

PANERA BREAD SALE-LEASEBACK

EXCLUSIVE NET-LEASE OFFERING



Subject Property

OFFERING MEMORANDUM



10752 S. Memorial Drive - Tulsa, OK 74133

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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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Investment Highlights

PRICE: \$2,912,621 | CAP: 5.15% | RENT: \$150,000



About the Investment

- ✓ New Construction | Built in 2018!
- ✓ Long-Term, 19-Year Absolute Triple Net (NNN) Sale-Leaseback
- ✓ Lease Commencement Upon Close of Escrow
- ✓ One and Three Quarters Percent (1.75%) Rental Increases Annually Starting Year Five (5)
- ✓ Four (4), Five (5)-Year Tenant Renewal Options, Bringing the Potential Lease Term to 39 Years

About the Location

- ✓ Dense Retail Corridor | Walmart, Costco Wholesale, Lowe's, Target, Aldi, Walgreens, CVS Pharmacy, Burger King, Taco Bell, Holiday Inn & Suites, as well as Many Others
- ✓ Strong Academic Presence | Less Than Five Miles From Tulsa Community College | Over 20,100 Students Enrolled
- ✓ Affluent Suburban Community | Average Income within a Three-Mile Radius Exceeds \$116,160 | Population Exceeds 456,990 Individuals Within a 10-Mile Radius
- ✓ Positive Real Estate Fundamentals | Approximately 16 Miles From Tulsa International Airport (TUL) - the Global Maintenance Headquarters for America Airlines | Serves Over 2,885,000 Passengers Annually
- ✓ Strong Traffic Counts | Over 54,000 Vehicles Per Day Along S. Memorial Drive

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
- ✓ The Lease is Guaranteed by Traditional Bakery, Inc. – Panera Bread's First Franchisee | Operate 18 Locations Throughout Springfield, Branson, Joplin, Tulsa, and Northwest Arkansas





Financial Analysis

PRICE: \$2,912,621 | CAP: 5.15% | RENT: \$150,000



PROPERTY DESCRIPTION

Property	Panera Bread
Property Address	10752 S. Memorial Drive
City, State, ZIP	Tulsa, OK 74133
Year Built	2018
Estimated Building Size	5,013 SF
Estimated Lot Size	+/- 1.01 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$2,912,621
CAP Rate	5.15%
Annual Rent	\$150,000
Price / SF	\$581
Rent / SF	\$29.92

LEASE SUMMARY

Property Type	Net Leased Casual Dining Restaurant
Tenant / Guarantor	Franchisee; Traditional Bakery Inc.
Franchisor Ownership	Private; JAB Restaurant Holding Company
Original Lease Term	19 Years
Lease Commencement	Upon Close of Escrow
Lease Expiration	19 Years Upon COE
Lease Term Remaining	19 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	1.75% Annually Starting Year Six (5)
Options to Renew	Four (4) Periods of Five (5) Years Each

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$150,000	\$12,500	-
Year 2	\$150,000	\$12,500	-
Year 3	\$150,000	\$12,500	-
Year 4	\$150,000	\$12,500	-
Year 5	\$152,625	\$12,719	1.75%
Year 6	\$155,296	\$12,941	1.75%
Year 7	\$158,014	\$13,168	1.75%
Year 8	\$160,779	\$13,398	1.75%
Year 9	\$163,592	\$13,633	1.75%
Year 10	\$166,455	\$13,871	1.75%
Year 11	\$169,368	\$14,114	1.75%
Year 12	\$172,332	\$14,361	1.75%
Year 13	\$175,348	\$14,612	1.75%
Year 14	\$178,417	\$14,868	1.75%
Year 15	\$181,539	\$15,128	1.75%
Year 16	\$184,716	\$15,393	1.75%
Year 17	\$187,948	\$15,662	1.75%
Year 18	\$191,238	\$15,936	1.75%
Year 19	\$194,584	\$16,215	1.75%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a newly built Panera Bread located at 10752 S. Memorial Drive in Tulsa, OK. This is an investment opportunity to participate in a direct sale leaseback with Traditional Bakery, Inc.. The newly constructed site will consist of roughly 5,013 rentable square feet of building space on estimated 1.01-acre parcel of land. The café opened in 2018.

Traditional Bakery, Inc., the franchisee operating entity, will enter into a brand new 19-year triple-net (NNN) sale leaseback with the purchaser upon close of escrow. The initial annual rent will be \$150,000 and will increase by one and three quarters percent (1.75%) annually starting year five (5) 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 39 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 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 Traditional Bakery, Inc.

Based in Springfield, Missouri, The Traditional Bakery, Inc. (TBI), was Panera Bread's first franchisee. TBI convinced the executives of Saint Louis Bread Company – the predecessor of Panera Bread – to sell the franchise rights for a Springfield, MO bakery-cafe. At that time Panera Bread had only 18 bakery-cafes and all were corporate owned in the St. Louis area. Around the time TBI requested the franchise rights for Springfield, Panera had recently begun working on a franchising model. Some 29 million loaves of baked bread later, the owners of TBI operate 32 Panera Bread cafes; 18 of the locations are operated under TBI, which is the entity securing this Lease, throughout Springfield, Branson, Joplin, Tulsa, and Northwest Arkansas.

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>





Property Photo



Subject Property



Property Photo



Subject Property



Surrounding Area Photos





Location Overview

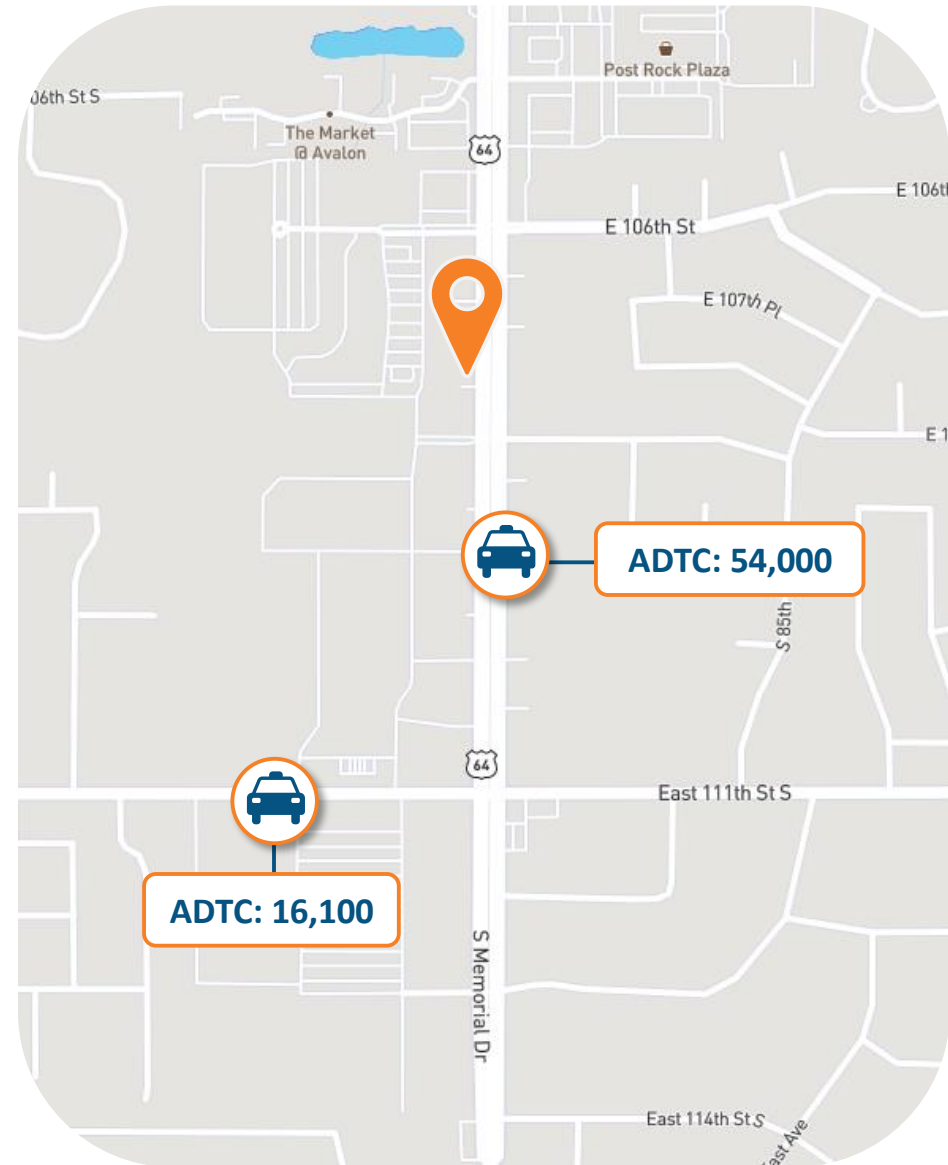
Property Address: 10752 S. Memorial Drive - Tulsa, OK 74133



The subject property is situated on S. Memorial Drive, which experiences an average daily traffic count exceeding 54,000 vehicles, respectively. Intersecting with S. Memorial Drive is East 11th Street, which brings an additional 16,100 vehicles into the immediate area on average daily. There are more than 163,460 individuals residing within a five-mile radius of the property and more than 456,990 individuals within a ten-mile radius. This café is situated in an affluent suburban community with an average household income of over \$116,160 within a three-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, Costco Wholesale, Lowe's, Target, Aldi, Walgreens, CVS Pharmacy, Burger King, Taco Bell, Starbucks, Chili's, as well as many others. Accommodations in the immediate area include: Hampton Inn & Suites and Holiday Inn Express & Suites. This Panera Bread benefits from its close proximity to several academic institutions. Most notable is Tulsa Community College, which has a total enrollment exceeding 20,100 students and is located less than five miles from the subject café. Saint Francis Hospital, a 1,112-bed, general medical and surgical facility, is located within a six-mile radius of the Panera Bread. Tulsa International Airport (TUL), the global maintenance headquarters for American Airlines, serves over 2,885,000 passengers annually and is located 16 miles north of the subject property.

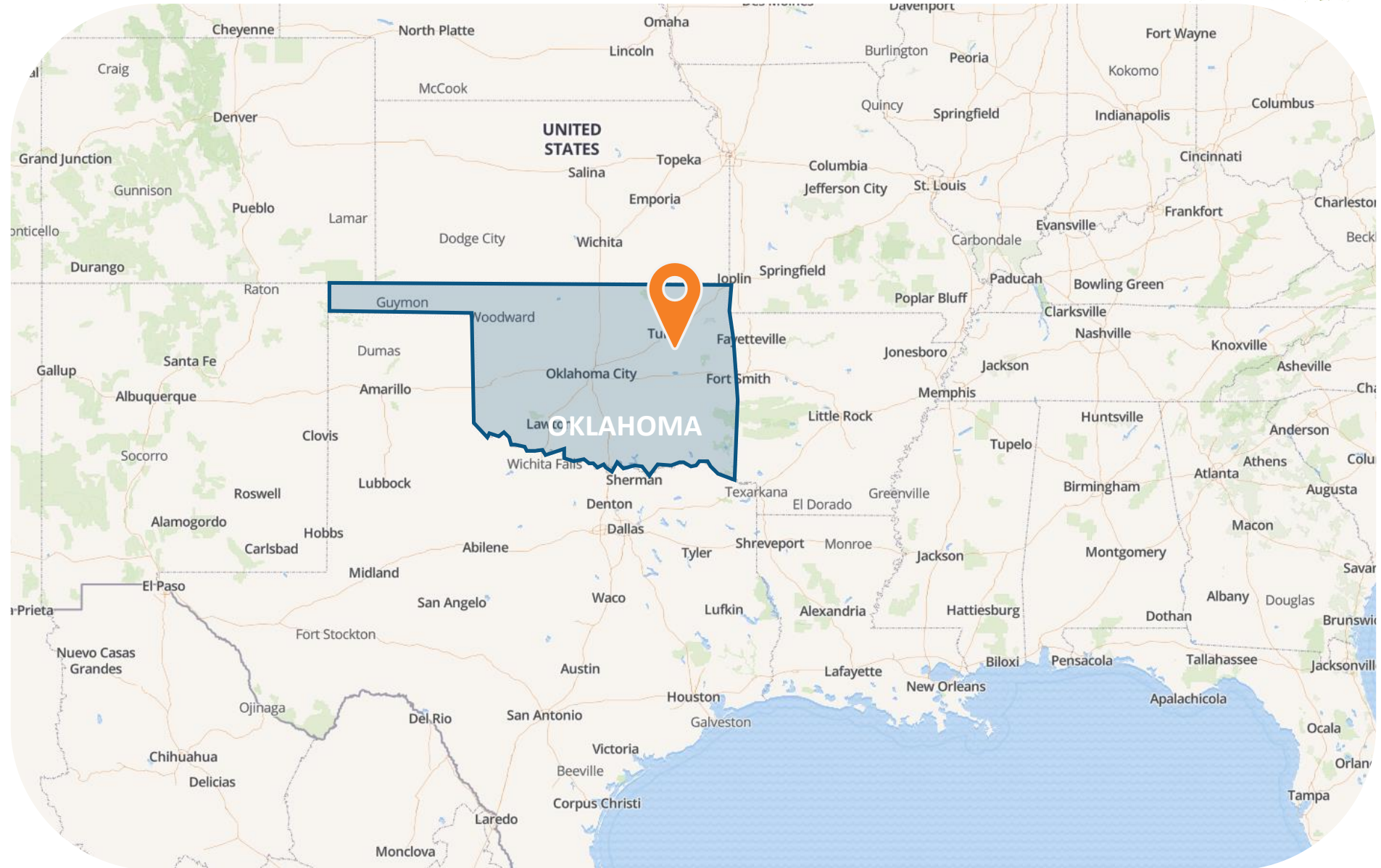
Tulsa, a city in and the county seat of Tulsa County, is the most densely populated county in Oklahoma, with urban development extending into Osage, Rogers, and Wagoner counties. Tulsa is the second-largest city in Oklahoma and the 45th-most populous city in the United States. In 2006, Forbes magazine rated Tulsa as second in the nation in income growth, and one of the best cities in the country to do business with. There are 30 companies in Tulsa that employ more than 1,000 people locally, and small businesses make up more than 80% of the city's companies. Though the oil industry has historically dominated Tulsa's economy, efforts in economic diversification have created a base in the sectors of aerospace, finance, technology, telecommunications, high tech, and manufacturing. A number of substantial financial corporations are headquartered in Tulsa, the largest being the BOK Financial Corporation. As the second largest metropolitan area in Oklahoma and a hub for the growing Northeastern Oklahoma-Northwest Arkansas-Southwestern Missouri corridor, the city is also home to a number of the region's most sophisticated law, accounting and medical practices.





Regional Map

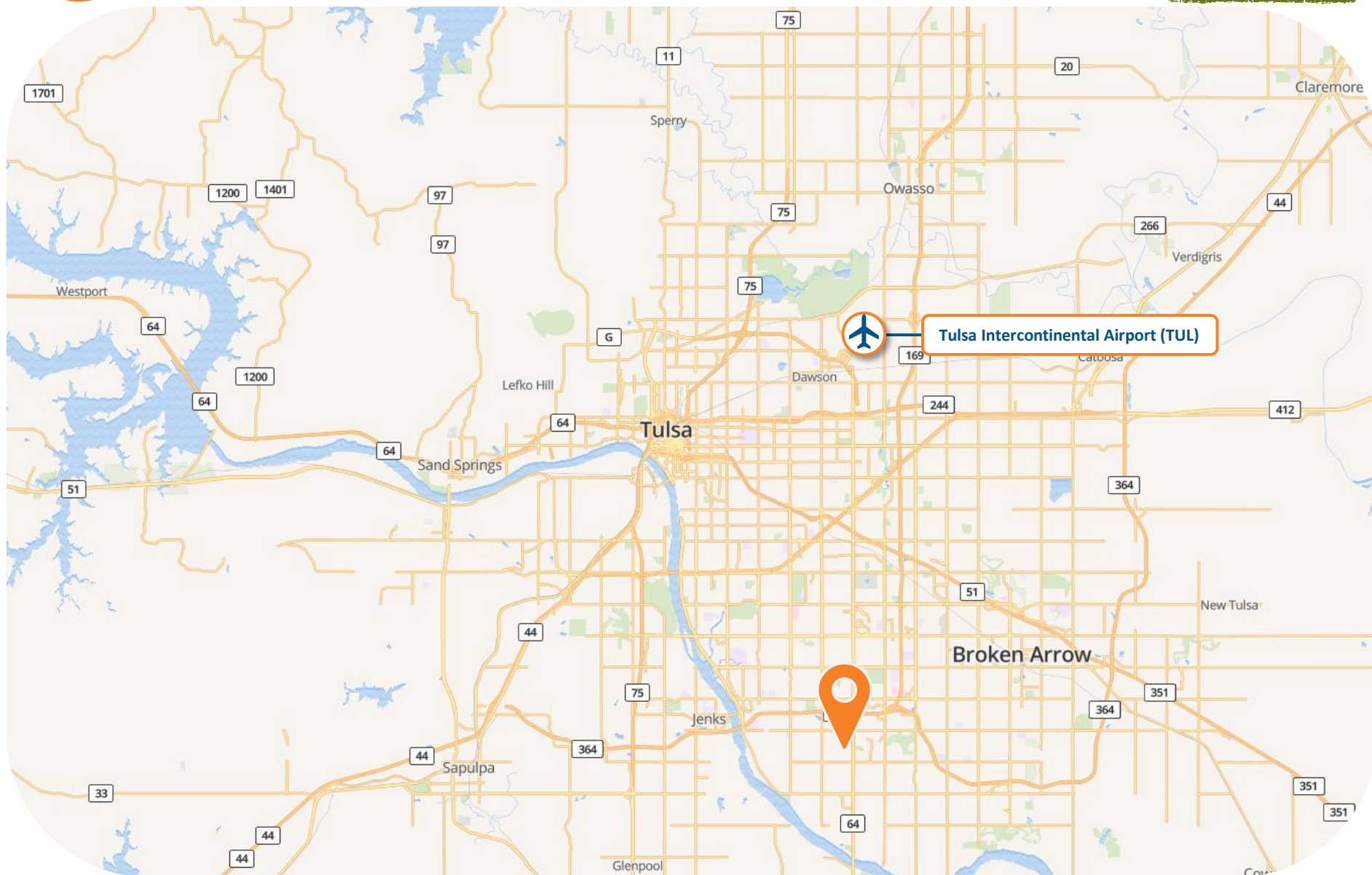
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Regional Map

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Population by Race (2019):

Household Trends:

Average Household Income (2019):

Households by Household Income (2019):

<\$25,000	2,317	8,898	34,638
\$25,000 - \$50,000	4,000	13,249	42,993
\$50,000 - \$75,000	3,718	11,502	34,779
\$75,000 - \$100,000	3,252	8,988	23,712
\$100,000 - \$125,000	2,636	6,707	16,722
\$125,000 - \$150,000	2,010	4,464	9,362
\$150,000 - \$200,000	2,274	5,248	10,698



Market Overview

City: Tulsa | Counties: Tulsa | State: Oklahoma

Tulsa, OK



Tulsa is the second-largest city in the state of Oklahoma and 47th-most populous city in the United States. It is the principal municipality of the Tulsa Metropolitan Area, a region with 981,005 residents in the MSA and 1,151,172 in the CSA. The city serves as the county seat of Tulsa County, the most densely populated county in Oklahoma, with urban development extending into Osage, Rogers, and Wagoner counties. The Tulsa International Airport (TUL) and the Tulsa Port of Catoosa, connect the region with international trade and transportation.

There are 30 companies in Tulsa that employ more than 1,000 people locally, and small businesses make up more than 80% of the city's companies. Though the oil industry has historically dominated Tulsa's economy, efforts in economic diversification have created a base in the sectors of aerospace, finance, technology, telecommunications, high tech, and manufacturing. A number of substantial financial corporations are headquartered in Tulsa, the largest being the BOK Financial Corporation. The city has been called one of America's most livable large cities by Partners for Livable Communities by Forbes, and Relocate America. FDi Magazine in 2009 ranked the city No. 8 in the U.S. for cities of the future. In 2012, Tulsa was ranked among the top 50 best cities in the United States by *BusinessWeek*.

Major Employers

Employer	Estimated # of Employees
St John Health System Inc	3,675
Saint Francis Hospital	3,099
Walmart	2,830
Oral Roberts University	2,002
Matrix Service Inc	1,701
Cypress Energy Partners	1,603
Saint Francis Health Sys Inc	1,402
Osage Casinos	1,171
State Farm Insurance	1,114
Cracker Barrel	1,051
Tulsa Cmnty College Foundation	1,002



Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING

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