

# BOB EVANS

EXCLUSIVE NET-LEASE OFFERING



# OFFERING MEMORANDUM



7411 West Irlo Bronson Memorial Highway,  
Kissimmee, FL 34747

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# Investment Highlights

PRICE: \$2,078,288 | CAP: 4.85% | RENT: \$100,797

## 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 Option Periods
- ✓ Strong Corporate Guarantee Backed by Approximately 500+ Corporate Locations

## About the Location

- ✓ Located Adjacent to Walt Disney World Hotels such as Disney's All-Star Movies Resort and Disney's All-Star Music Resort | Surrounded By Other Hotels such as Baymont Inn & Suites, Clarion Inn, Margaritaville Resort Orlando, Comfort Inn, Quality Inn, High Point World Resort, Ramada by Wyndham and Many More
- ✓ Extremely High Traffic Counts | 72,500 Vehicles Per Day on West Irlo Bronson Memorial Highway
- ✓ Huge Population Growth | Population within Three Miles of the Subject Property is Projected to Increase by Approximately 20% by 2023
- ✓ Highly Dense Retail Corridor | Walmart, Publix, Walgreens, CVS, Ross Dress for Less, McDonald's, Chick-fil-A, Burger King, Panera Bread, Wendy's, Arby's, Taco Bell, Buffalo Wild Wings, Red Lobster, IHOP, and Many More
- ✓ Excellent Florida Real Estate | Less than 20 Miles from the Heart of Downtown Orlando | Third-Most Populous City in Florida
- ✓ Compelling Business Incentives | Florida is an 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: \$2,078,288 | CAP: 4.85% | RENT: \$100,797



PROPERTY DESCRIPTION	
Property	Bob Evans
Property Address	7411 West Irlo Bronson Memorial Highway
City, State, ZIP	Kissimmee, FL 34747
Year Built / Renovated	1989 / 2013
Building Size (Square Feet)	5,103
Lot Size	+/- 1.56 Acres
Type of Ownership	Triple-Net (NNN)
THE OFFERING	
Purchase Price	\$2,078,288
CAP Rate	4.85%
Annual Rent	\$100,797
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	2.00% Annually
Options to Renew	Six (6), Five (5) Year Options

Rent Schedule			
Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 3	\$98,820	\$8,235	-
Year 4	\$100,797	\$8,400	2.00%
Year 5	\$102,813	\$8,568	2.00%
Year 6	\$104,869	\$8,739	2.00%
Year 7	\$106,966	\$8,914	2.00%
Year 8	\$109,106	\$9,092	2.00%
Year 9	\$111,288	\$9,274	2.00%
Year 10	\$113,513	\$9,459	2.00%
Year 11	\$115,784	\$9,649	2.00%
Year 12	\$118,099	\$9,842	2.00%
Year 13	\$120,461	\$10,038	2.00%
Year 14	\$122,871	\$10,239	2.00%
Year 15	\$125,328	\$10,444	2.00%
Year 16	\$127,835	\$10,653	2.00%
Year 17	\$130,391	\$10,866	2.00%
Year 18	\$132,999	\$11,083	2.00%
Year 19	\$135,659	\$11,305	2.00%
Year 20	\$138,372	\$11,531	2.00%

\*Current Rent is \$98,820; 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 7411 West Irlo Bronson Memorial Highway in Kissimmee, Florida. The property consists of approximately 5,103 square feet of building space and is situated on approximately 1.56 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 \$98,820, increasing to \$100,797 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





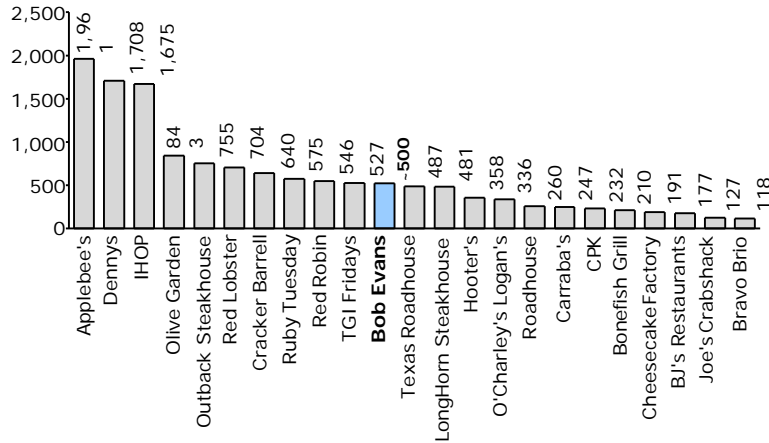
# Concept Overview



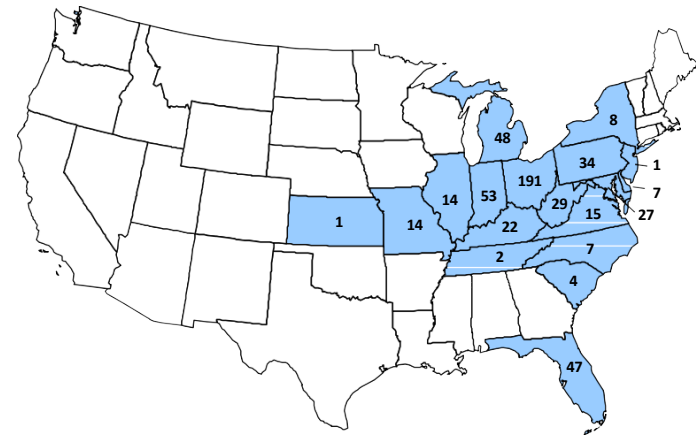
*Bob Evans Restaurants is a scale, strong brand with approximately 500 locations.*

## Significant Scale

North America Units

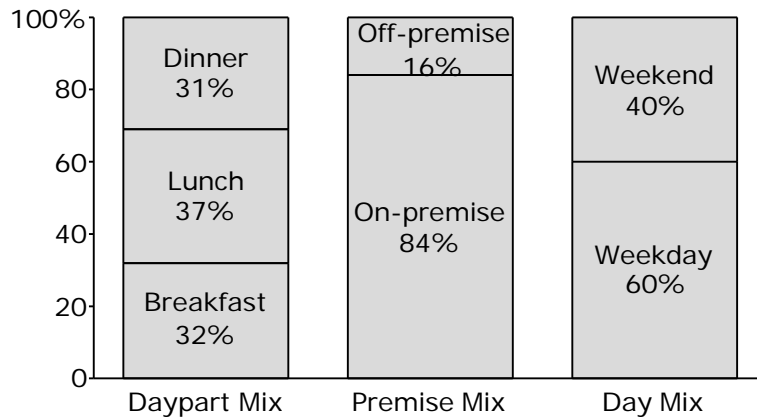


## Strong Real Estate Footprint



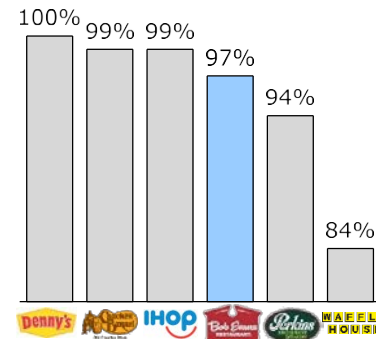
## Diversified Revenue Stream

% of Revenue

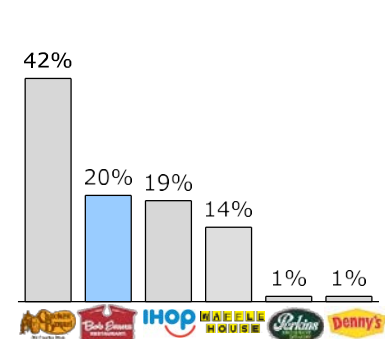


## Iconic Brand

Brand Awareness



Net Promoter Score





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

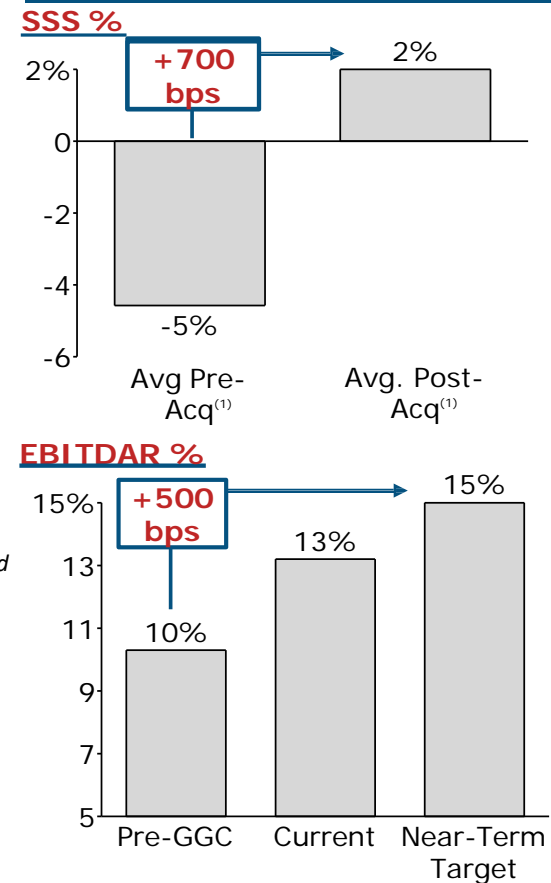


*The Bob Evans transaction fits directly into GGC's investment strategy and is very similar to GGC's acquisition of Red Lobster. Under GGC ownership Red Lobster has increased sales and margins through similar "playbook" planned for Bob Evans.*



		
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)

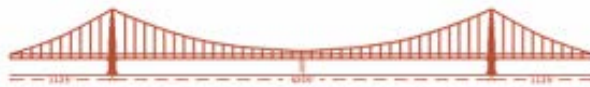
## RL Results Since Close







# 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*

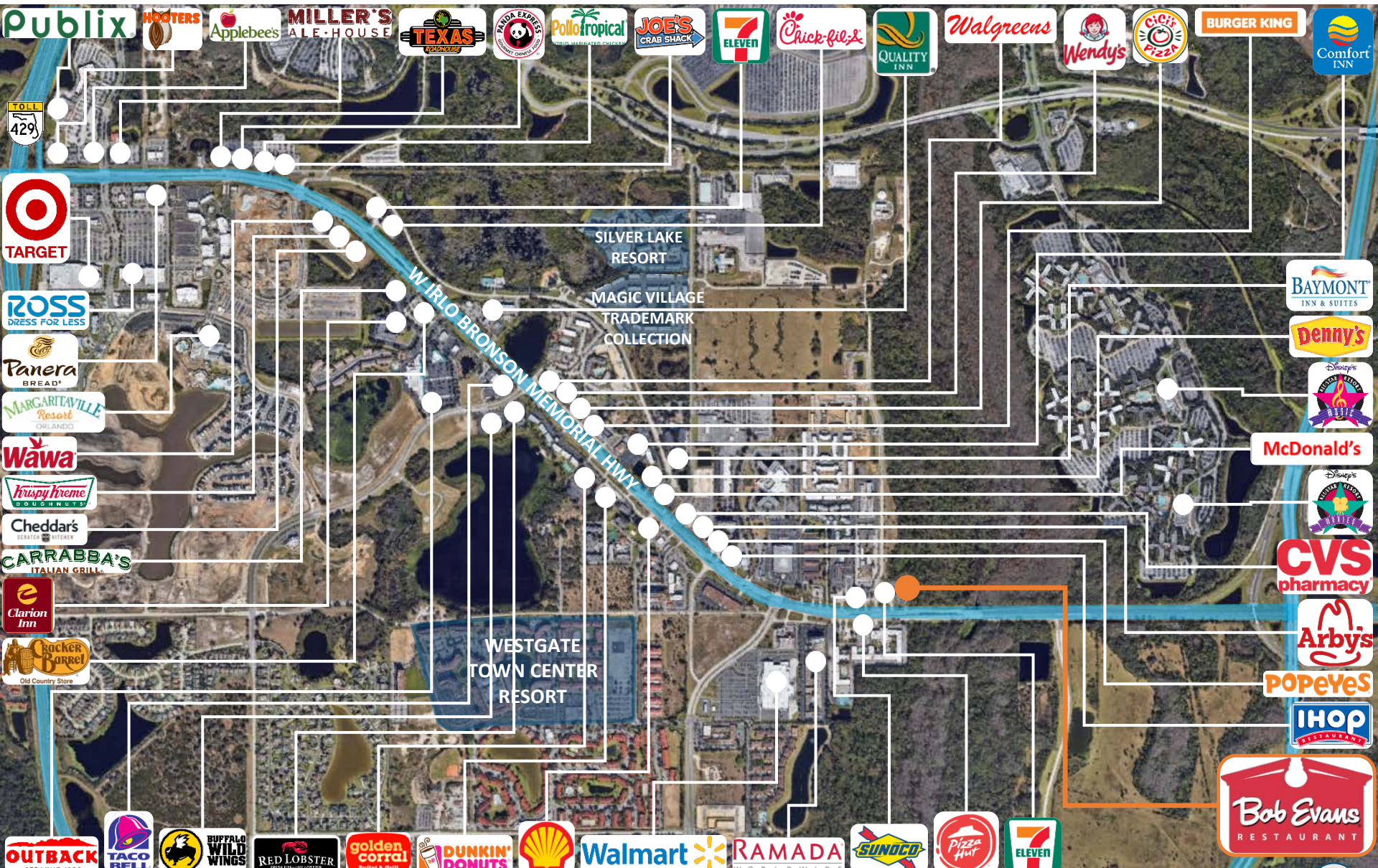






# Surrounding Area

Property Address: 7411 West Irlo Bronson Memorial Highway, Kissimmee, FL 34747







# Aerial Photos

Property Address: 7411 West Irlo Bronson Memorial Highway, Kissimmee, FL 34747



Actual Site





# Aerial Photos

Property Address: 7411 West Irlo Bronson Memorial Highway, Kissimmee, FL 34747







# Surrounding Area Photos

Property Address: 7411 West Irlo Bronson Memorial Highway, Kissimmee, FL 34747





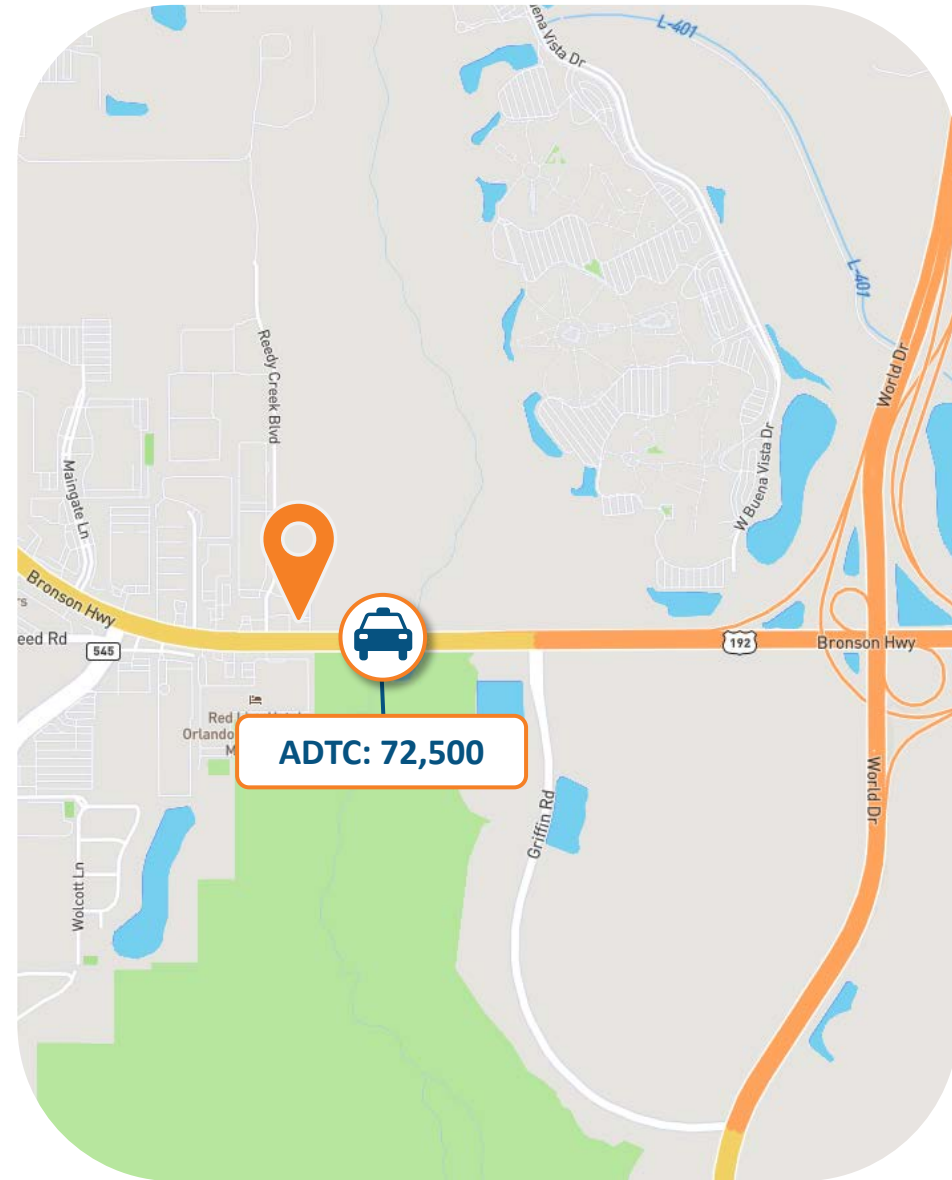
# Location Overview

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The subject investment Bob Evans property is well-positioned on West Irlo Bronson Memorial Highway, which experiences an average traffic count of approximately 72,500 vehicles per day. The subject property benefits from high visibility and ease of access, having ingress and egress points to and from the property on multiple streets. Within a three-mile radius of the site resides a highly affluent suburban community boasting average household income exceeding \$103,000. There are more than 25,000 individuals residing within a five-mile radius of the subject property and more than 224,000 individuals within a 10-mile radius. The population within a three-mile radius is projected to increase by approximately 20 percent by 2023.

The subject Bob Evans is strategically positioned in a highly dense retail corridor that features numerous national and local retailers, hospitality accommodations and theme parks, all within close proximity of the subject property. Major national tenants in the immediate area include: Walmart, Publix, Walgreens, CVS, Ross Dress for Less, McDonald's, Chick-fil-A, Burger King, Panera Bread, Wendy's, Arby's, Taco Bell, Buffalo Wild Wings, Red Lobster, IHOP, and many more. Several hospitality accommodations lie within close proximity of the site, including: Baymont Inn & Suites, Disney's All-Star Music Resort, Disney's All-Star Movies Resort, Clarion Inn, Margaritaville Resort Orlando, Comfort Inn, Quality Inn, High Point World Resort, Ramada by Wyndham, in addition to many others. Several theme parks and other entertainment destinations lie within a three-mile radius of this Bob Evans, including: Disney's Animal Kingdom Theme Park, Disney's Blizzard Beach Water Park and the ESPN Wide World of Sports Complex. This property is additionally located less than 20 miles from the heart of downtown Orlando, the third-most populous city in the income tax-free state of Florida.

Kissimmee is the county seat of Osceola County and a principal city of the Orlando-Kissimmee-Sanford, Florida Metropolitan Statistical Area. Kissimmee is a family-oriented destination known for its off-the-beaten-path adventures, endless sunshine and proximity to world-famous theme parks. In addition to theme parks, there is a wild side to explore in this destination, with lush landscapes creating the perfect backdrop for outdoor adventures. The city lies along the northwest shore of Lake Tohopekaliga (nicknamed Lake Toho), and its verdant Kissimmee Waterfront Park encompasses walking paths, playgrounds and a fishing pier. Kissimmee is well-positioned for economic growth, with future job growth over the next 10 years projected to be 45.5%, more than 10% higher than U.S. average of 33.5%.



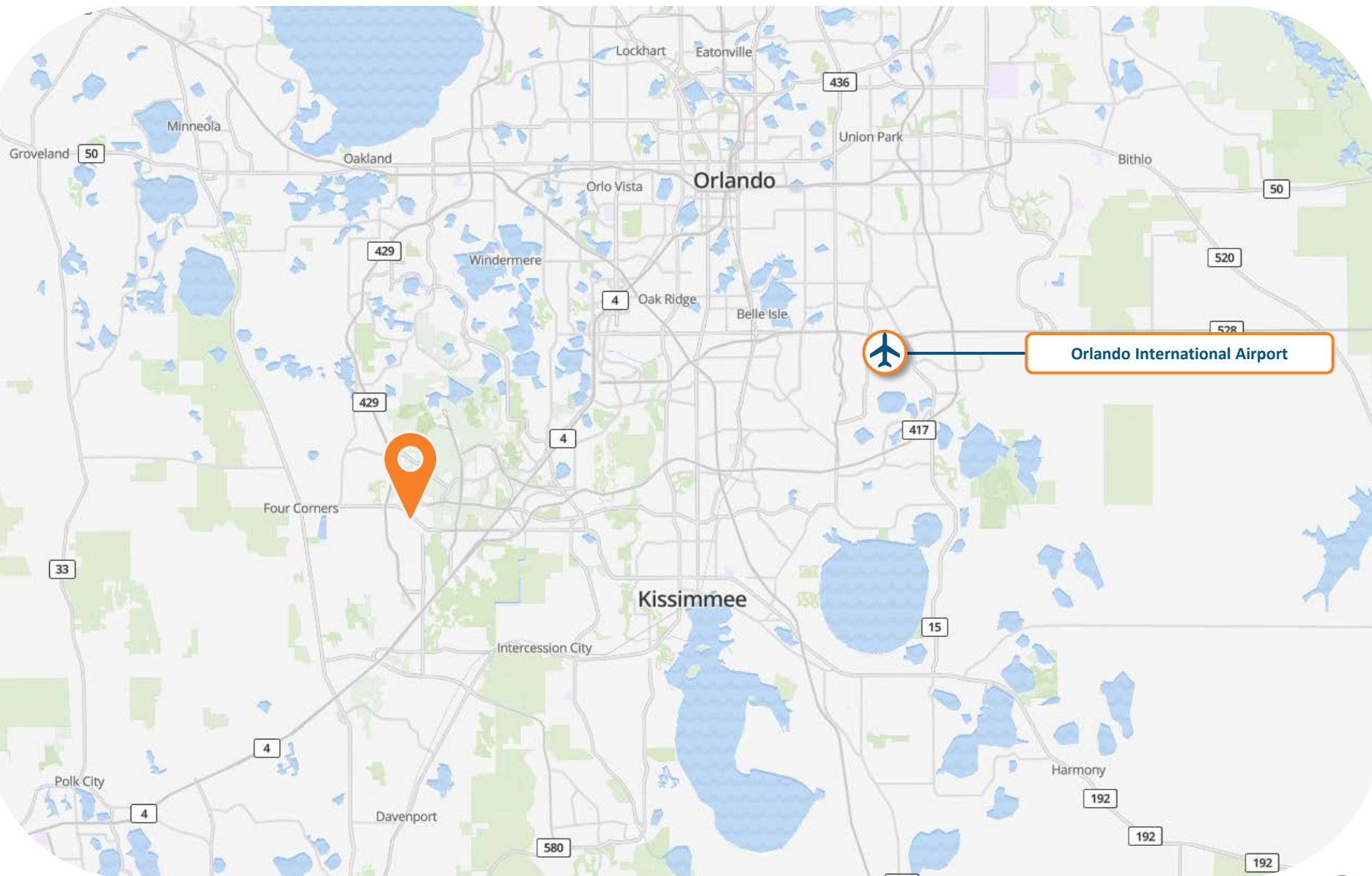




# Local Map



Property Address: 7411 West Irlo Bronson Memorial Highway, Kissimmee, FL 34747

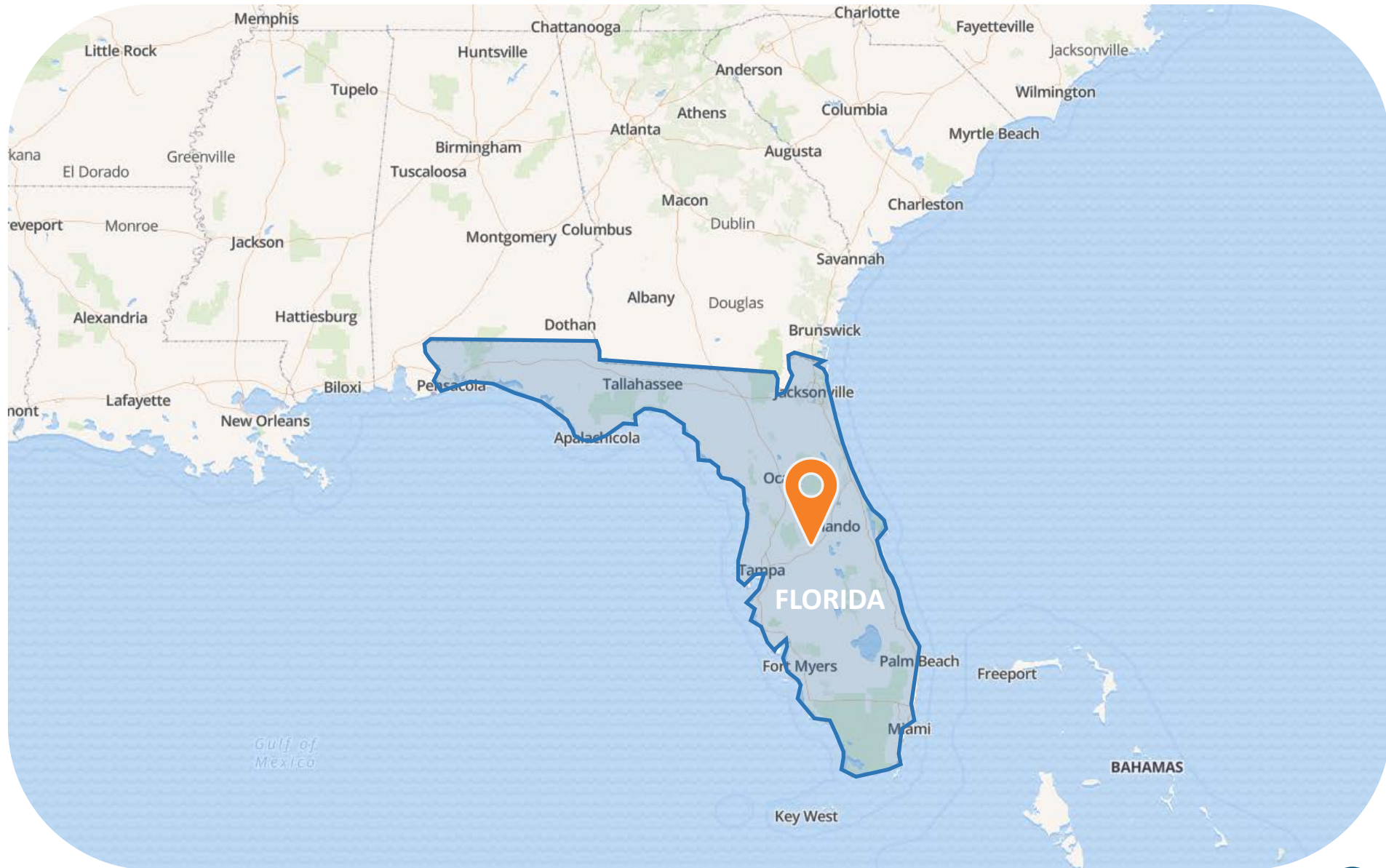




# Regional Map



Property Address: 7411 West Irlo Bronson Memorial Highway, Kissimmee, FL 34747

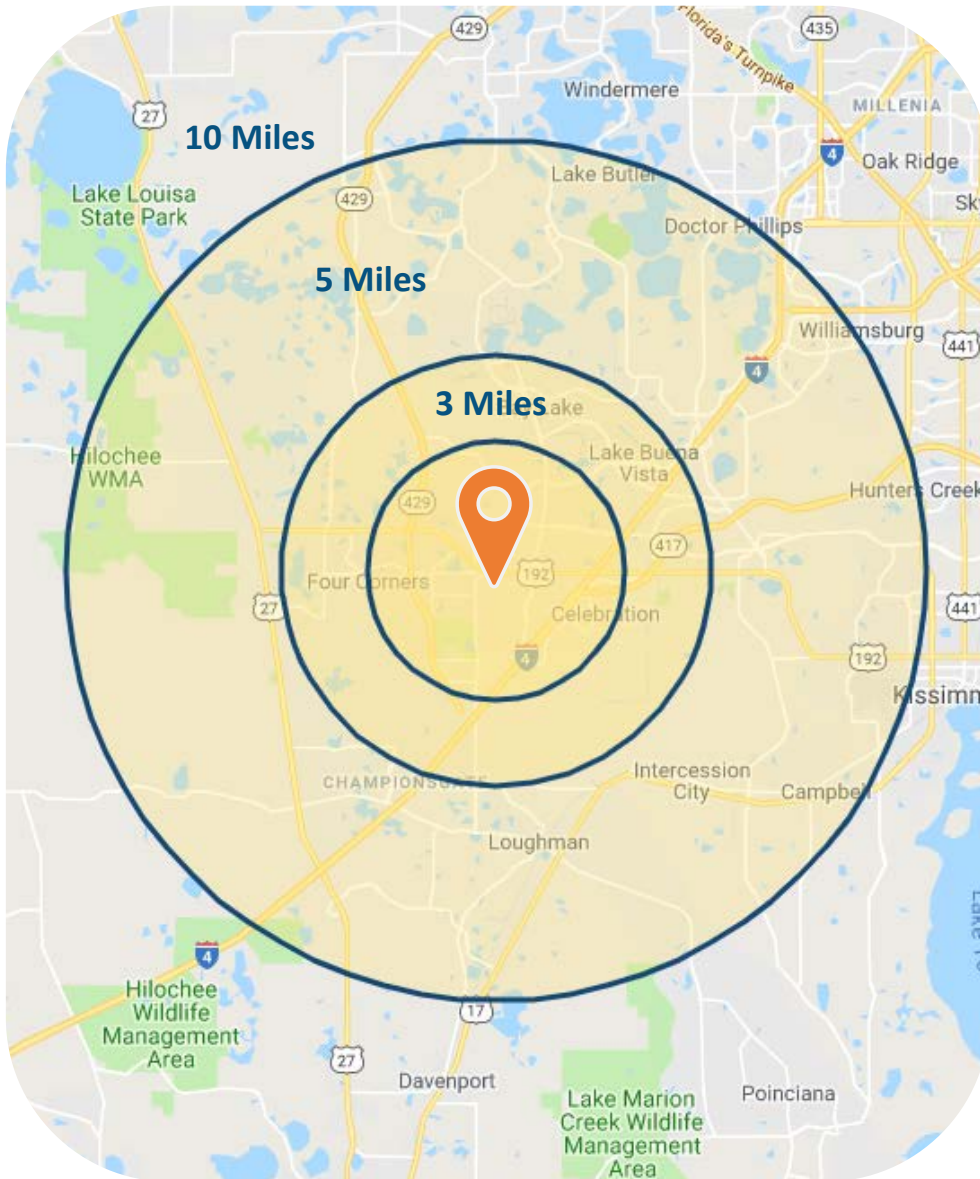






# Demographics

Property Address: 7411 West Irlo Bronson Memorial Highway, Kissimmee, FL 34747



## POPULATION

	3 Miles	5 Miles	10 Miles
2023 Projection	11,399	30,654	260,782
2018 Estimate	9,545	25,908	224,956
2010 Census	6,668	19,227	175,426
2000 Census	2,293	7,646	97,106

## INCOME

	3 Miles	5 Miles	10 Miles
Average	\$103,737	\$100,724	\$83,147
Median	\$69,649	\$66,371	\$56,434
Per Capita	\$42,043	\$37,850	\$30,611

## HOUSEHOLDS

	3 Miles	5 Miles	10 Miles
2023 Projection	4,715	11,676	95,534
2018 Estimate	3,869	9,590	81,583
2010 Census	2,692	6,943	63,111
2000 Census	854	2,913	37,243

## HOUSING

	3 Miles	5 Miles	10 Miles
2018	\$271,079	\$250,227	\$219,509

## EMPLOYMENT

	3 Miles	5 Miles	10 Miles
2018 Daytime Population	16,972	41,938	256,139
2018 Unemployment	4.75%	3.79%	3.30%
2018 Median Time Traveled	27 Mins	27 Mins	28 Mins

## RACE & ETHNICITY

	3 Miles	5 Miles	10 Miles
White	81.77%	79.90%	70.38%
Native American	0.08%	0.07%	0.15%
African American	4.40%	4.64%	8.33%
Asian/Pacific Islander	3.27%	6.01%	7.28%





# Market Overview

City: Orlando | County: Orange | State: Florida

*Orlando, Florida*



**Orlando** is the county seat of Orange County, Florida. Located in Central Florida, it is the center of the Orlando metropolitan area, which has a population of approximately 2,387,138, making it the 24th-largest metropolitan area in the United States. The city of Orlando is nicknamed “The City Beautiful.” Orlando is also known as the “The Theme Park Capital of the World”, and in 2016 its tourist attractions and events drew more than 68,000,000 visitors, spending over \$33 billion. As one of the world’s most visited tourist destinations, Orlando’s famous attractions form the backbone of its tourism industry. The Orlando area is home to Walt Disney World Resort, Universal Orlando Resort, SeaWorld Orlando, and the Fun Spot America Theme Parks. The area features 7 of the 10 most visited theme parks in North America (5 of the top 10 in the world), as well as the 4 most visited water parks in the U.S.

Orlando is 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. More than 150 international companies, representing approximately 20 countries, have facilities in Metro Orlando. Orlando has the 7th-largest research park in the country, Central Florida Research Park, with over 1,025 acres. It is home to over 120 companies, employs more than 8,500 people, and is the hub of the nation's military simulation and training programs. Metro Orlando is home to the simulation procurement commands for the U.S. Army, Navy, Air Force, Marines and Coast Guard.

Another important sector in Orlando is the film, television, and electronic gaming industries, aided by the presence of Universal Studios, Disney’s Hollywood Studios, Full Sail University, UCF College of Arts and Humanities, the Florida Interactive Entertainment Academy, and other entertainment companies and schools. The U.S. modeling, simulation, and training (MS&T) industry is centered on the Orlando region as well, with a particularly strong presence in the Central Florida Research Park adjacent to University of Central Florida (UCF).

## Major Employers

Employer	Estimated # of Employees
Marriott	5,034
Walt Disney Company	3,291
Entertainment Department	2,500
Starwood Hotels & Resorts	2,090
Walmart	1,585
Baggage Airline Guest Services, Inc.	1,500
Disney	1,361
Houston Hotel	1,300
McLane	1,200
The Peabody Orlando	1,200
Walt Disney Parks & Resorts US, Inc.	1,159



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