

BOB EVANS

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



7781 Dudley Drive, West Chester, OH 45069

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income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

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Investment Highlights

PRICE: \$2,814,504 | CAP: 5.75% | RENT: \$161,834

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

- ✓ Excellent Locations Fundamentals | 1.17 Acres Situated Directly Off of I-75 At Signalized Intersection Adjacent to The Home Depot & LA Fitness
- ✓ Excellent Demographics | Current Five-Mile Population of Over 141,000 Residents, Expected to Grow by 9.5% Within the Next Five Years
- ✓ Affluent Suburban Community | Average Household Income Exceeds \$127,390 within a Three-Mile Radius
- ✓ Heavily Trafficked Area | More than 38,260 and 99,390 Vehicles Per Day, Respectively
- ✓ Dense Retail Corridor | Lowe's, Walgreens, Target, Kohl's, T.J. Maxx, The Home Depot, Meijer, Kroger, Aldi, Office Depot, Michael's, Big Lots, Starbucks, McDonald's, Burger King, Wendy's, Chick-fil-A, Longhorn Steakhouse and Many More
- ✓ Approximately 30 Miles from Cincinnati/Northern Kentucky International Airport | More than 8.865 Million Passengers Served in 2018

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: \$2,814,504 | CAP: 5.75% | RENT: \$161,834



PROPERTY DESCRIPTION	
Property	Bob Evans
Property Address	7781 Dudley Drive
City, State, ZIP	West Chester, OH 45069
Year Built / Renovated	1998 / 2012
Building Size (Square Feet)	4,998
Lot Size	+/- 1.17 Acres
Type of Ownership	Fee Simple
THE OFFERING	
Purchase Price	\$2,814,504
CAP Rate	5.75%
Annual Rent	\$161,834
LEASE SUMMARY	
Property Type	Net-Leased Restaurant
Tenant / Guarantor	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	\$158,661	\$13,222	2.00%
Year 4	\$161,834	\$13,486	2.00%
Year 5	\$165,071	\$13,756	2.00%
Year 6	\$168,372	\$14,031	2.00%
Year 7	\$171,740	\$14,312	2.00%
Year 8	\$175,174	\$14,598	2.00%
Year 9	\$178,678	\$14,890	2.00%
Year 10	\$182,251	\$15,188	2.00%
Year 11	\$185,896	\$15,491	2.00%
Year 12	\$189,614	\$15,801	2.00%
Year 13	\$193,407	\$16,117	2.00%
Year 14	\$197,275	\$16,440	2.00%
Year 15	\$201,220	\$16,768	2.00%
Year 16	\$205,245	\$17,104	2.00%
Year 17	\$209,350	\$17,446	2.00%
Year 18	\$213,537	\$17,795	2.00%
Year 19	\$217,807	\$18,151	2.00%
Year 20	\$222,163	\$18,514	2.00%

*Current Rent is \$158,661; 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 7781 Dudley Drive, West Chester, OH. The property consists of 4,998 square feet of building space and is situated on approximately 1.17 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 \$158,661, increasing to \$161,834 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





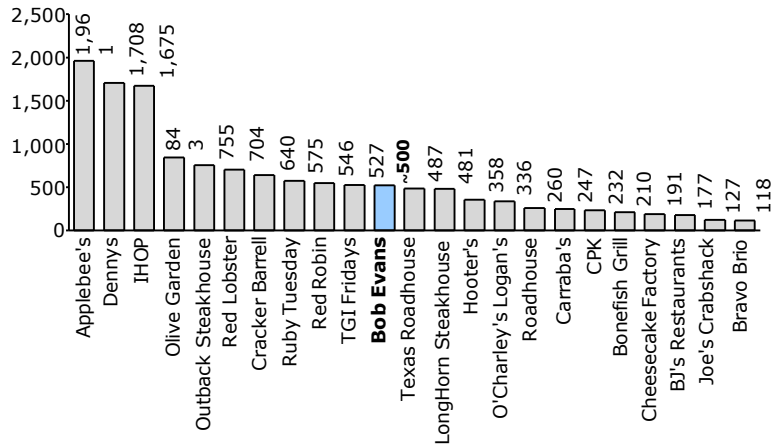
Concept Overview



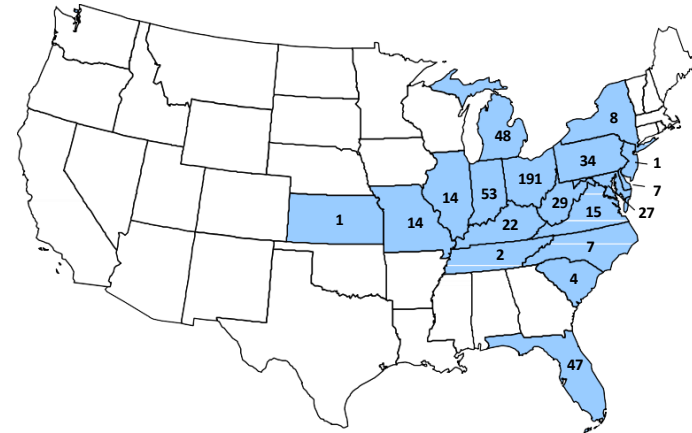
Bob Evans Restaurants is a scale, strong brand with approximately 500 locations.

Significant Scale

North America Units

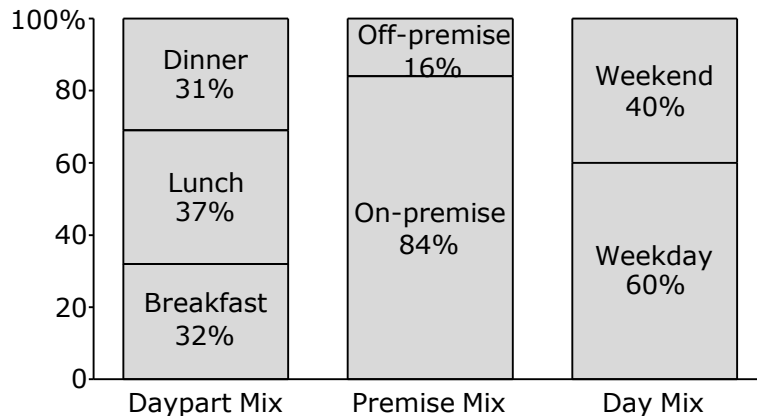


Strong Real Estate Footprint



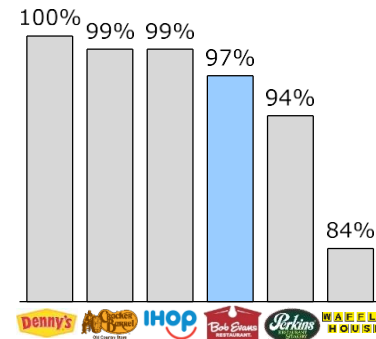
Diversified Revenue Stream

% of Revenue

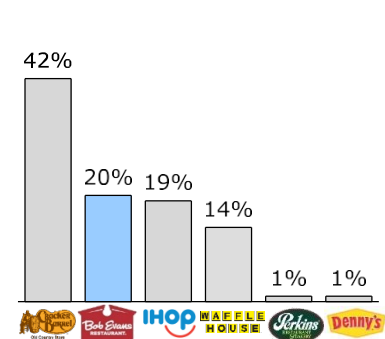


Iconic Brand

Brand Awareness



Net Promoter Score





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

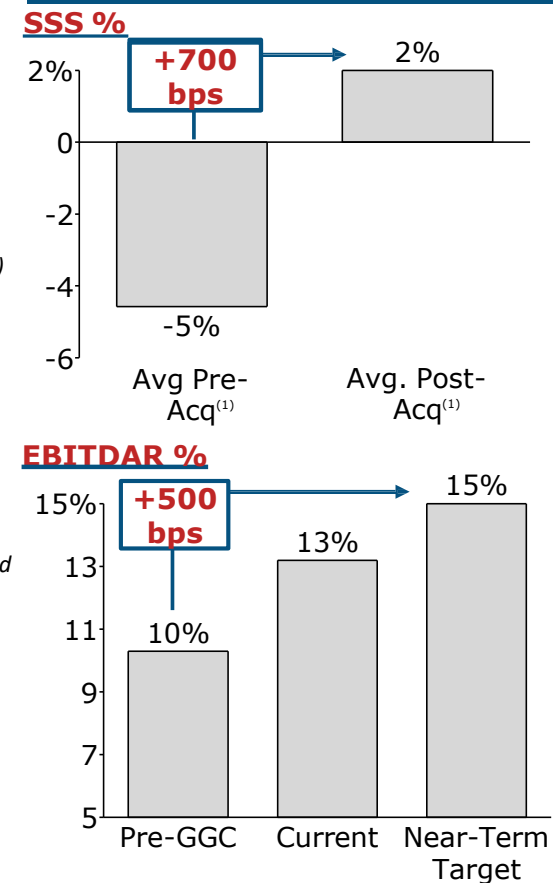


The Bob Evans transaction fits directly into GGC's investment strategy and is very similar to GGC's acquisition of Red Lobster. Under GGC ownership Red Lobster has increased sales and margins through similar "playbook" planned for Bob Evans.



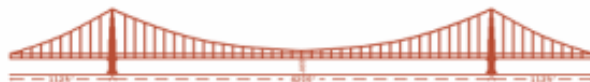
		
Strong Scale Platform	✓ (700+ locations)	✓ (~500 locations)
Leading Brand Awareness	✓ (Loyal customer following with high perception across both brands)	✓
Undermanaged but fixable asset	✓ (Negative trends turned positive, higher margins)	✓ (Similar thesis)
Attractive Real Estate	✓ (Healthy real estate portfolio, recently remodeled)	✓ (Strong asset coverage from owned real estate, recently remodeled)
Strong History of Performance	✓	✓
Identifiable Profit Opportunities	✓ (Multiple avenues of cost and sales upside)	✓ (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

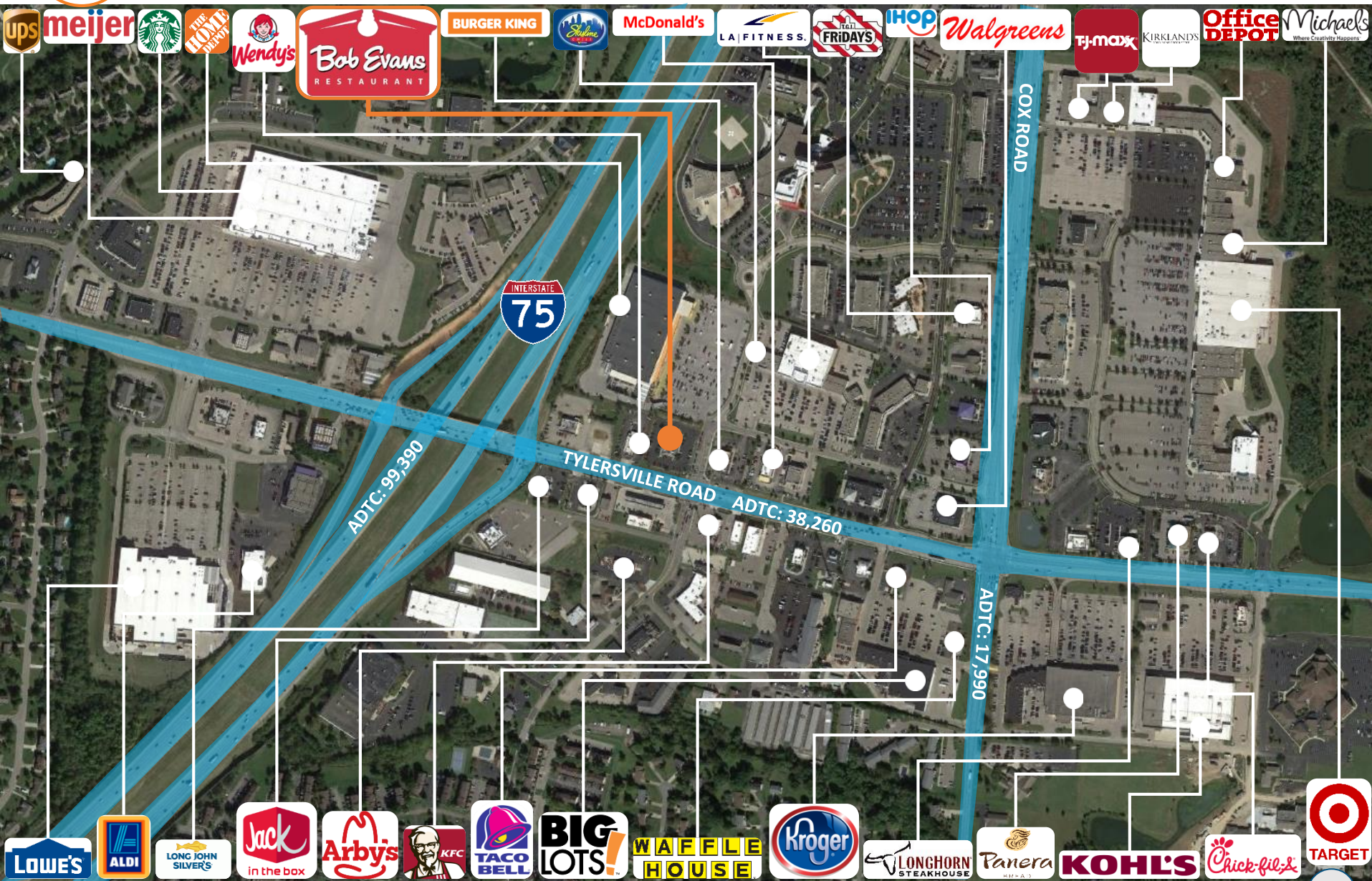




Surrounding Area



Property Address: 7781 Dudley Drive, West Chester, OH 45069





Aerial Photos

Property Address: 7781 Dudley Drive, West Chester, OH 45069



Actual Site

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Aerial Photos

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Aerial Photos

Property Address: 7781 Dudley Drive, West Chester, OH 45069





Surrounding Area Photos





Location Overview

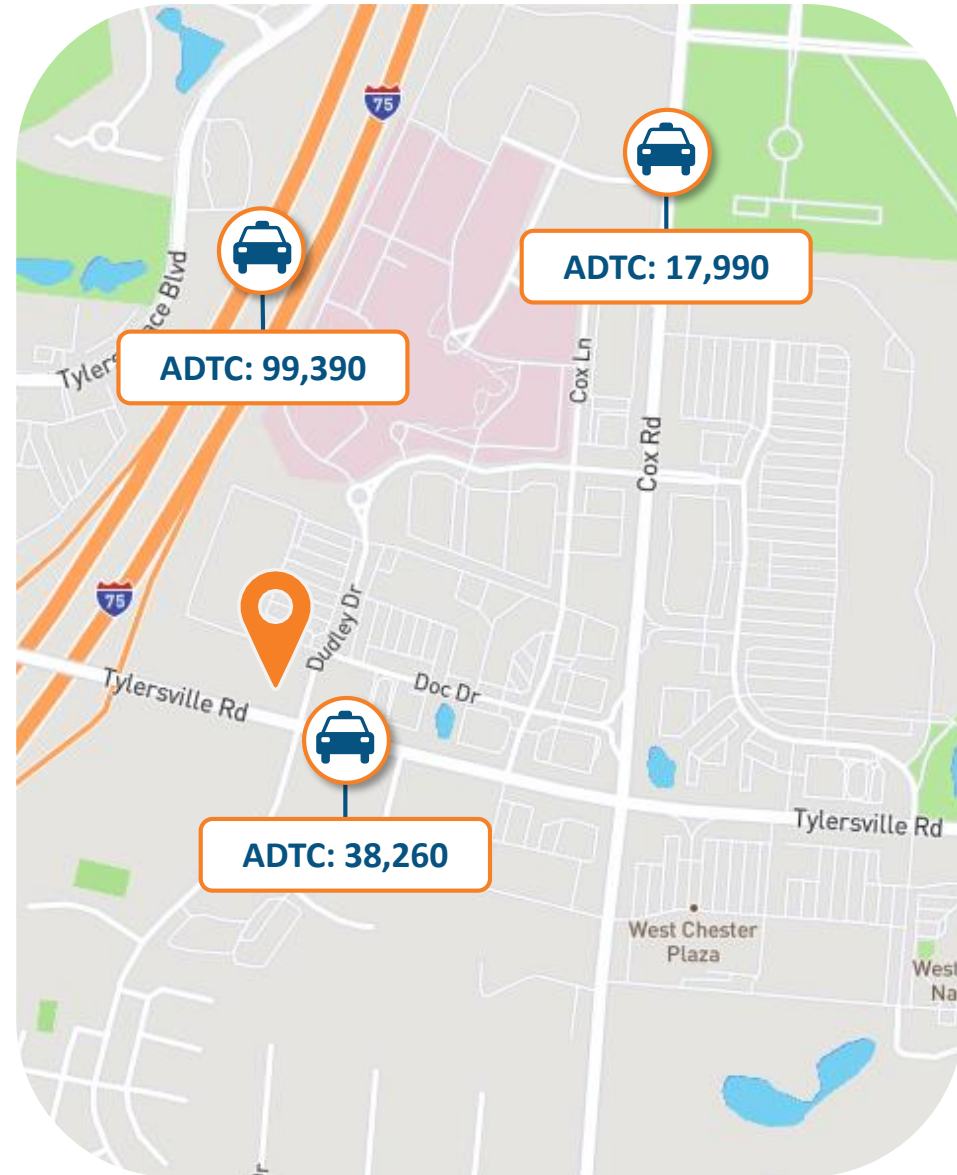
Property Address: 7781 Dudley Drive, West Chester, OH 45069



The subject investment property is strategically situated on Dudley Drive just off an exit for Interstate-75 and directly across the street from a Lowe's Home Improvement store. Dudley Drive is located just off Tylersville Road which boasts an average daily traffic count exceeding 38,260 vehicles per day. Tylersville Road intersects with Interstate-75, which brings an additional 99,390 vehicles into the immediate surrounding area per day. Within an immediate three-mile radius is an affluent suburban community with average household income exceeding \$127,393. There are more than 61,730 individuals residing within a three-mile radius of the site and more than 141,130 individuals within a five-mile radius.

This Bob Evans benefits from being well-positioned in a highly dense retail corridor that features national and local tenants and shopping centers. Major national tenants in the immediate area include: Lowe's, Walgreens, Target, Kohl's, T.J. Maxx, The Home Depot, Meijer, Kroger, Aldi, Office Depot, Michael's, Big Lots, Starbucks, McDonald's, Burger King, Wendy's, Chick-fil-A, Longhorn Steakhouse, in addition to many others.

West Chester Township is one of the thirteen townships of Butler County, Ohio. It is situated between Sharonville and Liberty Township, approximately 23-miles from Cincinnati, Ohio, and is included in the Cincinnati Metropolitan Area. Several notable events occur in West Chester Township, but most prominent is the Union Centre Boulevard Bash. This celebration is held in early August and hosted at The Square Union Centre. The event has attracted artists such as King's X, Extreme, and David Cassidy. On October 17th, 2008, Republican Vice-President candidate Sarah Palin and the U.S. Congress House Minority Leader John Boehner spoke to a crowd of over 15,000 people at the Square at Union Centre in front of the renowned bell-tower. Additionally, on November 2nd, 2012, the Mitt Romney campaign held a rally where over 30,000 attended at the same venue. The rally included a concert by Kid Rock and several speakers that included Paul Ryan, Rudy Giuliani, Rick Santorum, John Kasich, Rick Perry, Marco Rubio, Rob Portman, and John Boehner.

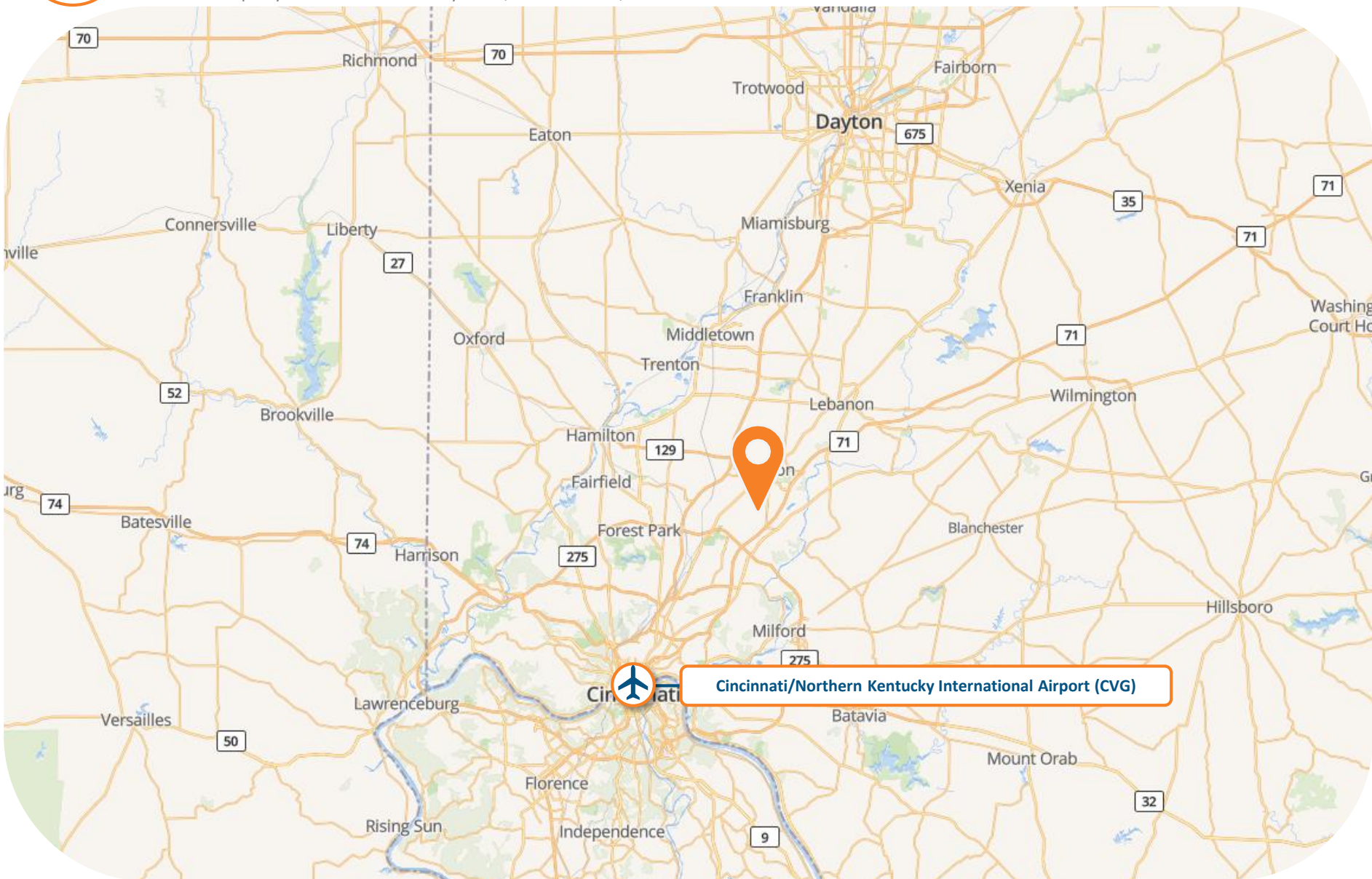




Local Map



Property Address: 7781 Dudley Drive, West Chester, OH 45069





Regional Map

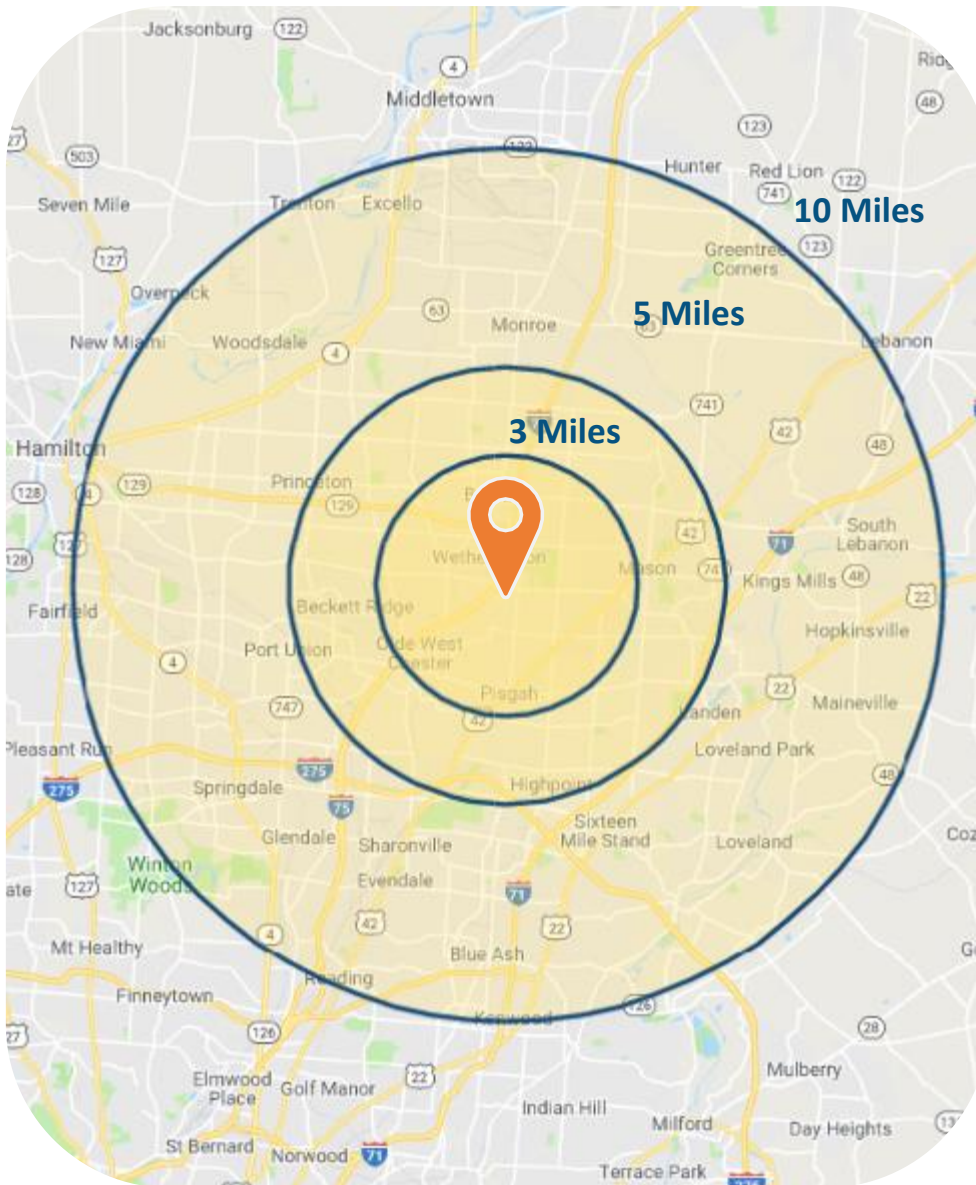
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Demographics

Property Address: 7781 Dudley Drive, West Chester, OH 45069



POPULATION

	3 Miles	5 Miles	10 Miles
2023 Projection	66,321	154,624	494,804
2018 Estimate	61,730	141,132	461,537
2010 Census	59,299	132,096	439,355
2000 Census	50,603	105,324	370,787

INCOME

	3 Miles	5 Miles	10 Miles
Average	\$127,393	\$135,014	\$106,738
Median	\$99,778	\$103,365	\$78,399
Per Capita	\$44,177	\$47,664	\$40,092

HOUSEHOLDS

	3 Miles	5 Miles	10 Miles
2023 Projection	23,142	54,708	185,832
2018 Estimate	21,370	49,768	172,383
2010 Census	20,413	46,475	164,085
2000 Census	17,071	35,933	138,054

HOUSING

	3 Miles	5 Miles	10 Miles
2018	\$224,795	\$241,751	\$205,272

EMPLOYMENT

	3 Miles	5 Miles	10 Miles
2018 Daytime Population	55,520	151,825	530,583
2018 Unemployment	3.71%	3.58%	3.91%
2018 Median Time Traveled	25 Mins	26 Mins	26 Mins

RACE & ETHNICITY

	3 Miles	5 Miles	10 Miles
White	80.32%	79.70%	78.00%
Native American	0.14%	0.17%	0.12%
African American	5.97%	6.28%	11.29%
Asian/Pacific Islander	9.59%	10.00%	5.86%



Market Overview

City: Cincinnati | County: Hamilton County | State: Ohio

Cincinnati, Ohio

Cincinnati is located approximately 23 miles from West Chester. Roughly 45 miles east of the Ohio-Indiana border is Cincinnati, Ohio. Cincinnati, which is within a one-day drive of two-thirds of the American population, is a city in and county seat of Hamilton County. The city boasts the fastest growing economy in the Midwestern United States, having a Gross Metro Product of \$119 billion dollars. Several Fortune 500 companies are headquartered in Cincinnati, such as Proctor and Gamble, The Kroger Company, and Macy's.

The city is home to two major professional sports teams, the Cincinnati Reds of Major League Baseball and the Cincinnati Bengals of the National Football League. The University of Cincinnati is positioned within the city's limits. The University of Cincinnati is a major economic force for the city, having an economic impact of over \$3.5 billion dollars each year. Xavier University, which is also located in Cincinnati, along with the University of Cincinnati have a combined enrollment of more than 50,000 students. Listed as fourth on CNN's Top 10 cities for new graduates, many of the 50,000 students stay in Cincinnati after they graduate.

Major Employers

Employer	Estimated # of Employees
BG Holding LLC	6,565
US Foods Incorporated	3,300
Cincinnati Financial Corporation	3,201
GE	3,076
Belcan	3,000
Kroger	2,789
NPC Group Incorporated	2,493
UC Health LLC	2,419
Intelligrated Systems LLC	2,300
Walmart	2,185
Cintas First Aid & Safety	2,016



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