

EXCLUSIVE NET-LEASE OFFERING

PANERA BREAD



OFFERING MEMORANDUM



34180 Monterey Avenue – Palm Desert, CA 92211



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

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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.

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All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.



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Investment Highlights

PRICE: \$3,275,425 | CAP: 4.00% | RENT: \$131,017



About the Investment

- ✓ Absolute Triple-Net (NNN) Lease – Eight (8) Years Remaining
- ✓ 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
- ✓ Drive-Thru Location

About the Location

- ✓ Dense Retail Corridor | Costco, Sam's Club, McDonald's, Home Depot, Walmart, Regal IMAX, Dollar Tree, Starbucks, IHOP, Wendy's, Red Robin, Krispy Kreme, Del Taco, Kohl's, AutoZone, Bank of America, and Many More
- ✓ Medical Presence | Three-Miles Away | Eisenhower Memorial Hospital | State-of-the-Art, 476 Bed Hospital | Inpatient & Outpatient Services
- ✓ Strategic Positioning | Out Parcel to Sam's Club & Walmart Anchored Shopping Center | Directly Off Interstate-10
- ✓ Affluent Suburban Community | Average Income Within a Three-Mile Radius is \$105,000 | Population Exceeds 89,000 Individuals Within a Five-Mile Radius
- ✓ Strong Traffic Counts | Monterey Ave, Dinah Shore Drive, & Interstate-10 | Approximately 37,000, 20,000, and 110,000 Vehicles Per Day, Respectively
- ✓ Proximity to Palm Springs International Airport (PSP) | Eight Miles Away | 2.5 Million Passengers Annually
- ✓ Dense Residential Golf Community | Over 20 Golf Courses Within a Five-Mile Radius

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: \$3,275,425 | CAP: 4.00% | RENT: \$131,017



PROPERTY DESCRIPTION

Property	Panera Bread
Property Address	34180 Monterey Avenue
City, State, ZIP	Palm Desert, CA 92211
Building Size	+/- 4,200 SF
Lot Size	+/- 1.20 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$3,275,425
CAP Rate	4.00%
Annual Rent	\$131,017

LEASE SUMMARY

Property Type	Net Leased Casual Dining Restaurant
Tenant / Guarantor	Corporate; Panera LLC
Original Lease Term	15 Years
Lease Commencement	October 7, 2014
Lease Expiration	September 30, 2029
Lease Term Remaining	8+ Years
Lease Type	Absolute 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

Rent Schedule

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
10/7/2014 - 9/30/2015	\$121,312	\$10,109	-
10/1/2015 - 9/30/2016	\$121,312	\$10,109	-
10/1/2016 - 9/30/2017	\$121,312	\$10,109	-
10/1/2017 - 9/30/2018	\$121,312	\$10,109	-
10/1/2018 - 9/30/2019	\$121,312	\$10,109	-
10/1/2019 - 9/30/2020	\$131,017	\$10,918	8.00%
10/1/2020 - 9/30/2021	\$131,017	\$10,918	-
10/1/2021 - 9/30/2022	\$131,017	\$10,918	-
10/1/2022 - 9/30/2023	\$131,017	\$10,918	-
10/1/2023 - 9/30/2024	\$131,017	\$10,918	-
10/1/2024 - 9/30/2025	\$141,498	\$11,792	8.00%
10/1/2025 - 9/30/2026	\$141,498	\$11,792	-
10/1/2026 - 9/30/2027	\$141,498	\$11,792	-
10/1/2027 - 9/30/2028	\$141,498	\$11,792	-
10/1/2028 - 9/30/2029	\$141,498	\$11,792	-

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Panera Bread located at 34180 Monterey Avenue in Palm Desert, CA. The property will consist of roughly 4,200 rentable square feet of building space on an estimated 1.20-acre parcel of land.

The subject investment property is subject to a 15-year triple-net (NNN) ground lease, which commenced on October 7, 2014. The current annual rent is \$131,017 and increases 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. JAB, which is controlled by Germany's billionaire Reimann family, has more than \$100 billion in assets.

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>
<https://sanfrancisco.cbslocal.com/2020/06/19/peets-coffee-tea-owner-jab-holdings-2-billion-ipo/>



Surrounding Area

Property Address: 34180 Monterey Avenue, Palm Desert, CA 92211





Surrounding Area Photos





Location Overview

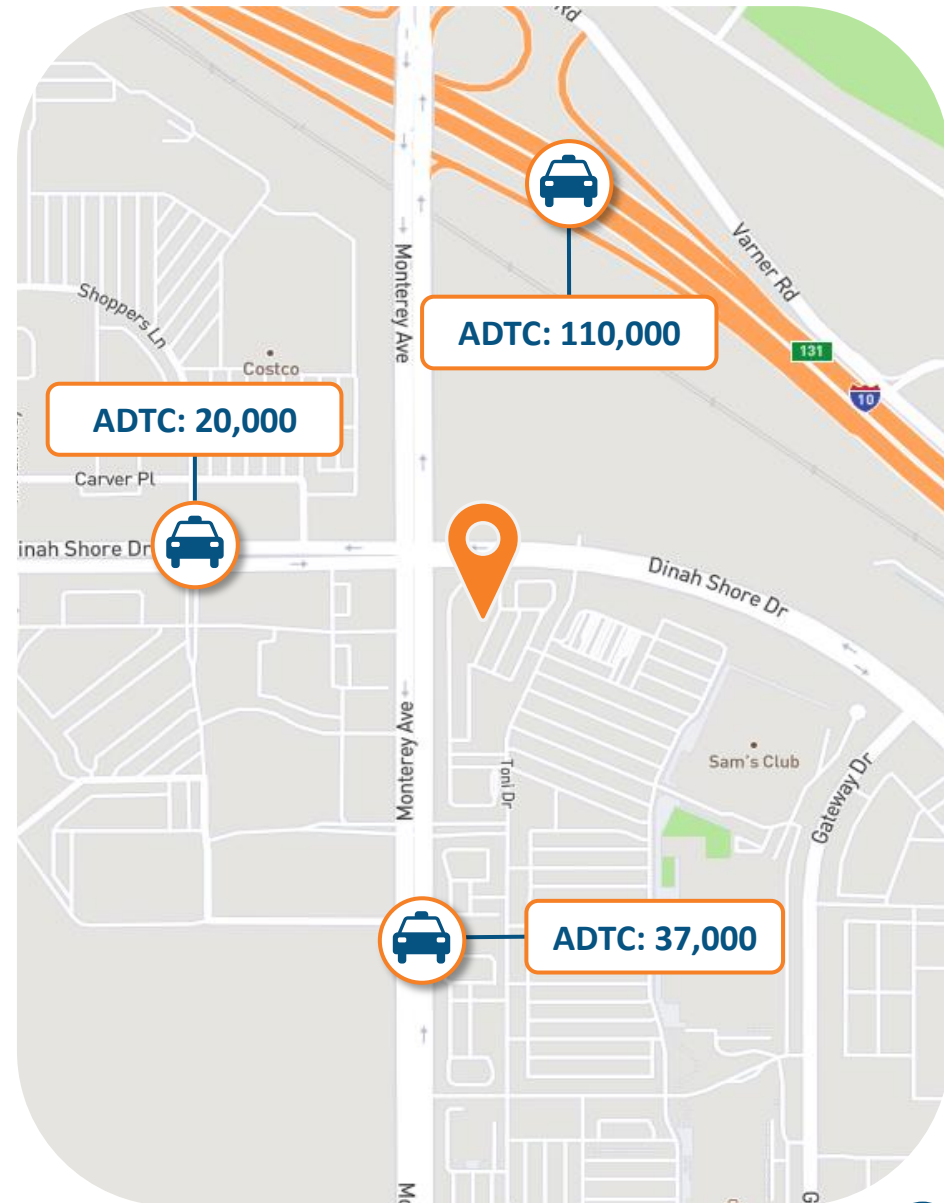
Property Address: 34180 Monterey Avenue, Palm Desert, CA 92211



The subject investment property is situated on the hard signalized corner of Monterey Avenue and Dinah Shore Drive, which experience average daily traffic counts exceeding 37,000 vehicles and 20,000 vehicles, respectively. Monterey Avenue is just off Interstate-10 which brings an additional 110,000 vehicles into the immediate area per day, respectively. There are more than 23,000 individuals residing within a three-mile radius of the property and over 89,000 individuals within a five-mile radius. This Panera Bread is situated in an affluent suburban community with an average household income of over \$105,000 within a three-mile radius.

The Panera Bread property is strategically situated in a dense residential and retail corridor. Major tenants in the immediate area include: Costco, Sam's Club, McDonald's, Home Depot, Walmart, Regal IMAX, Dollar Tree, Starbucks, IHOP, Wendy's, Red Robin, Krispy Kreme, Del Taco, Kohl's, AutoZone, Bank of America, as well as many others. The subject property benefits from its close proximity to Eisenhower Memorial Hospital, a state-of-the-art, 476 bed hospital that offers inpatient and outpatient services.

Palm Desert is in Riverside County, California, in the Coachella Valley, and is approximately 14 miles east of Palm Springs and 122 miles east of Los Angeles. Palm Desert has seen a rapid growth in population over the last 20 years, more than doubling in size. The five-mile population for the subject property is over 96,000 and has increased over 38 percent since 2000. In addition, the average household income is over \$96,000 a year. The city spans 27 square miles neighboring Palm Springs and Indio. The resort-like atmosphere provides unmatched access to the nearly 200 golf courses throughout the Valley, countless outdoor activities, world class resorts and restaurants. These amenities attract a heavy influx of tourism from the major Southern California markets, Los Angeles, San Diego and the Inland Empire, as well as 30,000 seasonal residents during the winter months.





Property Photo



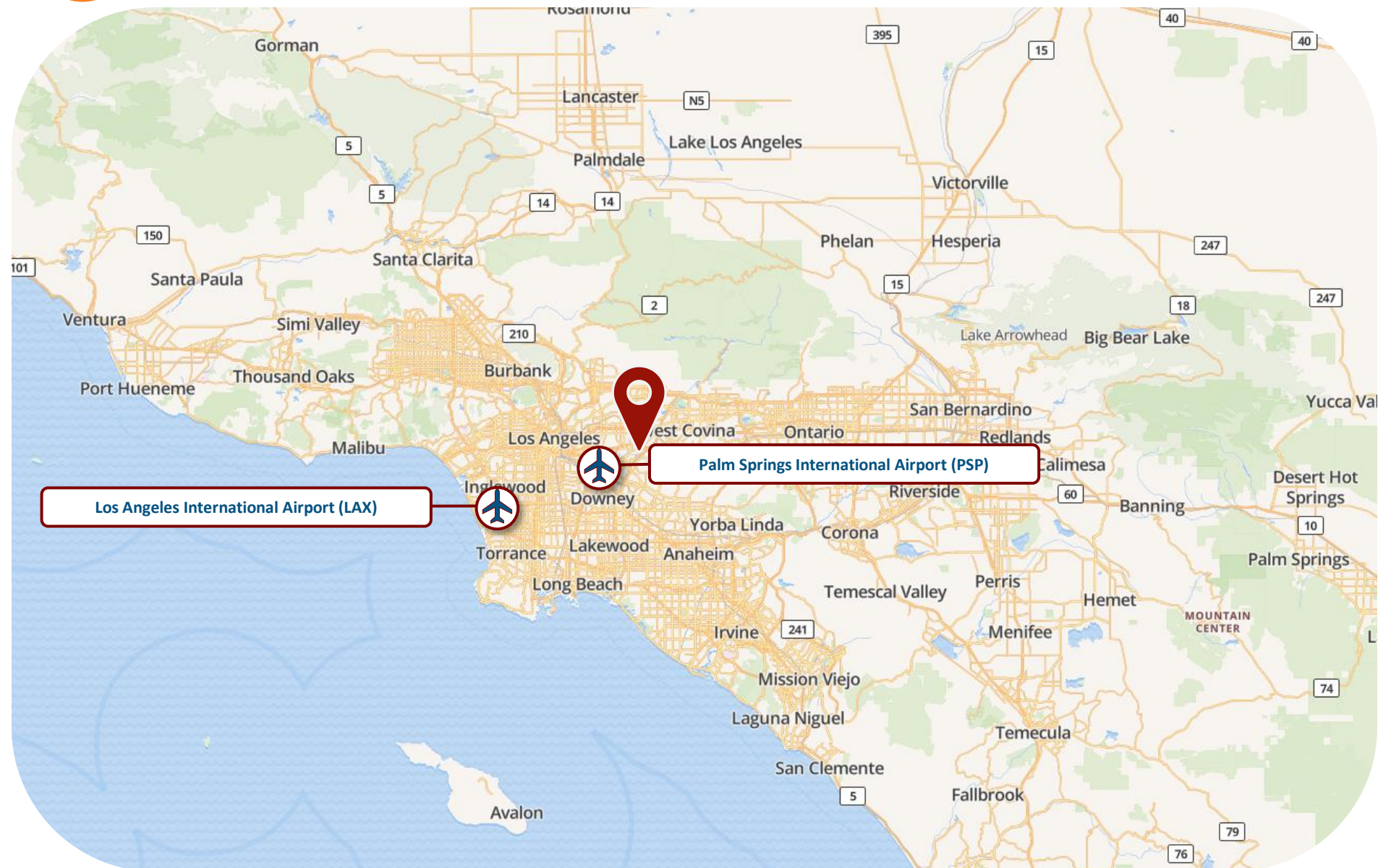
Subject Property



Local Map



Property Address: 34180 Monterey Avenue, Palm Desert, CA 92211

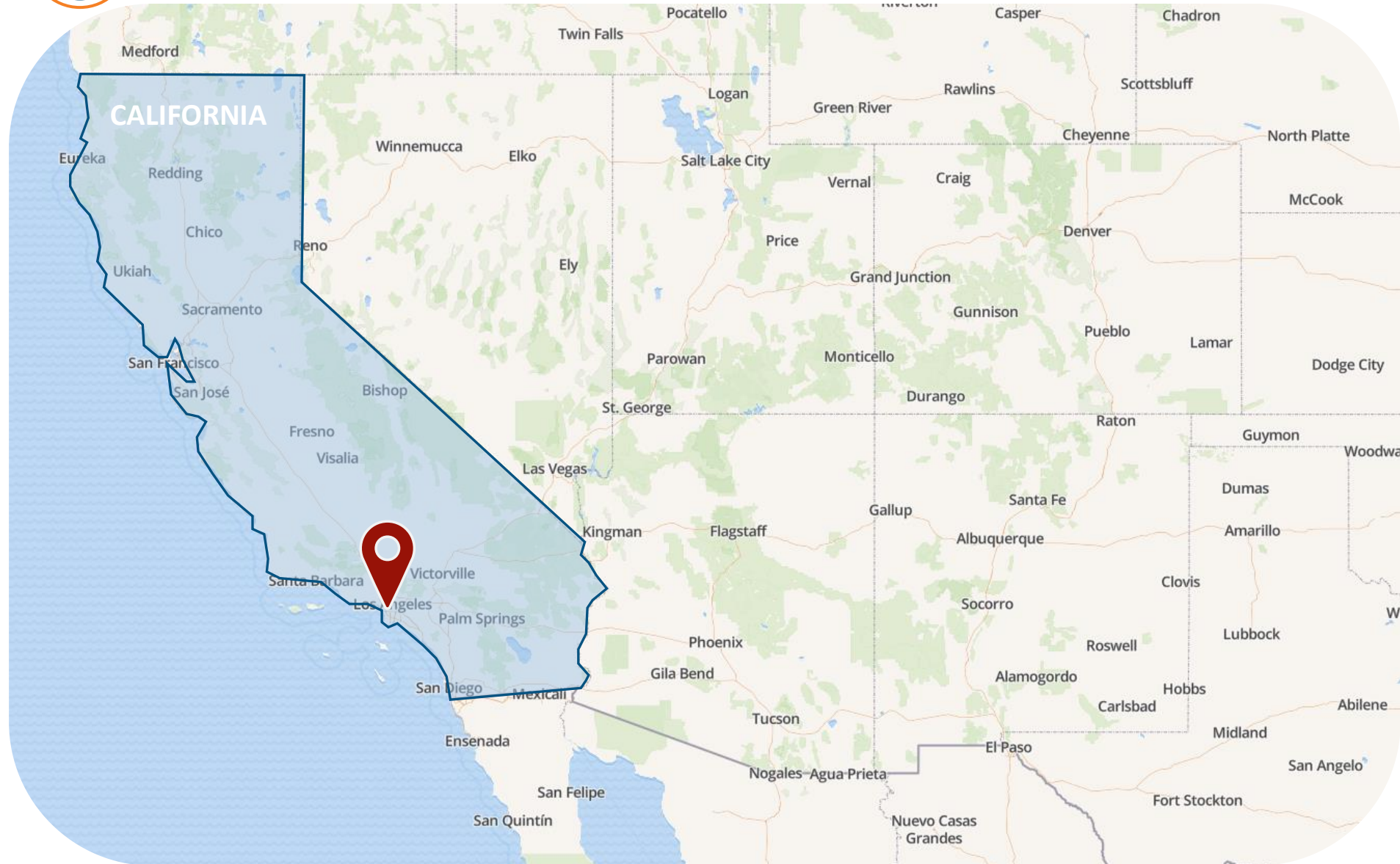




Regional Map



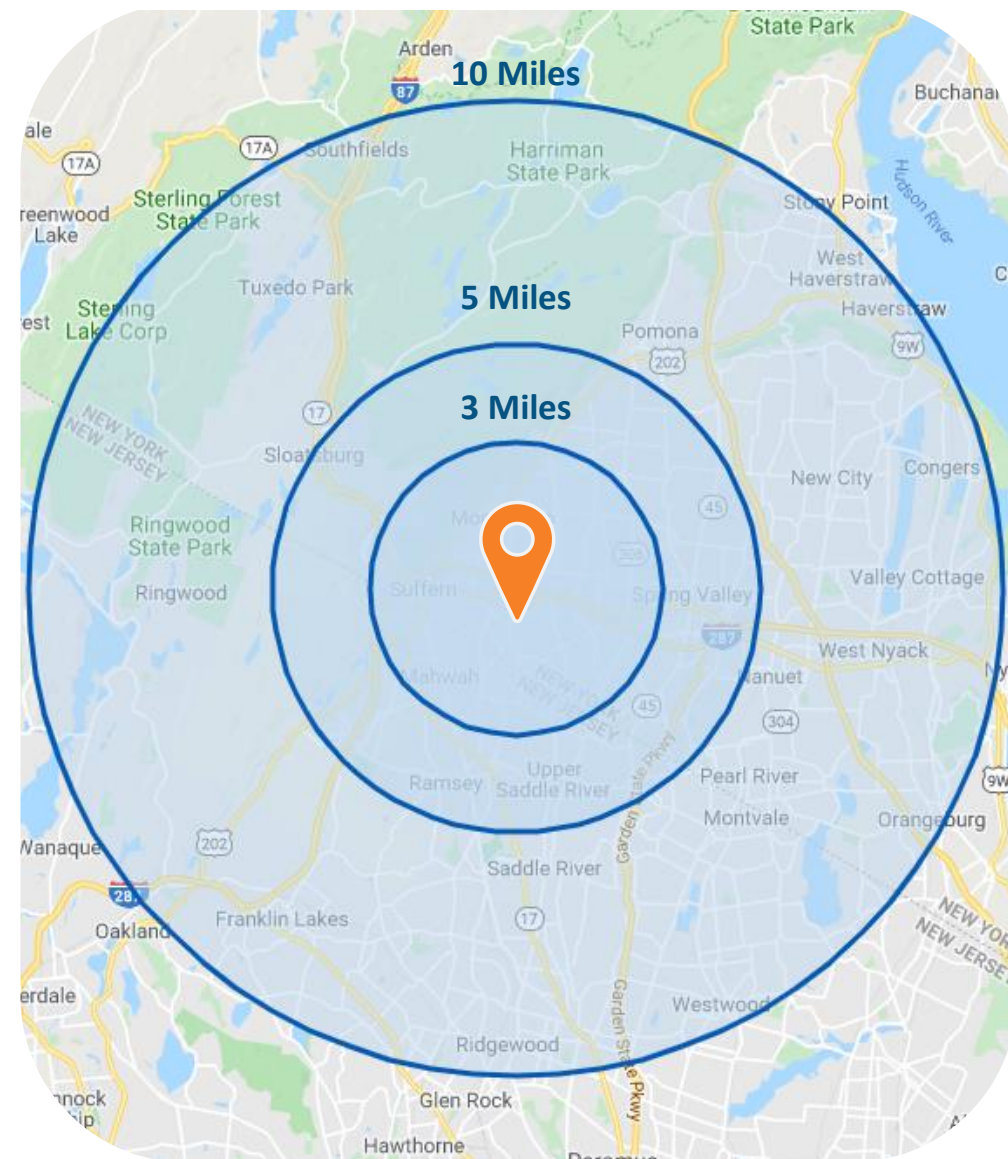
Property Address: 34180 Monterey Avenue, Palm Desert, CA 92211





Demographics

Property Address: 34180 Monterey Avenue, Palm Desert, CA 92211



Population Trends:

	3 Mile	5 Miles	10 Miles
2010 Population	19,451	80,098	238,041
2021 Population	23,353	89,417	270,312
2026 Population Projection	24,741	93,767	284,173
Growth 2010 - 2020	1.80%	1.10%	1.20%
Growth 2020 - 2025	1.20%	1.00%	1.00%

Population by Race (2020):

	3 Mile	5 Miles	10 Miles
White	21,256	80,013	240,658
Black	436	1,992	7,560
American Indian/Alaskan Native	257	1,065	3,460
Asian	923	4,217	11,915
Hawaiian & Pacific Islander	36	159	459
Two or More Races	445	1,970	6,259
Hispanic Origin	6,542	36,163	101,872

Household Trends:

	3 Mile	5 Miles	10 Miles
2010 Households	8,965	33,416	102,642
2021 Households	10,510	36,702	113,955
2026 Household Projection	11,088	38,360	119,286
Growth 2010 - 2021	0.20%	0.00%	0.20%
Growth 2020 - 2026	1.10%	0.90%	0.90%
Owner Occupied	9,122	27,470	83,975
Renter Occupied	1,966	10,889	35,311

Average Household Income (2020):

Households by Household Income (2020):

	3 Mile	5 Miles	10 Miles
<\$25,000	2,137	7,665	21,916
\$25,000 - \$50,000	1,819	6,668	21,749
\$50,000 - \$75,000	1,712	5,918	18,804
\$75,000 - \$100,000	978	3,692	12,407
\$100,000 - \$125,000	693	3,285	10,504
\$125,000 - \$150,000	532	1,802	6,826
\$150,000 - \$200,000	1,112	2,955	8,504
\$200,000+	1,526	4,716	13,245

Median Household Income (2020):

	3 Mile	5 Miles	10 Miles
Median Household Income (2020):	\$67,342	\$66,311	\$66,900



Market Overview

City: Palm Desert | County: Riverside | State: California



Los Angeles, CA



Los Angeles is home to one of the most dynamic economies in the world, with a fast-growing and immense high-tech industry, world leading creative economy, tremendous strength in aerospace and advanced transportation, the nation's largest manufacturing base, the nation's largest international trade industry, and a rapidly increasing amount of venture capital investment in startups.

With over a dozen major industries, the L.A. region is also known for innovation as creative collisions occur where industries overlap, driving new business concepts and entirely new sectors, making L.A. County the creative capital of the nation. All this success can be traced to the area's highly diverse, skilled workforce and visionaries who are reinventing everything from transit to translational medicine.

Create:

As the world's creative hub, LA County's creative economy includes Entertainment (Movie and Television production), Fashion, Furniture & Decorative Arts, Visual & Performing Arts, Communication Arts, Architecture & Interior Design, Digital Media & Gaming, Printing & Publishing, and Toys.

Design:

From car design with 22 auto design centers including the world's leading brands, to leading architecture firms, to design colleges like ArtCenter and Otis College, all the way to apparel in L.A. County's fashion sector, L.A. County is the world's innovative design capital.

Manufacture:

From salsa to satellites, furniture to fashion, and helicopters to hot tubs, well over 300,000 people work in L.A. County's manufacturing sector.

Trade

L.A. County is simply the best place to conduct international trade, with the two largest sea ports in the Western hemisphere handling over 40% of the inbound US containerized freight; a world hub airport (LAX), and massive logistics infrastructure, with freight rail lines and logistics and warehousing serving the entire western United States, as well as the 10 million residents of LA County.

Education & Research:

L.A. County is a leading center for 4-year colleges and universities, being home to three of the world's leading research universities, Caltech, UCLA, USC, plus 118 other colleges and universities.

Russell Wachtler
rwachtler@nnnpro.com
212.430.5132 | NY: 10401294048

R.J. Stein
rstein@nnnpro.com
212.430.5223 | NY: 10401341647

Glen Kunofsky
gkunofsky@nnnpro.com.com
212.430.5115 | NY: 10301203289



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