

EXCLUSIVE NET-LEASE OFFERING

# PANERA BREAD SALE-LEASEBACK

BRAND NEW CONSTRUCTION

Representative Photo



# OFFERING MEMORANDUM



900 E. McGalliard Road - Muncie, IN 47303



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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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## Table of Contents

Investment Highlights	4
Financial Analysis	5
Tenant Overview	6-7
Surrounding Area	8
Location Overview	9
Local Map	10
Regional Map	11
Demographics / Market Overview	12-13







# Investment Highlights

PRICE: \$3,183,952 | CAP: 4.75% | RENT: \$151,238



## About the Investment

- ✓ Brand New Construction; Opening November 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 | Target, Dick's Sporting Goods, Walgreens, CVS Pharmacy, Aldi, McDonald's, Wendy's, Burger King, as well as Many Others
- ✓ Strong Academic Presence | Less Than Three Miles From Ball State University | Over 21,990 Students Enrolled
- ✓ Excellent Demographics | Population Exceeds 111,340 Individuals Within a 10-Mile Radius
- ✓ Positive Real Estate Fundamentals | Situated as an Outparcel to Muncie Mall | Northeast Indiana's Premier Shopping Destination With 70+ Retail, Dining and Entertainment Options
- ✓ Strong Traffic Counts | Over 31,560 Vehicles Per Day Along E. McGalliard Road

## 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: \$3,183,952 | CAP: 4.75% | RENT: \$151,238



## PROPERTY DESCRIPTION

Property	Panera Bread
Property Address	900 E. McGalliard Road
City, State, ZIP	Muncie, IN 47303
Estimated Store Opening*	November 12, 2019
Estimated Building Size	5,460 SF
Estimated Lot Size	+/- 1.41 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$3,183,952
CAP Rate	4.75%
Annual Rent	\$151,238
Price / SF	\$583.14
Rent / SF	\$27.70

## 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

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$151,238	\$12,603	-
Year 2	\$151,238	\$12,603	-
Year 3	\$151,238	\$12,603	-
Year 4	\$151,238	\$12,603	-
Year 5	\$151,238	\$12,603	-
Year 6	\$163,337	\$13,611	8.00%
Year 7	\$163,337	\$13,611	-
Year 8	\$163,337	\$13,611	-
Year 9	\$163,337	\$13,611	-
Year 10	\$163,337	\$13,611	-
Year 11	\$176,404	\$14,700	8.00%
Year 12	\$176,404	\$14,700	-
Year 13	\$176,404	\$14,700	-
Year 14	\$176,404	\$14,700	-
Year 15	\$176,404	\$14,700	-

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a brand-new Panera Bread located at 900 E. Highway 80 in Muncie, IN. This is a rare investment opportunity to participate in a direct sale leaseback with Panera Bread. The newly constructed site will consist of roughly 5,460 rentable square feet of building space on estimated 1.41-acre parcel of land. The café is scheduled to open in November 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 \$151,238 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](http://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.

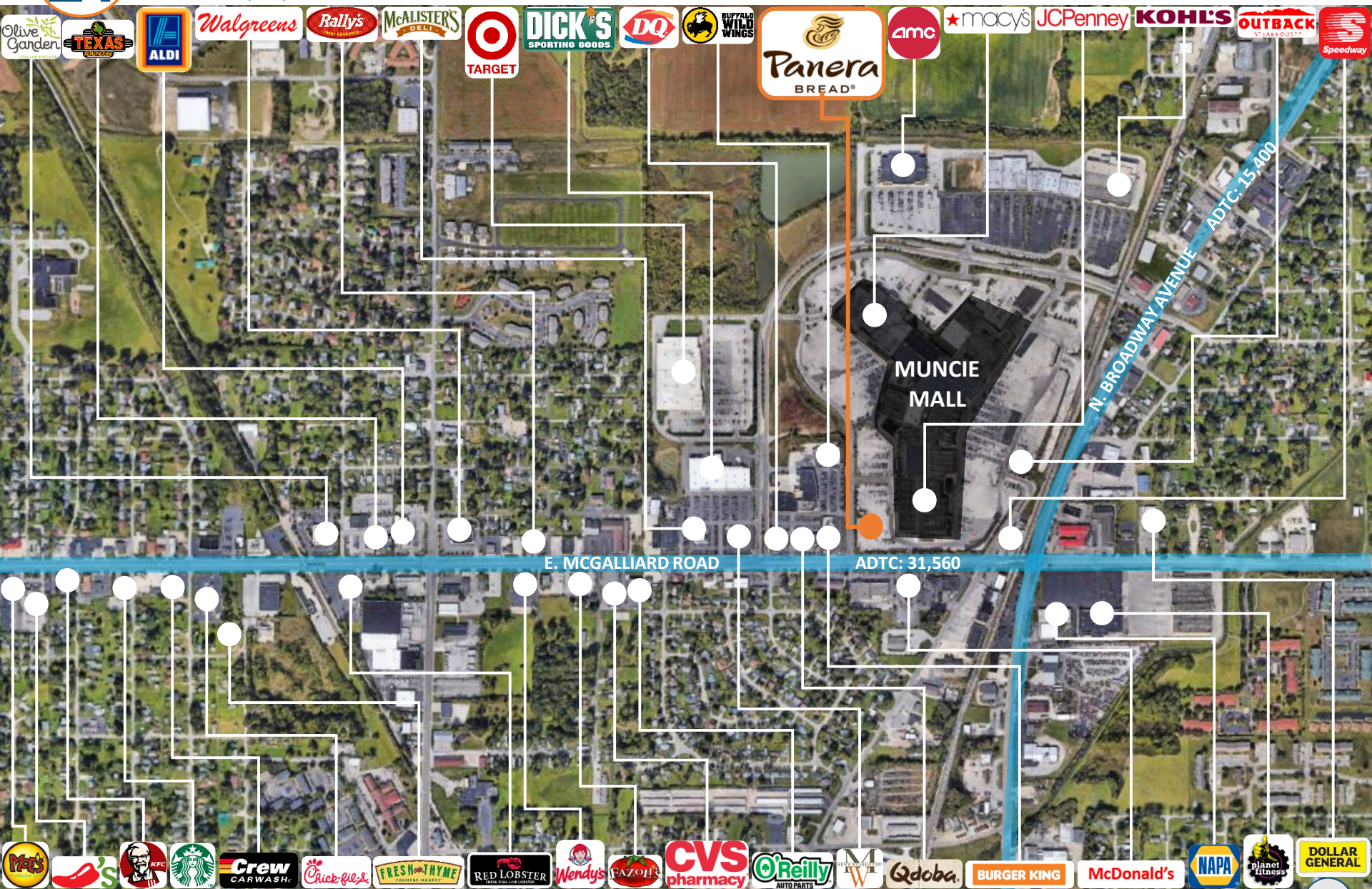
For more information about JAB investments, please visit the company's website: <http://www.jabholco.com>  
 Additional Source: <https://www.cnbc.com/2018/04/05/jab-expands-coffee-empire-with-investment-in-online-coffee-shop-trade.html>  
<https://www.jabholco.com/documents/6/press-release-s-p-jab-pret-a-manger.pdf>  
<https://www.reuters.com/article/us-compassionfirst-m-a-jab/jab-broadens-expansion-with-stake-in-pet-hospitals-idUSKCN1QE1M9>





# Surrounding Area

Property Address: 900 E. McGalliard Road - Muncie, IN 47303







# Location Overview

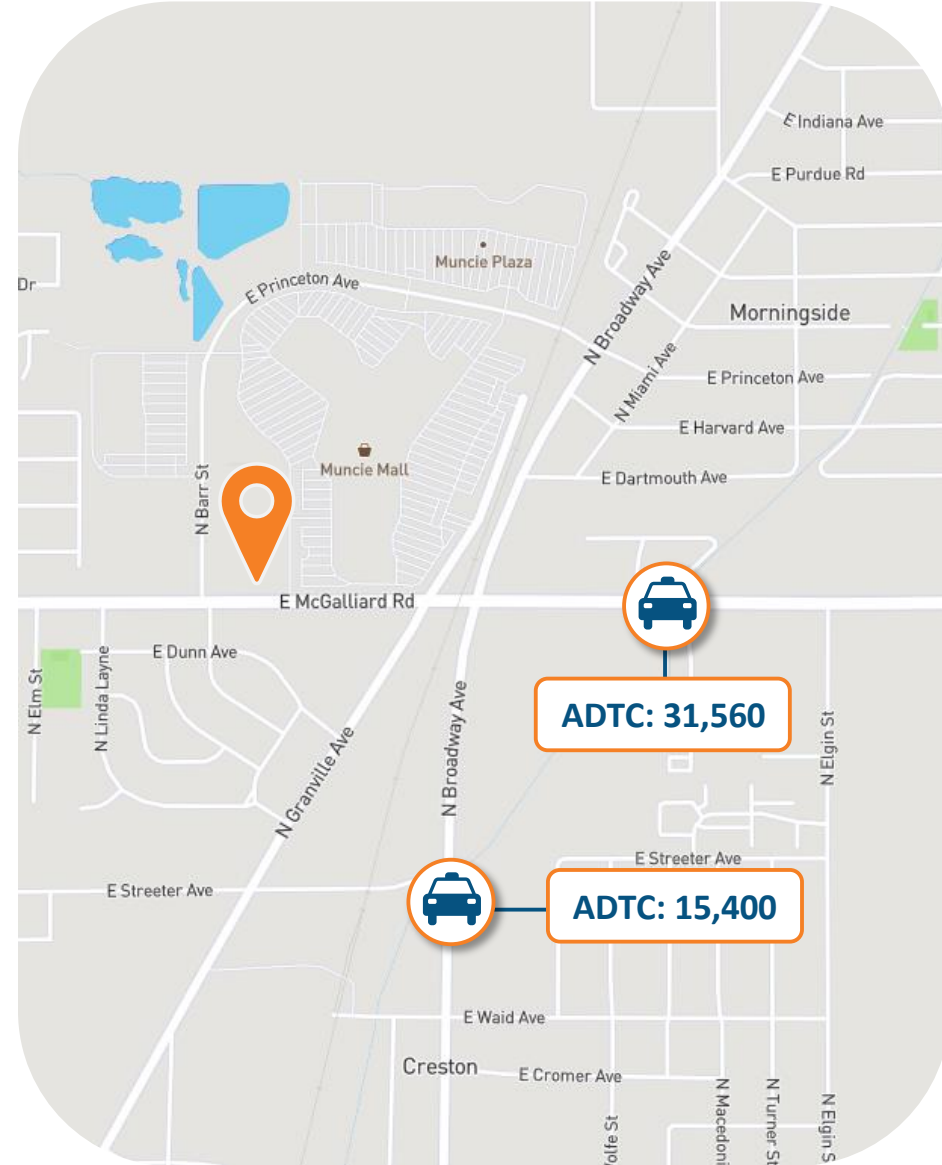
Property Address: 900 E. McGalliard Road - Muncie, IN 47303



The subject investment property is situated on E. McGalliard Road, which experiences an average daily traffic count exceeding 31,560 vehicles, respectively. Intersecting with E. McGalliard Road is N. Broadway Avenue, which brings an additional 15,400 vehicles into the immediate area on average daily. There are more than 80,750 individuals residing within a five-mile radius of the property and more than 111,340 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: Target, Dick's Sporting Goods, Walgreens, CVS Pharmacy, Aldi, AMC Theatres, McDonald's, Wendy's, Burger King, Olive Garden, as well as many others. The subject property benefits from being an outparcel to Muncie Mall, Northeast Indiana's premier shopping destination. The town center is home to more than 70 national and local retail, dining and entertainment options. This Panera Bread also benefits from its close proximity to several academic institutions. Most notable is Ball State University, which has a total enrollment exceeding 21,990 students and is located within a three-mile radius of the subject café. IU Health Ball Memorial Hospital, a 360 bed, general medical and surgical facility, is located less than four miles southeast of the Panera Bread.

Muncie, a city in and the county seat of Delaware County, is located in east central Indiana, approximately 50 miles northeast of the bustling city of Indianapolis. Described by several national studies as a typical American community, Muncie offers the advantages of larger cities without the hassles and costs associated with living in major metropolitan areas. Muncie is the regional hub for East Central Indiana. Their educational systems are outstanding and include: Ball State University, Ivy Tech Community College and Harrison College. Muncie/Delaware County also has five museums and a host of art galleries. Additionally, Muncie has been named the most affordable housing market in the State of Indiana and the 9th most affordable in the United States by research conducted by Coldwell Banker International.

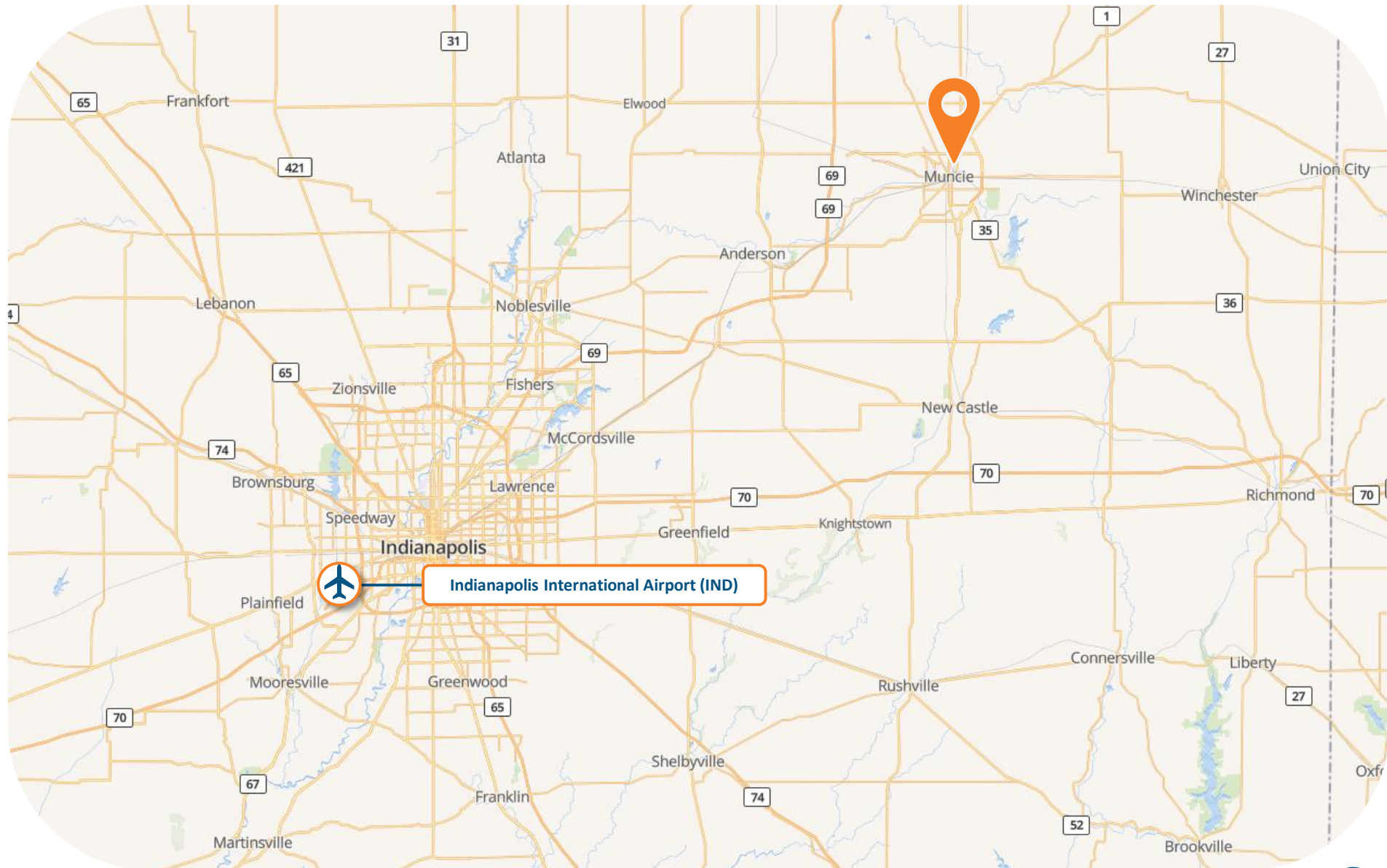






# Local Map

Property Address: 900 E. McGalliard Road - Muncie, IN 47303





# Regional Map

Property Address: 900 E. McGalliard Road - Muncie, IN 47303

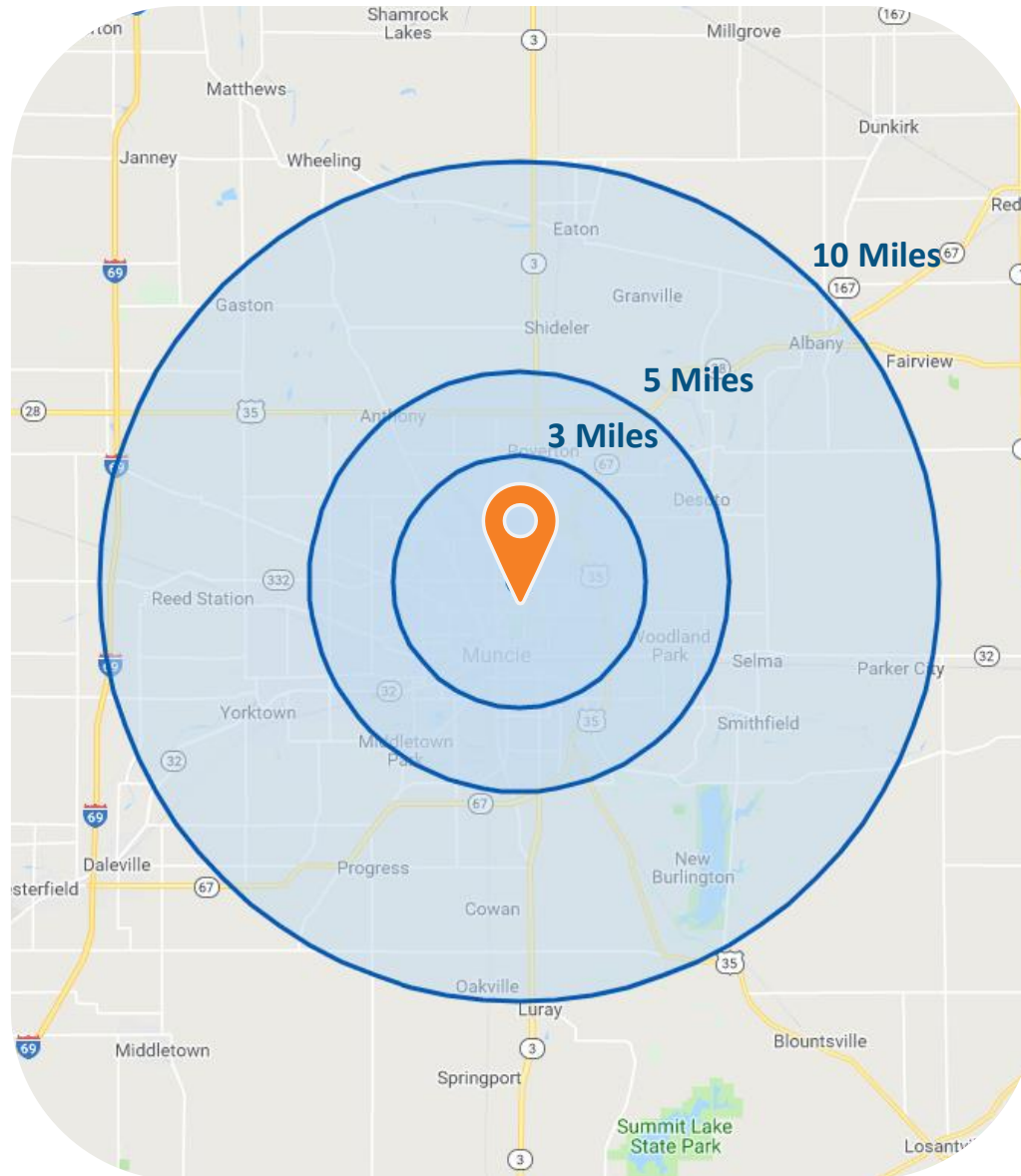






# Demographics

Property Address: 900 E. McGalliard Road - Muncie, IN 47303



## Population Trends:

2023 Projection	55,852	80,109	110,396
2018 Estimate	55,175	80,750	111,346
2010 Census	50,762	82,471	113,938
2018 Population Hispanic Origin	1,778	2,343	2,846

## Population by Race (2018):

White	45,804	68,975	98,590
Black	6,682	7972	8,307
American Indian & Alaskan	177	242	321
Asian	954	1341	1,533
Hawaiian & Pacific Island	37	54	64
Other	1,522	2,166	2,532

## Household Trends:

2023 Projection	21,501	31,807	43,656
2018 Estimate	21,197	32,078	44,060
2010 Census	19,088	32,632	44,981
Owner Occupied	8,673	15,784	25,617
Renter Occupied	12,524	16,294	18,443

## Average Household Income (2018):

<b>\$43,717</b>	<b>\$49,350</b>	<b>\$56,204</b>
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## Households by Household Income (2018):

<\$25,000	9,430	12,489	14,487
\$25,000 - \$50,000	5,250	8,051	10,764
\$50,000 - \$75,000	3,302	5,532	8,252
\$75,000 - \$100,000	1,619	2,860	4,830
\$100,000 - \$125,000	628	1,290	2,326
\$125,000 - \$150,000	516	952	1,766
\$150,000 - \$200,000	132	245	492



# Market Overview

City: Indianapolis | County: Marion | State: Indiana

*Indianapolis, Indiana*

**Indianapolis** is the capital city of Indiana and has a population of 2,028,614 distributed within its metropolitan statistical area. Indianapolis is the most populous city in the state of Indiana and the seat of Marion County. As of 2017, Indianapolis is the third most populous city in the American Midwest and the 16<sup>th</sup> most populous city in the U.S. Indianapolis anchors the 25<sup>th</sup> largest economic region in the U.S., based primarily on the sectors of finance and insurance, manufacturing, professional and business services, education and healthcare, government, and wholesale trade. Indianapolis has developed niche markets in amateur sports and auto racing. The city is best known for hosting perhaps the world's largest single-day sporting event, the Indianapolis 500. Indianapolis is home to two major sports clubs, the Indiana Pacers of the National Basketball Association and the Indianapolis Colts of the National Football League. The city's philanthropic community has helped develop its cultural institutions and collections, including the world's largest children's museum, one of the nation's largest privately funded zoos, historic buildings and sites, and public art. Indianapolis is home to a significant collection of monuments dedicated to veterans and war casualties, the most in the U.S. outside of Washington, D.C. The city is conserved a "high sufficiency" world city.

In 2015, the Indianapolis metropolitan area had a gross domestic product of \$134 billion. The top five industries were finance, insurance, real estate, rental, and leasing, manufacturing, professional, scientific, and technical services, and transportation and warehousing. The city's major exports include pharmaceuticals, motor vehicle parts, medical equipment and supplies, engine and power equipment, and aircraft products and parts. The city's central location and extensive highway and rail infrastructure have positioned Indianapolis as an important logistics center, home to 1,500 distribution firms employing some 100,000 workers. As home to the second largest FedEx Express hub in the world, Indianapolis International Airport ranks as the sixth busiest U.S. airport in terms of air cargo transport, handling over 1 million tons and employing 6,600 in 2015.

## Major Employers

Employer	Estimated # of Employees
Ball State University	4,367
Indiana Univ Hlth Bll Mem Hosp	2,700
INDIANA UNIVERSITY HOSPITAL	1,937
Muncie Community Schools	1,476
Eco-Pak	1,454
Walmart	965
Ivy Tech East Central	732
Laboratory Corporation America	723
Cardinal Health Partners Inc	500
Meijer 139	475
Navient Solutions LLC	431





Marcus & Millichap

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