

# BOB EVANS

EXCLUSIVE NET-LEASE OFFERING



# OFFERING MEMORANDUM



510 Ohio Pike, Cincinnati, OH 45255



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# Investment Highlights

PRICE: \$2,864,318 | CAP: 5.65% | 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 Tenant Renewal Options
- ✓ Strong Corporate Guarantee Backed by Approximately 500 Locations

## About the Location

- ✓ Highly Dense Retail Corridor | Home Depot, Lowe's, Walgreens, Kroger, Aldi, Target, Staples, Audi, McDonald's, Chick-fil-A, Burger King, Red Lobster, Chick-fil-A, White Castle, Dunkin' Donuts, and Many More
- ✓ Heavily Trafficked Area | Positioned on Ohio Pike Less than Half a Mile from Interstate-275 | Approximately 40,000 and 58,000 Vehicles Per Day, Respectively
- ✓ Extremely Affluent Suburban Community | Average Household Income Exceeds \$100,000 for Homes within Five Miles of the Subject Property
- ✓ Compelling Location Fundamentals | Located at the Hard Corner of a Signalized Intersection as an Outparcel to Home Depot
- ✓ Robust Demographics | More than 117,000 Individuals Reside within Five Miles of the Site
- ✓ Excellent Ohio Real Estate | Approximately 10 Miles from the Heart of Downtown Cincinnati | Third-Most Populous City in the State of Ohio
- ✓ Immediate Access to Healthcare | Less than Three Miles from Mercy Health – Anderson Hospital | 282-Bed Facility
- ✓ Strong Academic Area | More than Five Schools within Three Miles of the Subject Property | Total Combined Enrollment of Approximately 5,000 Students

## 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: \$2,864,318 | CAP: 5.65% | RENT: \$161,834



## PROPERTY DESCRIPTION

Property	Bob Evans
Property Address	510 Ohio Pike
City, State, ZIP	Cincinnati, OH 45255
Year Built / Renovated	1999 / 2012
Building Size (Square Feet)	5,446 SF
Lot Size	+/- 1.24 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$2,864,318
CAP Rate	5.65%
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	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	\$158,661	\$13,222	-
<b>Year 4</b>	<b>\$161,834</b>	<b>\$13,486</b>	<b>2.00%</b>
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 510 Ohio Pike in Cincinnati, Ohio. The property consists of approximately 5,446 square feet of building space and is situated on approximately 1.24 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 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





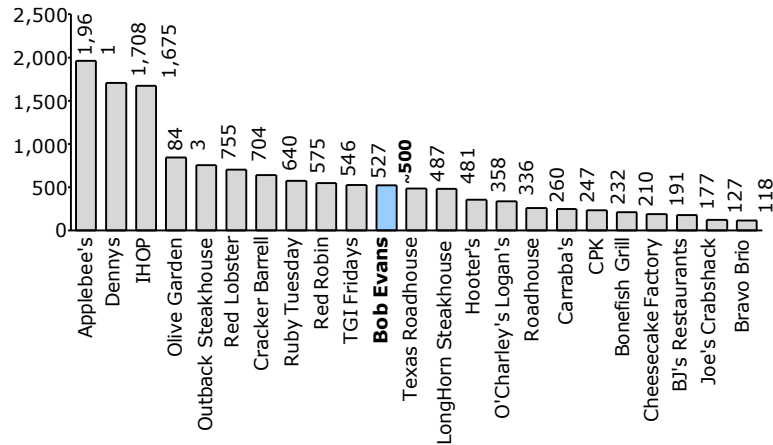
# Concept Overview



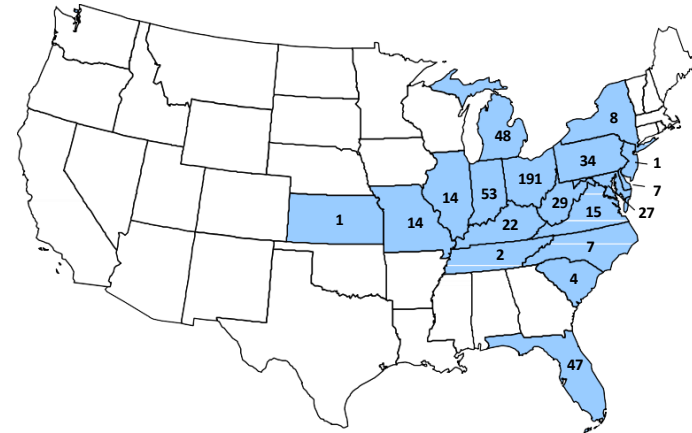
*Bob Evans Restaurants is a scale, strong brand with approximately 500 locations.*

## Significant Scale

North America Units

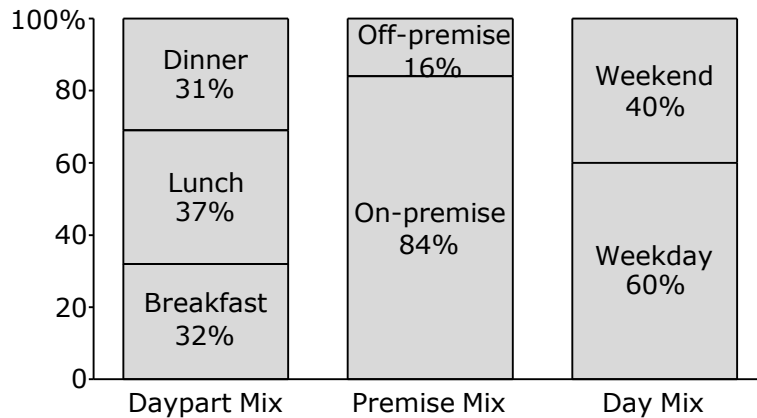


## Strong Real Estate Footprint



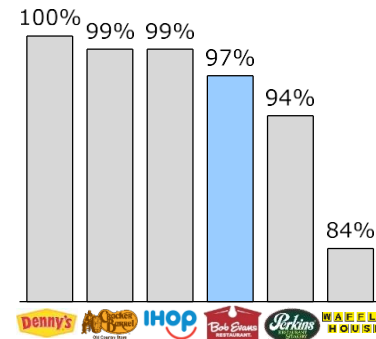
## Diversified Revenue Stream

% of Revenue

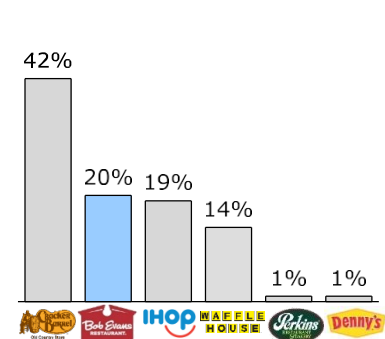


## Iconic Brand

Brand Awareness



Net Promoter Score





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

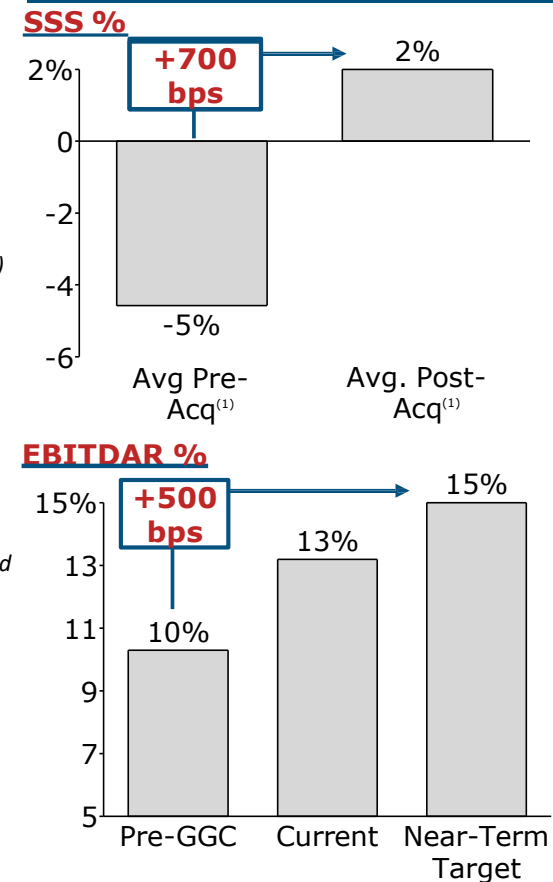


*The Bob Evans transaction fits directly into GGC's investment strategy and is very similar to GGC's acquisition of Red Lobster. Under GGC ownership Red Lobster has increased sales and margins through similar "playbook" planned for Bob Evans.*



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

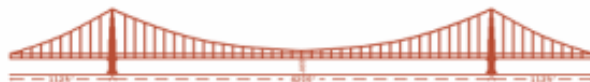
## RL Results Since Close







# 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***

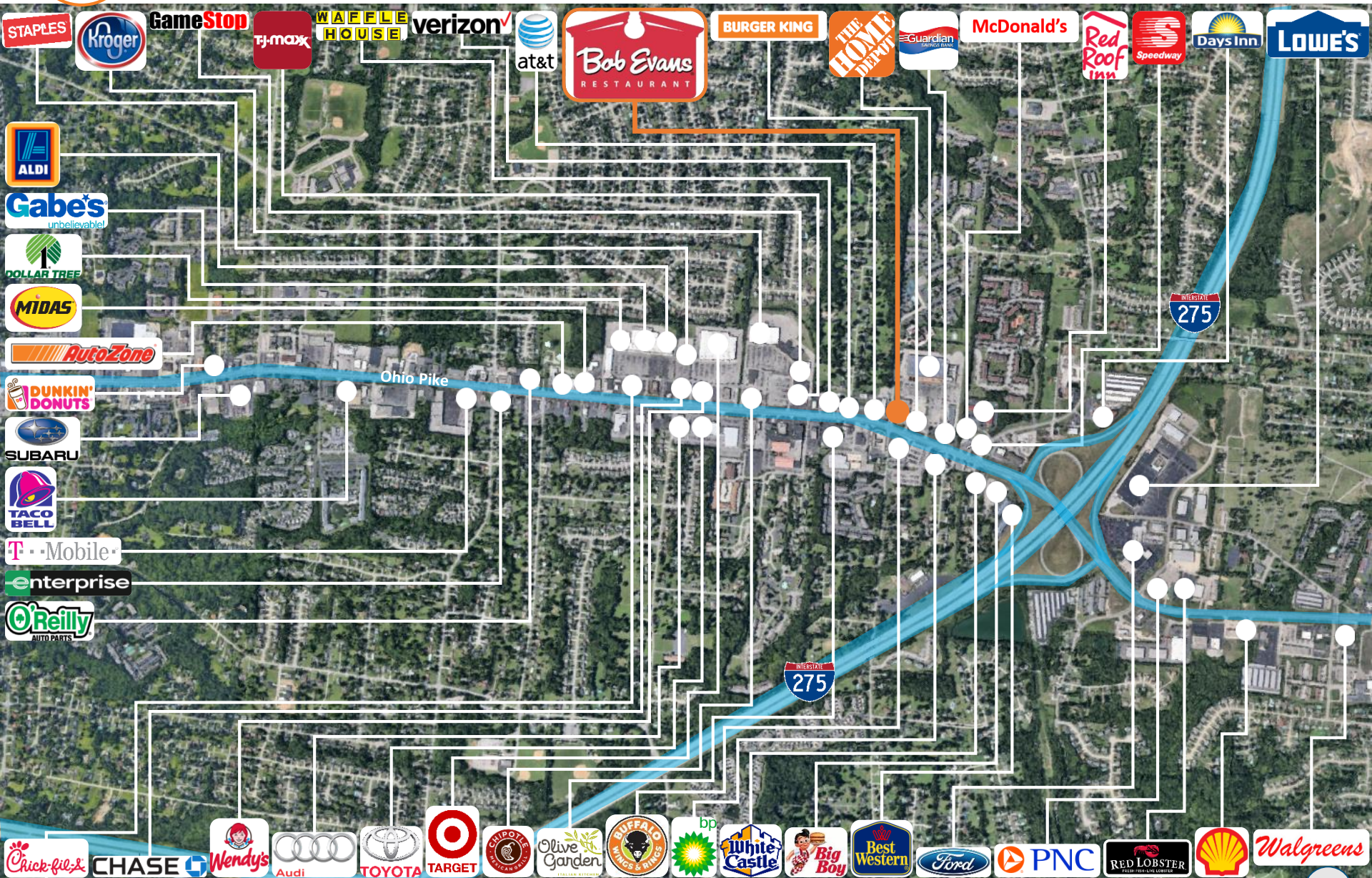






# Surrounding Area

Property Address: 510 Ohio Pike, Cincinnati, OH 45255







# Property Photo

Property Address: 510 Ohio Pike, Cincinnati, OH 45255



Actual Site

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# Aerial Photos

Property Address: 510 Ohio Pike, Cincinnati, OH 45255



Actual Site





# Aerial Photos

Property Address: 510 Ohio Pike, Cincinnati, OH 45255



Actual Site





# Aerial Photos

Property Address: 510 Ohio Pike, Cincinnati, OH 45255



Actual Site





# Surrounding Area Photos

Property Address: 510 Ohio Pike, Cincinnati, OH 45255





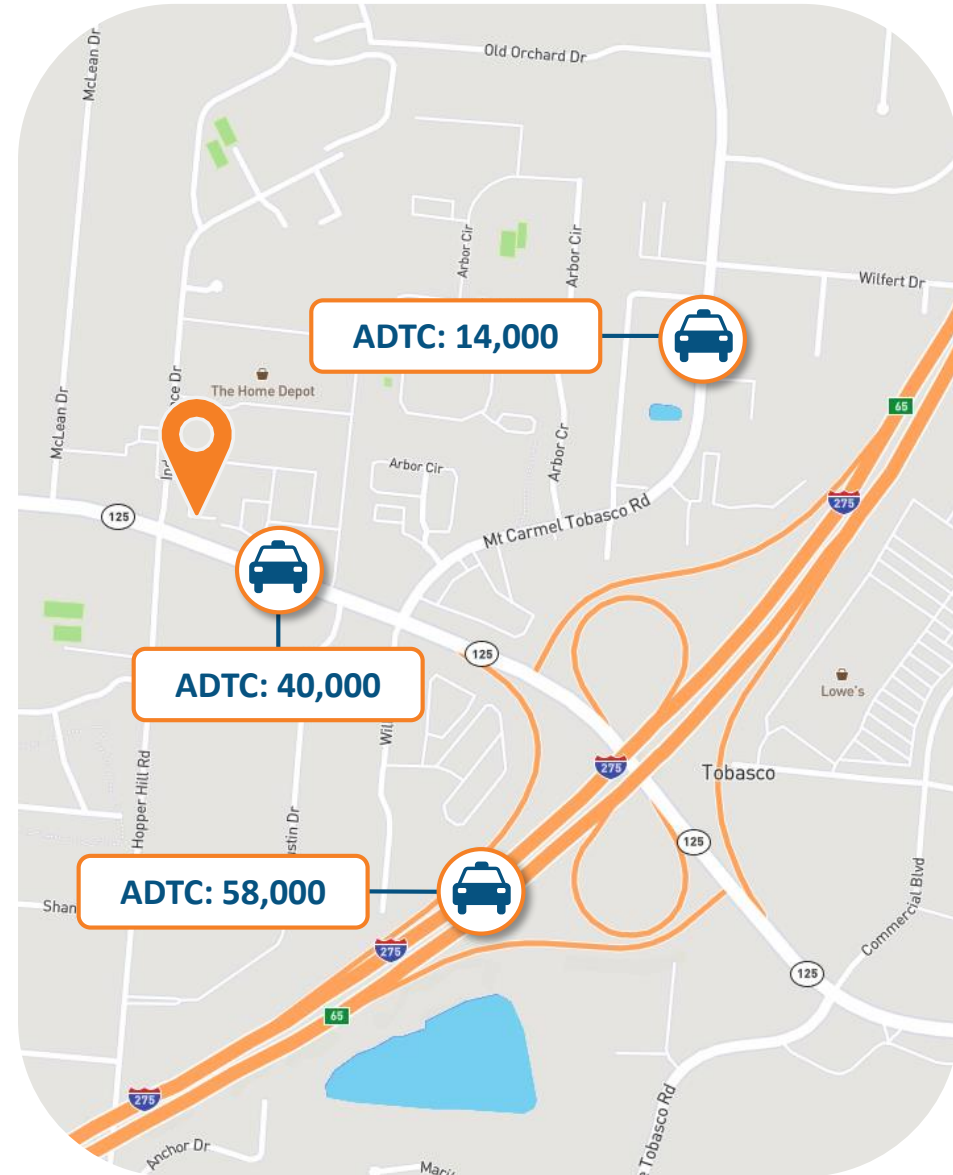
# Location Overview

Property Address: 510 Ohio Pike, Cincinnati, OH 45255

The subject investment property is situated on Ohio Pike, less than 10 miles from the heart of downtown Cincinnati, Ohio's third-most populous city. Ohio Pike boasts an average traffic count of approximately 40,000 vehicles per day and serves as an access road to the nearby Interstate-275 (less than half a mile), which brings an additional 58,000 vehicles into the immediate surrounding area each day. Within an immediate five-mile radius is a highly affluent suburban community with average household income exceeding \$100,000. There are more than 52,000 individuals residing within a three-mile radius of the subject property and more than 117,000 individuals within a five-mile radius.

This Bob Evans is strategically positioned at the hard corner of a signalized intersection as an outparcel to Home Depot. This property benefits from its central position in a highly dense retail corridor that consists of national and local tenants, shopping centers, hospitality accommodations, schools and medical facilities, all within close proximity of the site. Major national tenants in the immediate area include: Home Depot, Lowe's, Walgreens, Kroger, Aldi, Target, Staples, Audi, McDonald's, Chick-fil-A, Burger King, Red Lobster, Chick-fil-A, White Castle, Dunkin' Donuts, and many more. Several hospitality accommodations are within walking distance of the subject property, including: Days Inn by Wyndam, Best Western and Red Roof Inn. Mercy Health – Anderson Hospital, a 282-bed medical facility, is less than three miles from the subject property. Mercy Health provides easy access to leading physicians, advanced technology, experienced and compassionate caregivers and a wide range of care. The subject property additionally sits in a very strong academic area, with multiple schools within a three-mile radius, including: Anderson High School, Nagel Middle School, Summit Elementary, Immaculate Heart of Mary Catholic School, Ayer Elementary and Williamsville-Tobasco Elementary. Together these academic institutions boast a total combined enrollment of approximately 5,000 students.

Strategically located on the banks of the Ohio river and home to 10 Fortune 500 companies, Cincinnati is a well-connected city with strengths in manufacturing, financial services and healthcare. Cincinnati's strategic location places it within 500 miles of almost 60 percent of the entire United States population. The City of Cincinnati is home to 52 diverse, vibrant neighborhoods, each with its own charm and story. Breathtaking views, historic houses, pastoral-like peacefulness, eccentric arts, and so much more – Cincinnati neighborhoods really do have something for everyone. Additionally, with a cost of living rating of 88, Cincinnati is much less expensive than the national average of 100. Housing costs in particular, with a rating of 70 versus the national average, are significantly lower in Cincinnati. Cincinnati's diversified economic base includes manufacturing, wholesale and retail trade, insurance and finance, education and health services, government, and transportation. Known worldwide for Procter & Gamble soap products and U.S. Playing Cards, the city ranks high nationally in the value of manufacturing shipments. 10 Fortune 500 companies have established headquarters in Cincinnati: AK Steel (steel manufacturer), American Financial (financial services), Ashland, Inc. (chemicals), Cinergy Corp. (public utilities), Federated Department Stores (retail stores), Fifth Third Bancorp (financial services), The Kroger Co. (grocery stores), Omnicare (pharmacy services), Procter & Gamble Co. (consumer goods), and Western & Southern Financial (financial services). More than 360 other Fortune 500 companies maintain operations in Cincinnati. Retail sales in the metropolitan Cincinnati area average \$2.8 billion annually.



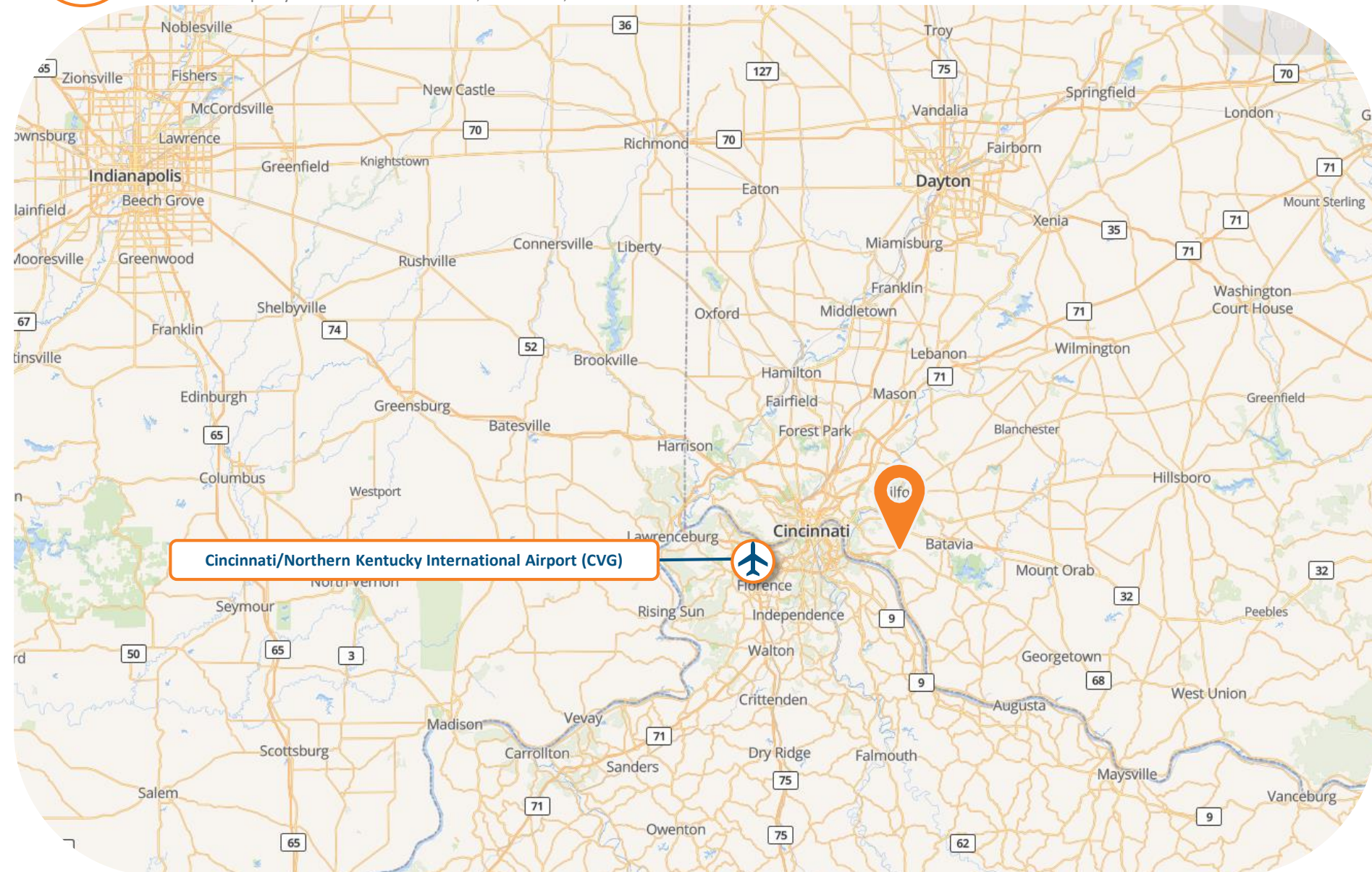




# Local Map



Property Address: 510 Ohio Pike, Cincinnati, OH 45255







# Regional Map

Property Address: 510 Ohio Pike, Cincinnati, OH 45255

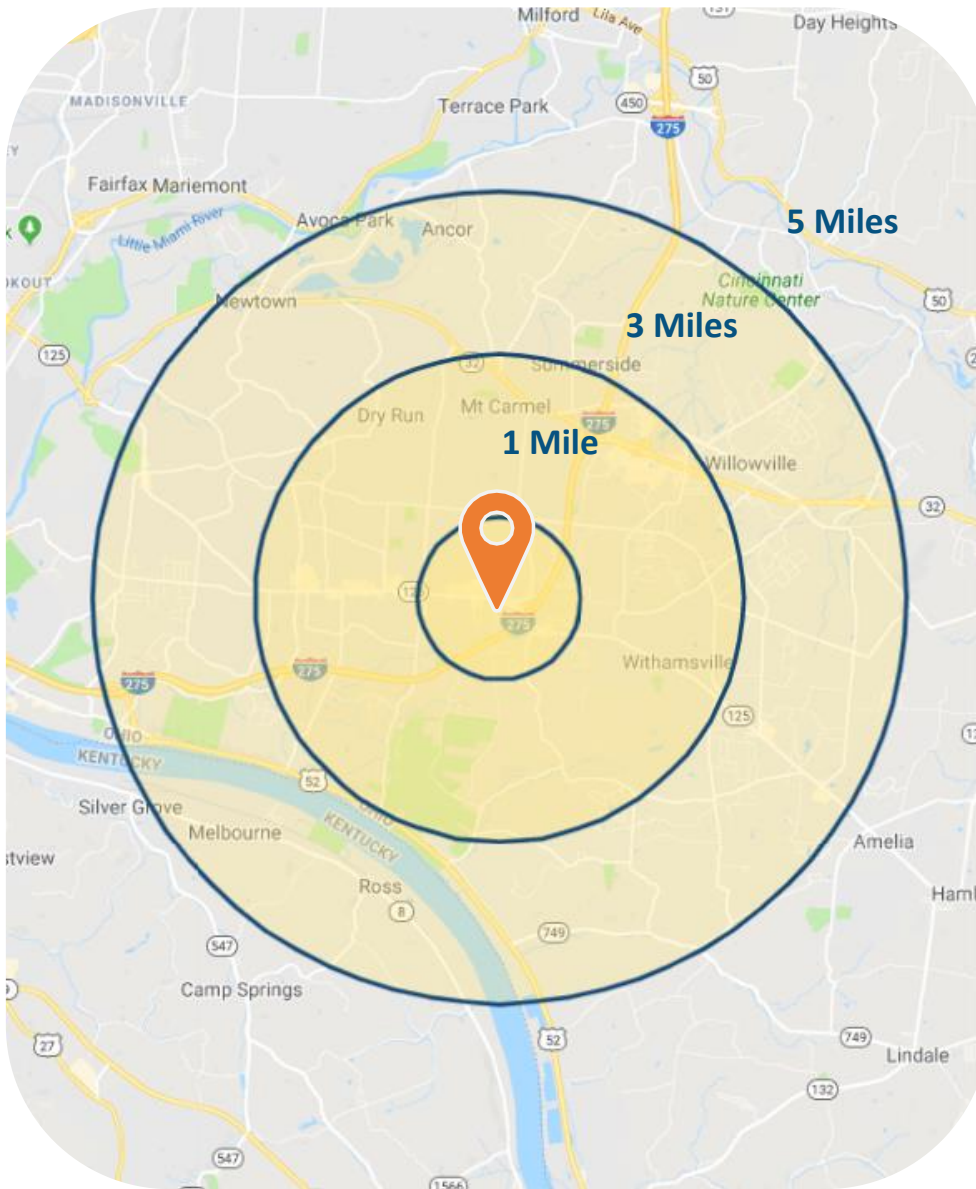






# Demographics

Property Address: 510 Ohio Pike, Cincinnati, OH 45255



## POPULATION

	1 Mile	3 Miles	5 Miles
2023 Projection	9,673	53,252	120,905
2018 Estimate	9,760	52,335	117,241
2010 Census	9,625	51,314	115,029
2000 Census	9,587	50,663	109,174

## INCOME

	1 Mile	3 Miles	5 Miles
Average	\$81,693	\$97,646	\$100,531
Median	\$66,971	\$72,386	\$73,795
Per Capita	\$34,438	\$39,241	\$40,180

## HOUSEHOLDS

	1 Mile	3 Miles	5 Miles
2023 Projection	4,115	21,490	48,650
2018 Estimate	4,114	20,996	46,782
2010 Census	4,036	20,541	45,842
2000 Census	3,908	20,104	42,649

## HOUSING

	1 Mile	3 Miles	5 Miles
2018	\$171,959	\$189,343	\$190,638

## EMPLOYMENT

	1 Mile	3 Miles	5 Miles
2018 Daytime Population	7,427	47,374	92,805
2018 Unemployment	2.32%	3.54%	3.47%
2018 Median Time Traveled	25 Mins	26 Mins	27 Mins

## RACE & ETHNICITY

	1 Mile	3 Miles	5 Miles
White	91.25%	92.82%	93.02%
Native American	0.03%	0.05%	0.04%
African American	2.42%	1.69%	2.12%
Asian/Pacific Islander	2.59%	2.41%	2.08%



# Market Overview

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

*Cincinnati, Ohio*

**Cincinnati** is the third-most populous city in the U.S. state of 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. Although Cincinnati is often perceived as a sleep Midwestern metro area, residents benefit from a wealth of amenities, including museums, professional sports teams and a wide selection of restaurants. Families are drawn to Cincinnati for its excellent public and private schools, and its large number of Montessori schools. Plus, Fortune 500 companies bring in significant national and international talent. Cincinnati is also home to historic architecture with many structures in the urban core having remained intact for 200 years.

Metropolitan Cincinnati has the 28<sup>th</sup>-largest economy in the United States and the seventh-largest in the Midwest. It currently has the fastest-growing Midwestern economic capital based on percentages. Several Fortune 500 companies are headquartered in Cincinnati, such as Procter & Gamble, The Kroger Company, and Macy's, Inc. General Electric has also headquartered their Global Operations Center in Cincinnati. The city is home to three major professional sports teams, the Cincinnati Reds of Major League Baseball, the Cincinnati Bengals of the National Football League and FC Cincinnati of Major League Soccer. 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.

## 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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