

EXCLUSIVE NET-LEASE OFFERING

PANERA BREAD SALE-LEASEBACK

BRAND NEW CONSTRUCTION

Representative Photo



OFFERING MEMORANDUM



1009 University Boulevard - Suffolk, VA 23435



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.



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: \$3,359,345 | CAP: 4.75% | RENT: \$159,569



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 Retail Corridor | Walmart, Kroger, Rite Aid, Dick's Sporting Goods, Food Lion, Applebee's, McDonald's, Wendy's, as well as Many Others
- ✓ Strong Academic Presence | Old Dominion University | Total Enrollment Exceeding 24,930 Students | Located Within a Ten Miles Radius
- ✓ Affluent Suburban Community | Average Income within a Three-Mile Radius Exceeds \$90,820 | Population Exceeds 404,430 Individuals Within a 10-Mile Radius
- ✓ Excellent Real Estate Fundamentals | Within 35 Miles of Virginia Beach, VA and Norfolk, VA | Norfolk International Airport - Serves Over 3.6 Million Passengers Annually
- ✓ Features High Visibility and Ease of Access | Over 66,000, 22,000 and 11,000 Vehicles Per Day Along Interstate-644, College Road and Hampton Roads Pkwy

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: \$3,359,345 | CAP: 4.75% | RENT: \$159,569



PROPERTY DESCRIPTION

Property	Panera Bread
Property Address	1009 University Boulevard
City, State, ZIP	Suffolk, VA 23435
Estimated Store Opening*	October 11, 2019
Estimated Building Size	4,300 SF
Estimated Lot Size	+/- 1.09 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$3,359,345 ¹
CAP Rate	4.75%
Annual Rent	\$159,569
Price / SF	\$781.24
Rent / SF	\$37.11

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	\$159,569	\$13,297	-
Year 2	\$159,569	\$13,297	-
Year 3	\$159,569	\$13,297	-
Year 4	\$159,569	\$13,297	-
Year 5	\$159,569	\$13,297	-
Year 6	\$172,335	\$14,361	8.00%
Year 7	\$172,335	\$14,361	-
Year 8	\$172,335	\$14,361	-
Year 9	\$172,335	\$14,361	-
Year 10	\$172,335	\$14,361	-
Year 11	\$186,121	\$15,510	8.00%
Year 12	\$186,121	\$15,510	-
Year 13	\$186,121	\$15,510	-
Year 14	\$186,121	\$15,510	-
Year 15	\$186,121	\$15,510	-

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a brand-new Panera Bread located at 1009 University Boulevard in Suffolk, Virginia. This is a rare investment opportunity to participate in a direct sale leaseback with Panera Bread. The newly constructed site will consist of roughly 4,300 rentable square feet of building space on estimated 1.09-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 \$159,569 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: 1009 University Boulevard, Suffolk, VA 23435





Location Overview

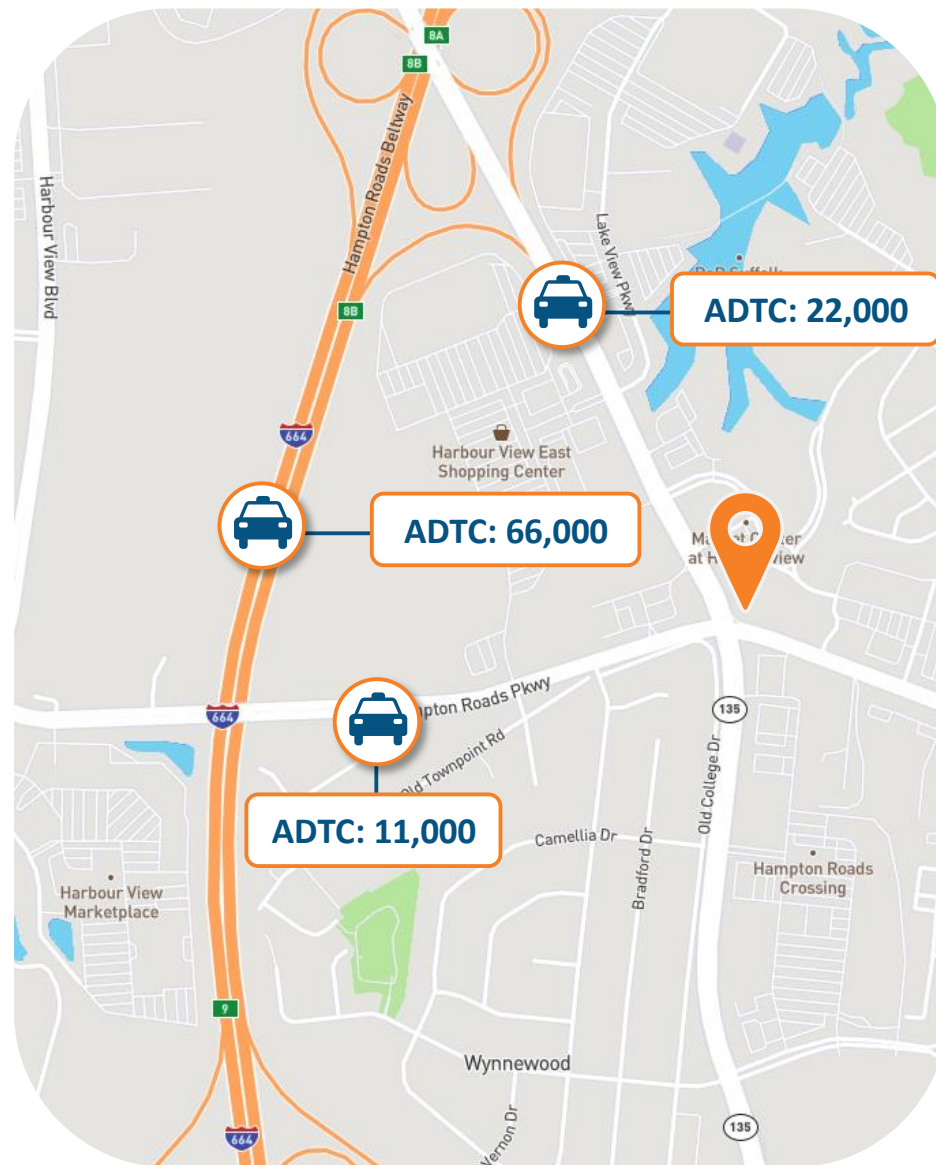
Property Address: 1009 University Boulevard, Suffolk, VA 23435



The subject property is situated on College Road & Hampton Roads Pkwy, which experiences an average daily traffic count exceeding 11,000 and 22,000 vehicles, respectively. Intersecting with College Road & Hampton Roads Pkwy is Interstate-644, which brings an additional 66,000 vehicles into the immediate area on average daily. There are more than 83,600 individuals residing within a five-mile radius of the property and more than 404,430 individuals within a ten-mile radius. This Panera Bread property is situated in an affluent suburban community with an average household income of over \$90,820 within a three-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 include: Walmart, Kroger, Rite Aid, Dick's Sporting Goods, Food Lion, McDonald's, Applebee's, Wendy's, as well as many others. The subject café also benefits from being situated within a 10-mile radius of several academic institutions. The most notable is Old Dominion University, which has a total enrollment exceeding 24,930 students. Norfolk International Airport (ORF), serves over 3,600,000 passengers annually and is located within a 15-mile radius of the subject property.

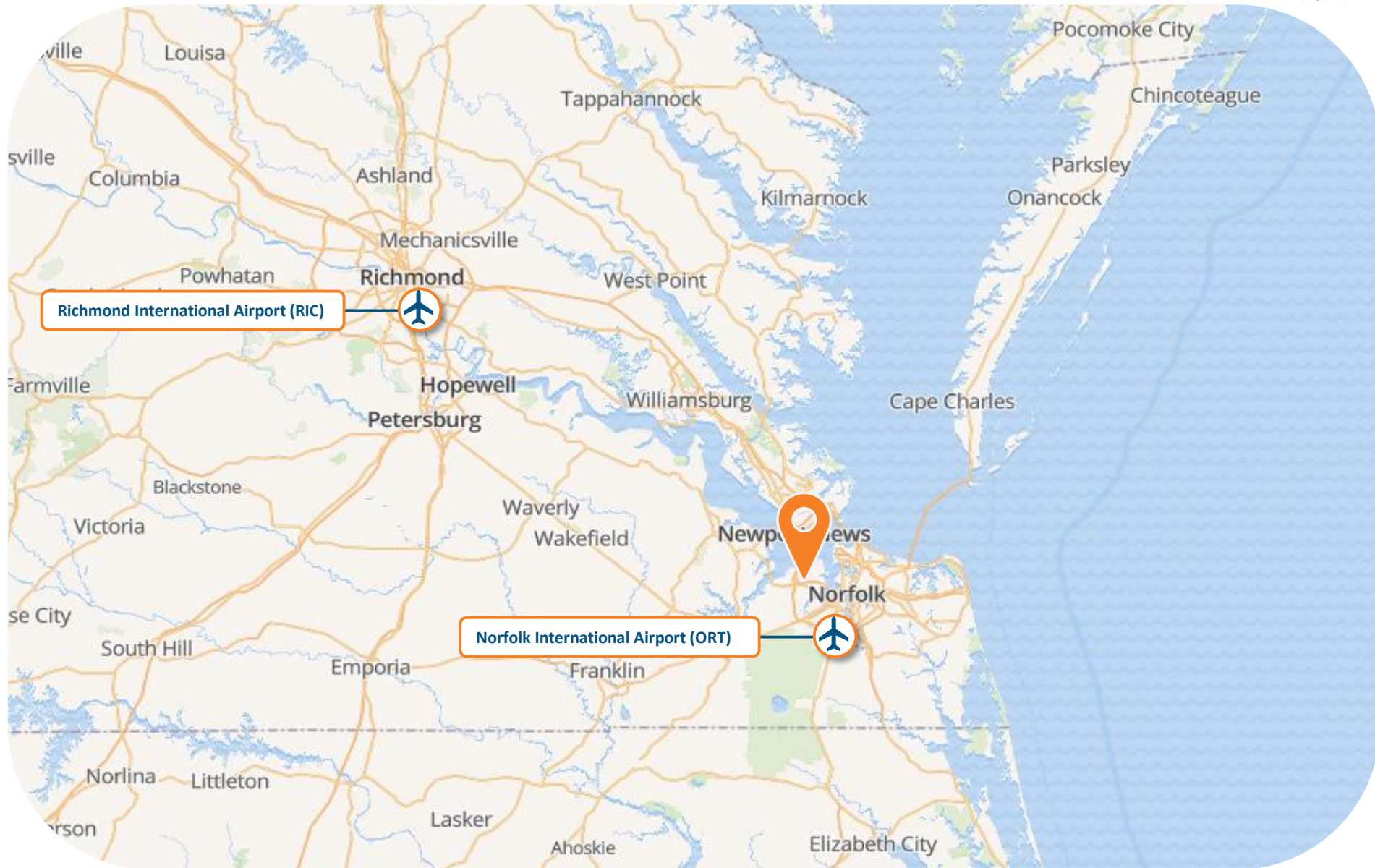
Suffolk, an independent city in the commonwealth of Virginia, is the largest city by boundary land area as well as the 14th largest in the country. Suffolk is located in the Hampton Roads metropolitan area which also includes the independent cities of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, and Virginia Beach, as well as other smaller cities, counties, and towns of Hampton Roads. Suffolk is a rapidly growing city in Hampton Roads, and is home to several prosperous companies. In fact, CNN Money named Suffolk Number 9 on their annual list of "Where the Jobs Are". The honor joins the "Best Places to Live" ranking, a distinction Suffolk has also earned. With outstanding schools, experienced labor force, quality workforce development programs and overall excellent quality-of-life, there are many reasons why someone would opt to move to or do business in Suffolk. Suffolk benefits from its close proximity from the bustling cities of Virginia Beach and Norfolk, Virginia. Norfolk is home to the world's largest naval base and the North American Headquarters for NATO (North Atlantic Treaty Organization). Additionally, USA Today called Norfolk one of the Top 10 booming downtowns, recognizing a decades-long housing, retail and financial boom in Norfolk.





Local Map

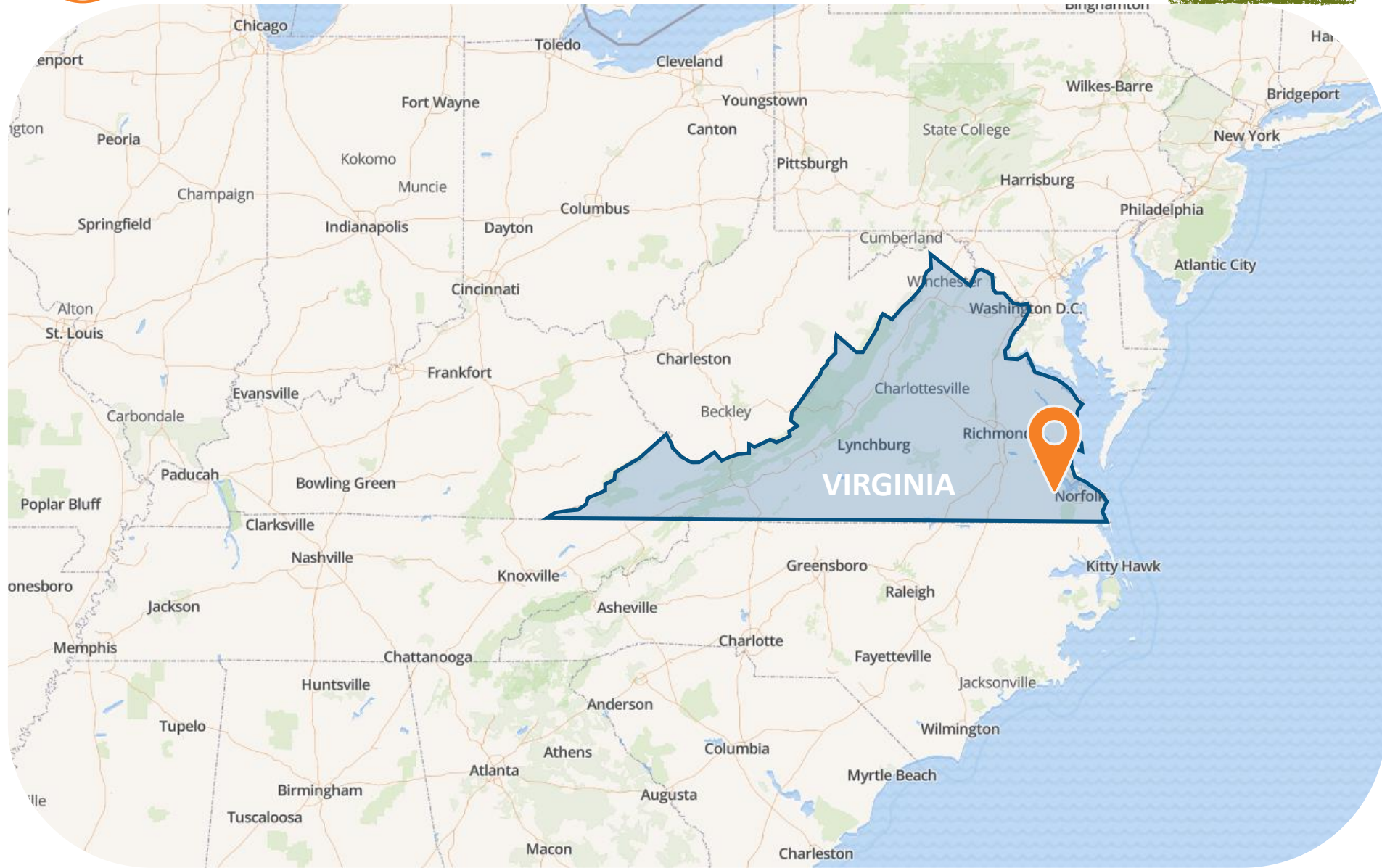
Property Address: 1009 University Boulevard, Suffolk, VA 23435





Regional Map

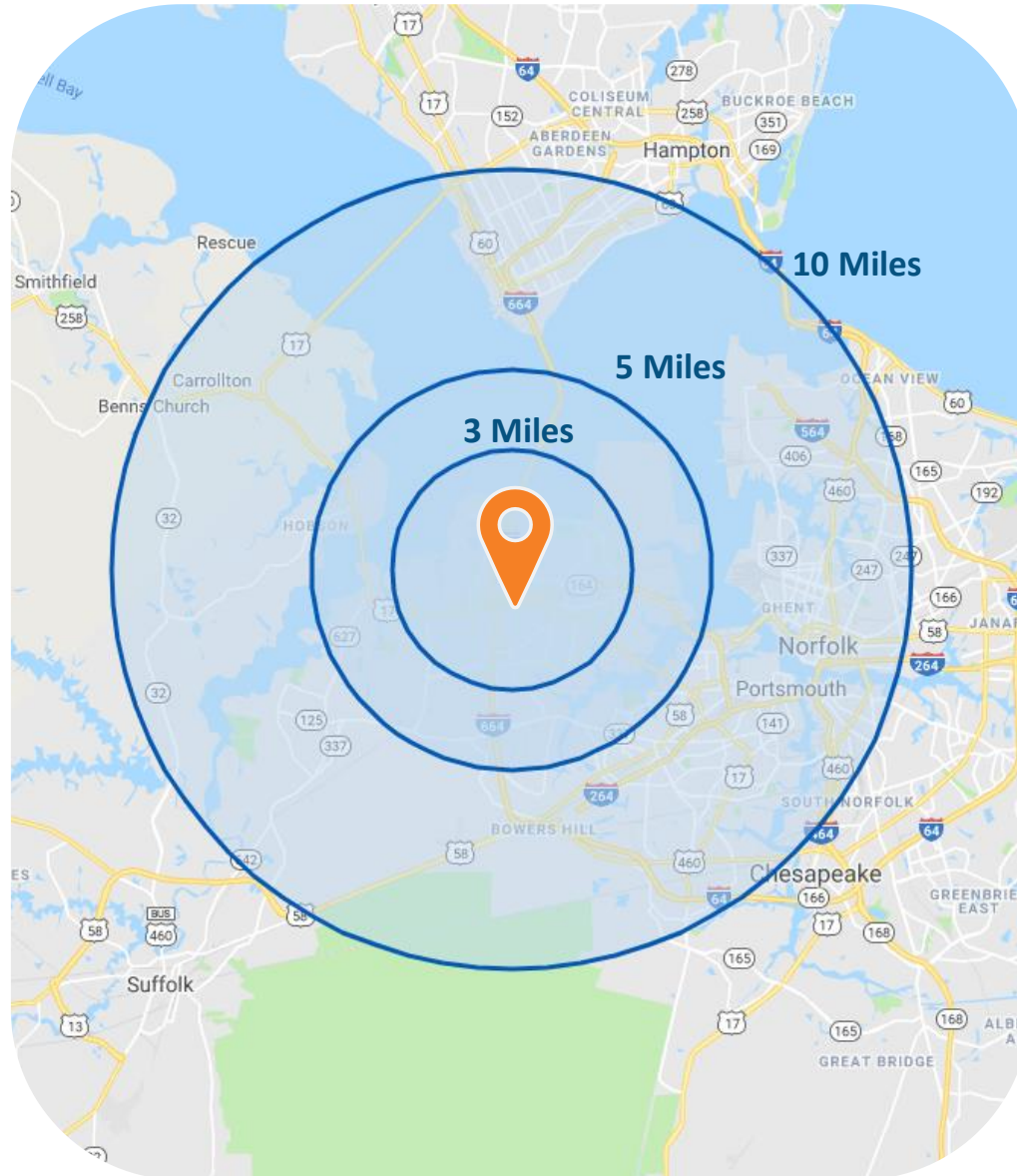
Property Address: 1009 University Boulevard, Suffolk, VA 23435





Demographics

Property Address: 1009 University Boulevard, Suffolk, VA 23435



Population Trends:

2024 Projection	50,478	85,022	407,666
2019 Estimate	49,462	83,606	404,430
2010 Census	49,086	84,069	393,520
Growth 2017 - 2024	2.05%	1.69%	0.80%
Growth 2010 - 2019	0.77%	-0.55%	2.77%
2017 Population Hispanic Origin	2,807	4,350	24,225

Population by Race (2019):

White	22,845	48,714	182,764
Black	22,266	28,433	195,305
American Indian & Alaskan	204	362	2,207
Asian	2,066	2,895	10,289
Hawaiian & Pacific Island	95	134	615
Other	1,986	3,069	13,250

Household Trends:

2024 Projection	18,807	32,120	147,409
2019 Estimate	18,428	31,626	146,302
2010 Census	18,230	31,814	142,402
Growth 2019 - 2024	2.06%	1.56%	0.76%
Growth 2010 - 2019	1.09%	0.59%	2.74%
Owner Occupied	12,697	23,690	79,224
Renter Occupied	5,731	7,936	67,078

Average Household Income (2019):

\$87,067 \$90,824 \$69,405

Households by Household Income (2019):

<\$25,000	2,051	3,272	35,116
\$25,000 - \$50,000	3,890	6,193	36,004
\$50,000 - \$75,000	3,837	6,080	26,251
\$75,000 - \$100,000	3,288	5,702	18,337
\$100,000 - \$125,000	1,923	3,637	11,141
\$125,000 - \$150,000	1,168	2,496	6,813
\$150,000 - \$200,000	1,318	2,629	7,444



Market Overview

City: Suffolk | State: Virginia

Virginia Beach is an independent city located on the southeastern coast of the Commonwealth of Virginia. As of the 2010 census, the population was 437,994 and in 2015, the population was estimated to be 452,745. Although mostly suburban in character, it is the most populous city in Virginia and the 41st-most populous city in the U.S. Located on the Atlantic Ocean at the mouth of the Chesapeake Bay, Virginia Beach is included in the Hampton Roads metropolitan area. This area, known as "America's First Region", also includes the independent cities of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, and Suffolk, as well as other smaller cities, counties, and towns of Hampton Roads.

Virginia Beach is a resort city with miles of beaches and hundreds of hotels, motels, and restaurants along its oceanfront. The city's largest festival, the Neptune Festival, attracts 500,000 visitors to the oceanfront and 350,000 visitors to the air show at NAS Oceana. Celebrating the city's heritage link with Norway, events are held in September in the oceanfront and Town Center areas. Every August, the American Music Festival provides festival attendees with live music performed on stages all over the oceanfront, including the beach on Fifth Street. Every year the city hosts the East Coast Surfing Championships as well as the North American Sand Soccer Championship, a beach soccer tournament. It is also home to several state parks, long-protected beach areas, three military bases, several large corporations, Regent University, International headquarters and site of the television broadcast studios for Pat Robertson's Christian Broadcasting Network (CBN), Edgar Cayce's Association for Research and Enlightenment, and numerous historic sites. Near the point where the Chesapeake Bay and the Atlantic Ocean meet, Cape Henry was the site of the first landing of the English colonists, who eventually settled in Jamestown, on April 26, 1607. Additionally, the city is listed in the Guinness Book of Records as having the longest pleasure beach in the world. It is located at the southern end of the Chesapeake Bay Bridge-Tunnel, the longest bridge-tunnel complex in the world.

Major Employers

Employer	Estimated # of Employees
Newport News Shipbuilding	18,001
United States Dept of Navy	11,310
Navsea Norfolk Naval Shipyard	10,000
Huntington Ingalls Inc	8,257
Norfolk Public Schools	6,077
City of Newport News	4,704
Old Dominion University	4,675
Boone Clinic	4,500
Bank of America	3,085
City of Norfolk	2,526
Northrop Grumman Systems Corp	1,937

Virginia Beach, Virginia



Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING

Bryn Merrey
M&M REIS of North Carolina, Inc.
7200 Wisconsin Avenue, Suite 1101
Bethesda, MD 20814
Tel: 202-536-3700
Fax: 202-536-3710
License: 0225215804



1009 University Boulevard - Suffolk, VA 23435