

# Red Lobster

**EXCLUSIVE NET-LEASE OFFERING**



# OFFERING MEMORANDUM



2642 Red Wolf Blvd  
Jonesboro, AR 72401

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## Table of Contents

Investment Highlights	4
Financial Analysis	5
Concept Overview	6-12
Surrounding Area	13
Location Overview	14
Property Photos	15
Local Map	16
Regional Map	17
Demographics / Market Overview	18-19





# Investment Highlights

PRICE: \$5,530,522 | CAP: 6.25% | RENT: \$345,658



## 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 | Dillard's, JCPenney, Target, Chick-Fil-A, Walmart, Lowe's Home Improvement, Academy Sports + Outdoors, Kohl's, Sam's Club, ALDI, T.J. Maxx, Burlington, and Many More
- ✓ Strong Demographics | Population Exceeds 45,000 Individuals Within a Three-Mile Radius and Over 75,000 Individuals Within a Five-Mile Radius
- ✓ Strong Traffic Counts | Over 38,000 and 36,950 Vehicles Per Day Along Red Wolf Blvd and Interstate 555
- ✓ Jonesboro Municipal Airport | Located Less Than Two-Miles Away | Over 20,150 Aircraft Operations in 2021, Average of 55 Per Day
- ✓ Medical Presence | St. Bernard's Medical Center & NEA Baptist Memorial Hospital | Combined Over 660 Beds | Both Within Five-Miles of Subject Property
- ✓ Academic Institutions | Arkansas State University | Less Than Three-Miles Away | Over 14,000 Students Enrolled | Second Largest University in the State of Arkansas

## 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: \$5,530,522 | CAP: 6.25% | RENT: \$345,658



## PROPERTY DESCRIPTION

Concept	Red Lobster
Street Address	2642 Red Wolf Blvd
City, State ZIP	Jonesboro, AR 72401
Estimated Building Size (SF)	6,618
Estimated Lot Size (Acres)	2.35
Type of Ownership	Fee Simple

## THE OFFERING

Price	\$5,530,522
CAP Rate	6.25%
Net Operating Income	\$345,658

## 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	\$338,880	\$28,240	2%
<b>8/1/2023 - 7/31/2024</b>	<b>\$345,658</b>	<b>\$28,805</b>	<b>2%</b>
8/1/2024 - 7/31/2025	\$352,571	\$29,381	2%
8/1/2025 - 7/31/2026	\$359,623	\$29,969	2%
8/1/2026 - 7/31/2027	\$366,815	\$30,568	2%
8/1/2027 - 7/31/2028	\$374,151	\$31,179	2%
8/1/2028 - 7/31/2029	\$381,634	\$31,803	2%
8/1/2029 - 7/31/2030	\$389,267	\$32,439	2%
8/1/2030 - 7/31/2031	\$397,052	\$33,088	2%
8/1/2031 - 7/31/2032	\$404,993	\$33,749	2%
8/1/2032 - 7/31/2033	\$413,093	\$34,424	2%
8/1/2033 - 7/31/2034	\$421,355	\$35,113	2%
8/1/2034 - 7/31/2035	\$429,782	\$35,815	2%
8/1/2035 - 7/31/2036	\$438,378	\$36,531	2%
8/1/2036 - 7/31/2037	\$447,145	\$37,262	2%
8/1/2037 - 7/31/2038	\$456,088	\$38,007	2%
8/1/2038 - 7/31/2039	\$465,210	\$38,768	2%
8/1/2039 - 7/31/2040	\$474,514	\$39,543	2%
8/1/2040 - 7/31/2041	\$484,005	\$40,334	2%
8/1/2041 - 7/31/2042	\$493,685	\$41,140	2%

## INVESTMENT SUMMARY

NNN Pro Group is pleased to present the exclusive listing for a Red Lobster located at 2642 Red Wolf Blvd in Jonesboro, AR. The site consists of roughly 6,618 rentable square feet of building space on estimated 2.35-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.

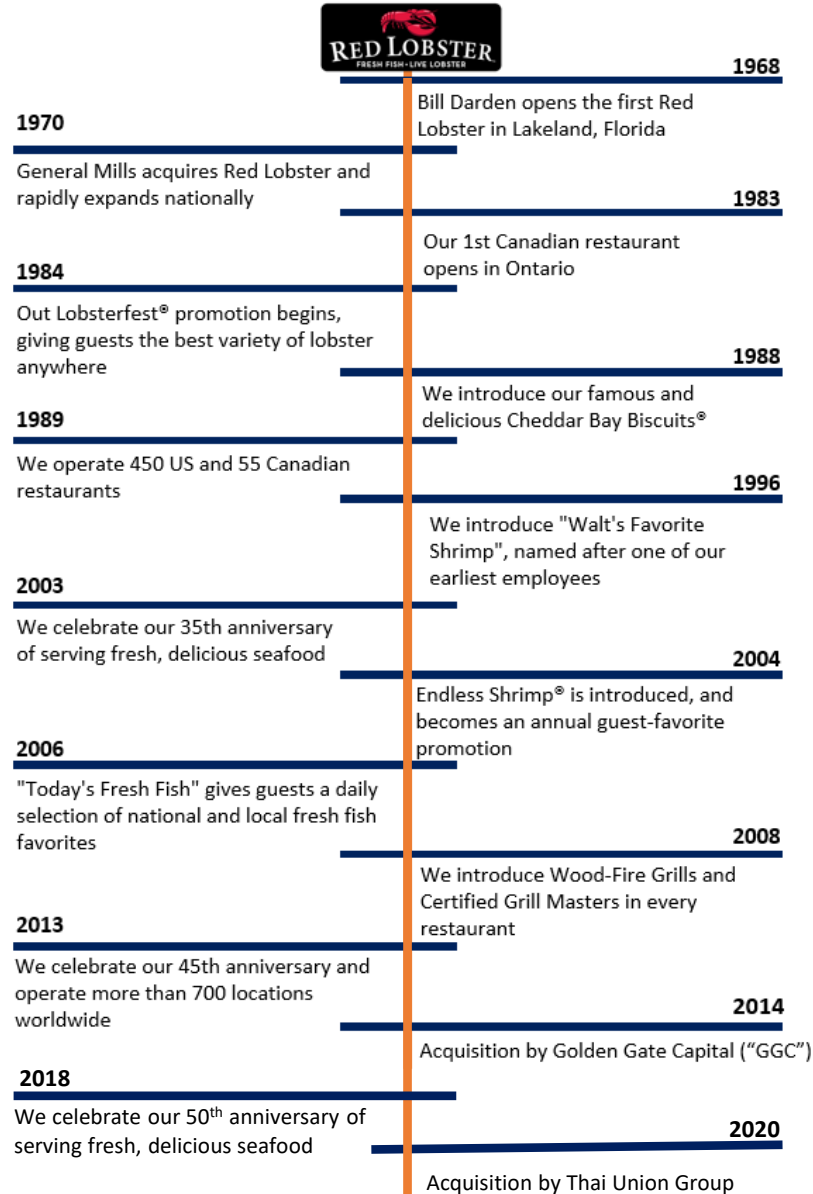
### FRESH IS IN OUR COMMITMENT

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







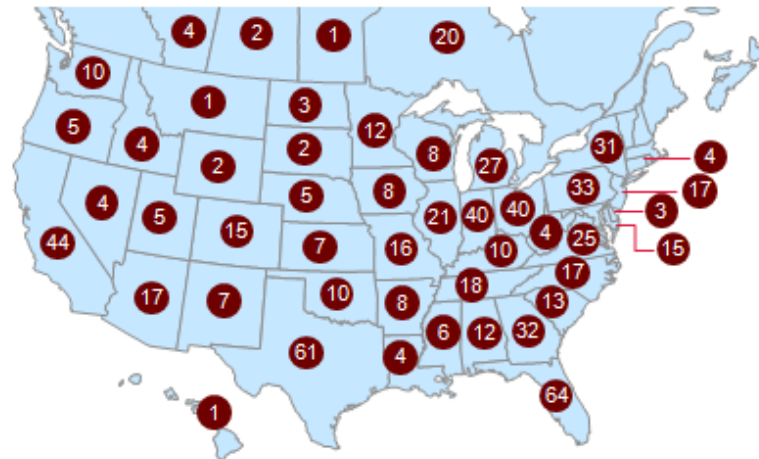
# Concept Overview



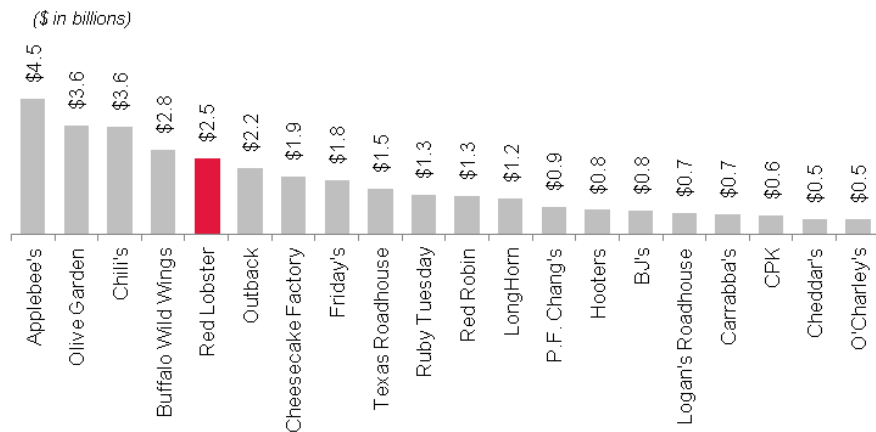
## Strong Market Position

- 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.

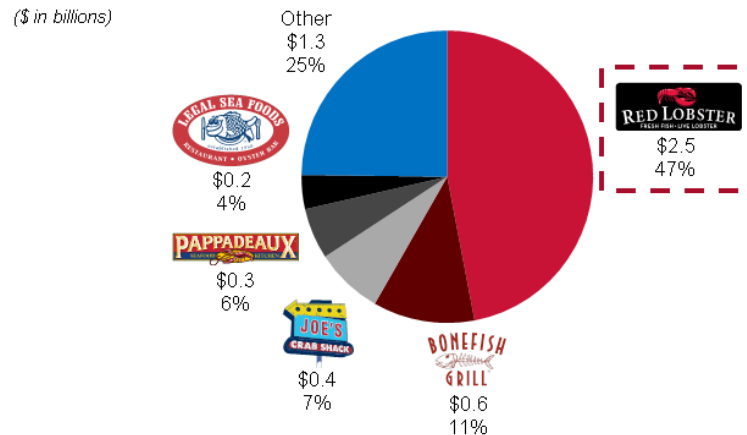
## Significant Scale With Broad Geographic Reach



## 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

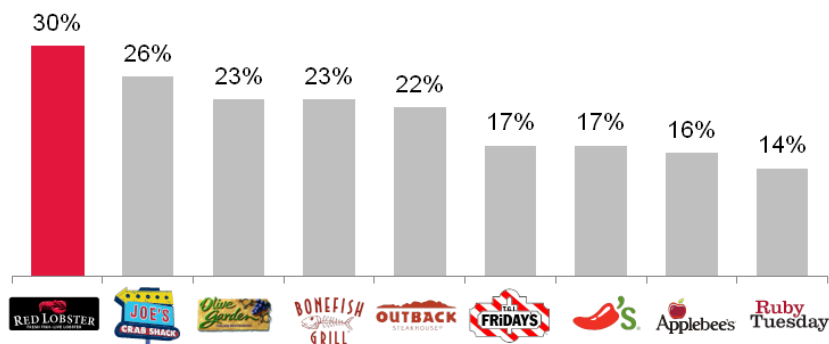
- Red Lobster has strong consumer appeal and broad usage across multiple dining out occasions, including high-crave, healthier “good for you” and special meal occasions.
- The brand has a strong foundation of loyal guests, who visit 1-2 times per month and account for more than 50% of sales.
- Red Lobster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

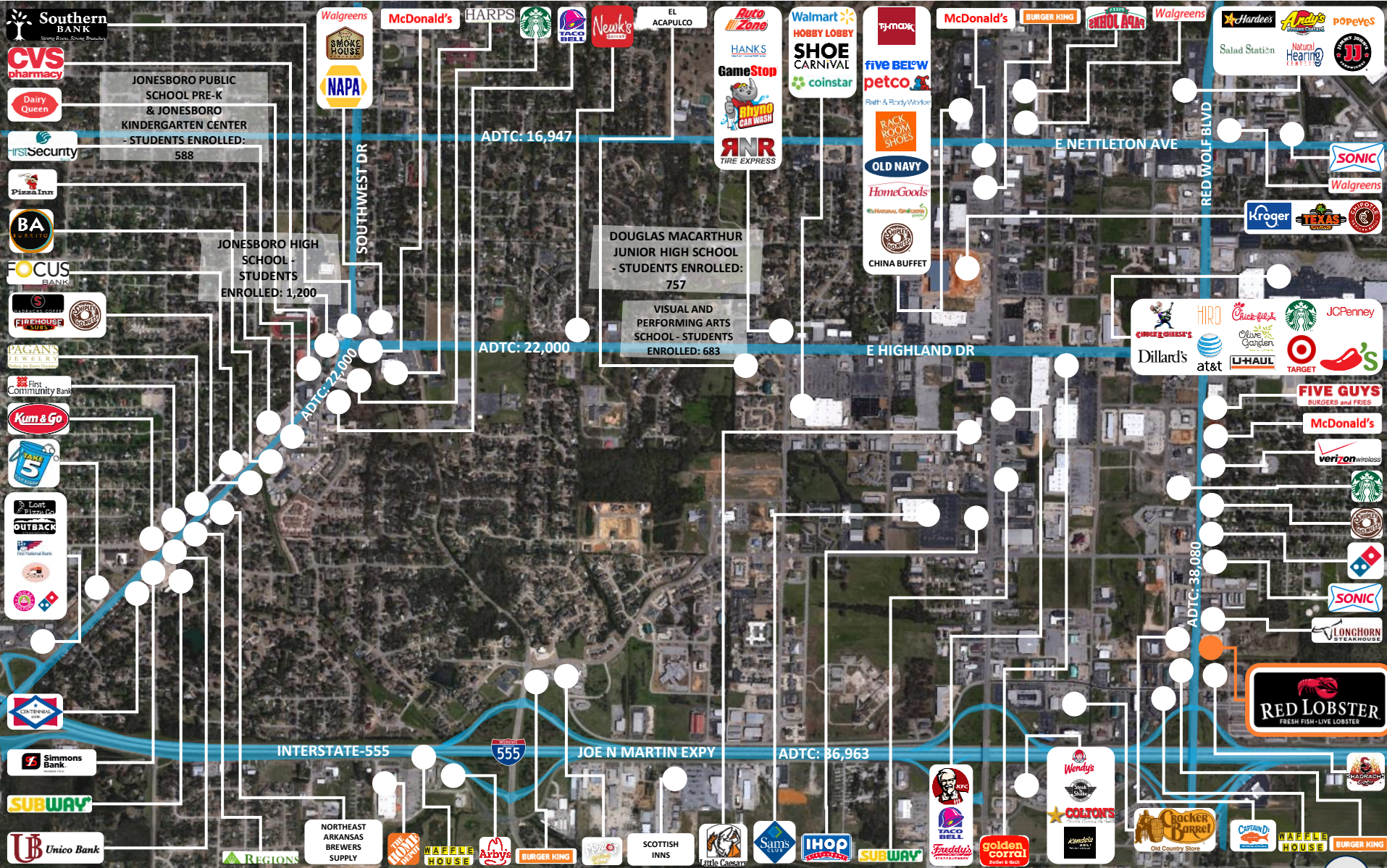
## *Global Brands and Partnerships*







# Surrounding Area







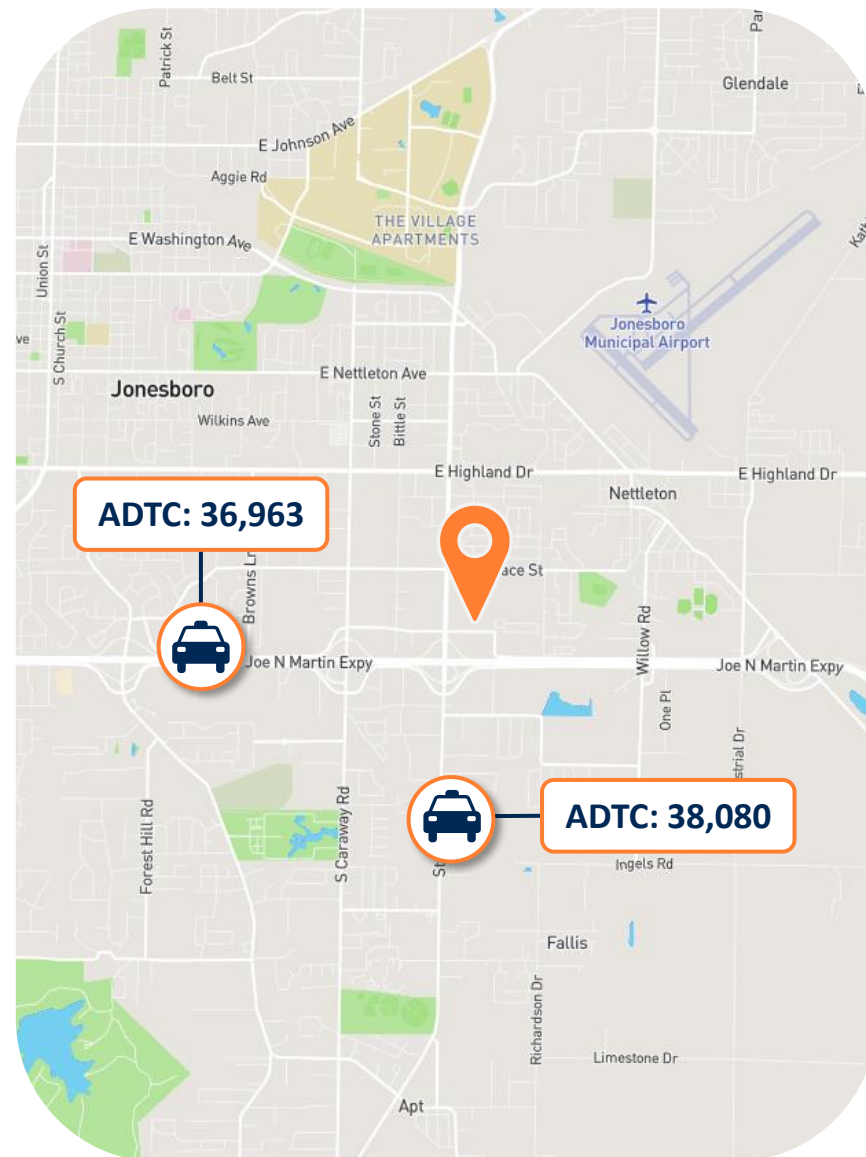
# Location Overview



The subject investment property is a Red Lobster situated on Red Wolf Boulevard, which experiences an average daily traffic count of approximately 38,080 vehicles. Red Wolf Boulevard serves as an access route to Interstate-555, which brings an additional 36,963 vehicles into the immediate area. There are more than 45,000 individuals residing within a three-mile radius of the property and more than 75,000 individuals within a five-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. Major national tenants in the area include: Target, Dillard's, JCPenney, Walmart, Lowe's Home Improvement, Kohl's, Burlington, Sam's Club, ALDI and many more. The Jonesboro Municipal Airport is located less than two miles from the subject property. In 2021 the airport averaged 55 aircraft operations per day and over 20,000 throughout the year. This Red Lobster also benefits from a strong academic presence within the immediate area. Arkansas State University is less than three-miles away and has over 14,000 students enrolled, making it the second largest university in the state of Arkansas. St Bernard's Medical Center and NEA Baptist Memorial Hospital are both located within five miles of the subject Red Lobster. Combined, these state-of-the-art facilities have over 660 medical beds.

Jonesboro is a city in Craighead County, Arkansas, located approximately 110 miles northeast of Little Rock. It is the fifth-largest city in the state and the county seat of Craighead County. Founded in 1859, Jonesboro is the cultural, economic, and educational hub of northeast Arkansas. It is home to Arkansas State University, a regional center of technology, industry, education, and healthcare. The city is home to a variety of cultural attractions, including the Arkansas State University Museum, the Center for Humanities and Arts, and the Jonesboro Civic Center. It also boasts an expansive collection of parks and recreational activities, including Craighead Forest Park, Craighead Forest wildlife Management Area, and Craighead Wildlife Refuge. The city also hosts the annual Liberty Bank Soybean Festival, the world's largest soybean festival. Jonesboro has a thriving economy, with a diverse mix of manufacturing, agriculture, technology, and healthcare industries. It is the home of Jonesboro Regional Airport, a regional hub for transportation. The city is also well known for its vibrant downtown shopping and dining district, as well as its popular annual festival and events.





# Property Photos

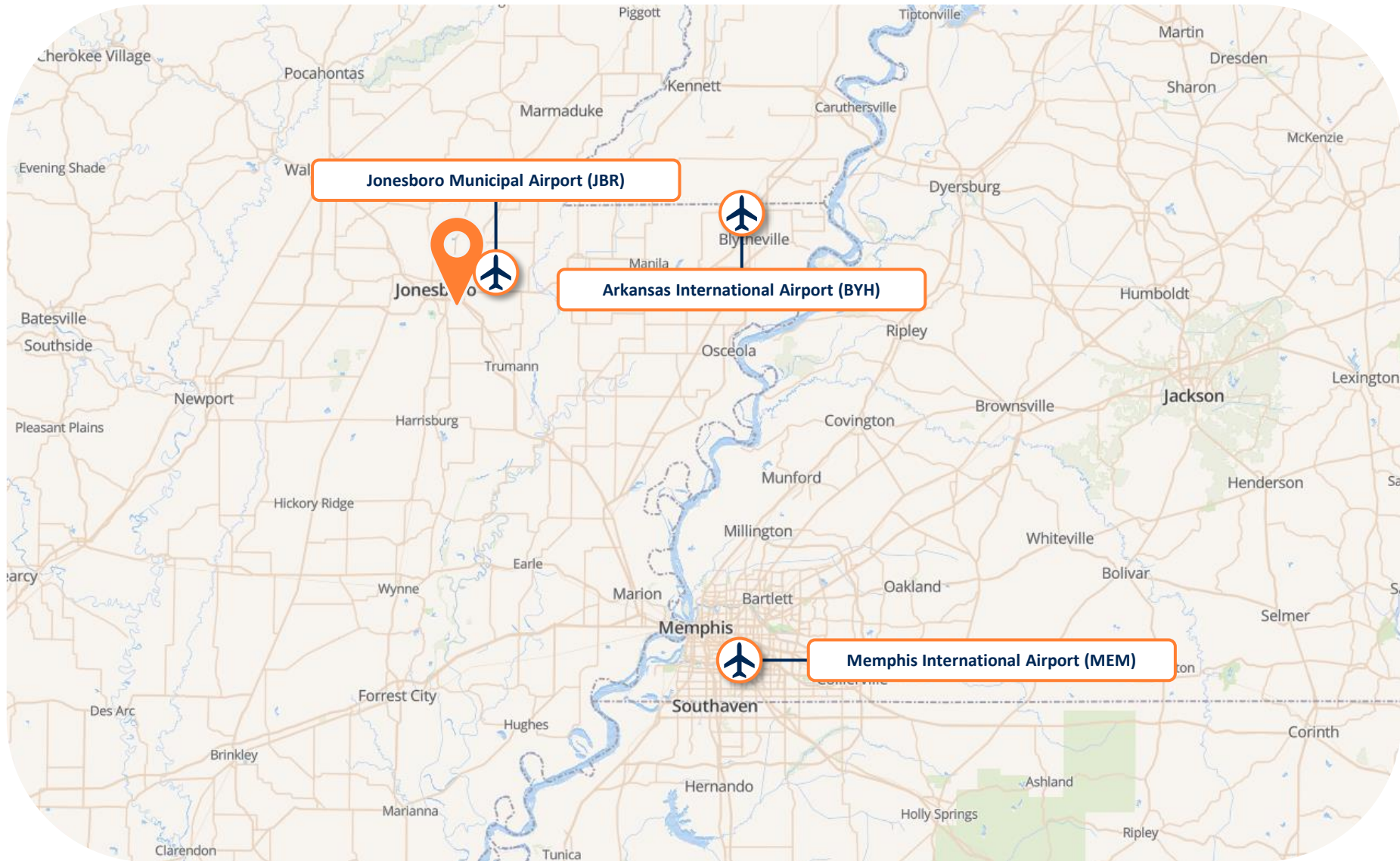






# Surrounding Area Photos

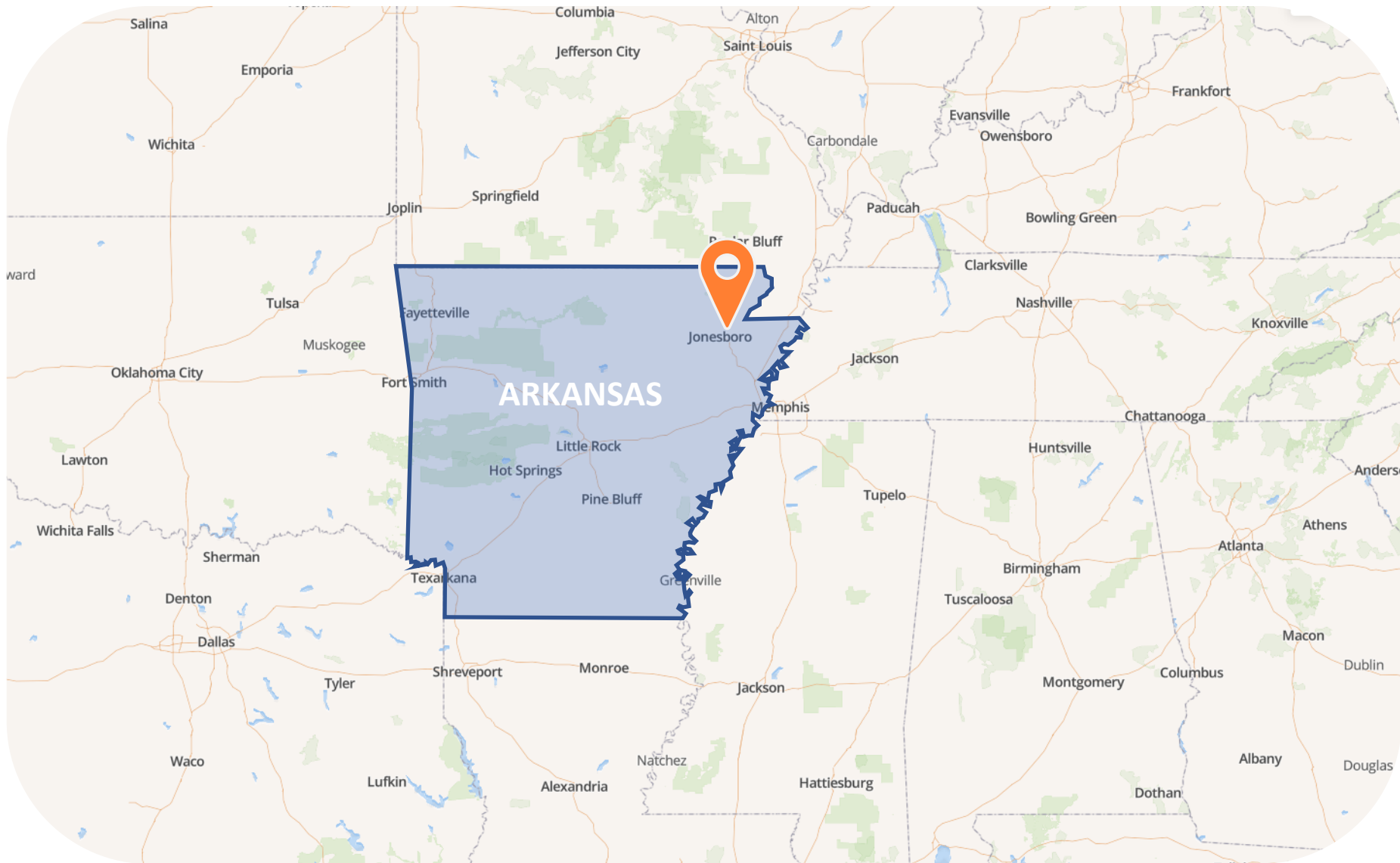








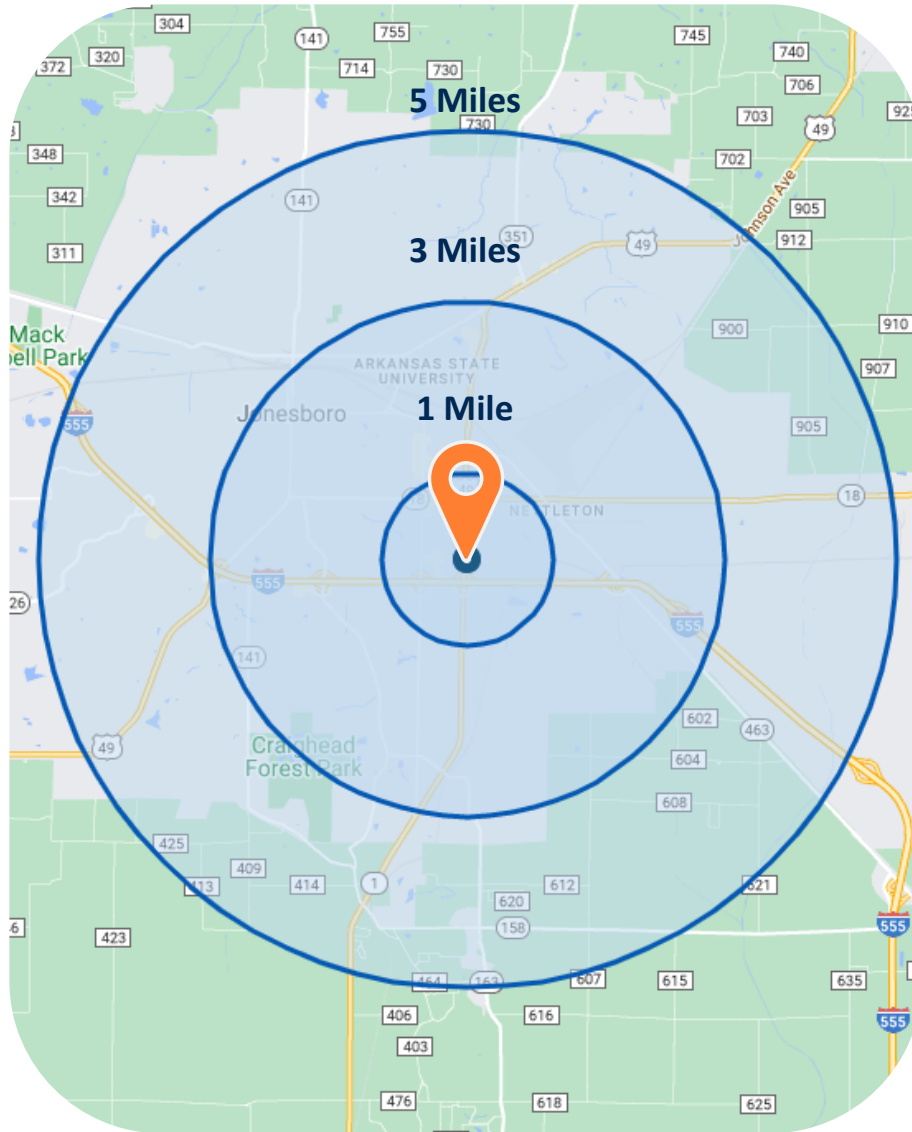
# Regional Map







# Demographics



## POPULATION TRENDS

	1 Mile	3 Miles	5 Miles
2010 Population	4,855	37,656	63,062
2022 Population	5,351	45,461	75,830
2027 Population Projection	5,813	49,899	83,250
Annual Growth 2010-2022	0.90%	1.70%	1.70%
Annual Growth 2022-2027	1.70%	2.00%	2.00%

## HOUSEHOLD TRENDS

	1 Mile	3 Miles	5 Miles
2010 Households	1,914	15,133	24,657
2022 Households	2,116	18,330	29,652
2027 Household Projection	2,303	20,185	32,626
Annual Growth 2010-2022	1.00%	1.80%	1.70%
Annual Growth 2022-2027	1.80%	2.00%	2.00%

## AVERAGE HOUSEHOLD INCOME (2022)

	1 Mile	3 Miles	5 Miles
Average Household Income (2022)	\$45,380	\$55,626	\$64,633

## MEDIAN HOUSEHOLD INCOME (2022)

	1 Mile	3 Miles	5 Miles
Median Household Income (2022)	\$26,328	\$34,656	\$42,842

## HOUSEHOLDS BY HOUSEHOLD INCOME (2022)

	1 Mile	3 Miles	5 Miles
< \$25,000	1,007	6,248	8,708
\$25,000 - 50,000	513	5,300	7,992
\$50,000 - 75,000	245	2,421	4,231
\$75,000 - 100,000	181	1,625	2,911
\$100,000 - 125,000	45	1,226	2,320
\$125,000 - 150,000	75	734	1,448
\$150,000 - 200,000	7	276	860
\$200,000+	43	501	1,181



# Market Overview



*Jonesboro, AR*



**Jonesboro** is a city located in the northeastern part of the state and is a part of Craighead County. With a population of over 71,000, Jonesboro is the fifth largest city in the state, and is home to Arkansas State University. The city was founded in 1859 by William A. Jones, who named it after himself. Before the Civil War, Jonesboro was a small trading center but quickly grew after the war ended. The city was first incorporated in 1866 and was the county seat of Craighead County. In the late 19th century, Jonesboro began to grow rapidly as railroads came to the city and the local economy began to boom. It was during this time that Arkansas State University was founded as well. Today, Jonesboro is a hub for commerce and industry, with many large companies such as Nestle, Tyson Foods, and ConAgra operating in the city. There is also an active agricultural community, with many farms in the area. The city is also home to many educational institutions, including Arkansas State University, the Arkansas State University-Newport, and Crowley's Ridge College. Jonesboro is home to a variety of attractions, including the Arkansas Welcome Center, the Arkansas State University Museum, and the Craighead Forest Park. The city also hosts a number of events throughout the year, such as the annual Rice Festival, the Jonesboro Half Marathon, and the annual Jonesboro Music Festival. Jonesboro is an important city in Arkansas and is continuing to grow. With its vibrant economy, diverse culture, and many attractions, it is a great place to live, work, and visit.

Russell Wachtler  
rwachtler@nnnpro.com  
332.345.4206  
NY: 10401294048

Eddie DeMatteis  
edematteis@nnnpro.com  
332.345.7782  
NY: 10401375705

Glen Kunofsky  
NY: 49KU1129178



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