

EXCLUSIVE NET-LEASE OFFERING

PANERA BREAD SALE-LEASEBACK

BRAND NEW CONSTRUCTION

Representative Photo



OFFERING MEMORANDUM



1705 S. Stapley Drive, Mesa (Phoenix MSA), AZ 85204



Confidentiality and Disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

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.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the

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.

NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

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



1705 S. Stapley Drive, Mesa (Phoenix MSA), AZ 85204

Table of Contents

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





Investment Highlights

PRICE: \$4,009,713 | CAP: 4.75% | RENT: \$190,461



About the Investment

- ✓ Brand New Construction; Opening September 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, AMC Theatres, Kohl's, Staples, HomeGoods, Burger King, Texas Roadhouse, Chili's, as well as Many Others
- ✓ Strong Academic Presence | Less Than Ten Miles From Arizona State University | Over 42,400 Students Enrolled
- ✓ Excellent Demographics | Population Exceeds 417,720 Individuals Within a Five-Mile Radius and 1,118,920 Individuals Within a Ten-Mile Radius
- ✓ Positive Real Estate Fundamentals | Within Six Miles of Phoenix Sky Harbor International Airport - Serves Over 40 Million Passengers Annually | Less Than 20 Miles From Downtown Phoenix
- ✓ Strong Traffic Counts | Over 46,430 and 237,700 Vehicles Per Day Along S. Stapley Drive and U.S. Route 60

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: \$4,009,713 | CAP: 4.75% | RENT: \$190,461



PROPERTY DESCRIPTION

Property	Panera Bread
Property Address	1705 S. Stapley Drive
City, State, ZIP	Mesa, AZ 85204
Estimated Store Opening*	September 9, 2019
Estimated Building Size	4,425 SF
Estimated Lot Size	+/- 1.99 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$4,009,713
CAP Rate	4.75%
Annual Rent	\$190,461
Price / SF	\$906.15
Rent / SF	\$43.04

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	\$190,461	\$15,872	-
Year 2	\$190,461	\$15,872	-
Year 3	\$190,461	\$15,872	-
Year 4	\$190,461	\$15,872	-
Year 5	\$190,461	\$15,872	-
Year 6	\$205,698	\$17,142	8.00%
Year 7	\$205,698	\$17,142	-
Year 8	\$205,698	\$17,142	-
Year 9	\$205,698	\$17,142	-
Year 10	\$205,698	\$17,142	-
Year 11	\$222,154	\$18,513	8.00%
Year 12	\$222,154	\$18,513	-
Year 13	\$222,154	\$18,513	-
Year 14	\$222,154	\$18,513	-
Year 15	\$222,154	\$18,513	-

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a brand-new Panera Bread located at 1705 S. Stapley Drive in Mesa, Arizona. 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 1.99-acre parcel of land. The café is scheduled to open in September 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 \$190,461 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.



Tenant 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 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

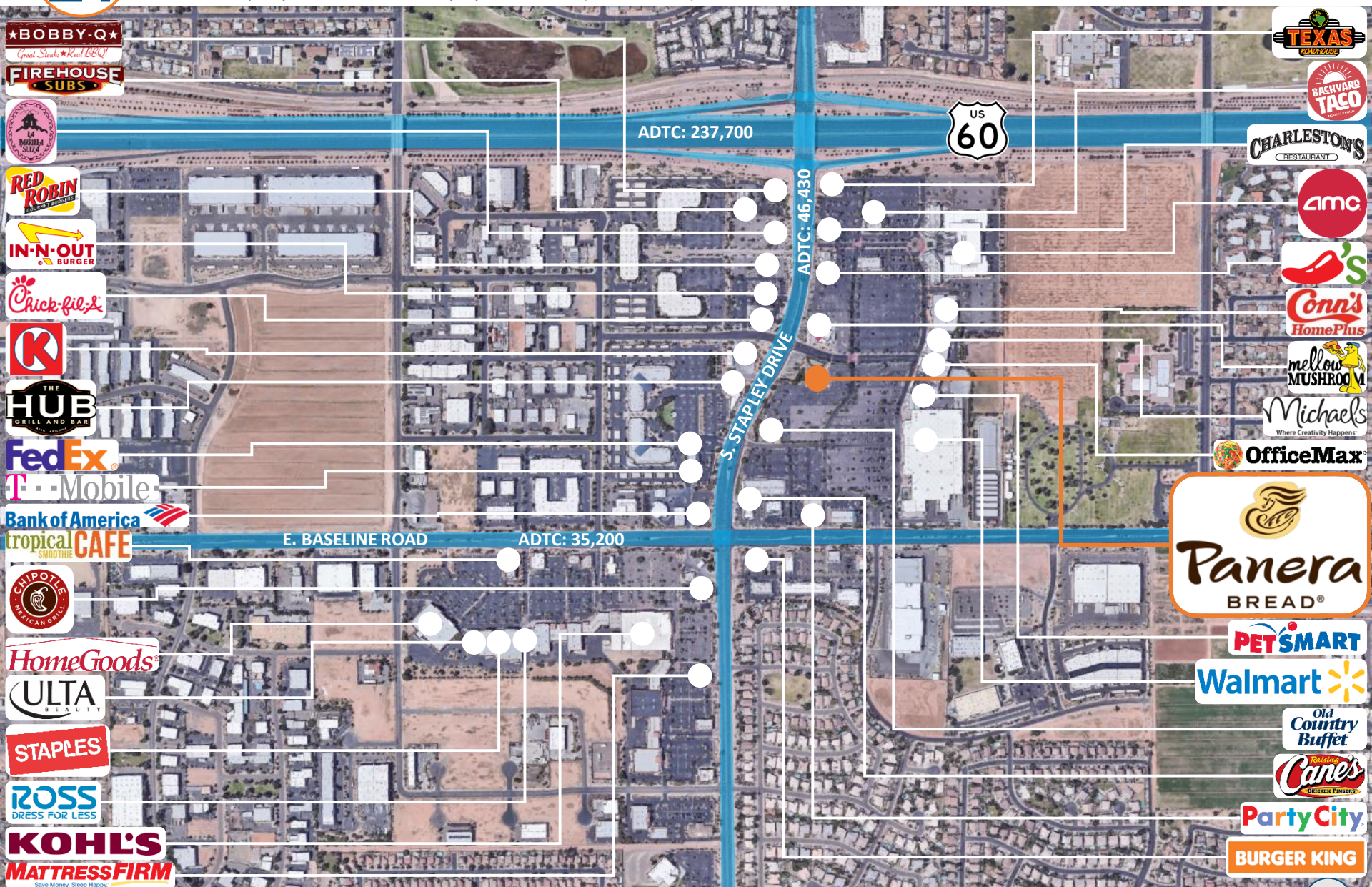
JAB Holding, a privately held company and investment arm of the Reimann family, is no stranger to the coffee business. It began building its position in coffee and breakfast in 2012 when it took a stake in D.E. Master Blenders and bought Peet's Coffee & Tea, a premier specialty coffee and tea company, 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: 1705 S. Stapley Drive, Mesa (Phoenix MSA), AZ 85204





Location Overview

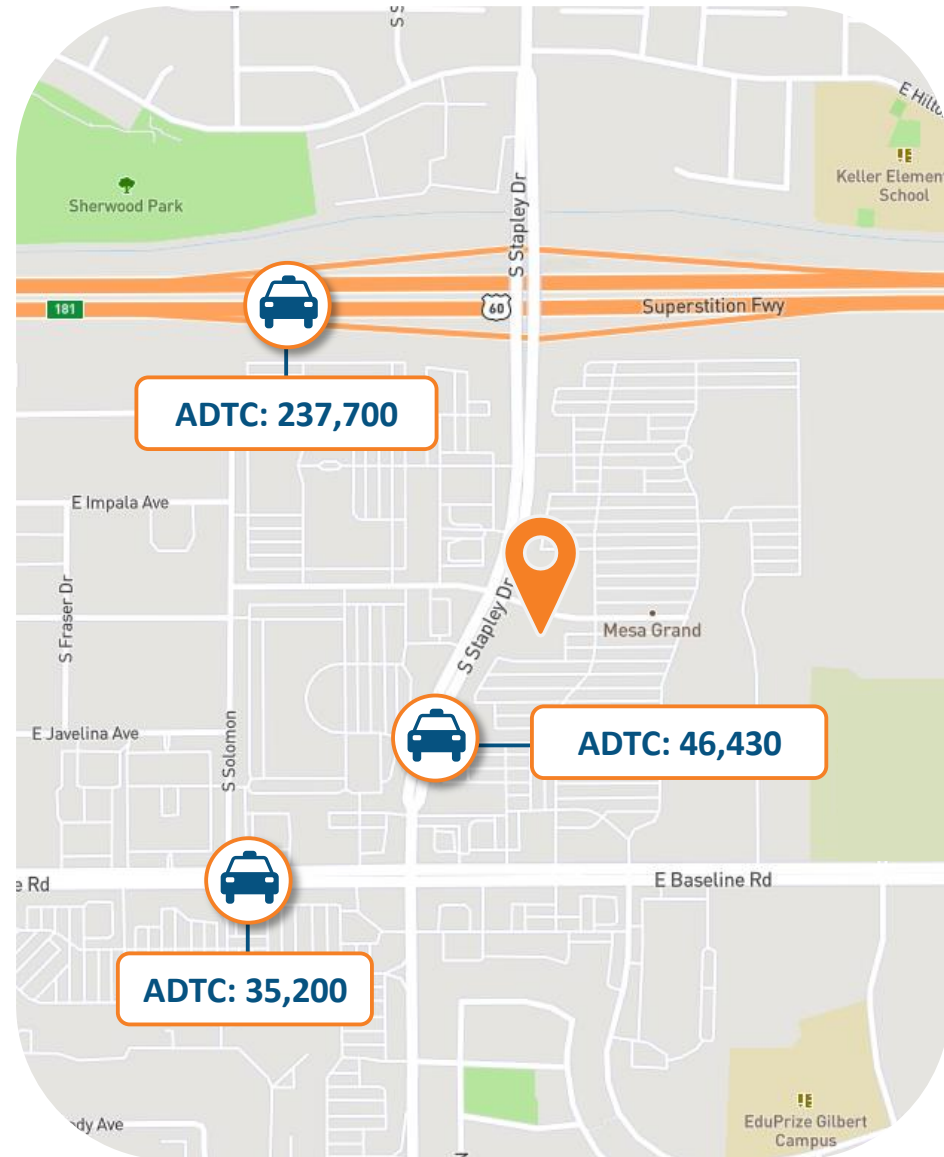
Property Address: 1705 S. Stapley Drive, Mesa (Phoenix MSA), AZ 85204



The subject investment property is situated on S. Stapley Drive, which experiences an average daily traffic count exceeding 46,430 vehicles, respectively. Intersecting with S. Stapley Drive is U.S. Route 60 and E. Baseline Road, which brings an additional 237,700 and 35,200 vehicles into the immediate area on average daily. There are more than 417,720 individuals residing within a five-mile radius of the property and more than 1,118,920 individuals within a ten-mile radius.

This café benefits from being well-positioned in a highly dense retail corridor 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: Walmart, AMC Theatres, Kohl's, Staples, HomeGoods, Burger King, Texas Roadhouse, Chili's, as well as many others. This Panera Bread benefits from its close proximity to several academic institutions. Most notable is Arizona State University, which has a total enrollment exceeding 42,400 students and is located within a ten-mile radius of the subject café. Banner Desert Medical Center, a 615-bed, general medical and surgical facility, is located less than five miles south of the Panera Bread. Phoenix Sky Harbor International Airport, one of the nation's busiest airports and the 19th busiest in the world, serves over 40,00,000 passengers annually and is located approximately six miles from the subject café.

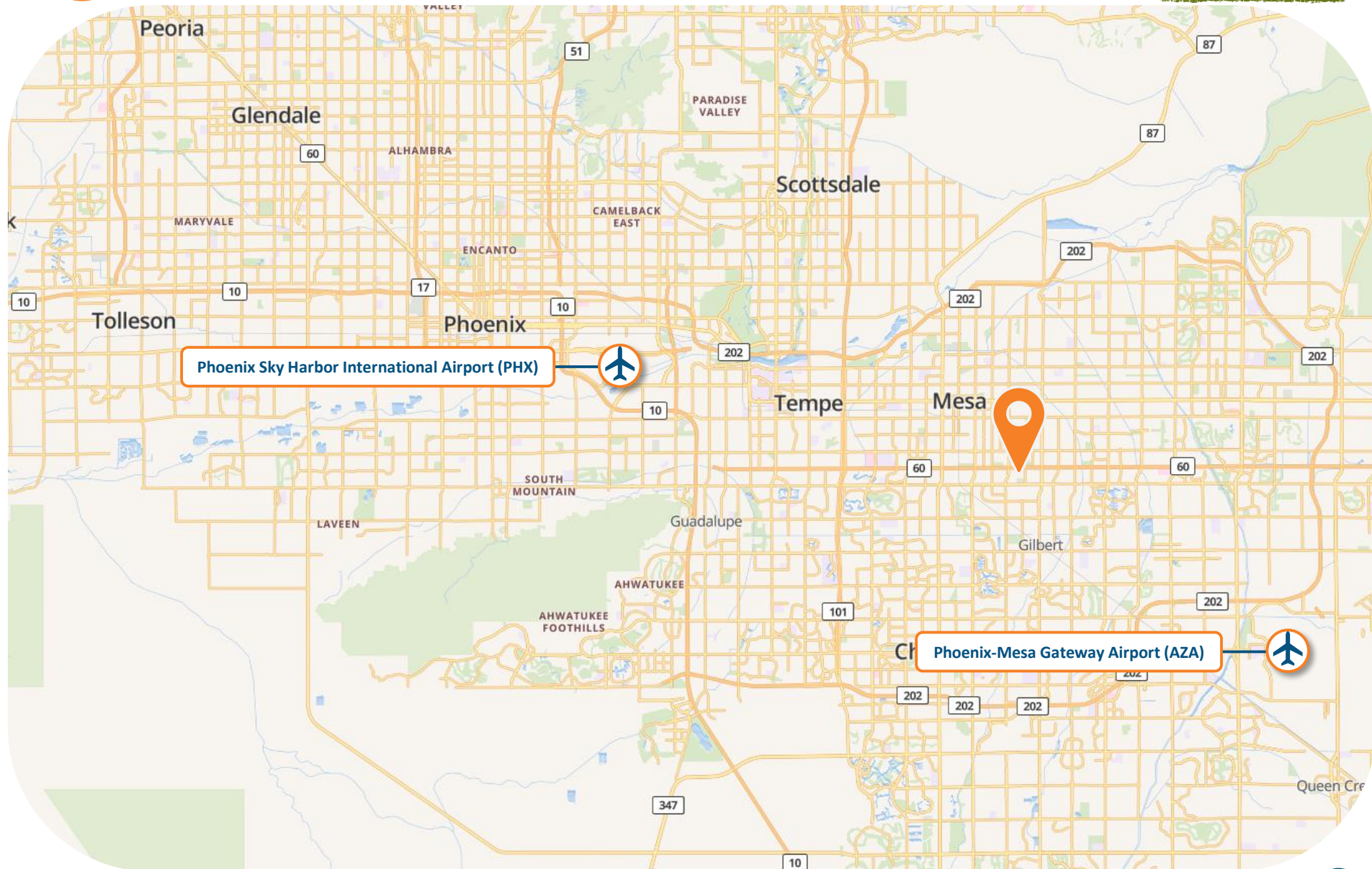
Mesa, a city in Maricopa County, is a suburb located less 20 miles east of Phoenix in the East Valley section of the Phoenix Metropolitan Area. It is bordered by Tempe on the west, the Salt River Pima-Maricopa Indian Community on the north, Chandler and Gilbert on the south along with Queen Creek, and Apache Junction on the east. Mesa is the largest suburban city by population in the United States, the third-largest city in Arizona after Phoenix and Tucson, and the 36th-largest city overall in the US. The city is home to 496,400 people as of 2017 according to the Census Bureau, which makes it more populous than major cities such as Minneapolis, St. Louis, or Miami. The City provides the advantages of a thriving metropolis while maintaining the feel of a suburban environment. With dynamic recreational, educational and business opportunities, Mesa enjoys the best in a variety of amenities including parks, a variety of sports facilities, highly rated golf courses, a diversity of special events and community festivals, and Mesa's ever-popular Chicago Cubs and Oakland A's Spring Training baseball. It is also home to the largest relief airport in the Phoenix area, Phoenix-Mesa Gateway Airport, which is located in the southeastern corner of the city.





Local Map

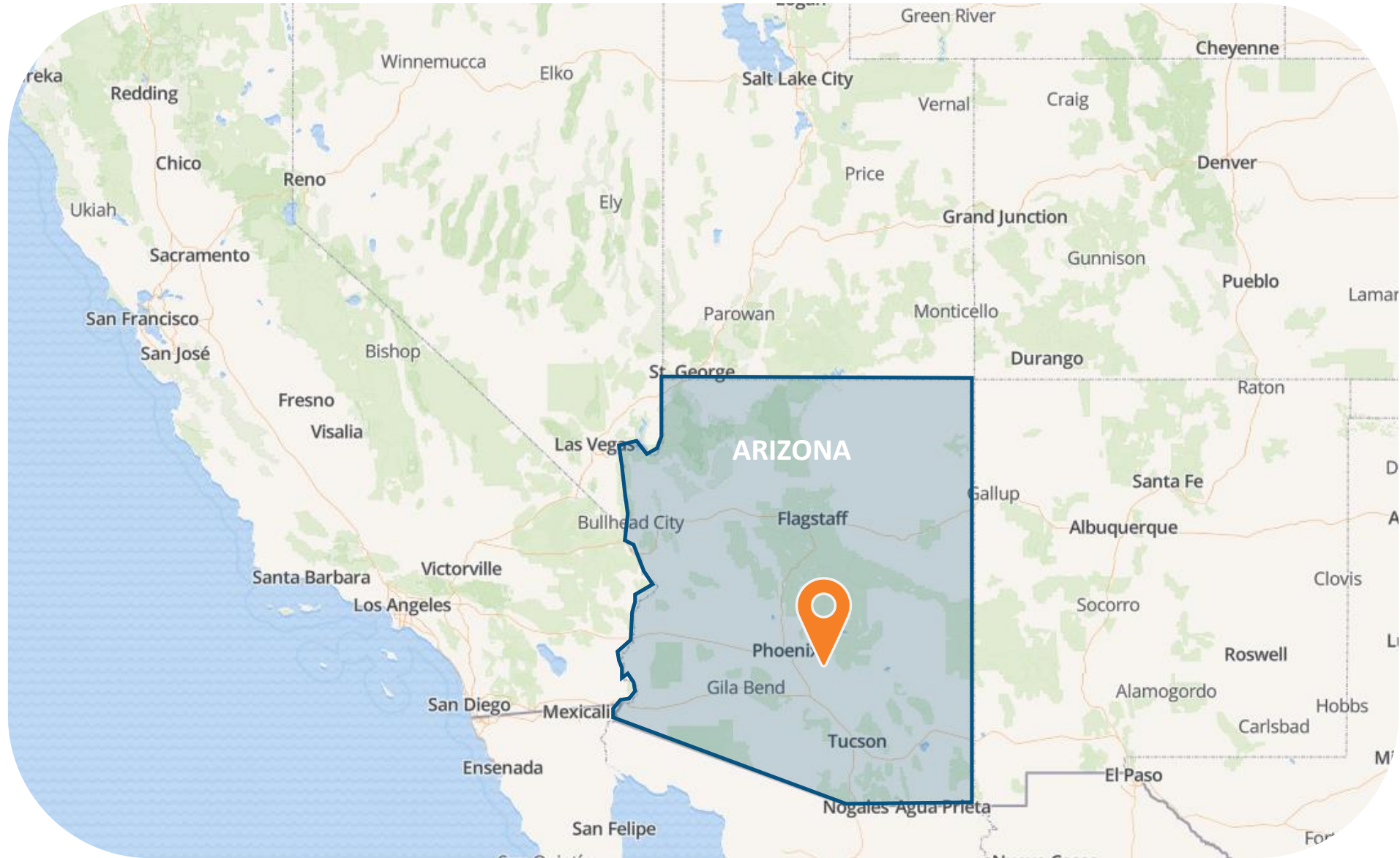
Property Address: 1705 S. Stapley Drive, Mesa (Phoenix MSA), AZ 85204





Regional Map

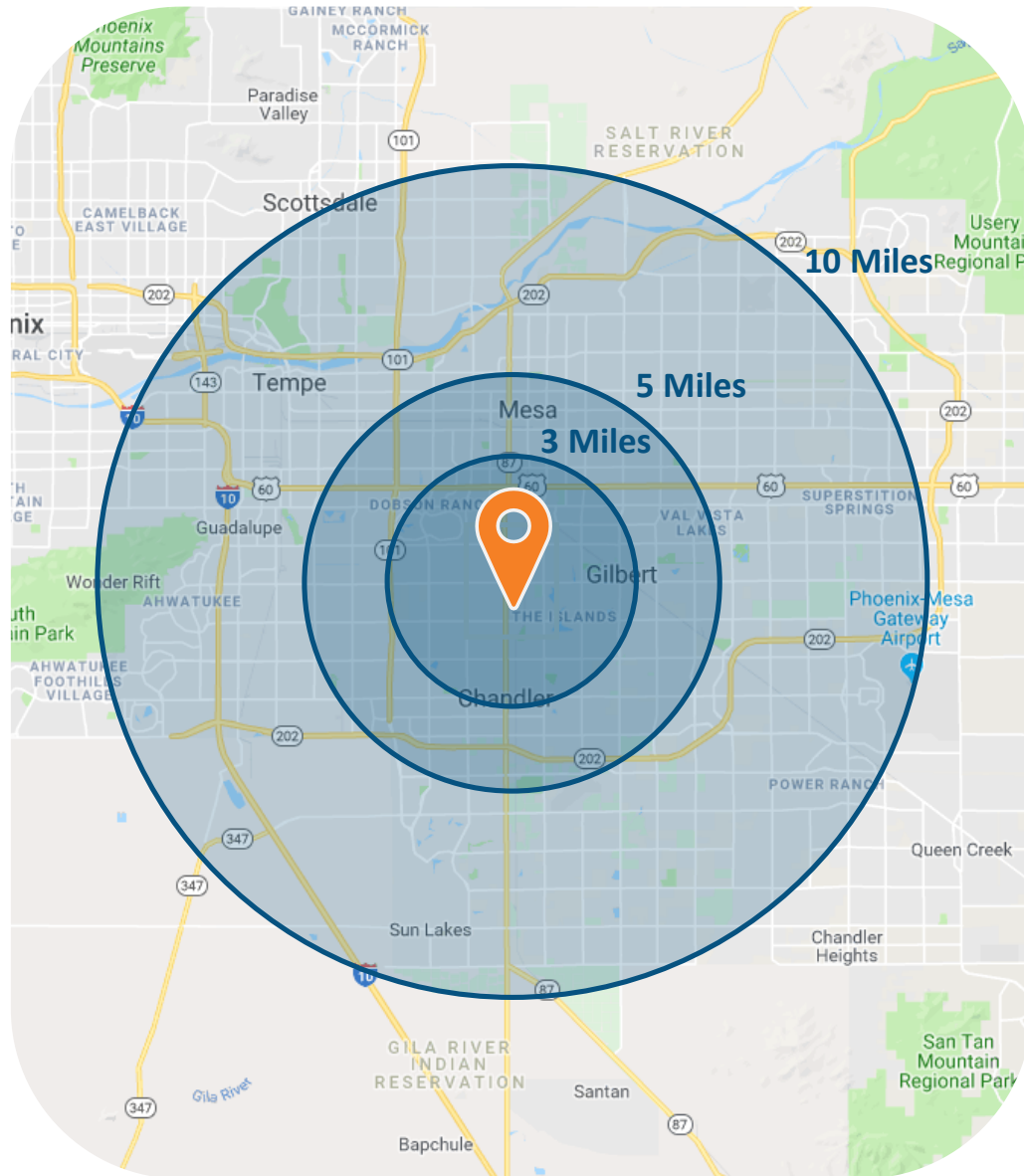
Property Address: 1705 S. Stapley Drive, Mesa (Phoenix MSA), AZ 85204





Demographics

Property Address: 1705 S. Stapley Drive, Mesa (Phoenix MSA), AZ 85204



Population Trends:

	3 Miles	5 Miles	10 Miles
2023 Projection	165,243	448,498	1,207,300
2018 Estimate	153,678	417,726	1,118,929
2010 Census	142,623	391,486	1,009,592
Growth 2018 – 2023	7.53%	7.37%	7.90%
Growth 2010 – 2018	7.75%	6.70%	10.83%
2018 Population Hispanic Origin	61,920	129,088	271,001

Population by Race (2018):

	3 Miles	5 Miles	10 Miles
White	131,406	353,106	922,395
Black	6,713	20,888	55,541
American Indian & Alaskan	4,874	14,387	39,940
Asian	4,785	14,252	61,452
Hawaiian & Pacific Island	1,032	2,142	4,252
Other	4,868	12,951	35,348

Household Trends:

	3 Miles	5 Miles	10 Miles
2023 Projection	56,275	164,926	454,857
2018 Estimate	52,355	153,731	421,854
2010 Census	48,439	144,077	382,396
Growth 2017 – 2023	7.49%	7.28%	7.82%
Growth 2010 – 2018	8.08%	6.70%	10.32%
Owner Occupied	28,905	90,456	255,943
Renter Occupied	23,450	63,275	165,913

Average Household Income (2018):

3 Miles	5 Miles	10 Miles
\$68,885	\$72,697	\$80,533

Households by Household Income (2018):

	3 Miles	5 Miles	10 Miles
<\$25,000	11,032	30,244	75,960
\$25,000 - \$50,000	13,856	39,503	94,782
\$50,000 - \$75,000	10,339	29,975	80,302
\$75,000 - \$100,000	6,982	19,827	56,492
\$100,000 - \$125,000	3,763	12,855	39,456
\$125,000 - \$150,000	2,350	7,814	26,438
\$150,000 - \$200,000	2,314	7,653	26,988



Market Overview

City: Mesa | County: Maricopa | State: Arizona

Phoenix, AZ



Phoenix is the capital and most populous city of Arizona, with over 1,626,000 people as of 2017. Phoenix is the vibrant center of one of the fastest growing job markets and economies in the United States. The 5th largest city in the country, Phoenix is emerging in the new economy with strength in high technology, manufacturing, bioscience research and advanced business services. As the most populous American state capital, Phoenix is the only state capital with a population of more than one million residents. Phoenix is located in Southwestern United States adjacent to the states of California, Nevada, Utah, Colorado (at “4 corners”), and New Mexico. Arizona shares a vibrant border with Mexico that facilitates trade between the U.S. and Latin America.

With nearly 4.4 million people, Greater Phoenix is the 11th largest metropolitan area in the U.S., and its population is expected to nearly double in the next two decades. A young and diverse market with nearly 500,000 students, the region is home to several major universities and colleges. As this urban area densifies, its unique vibe remains distinctive and vibrant. Phoenix’s physical infrastructure is sophisticated and robust, allowing the city to expand at a rapid pace, with plenty of capacity to support anticipated future growth.

Today’s Downtown Phoenix boasts the highest concentration of employment in Arizona, offering impressive urban amenities including living, shopping, arts and entertainment. The dramatic growth is providing a surge in momentum for even more development. In addition to large-scale projects such as the Phoenix Convention Center expansion, Valley Metro Light Rail and the Phoenix Biomedical Campus serving as major activity centers, there is a real grassroots effort to create a true downtown community.

Major Employers

Employer	Estimated # of Employees
Police Department	5,137
Smart & Final Stores Inc	5,005
City of Mesa	4,972
Chandler Unified School District	4,600
Walmart	4,554
Salt River Prima Maric India C	4,200
Keysight	3,275
Boeing	3,257
Arion	3,200
Yam Special Holdings Inc	2,669
The Home Depot	2,408



Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING

