject investment property is a Red Lobster situated on Nicholasville Road, which experiences an average daily traffic count of approximately 101,000 vehicles. Nicholasville Road intersects New Circle Rd, which brings an additional 68,000 vehicles into the immediate area. There are more than 123,000 individuals residing within a three-mile radius of the property and more than 241,000 individuals within a five-mile radius. The subject property is also situated in an affluent community as the average household income exceeds \$85,500 within a three-mile radius.

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. Fayette Mall has over 170 stores and services and is located roughly one-mile from the subject property. Major national tenants in the area include: Walmart Supercenter, Lowe's, Target, Best Buy, Dillard's, Whole Foods Market, and many more. The subject property also benefits from compelling location fundamentals, just three miles from Downtown Lexington. This Red Lobster benefits from a strong academic presence within the immediate area. The University of Kentucky is located roughly three-miles from this Red Lobster. The University of Kentucky is the largest school in the state with over 300,000 students enrolled. The Blue Grass Airport (LEX) serves over 79 million passengers each year and is within six-miles of this Red Lobster location.

Lexington is a city in Kentucky and the county seat of Fayette County. By population it is the second-largest city in Kentucky and the 57th largest city in the United States. Known as the "Horse Capital of the World", it is within the state's Bluegrass region. Notable locations in the city include Kentucky Horse Park, The Red Mile and Keeneland racecourses, Rupp arena, Central Bank Center, Transylvania University, and the University of Kentucky. Lexington has one of the nation's most stable economies. Lexington describes itself as having "a fortified economy, strong in manufacturing, technology, and entrepreneurial support, benefiting from a diverse, balanced business base". The city's largest employer, the University of Kentucky, employed over 16,500 as of 2020. Interstate 75 runs north-south on the edge of Lexington. Interstate 64 runs east-west on the northern edge of the city. Lexington itself is at the confluence of US Route 25, US Route 27, US Route 60, US Route 68, and US Route 421.





Property Photos



Subject Property



Subject Property



Subject Property



Subject Property

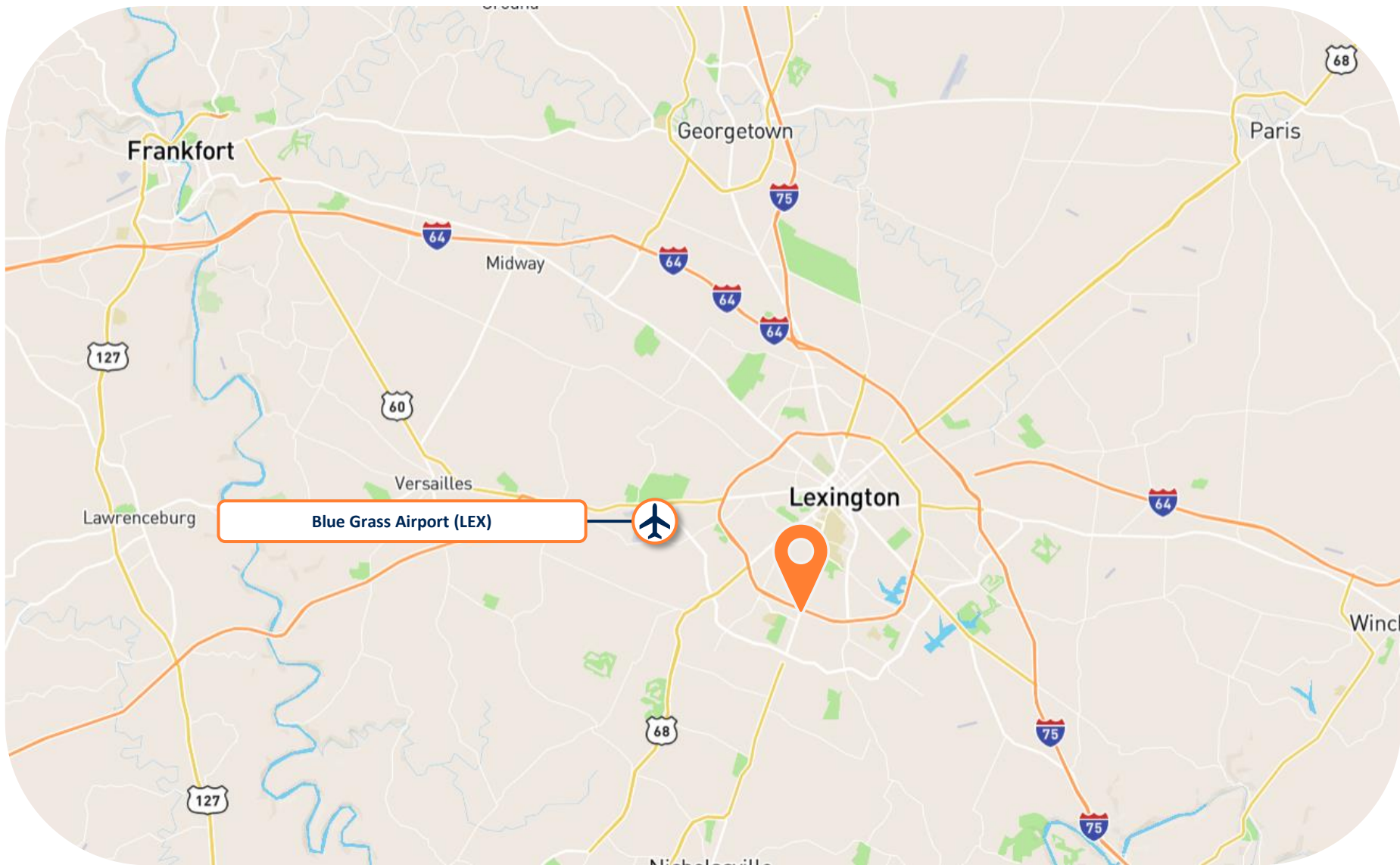


Surrounding Area Photos



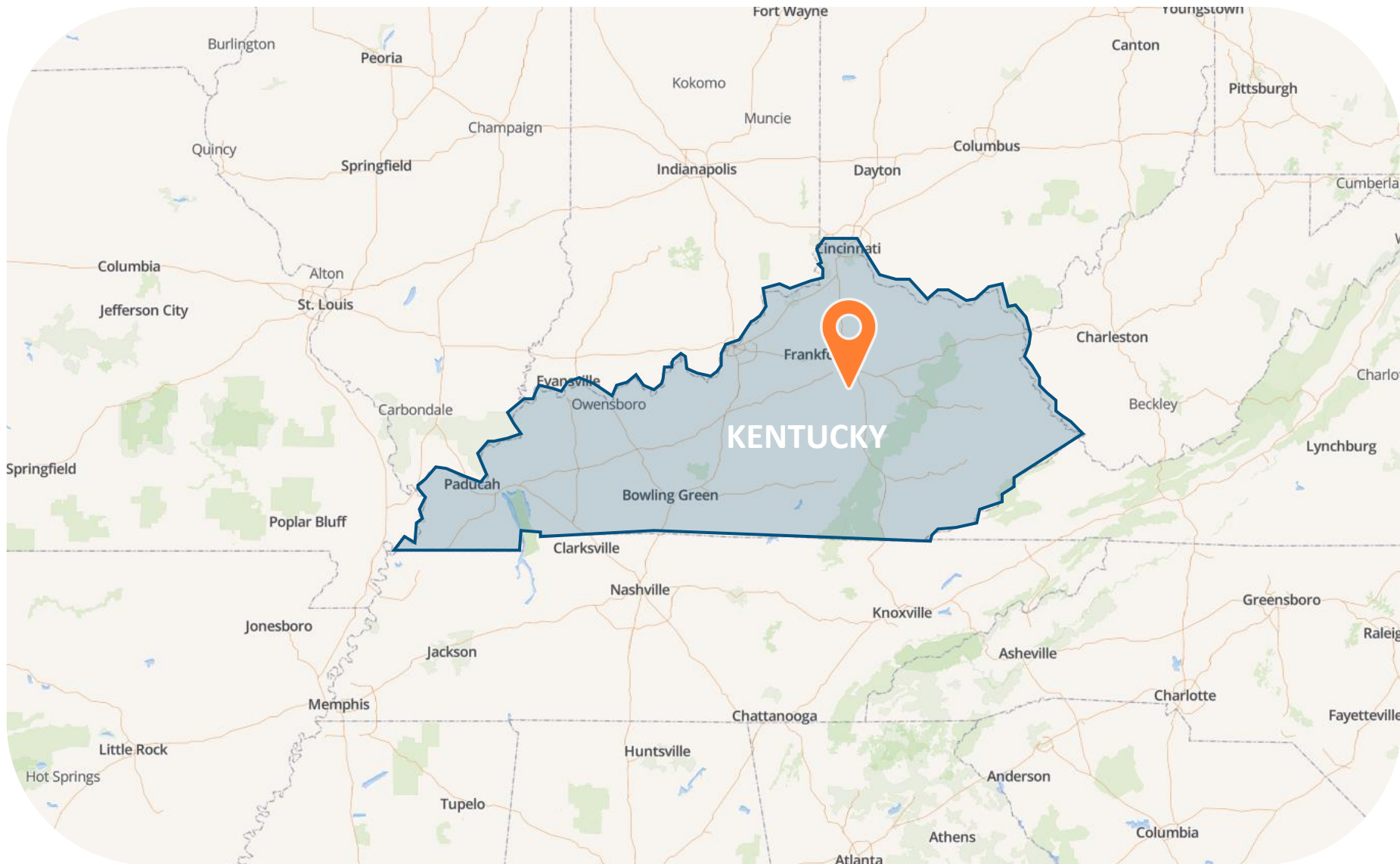


Local Map



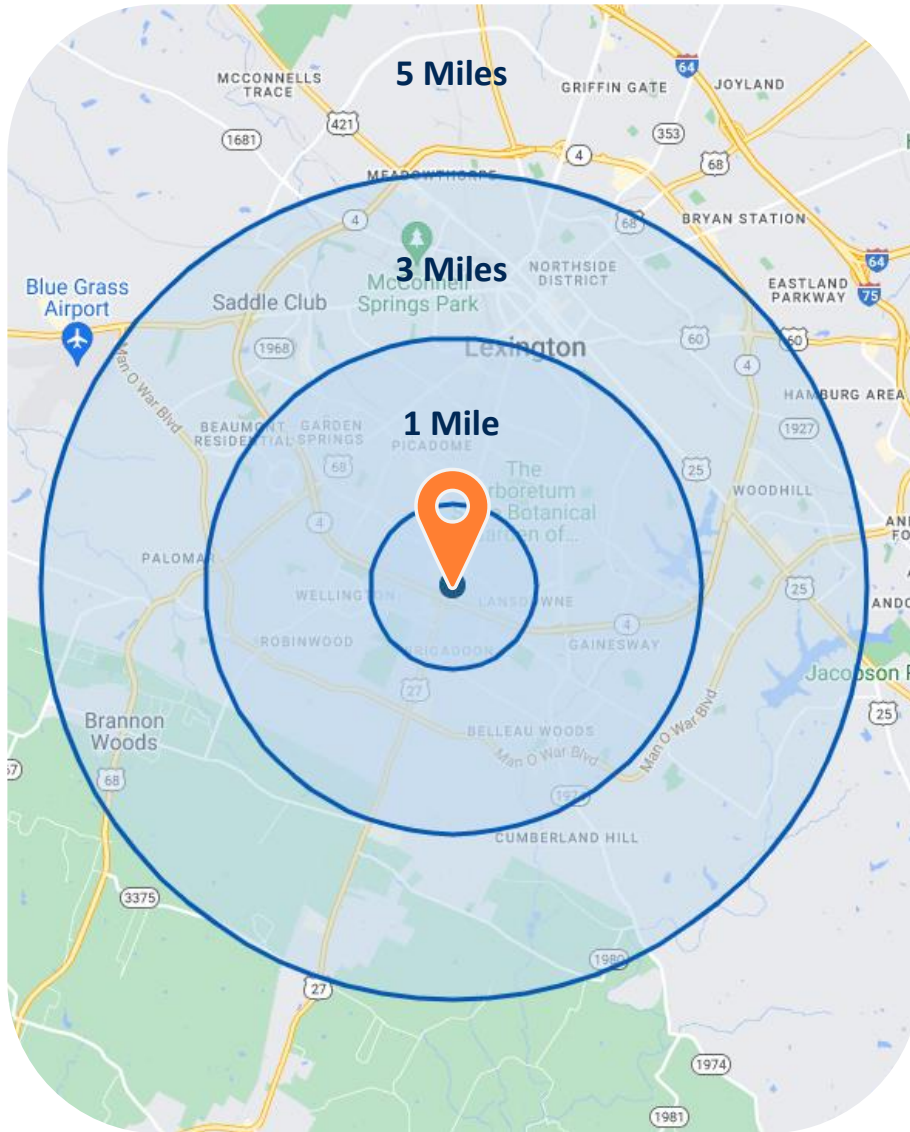


Regional Map





Demographics



POPULATION TRENDS

	1 Mile	3 Miles	5 Miles
2010 Population	9,378	116,352	224,077
2022 Population	10,090	123,117	241,869
2027 Population Projection	10,234	124,538	245,518
Annual Growth 2010-2022	0.60%	0.50%	0.70%
Annual Growth 2022-2027	0.30%	0.20%	0.30%

HOUSEHOLD TRENDS

	1 Mile	3 Miles	5 Miles
2010 Households	4,436	49,792	95,503
2022 Households	4,770	52,864	103,295
2027 Household Projection	4,838	53,516	104,901
Annual Growth 2010-2022	0.30%	0.40%	0.50%
Annual Growth 2022-2027	0.30%	0.20%	0.30%

Avg Household Income

	1 Mile	3 Miles	5 Miles
Avg Household Income	\$76,969	\$85,696	\$80,284

Median Household Income

	1 Mile	3 Miles	5 Miles
Median Household Income	\$61,037	\$62,579	\$56,895

HOUSEHOLDS BY HOUSEHOLD INCOME (2022)

	1 Mile	3 Miles	5 Miles
< \$25,000	900	10,230	22,793
\$25,000 - 50,000	1,145	10,920	22,729
\$50,000 - 75,000	812	9,989	19,125
\$75,000 - 100,000	686	6,534	11,930
\$100,000 - 125,000	452	4,567	8,100
\$125,000 - 150,000	283	3,059	5,351
\$150,000 - 200,000	306	3,634	6,352
\$200,000+	188	3,930	6,917



Market Overview



Lexington, KY



Lexington is the county seat of Fayette County. By population, it is the second-largest city in Kentucky and 57th-largest city in the United States. By land area it is the 28th-largest city. Known as the “Horse Capital of the World”, it is within the state’s Bluegrass region. Notable locations in the city include the Kentucky Horse Park, The Red Mile and Keeneland race courses, Rupp Arena, Central Bank Center, Transylvania University, the University of Kentucky, and Bluegrass Community and Technical College. As of the 2020 census, the population was 322,570, anchoring a metropolitan area of 516,811 people and a combined statistical area of 747,919 people. Lexington is considered entirely within Fayette County, and vice versa. Lexington is the second-largest metro in Kentucky after Louisville.

Lexington has one of the nation’s most stable economies. The city is home to several large corporations. Sizable employment is generated by four Fortune 500 companies: Xerox, Lexmark, International, Lockheed-Martin, and IBM. UPS, Trane, and Amazon, Inc. have large operations in the city. A Jif peanut butter plant located in Lexington produces more peanut butter than any other city in the world. The city’s largest employer is the University of Kentucky, which employs over 16,500 people. Notable corporate headquarters include Lexmark International, a manufacturer of printers and enterprise software; Link-Belt Construction Equipment, A&W Restaurants, and Fazoli’s. June has two popular festivals in June: Bluegrass and Broadway. The Festival of the Bluegrass, Kentucky’s oldest bluegrass music festival, is in early June; it includes three stages for music and a “bluegrass music camp” for school children. For more than two decades, during the second and third weekends, UK Opera Theatre presents a Broadway medley “It’s A Grand Night for Singing!”. The Blue Grass Airport is on the west side of Lexington on US Route 60. It has passenger flights by four carriers: Allegiant, American, Delta, and United.

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