

EXCLUSIVE NET-LEASE OFFERING

PANERA BREAD SALE-LEASEBACK

BRAND NEW CONSTRUCTION

Representative Photo



OFFERING MEMORANDUM



2810 Raeford Road – Fayetteville, NC 28303



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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some

properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.



2810 Raeford Road – Fayetteville, NC 28303

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Investment Highlights

PRICE: \$3,979,380 | CAP: 4.75% | RENT: \$189,021



About the Investment

- ✓ Brand New Construction; Opening October 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 Urban Infill | Publix, Harris Teeter, BB&T, Exxon, Dunkin' Donuts, Wendy's, Taco Bell, Hardee's, as well as Many Others
- ✓ Strong Academic Presence | Less Than Three Miles From Fayetteville State University | Over 6,020 Students Enrolled
- ✓ Excellent Demographics | Population Exceeds 146,530 Individuals Within a Five-Mile Radius and 302,110 Individuals Within a Ten-Mile Radius
- ✓ Positive Real Estate Fundamentals | Approximately 50 Miles From Downtown Raleigh | The Second Largest City in and the Capital of North Carolina
- ✓ Strong Traffic Counts | Over 44,940 and 49,670 Vehicles Per Day Along Raeford Road and All American Freeway

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
- ✓ Named "Sales Leader" by Nation's Restaurant News in the Bakery-Café Group – August 2018
- ✓ Pioneer in Advanced Technology – Driver of Ongoing Sales Growth and Improved Delivery-Catering Initiatives
- ✓ Acquired in 2017 by JAB Holdings, a European conglomerate that owns Krispy Kreme, Keurig, Peet's Coffee, Pret A Manger, among other assets; positioning the chain for continued growth and long-term returns





Financial Analysis

PRICE: \$3,979,380 | CAP: 4.75% | RENT: \$189,021



PROPERTY DESCRIPTION

Property	Panera Bread
Property Address	2810 Raeford Road
City, State, ZIP	Fayetteville, NC 28303
Estimated Store Opening*	October 3, 2019
Estimated Building Size	4,425 SF
Estimated Lot Size	+/- 0.75 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$3,979,380 ¹
CAP Rate	4.75%
Annual Rent	\$189,021
Price / SF	\$899.29
Rent / SF	\$42.72

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

¹ Pricing is subject to change +/- \$200,000 based upon final construction costs.

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$189,021	\$15,752	-
Year 2	\$189,021	\$15,752	-
Year 3	\$189,021	\$15,752	-
Year 4	\$189,021	\$15,752	-
Year 5	\$189,021	\$15,752	-
Year 6	\$204,142	\$17,012	8.00%
Year 7	\$204,142	\$17,012	-
Year 8	\$204,142	\$17,012	-
Year 9	\$204,142	\$17,012	-
Year 10	\$204,142	\$17,012	-
Year 11	\$220,474	\$18,373	8.00%
Year 12	\$220,474	\$18,373	-
Year 13	\$220,474	\$18,373	-
Year 14	\$220,474	\$18,373	-
Year 15	\$220,474	\$18,373	-

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a brand-new Panera Bread located at 2810 Raeford Road in Fayetteville, 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 4,425 rentable square feet of building space on estimated 0.75-acre parcel of land. The café is scheduled to open in October 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 \$189,021 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 April 2019, there are more than 2,360 bakery-cafes in 48 states and in Ontario, Canada operating under the Panera Bread(R) or Saint Louis Bread Co. (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

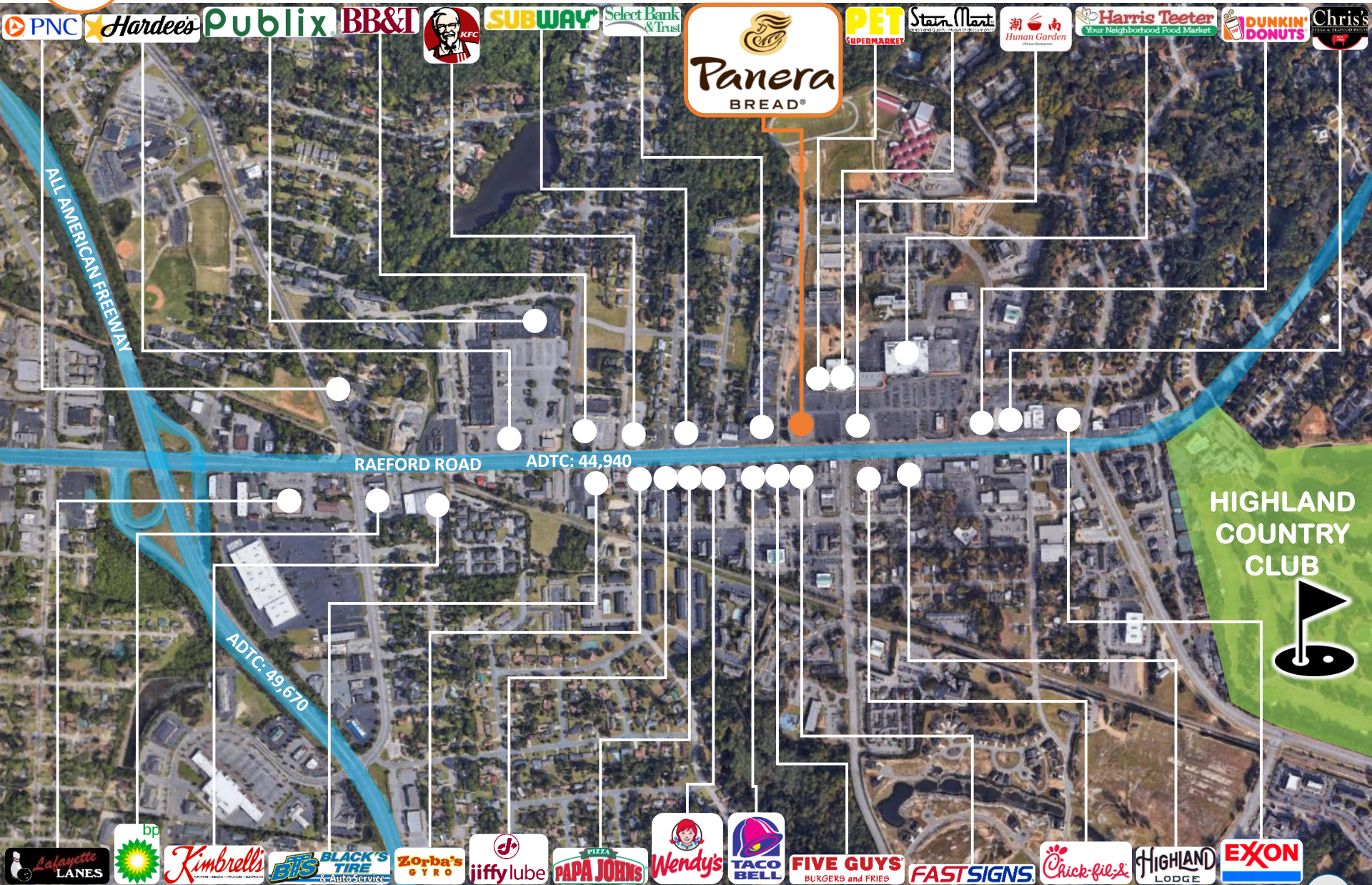
JAB Holding, a privately held company and investment arm of the Reimann family, is no stranger to the coffee business. It began building its position in coffee and breakfast in 2012 when it took a stake in D.E. Master Blenders and bought Peet's Coffee & Tea, a premier specialty coffee and tea company, 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. 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. Only one month later, JAB acquired Pret A Manger, a leading company in the ready-to-eat food market. Pret maintains a strong presence in the U.K. and boasts a rapidly growing international footprint with a presence in the U.S., Hong Kong/China, and France. The company operates over 530 stores worldwide, generating group revenues of £879 million. Today, JAB has broadened its expansion with its announcement to buy a majority stake in Compassion-First Pet Hospitals, moving its portfolio into yet another sector.

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>
<https://www.jabholco.com/documents/6/press-release-s-p-jab-pret-a-manger.pdf>
<https://www.reuters.com/article/us-compassionfirst-m-a-jab/jab-broadens-expansion-with-stake-in-pet-hospitals-idUSKCN1QE1M9>



Surrounding Area

Property Address: 2810 Raeford Road, Fayetteville, NC 28303





Location Overview

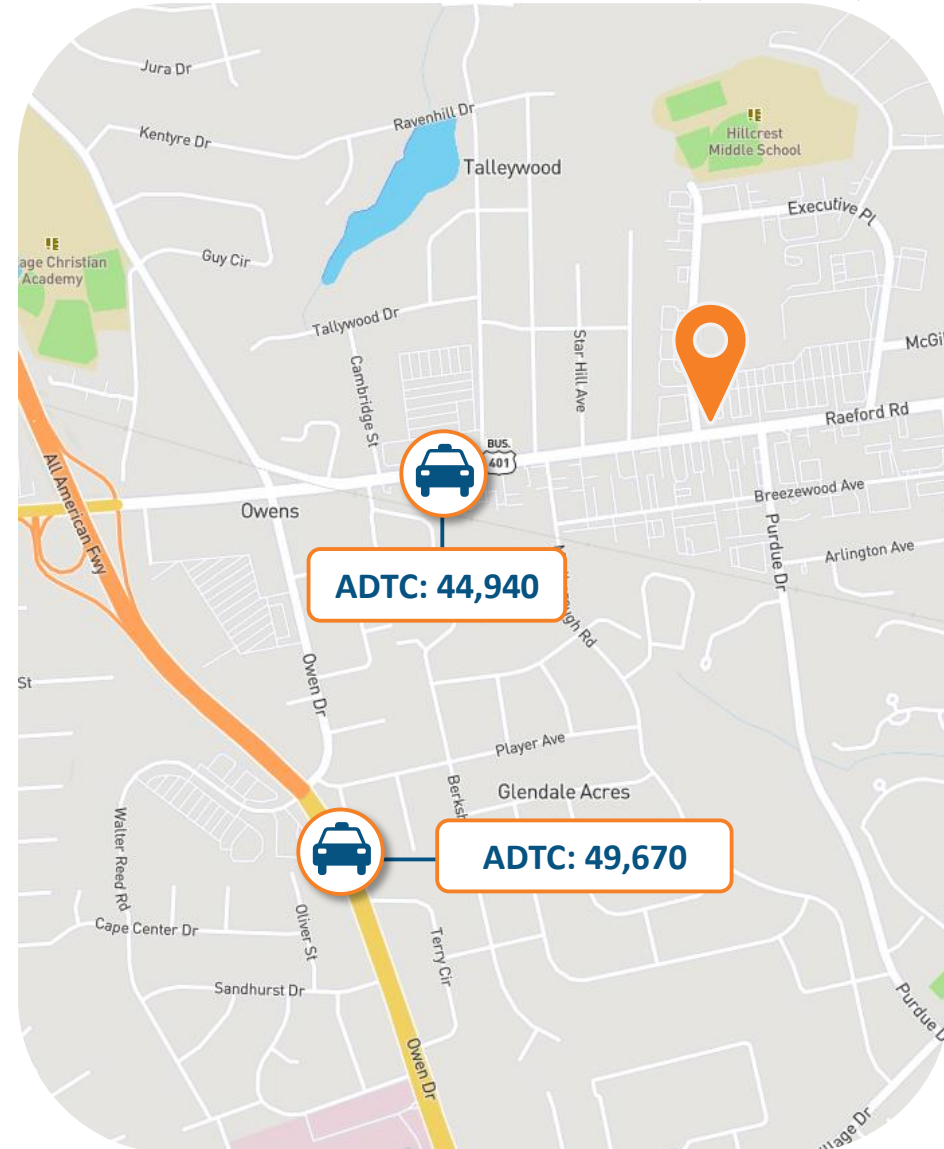
Property Address: 2810 Raeford Road, Fayetteville, NC 28303



The subject investment property is situated on the corner of Raeford Road and Ravenhill Drive, which experiences an average daily traffic count of 44,940 vehicles, respectively. Intersecting with Raeford Street Road is All American Freeway, which brings an additional 49,670 vehicles into the immediate area on average daily. There are more than 146,530 individuals residing within a five-mile radius of the property and more than 302,110 individuals within a ten-mile radius.

This café benefits from being well-positioned in a dense urban infill consisting of national and local tenants, shopping centers, and academic institutions all within close proximity of this property. Major national tenants within the immediate area include: Publix, Harris Teeter, BB&T, Exxon, Dunkin' Donuts, Wendy's, Taco Bell, Hardee's, as well as many others. This Panera Bread benefits from its close proximity to several academic institutions. The most notable is Fayetteville State University, which has a total enrollment exceeding 6,020 students and is located within a three-mile radius of the subject café. Cape Fear Valley Medical Center, a 650+ bed, general medical and surgical facility, is located less than two miles south of the Panera Bread.

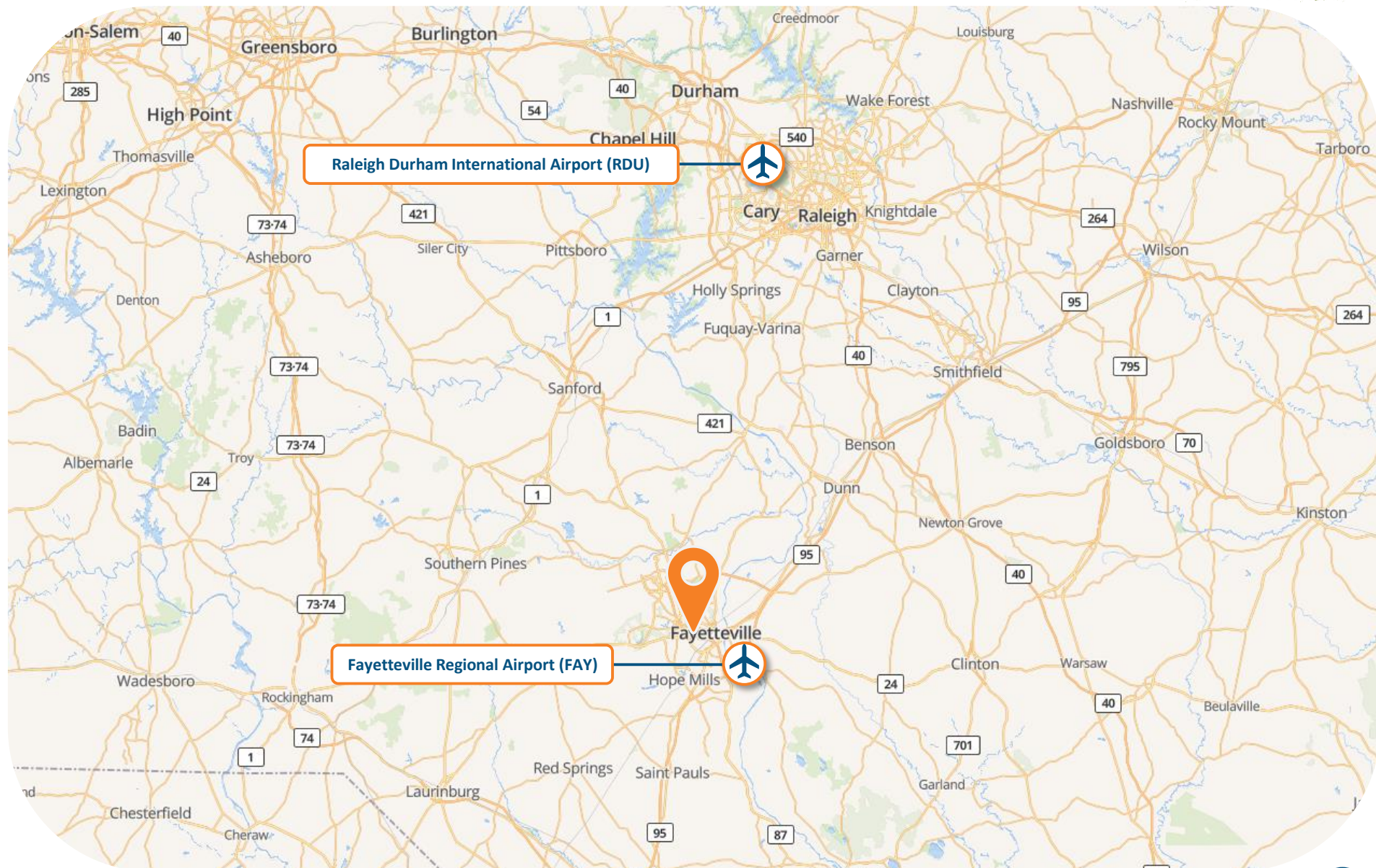
Fayetteville, a city in and the county seat of Cumberland County, is the sixth largest city in North Carolina. The city is best known as the home of Fort Bragg, a major U.S. Army installation northwest of the city. Fayetteville has received the All-America City Award from the National Civic League three times. With an estimated population in 2013 of 210,533 people, the Fayetteville metropolitan area is the largest in southeastern North Carolina, and the fifth-largest in the state. The area around Fayetteville has a large and growing defense industry, with eight out of the ten top American defense contractors located within commuting distance as well as many supporting technology and service businesses populating the area. Fayetteville boasts a low unemployment rate and a large labor pool of trained professionals. With an economy supported by more than 55,000 military personnel, Fayetteville ranks as one of the best retail markets in the country, and serves as the region's hub for shopping, dining, lodging, healthcare, and entertainment. Fayetteville's downtown reflects history and culture, with historical buildings, cobblestone sidewalks, and an eclectic array of shops, galleries, and eateries.





Local Map

Property Address: 2810 Raeford Road, Fayetteville, NC 28303

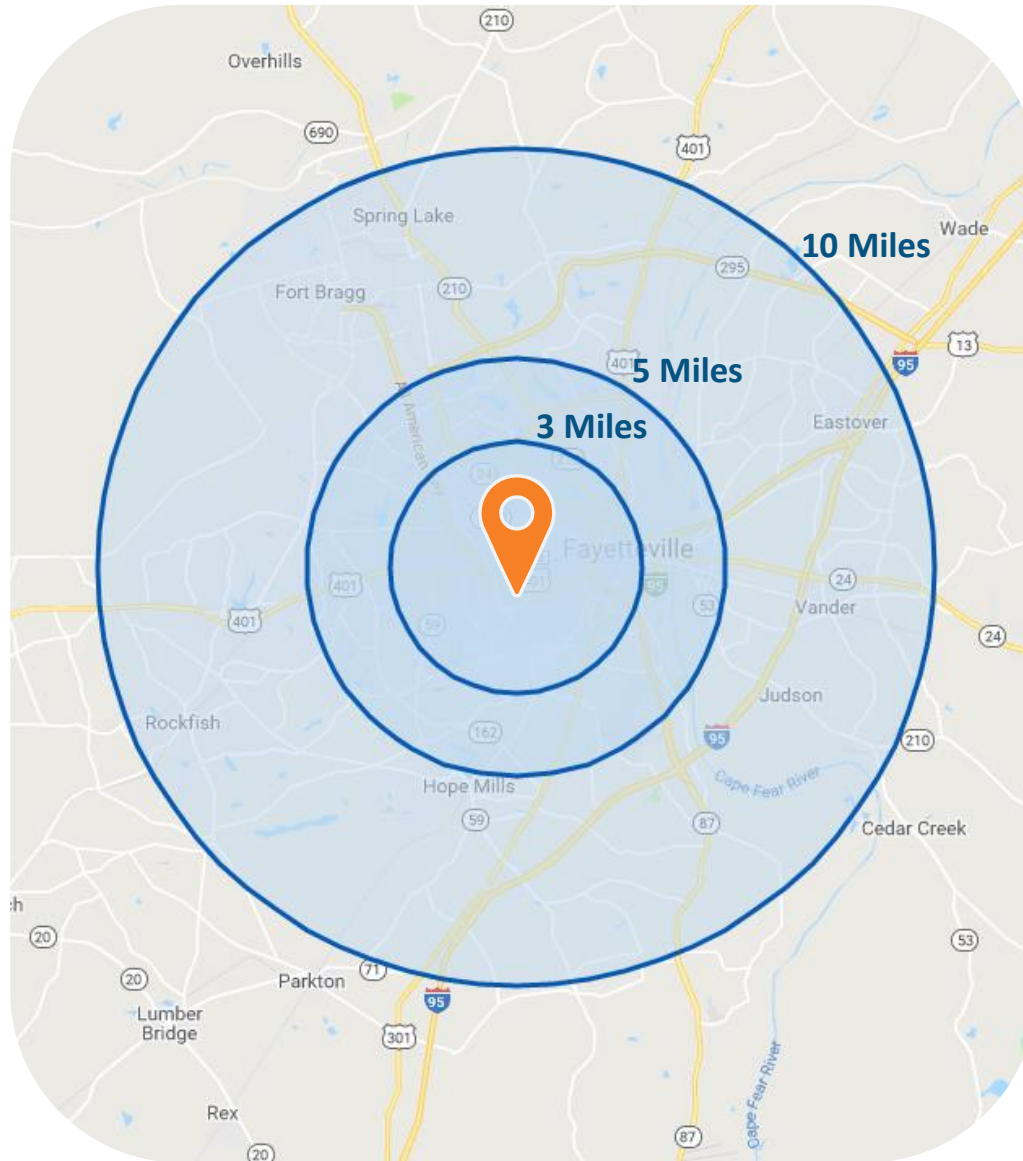






Demographics

Property Address: 2810 Raeford Road, Fayetteville, NC 28303



3 Miles 5 Miles 10 Miles

Population Trends:

2024 Projection	58,455	144,835	301,432
2019 Estimate	58,853	146,537	302,111
2010 Census	57,333	147,062	288,413
2017 Population Hispanic Origin	5,192	15,618	36,979

Population by Race (2019):

White	29,815	63,955	151,316
Black	23,638	68,998	120,838
American Indian & Alaskan	1,055	2,507	5,275
Asian	1,837	4,176	8,962
Hawaiian & Pacific Island	143	513	1,226
Other	2,365	6,388	14,494

Household Trends:

2024 Projection	24,629	60,632	113,245
2019 Estimate	24,771	61,159	113,549
2010 Census	24,414	61,197	110,594
Owner Occupied	12,264	29,198	57,933
Renter Occupied	12,507	31,961	55,616

Average Household Income (2019):

\$56,791 \$52,540 \$57,714

Households by Household Income (2019):

<\$25,000	7,911	18,968	29,585
\$25,000 - \$50,000	7,144	18,175	32,671
\$50,000 - \$75,000	4,045	11,504	22,930
\$75,000 - \$100,000	2,509	6,196	13,585
\$100,000 - \$125,000	1,275	2,985	6,890
\$125,000 - \$150,000	613	1,315	3,328
\$150,000 - \$200,000	451	849	2,391



Market Overview

City: Fayetteville | County: Cumberland | State: North Carolina

Raleigh, North Carolina



Raleigh the capital of North Carolina, is the second largest city behind Charlotte with an estimated 2017 population of 458,880 distributed over a land area of about 143 square miles. 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
Forscom	9,842
Walmart	3,015
Cape Fear Valley Health System	2,719
County of Cumberland	1,376
US Post Office	1,269
Cracker Barrel	1,165
Army & Air Force Exchange Svc	1,092
United Services Auto Assn	1,082
Defender Services Inc	1,046
Fayetteville State University	1,001
Womack Army Medical Center	803



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