

BOB EVANS

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



1001 Cherry Valley Rd, Newark, OH 43055

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Investment Highlights

PRICE: \$2,557,650 | CAP: 6.00% | RENT: \$153,459



About the Investment

- ✓ Attractive Rent Escalations | Two Percent Annually
- ✓ 20-Year Triple (NNN) Net Lease with Over 17 Years Remaining
- ✓ Corporate Tenant; Lease Backed by Roughly 500 Corporate Locations
- ✓ Six (6), Five (5)-Year Tenant Renewal Options

About the Location

- ✓ Major Tenants in Surrounding Area Include: Wendy's, Arby's, Speedway, Real Deals Home Décor, The Equipment Guys, CoCo Key Water Resort, and Cherry Valley Lodge
- ✓ Strong Academic Presence | Less than Four Miles from Denison University | Total Enrollment of 2,200+ Students
- ✓ Strong Traffic Counts | Cherry Valley Road SE and US Route 16 | Approximately 13,600 and 37,044 Vehicles Per Day, Respectively
- ✓ Affluent Suburban Community | Average Household Income within a One-Mile Radius Exceeds \$100,068

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 \$900M in sales and ~500 units.
- ✓ Restaurants Operate Across 3 Dayparts (Breakfast: 32%, Lunch: 37%, Dinner: 31%) with a Large Carryout Business (16%).
- ✓ Strong Real Estate Profile With Well-maintained Restaurants – 100% of the Restaurants have Been Remodeled
- ✓ Golden Gate Capital Is the Most Active Private Equity Buyer Of Full Service Restaurant Companies.





Financial Analysis

PRICE: \$2,557,650 | CAP: 6.00% | RENT: \$153,459



PROPERTY DESCRIPTION

Property	Bob Evans
Property Address	1001 Cherry Valley Road
City, State, ZIP	Newark, OH, 43055
Estimated Building Size	6,185 SF
Estimated Lot Size	+/- 1.57 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$2,557,650
CAP Rate	6.00%
Annual Rent	\$153,459
Rent / SF	\$24.81

LEASE SUMMARY

Property Type	Net Leased Casual Dining Restaurant
Tenant / Guarantor	Corporate; Bob Evans
Original Lease Term	20 Years
Lease Commencement	4/28/2017
Lease Expiration	4/30/2037
Lease Term Remaining	17.6 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	2.0% Annually
Options to Renew	Six (6) Periods of Five (5) Years Each

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 3	\$153,459	\$12,788	2.00%
Year 4	\$156,528	\$13,044	2.00%
Year 5	\$159,659	\$13,305	2.00%
Year 6	\$162,852	\$13,571	2.00%
Year 7	\$166,109	\$13,842	2.00%
Year 8	\$169,431	\$14,119	2.00%
Year 9	\$172,820	\$14,402	2.00%
Year 10	\$176,276	\$14,690	2.00%
Year 11	\$179,802	\$14,983	2.00%
Year 12	\$183,398	\$15,283	2.00%
Year 13	\$187,066	\$15,589	2.00%
Year 14	\$190,807	\$15,901	2.00%
Year 15	\$194,623	\$16,219	2.00%
Year 16	\$198,516	\$16,543	2.00%
Year 17	\$202,486	\$16,874	2.00%
Year 18	\$206,536	\$17,211	2.00%
Year 19	\$210,666	\$17,556	2.00%
Year 20	\$214,880	\$17,907	2.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Bob Evans Property. The property consists of approximately 6,185 square feet of building space and is situated on approximately 1.57 acres of land.

The property will be subject to a 20-year triple net (NNN) lease with over 17 years remaining. The lease commenced on April 28, 2017. The base rent is \$153,459 with two percent annual rental increases. The increases will continue through the six, five-year tenant renewal options. The tenant will be a newly formed entity consisting of all Bob Evans Restaurants.

Bob Evans Restaurants was started more than 60 years ago with a single restaurant in Rio Grande, Ohio. The concept has since grown to roughly 500 family restaurants in approximately 18 different states. Their wide variety of menu options appeals to a wide demographic, whether its breakfast, lunch, or dinner Bob Evans has something for everyone. Bob Evans Restaurants

Tenant Overview



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

-Bob Evans



- Founded in 1948, Bob Evans is an iconic American brand that has grown from a 12-stool, 24 hour restaurant to \$900M in sales and ~500 units.
- 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 recently remodeled.



BOB EVANS PROFILE



Strong Asset

- Strong real estate profile, all units have been recently remodeled.
- Compelling unit-level fundamentals.



Strong Tenant

- Scale restaurant brand with \$900M in sales and ~500 units with regional density in Ohio.
- Participates in the attractive and growing family dining segment which has consistently outperformed the casual dining segment.
- Iconic brand with strong awareness / NPS.
- Strong balance sheet with no third party debt & \$75M of cash at close.

Significant Experience

- GGC is the most active private equity buyer of full service restaurant companies.
- History of growing same restaurant sales & 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.

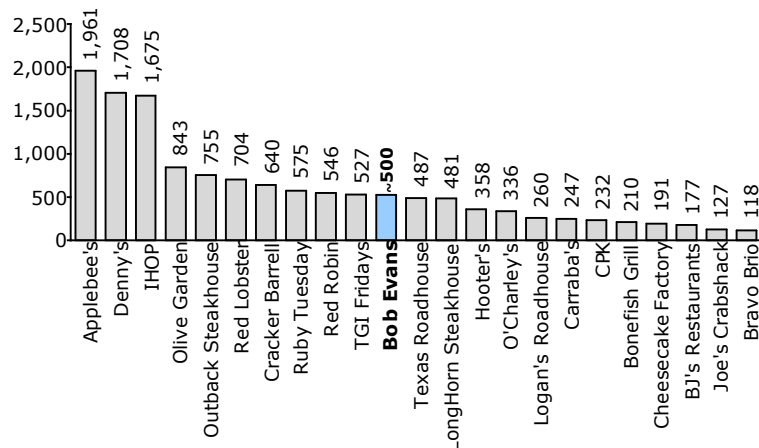




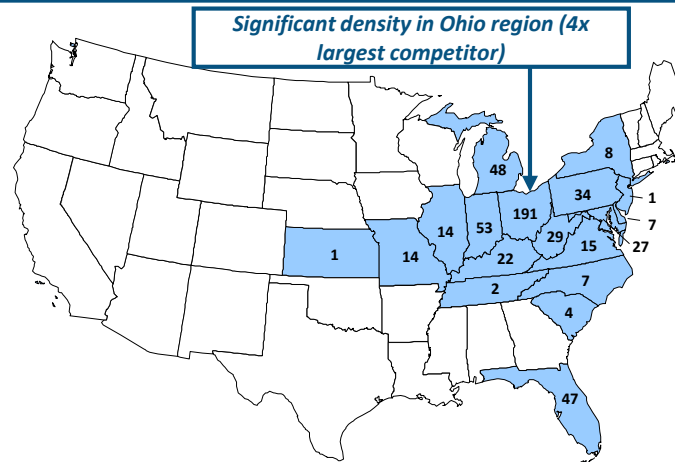
Bob Evans Restaurants is a scale, strong brand that generates \$900M in sales across ~500 units.

Significant Scale

North America Units

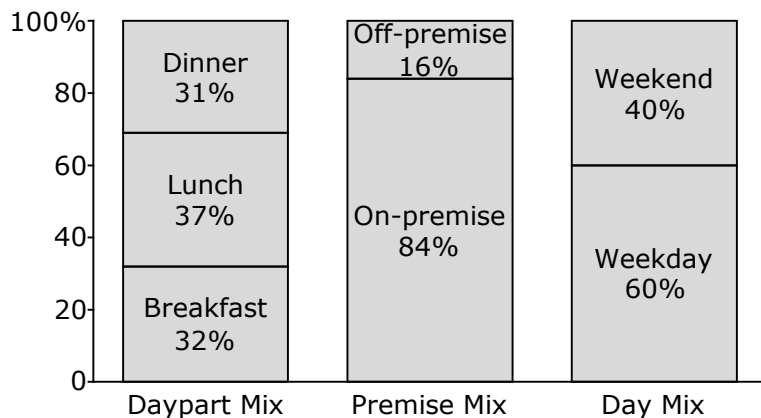


Strong Real Estate Footprint



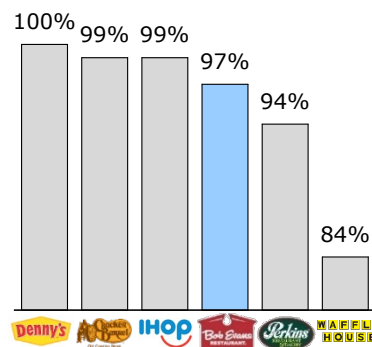
Diversified Revenue Stream

% of Revenue

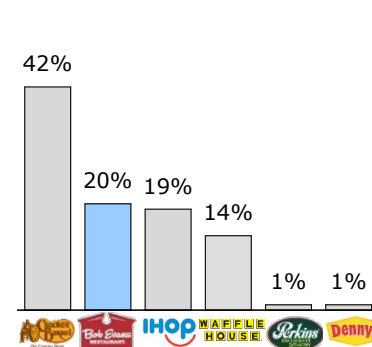


Iconic Brand

Brand Awareness



Net Promoter Score





MANAGEMENT TEAM



CEO Saed Mohseni has significant experience in the full-service dining industry and will lead a new but experienced management team.

KEY STATS



Former Employers

Bravo Brio, CEO '07-'15
McCormick & Schmick's
'86-'07 (CEO '00-'07)
Marriott Corporation, '84-'86

Education

Oregon State University
Portland University

Boards

Bravo Brio: '06 – '15
Chuy's: '12 – Current
Bob Evans: '16 – Current

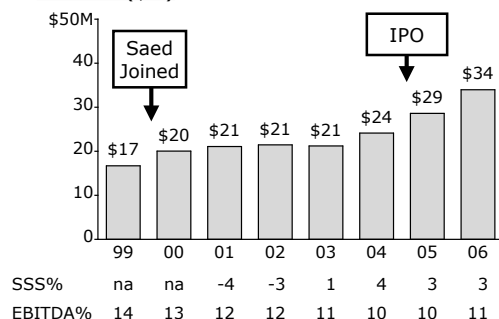
ACCOMPLISHMENTS

- **Significant Restaurant Experience:**
30+ years of restaurant experience starting as a general manager at McCormick & Schmick's in 1986.
- **CEO of Multiple Casual Dining Chains:** Former CEO of Bravo Brio (2007-2015) & McCormick & Schmick's (2000-2007).
- **Strong Performance as CEO:** Doubled EBITDA & units at both McCormick & Schmick's & Bravo Brio.
- **Restaurant IPO Experience:** CEO during two restaurant IPOs (McCormick & Schmick's: 2004, Bravo Brio: 2010).
- **>10 years working for Private Equity:** CEO of McCormick & Schmick's when Castle Harlan & BRS bought business in 2001 through their exit and was recruited by Castle Harlan to be CEO of Bravo Brio when they bought the business in 2006.

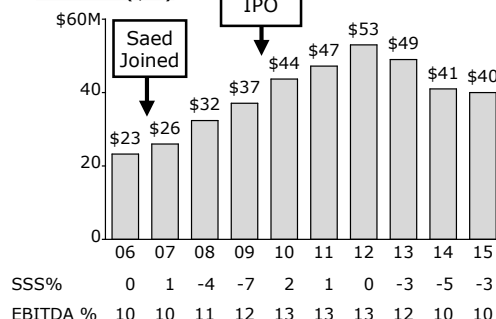
Prion Performance as CEO



EBITDA (\$M)



EBITDA (\$M)





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

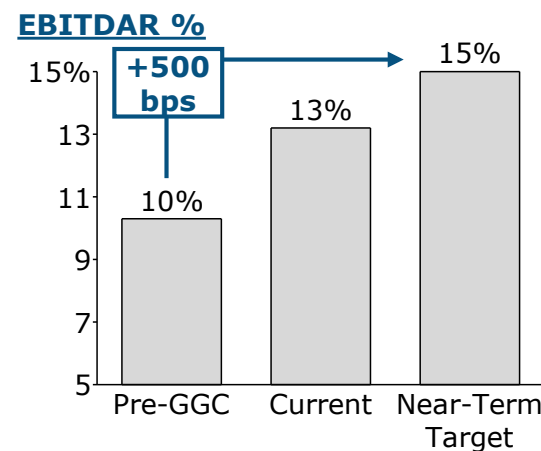
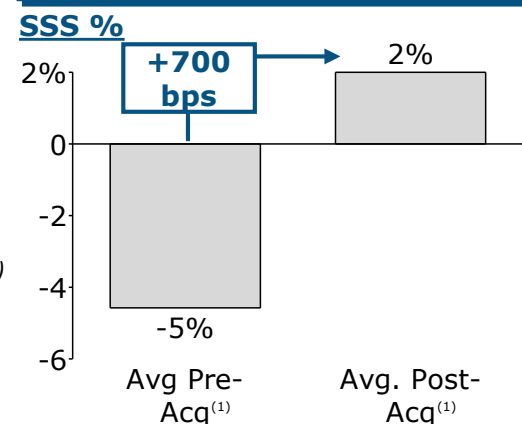


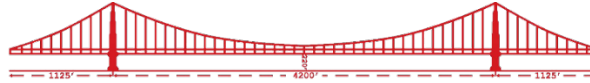
The Bob Evans transaction fits directly into GGC's investment strategy and is very similar to GGC's acquisition of Red Lobster. Under GGC ownership Red Lobster has increased sales and margins through similar "playbook" planned for Bob Evans.



		
Strong Scale Platform	✓ (700+ units, \$2.5B sales)	✓ (~500 units, \$900M sales)
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





GOLDEN GATE CAPITAL

- Golden Gate Capital (“GCC”) is a San Francisco based private equity firm with over \$15 billion of committed capital.
- GGC has been one of the most active acquirors of multi-unit restaurant and retail companies over the past ten years, invested in restaurant and retail companies with annual revenues of >\$15 billion.
- Bob Evans Restaurants fits directly within GGC’s investment strategy → partner with strong management teams to acquire strong, established brands with an opportunity to grow earnings through better execution, productivity improvements and unit growth.

Restaurant Private Equity Investments





Surrounding Area

Property Address: 1001 Cherry Valley Road, Newark, OH



Cherry Valley
Animal Clinic

CoCo Key Water
Resort

Cherry Valley
Lodge

Denison University
4.4 Miles From
Subject Property

Cherry Valley Rd SE

US Route 16





Location Overview

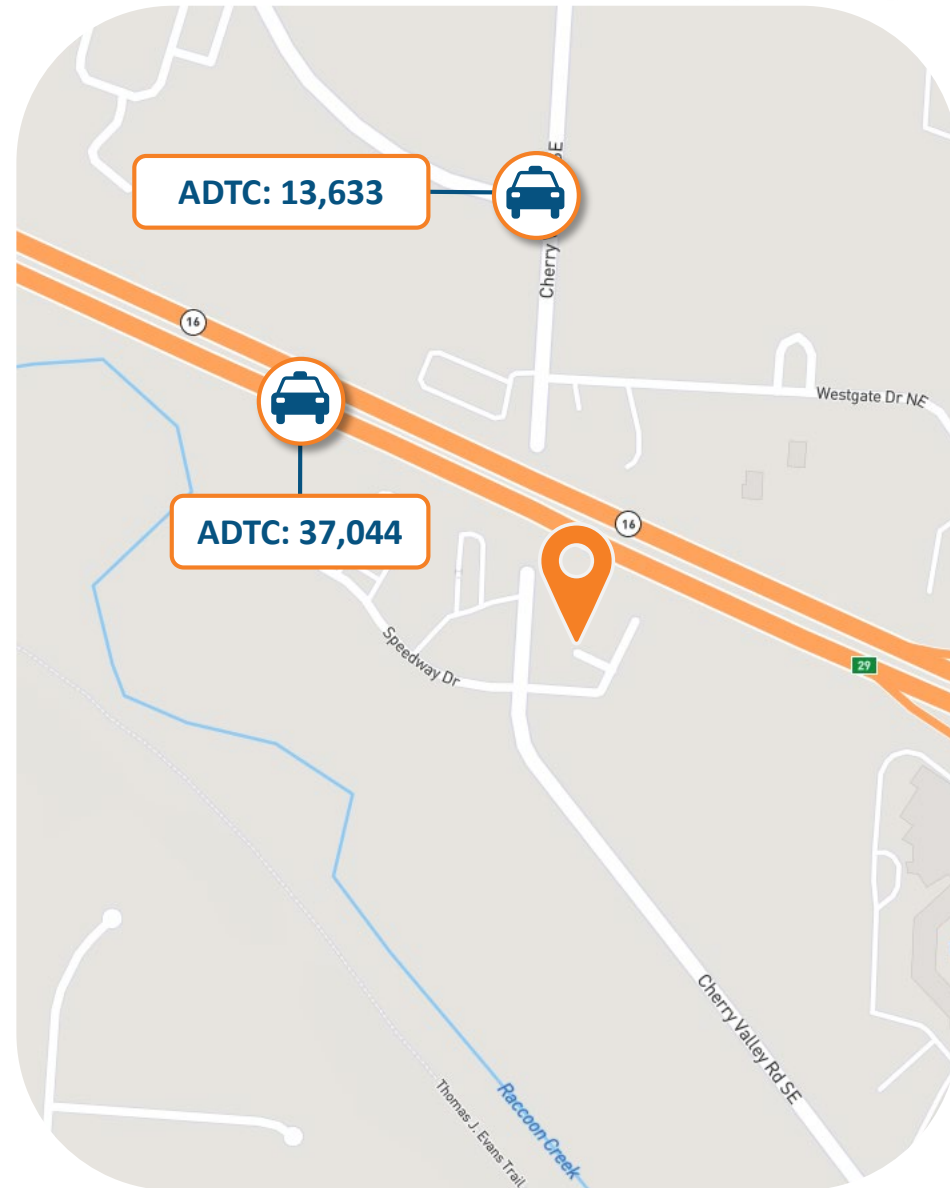
Property Address: 1001 Cherry Valley Road, Newark, OH



There are approximately 31,322 people within a three-mile radius of this property and more than 65,812 within a five-mile radius. The property is situated on Cherry Valley Road Southeast, which has average daily traffic counts of 13,633 vehicles. The Bob Evans is also located nearby US Route 16. US Route 16 experiences average daily traffic counts of more than 37,044 vehicles.

The subject property is well-positioned to benefit from its proximity to major national and local tenants. Nearby tenants include: Wendy's, Arby's, Speedway, Real Deals Home Décor, and The Equipment Guys among various others. CoCo Key Water Resort, a 50,000-square-foot aquatic family playground is located less than half a mile down the road from the subject property. The adjacent hotel, Cherry Valley Lodge, boasts 200 spacious guestrooms and can accommodate up to 500 guests for meetings and events. Located four miles from the subject property is Denison University, a private, coeducational, and strictly residential four-year liberal arts college. The campus sits on approximately 1,100 acres, has 18 academic buildings, and over 2,200 students currently enrolled. The New York Times has ranked Denison University at No. 11 in the list of the nation's top colleges and universities.

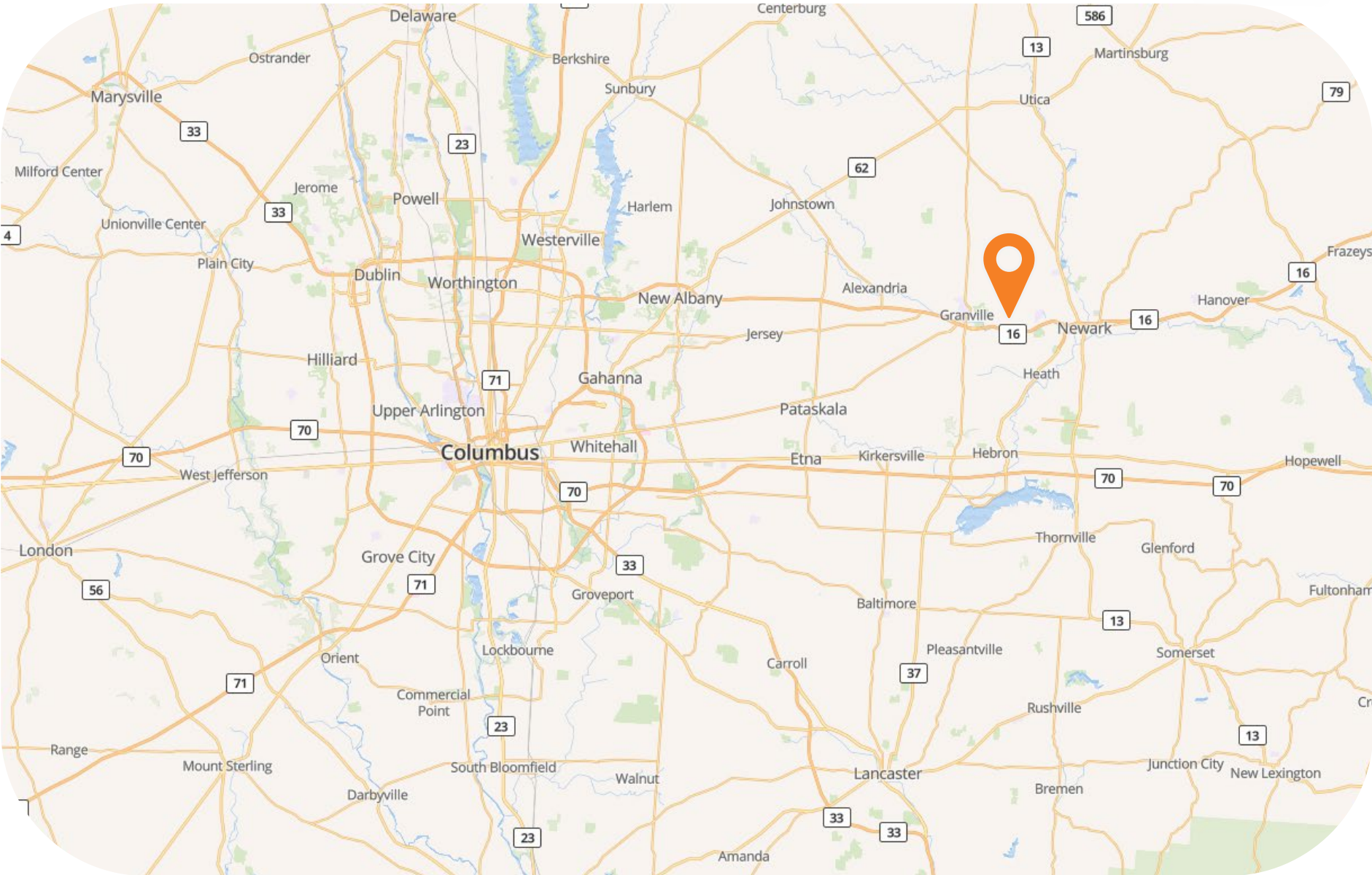
Newark is a city in and the county seat of Licking County, located 33 miles east of Columbus, at the junction of the forks of the Licking River. Newark is the site of several major manufacturers. The corporate headquarters of basket-maker Longaberger had their new building designed as a gigantic "medium market basket," their most popular model. Holophane, founded in 1898, is one of the world's oldest manufacturers of lighting-related products. The main factory of Owens Corning Fiberglass and State Farm Insurance's Regional Headquarters is also located in Newark. Several industrial parks house such major companies as Kaiser Aluminum, Dow Chemical Company, General Electric, Covestro, Boeing, THK, Harry & David, Communicolor, Diebold, Boeing, Anomatic, International Paper and Tamarack Farms Dairy. The Park National Bank Corporation is headquartered in downtown Newark. Newark is home to a regional campus of Ohio State University. The Ohio State University at Newark, schools over 2,800 students and is the most diverse campus in the Ohio State System. Today, the campus features 11 buildings, including a recreation center and two residence halls.





Local Map

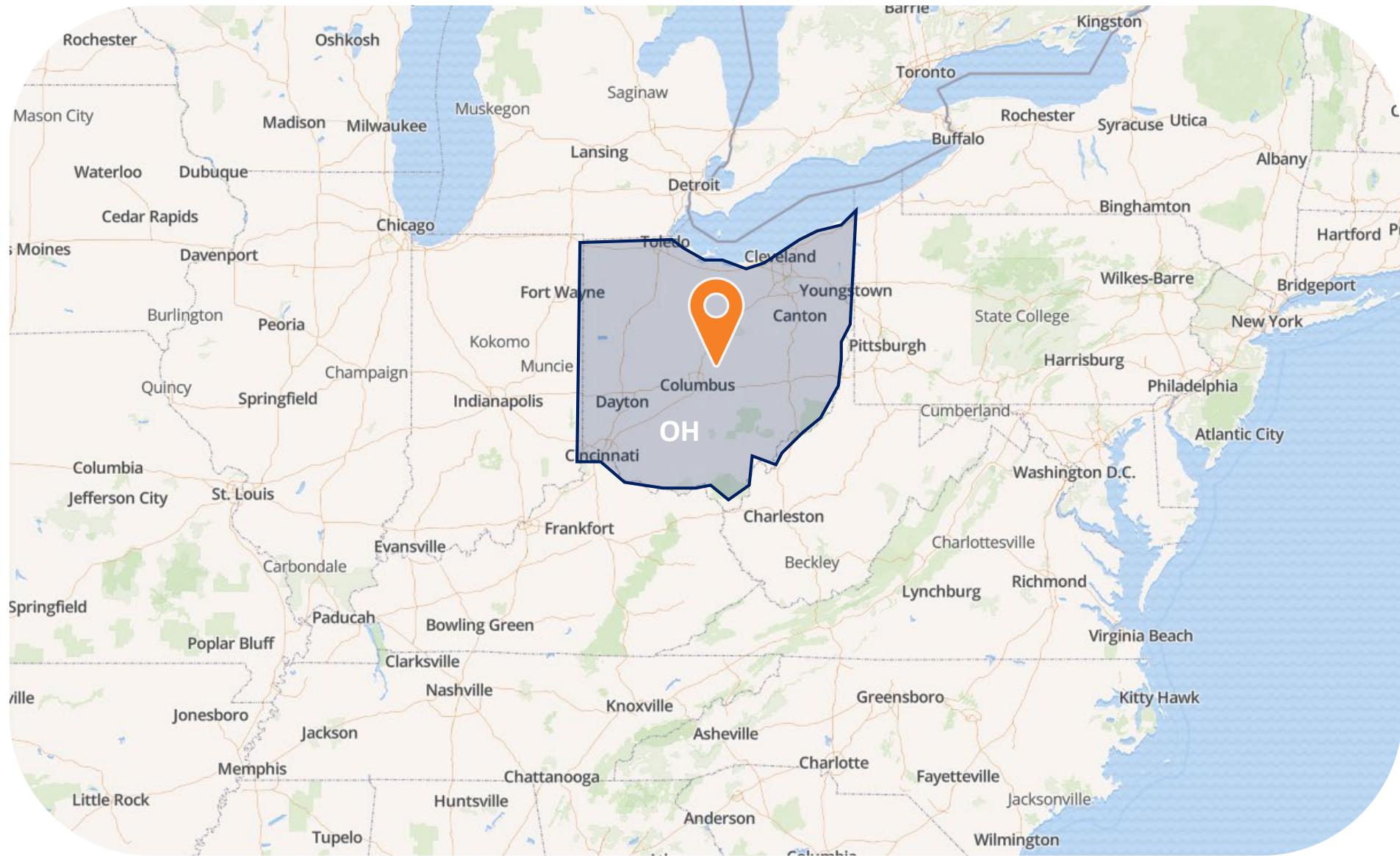
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Regional Map

Property Address: 1001 Cherry Valley Road, Newark, OH





Demographics

Property Address: 1001 Cherry Valley Road, Newark, OH



3 Miles 5 Miles 10 Miles

POPULATION

2023 Projection	33,393	68,731	116,771
2018 Estimate	32,251	66,935	112,526
2010 Census	31,243	65,162	108,979
2000 Census	29,202	61,338	100,797

INCOME

Average	\$82,802	\$71,972	\$73,585
Median	\$60,596	\$51,624	\$55,837
Per Capita	\$32,686	\$29,466	\$29,479

HOUSEHOLDS

2023 Projection	12,990	27,888	46,707
2018 Estimate	12,428	26,886	44,535
2010 Census	11,972	26,068	42,994
2000 Census	10,990	24,441	39,449

HOUSING

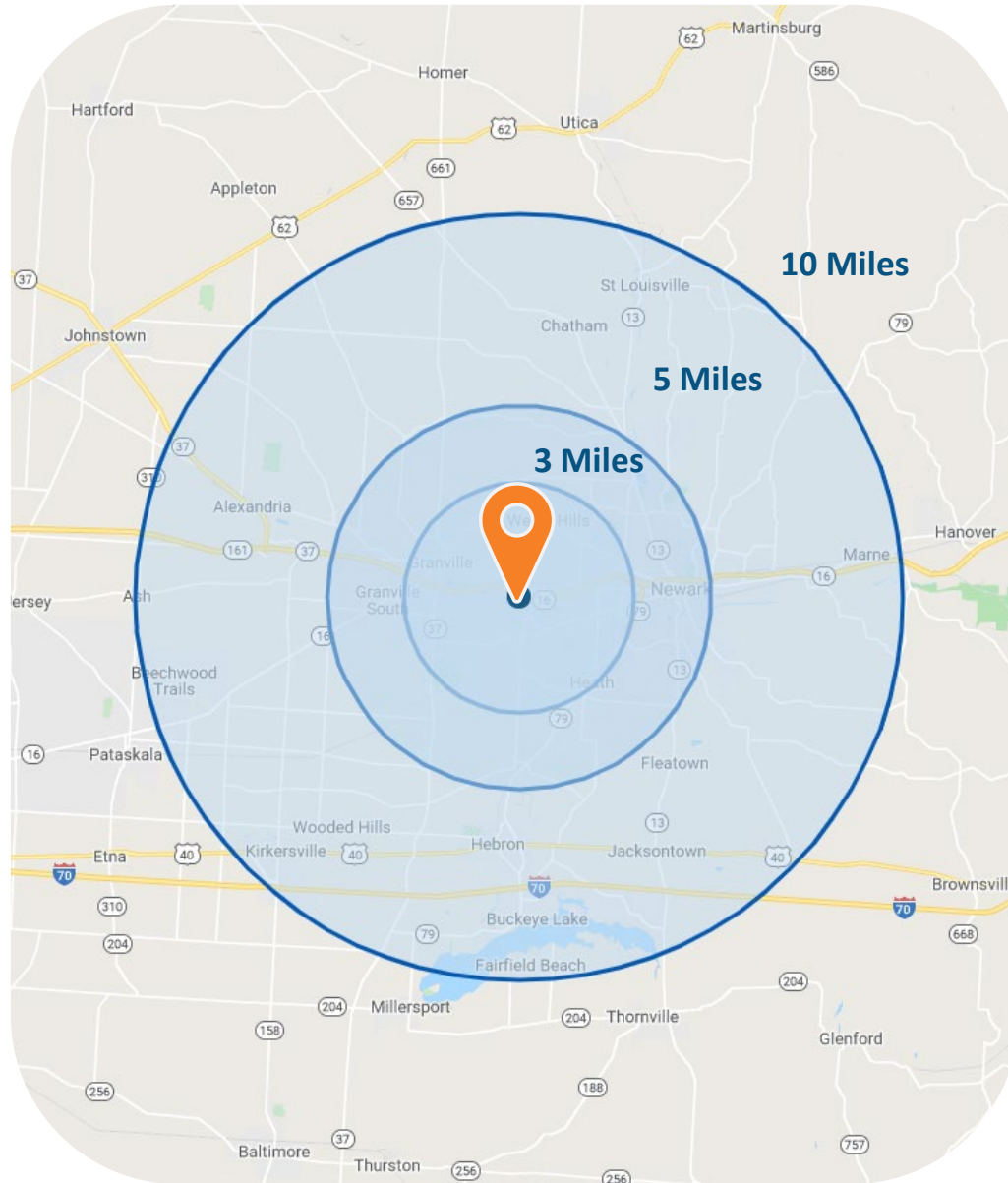
2018	\$165,138	\$152,421	\$162,324
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EMPLOYMENT

2018 Daytime Population	43,582	77,584	110,309
2018 Unemployment	5.16%	5.85%	5.46%
2018 Median Time Traveled	24 Mins	25 Mins	27 Mins

RACE & ETHNICITY

White	92.51%	92.31%	93.52%
Native American	0.03%	0.03%	0.04%
African American	2.77%	2.99%	2.39%
Asian/Pacific Islander	1.74%	1.23%	0.99%





Market Overview

City: Newark | County: Licking | State: Ohio

Columbus, Ohio

Columbus is the capital of and the largest city in the state of Ohio with a population of over 850,000. It is the 15th largest city in the United States. Columbus 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.

In 2016, Money Magazine ranked Columbus as one of "The 6 Best Big Cities," calling it the best in the Midwest, citing a highly educated workforce and excellent wage growth. In 2019, the city had five corporations named to the U.S. Fortune 500 list: Alliance Data, Nationwide Mutual Insurance Company, American Electric Power, L Brands, and Cardinal Health.

Columbus hosts two major league professional sports team: the Columbus Blue Jackets of the National Hockey League and Columbus Crew SC of Major League Soccer. Columbus is home to one of the most competitive intercollegiate programs in the nation, the Ohio State Buckeyes of Ohio State University. The Ohio State Buckeyes are a member of the NCAA's Big Ten Conference, and the football team plays home games at Ohio Stadium.

Major Employers

Employer	Estimated # of Employees
State Farm Insurance	2,154
CVS Health Corporation	1,348
Boeing	1,325
Licking Memorial Hospital	1,143
Licking Memorial Hlth Systems	993
McDonalds	775
Interim Services	743
Consumer Support Services Inc	664
Walmart	660
Denison University Bookstore	656
Newark City Schools	564



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