

EXCLUSIVE NET-LEASE OFFERING

PANERA BREAD SALE-LEASEBACK

BRAND NEW CONSTRUCTION

Representative Photo



OFFERING MEMORANDUM



U.S Highway 380 & Hardin Road – McKinney (Dallas-Fort Worth MSA), TX 75071

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Table of Contents

Investment Highlights	4
Financial Analysis	5
Tenant Overview	6-7
Surrounding Area	8
Location Overview	9
Local Map	10
Regional Map	11
Demographics / Market Overview	12-13





Investment Highlights

PRICE: \$3,372,500 | CAP: 4.75% | RENT: \$160,194



About the Investment

- ✓ Brand New Construction; Opening August 2018!
- ✓ Long-Term, 15-Year Absolute Triple Net (NNN) Lease
- ✓ Lease Commencement Upon Close of Escrow
- ✓ Eight Percent (8.0%) Rental Increases Every Five (5) Years
- ✓ Four (4), Five (5)-Year Tenant Renewal Options, Bringing the Potential Lease Term to 35 Years
- ✓ Corporate Tenant | Corporate Guarantee

About the Location

- ✓ Dense Retail Corridor | Walmart, Lowe's, Sam's Club, McDonald's, Burger King, Target, Walgreens, CVS Pharmacy, Wendy's
- ✓ Compelling Location Fundamentals | Less Than Four Miles from Collin College | Over 52,000 Students Enrolled
- ✓ Affluent Suburban Community | Average Income within a 3-Mile Radius Exceeds \$103,000 | Population Exceeds 153,000 Individuals Within a 5-Mile Radius
- ✓ Positive Real Estate Fundamentals | Within Thirty Miles of Downtown Dallas
- ✓ Strong Traffic Counts | Over 38,000 Vehicles Per Day on U.S Highway 380

About the Tenant / Brand

- ✓ Panera has been one of the most successful restaurant companies in history
- ✓ Panera is the best-performing restaurant stock when measured over the last 20 years; delivering a total shareholding return 44 times better than the S&P 500 from 1997 to 2017
- ✓ Restaurant Business names Panera Bread's Ron Shaich '2018 Restaurant Leader of the Year'
- ✓ Named "Sales Leader" by Nation's Restaurant News in the Bakery-Café Group – June 2017
- ✓ Pioneer in Advanced Technology – Driver of Ongoing Sales Growth and Improved Delivery-Catering Initiatives
- ✓ Recently acquired by JAB Holdings, a European conglomerate that owns Krispy Kreme, Keurig, Peet's Coffee, among other assets; positioning the chain for continued growth and long-term returns





Financial Analysis

PRICE: \$3,372,500 | CAP: 4.75% | RENT: \$160,194



PROPERTY DESCRIPTION

Property	Panera Bread
Property Address	W. University Dr. (US 380)
City, State, ZIP	McKinney, TX 75071
Estimated Store Opening*	August 22, 2018
Estimated Building Size	4,300 SF
Estimated Lot Size	+/- 1.2 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$3,372,500
CAP Rate	4.75%
Annual Rent	\$160,194
Price / SF	\$784.30
Rent / SF	\$37.25

LEASE SUMMARY

Property Type	Net Leased Casual Dining Restaurant
Tenant / Guarantor	Corporate; Panera LLC
Franchisor Ownership	Private; JAB Restaurant Holding Company
Original Lease Term	15 Years
Lease Commencement	Upon Close of Escrow
Lease Expiration	15 Years Upon COE
Lease Term Remaining	15 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	8.0% Every Five (5) Years
Options to Renew	Four (4) Periods of Five (5) Years Each

*Subject to Change

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$160,194	\$13,349	-
Year 2	\$160,194	\$13,349	-
Year 3	\$160,194	\$13,349	-
Year 4	\$160,194	\$13,349	-
Year 5	\$160,194	\$13,349	-
Year 6	\$173,009	\$14,417	8.00%
Year 7	\$173,009	\$14,417	-
Year 8	\$173,009	\$14,417	-
Year 9	\$173,009	\$14,417	-
Year 10	\$173,009	\$14,417	-
Year 11	\$186,850	\$15,571	8.00%
Year 12	\$186,850	\$15,571	-
Year 13	\$186,850	\$15,571	-
Year 14	\$186,850	\$15,571	-
Year 15	\$186,850	\$15,571	-

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a brand new Panera Bread located at W. University Drive (US 380) in McKinney, Texas. This is a rare investment opportunity to participate in a direct sale leaseback with Panera Bread. The newly constructed site will be located one and a half miles west of U.S. Highway 75 and will consist of roughly 4,300 rentable square feet of building space on estimated 1.18 acre parcel of land. The café is scheduled to open in August of 2018.

Panera, LLC, the corporate operating entity, will enter into a brand new 15-year triple-net (NNN) sale leaseback with the purchaser upon close of escrow. The initial annual rent will be \$160,194 and will increase by eight percent (8.0%) every five (5) years throughout the term of the lease and in each option period. There will be four (4), five (5)-year tenant renewal options, extending the total possible lease term to 35 years.

About Panera Bread

Thirty years ago, at a time when quick service meant low quality, Panera set out to challenge this expectation. They believed that food that was good and that you could feel good about, served in a warm and welcoming environment by people who cared, could bring out the best in all of us. To them, that is food as it should be and that is why they exist. So they began with a simple commitment: to bake fresh bread every day in their bakery-cafes. No short cuts, just bakers with simple ingredients and hot ovens. Each night, any unsold bread and baked goods were shared with neighbors in need.

These traditions carry on today, as they have continued to find ways to be an ally to its guests. That means crafting a menu of soups, salads and sandwiches that they are proud to feed their families. Like poultry and pork raised without antibiotics on our salads and sandwiches. A commitment to transparency and options that empower their guests to eat the way they want. Seasonal flavors and whole grains. And a commitment to removing artificial additives (flavors, sweeteners, preservatives and colors from artificial sources) from the food in its bakery-cafes. Why? Because they think that simpler is better and they believe in serving food as it should be. The company is also focused on improving quality and convenience. With investments in technology and operations, they now offer new ways to enjoy your Panera favorites -- like mobile ordering and Rapid PickUp for to-go orders -- all designed to make things easier for its guests.

As of February 2018, Panera Bread and its affiliates operate more than 2,000 bakery-cafes in 46 states and in Ontario, Canada.

For more information, visit panerabread.com or find them on Twitter (@panerabread), Facebook ([facebook.com/panerabread](https://www.facebook.com/panerabread)) or Instagram (@panerabread).

About JAB Holding Company

JAB Holding, a privately held company and investment arm of the wealthy Reimann family, is no stranger to the coffee business. It began building its position in coffee and breakfast in 2012 when it took a stake in D.E. Master Blenders and bought Peet's Coffee & Tea, a premier specialty coffee and tea company, for \$974 million and Minnesota-based Caribou Coffee, a specialty retailer of high-quality premium coffee products, for \$340 million. In the years that followed, the European company would go on to spend billions expanding its coffee empire. Eventually in 2013, JAB agreed to pay \$9.8 billion to purchase D.E. Master Blenders. That company became Jacobs Douwe Egberts (JDE) when JAB merged it with the coffee division of Mondelez International in 2015, which it bought for around \$4 billion, becoming the largest pure-play FMCG coffee company in the world. In 2014, JAB scooped up Einstein Bagels' parent company, Espresso House and Baresso Coffee and in 2015, the company purchased Keurig Green Mountain, a leader in single-serve coffee and beverage technologies, for \$14 billion along with coffee roaster and retailer Stumptown Coffee and coffee bar chain Intelligentsia coffee. Krispy Kreme, a global specialty retailer and wholesaler of premium-quality sweet treats, was added to the portfolio in 2016 and later completed its acquisition of Panera Bread Company in July 2017 for \$7.5 billion and Au Bon Pain (304 units) for an undisclosed sum later that year. Panera Bread's acquisition of Au Bon Pain brings the two companies together again since having split in 1999 and offers a strategic opportunity for the company. Today, the caffeine-fueled company, which has been steadily building a coffee and breakfast empire over the last five years, announced early April 2018 that it has expanded its coffee empire, making a major investment in the launch of online craft coffee retailer "Trade". Trade's website features more than 400 roasts, each with a description of where the coffee was sourced, its flavor profile and how best to brew it. Investing in Trade gives JAB one more foothold in the coffee market, this time online.

For more information about JAB investments, please visit the company's website: <http://www.jabholco.com>
Additional Source: <https://www.cnn.com/2018/04/05/jab-expands-coffee-empire-with-investment-in-online-coffee-shop-trade.html> Published 10:20 AM ET Thu, 5 April 2018 Updated 7:57 PM ET Thu, 5 April 2018 CNBC.com



Tenant Overview: In Recent News

Restaurant Business names Panera Bread's Ron Shaich 2018 Restaurant Leader of the Year

"Panera has been the best-performing public restaurant stock of the past 20 years, generating annualized returns in excess of 25% over the past two decades and delivering a total shareholder return 44 times better than the S&P 500 from 1997 to 2017, when we undertook a deal to go private," said Shaich. "Most importantly, we continue to make a positive difference in the lives of all of our stakeholders."



FEB 15^h. Ron Shaich, the serial innovator who changed the restaurant business through the founding and constant re-invention of Panera Bread, has been named the 2018 Restaurant Leader of the Year, presented by Restaurant Business.

The honor recognizes Shaich for his visionary leadership of the chain, a pioneer of the fast-casual segment. Now the chairman of Panera, Shaich kept the concept a step ahead of the market for almost four decades, most recently with the transformation known as Panera 2.0.

That aggressive update of the already powerful brand involved such steps as installing self-order kiosks, which can now be found in a host of limited-service brands, and adding delivery, another amenity widely available today in part because Panera proved it could work.

The brand has also been a leader in offering clean, healthful menus, having stripped additives and artificial ingredients out of its recipes over roughly a two-year period. Brands that subsequently scrubbed their menus include McDonald's, Subway, Starbucks and Dunkin' Donuts.

The innovations have kept Panera ahead of most limited-service chains in sales growth, right through the downturn still sapping the business.

Today, Panera has more than 2,300 units, 100,000 associates and nearly \$6 billion in annual systemwide sales. Its appreciation from the days of being known as St. Louis Bread Co. was dramatically illustrated last summer when JAB Holding agreed to buy the brand for \$7.5 billion.

"Panera has been the best-performing public restaurant stock of the past 20 years, generating annualized returns in excess of 25% over the past two decades and delivering a total shareholder return 44 times better than the S&P 500 from 1997 to 2017, when we undertook a deal to go private," said Shaich. "Most importantly, we continue to make a positive difference in the lives of all of our stakeholders."

"It is a great honor to be recognized for work that I am extremely proud of and have always viewed as my great privilege to do," he added.

Shaich opted at the end of 2017 to relinquish his CEO duties to longtime lieutenant Blaine Hurst. He remains active in helping set the direction of the chain, as well as working with JAB on strategic issues.

"Ron is an innovator and leader in the truest sense of the words," said Sarah Lockyer, SVP of content for Winsight LLC, the parent of Restaurant Business. "With

the founding and constant reinvention of Panera Bread, he disrupted the restaurant industry and led the way from menu to marketing and from in-store service to investments in technology. His dedication to social consciousness has also created a company culture of inclusion and success."

Past Restaurant Leaders of the Year award winners have included Paul Brown, CEO of Arby's and Buffalo Wild Wings' parent Inspire Brands; Greg Flynn, founder and CEO of Panera and Applebee's franchisee Flynn Restaurant Group; and Danny Meyer, CEO of Union Square Hospitality Group and the founder of Shake Shack.

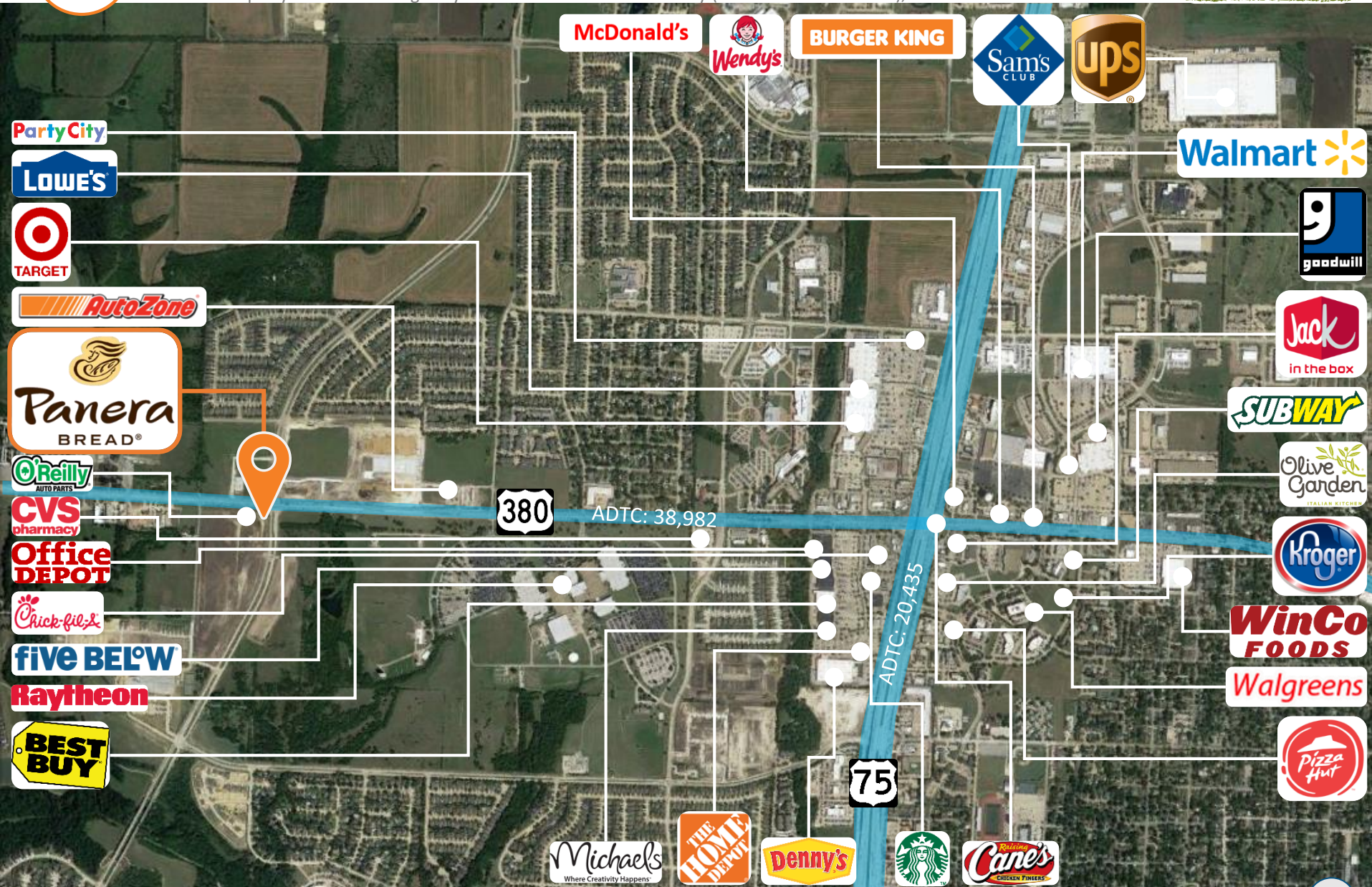
"Our winners are the game changers who refused to believe the restaurant industry is a mature business, instead looking to growth and innovation," said Chris Keating, group president of restaurant media and events for Winsight. "No one embodies that drive like Ron Shaich, a leader who believes in re-inventing his charge often. We look forward to celebrating his passion and leadership at the 20th anniversary of Restaurant Leadership Conference."

The Restaurant Leader of the Year award presentation, sponsored by PepsiCo Foodservice, was held Tuesday, April 17 at the 2018 Restaurant Leadership Conference in Phoenix, Ariz., April 15 – 17.



Surrounding Area

Property Address: U.S Highway 380 & Hardin Road – McKinney (Dallas-Fort Worth MSA), TX 75071





Location Overview

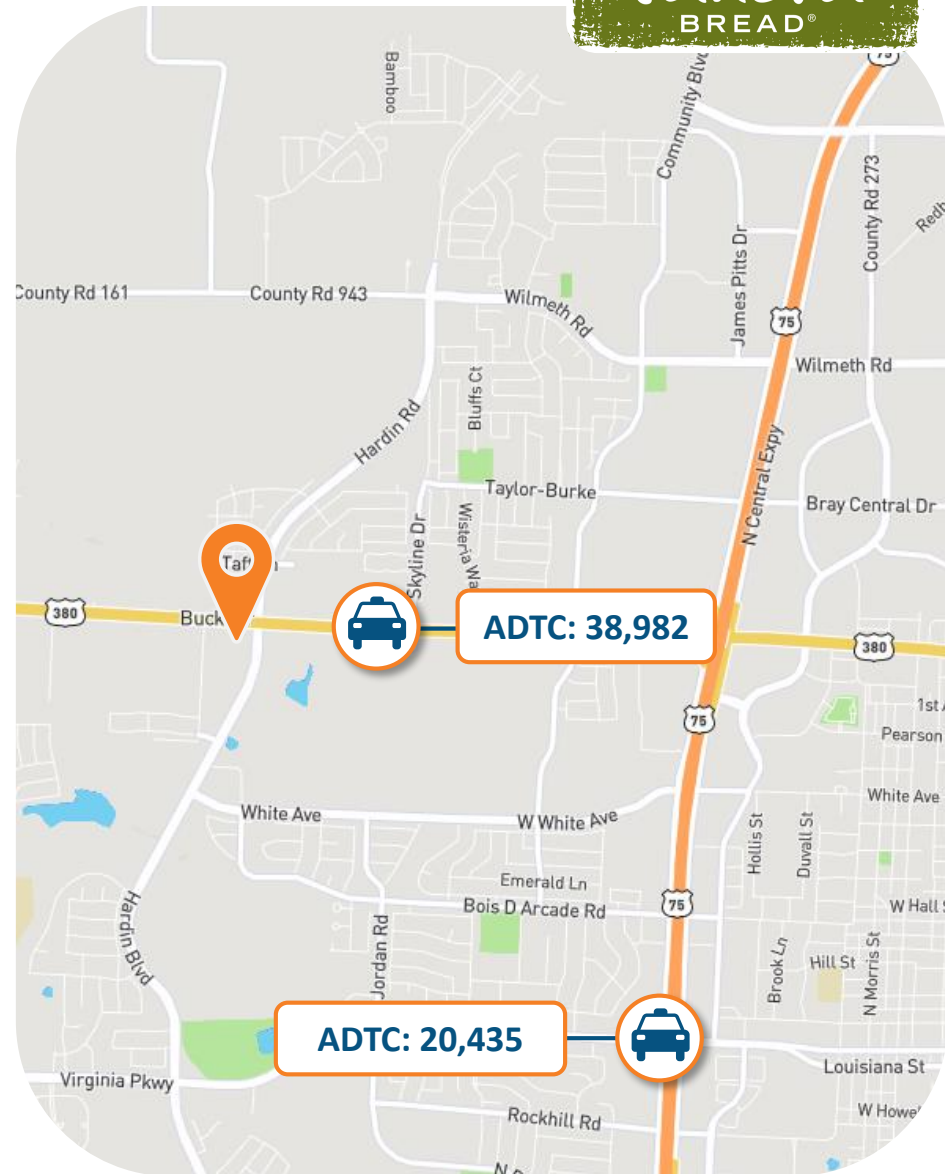
Property Address: U.S Highway 380 & Hardin Road – McKinney (Dallas-Fort Worth MSA), TX 75071



The subject investment property is situated on the southwest corner of U.S Highway 380 and Hardin Road, which boasts average daily traffic counts of over 38,900 and 10,200 vehicles respectively. U.S Highway 380 intersects with U.S. Highway 75, which brings an additional 20,435 vehicles into the immediate area on average daily. There are more than 62,900 individuals residing within a three-mile radius of the property and more than 150,280 individuals within a five-mile radius. This café is situated in an affluent suburban community with an average household income of over \$103,000 within a three-mile radius.

The subject property benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants, shopping centers, and hotels all within close proximity of this property. Major national tenants include: Target, Walmart, Walgreens, Best Buy, Lowe's, Burger King, Chick-Fil-A, McDonald's, O'Reilly Auto Parts, Subway, Chili's, Wendy's, Kroger, and Sam's Club. Accommodations within the nearby area include Holiday Inn and Comfort Inn. This café also benefits from being situated within a five-mile radius of several academic institutions which have a combined enrollment exceeding 4,000 students. The most notable of the academic institutions is Collin College which is located less than four miles from the subject property and enrolls over 52,000 students. Collin College serves as the local community college of Collin County and the neighboring Rockwall County. Baylor Scott & White Medical Center, a 143-bed facility offering full-service care, is located less than three miles from the property.

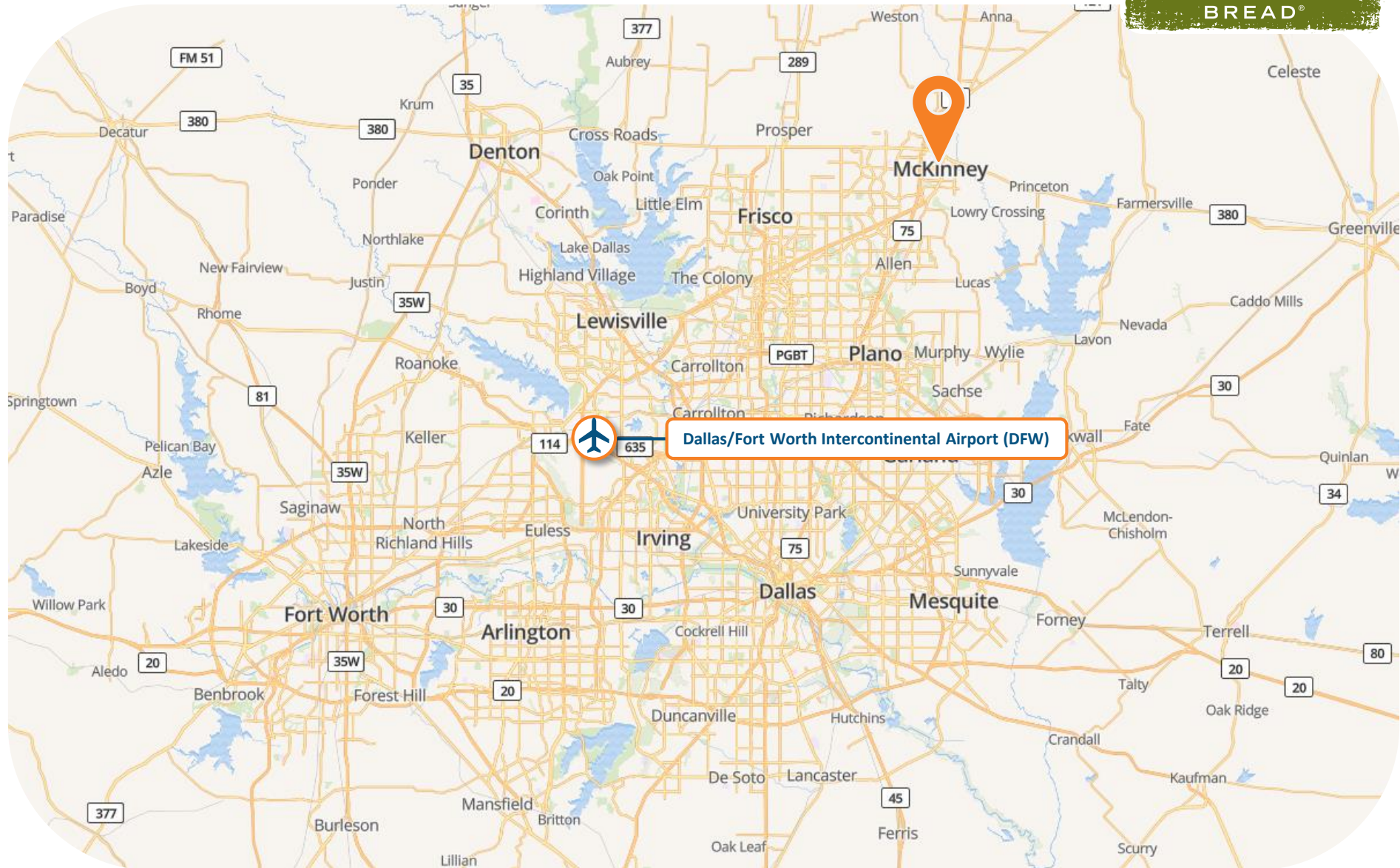
McKinney is a city in and the county seat of Collin County, Texas, and second in population size to Plano, Texas. It is part of the Dallas-Fort Worth Metroplex, and is located 30 miles north of Dallas. The diverse economy offers a mix of industries: medical technology, data management, manufacturing, sustainability, aviation, defense, retail, office, and transportation. The robust business infrastructure has attracted companies such as Raytheon, Wistron GreenTech, Torchmark, Zynga, and many more; the presence of which further asserts McKinney's commitment to growth and sustainable development. There were 19 major commercial projects completed in 2017 alone, ranging from private schools to office parks and apartment complexes. Over \$200 million has been allocated towards capital improvement projects, between the Airport, Engineering, Parks, and Public Works departments.





Local Map

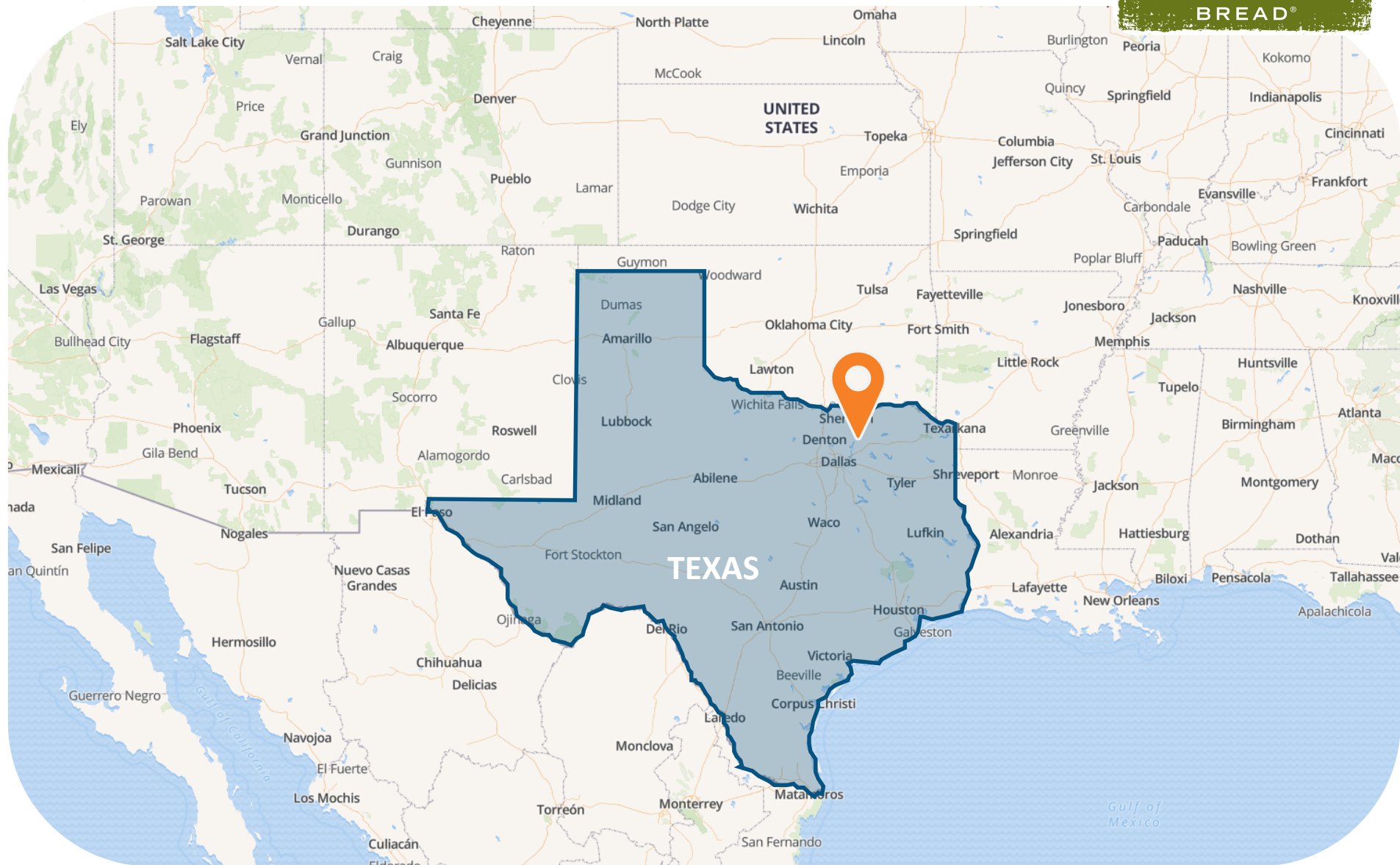
Property Address: U.S Highway 380 & Hardin Road – McKinney (Dallas-Fort Worth MSA), TX 75071





Regional Map

Property Address: U.S Highway 380 & Hardin Road – McKinney (Dallas-Fort Worth MSA), TX 75071





Demographics

Property Address: U.S Highway 380 & Hardin Road – McKinney (Dallas-Fort Worth MSA), TX 75071



3 Miles 5 Miles 10 Miles

Population Trends:

2022 Projection	74,964	175,499	488,268
2017 Estimate	65,635	153,711	426,931
2010 Census	50,348	119,969	328,440
Growth 2017 - 2022	14.21%	14.17%	14.37%
Growth 2010 - 2017	30.36%	28.13%	29.99%
2017 Population Hispanic Origin	13,569	29,123	61,947

Population by Race (2017):

White	52,873	122,378	323,674
Black	7,723	17,710	41,878
American Indian & Alaskan	750	1,492	3,326
Asian	2,478	7,928	46,235
Hawaiian & Pacific Island	66	182	401
Other	1,745	4,021	11,416

Household Trends:

2022 Projection	25,208	59,683	166,370
2017 Estimate	22,052	52,251	145,485
2010 Census	16,895	40,554	111,183
Growth 2017 - 2022	14.31%	14.22%	14.36%
Growth 2010 - 2017	30.52%	28.84%	30.85%
Owner Occupied	15,353	36,572	109,306
Renter Occupied	6,700	15,678	36,178

Average Household Income (2017):

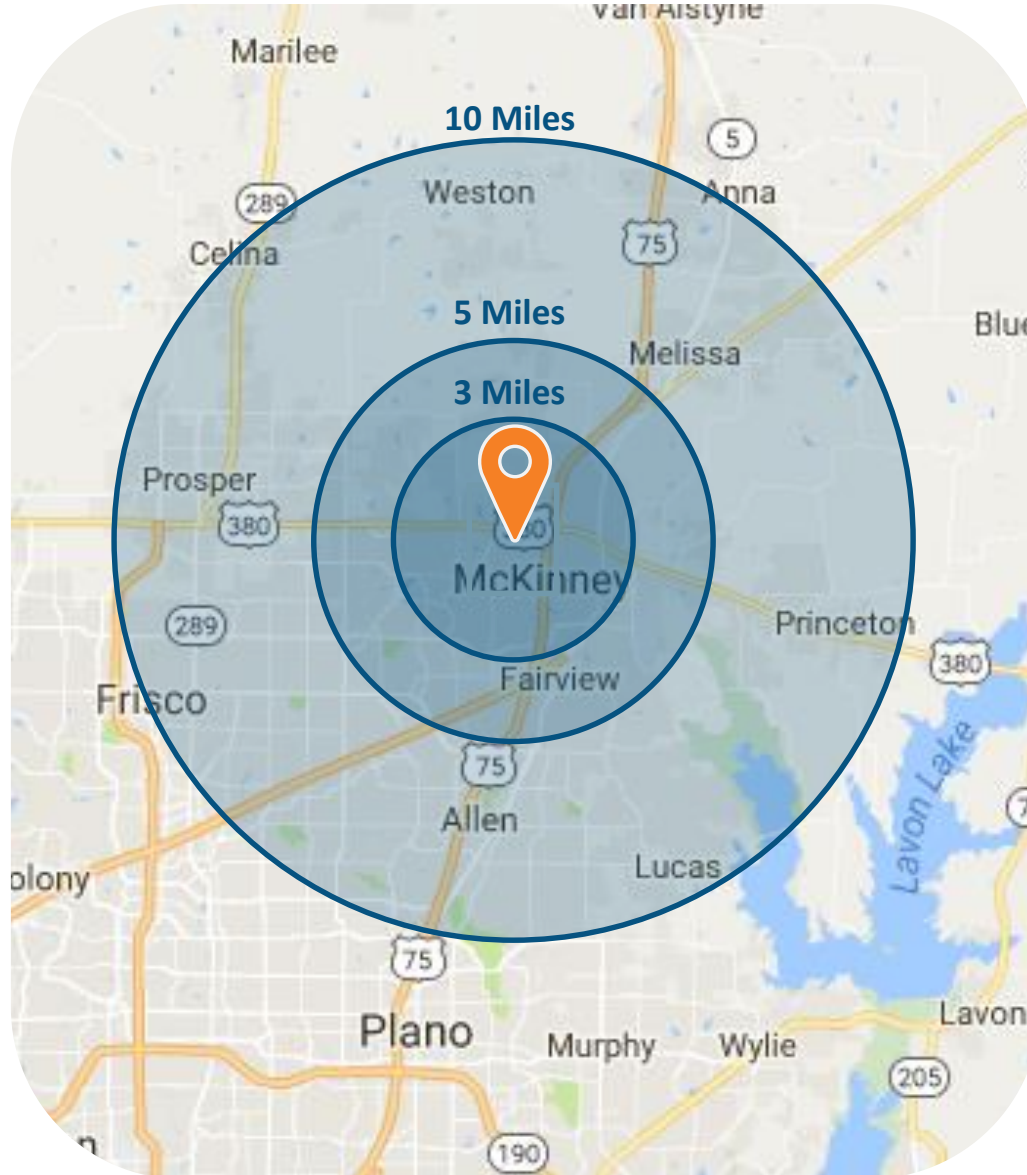
\$103,063 \$107,132 \$120,208

Households by Household Income (2017):

<\$25,000	1,951	5,329	11,884
\$25,000 - \$50,000	4,041	8,540	19,445
\$50,000 - \$75,000	4,191	8,605	21,686
\$75,000 - \$100,000	3,133	7,412	20,000
\$100,000 - \$125,000	2,752	6,607	19,484
\$125,000 - \$150,000	1,786	4,944	14,142
\$150,000 - \$200,000	2,181	5,594	19,958

Median Household Income (2017):

\$81,723 \$87,312 \$99,657





Market Overview

City: McKinney | County: Collin | State: Texas



Dallas is the most populous city in the Dallas-Fort Worth Metroplex, which is the fourth most populous metropolitan area in the United States. Dallas's storied city prominence arose from its historical importance as the center for the oil industry and its position along numerous railroads. The major construction of the interstate highway system reinforces Dallas's prominence as a transportation hub with four major interstate highways converging on the city and a fifth interstate loop around it. Dallas is known as a strong industrial financial center and a major inland port due to these highways and railroad systems, as well as the Dallas/Fort Worth International Airport, which serviced over 67,000,000 passengers in 2017.

The city is home to 337 public schools, 89 private schools, 38 colleges, and 32 libraries. Dallas is the center of education for much of the south central United States and features even further universities and schools just outside of the city limits. The Dallas-Fort Worth MSA has one of the largest concentrations of corporate headquarters for publicly traded companies in the United States. Fortune Magazine's 2017 list of the Fortune 500 in America indicates the city of Dallas has 9 fortune 500 companies, and the Dallas-Fort Worth region as a whole has 22, reflecting the continued growth in the metro economy.

Major Employers

Employer	Estimated # of Employees
Pilot Corporation	5,006
Administrative Services	1,400
Encore Wire Corporation	1,302
Walmart	1,277
County of Collin	1,132
Texas Roadhouse	1,118
McKinney Healthcare Assoc	900
Heritage High School	897
Collin Cnty Cmnty College Dst	867
Target	823
Kroger	666



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