

BOB EVANS

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



1600 West 1st Street, Springfield, OH 45504

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Representative Photo



Investment Highlights

PRICE: \$4,140,035 | CAP: 5.65% | RENT: \$233,912



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 Tenant Renewal Options
- ✓ Strong Corporate Guarantee Backed by Approximately 500 Locations

About the Location

- ✓ Extremely Dense Retail Corridor | Walmart, Meijer, Home Depot, Lowe's, Kroger, Aldi, Hobby Lobby, McDonald's, Panera, Taco Bell, Arby's, Steak 'n Shake, Texas Roadhouse, Red Lobster, and Many More
- ✓ Heavily Trafficked Area | Situated Just Off North Bechtel Avenue and State Route 41 | 19,000 and 28,500 Vehicles Per Day, Respectively
- ✓ Robust Demographics | More than 80,000 Individuals Reside within Five Miles of the Subject Property
- ✓ Excellent Visibility | Property is Positioned at the Hard Corner of Two Signalized Intersections (Bechtel & Troy | Bechtel & 1st)
- ✓ Strong Academic Region | Five Schools within Four Miles of the Property | Total Combined Enrollment of Approximately 5,000 Students
- ✓ Compelling Location Fundamentals | Approximately One Mile from Upper Valley Mall | 267,000+ Square Foot Retail Shopping Center with 40+ Stores
- ✓ Immediate Access to Healthcare | Less than Two Miles from Mercy Health Springfield Regional Medical Center | 475,000 Square Foot, 254-Bed, Full-Service Medical Facility

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: \$4,140,035 | CAP: 5.65% | RENT: \$233,912



PROPERTY DESCRIPTION

Property	Bob Evans
Property Address	1600 West 1 st Street
City, State, ZIP	Springfield, OH 45504
Year Built / Renovated	1986 / 2011
Building Size (Square Feet)	5,805 SF
Lot Size	+/- 1.69 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$4,140,035
CAP Rate	5.65%
Annual Rent	\$233,912

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	Triple-Net (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	\$229,326	\$19,111	-
Year 4	\$233,912	\$19,493	2.00%
Year 5	\$238,590	\$19,883	2.00%
Year 6	\$243,362	\$20,280	2.00%
Year 7	\$248,229	\$20,686	2.00%
Year 8	\$253,194	\$21,099	2.00%
Year 9	\$258,258	\$21,521	2.00%
Year 10	\$263,423	\$21,952	2.00%
Year 11	\$268,691	\$22,391	2.00%
Year 12	\$274,065	\$22,839	2.00%
Year 13	\$279,546	\$23,296	2.00%
Year 14	\$285,137	\$23,761	2.00%
Year 15	\$290,840	\$24,237	2.00%
Year 16	\$296,657	\$24,721	2.00%
Year 17	\$302,590	\$25,216	2.00%
Year 18	\$308,642	\$25,720	2.00%
Year 19	\$314,815	\$26,235	2.00%
Year 20	\$321,111	\$26,759	2.00%

*Current Rent is \$229,326; 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 1600 West First Street in Springfield, Ohio. The property consists of approximately 5,805 square feet of building space and is situated on approximately 1.69 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 \$229,326, increasing to \$233,912 on May 1, 2020. There are 2% annual rental increases that will continue through six, five-year tenant renewal options and 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





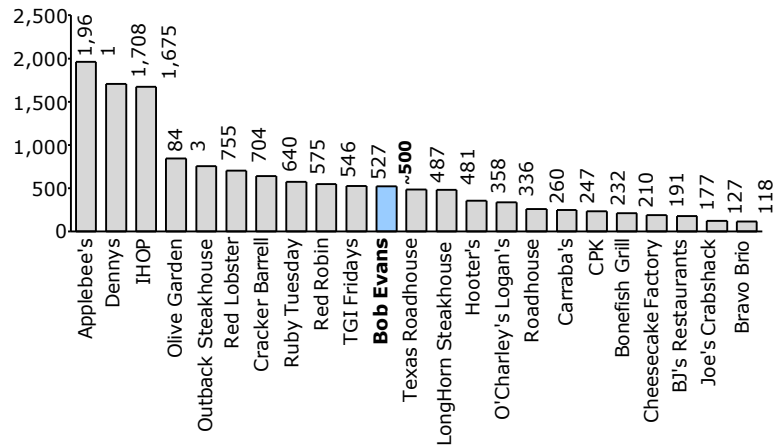
Concept Overview



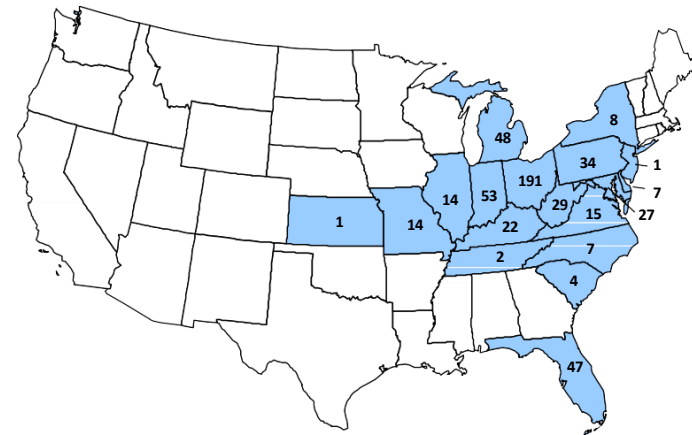
Bob Evans Restaurants is a scale, strong brand with approximately 500 locations.

Significant Scale

North America Units

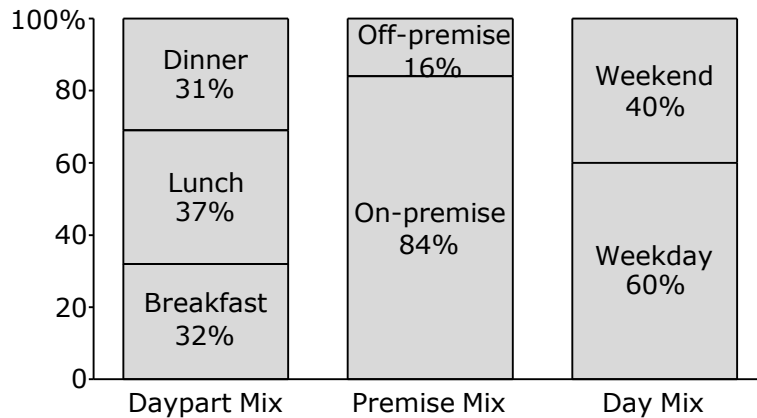


Strong Real Estate Footprint



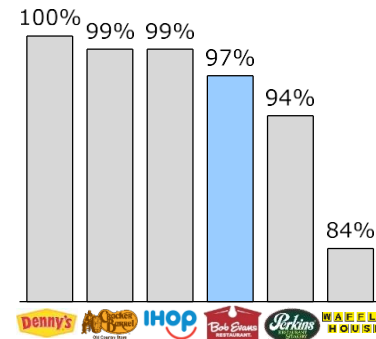
Diversified Revenue Stream

% of Revenue

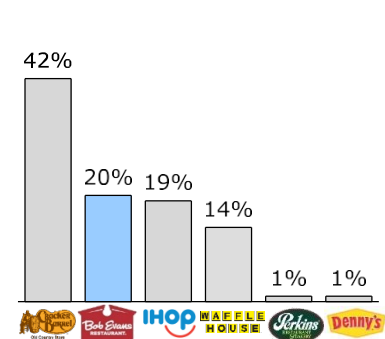


Iconic Brand

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



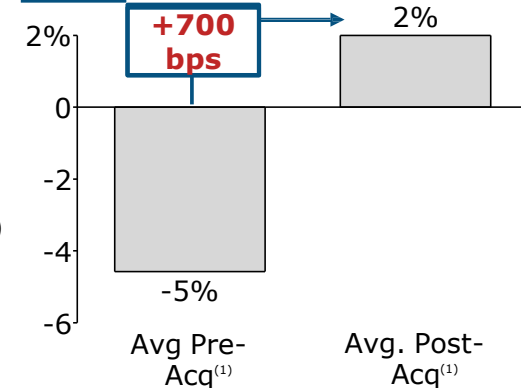
Identifiable Profit Opportunities

✓
(Multiple avenues of cost and sales upside)

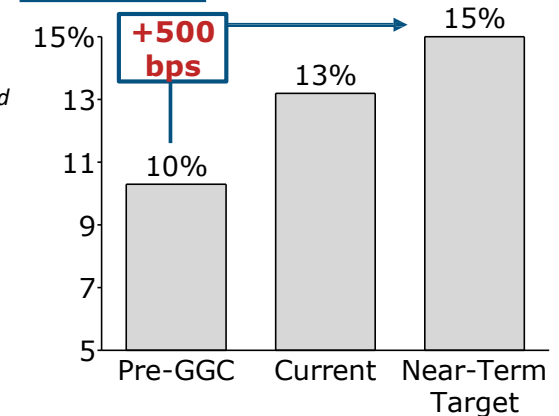
✓
(Multiple avenues of cost, sales and new unit opportunities)

RL Results Since Close

SSS %

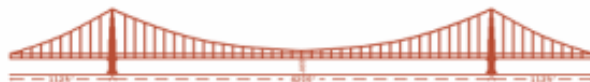


EBITDAR %





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

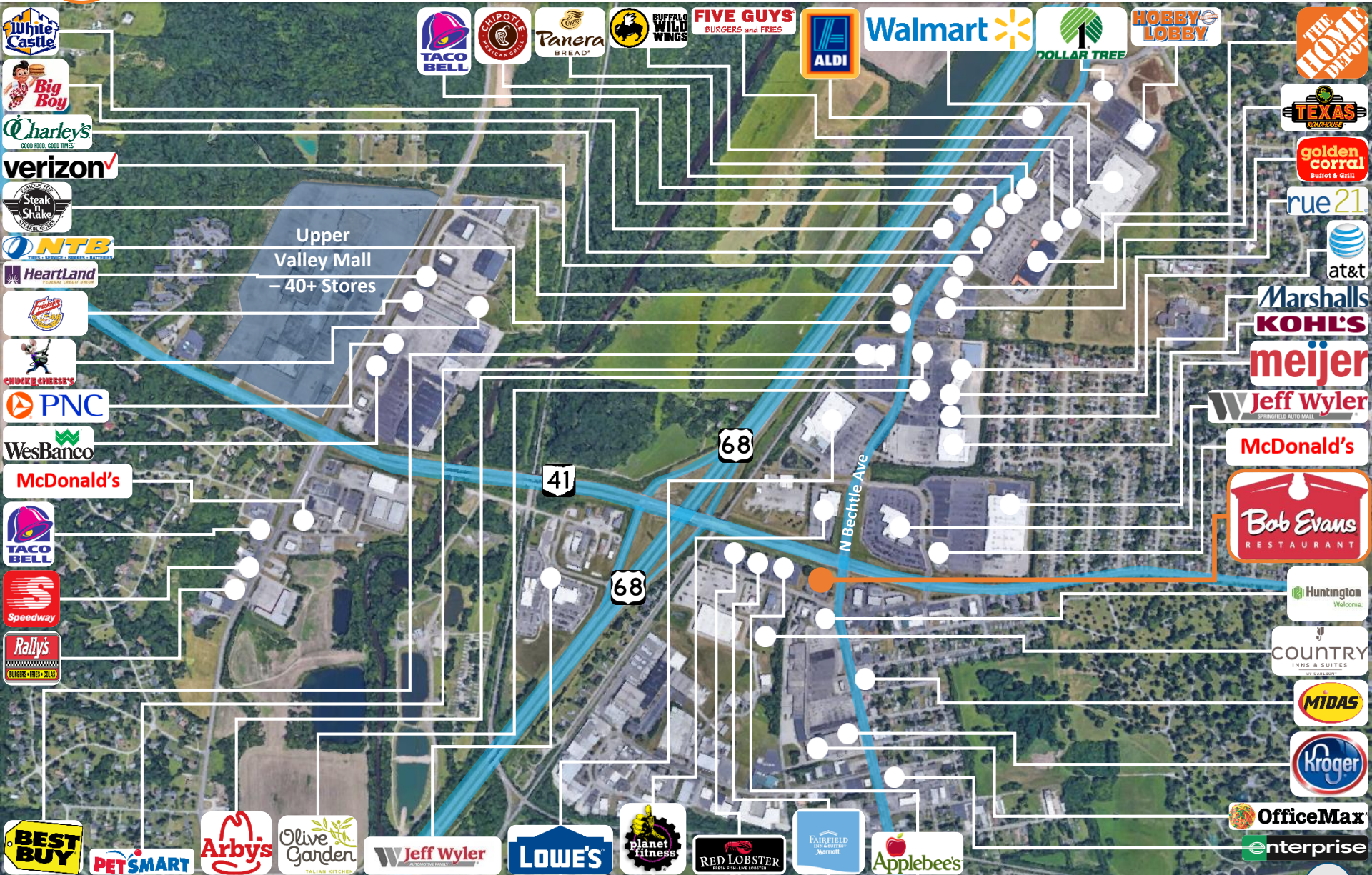
Restaurant Private Equity Investments





Surrounding Area

Property Address: 1600 West 1st Street, Springfield, OH 45504





Property Photo

Property Address: 1600 West 1st Street, Springfield, OH 45504



Actual Site



Aerial Photos

Property Address: 1600 West 1st Street, Springfield, OH 45504



Actual Site



Aerial Photos

Property Address: 1600 West 1st Street, Springfield, OH 45504



Actual Site

Bob Evans – Springfield, OH

Marcus & Millichap

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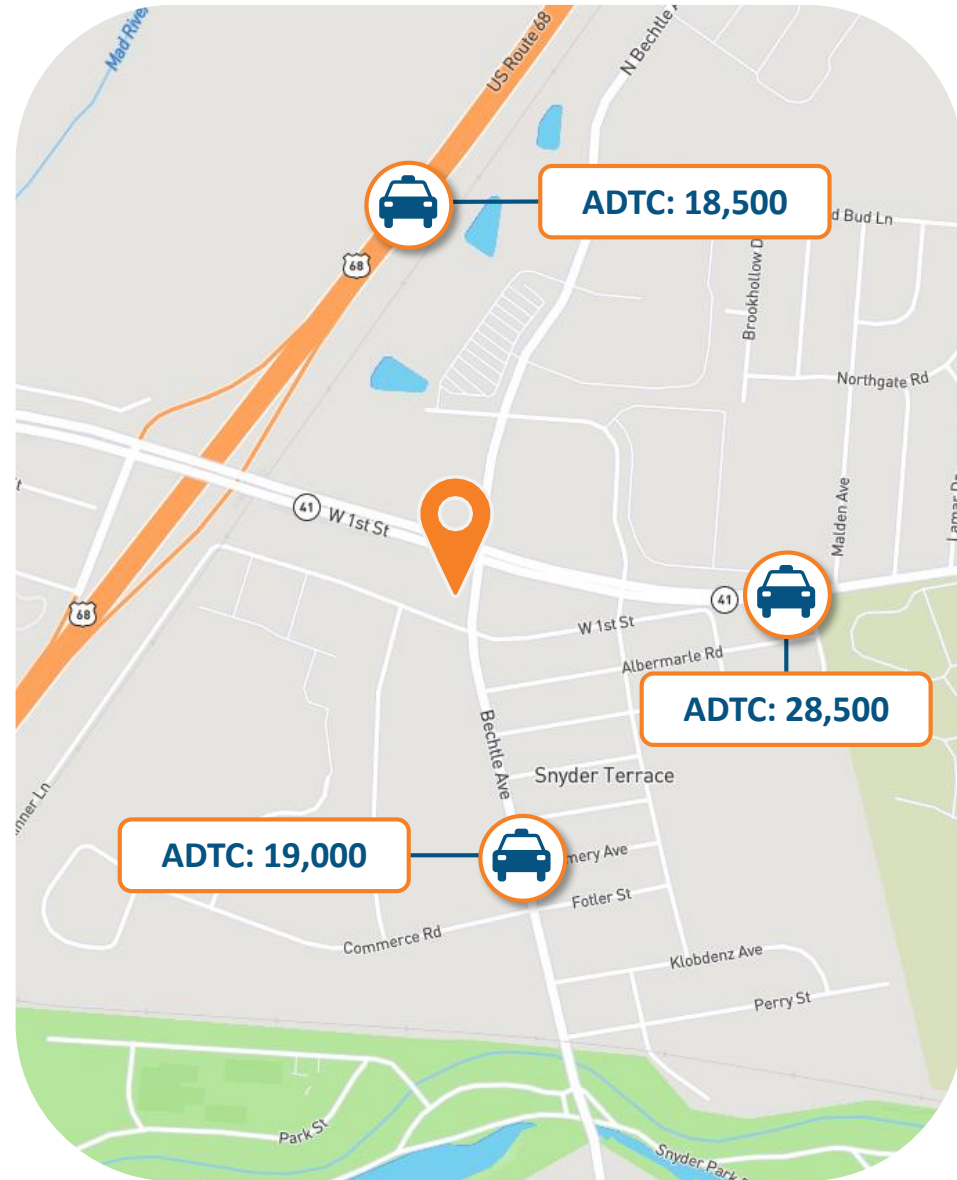
Location Overview

Property Address: 1600 West 1st Street, Springfield, OH 45504

The subject investment Bob Evans is strategically situated on West First Street at the hard corner of two signalized intersections. The property benefits from excellent frontage along Ohio State Route 41 as well as North Bechtle Avenue, which bring approximately 28,500 and 19,000 vehicles into the immediate area each day, respectively. On and off exits for U.S. Route 68 lie less than a quarter of a mile from the site, with U.S. Route 68 bringing an additional 18,500 vehicles into the immediate surrounding area each day. There are more than 43,000 individuals residing within a three-mile radius of the subject property and more than 83,000 individuals within a five-mile radius.

This Bob Evans benefits from its central position in a highly dense retail corridor that consists of national and local tenants, shopping centers, academic institutions and medical facilities, all within close proximity of the property. Major national tenants in the immediate area include: Walmart, Meijer, Home Depot, Lowe's, Kroger, Aldi, Hobby Lobby, McDonald's, Panera, Taco Bell, Arby's, Steak 'n Shake, Texas Roadhouse, Red Lobster and many more. The subject property is situated approximately one mile from the Upper Valley Mall, a 267,000 square foot retail shopping center with more than 40 stores. The subject property additionally sits in a strong academic region with multiple schools within a four-mile radius, including: Wittenberg University, Springfield High School, Roosevelt Middle School, Lagonda Elementary and Snow Hill Elementary. Together these schools boast a total combined enrollment of approximately 5,000 students. Springfield Regional Medical Center, a 254-bed medical facility, is less than two miles from the subject property. This hospital has earned the Joint Commission's Gold Seal of Approval as well as the American Heart Association/American Stroke Association's Heart-Check mark for Advanced Certification for Primary Stroke Centers.

Springfield is known as the Champion City because the revolutionary Champion Reaper was made here in the late 1800s. Today, that same innovative spirit drives Greater Springfield forward as the city continues to attract and nurture growing businesses that rely on the area's unique mix of technology, resources, human capital, ideal location and business-friendly environment. Sparked by large company investments, an improving downtown and an increasingly diverse economy, the city of Springfield seems to be on the path toward sustained economic growth. Improvements to downtown Springfield began with Springfield Regional Medical Center. With the city's assistance, 50 acres of blighted properties were cleared and turned over to the hospital, which built a \$240 million facility. The benefits of having this large hospital downtown are many: it turned a brownfield site with several closed and deteriorating manufacturing plants into developed space; allowed the city to realign the roadways surrounding the site to make it more accessible; created new jobs and drew more people downtown; and drew additional investments. Two of the newest companies to locate in Springfield are also making some of the largest investments the city has seen in recent years. Technology manufacturer Silfex and auto supplier Topre America, both of which are opening new facilities in the city, have committed to a combined investment of more than \$350 million and close to 700 jobs. These projects are all providing an economic boost to Springfield through income tax revenue, job creation and real estate development.

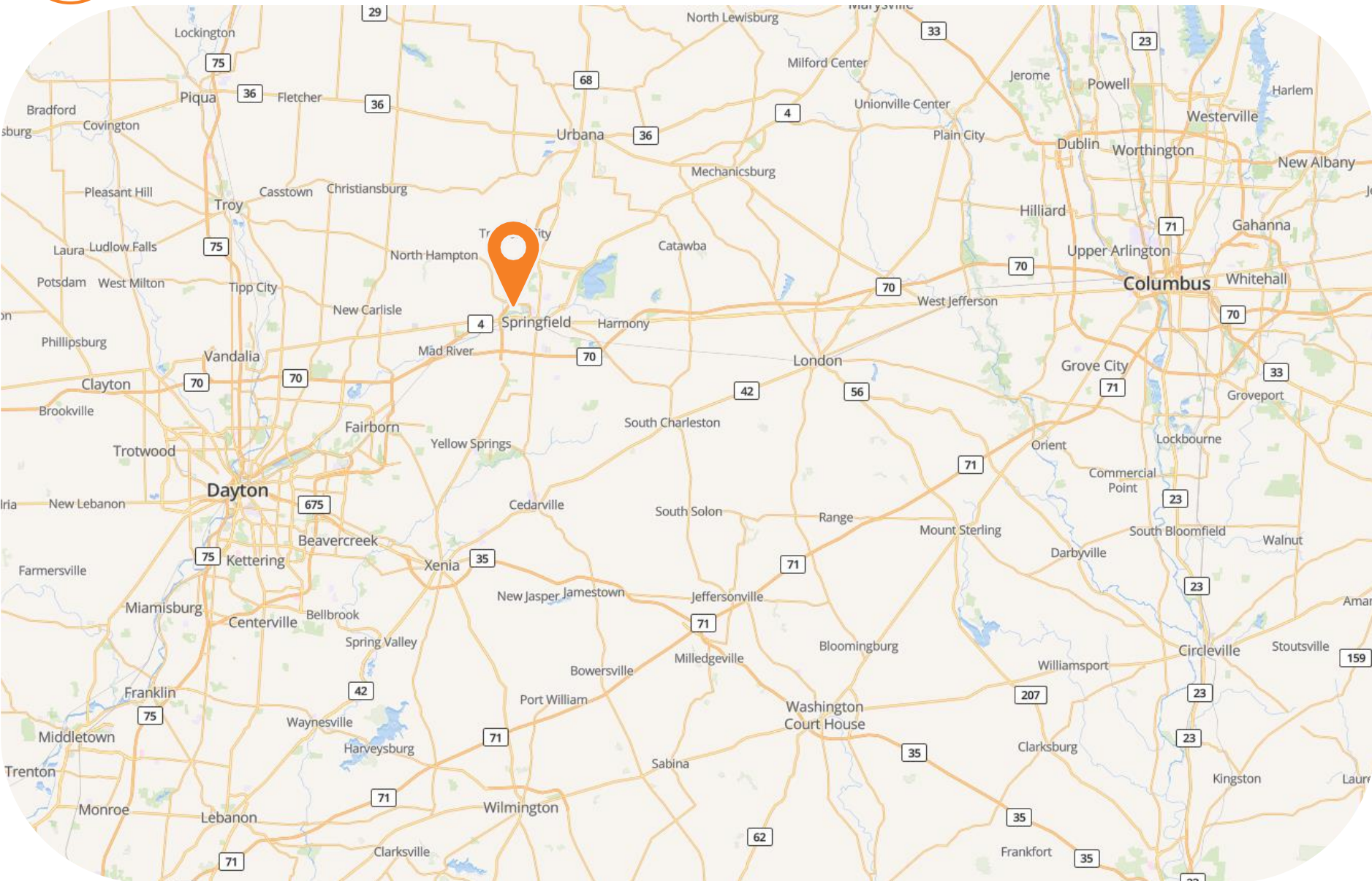




Local Map



Property Address: 1600 West 1st Street, Springfield, OH 45504





Regional Map

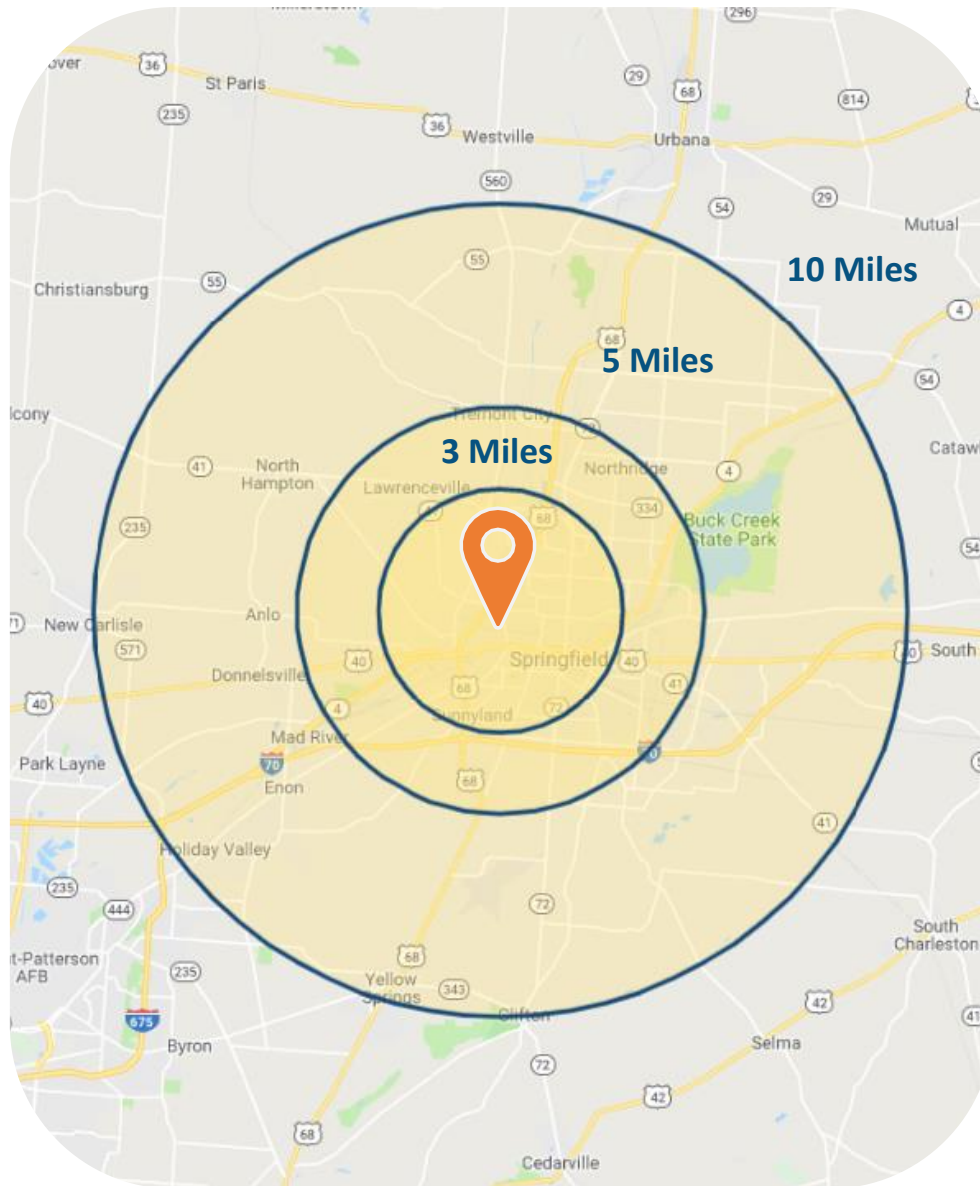
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Demographics

Property Address: 1600 West 1st Street, Springfield, OH 45504



POPULATION

	3 Miles	5 Miles	10 Miles
2023 Projection	42,312	81,384	119,845
2018 Estimate	43,886	83,336	121,034
2010 Census	44,633	84,833	123,177

INCOME

	3 Miles	5 Miles	10 Miles
Average	\$55,446	\$56,621	\$63,103
Median	\$37,367	\$40,921	\$47,657
Per Capita	\$22,074	\$23,232	\$25,674

HOUSEHOLDS

	3 Miles	5 Miles	10 Miles
2023 Projection	16,624	33,246	48,776
2018 Estimate	17,037	33,654	48,710
2010 Census	17,371	34,337	49,666

HOUSING

	3 Miles	5 Miles	10 Miles
2018	\$94,122	\$99,436	\$120,912

EMPLOYMENT

	3 Miles	5 Miles	10 Miles
2018 Daytime Population	47,735	83,760	117,238
2018 Unemployment	7.43%	6.17%	5.24%
2018 Median Time Traveled	21 Mins	22 Mins	23 Mins

RACE & ETHNICITY

	3 Miles	5 Miles	10 Miles
White	72.81%	79.60%	84.23%
Native American	0.05%	0.05%	0.05%
African American	18.75%	13.63%	9.94%
Asian/Pacific Islander	1.03%	0.84%	0.80%



Market Overview

City: Columbus | County: Franklin | State: Ohio

Columbus, Ohio

Springfield is located approximately 40 miles west of Columbus, the capital and most populous city of the U.S. state of Ohio. With a population of roughly 900,000 as of 2017 estimates, it is the 14th-most populous city in the United States and one of the fastest growing large cities in the nation. This makes Columbus the third-most populous state capital in the US and the second-most populous city in the Midwest (after Chicago, Illinois). It is the core city of the Columbus, Ohio Metropolitan Statistical Area, which encompasses ten counties. With a population of nearly 2,100,000, it is Ohio's second-largest metropolitan area. The city has a diverse economy based on education, government, insurance, banking, defense, aviation, food, clothes, logistics, steel, energy, medical research, healthcare, hospitality, retail, and technology. Columbus is home to the Battelle Memorial Institute, the world's largest private research and development foundation; Chemical Abstracts Service, the world's largest clearinghouse of chemical information; NetJets, the world's largest fractional ownership jet aircraft fleet; and The Ohio State University, one of the largest universities in the United States. As of 2013, the city has been home to the headquarters of five corporations in the U.S. Fortune 500 companies in Columbus include: Nationwide Mutual Insurance Company, American Electric Power, L Brands, Big Lots, and Cardinal Health. The food service corporations Wendy's, Bob Evans, Max & Erma's, and White Castle, as well as the nationally known companies Red Roof Inn, Rogue Fitness, and Safelite are also based in the metropolitan area.

Major Employers

Employer	Estimated # of Employees
International Truck & Engineering Corporation	1,500
Commissioners Clark County	1,300
Community Hospital School Nursing	1,300
Clark State Community College	1,116
178th Fighter Wing	1,000
Mercy Medical Center	868
Speedway, LLC	753
County of Clark	593
Walmart	550
Kroger	522
First Diversity Staffing Group	500



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EXCLUSIVE NET LEASE OFFERING

