

# BOB EVANS

EXCLUSIVE NET-LEASE OFFERING



# OFFERING MEMORANDUM



2199 Parr Drive, The Villages, FL 32162



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# Investment Highlights

PRICE: \$3,850,247 | CAP: 4.85% | RENT: \$186,737

## About the Investment

- ✓ Long Term 20-Year Triple-Net (NNN) Lease with Zero Landlord Responsibilities and 17.75 Years Remaining on the Base Term
- ✓ Attractive Two Percent Annual Rental Escalations
- ✓ Six (6), Five (5) Year Extension Options
- ✓ Strong Corporate Guarantee Backed by Approximately 500 Locations

## About the Location

- ✓ Explosive Population Growth, Five-Mile Population Expected to Grow by 22% from 2018-2023 to Over 117,000 Residents | Ranked the Fastest Growing US City by the US Census in 2013 & 2014
- ✓ The Villages is the Largest Planned Retirement Community in the United States
- ✓ Excellent Locations Fundamentals | Positioned at the Hard-Corner on 1.84 Acres Off E County Road 466 in a Dense Retail Corridor | Surrounding Tenants Include Publix, Bealls, CVS, Walgreens, Circle K, Bank of America, Chase, Wells Fargo, Burger King, Dunkin' Donuts, McDonald's, Taco Bell and Many More
- ✓ Less Than a One-Hour Drive from Orlando International Airport | More than 47.6 Million Travelers in 2018
- ✓ Florida | Income Tax Free State

## About the Tenant / Brand

- ✓ Founded in 1948, Bob Evans is an iconic American brand that has grown from a 12-stool, 24-hour restaurant to over 500 locations
- ✓ Restaurants operate across 3 dayparts (Breakfast: 32%, Lunch: 37%, Dinner: 31%) with a large carryout business (16%) – well-positioned for growing off-premise business
- ✓ Craveable, fresh offering of comfort food in a family-friendly atmosphere at an affordable price
- ✓ Strong real estate profile with well-maintained restaurants
- ✓ 100% of restaurants were recently remodeled



*Representative Photo*





# Financial Analysis

PRICE: \$3,850,247 | CAP: 4.85% | RENT: \$186,737



| PROPERTY DESCRIPTION        |                        |
|-----------------------------|------------------------|
| Property                    | Bob Evans              |
| Property Address            | 2199 Parr Drive        |
| City, State, ZIP            | The Villages, FL 32162 |
| Year Built / Renovated      | 2005 / 2013            |
| Building Size (Square Feet) | 5,655                  |
| Lot Size                    | +/- 1.84 Acres         |
| Type of Ownership           | Fee Simple             |

## THE OFFERING

|                |             |
|----------------|-------------|
| Purchase Price | \$3,850,247 |
| CAP Rate       | 4.85%       |
| Annual Rent    | \$186,737   |

## LEASE SUMMARY

|                      |                                |
|----------------------|--------------------------------|
| Property Type        | Net-Leased Restaurant          |
| Tenant               | Corporate                      |
| Original Lease Term  | 20 Years                       |
| Lease Commencement   | April 28, 2017                 |
| Lease Expiration     | April 30, 2037                 |
| Lease Term Remaining | 17.75 Years                    |
| Lease Type           | NNN                            |
| Rental Increases     | 2% Annually                    |
| Options to Renew     | Six (6), Five (5) Year Options |

## Rent Schedule

| Lease Year(s) | Annual Rent | Monthly Rent | Rent Escalation (%) |
|---------------|-------------|--------------|---------------------|
| Year 3        | \$183,075   | \$15,256     | 2.00%               |
| Year 4        | \$186,737   | \$15,561     | 2.00%               |
| Year 5        | \$190,472   | \$15,873     | 2.00%               |
| Year 6        | \$194,281   | \$16,190     | 2.00%               |
| Year 7        | \$198,167   | \$16,514     | 2.00%               |
| Year 8        | \$202,130   | \$16,844     | 2.00%               |
| Year 9        | \$206,173   | \$17,181     | 2.00%               |
| Year 10       | \$210,296   | \$17,525     | 2.00%               |
| Year 11       | \$214,502   | \$17,875     | 2.00%               |
| Year 12       | \$218,792   | \$18,233     | 2.00%               |
| Year 13       | \$223,168   | \$18,597     | 2.00%               |
| Year 14       | \$227,631   | \$18,969     | 2.00%               |
| Year 15       | \$232,184   | \$19,349     | 2.00%               |
| Year 16       | \$236,828   | \$19,736     | 2.00%               |
| Year 17       | \$241,564   | \$20,130     | 2.00%               |
| Year 18       | \$246,396   | \$20,533     | 2.00%               |
| Year 19       | \$251,323   | \$20,944     | 2.00%               |
| Year 20       | \$256,350   | \$21,362     | 2.00%               |

\*Current Rent is \$183,075; Pricing is based on upcoming rental increase on 5/1/2020

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Bob Evans located at 2199 Parr Drive in The Villages, Florida. The property consists of 5,655 square feet of building space and is situated on approximately 1.84 acres of land. The property is subject to a 20-year triple-net (NNN) lease that commenced on April 28, 2017. The current rent is \$183,075, increasing to \$186,737 on 5/1/2020. There are 2% annual rental increases that will continue through six, five-year tenant renewal options. There are 17.75 years remaining on the base term of this lease.



# Concept Overview



## About Bob Evans

*Bob Evans is a chain of family style restaurants founded and headquartered in Columbus, Ohio, which owns and operates nearly 500 locations in 18 states, primarily in the Midwest, mid-Atlantic and Southeast regions of the United States. As a private company owned by Golden Gate Capital, Bob Evans Restaurants is focused on providing quality food and hospitality to every guest at every meal, each and every day. The company offers a variety of pork sausages, mashed potatoes, macaroni and cheeses, frozen handheld breakfast items, bacon products, and other convenience foods. The restaurants feature a country-living theme with a close connection to farms.*

*On January 24, 2017, Bob Evans Farms announced the sale of its restaurants business unit to private equity company Golden Gate Capital (owners of Red Lobster and California Pizza Kitchen). Once the sale was finalized, Bob Evans Farms CEO Saed Mohseni moved to Golden Gate Capital to serve as president of the Bob Evans restaurant division. BEF Foods President Mike Townsley became president and CEO of the new Bob Evans Farms, which remains a public company focusing on grocery products such as breakfast sausage and refrigerated side dishes.*

***“We treat strangers like friends  
and friends like family.”***

**-Bob Evans**

## Strong Asset

- Strong real estate profile, all units have been recently remodeled
- Compelling unit-level fundamentals

## Strong Tenant

- Scale restaurant brand with approximately 500 locations
- Participates in the attractive and growing family dining segment which has consistently outperformed the casual dining segment
- Iconic brand with strong awareness / Net Promoter Score (NPS)

## Significant Experience

- Golden Gate Capital is the most active private equity buyer of full-service restaurant companies
- History of growing same restaurant sales and margins have led to successful outcomes: 60%+ IRRs across GGC restaurant transactions
- CEO Saed Mohseni has significant experience in casual dining, growing and taking two restaurant companies public; will lead a new but experienced management team





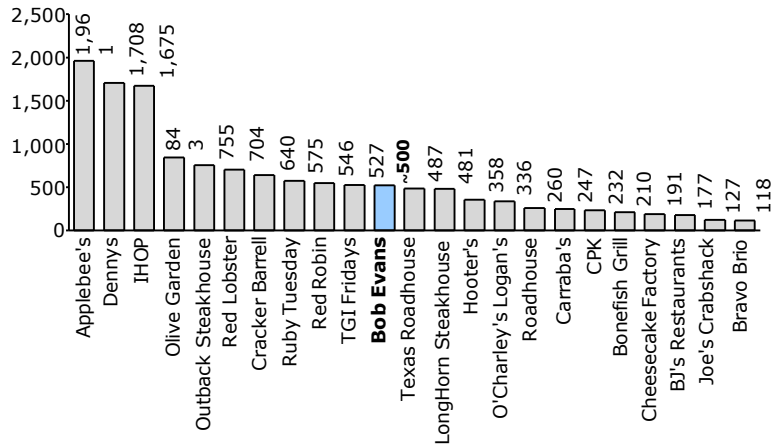
# Concept Overview



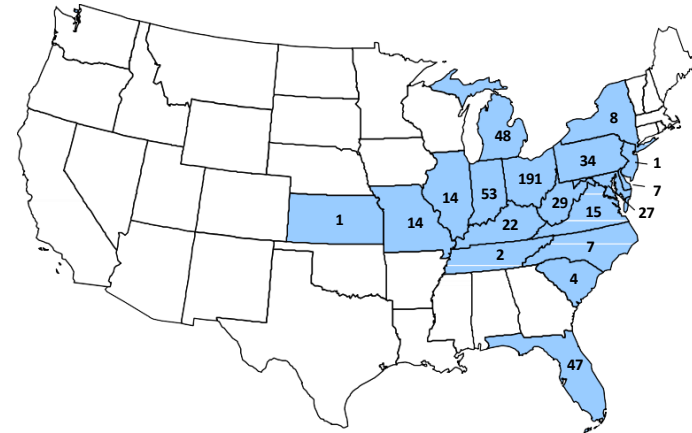
*Bob Evans Restaurants is a scale, strong brand with approximately 500 locations.*

## Significant Scale

North America Units

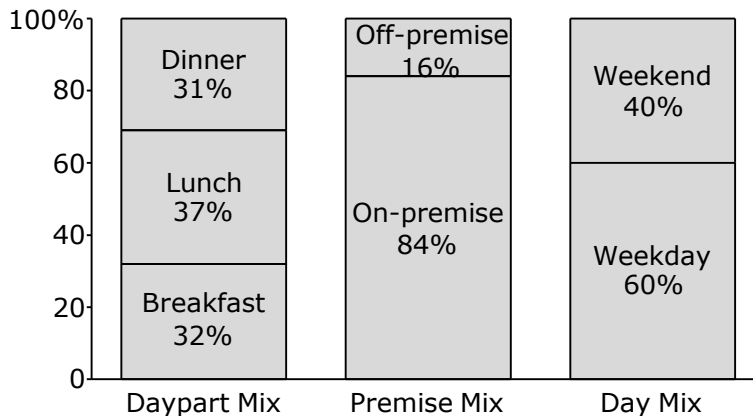


## Strong Real Estate Footprint



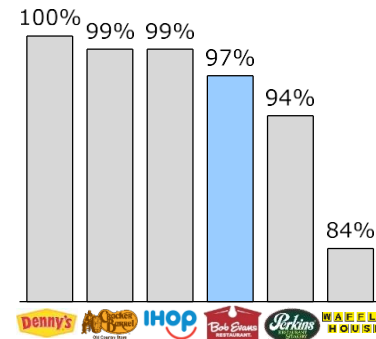
## Diversified Revenue Stream

% of Revenue

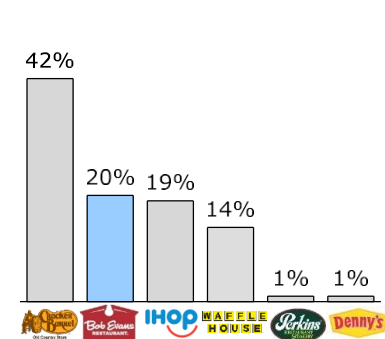


## Iconic Brand

Brand Awareness



Net Promoter Score



# Case Study: GGC's Red Lobster Investment Thesis and Results

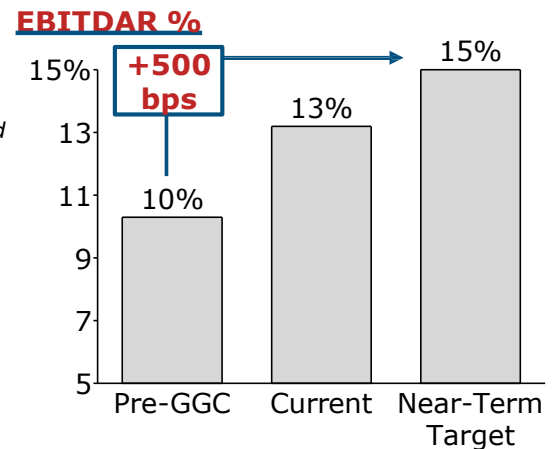
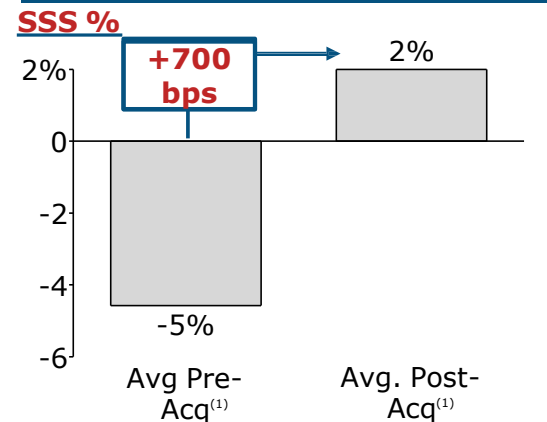


*The Bob Evans transaction fits directly into GGC's investment strategy and is very similar to GGC's acquisition of Red Lobster. Under GGC ownership Red Lobster has increased sales and margins through similar "playbook" planned for Bob Evans.*



|  | RED LOBSTER<br>FRESH FISH - LIVE LOBSTER                                | Bob Evans<br>RESTAURANT  |
|--|---|--|
| <b>Strong Scale Platform</b>             | ✓<br>(700+ locations)   | ✓<br>(~500 locations)  |
| <b>Leading Brand Awareness</b>           | ✓<br>(Loyal customer following with high perception across both brands) | ✓  |
| <b>Undermanaged but fixable asset</b>    | ✓<br>(Negative trends turned positive, higher margins)                  | ✓<br>(Similar thesis)  |
| <b>Attractive Real Estate</b>            | ✓<br>(Healthy real estate portfolio, recently remodeled)                | ✓<br>(Strong asset coverage from owned real estate, recently remodeled)  |
| <b>Strong History of Performance</b>     | ✓   | ✓  |
| <b>Identifiable Profit Opportunities</b> | ✓<br>(Multiple avenues of cost and sales upside)                        | ✓<br>(Multiple avenues of cost, sales <u>and</u> new unit opportunities) |

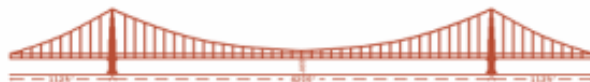
## RL Results Since Close







# About Golden Gate Capital



## GOLDEN GATE CAPITAL

- Golden Gate Capital (GGC) is a San Francisco-based Private Equity firm with over \$15 billion of capital under management.
- GGC has been one of the most active acquirers of multi-unit restaurant and retail companies.
  - Over the past 10 years, GGC has invested in restaurant and retail companies with annual revenues in excess of \$15 billion.
- GGC's investors include leading educational endowments, non-profit foundations, and selected entrepreneurs and managers.
- Investment approach is to partner with strong management teams to acquire strong, established brands with an opportunity to grow earnings through better execution, productivity improvements and unit growth.
- Excellent track record with acquiring and growing divisions of corporations.

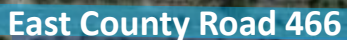
### *Select Restaurant Investments*

#### ***Restaurant Private Equity Investments***





Property Address: 2199 Parr Drive, The Villages, FL 32162



**ADTC: 12,158**

# The Villages Charter High School

**Enrollment:**  
**2,116**



Marcus & Millichap





# Aerial Photos

Property Address: 2199 Parr Drive, The Villages, FL 32162



Actual Site





# Aerial Photos

Property Address: 2199 Parr Drive, The Villages, FL 32162







# Aerial Photos

Property Address: 2199 Parr Drive, The Villages, FL 32162







# Surrounding Area Photos







# Location Overview

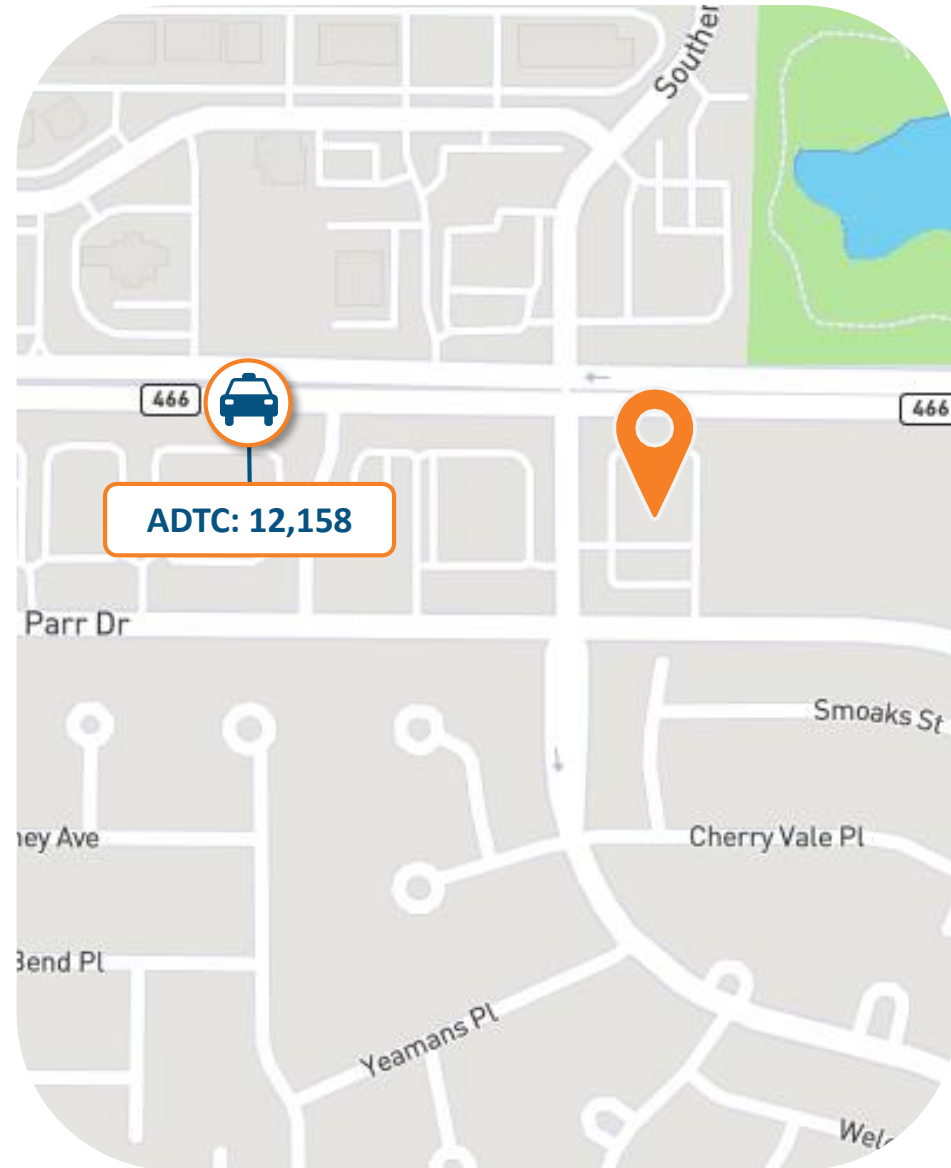
Property Address: 2199 Parr Drive, The Villages, FL 32162



This Bob Evans is located at 2199 Parr Drive in the premier Active Adult Retirement Community of The Villages, Florida. East County Road 466 boasts average daily traffic counts of 12,158 vehicles per day. There are 96,600 individuals residing within a 5-mile radius and 190,500 within a 10-miles radius. The subject site is located in an affluent suburban community with an average household income exceeding \$76,500 within a three-mile radius.

The subject property is well positioned in a dense retail corridor, benefitting from its proximity to major national and local tenants. Nearby national retailers and restaurants include Publix, Bealls, CVS, Walgreens, Circle K, Bank of America, Chase, Wells Fargo, Burger King, Dunkin' Donuts, McDonald's, Taco Bell and many more. The subject property is located within one mile of The Villages Charter High School, which has a total enrollment of 2,116 students. Orlando International Airport is located just 45 miles south of the subject Bob Evans. Orlando International Airport recorded more than 47,696,600 travelers in 2018. Popular golf courses such as Mallory Hill Golf & Country Club and Bonifay Golf & Country Club are located within five miles of the subject property. Hospitality accommodations in the area include Hampton Inn & Suites, The Waterfront Inn, Comfort Suites, and TownePlace Suites by Marriott. The Villages Regional Hospital, a general surgical hospital that is situated with 307 fully-staffed beds, is located less than four miles away from the subject property.

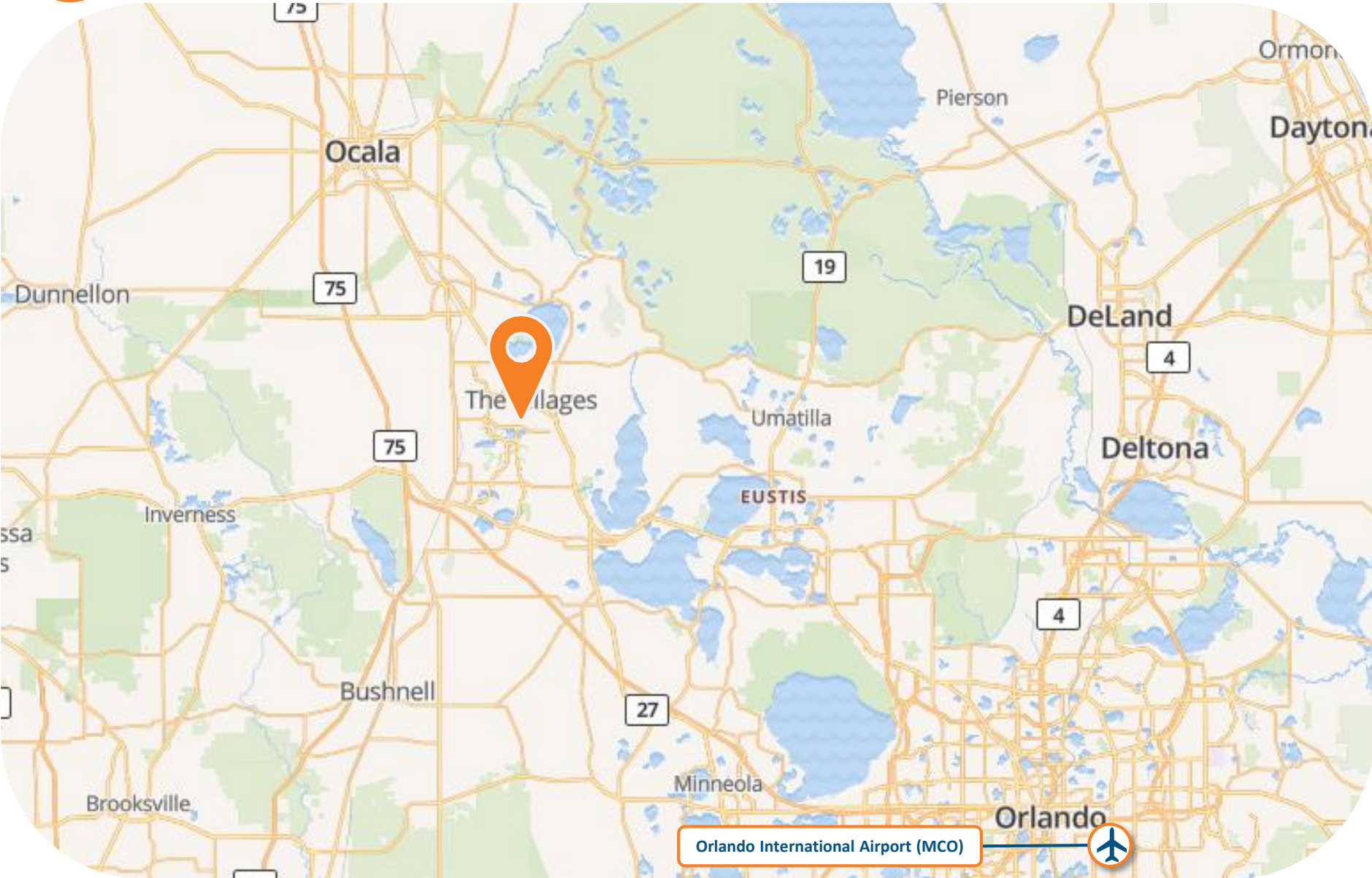
The Villages is a census-designated place (CDP) in Sumter County, Florida, United States. According to U.S. Census data released in March 2018, The Villages was 10th on the annual list of fastest-growing metropolitan areas in the United States. In 2017, Forbes magazine named The Villages to the list of The 25 Best Places To Retire in the United States for the second time. As a premier name in the retirement community, The Villages is constantly expanding and constructing new residential areas within the city to meet increasing demand for residency. As of 2016, The Villages had built 5.7 million square feet of commercial business space, with another 3.3 million square feet planned for the near future. Major businesses include restaurants, retail geared toward older Americans, and healthcare providers. In the 10 years from 2007 to 2017, The Villages metropolitan statistical area (MSA) was the 9th fastest growing area in the United States with the GDP growing 51.4% to \$2.1 billion.





# Local Map

Property Address: 2199 Parr Drive, The Villages, FL 32162



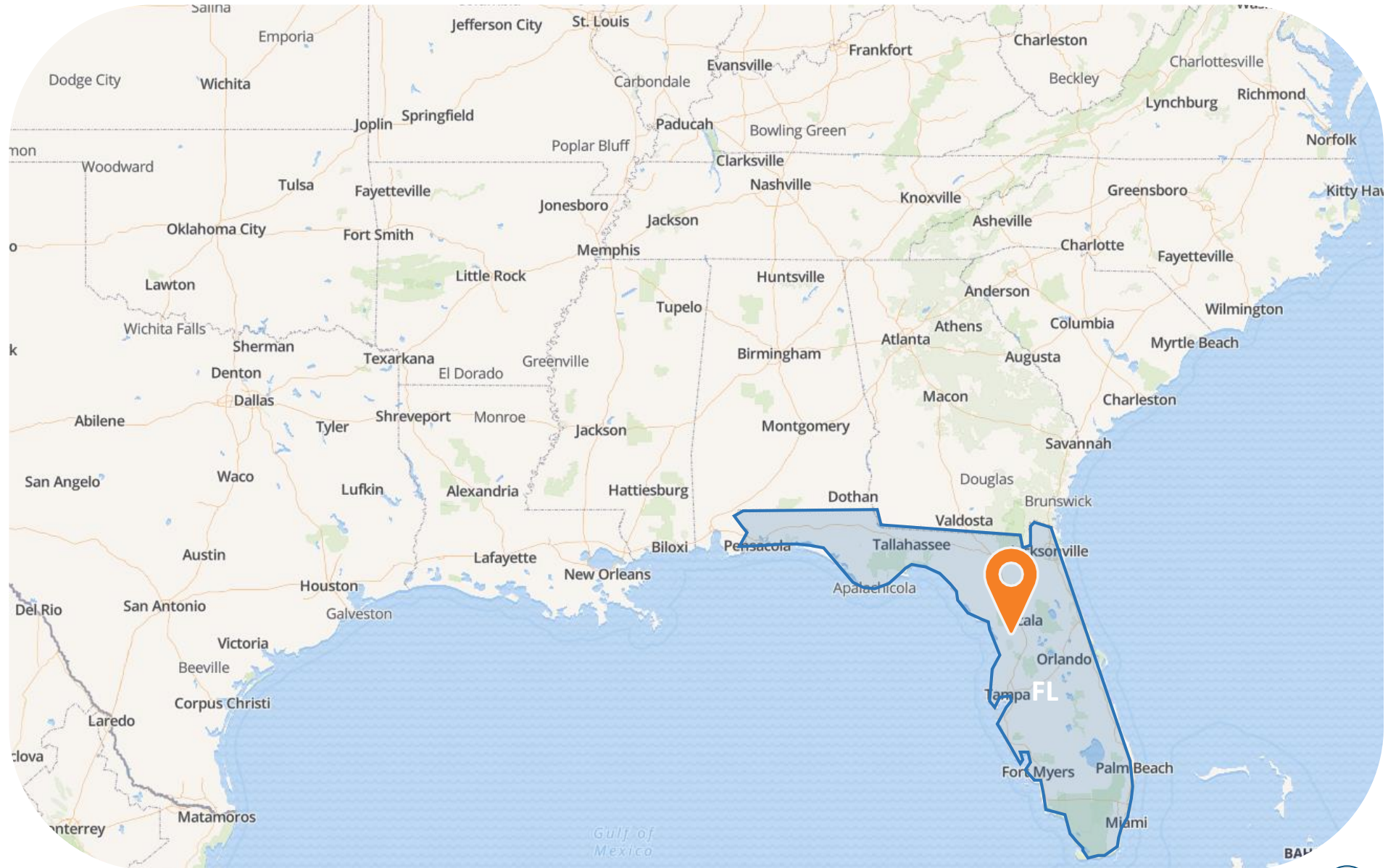




# Regional Map



Property Address: 2199 Parr Drive, The Villages, FL 32162

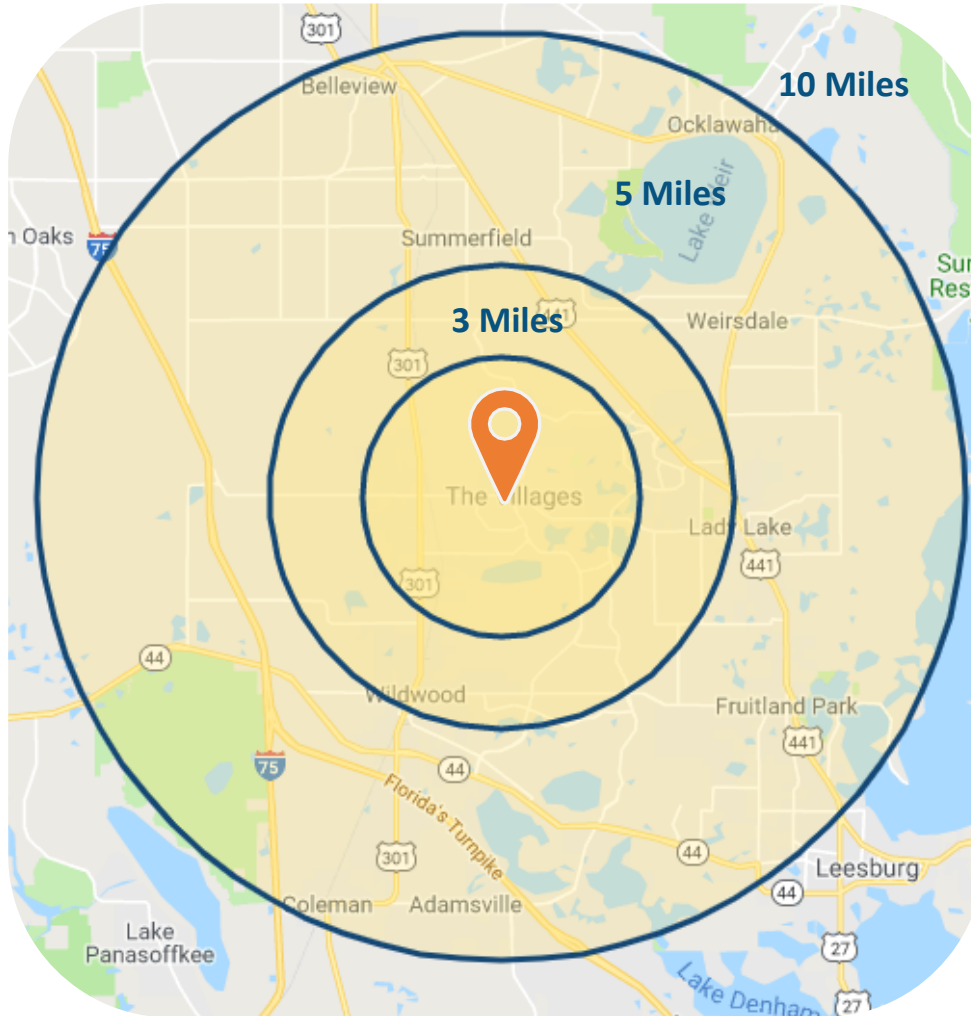






# Demographics

Property Address: 2199 Parr Drive, The Villages, FL 32162



## POPULATION

|                 | 3 Miles | 5 Miles | 10 Miles |
|-----------------|---------|---------|----------|
| 2023 Projection | 50,955  | 117,761 | 219,542  |
| 2018 Estimate   | 41,033  | 96,627  | 190,599  |
| 2010 Census     | 33,376  | 78,800  | 154,886  |
| 2000 Census     | 10,392  | 32,824  | 97,487   |

## INCOME

|            | 3 Miles  | 5 Miles  | 10 Miles |
|------------|----------|----------|----------|
| Average    | \$76,525 | \$71,294 | \$65,663 |
| Median     | \$61,356 | \$57,328 | \$51,841 |
| Per Capita | \$42,019 | \$37,863 | \$31,363 |

## HOUSEHOLDS

|                 | 3 Miles | 5 Miles | 10 Miles |
|-----------------|---------|---------|----------|
| 2023 Projection | 28,267  | 63,268  | 106,869  |
| 2018 Estimate   | 22,529  | 51,265  | 90,852   |
| 2010 Census     | 18,230  | 42,082  | 74,415   |
| 2000 Census     | 5,246   | 16,180  | 41,606   |

## HOUSING

|      | 3 Miles   | 5 Miles   | 10 Miles  |
|------|-----------|-----------|-----------|
| 2018 | \$244,429 | \$229,712 | \$201,502 |

## EMPLOYMENT

|                           | 3 Miles | 5 Miles | 10 Miles |
|---------------------------|---------|---------|----------|
| 2018 Daytime Population   | 41,414  | 101,050 | 178,180  |
| 2018 Unemployment         | 6.11%   | 5.69%   | 5.68%    |
| 2018 Median Time Traveled | 24 Mins | 24 mins | 25 Mins  |

## RACE & ETHNICITY

|                        | 3 Miles | 5 Miles | 10 Miles |
|------------------------|---------|---------|----------|
| White                  | 97.40%  | 95.05%  | 89.10%   |
| Native American        | 0.03%   | 0.03%   | 0.07%    |
| African American       | 0.85%   | 2.64%   | 6.54%    |
| Asian/Pacific Islander | 1.03%   | 1.03%   | 1.09%    |



# Market Overview

City: Ocala | County: Marion | State: Florida

**Ocala** is a city located in central Florida, less than 60 miles from Orlando, Florida. It is the seat of Marion County and the principal city of the Ocala, Florida Metropolitan Statistical Area. Ocala is the midway point between Atlanta and Miami - an area of nearly 40 million people. Several major highways pass through the city, including Interstate 75, U.S. Highway 27, U.S. Route 301 and U.S. Highway 441. Additionally, Ocala is centered among the major metro areas of Jacksonville, Orlando and Tampa, all within a two-hour drive. Local businesses have access to major markets using the interstate and U.S. highways, railroads, and Ocala International Airport, a premier general aviation airport serving commercial, industrial and corporate needs. In the last decades of the twentieth century, the greater Ocala area had one of the highest growth rates in the country for a city its size.

Ocala supports a diverse regional economy of manufacturing, distribution, services and retail industries. The proportion of the labor force employed in manufacturing is almost double the average for the State of Florida, and a strong and growing service sector is in place to meet the needs of business and individuals. Ocala is the headquarters of ABCO transportation and Emergency One, a worldwide designer and manufacturer of fire rescue vehicles. Located just 45 miles south is the bustling city of Orlando, Florida, a major industrial and hi-tech center. The metro area has a \$13.4 billion technology industry employing 53,000 people and is a nationally recognized cluster of innovation in digital media, agricultural technology, aviation, aerospace, and software design.

## Major Employers

| Employer                                | Estimated # of Employees |
|---|--------------------------|
| Orange Blossom Hills G&C Club           | 2,449                    |
| Villages of Lake-Sumter                 | 2,281                    |
| Lake Academy Leesburg                   | 2,000                    |
| The Villages                            | 2,000                    |
| Walmart                                 | 1,100                    |
| State of Florida DOT                    | 759                      |
| FCC Coleman                             | 700                      |
| UNICOR                                  | 550                      |
| Villages Charter School                 | 446                      |
| T & D Concrete                          | 440                      |
| Village Community Development Districts | 326                      |



Marcus & Millichap

**EXCLUSIVE NET LEASE OFFERING**

**FL BROKER OF RECORD:**

Ryan Nee  
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