

Marcus & Millichap
EXCLUSIVE NET-LEASE OFFERING

PANERA BREAD SALE LEASEBACK



OFFERING MEMORANDUM



1575 South Lake Street, Mundelein, IL 60060



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income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

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Investment Highlights

PRICE: \$3,883,495 | CAP: 5.15% | RENT: \$200,000



About the Investment

- ✓ Long-Term, 20-Year Absolute Triple Net (NNN) Lease
- ✓ Lease Commencement Upon Close of Escrow
- ✓ One and Three Quarter (1.75%) Annual Rental Increases Starting in Year 6
- ✓ Six (6), Five (5)-Year Tenant Renewal Options, Bringing the Potential Lease Term to 50 Years

About the Location

- ✓ Extremely Affluent Community | Average Income Within a 5-Mile Radius Exceeds \$137,000
- ✓ Dense Suburban Population | Population Exceeds 124,000 Individuals Within a 5-Mile Radius
- ✓ Dense Retail Corridor | Surrounded By CVS, Dollar General, Jewel-Osco, AutoZone, O'Reilly, McDonald's & Several Hospitality Accommodations
- ✓ Strong Traffic Counts | South Lake Street & Townline Road | 31,400 and 33,500 Daily Vehicles Respectively
- ✓ O'Hare International Airport | Serves An Average of 102 Million Passengers Annually | Located Within a 22 Mile Radius of Subject Property

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 of 9,753% from April 18, 1997 to April 24, 2017, compared to 210% for the S&P 500 during the same time period
- ✓ 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: \$3,883,495 | CAP: 5.15% | RENT: \$200,000



Property Description

Property	Panera Bread
Property Address	1575 South Lake Street
City, State, ZIP	Mundelein, IL 60060
Year Built / Renovated	2017
Building Size	4,156
Lot Size	+/- 1.01 Acres
Type of Ownership	Fee Simple

The Offering

Purchase Price	\$3,883,495
CAP Rate	5.15%
Annual Rent	\$200,000
Price / SF	\$934.43
Rent / SF	\$48.12

Lease Summary

Property Type	Net Leased Casual Dining Restaurant
Tenant/Guarantor	Franchisee
Original Lease Term	20.0 Years
Lease Commencement	Upon Close of Escrow
Lease Expiration	20 Years from Close of Escrow
Lease Term Remaining	20 Years from Close of Escrow
Lease Type	Triple Net
Roof & Structure	Tenant Responsible
Rental Increases	1.75% Annually Starting Year 6
Options to Renew	Six, Five-Year

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Years 1-5	\$200,000	\$16,667	-
Year 6	\$203,500	\$16,958	1.75%
Year 7	\$207,061	\$17,255	1.75%
Year 8	\$210,685	\$17,557	1.75%
Year 9	\$214,372	\$17,864	1.75%
Year 10	\$218,123	\$18,177	1.75%
Year 11	\$221,940	\$18,495	1.75%
Year 12	\$225,824	\$18,819	1.75%
Year 13	\$229,776	\$19,148	1.75%
Year 14	\$233,797	\$19,483	1.75%
Year 15	\$237,889	\$19,824	1.75%
Year 16	\$242,052	\$20,171	1.75%
Year 17	\$246,288	\$20,524	1.75%
Year 18	\$250,598	\$20,883	1.75%
Year 19	\$254,983	\$21,249	1.75%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Panera Bread located at 1575 South Lake Street in Mundelein, IL. This is a rare investment opportunity to participate in a direct sale leaseback with Hamra Enterprises. This café consists of roughly 4,156 rentable square feet of building space on estimated 1.01 acre parcel of land.

Chicago Bread, LLC will enter into a brand new 20-year triple-net (NNN) sale leaseback with the purchaser upon close of escrow. The initial annual rent will be \$200,000 and will increase by one and three quarter percent (1.75%) annually starting in year 6 and continuing throughout the term of the lease and in each option period. There will be six (6), five (5)-year tenant renewal options, extending the total possible lease term to 50 years.



Concept Overview



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, there are more than 2,360 bakery-cafes in 46 states and in Ontario, Canada operating under the Panera Bread(R), Saint Louis Bread Co. (R) or Paradise Bakery & Cafe(R) names.

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.cnbc.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



Concept 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.

Tenant Overview

Hamra Enterprises is a dynamic organization owned and founded in 1975 by the Hamra family. They own 25 Wendy's International, 53 Panera Bread, 18 Noodles & Company and one Holiday Inn Express & Suites locations throughout the United States. Their goal is to provide the highest quality products and services within the hospitality industry. Over the years they have created exceptional experiences for people and communities throughout the world.

They are world-class leaders diverse in talent and collaborative in voice. The company stands for each other being empowered and engaged in moving business forward. They stand for people living a life they love, and are committed to development and growth through training, coaching and learning from one another. Hamra Enterprises prides itself on being authentic in their speaking and generous in listening. They are accountable for generating profit as a catalyst for growth and endless possibilities.

Hamra Enterprises supports several organizations in the communities where they live and do business, including Boston Children's Hospital, Make-A-Wish Foundation, Children's Miracle Network Hospitals, St. Jude Children's Research Hospital, The Dave Thomas Foundation for Adoption and Big Brothers Big Sisters of the Ozarks.

The Hamra Enterprises legacy started in 1975 when Sam F. Hamra, Founder and Chairman entered a franchise agreement with Wendy's International. The first store was opened in 1976 on West Sunshine Street in Springfield, Missouri and is still a part of their Wendy's group today. In 1998 Hamra entered into a development plan with Panera Bread® within greater Chicago area and opened the company's first Panera Bread (St. Louis Bread Co.) in Deerfield, IL.

In 2013 Sam F. Hamra received the Wendy's International "Hall of Fame Award," the highest honor awarded to a Wendy's franchisee each year. Wendy's® "Hall of Fame" honorees who receive The Wendy's Company "Hall of Fame Award" annually, are Wendy's Franchisees and Wendy's key company employees who are recognized for their extraordinary efforts and significant achievements in support of the Wendy's system.

On April 30, 2014, Hamra Enterprises introduced Noodles & Company to Massachusetts and New Hampshire by opening the first Noodles & Company restaurant in Shrewsbury, MA. Additional locations in Massachusetts and New Hampshire opened a couple of months later. In 2014 they also acquired seven franchised Noodles & Company locations in Missouri.

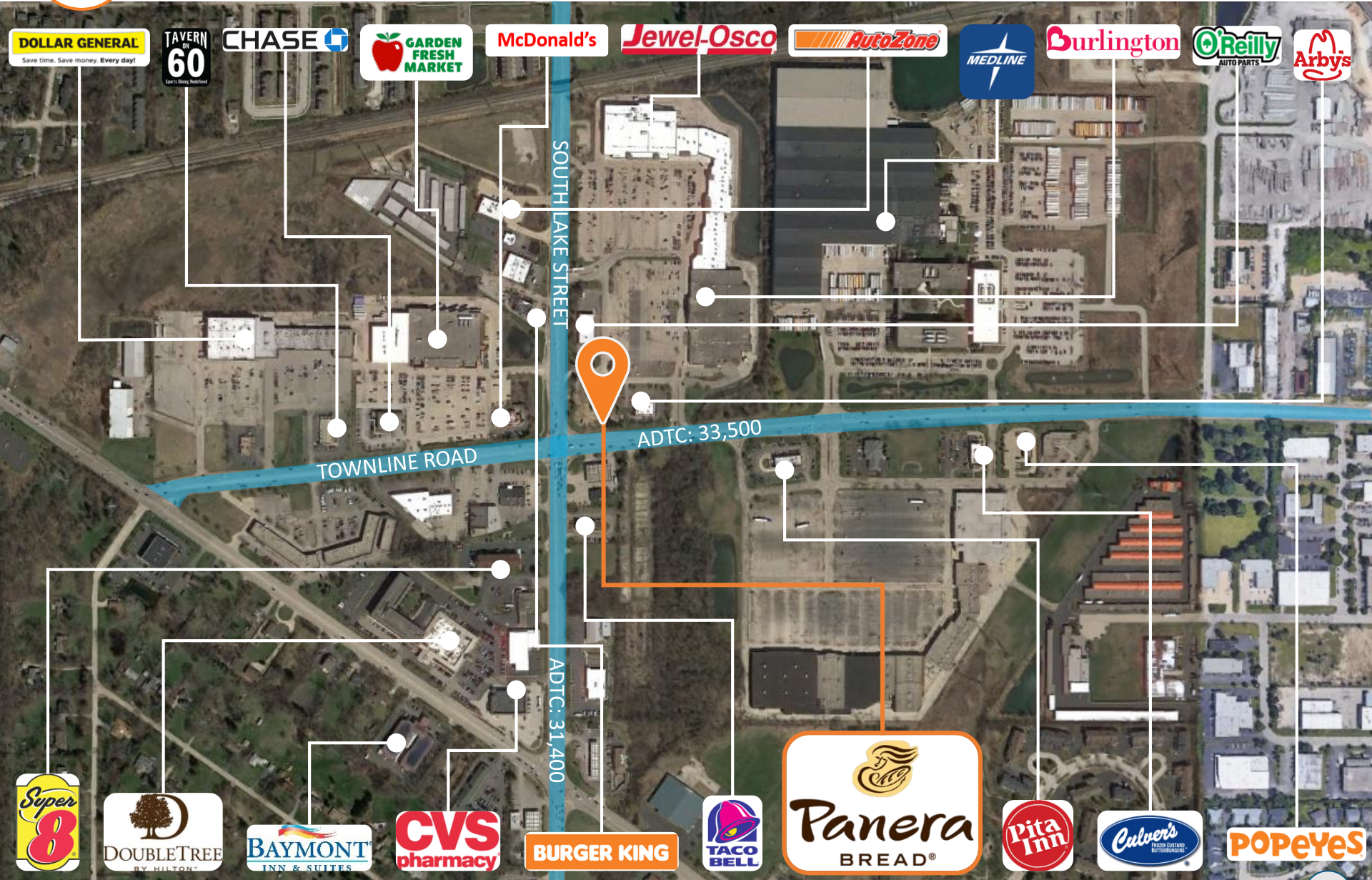
In May of 2015, the family-owned Hamra Enterprises opened the doors and officially kicked off the grand opening celebration of their 100th unit, a Panera Bread in Tinley Park, Ill. This was a significant milestone for the multi-unit franchisee of Wendy's, Panera Bread, Noodles & Co. and Holiday Inn Express and Suites.





Surrounding Area

Property Address: 1575 South Lake Street, Mundelein, IL 60060





Location Overview

Property Address: 1575 South Lake Street, Mundelein, IL 60060

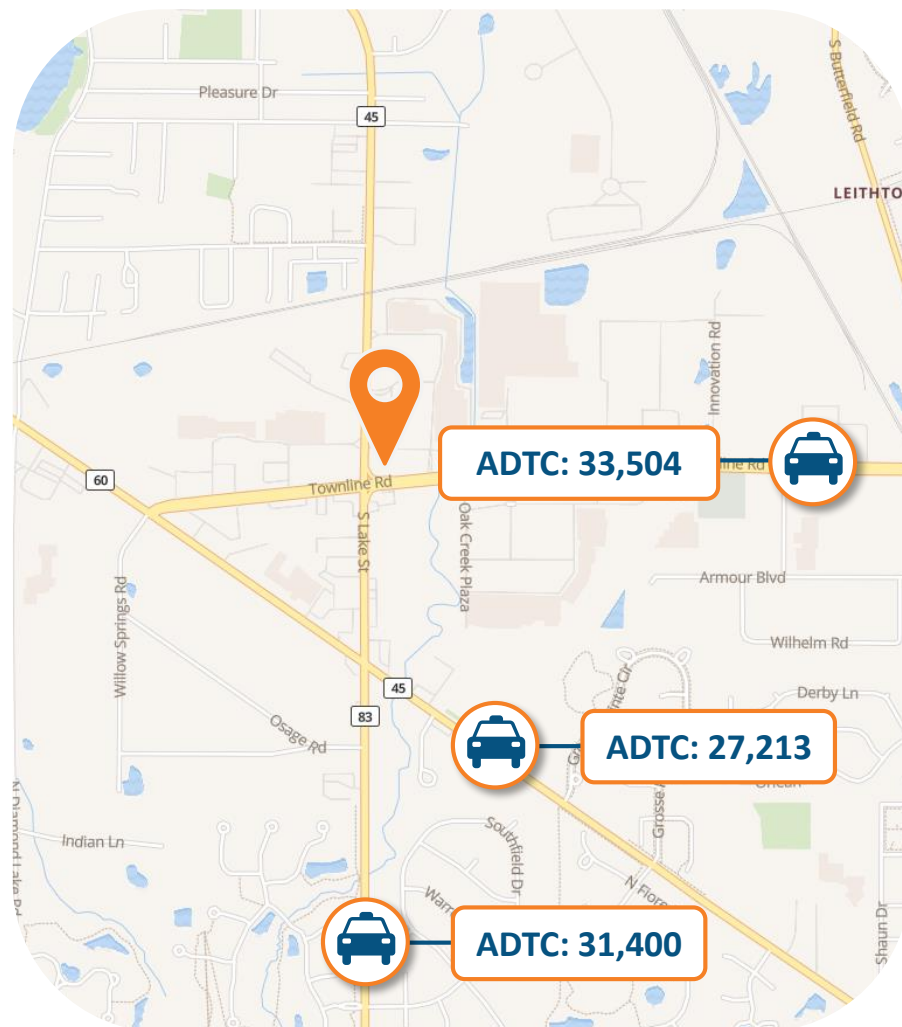


The subject Panera Bread is located in Mundelein, Illinois, a village in Lake county and is a northern suburb of Chicago, which is among the largest cities in the United States.

The Panera Bread in Mundelein is located in a major retail corridor. National surrounding retailers include Dollar General, Burlington, CVS Pharmacy, Jewel-Osco, Burger King, Taco Bell, O'Reilly Auto Parts and many more. The subject property is one mile on Townline Road from Hawthorn Mall, anchored by JC Penney, Sears, Macy's and includes Dave & Buster's.

The Village of Mundelein, a vibrant and progressive community of more than 32,000 residents, is situated in the center of beautiful Lake County, Illinois – one of the strongest areas of commercial and industrial growth in the nation, with excellent housing, recreation, educational and business opportunities. Mundelein is a northern suburb of Chicago and is approximately 35 miles northwest of the city.

Mundelein, Illinois is part of the Chicago-Naperville-Elgin Metropolitan Statistical Area (MSA), which is one of the largest metros in the nation. Also known as the Greater Chicagoland Area, it is bounded to the east by Lake Michigan, expands over a 5,000-square-mile region in northeastern Illinois and extends into Wisconsin and Indiana. The metro houses 9.6 million people and comprises 14 counties. The city of Chicago contains 2.7 million residents. The greatest growth during the past 20 years occurred in the western portion of the region. In recent years, however, businesses are relocating back into the city to attract young workers, supporting the development of high-rise residential towers in the downtown Chicago.





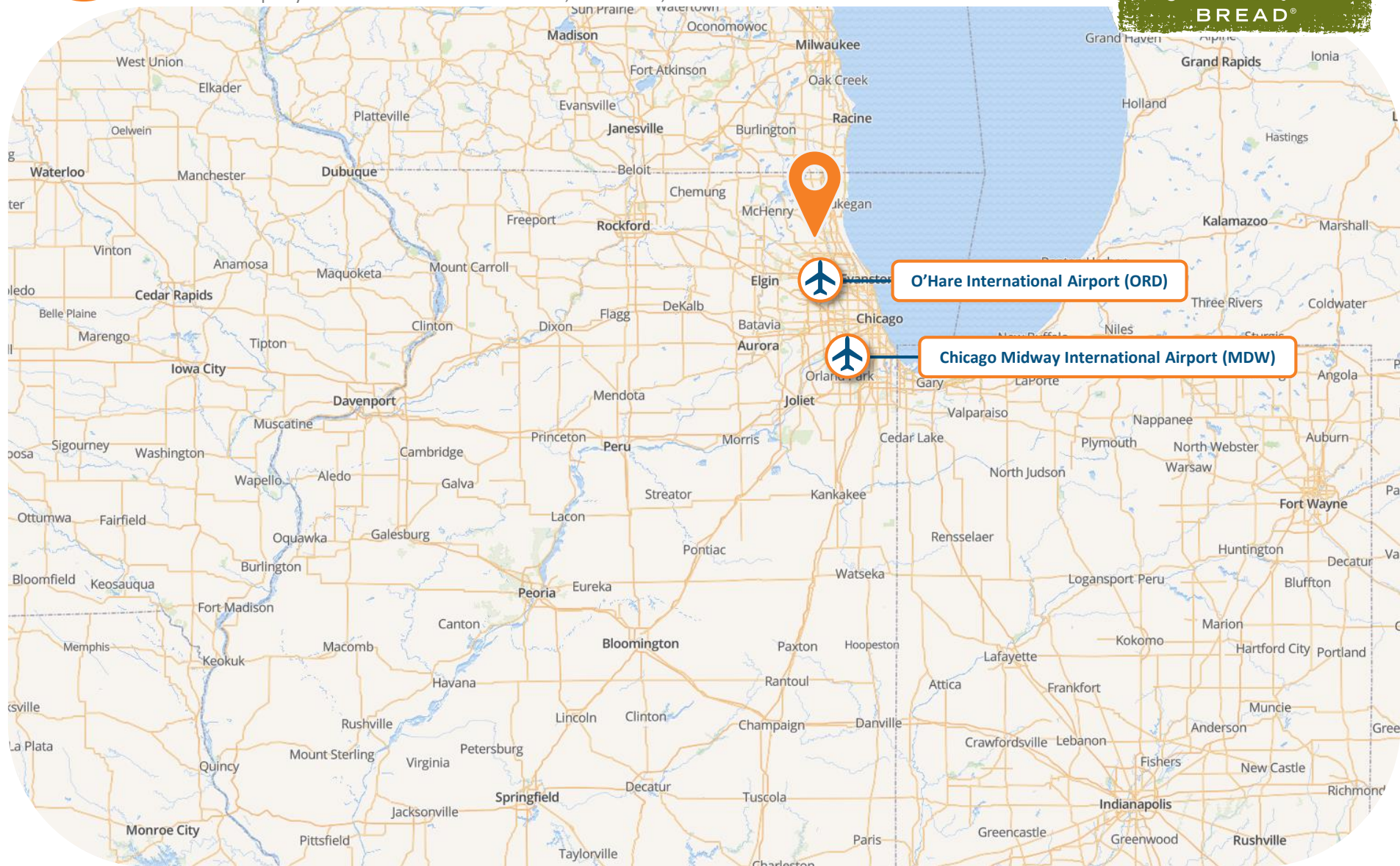
Property Photo





Local Map

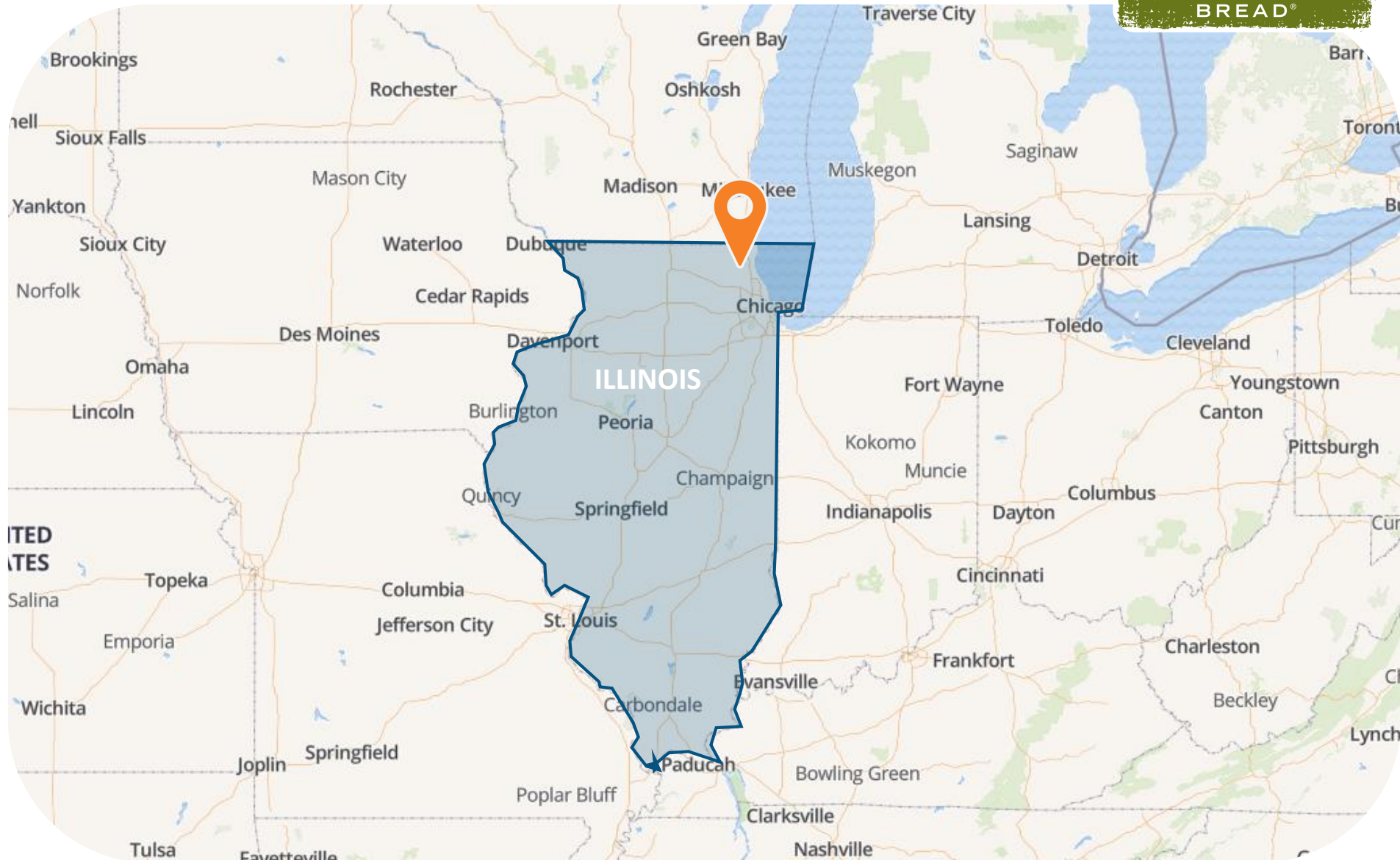
Property Address: 1575 South Lake Street, Mundelein, IL 60060





Regional Map

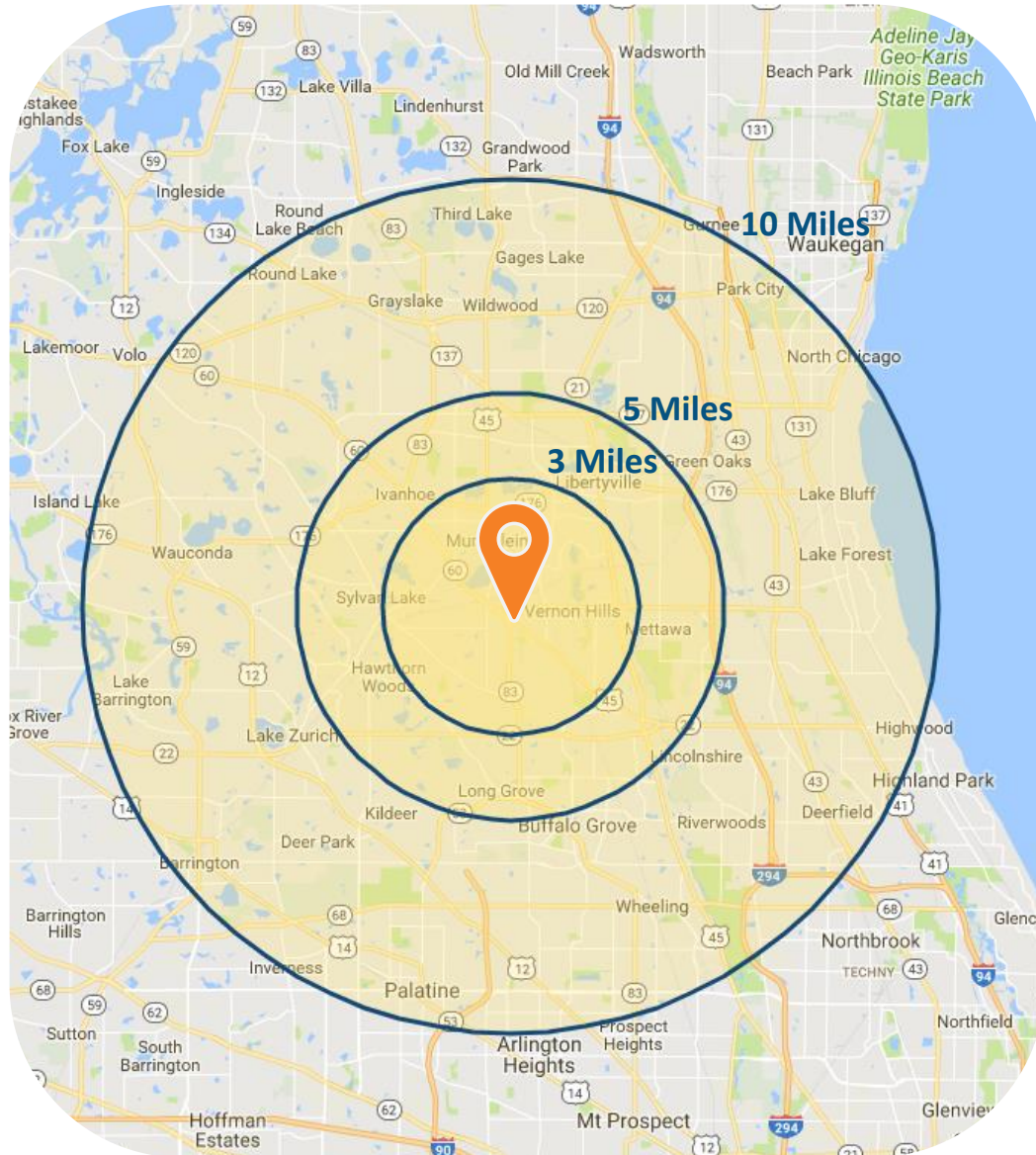
Property Address: 1575 South Lake Street, Mundelein, IL 60060





Demographics

Property Address: 1575 South Lake Street, Mundelein, IL 60060



Population Trends:

	3 Mile	5 Miles	10 Miles
2022 Projection	69,016	126,123	577,936
2017 Estimate	68,270	124,823	574,699
2010 Census	66,289	121,515	570,557
Growth 2017 - 2022	1.09%	1.04%	0.56%
Growth 2010 - 2017	2.99%	2.72%	0.73%
2017 Population Hispanic Origin	14739	17524	94083

Population by Race (2017):

	3 Mile	5 Miles	10 Miles
White	55,125	102,841	478,103
Black	1444	2205	23783
American Indian & Alaskan	600	697	3496
Asian	9801	16866	58630
Hawaiian & Pacific Island	57	79	443
Other	1243	2134	10244

Household Trends:

	3 Mile	5 Miles	10 Miles
2022 Projection	24,183	44,615	207,388
2017 Estimate	23,924	44,167	206,277
2010 Census	23,214	43,006	204,203
Growth 2017 - 2022	1.08%	1.01%	0.54%
Growth 2010 - 2017	3.06%	2.70%	1.02%
Owner Occupied	18667	36034	160125
Renter Occupied	5256	8133	46152

Average Household Income (2017):

3 Mile	5 Miles	10 Miles
\$124,405	\$137,257	\$121,120

Households by Household Income (2017):

	3 Mile	5 Miles	10 Miles
<\$25,000	2054	3048	21858
\$25,000 - \$50,000	4112	6470	32561
\$50,000 - \$75,000	3207	5597	30314
\$75,000 - \$100,000	2752	5045	25374
\$100,000 - \$125,000	2816	5018	23641
\$125,000 - \$150,000	2154	3916	15798
\$150,000 - \$200,000	2852	5914	22935

Median Household Income (2017):

3 Mile	5 Miles	10 Miles
\$98,509	\$109,583	\$93,134



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