



PANERA BREAD
1386 W MAIN ST.
GAYLORD, MICHIGAN 49735

Offered By:
David Hesano
CBRE Net Lease Properties Group
+1 248 351 2014
david.hesano@cbre.com

CBRE

AFFILIATED BUSINESS DISCLOSURE

CBRE, Inc. operates within a global family of companies with many subsidiaries and/or related entities (each an "Affiliate") engaging in a broad range of commercial real estate businesses including, but not limited to, brokerage services, property and facilities management, valuation, investment fund management and development. At times different Affiliates may represent various clients with competing interests in the same transaction. For example, this Memorandum may be received by our Affiliates, including CBRE Investors, Inc. or Trammell Crow Company. Those, or other, Affiliates may express an interest in the property described in this Memorandum (the "Property") may submit an offer to purchase the Property and may be the successful bidder for the Property. You hereby acknowledge that possibility and agree that neither CBRE, Inc. nor any involved Affiliate will have any obligation to disclose to you the involvement of any Affiliate in the sale or purchase of the Property. In all instances, however, CBRE, Inc. will act in the best interest of the client(s) it represents in the transaction described in this Memorandum and will not act in concert with or otherwise conduct its business in a way that benefits any Affiliate to the detriment of any other offeror or prospective offeror, but rather will conduct its business in a manner consistent with the law and any fiduciary duties owed to the client(s) it represents in the transaction described in this Memorandum.

CONFIDENTIALITY AGREEMENT

This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property. This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the "Owner"), to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors beyond the control of the Owner and CBRE, Inc. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner. Neither the Owner or CBRE, Inc. nor any of their respective directors, officers, Affiliates or representatives make any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitment or obligation shall arise by reason of your receipt of this Memorandum or use of

its contents; and you are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property. The Owner expressly reserved the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived. By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc. If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

DISCLAIMER

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented "as is" without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property's suitability for your needs. ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.



Table of Contents

04

EXECUTIVE SUMMARY

06

LOCATION & PROPERTY
OVERVIEWS

13

FINANCIAL ANALYSIS

15

COMPARABLES

17

MARKET & AREA
OVERVIEW



I. Executive Summary

The Offering:

David Hesano from CBRE Net Lease Properties Group is pleased to offer for sale the fee simple interest in a Panera Bread located on Main St in Gaylord, MI just one (1) mile west of the city center, half (0.5) a mile west of the intersection of Interstate 75 and Main St and 1.3 miles north of the Gaylord Regional Airport.

Panera Bread is on a triple net (NNN) lease at this location where the Landlord shall have no responsibilities relating to the premises nor will Landlord have any responsibilities relating to the common areas. The lease is 15 years with 12 years remaining and there are rental escalations every five (5) years through the initial term and each of the three (3), five (5)-year renewal options. The tenant is a franchisee operator of over 100 Panera Breads, including approximately 26 units in Michigan and Indiana.

The asset is proposed to be a cash transaction and is offered free and clear of existing debt.

Investment Highlights:

- 1) **\$1,741,000 Asking Price / 5.50% Cap. rate**
- 2) 15-Year Triple Net (NNN) Lease (12 Years Remaining).
- 3) Rental Escalations Every Five (5) Years through Initial Term and Three (3), Five (5)-Year Renewal Options.
- 4) 26-Unit Franchise Guarantor. Parent company is Manna which operates Panera locations in Michigan, Indiana, California, and parts of the Pacific Northwest.
- 5) Offered Free and Clear of Debt.
- 6) The immediate trade area includes Walmart Supercenter, Home Depot, Lowe's, Meijer, Ulta Beauty, T.J. Maxx, Kohl's, and Starbucks.



Property Facts:

PROPERTY ADDRESS	1386 W Main St. Gaylord, MI 49735
YEAR BUILT	2016
TOTAL BUILDING AREA	4,630 SF
PARKING	Ample
LAND AREA	0.962 Acres



II. Location & Property Overview

Location Overview

The subject property is situated on Main St (M-32) 1.2 miles west of the city center of Gaylord, MI, half (0.5) a mile west of I-75, 1.3 miles north of the Gaylord Regional Airport and lies in a substantial retail corridor of Gaylord, MI with state and nationally-recognized tenants including, but not limited to:

- | | |
|---------------------------|----------------------|
| - Home Depot | - ABC Warehouse |
| - Walmart Supercenter | - Hobby Lobby |
| - Lowe's Home Improvement | - GNC |
| - Meijer | - Bath & Body Works |
| - Kohl's | - Dunham's Sports |
| - T.J. Maxx | - Bob Evans |
| - Walgreens | - Goodwill |
| - Rite Aid | - Pet Supplies |
| - Five Guys | - Dollar Tree |
| - Taco Bell | - GameStop |
| - Little Caesars Pizza | - Subway |
| - Bigby Coffee | - Hampton Inn |
| - Tim Horton | - Qdoba Mexican Eats |
| - Big Boy | - Wendy's |
| - O'Reilly Auto Parts | - McDonald's |
| - Applebee's Grill + Bar | - Arby's |
| - Save-A-Lot | - KFC |
| - Jimmy John's | |

Location Highlights

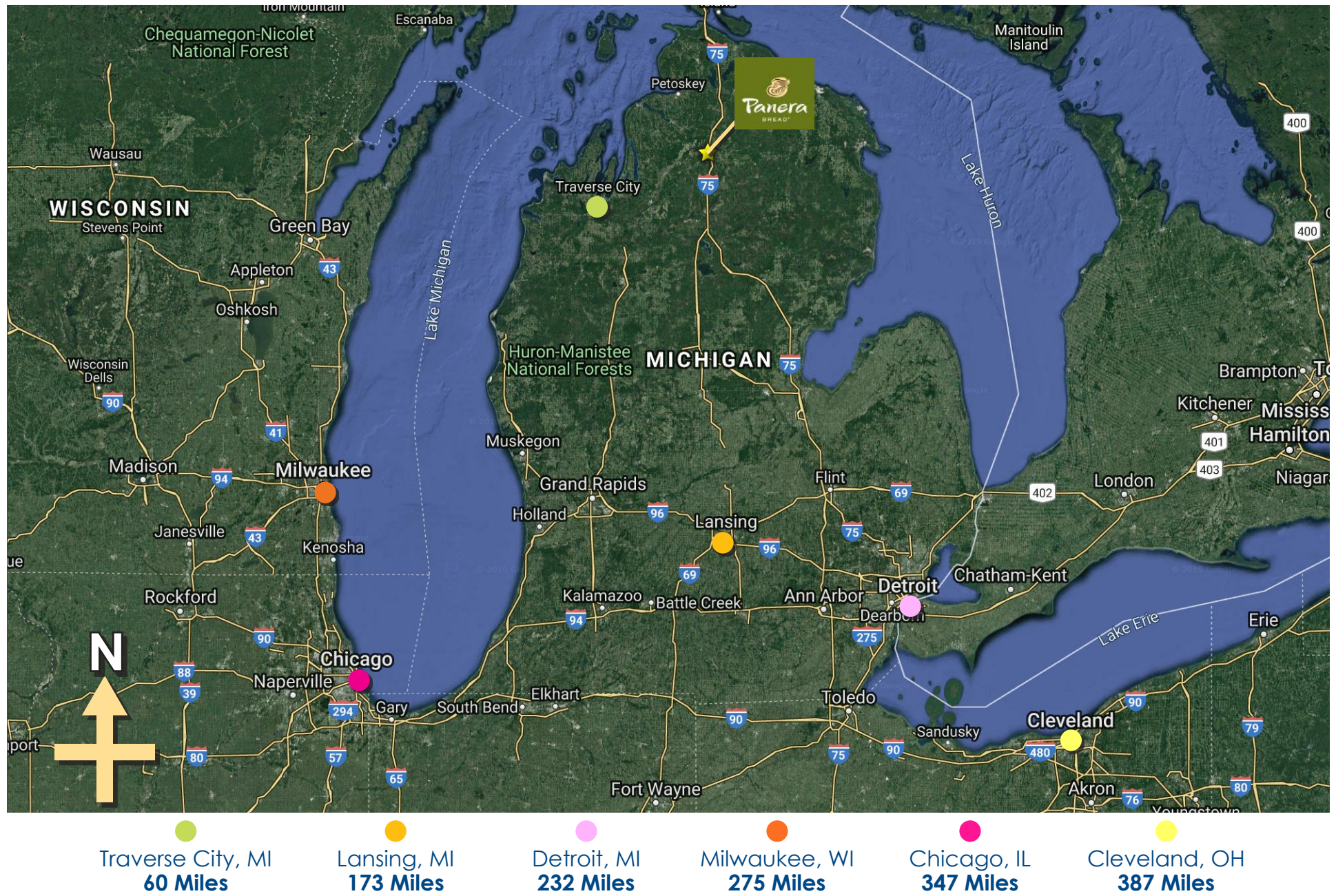
- » Situated on Main St (28,500-31,000 VPD between intersections with McVannel Rd and Michigan Ave)
- » Situated in substantial retail corridor of Gaylord, MI
- » Convenient access from Interstate 75
- » Proximity to the city center of Gaylord
- » Proximity to Gaylord Regional Airport



Aerial Map: Nearby National Tenants & Retail Corridors



Proximity Map



LOCATION & PROPERTY OVERVIEW

Property Photos

Exterior



Lease Abstract

PROPERTY ADDRESS	1386 W Main St, Gaylord, MI 49735
TENANT	Panera Bread
GUARANTOR	Bread of Life, LLC (26-Unit Franchisee)
LEASE TYPE	Triple Net (NNN) w/ limited LL responsibilities
RENT COMMENCEMENT DATE	November 15, 2016
EXPIRATION DATE	November 14, 2031
LEASE TERM	15-year Initial Term / Approximately 12 years remaining
YEAR ONE RENT	\$95,748.00
THIRD YEAR RENTAL ADJUSTMENT	<p>Landlord and tenant agree to adjust Tenant's base rent after the 36th month and shall be calculated by multiplying the average annual sales over the 36 months by tenant's occupancy cost rate of 6.5%. The total amount of NNN charges (i.e. Taxes, Common Area Expenses and Insurance) shall be deducted from that amount, and the resulting amount shall become the increased annual base rent. IN NO EVENT SHALL TENANT'S ANNUAL BASE RENT BE DECREASED from the amount above (and the amounts below in the rent schedule). If Tenant's annual basic rent is increased based upon better than expected sales, then the 10% increases in base rent during the initial 15-year lease term and the 15% increases in annual base rent for the first Extension Period shall stay in effect based upon the new annual base rent.</p> <p>Years 1-5: \$95,748.00 Years 6-10: \$105,322.80 Years 11-15: \$115,855.08 Years 16-20 (Option 1): \$133,233.34 Years 21-25 (Option 2): \$146,556.68 Years 26-30 (Option 3): \$162,212.34</p>
RENTAL ESCALATIONS	
RENTAL ABATEMENTS	None
PERCENTAGE RENT	Tenant shall pay to Landlord the amount by which five percent (5.00%) of gross sales exceeds annual base rent. In no event shall Tenant's base rent plus percentage rent exceed \$154,700.00 during the first 15 years.
RENEWAL OPTIONS	Three (3), five (5)-year renewal options
OPTION TO PURCHASE	None
EARLY TERMINATION OPTION	None
RIGHT OF FIRST REFUSAL	None



Lease Abstract

ASSIGNMENT RIGHTS

Tenant shall not assign this Lease or sublet all or any portion of the Premises without the prior written consent of Landlord, and neither shall release Tenant from its obligations under the Lease.

OPERATING COSTS

Beginning on the first day of the calendar year after the "Base Year" the Common Area Expenses (see below) will not exceed \$1.55 per SF, the charge for Taxes shall not exceed \$3.25 per SF, and the insurance to be maintain shall not exceed \$0.25 per SF. The increases in the Common Area Expenses for each subsequent lease year shall not exceed The lesser of (i) the actual increases in the cost comprising the Common Area Expenses or (ii) five percent (5.00%) of the previous year's Common Area Expenses (excluding taxes, insurance, snow/ice removal costs, increases in common area electrical costs, and parking lot re-striping when needed, which shall not be subject to the cap).

Real Estate Taxes:

Tenant shall pay its pro rata share of real estate taxes.

Tenant Insurance:

Tenant shall at its expense procure and maintain commercial general liability insurance, "all-risk" property insurance, worker's compensation employee liability and automobile liability insurance.

Landlord Insurance

Landlord will maintain in force all-risk casualty insurance insuring the Center, comprehensive general liability insurance including contractual liability and property damage insurance.

Utilities:

Tenant shall pay directly all charges for water, electricity, telephone and natural gas use at the Premises.

TENANT REPAIR, MAINTENANCE & REPLACEMENT RESPONSIBILITIES

Tenant will, at its cost, clean the glass in windows and doors, clean exterior store surfaces, replace cracked and broken glass, maintain the Premises and remove trash. Tenant will keep the interior of the Premises, together with HVAC, electrical, plumbing, an other mechanical systems serving the Premises, and all plate glass windows in good order, condition and repair and make all replacements required. Tenant will maintain, repair and, if necessary, replace the HVAC serving the Premises. Tenant shall pay all costs and expense of operating, insuring, maintaining and repairing the outdoor cafes and any drive through area.

LANDLORD REPAIR, MAINTENANCE & REPLACEMENT RESPONSIBILITIES (COMMON AREA)

Panera parcel owner will not have any responsibilities as it relates to common area maintenance which, after the time of sale, will become the responsibilities of the adjacent shopping center owner. The Panera parcel owner will remain responsible for building roof and structure.





III. Financial Analysis

Financial Analysis

NET OPERATING INCOME YEAR ONE CASH FLOW ESTIMATES

Price	\$1,741,000
Rentable Square Feet	4,630
Price per Square Foot	\$376.03
CAP Rate	5.50%

	Year One 10/2019 - 9/2020	Monthly	Per SF
Base Rent			
<i>Bread of Life, LLC</i> <i>Nov. 15, 2016 - Nov. 14, 2031</i> <i>15-year Initial Term / Approximately 12 years remaining</i>	\$95,748.00	\$7,979.00	\$20.68
Total Base Rent	\$95,748.00	\$7,979.00	\$20.68
Scheduled Base Rental Revenue	\$95,748.00	\$7,979.00	\$20.68
Expense Reimbursement Revenue			
Administrative Fee	\$0.00	\$0.00	\$0.00
Center Electric	\$0.00	\$0.00	\$0.00
Center Water & Sewer	\$0.00	\$0.00	\$0.00
Insurance	\$0.00	\$0.00	\$0.00
Common Area Maintenance	\$0.00	\$0.00	\$0.00
Special Assessment*	\$362.00	\$30.17	\$0.08
Real Estate Taxes	\$0.00	\$0.00	\$0.00
Total Expense Reimbursement Revenue	\$362.00	\$30.17	\$0.08
Gross Potential Income	\$96,110.00	\$8,009.17	\$20.76
Effective Gross Income	\$96,110.00	\$8,009.17	\$20.76
Operating Expense Estimates			
Administrative Fee	\$0.00	\$0.00	\$0.00
Center Electric	\$0.00	\$0.00	\$0.00
Center Water & Sewer	\$0.00	\$0.00	\$0.00
Insurance	\$0.00	\$0.00	\$0.00
Common Area Maintenance	\$0.00	\$0.00	\$0.00
Special Assessment*	\$362.00	\$30.17	\$0.08
Real Estate Taxes	\$0.00	\$0.00	\$0.00
Total Common Area Expenses	\$362.00	\$30.17	\$0.08
Management Fee	0.00%	\$0.00	\$0.00
Replacement Reserve	\$0.00	\$0.00	\$0.00
Total Expenses	\$362.00	\$30.17	\$0.08
Net Operating Income	\$95,748.00	\$7,979.00	\$20.68

*Special Assessment for the original property, (ALDI, Panera, and the Shoppes on Main parcels combined) was \$43,000 to be paid over 15 years and has been prorated between the three (3) properties. Special Assessment represents ALDI Special Assessment proration, exclusive of Panera Bread and Shoppes on Main parcels.



You are solely responsible for independently verifying the information in this Memorandum. **ANY RELIANCE ON IT IS SOLELY AT YOUR OWN RISK.**



IV. Comparables

Sale Comparables

SALE COMPARABLES	BUILDING NAME ADDRESS	YEAR BUILT	BUILDING SIZE (SF)	SALE DATE	SALES PRICE	PRICE/SF	CAP RATE	NOI	NOI/SF	TERM REMAINING (YEARS)	COMMENTS
★	Panera Bread 1386 W Main St Gaylord, MI	2015	4,630	Subject Property	\$1,741,000	\$376.03	5.50%	\$95,748	\$20.68	11.0	The subject property is a Panera Bread on an outparcel of the Shoppes on Main shopping center. Panera is on a 15-year triple net (NNN) lease with limited Landlord responsibilities and is currently paying its pro rata share of shopping center and common area maintenance charges. After the sale, the Panera parcel owner shall have no responsibilities as it relates to the common areas. The parcel has been separately assessed for 2020. Tenant on the lease is Bread of Life, LLC, a 26-unit operator of Panera Breads in Michigan and Indiana.
1	Panera Bread 876 Eastgate North Dr Cincinnati, OH	2008	4,675	11/29/2016	\$2,400,000	\$513.37	5.75%	\$138,000	\$29.52	12.0	This property is a Panera Bread that spent 71 days on the market before the time of sale.
2	Panera Bread 1905 Geneva St Delavan, WI	2006	5,008	2/22/2016	\$2,900,000	\$579.07	5.00%	\$145,000	\$28.95	11.0	This property is a Panera Bread that was initially listed at a \$3,092,000 asking price that spent 196 days on the market before the time of sale.
3	Panera Bread 4646 Calumet Ave Manitowoc, WI	2019	4,300	On Market	\$2,944,000	\$684.65	5.55%	\$163,392	\$38.00	10.4	This property is a Panera Bread that has ten percent (10%) rental increases every five (5) years through the initial term and three (3), five (5)-year renewal options.
COMPARABLE AVERAGES						\$592.36	5.43%	\$148,797	\$32.16	11.1	





V. Market & Area Overview

Market & Area Overview

City of Gaylord:

The city of Gaylord is the county seat of and located in Otsego County in northern Michigan and has a population of 3,927 in 1,753 households with an average household income of \$54,436 and a per capita income of \$23,651. The city is known as an “alpine village” style town with many buildings having “Tyrolean traverse” style motifs and is known for its numerous skiing and golf resorts with one of the largest such concentrations in the Midwest. The city has a robust retail property market for its size and population with 2.2 Million square feet of rentable retail space, an overall vacancy rate of 0.8% and an average rental rate of \$8.72 per square foot (*CoStar Analytics).



AREA DEMOGRAPHICS			
AREA AVERAGES	RADIUS FROM SUBJECT PROPERTY		
	5mi.	10mi.	20mi.
POPULATION	13,153	23,138	44,580
HOUSEHOLDS	5,283	9,329	18,104
HOUSEHOLD INCOME	\$65,869	\$69,393	\$65,298
PER CAPITA INCOME	\$26,579	\$28,083	\$26,672



CONTACT:

DAVID HESANO

CBRE Net Lease Properties Group

First Vice President

+1 248 351 2014

david.hesano@cbre.com

CBRE

2000 Town Center, Suite 2200

Southfield, MI 48075

+1 248 353 5400

www.cbre.com/detroit

© 2019 CBRE, Inc. All rights reserved. This information has been obtained from sources believed reliable, but has not been verified for accuracy or completeness. Any projections, opinions, or estimates are subject to uncertainty. The information may not represent the current or future performance of the property. You and your advisors should conduct a careful, independent investigation of the property and verify all information. Any reliance on this information is solely at your own risk. CBRE and the CBRE logo are service marks of CBRE, Inc. and/or its affiliated or related companies in the United States and other countries. All other marks displayed on this document are the property of their respective owners. Photos herein are the property of their respective owners and use of these images without the express written consent of the owner is prohibited.