

EXCLUSIVE NET-LEASE OFFERING

PANERA BREAD SALE-LEASEBACK

BRAND NEW CONSTRUCTION

Representative Photo



OFFERING MEMORANDUM



401 Old Honeycutt Road – Fuquay-Varina (Raleigh MSA), NC



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Investment Highlights

PRICE: \$3,011,809 | CAP: 4.75% | RENT: \$143,061



About the Investment

- ✓ Brand New Construction; Opening May 2019!
- ✓ 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, The Home Depot, Walgreens, Aldi, Kroger, Kohl's, Staples, Burger King, Starbucks, Applebee's, as well as Many Others
- ✓ Compelling Location Fundamentals | Less Than 15 Miles from North Carolina State University and Wake Tech Community College | Over 50,000 Students Enrolled
- ✓ Affluent Suburban Community | Average Income within a 5-Mile Radius Exceeds \$96,100 | Population Exceeds 196,000 Individuals Within a 10-Mile Radius
- ✓ Positive Real Estate Fundamentals | Within 15 Miles of Downtown Raleigh | Raleigh-Durham International Airport Serves Over 11.6 Million Passengers Annually
- ✓ Strong Traffic Counts | Over 39,200 Vehicles Per Day on North Main Street

About the Tenant / Brand

- ✓ Panera has been one of the most successful restaurant companies in history
- ✓ Panera was 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: \$3,011,809 | CAP: 4.75% | RENT: \$143,061



PROPERTY DESCRIPTION

Property	Panera Bread
Property Address	401 Old Honeycutt Road
City, State, ZIP	Fuquay-Varina (Raleigh MSA), NC 27526
Estimated Store Opening*	May 30, 2019
Estimated Building Size	4,500 SF
Estimated Lot Size	+/- 0.80 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$3,011,809
CAP Rate	4.75%
Annual Rent	\$143,061
Price / SF	\$669.29
Rent / SF	\$31.79

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	\$143,061	\$11,922	-
Year 2	\$143,061	\$11,922	-
Year 3	\$143,061	\$11,922	-
Year 4	\$143,061	\$11,922	-
Year 5	\$143,061	\$11,922	-
Year 6	\$154,506	\$12,875	8.00%
Year 7	\$154,506	\$12,875	-
Year 8	\$154,506	\$12,875	-
Year 9	\$154,506	\$12,875	-
Year 10	\$154,506	\$12,875	-
Year 11	\$166,866	\$13,906	8.00%
Year 12	\$166,866	\$13,906	-
Year 13	\$166,866	\$13,906	-
Year 14	\$166,866	\$13,906	-
Year 15	\$166,866	\$13,906	-

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a brand-new Panera Bread located at 401 Old Honeycutt Road in Fuquay-Varina, North Carolina. This is a rare investment opportunity to participate in a direct sale leaseback with Panera Bread. The newly constructed site will consist of roughly 4,500 rentable square feet of building space on estimated 0.80-acre parcel of land. The café is scheduled to open in May of 2019.

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 \$143,061 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 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.

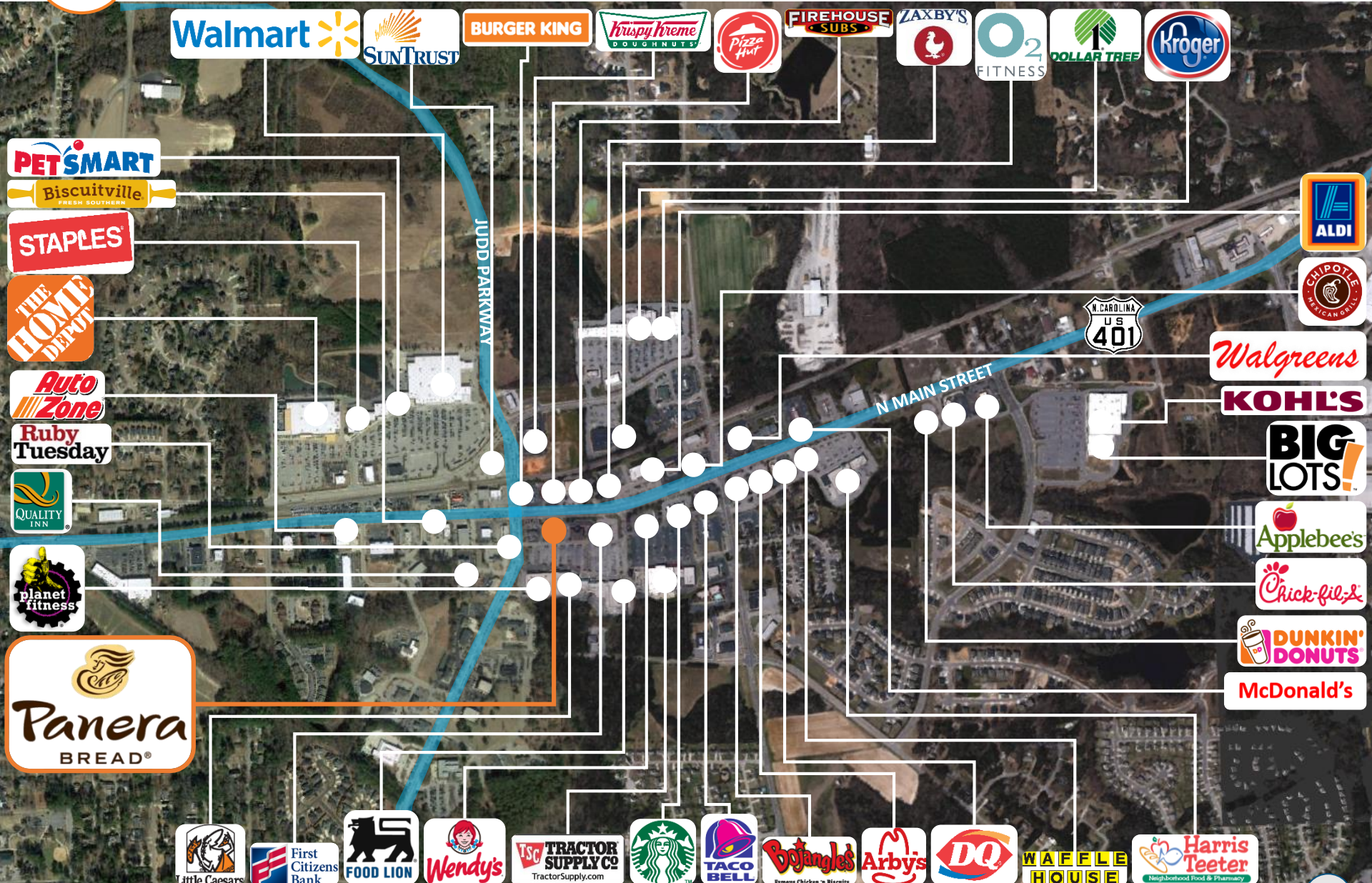
"Our winners are the game changers who refused to believe the restaurant industry is a mature business, instead looking to growth and innovation," said Chris Keating, group president of restaurant media and events for Winsight. "No one embodies that drive like Ron Shaich, a leader who believes in re-inventing 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: 401 Old Honeycutt Road – Fuquay-Varina (Raleigh MSA), NC





Location Overview

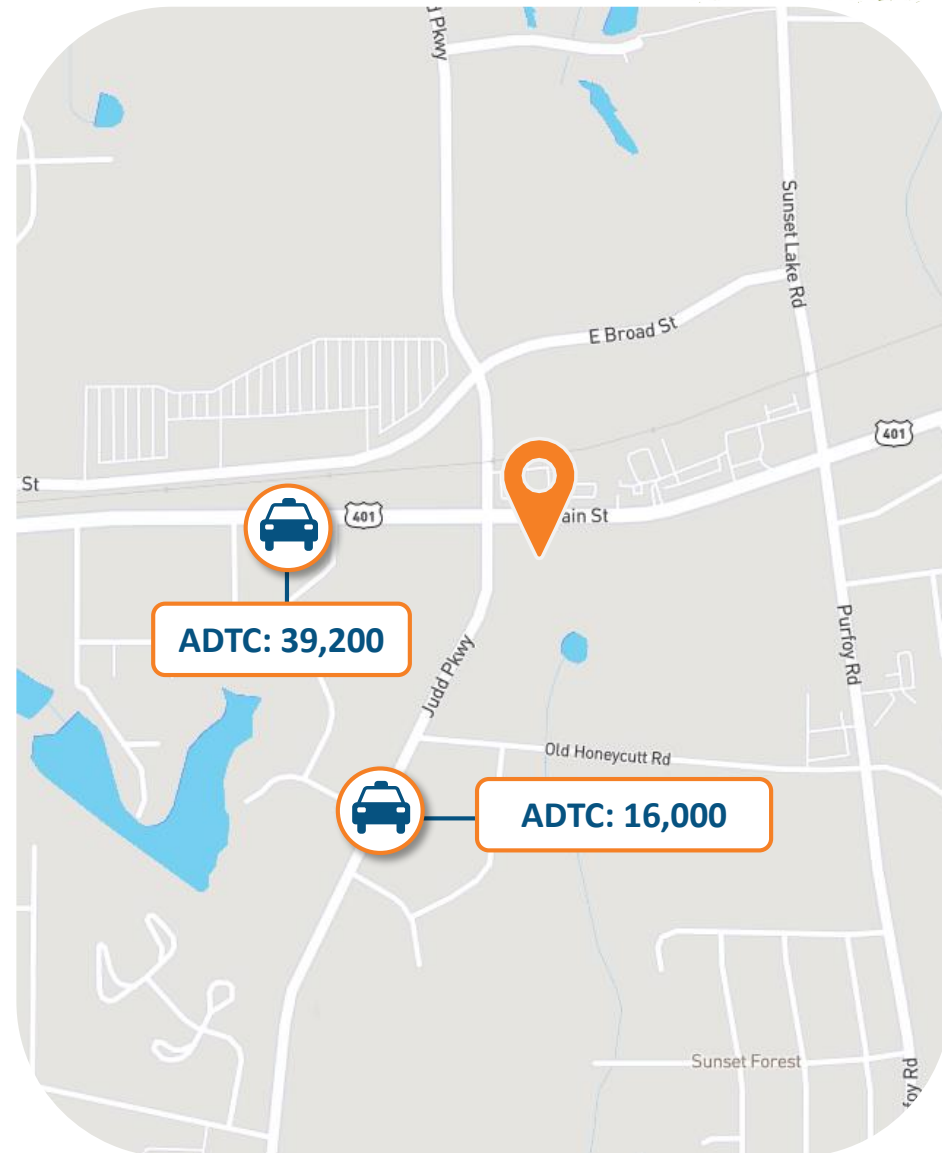
Property Address: 401 Old Honeycutt Road – Fuquay-Varina (Raleigh MSA), NC



The subject investment property is situated on North Main Street, which experiences an average daily traffic count of 39,200 vehicles. Intersecting with North Main Street is N. Judd Parkway NE, which experiences an average daily traffic count of over 16,000 vehicles. There are more than 68,700 individuals residing within a five-mile radius of the property and more than 196,000 individuals within a ten-mile radius. This café is situated in an affluent suburban community with an average household income of over \$96,100 within a five-mile radius.

This café 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: Walmart, The Home Depot, Walgreens, Aldi, Kroger, Kohl's, Staples, Burger King, Starbucks, Applebee's, as well as many others. Accommodations in the immediate area include: Quality Inn and Comfort Inn & Suites. This Panera Bread benefits from its close proximity to several academic institutions. Most notably, North Carolina State University and Wake Tech Community College, which have a combined total enrollment exceeding 50,000 students and are located less than 15 miles north of the subject café. Raleigh-Durham International Airport serves approximately 11,600,000 passengers annually and is located within 25 miles of the subject café.

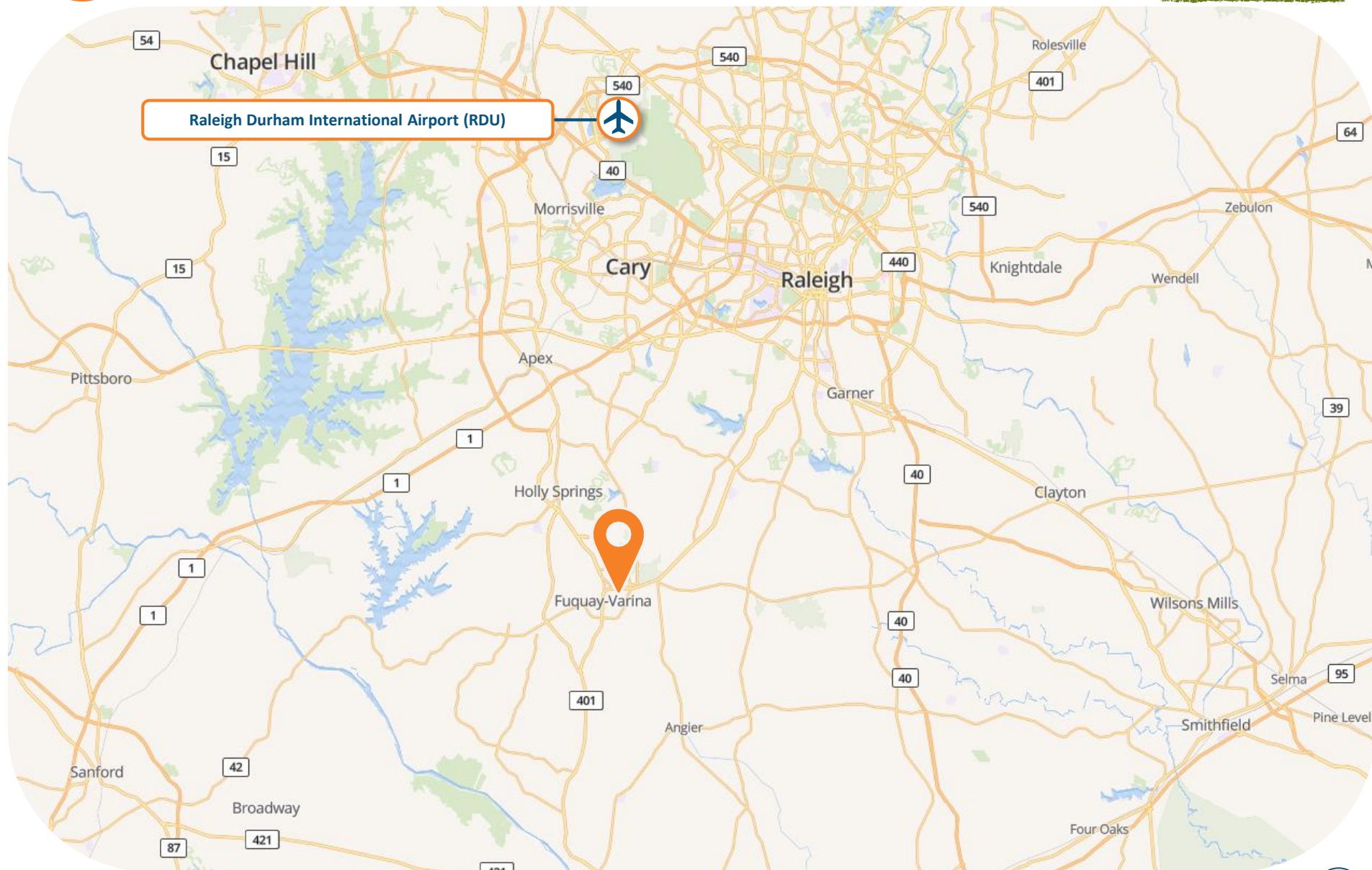
Fuquay-Varina, a town in Wake County, North Carolina is located just 15 miles outside of the bustling city of Raleigh. The capital city is part of North Carolina's Research Triangle, one of the country's largest and most successful research parks and a major center in the U.S. for high-tech and biotech research. The surrounding area is home to a number of colleges and universities including Duke University, North Carolina State, University of North Carolina at Chapel Hill and Wake Forest University. These schools have a notable economic impact on the area. The North Carolina Museum of Art, occupying a large suburban campus on Blue Ridge Road near the North Carolina State Fairgrounds, maintains one of the premier public art collections located between Washington, D.C. and Atlanta. Raleigh is known as the City of Oaks for its many oak trees. Raleigh boasts more than 9,000 acres of parkland and almost 1,300 acres of water, offering recreational activities year-round. A nationally-acclaimed greenway system spans more than 180 miles, providing walking, jogging and hiking trails that connect many of the City of Raleigh's 200+ parks and Town of Cary's 30+ parks.





Local Map

Property Address: 401 Old Honeycutt Road – Fuquay-Varina (Raleigh MSA), NC

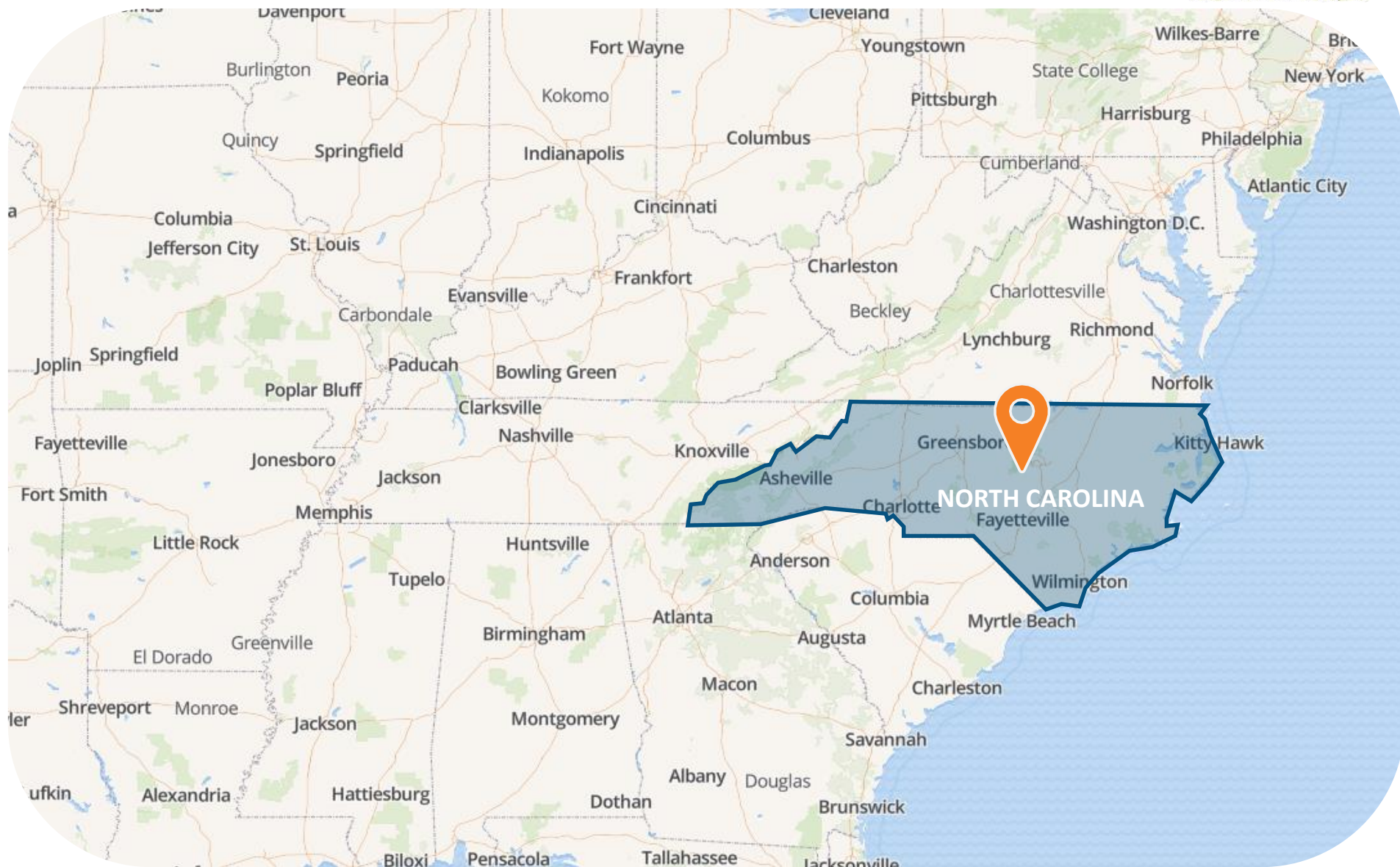




Regional Map



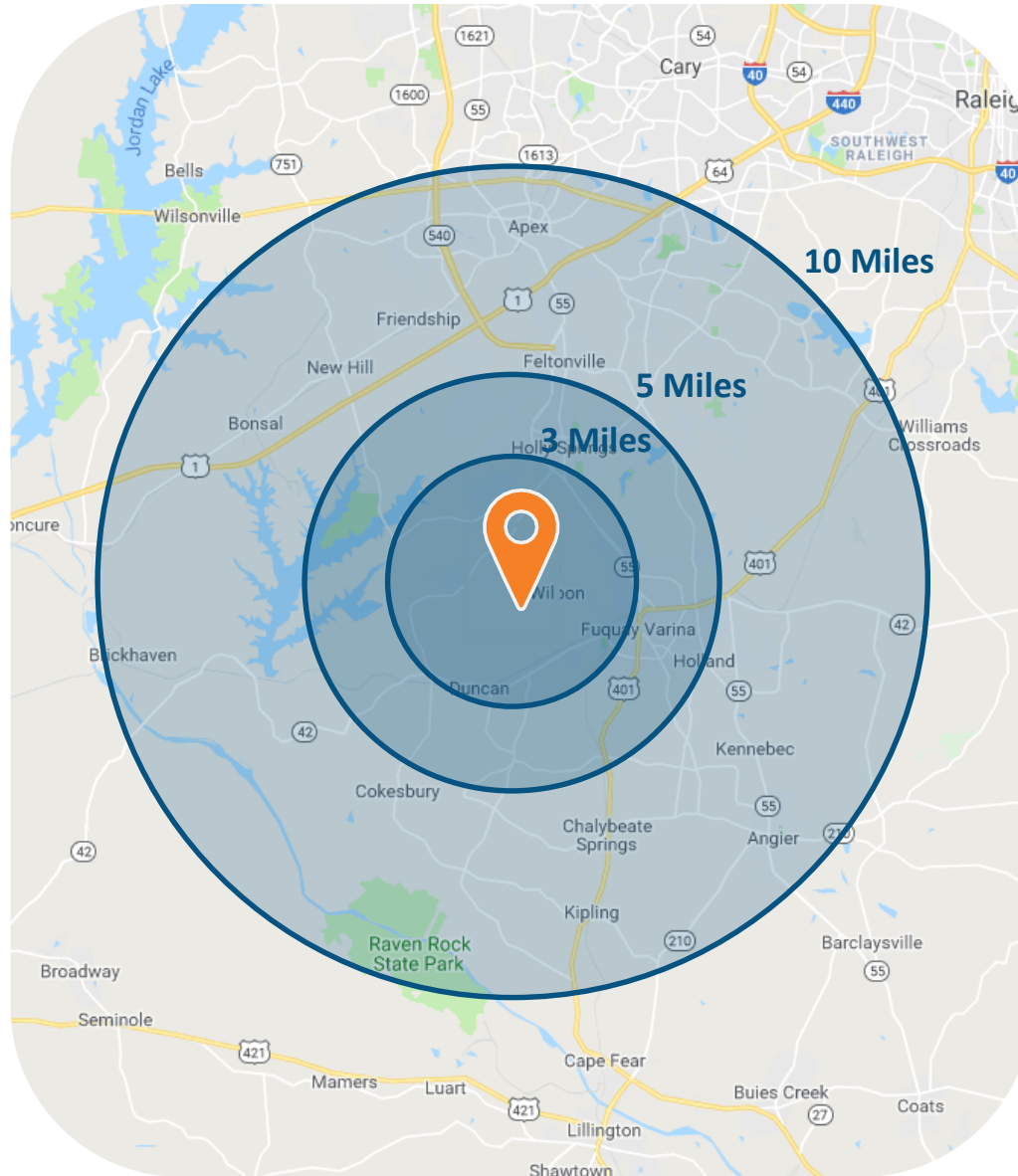
Property Address: 401 Old Honeycutt Road – Fuquay-Varina (Raleigh MSA), NC





Demographics

Property Address: 401 Old Honeycutt Road – Fuquay-Varina (Raleigh MSA), NC



Population Trends:

	3 Miles	5 Miles	10 Miles
2023 Projection	36,951	76,641	216,810
2018 Estimate	33,012	68,777	196,065
2010 Census	25,679	55,004	163,770
Growth 2018 – 2023	11.93%	11.43%	10.58%
Growth 2010 – 2018	28.56%	25.04%	19.72%
2018 Population Hispanic Origin	2,993	6,210	19,189

Population by Race (2018):

	3 Miles	5 Miles	10 Miles
White	25,826	55,420	159,177
Black	5,362	9,755	24,616
American Indian & Alaskan	285	520	1,961
Asian	705	1,432	5,758
Hawaiian & Pacific Island	19	35	233
Other	815	1,614	4,319

Household Trends:

	3 Miles	5 Miles	10 Miles
2023 Projection	13,695	27,645	78,308
2018 Estimate	12,215	24,765	70,749
2010 Census	9,349	19,471	58,438
Growth 2018 – 2023	12.12%	11.63%	10.68%
Growth 2010 – 2018	30.66%	27.19%	21.07%
Owner Occupied	9,730	20,355	57,965
Renter Occupied	2,486	4,409	12,784

Average Household Income (2018):

\$89,376 \$96,136 \$102,625

Households by Household Income (2018):

	3 Miles	5 Miles	10 Miles
<\$25,000	1,440	2,562	7,111
\$25,000 - \$50,000	2,102	3,949	10,856
\$50,000 - \$75,000	2,544	4,921	12,887
\$75,000 - \$100,000	2,199	4,399	12,025
\$100,000 - \$125,000	1,584	3,344	9,258
\$125,000 - \$150,000	982	2,018	5,783
\$150,000 - \$200,000	715	1,926	6,801



Market Overview

City: Fuquay-Varina | County: Wake | State: North Carolina

Raleigh, North Carolina



Fuquay-Varina is a city located just fifteen miles outside of Raleigh, North Carolina. With an estimated 2017 population of 458,880 distributed over a land area of about 143 square miles, Raleigh is the capital of North Carolina, and the second largest city behind Charlotte. Located at the northeast part of the state, the city is the center of the Raleigh-Durham-Chapel Hill Combined Statistical Area (CSA), one of the states most populous areas. The estimated population of the Raleigh-Durham-Chapel Hill Statistical Area is just over 2.3 million. Raleigh's industrial base includes banking/finance services, electrical, medical, electronic, telecommunications equipment, clothing and apparel, food processing, paper products, and pharmaceuticals. Raleigh is a part of North Carolina's research triangle one of the country's largest and most successful research parks, and a major centers in the United States for high-tech and biotech research. The city also holds many prestigious public and private research institutions including North Carolina State University, Shaw University, and St. Augustine's University. Raleigh Public schools are also nationally respected and praised for their innovative efforts to maintain a socially, economically, and racial balanced system by using income as a prime factor in assigning students to schools.

Raleigh, while being a great place to call home is also a great place to visit with many fine attractions and points of interest. Art lovers can appreciate the North Carolina Museum of Art while those with an interest in science can enjoy The North Carolina Museum of Natural Sciences. History buffs can take a tour of the North Carolina State Capitol and a jaunt through the North Carolina Museum of History. And for outdoor lovers, Raleigh contains a number of parks, including Umstead and Pullen. Sports fans can also stop and watch the National Hockey League's Carolina Hurricanes.

Major Employers

Employer	Estimated # of Employees
Walmart	775
Te Connectivity Corporation	704
John Deere Turf Care	400
Lear Corporation	350
Pentair Thermal Management LLC	350
Syntel Inc	350
Siemens Med Solutions USA Inc	349
Emc2	330
Harris Teeter LLC	303
Apex Tool Group LLC	278
Kraft Family YMCA	278



Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING

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