

EXCLUSIVE NET-LEASE OFFERING

PANERA BREAD SALE-LEASEBACK

BRAND NEW CONSTRUCTION

Representative Photo



OFFERING MEMORANDUM



1620 North Route 59 – Naperville (Chicago MSA), IL 60563

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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: \$2,782,814 | CAP: 4.75% | RENT: \$132,184



About the Investment

- ✓ Brand New Construction; Opening September 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

- ✓ Extremely Affluent Community | Average Income within a 5-Mile Radius Exceeds \$113,000
- ✓ Dense Suburban Population | Population Exceeds 180,000 Individuals Within a 5-Mile Radius
- ✓ Within a Mile of the Corporate Headquarters of Nalco and Coriant | Two Leading Area Employers
- ✓ Excellent Traffic Counts | North Route 59 and Nearby Interstate 88 | Average Daily Traffic Counts Exceeds 49,000 and 136,000 Vehicles Respectively

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: \$2,782,814 | CAP: 4.75% | RENT: \$132,184



PROPERTY DESCRIPTION

Property	Panera Bread
Property Address	1620 North Route 59
City, State, ZIP	Naperville, IL 60563
Estimated Store Opening*	September 2018
Estimated Building Size	3,810 SF
Estimated Lot Size	+/- 1.0 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$2,782,814
CAP Rate	4.75%
Annual Rent	\$132,184
Price / SF	\$730.40
Rent / SF	\$34.69

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	\$132,184	\$11,015	-
Year 2	\$132,184	\$11,015	-
Year 3	\$132,184	\$11,015	-
Year 4	\$132,184	\$11,015	-
Year 5	\$132,184	\$11,015	-
Year 6	\$142,758	\$11,897	8.00%
Year 7	\$142,758	\$11,897	-
Year 8	\$142,758	\$11,897	-
Year 9	\$142,758	\$11,897	-
Year 10	\$142,758	\$11,897	-
Year 11	\$154,179	\$12,848	8.00%
Year 12	\$154,179	\$12,848	-
Year 13	\$154,179	\$12,848	-
Year 14	\$154,179	\$12,848	-
Year 15	\$154,179	\$12,848	-

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a brand new Panera Bread located at 1620 North Route 59 in Naperville, IL. This is a rare investment opportunity to participate in a direct sale leaseback with Panera Bread. The newly constructed site will be located one-half mile south of Interstate 88 and will consist of roughly 3,810 rentable square feet of building space on estimated 0.96 acre parcel of land. The café is scheduled to open in September 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 \$132,184 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, 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



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: 1620 North Route 59 – Naperville (Chicago MSA), IL 60563



ADTC: 136,000

ADTC: 49,000

ADTC: 19,500



Longwood Elementary School

Thayer J Middle School

Brookdale Elementary School



Location Overview

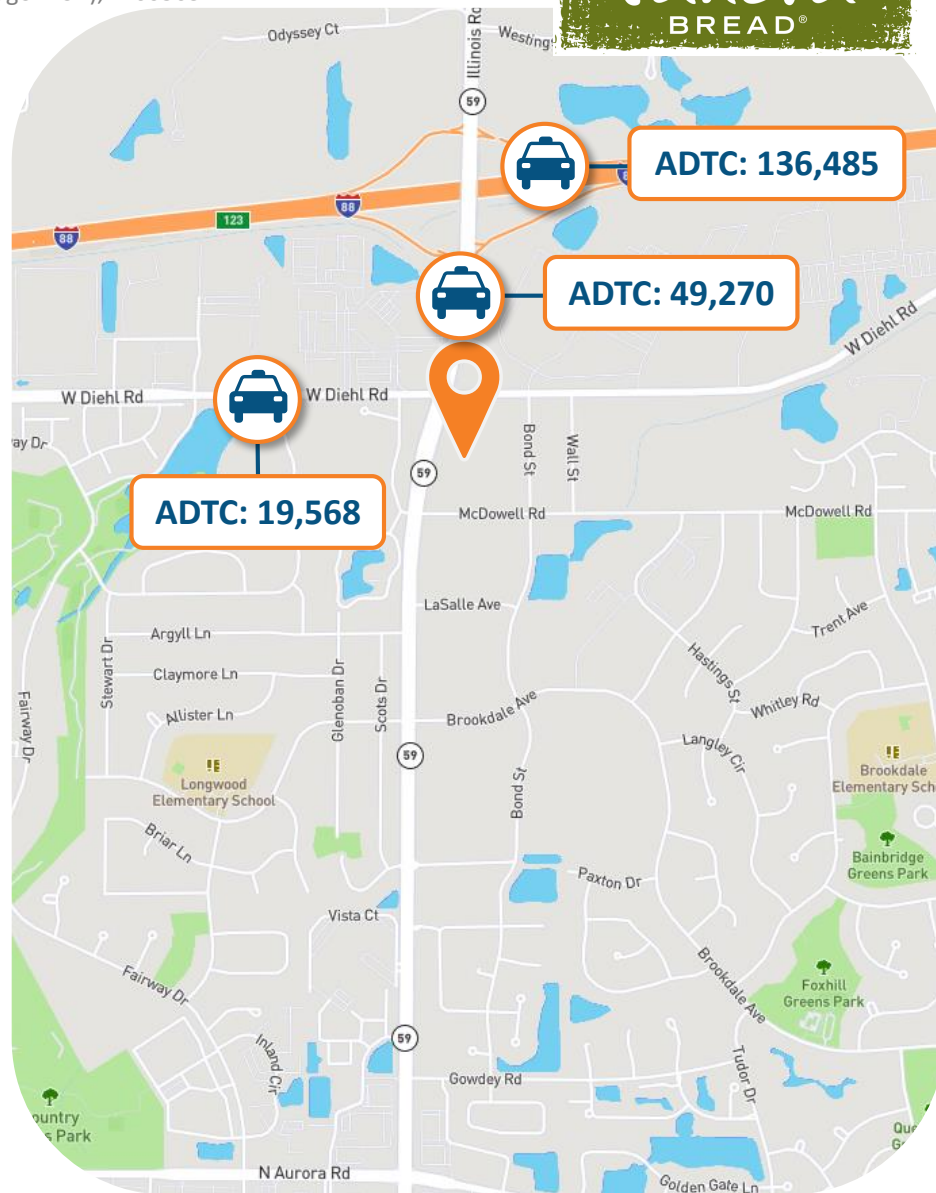
Property Address: 1620 North Route 59 – Naperville (Chicago MSA), IL 60563



The subject investment property is situated on North Route 59, which experiences an average daily traffic count of roughly 49,000 vehicles. West Diehl Road, which intersects North Route 59, brings an additional 19,500 vehicles to the immediate area daily. Interstate 88, which runs parallel to West Diehl Road in the area, experiences an average daily traffic count of over 136,000 vehicles. There are more than 64,200 individuals residing within a three-mile radius of the property and more than 189,400 individuals within a five-mile radius. This café is situated in an affluent suburban community with an average household income of over \$97,000 within a one-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 within the immediate area include Dollar Tree, Starbucks, McDonald's, Wendy's, FedEx, Dunkin' Donuts, and Cracker Barrel. The subject café is strategically situated as one of the first restaurants individuals see when travelling south on IL-59 when coming off Interstate 88. Additionally, the café benefits from its proximity to numerous accommodations in the area including Red Roof Plus, Extended Stay America, Fairfield Inn & Suites, TownePlace Suites, and Sleep Inn. The headquarters of Nalco Company and Coriant, two of the area's top employers, are both located within a mile of the subject property. Many other companies conduct major operations in the area just north of the subject property, including Calamos Investments, Nicor Gas, and Dart Warehouse Corporation. There are four schools located roughly a mile away from the subject property with a combined enrollment of approximately 3,800 students.

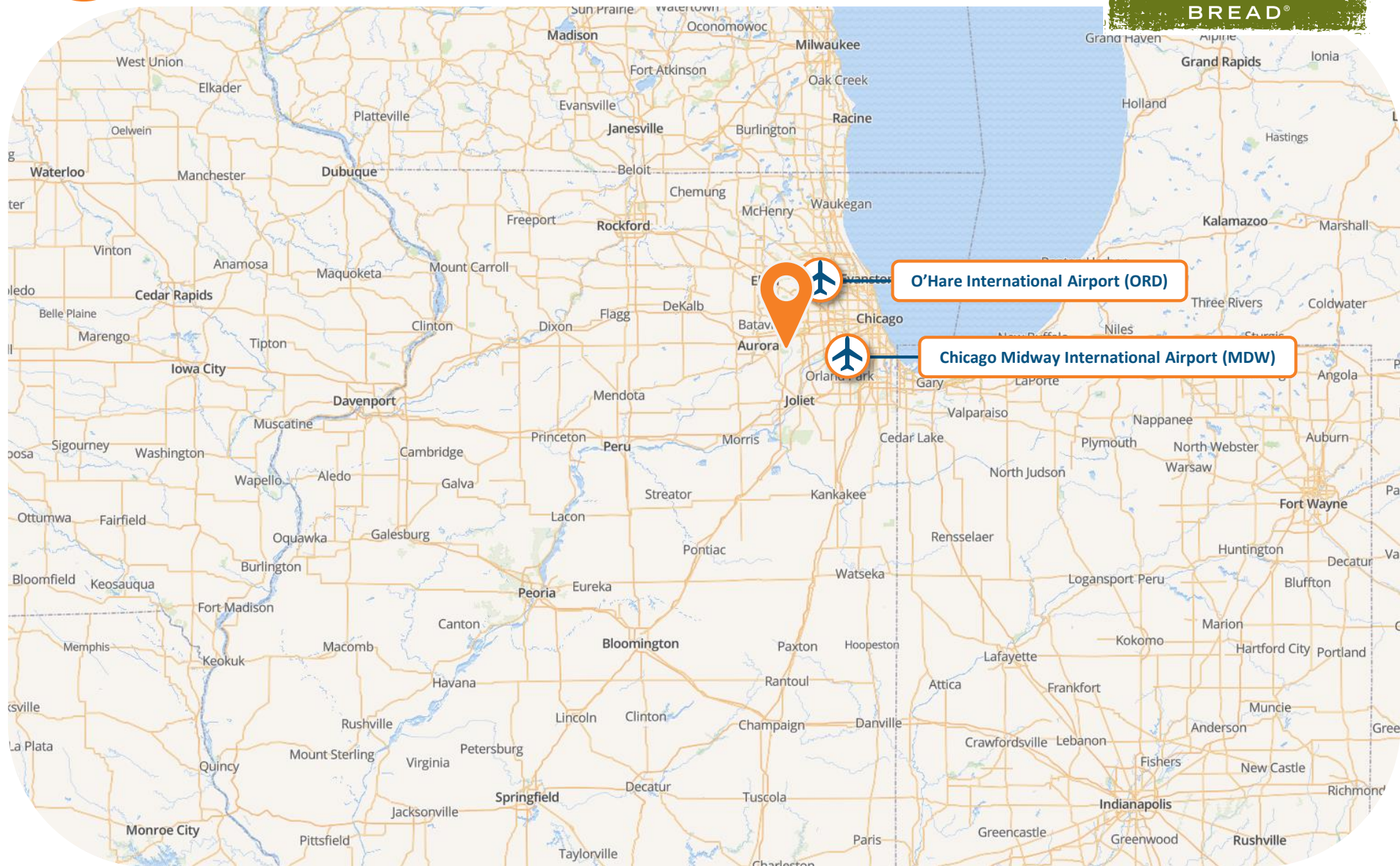
Located 28 miles west of Chicago, Naperville, Illinois, consistently ranks as a top community in the nation in which to live, raise children and retire. This vibrant, thriving city is home to acclaimed public and parochial schools, the best public library system in the country, world-class parks, diverse worship options, an array of healthcare options and an exceptionally low crime rate. Naperville has ready access to a variety of public transportation, housing and employment options. The city's diversified employer base features high technology firms, retailers and factories, as well as small and home-based businesses. With all the amenities of a modern city and all the charm of a small town, Naperville truly is the premiere community in which to live, work and play.





Local Map

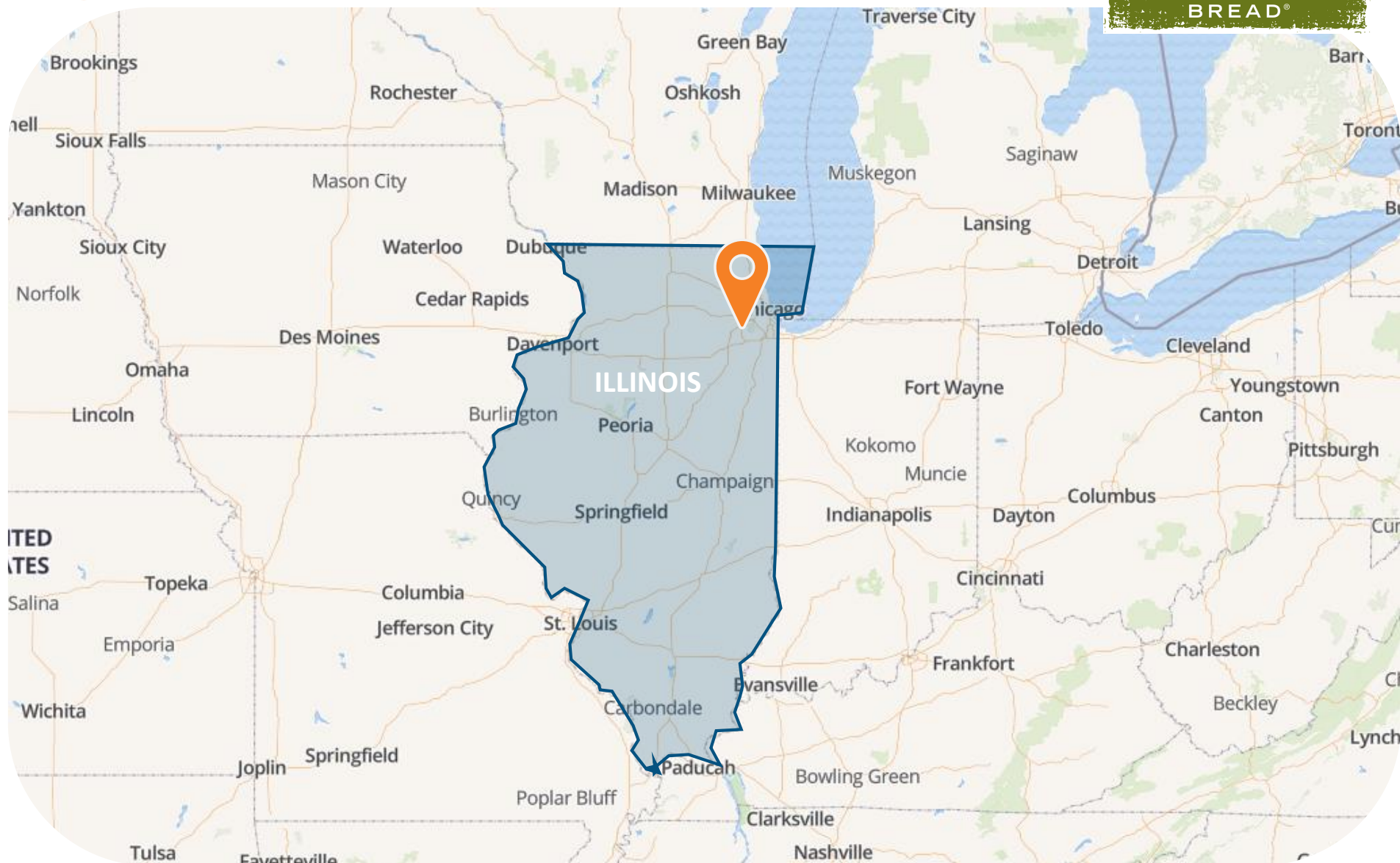
Property Address: 1620 North Route 59 – Naperville (Chicago MSA), IL 60563





Regional Map

Property Address: 1620 North Route 59 – Naperville (Chicago MSA), IL 60563





Demographics

Property Address: 1620 North Route 59 – Naperville (Chicago MSA), IL 60563



1 Mile 3 Miles 5 Miles

Population Trends:

2022 Projection	11,064	65,074	181,897
2017 Estimate	10,860	64,249	179,465
2010 Census	10,126	61,865	173,903
Growth 2017 - 2022	1.88%	1.28%	1.36%
Growth 2010 - 2017	7.25%	3.85%	3.20%
2017 Population Hispanic Origin	1,101	8,047	3,2366

Population by Race (2017):

White	7,811	46,920	137,992
Black	1,035	5,369	13,809
American Indian & Alaskan	39	325	892
Asian	1,710	10,080	22,772
Hawaiian & Pacific Island	9	44	126
Other	256	1,510	3,874

Household Trends:

2022 Projection	4,887	25,944	66,724
2017 Estimate	4,802	25,623	65,835
2010 Census	4,511	24,738	63,829
Growth 2017 - 2022	1.77%	1.25%	1.35%
Growth 2010 - 2017	6.45%	3.58%	3.14%
Owner Occupied	2,344	15,914	45,977
Renter Occupied	2,458	9,709	19,858

Average Household Income (2017):

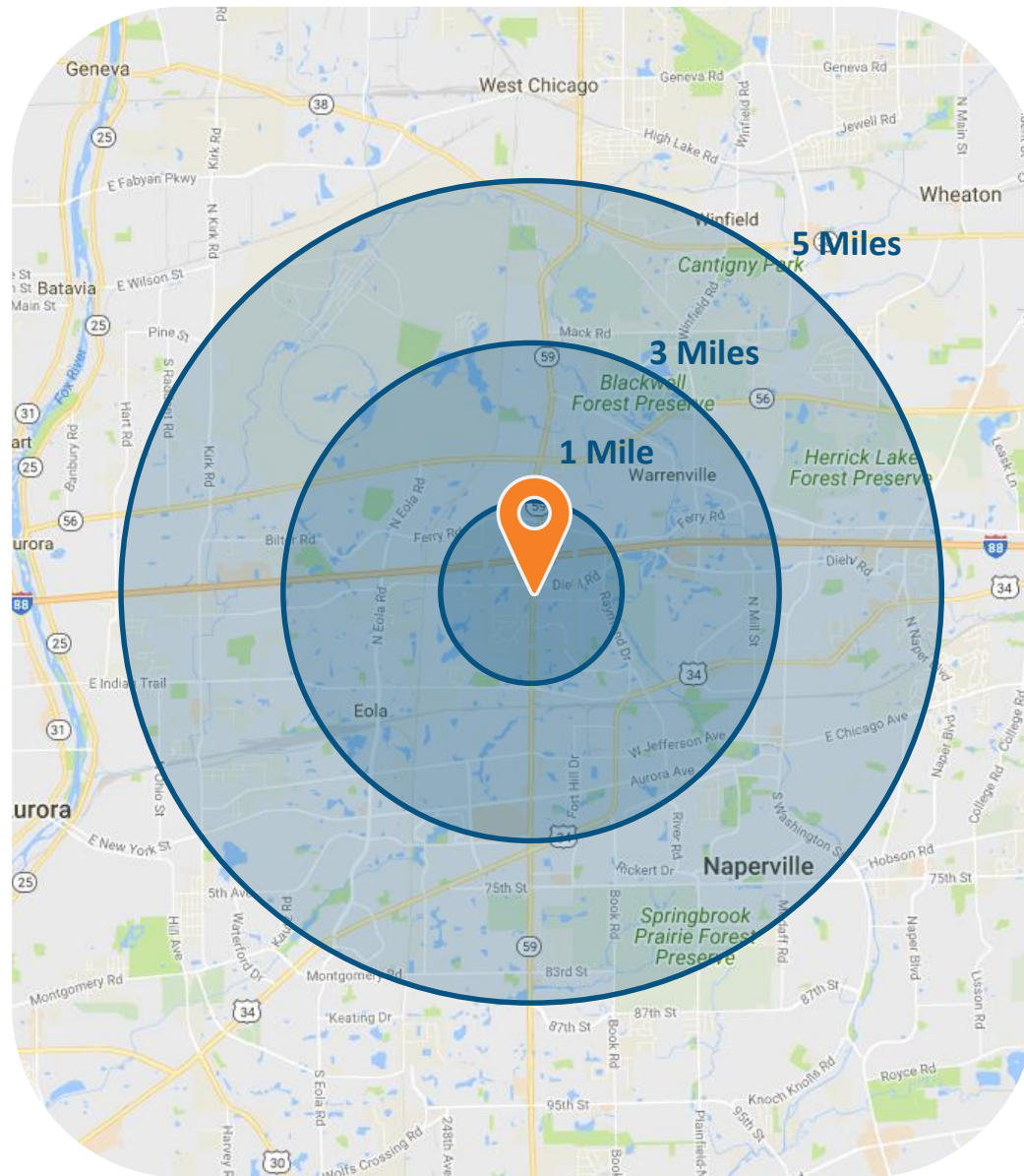
\$97,832 \$110,290 \$113,399

Households by Household Income (2017):

<\$25,000	513	2,894	7,443
\$25,000 - \$50,000	809	4,159	10,549
\$50,000 - \$75,000	992	4,093	10,093
\$75,000 - \$100,000	748	3,422	8,233
\$100,000 - \$125,000	559	3,589	8,604
\$125,000 - \$150,000	395	1,799	5,124
\$150,000 - \$200,000	423	2,504	7,077

Median Household Income (2017):

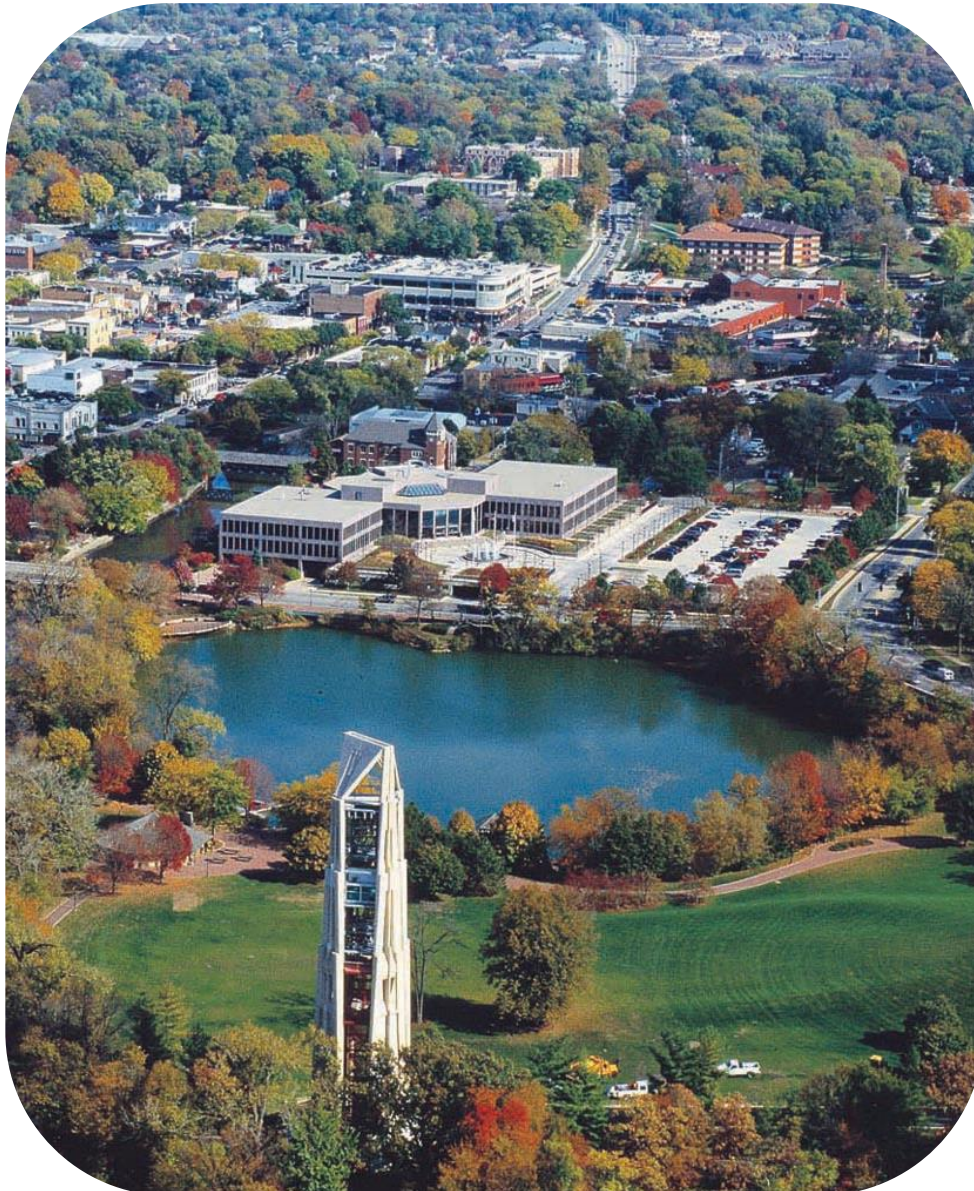
\$77,908 \$87,163 \$89,674





Market Overview

City: Naperville | County: Dupage | State: Illinois



Naperville is a city in DuPage and Will counties in Chicago. Naperville is a suburb of Chicago and is the fifth largest city in Illinois. Named one of the best places in the country to live by Money Magazine, Naperville is a major business center that is home to several national and multi-national corporate headquarters, including those of Nalco Holding Company and Nicor. It was also ranked among the nation's safest cities by USAToday and Business Insider.

Naperville is within the Illinois Technology and Research Corridor and is home to North Central College, which has 3,000 students enrolled. A number of other schools maintain satellite facilities in Naperville, including University of Illinois at Urbana-Champaign and Northern Illinois University. In 2016, residents and visitors spent \$3.2 billion in Naperville stores, the second highest in the Chicago suburbs in terms of retail sales. Attractions in Naperville include the award winning DuPage Children's Museum in Naperville, which receives over 300,000 visitors annually. Other destinations in Naperville include the Riverwalk, Centennial Beach, and the Millennium Carillon, the fourth largest bell instrument in the world.

Major Employers

Employer	Estimated # of Employees
Kehe Distributors	4,500
EDWARD	2,442
BP	2,323
Navistar	1,554
Tradewinds Heating & AC	1,445
Systemax	1,255
Coriant North America LLC	1,200
Nalco - An Ecolab Company	1,155
US Post Office	1,154
FCA US LLC	1,126
Cartavi LLC	1,125
Vestar Gray Investors LLC	1,061



Marcus & Millichap

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