

BOB EVANS

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



7315 US-36, Sunbury, OH 43074

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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

- ✓ Extremely Affluent Suburban Community | Average Household Income Exceeds \$144,000 for Homes within Three Miles of the Subject Property
- ✓ Diverse National & Local Tenant Base | McDonald's, Starbucks, KFC, Arby's, Taco Bell, Waffle House, Cracker Barrel, White Castle, Panera Bread, Wendy's, Subway, Burger King, BP, and Tanger Outlet Columbus
- ✓ Heavily Trafficked Area | Daily Traffic Counts Exceed 31,780 Vehicles on State Route 36/37 & 58,825 Vehicles on U.S. I-71
- ✓ Dense Retail Corridor | Tanger Outlet Columbus Provides Over 350,000 SF of Retail Space | Less Than One Mile From Bob Evans
- ✓ Excellent Location Fundamentals | 1.85 Acres Situated on Hard Corner of Signalized Intersection between I-71 & State Route 36/37
- ✓ Excellent Ohio Real Estate | Just Over 20 Miles from the Heart of Downtown Columbus | Capital and Most Populous City in U.S. State of Ohio

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	7315 US-36
City, State, ZIP	Sunbury, OH 43074
Year Built / Renovated	1994 / 2012
Building Size (Square Feet)	6,649 SF
Lot Size	+/- 1.85 Acres
Type of Ownership	Triple-Net (NNN)

THE OFFERING

Purchase Price	\$2,864,318
CAP Rate	5.65%
Annual Rent	\$161,834

LEASE SUMMARY

Property Type	Net Leased Restaurant
Tenant	Bob Evans
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	-
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 7315 US-36 in Sunbury, Ohio. The property consists of approximately 6,649 square feet of building space and is situated on approximately 1.85 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.

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

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

-Bob Evans





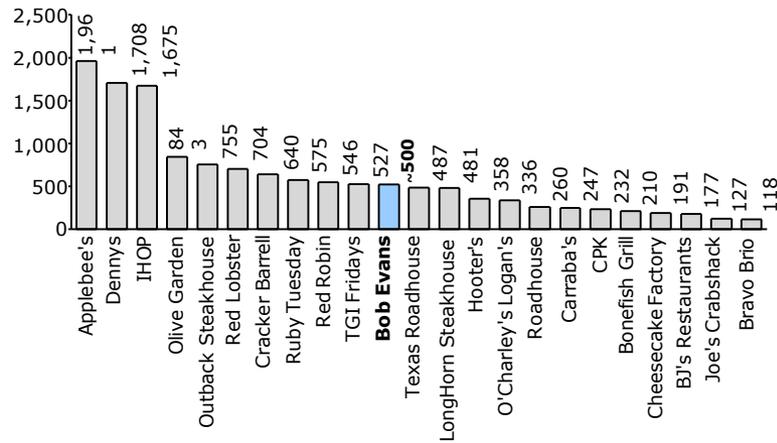
Concept Overview



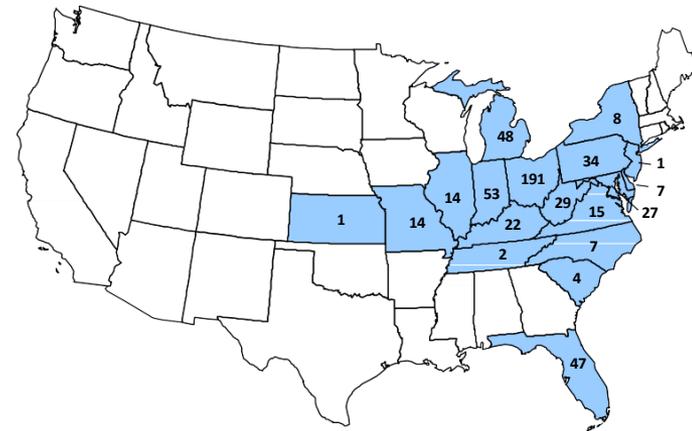
Bob Evans Restaurants is a scale, strong brand with approximately 500 locations.

Significant Scale

North America Units

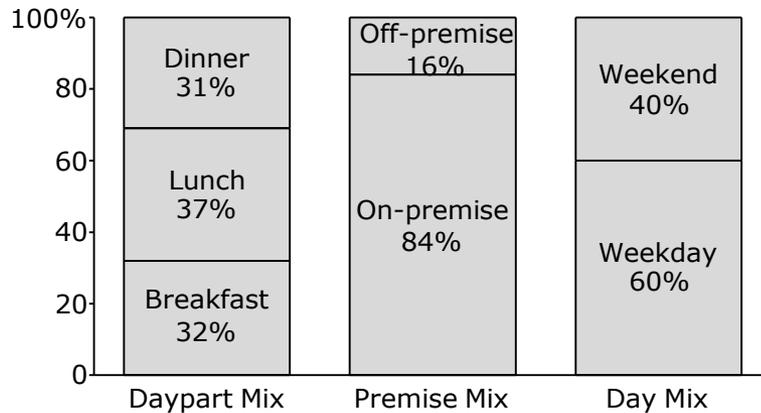


Strong Real Estate Footprint



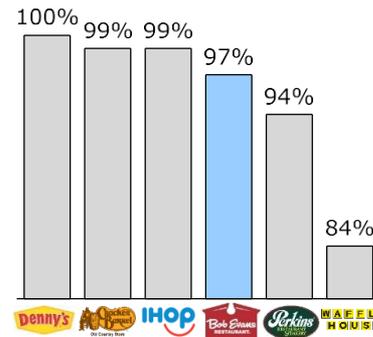
Diversified Revenue Stream

% of Revenue

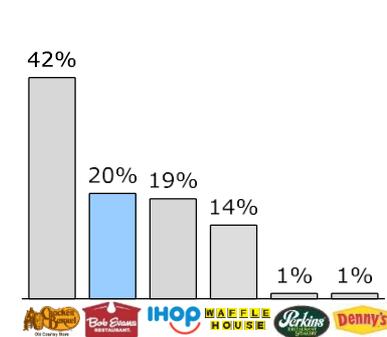


Iconic Brand

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)



(Similar thesis)

Undermanaged but fixable asset



(Negative trends turned positive, higher margins)



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

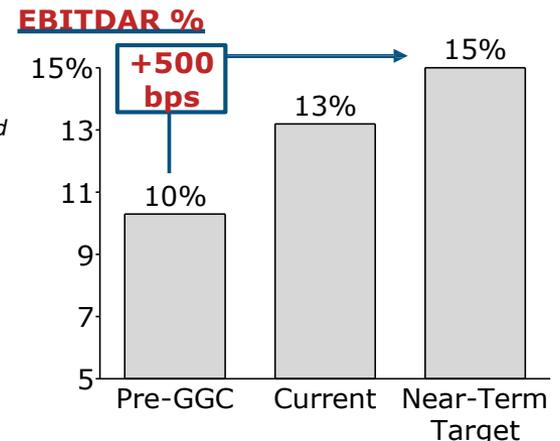
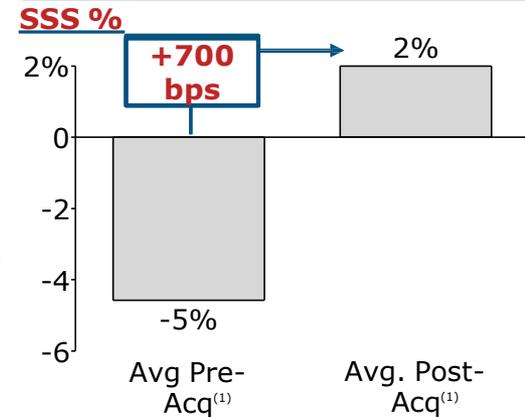


(Multiple avenues of cost and sales upside)



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

RL Results Since Close





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: 7315 US-36, Sunbury, OH 43074



I-71 - ADTC: 54,115

SR 37 - ADTC: 31,154





Property Photo

Property Address: 7315 US-36, Sunbury, OH 43074





Aerial Photos

Property Address: 7315 US-36, Sunbury, OH 43074





Surrounding Area Photos

Property Address: 7315 US-36, Sunbury, OH 43074





Location Overview

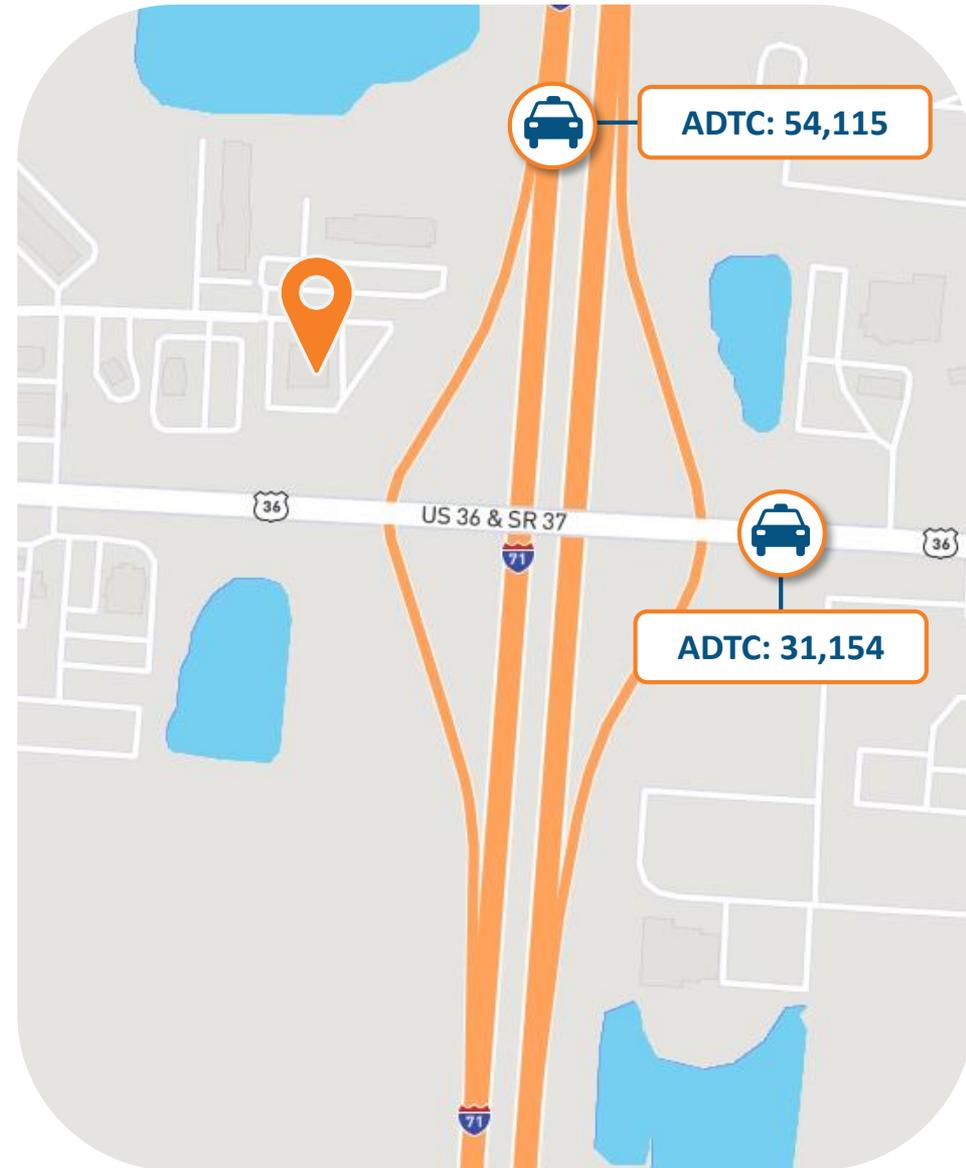
Property Address: 7315 US-36, Sunbury, OH 43074



The subject investment Bob Evans property is strategically situated on SR 37 in Sunbury, OH, just off an exit of Interstate-71. Interstate-71, experiencing average daily traffic counts of 54,115 vehicles, intersects with SR 37, which brings an additional daily 31,154 vehicles into the immediate proximity of the investment property. 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.

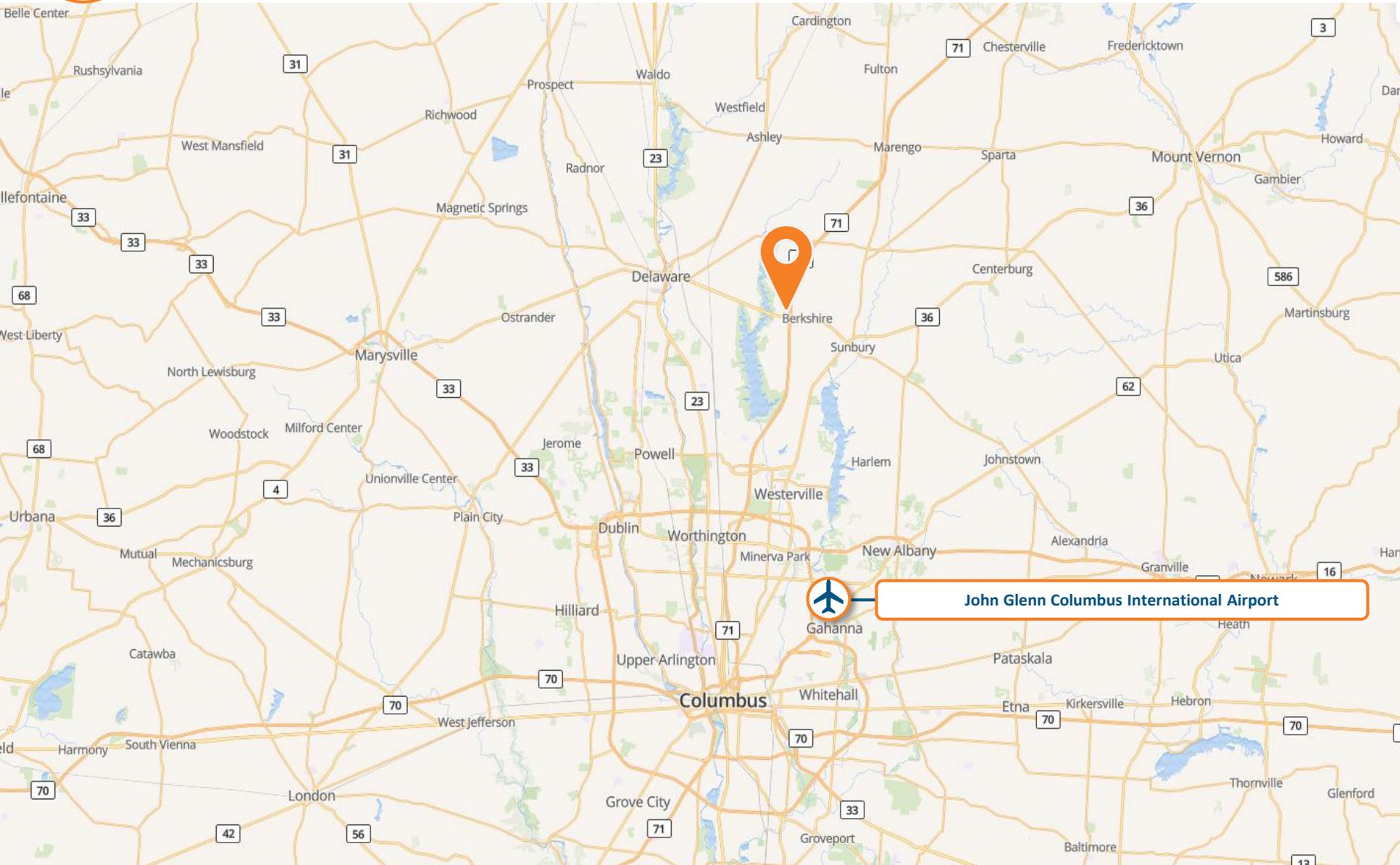
The Sunbury downtown is premised on a New England-styled traditional village square with the village hall located in the center. The village is home to a major American Showa manufacturing facility, which manufactures automotive parts for Honda of America. Sunbury is located 25 miles north of Columbus, OH. Columbus is the capital of and the largest city in the state of Ohio with a population of over 850,000. It is also the 15th largest city in the United States. The city has a diverse economy based on education, government, insurance, banking, fashion, defense, aviation, food, clothes, logistics, steel, energy, medical research, health care, 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. Columbus is also home to The Ohio State University, one of the largest college campuses in the United States, with approximately 65,000 students and over 6,200 faculty, and one of the most competitive intercollegiate programs in the nation.





Local Map

Property Address: 7315 US-36, Sunbury, OH 43074

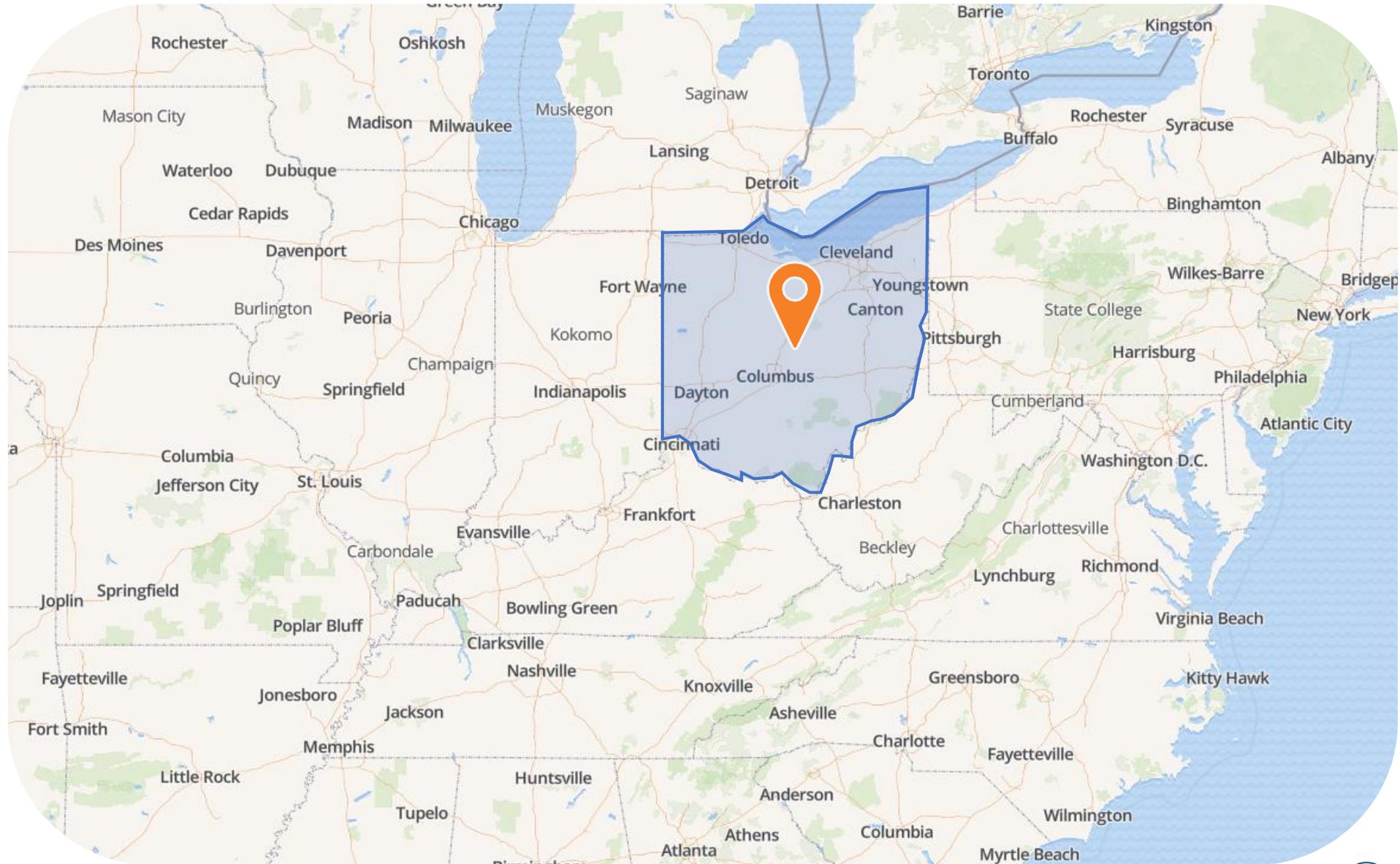


John Glenn Columbus International Airport



Regional Map

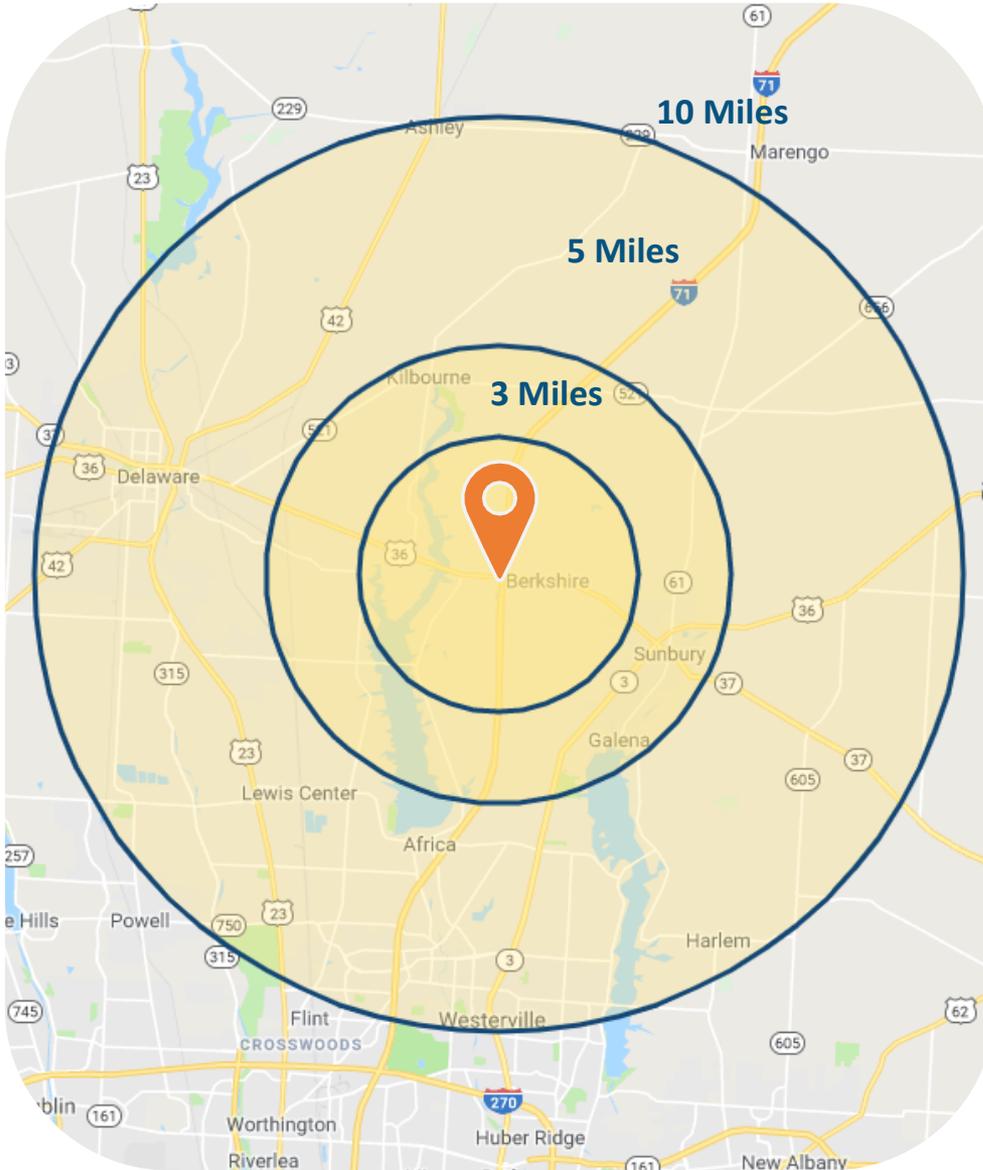
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Demographics

Property Address: 7315 US-36, Sunbury, OH 43074



	3 Miles	5 Miles	10 Miles
POPULATION			
2023 Projection	6,796	21,613	187,534
2018 Estimate	5,850	18,831	165,670
2010 Census	4,914	15,861	145,809
2000 Census	2,318	9,721	97,013
INCOME			
Average	\$144,346	\$125,826	\$127,276
Median	\$115,148	\$101,277	\$97,177
Per Capita	\$48,646	\$44,033	\$46,344
HOUSEHOLDS			
2023 Projection	2,289	7,605	68,371
2018 Estimate	1,972	6,590	59,999
2010 Census	1,655	5,565	52,675
2000 Census	834	3,541	35,084
HOUSING			
2018	\$357,973	\$340,307	\$289,420
EMPLOYMENT			
2018 Daytime Population	4,142	15,108	159,106
2018 Unemployment	3.10%	2.57%	3.91%
2018 Median Time Traveled	29	29	26
RACE & ETHNICITY			
White	93.19%	93.07%	86.41%
Native American	0.02%	0.08%	0.04%
African American	1.91%	1.75%	4.23%
Asian/Pacific Islander	2.31%	2.17%	5.94%



Market Overview

City: Columbus | County: Franklin | State: Ohio

Columbus, Ohio



Sunbury is located approximately 20 miles north 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
Banc One	2,855
Chase	1,854
Kroger	1,414
Donato's Pizza	1,040
Trg Maintenance, LLC	899
Jpmorgan Chase Bank National Association	858
Fire Dept- Station 33	811
Kellog	703
Walmart	700
Jpmorgan Investment Advisors, Inc.	550
McDonald's	542



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