

PANERA BREAD



5500 WEST TOUHY AVENUE :: SKOKIE, ILLINOIS

OFFERING MEMORANDUM



NET LEASE PROPERTY GROUP | SINGLE TENANT INVESTMENT OFFERING

CBRE

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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.

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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.



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Panera

BREAD



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THE OFFERING

CBRE is pleased to exclusively present the opportunity to acquire a 100% fee interest in a NNN Panera Bread located in the affluent northern suburb of Skokie, approximately 16 miles from Chicago's Central Business District. The brand new store has an original term of 15 years, a corporate guarantee, three options to extend for five additional years each, and zero landlord responsibilities.

Panera Bread is located along Touhy Avenue, a heavily trafficked east/west artery that runs through Chicago and the near north suburbs. Approximately 39,000 vehicles pass the site daily along Touhy Avenue. The site is located in the heart of a dominant retail corridor with an abundant amount of national and regional tenants, creating a significant draw to the area. Directly south of Panera Bread is the 414,700-square-foot Village Crossing Shopping Center

anchored by Jewel-Osco, Dick's Sporting Goods, AMC Theatres, Best Buy, Bed Bath & Beyond, Michaels, OfficeMax, PetSmart, and Barnes & Noble. Directly west of Panera Bread is the 325,700-square foot Pointe Plaza which is anchored by Walmart, Fresh Farms, Ross Dress for Less, and Babies 'R' Us.

Panera Bread is one of the largest food service companies serving nearly 8.3 million customers per week. Currently, there are 1,991 bakery cafes in 46 states, the District of Columbia, and Ontario Canada operating under the Panera Bread, Saint Louis Bread Co., and Paradise Bakery & Café names. More than 1,070 locations are run by franchisees, while the rest are company-operated. Panera Bread was founded in 1981 and is headquartered in Sunset Hills, a suburb of St. Louis, Missouri. Panera Bread (NASDAQ: PNRA) had 2015 sales of more than \$2.68 billion.





FINANCIAL OVERVIEW

Offering Price	\$4,778,000
Cap Rate	4.50%
Rent	\$215,000
Lease Type	NNN*
Building Size	4,300 SF
Tenant	Panera, LLC
Guarantee	Corporate
Term Remaining	15 Years
Lease Commencement	Q4 2016
Renewal Options	Three, 5-year options
Tenant Responsibilities*	CAM, Taxes, and Insurance
Landlord Responsibilities*	Tenant is responsible for all repairs and maintenance of the tenant space. Structural (roof and structure) maintenance will be performed by the landlord with financial responsibility to the tenant unless repairs can be considered Capital Repairs per GAAP standards.

In 2015, Panera Bread was recognized by Fast Company as the Most Innovative Company in Food.

LEASE YEARS	ANNUAL	MONTHLY
1 through 5	\$215,000	\$17,916.67
6 through 10	\$236,500	\$19,708.33
11 through 15	\$260,150	\$21,679.17
Option 1: 16 through 20	\$286,165	\$23,847.08
Option 2: 21 through 25	\$314,803	\$26,233.58
Option 3: 26 through 30	\$346,279	\$28,856.58



INVESTMENT HIGHLIGHTS

- + The opportunity to acquire fee interest in a long term NNN Panera Bread located in Skokie, Illinois, an established north suburb of Chicago, Illinois. Skokie is a short drive from several major interstates and highways making it easily accessible by surrounding communities.
- + The brand new store will have 15 years of base term, a corporate guarantee, and limited landlord responsibilities. The lease includes 10% rental increases every five years during the base term and in each of the three, five year options to extend.
- + Panera Bread is located in the heart of a retail corridor featuring some of the most prominent national retailers. Directly south of Panera Bread, across Touhy Avenue, is the ±414,700-square-foot Village Crossing anchored by Jewel-Osco, Dick's Sporting Goods, AMC Theatres, Best Buy, Bed Bath & Beyond, Michaels, OfficeMax, PetSmart, and Barnes & Noble. Directly west of Panera Bread is the 325,700-square foot Pointe Plaza which is anchored by Walmart, Fresh Farms, Ross Dress for Less, and Babies 'R' Us.
- + The site benefits from an excellent Skokie location along Touhy Avenue, a heavily trafficked east/west artery that runs through Chicago and the near north suburbs. Approximately 39,000 vehicles pass the site daily along Touhy Avenue. The asset is less than one mile west of a full interchange at Touhy Avenue and Interstate 94 (Edens Expressway). Traffic counts along Interstate 94 are approximately 157,800 vehicles per day.
- + Panera Bread is strategically located at the convergence of suburban communities that contain some of the most attractive demographic profiles in the Chicago MSA: Niles, Skokie, Morton Grove, and Lincolnwood. Within a three mile radius of the center there are 179,540 residents earning an average household income of \$91,690. That annual income is 13% higher than the Illinois average and 19% higher than the national average.





AERIAL VIEW

PARCEL LINES ARE APPROXIMATE





TENANT OVERVIEW

Panera Bread is one of the largest food service companies serving nearly 8.3 million customers per week. Currently, there are 1,991 bakery cafes in 46 states, the District of Columbia, and Ontario Canada operating under the Panera Bread, Saint Louis Bread Co., and Paradise Bakery & Café names. More than 1,070 locations are run by franchisees, while the rest are company-operated.

Panera Bread offers an array of high-quality, fresh ingredient food options including handcrafted artisan bread baked daily, sandwiches, flatbreads, soups, salads, pasta dishes, and desserts. Panera Bread also offers breakfast

items including gourmet coffee, pastries, bagels, soufflés, oatmeal, yogurt, and breakfast sandwiches.

Panera Bread was founded in 1981 as Au Bon Pain Co., Inc. In May of 1999, the company was renamed Panera Bread after Au Bon Pain Co., Inc. sold all of their business units, with the exception of Panera Bread. The company is headquartered in Sunset Hills, a suburb of St. Louis, Missouri and employs more than 44,400 associates as bakers, managers, and associates. Panera Bread (NASDAQ: PNRA) had 2015 sales of more than \$2.68 billion.



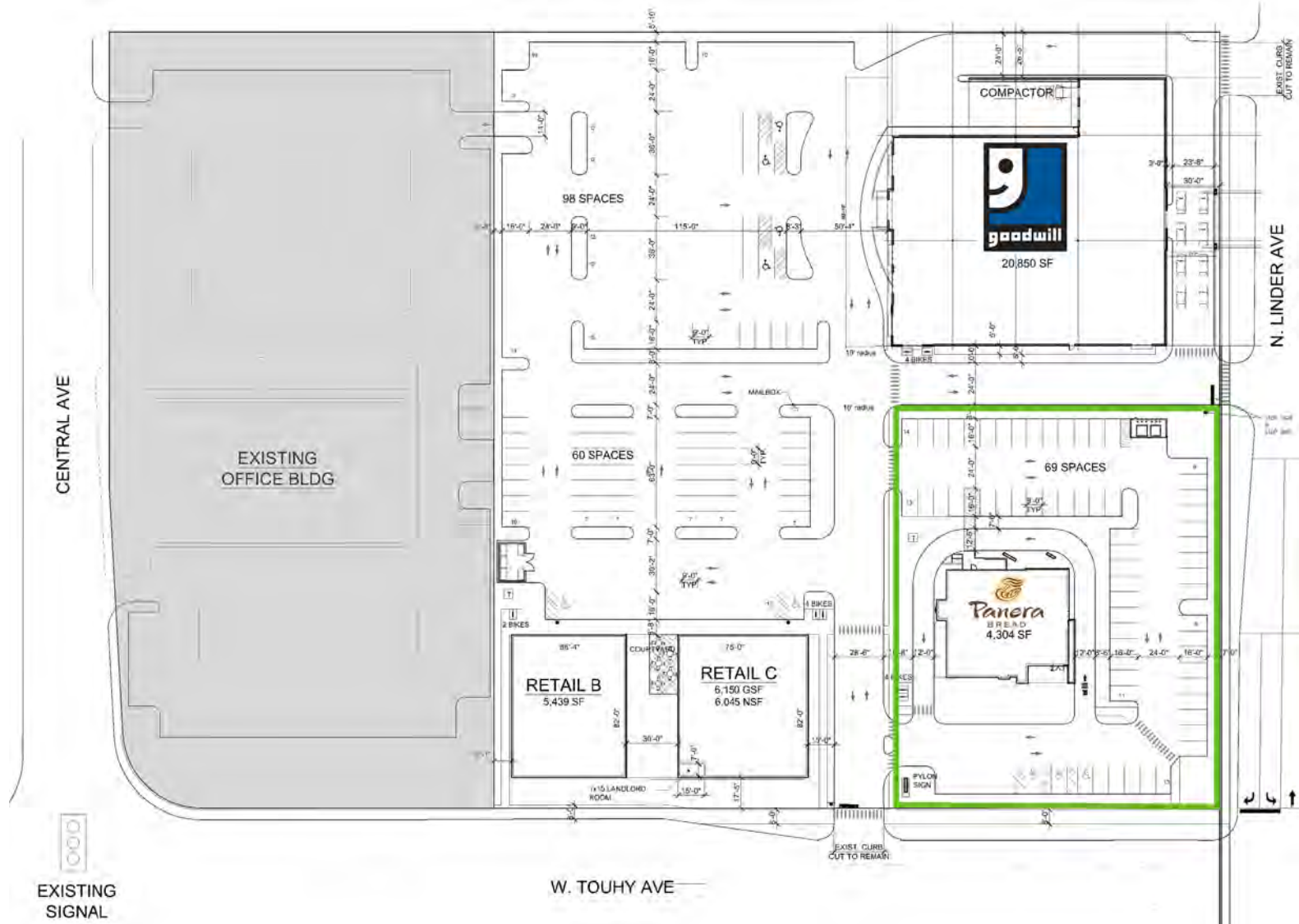
Panera Corporate Overview

Tenant Name	Panera, LLC
Stock Symbol	PNRA
Board	NASDAQ
Locations	1,991
Total Sales	\$2.68 billion
Year Founded	1981
Corporate Headquarters	Sunset Hills, Missouri (St. Louis MSA)
Website	www.panerabread.com



SITE PLAN

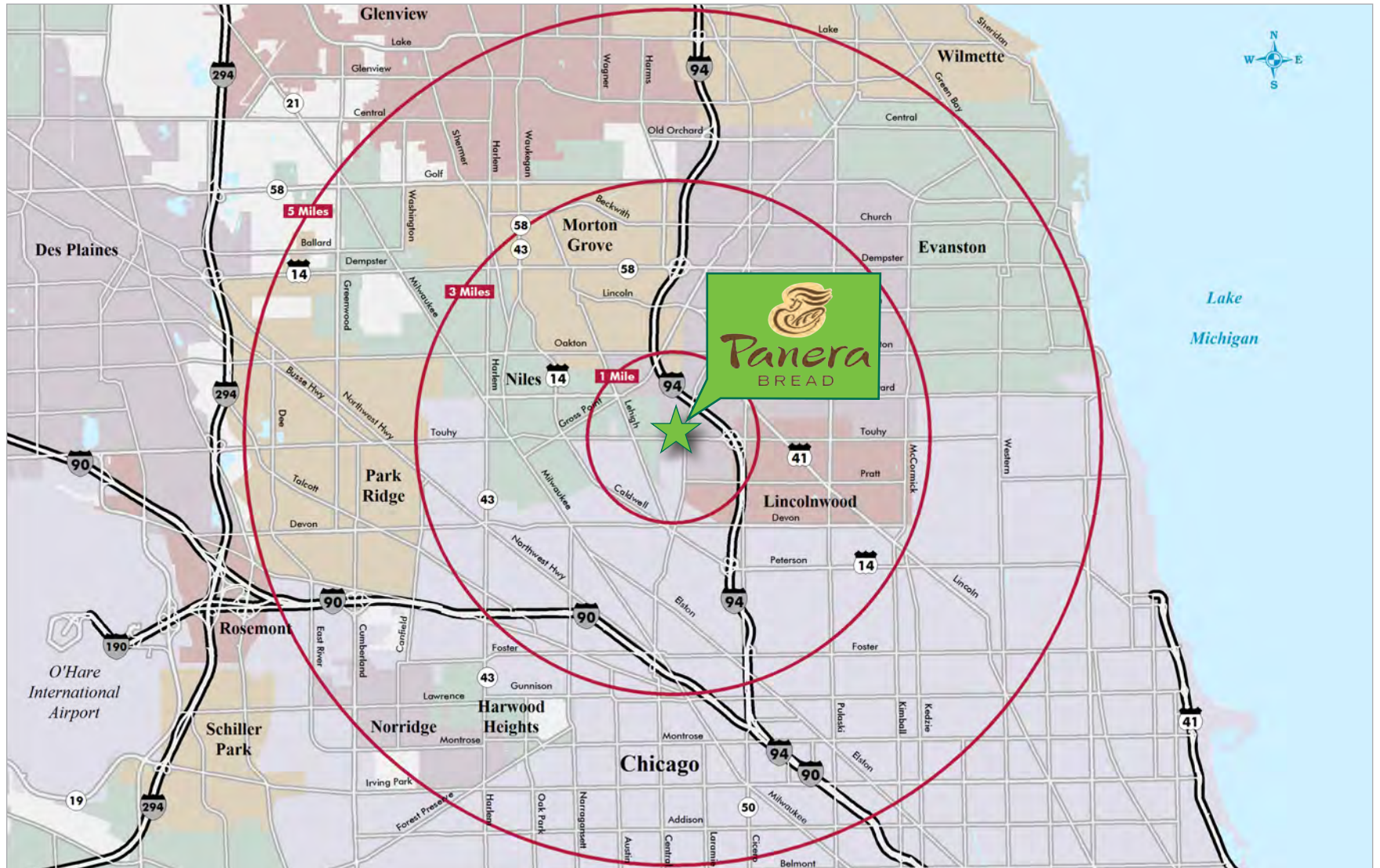
PARCEL LINES ARE APPROXIMATE



Flood Zone Disclosure: According to flood hazard maps published by the FEMA the site is within Zone X as indicated on Community Map Panel No. 17031C0244J, dated August 19, 2008, an area determined to be outside the 500-year floodplain determined to be outside the 1% and 0.2% annual chance floodplain.

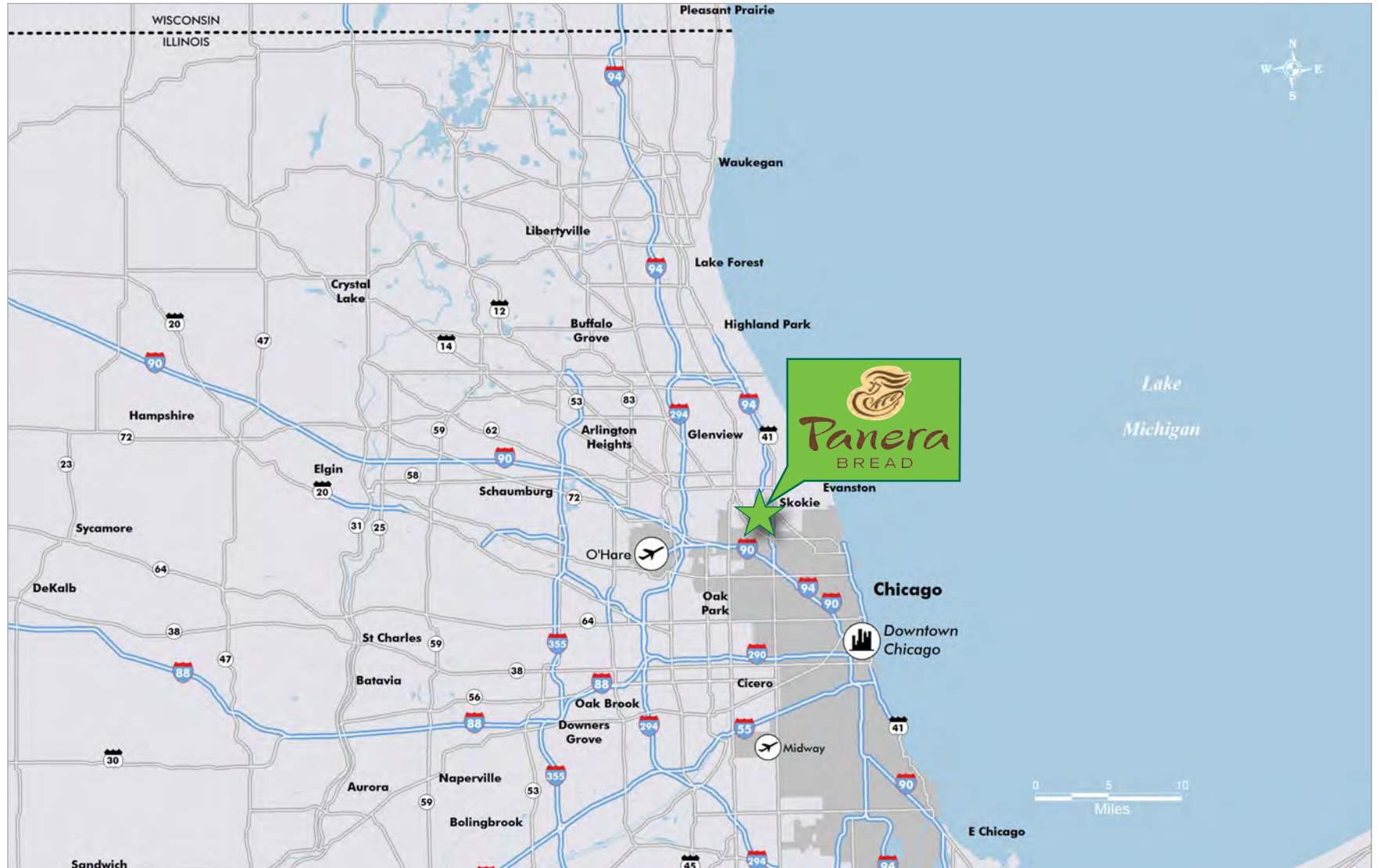


LOCATOR MAP





REGIONAL MAP





MARKET OVERVIEW

CHICAGO MSA

Chicago is one of the most attractive and dynamic markets in the nation. Chicago boasts an attractive retail market, with the third largest economy in the nation and over \$116 billion in annual retail sales (2014 metro Chicago sales; Melaniphy). The market's vibrant business climate, central geographic location, diversified economy and available human resources have helped Chicago achieve a prominent position as a world-class city in finance, international trade, manufacturing, transportation, culture and the arts.

One of Chicago's biggest commercial advantages is its diversified economy and deep labor pool. With no single emphasis on any one business sector or industry, Chicago's economy is like a well-balanced portfolio and is better equipped than most cities to weather a slowdown in any particular industry. The Chicago MSA has a highly diversified economic base and is home to more than 400 major corporate headquarters, including 31 Fortune 500 headquarters.

The Windy City, as it has been nicknamed, welcomes in nearly 40 million international and domestic visitors each year who come to see attractions including Chicago's numerous parks, art galleries, architectural wonders, professional sports teams, universities, and more. In recent years, Chicago has established itself as a leader in reforming public schools, enhancing public safety and security, providing affordable housing in attractive and economically sound communities, and fostering social, economic and environmental sustainability.

LOCATION OVERVIEW

Skokie is a northwest suburb of Chicago, located approximately 12 miles east of O'Hare International Airport and 16 miles from Chicago's Central Business

District. The village is bordered by Glenview, Wilmette, Lincolnwood, Morton Grove, Niles, and Evanston as well as the city of Chicago's West Rogers Park and Edgebrook neighborhoods. The village is easily accessible via Interstate 94 and also offers numerous public transportation options through the Chicago Transit Authority (CTA), PACE suburban bus lines, and CTA's Skokie Swift Yellow rail line.

The village covers 10 square miles and is home to approximately 4,400 businesses that employ over 45,600 individuals. Skokie has an estimated population of 65,870 residents, which is projected to increase to 66,490 by 2021. This stable population base enjoys an average household income of \$91,852, which is 19% higher than the national average. The housing stock is a wide mix ranging from single family homes (54%) to large apartment complexes. Approximately 72% of the occupied housing units are owner occupied. The average housing value is 342,831.

Panera is well located approximately 14 miles northwest of downtown Chicago at the convergence of suburban communities that contain some of the most attractive demographic profiles in the Chicago MSA: Niles, Skokie, Morton Grove, and Lincolnwood. Panera is strategically located along Touhy Avenue, a heavily trafficked east/west artery that runs through Chicago and the near north suburbs. Approximately 39,000 vehicles pass the site daily along Touhy Avenue. Less than one mile east of Panera is a full interchange at Touhy Avenue and Interstate 94 (Edens Expressway), which runs north/south through the metro area and connects Chicago to Milwaukee. Other major arteries through the trade area include Caldwell Road (US Route 14) which runs through the near north suburbs and into the city of Chicago; Cicero and Harlem Avenues, both major north/south arterials through the Chicago metro area; and Dempster Street and Devon Avenue, which run east/west through the near north suburbs.



MARKET OVERVIEW

TRADE AREA

Panera draws a majority of its customer base from within a three-mile radius of the property. This trade area encompasses portions of Nilens, Skokie, Lincolnwood, Morton Grove, Park Ridge, and the far northwestern neighborhoods of the city of Chicago.

- Within the trade area is an estimated population of 179,540, which is projected to increase to nearly 180,690 over the next five years. The area is stable, very mature and fully developed.
- Residents within the trade area are affluent, with an average household income of \$91,852. This is over 19% higher than the national average of \$77,135.
- Residents within the trade area are highly educated, with 41.2% having a bachelor's degree and 67.4% having at least some college education. Within the Chicago MSA, 34.8% of the population has an associate degree or higher and 61.9% has at least some college education.
- Average home prices within the trade area are estimated to be \$354,674; approximately 28% higher than the national average of \$277,992 and 20% higher than the MSA average of \$294,981. Over 75% of the occupied housing units within the trade area are owner occupied.

RETAIL CORRIDOR OVERVIEW

Panera is strategically located in the heart of a 2.9-million-square-foot retail corridor. Directly south of Panera, across Touhy Avenue, is the ±414,700-square-foot Village Crossing anchored by Jewel-Osco, Dick's Sporting Goods, AMC Theatres, Best Buy, Bed Bath & Beyond, Michaels, OfficeMax, PetSmart, and Barnes & Noble. Directly west of Panera is the 325,700-square foot Pointe Plaza which is anchored by Walmart, Fresh Farms, Ross Dress for Less, and Babies 'R' Us. Other national retailers in this corridor include Costco, Target, Ulta, Party City, Pier 1 Imports, and Walgreens among many others. This critical mass of retailers along Touhy Avenue between Carpenter Road on the east and Melvina Avenue to the west represents one of the dominant regional retail submarkets in metro Chicago.

TRADE AREA DEMOGRAPHICS	1 MILE	3 MILES	5 MILES
Population			
2016 Population	13,609	179,539	698,763
2021 Population	13,606	180,686	702,430
2010 Population	13,572	177,622	693,250
2000 Population	13,497	174,507	708,416
Age			
2016 Median Age	45.9	44.3	39.9
2016 Average Age	43.3	43.2	40.2
Households			
2016 Households	5,042	69,222	265,598
2021 Households	5,054	69,878	268,519
2010 Households	5,009	68,126	260,873
2000 Households	4,999	67,732	263,330
Average Household Size	2.7	2.6	2.6
Income			
2016 Median Household Income	\$79,022	\$69,420	\$61,102
2016 Average Household Income	\$106,064	\$91,689	\$86,460
2016 Per Capita Income	\$39,299	\$35,351	\$32,863
Housing Units			
2016 Housing Units	5,282	73,842	288,725
Occupied Units	5,042	69,222	265,598
Vacant Housing Units	240	4,620	23,127
2016 Owner-Occupied Housing Units	4,390	52,110	166,250
2016 Renter-Occupied Housing Units	653	17,112	99,348
Education			
2016 Population Age 25 and Over	9,524	129,633	489,732
High School thru Associates	41.8%	48.2%	45.9%
Bachelor's Degree	29.7	26.0%	24.2%
Graduate Degree	19.0%	15.2%	16.2%
Place of Work			
Total Businesses	948	10,028	31,604
Daytime Employment (Total Employees)	18,855	100,297	299,932



POPULATION CONCENTRATION MAP



TOTAL POPULATION—2016

1 MILE
13,609

3 MILES
179,539

5 MILES
698,763

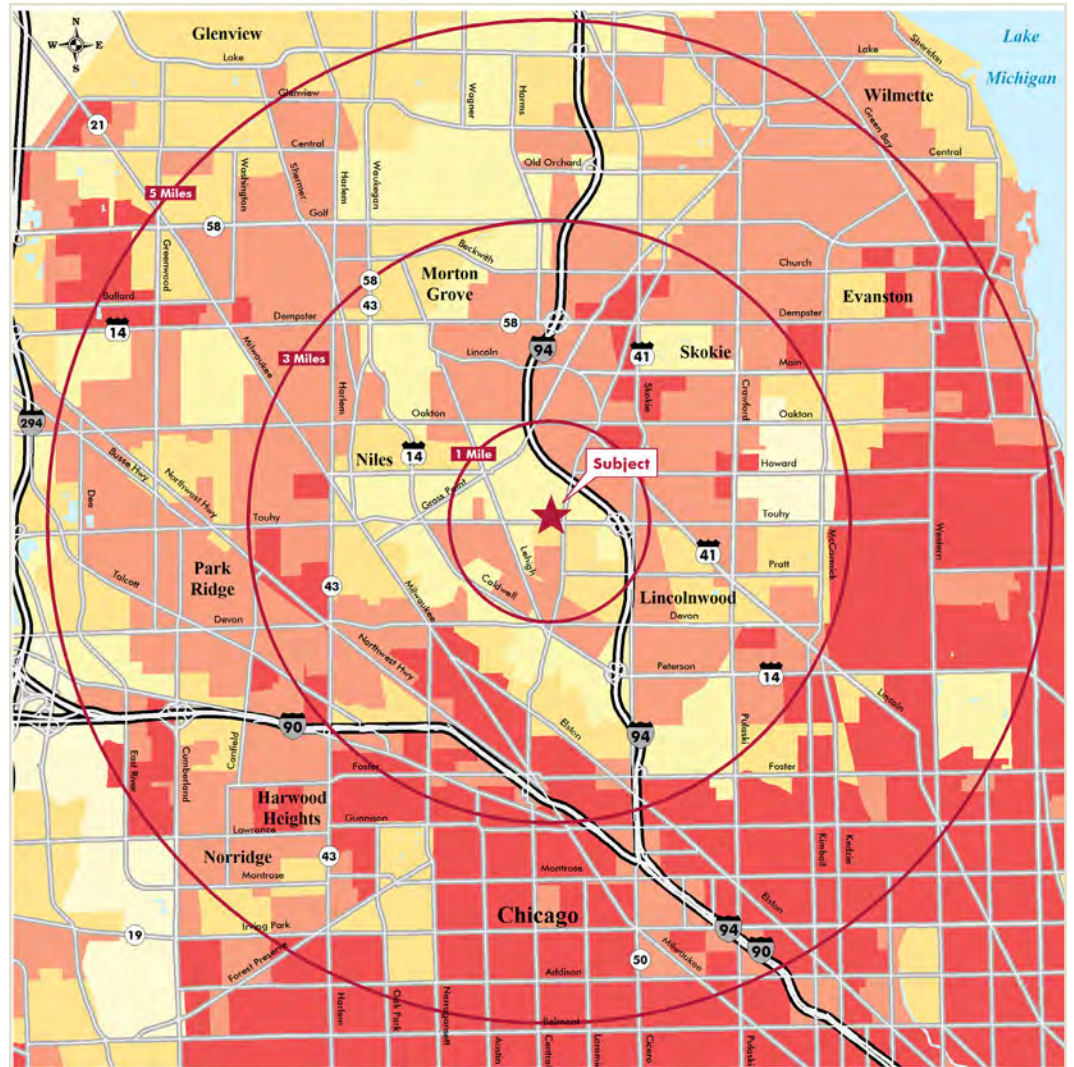
DAYTIME POPULATION



5 MILES
299,932

POPULATION PER SQUARE MILE—2016

- Over 10,000
- 5,000 to 10,000
- 2,500 to 5,000
- 1,000 to 2,500
- Less than 1,000





HOUSEHOLD INCOME MAP



AVERAGE HOUSEHOLD INCOME—2016

1 MILE	3 MILES	5 MILES
\$106,064	\$91,689	\$86,460

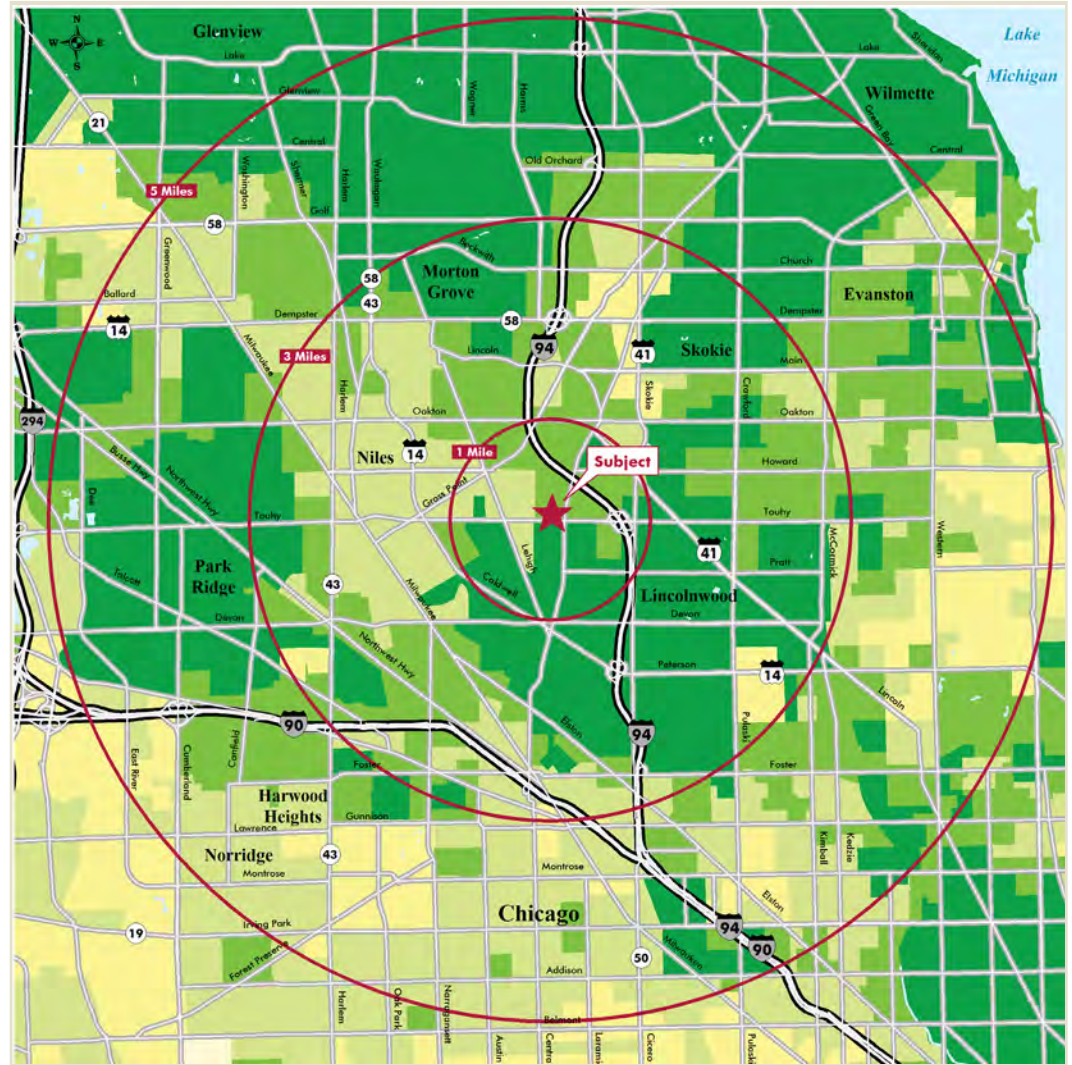


HOUSEHOLDS EARNING OVER \$75,000 ANNUALLY - 2016

1 MILE	3 MILES	5 MILES
52.1%	46.8%	41.4%

AVERAGE HOUSEHOLD INCOME—2016

- Over \$100,000
- \$80,000 to \$100,000
- \$60,000 to \$80,000
- \$40,000 to \$60,000
- Less than \$40,000



PANERA BREAD - SKOKIE, IL



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