

OFFERING MEMORANDUM.



Mattress Firm Dallas, TX | Knox-Henderson Entertainment District

TheMaffiaTeam

\$5,720,000
4.50% CAP Rate

- ◆ Located in One of Dallas' Premier Retail Neighborhoods
 - ◆ Knox-Henderson Entertainment District
 - ◆ Retail Neighborhood includes High-End Shopping & Dining
 - ◆ Apple, Crate & Barrel, Restoration Hardware, Lululemon, Pottery Barn, Kate Spade, Z Gallerie & Many Others within a Few Blocks
- ◆ Tenant Recently Extended its Lease for 10 Years at an Increased Rent
- ◆ Additional Income Received from Billboard on Site
- ◆ Convenient Access to Highway 75 (344,039 AADT)
- ◆ Affluent Local Demographics
 - ◆ Population of 192,602 and Average Household Income of \$98,432 within a Three Mile Radius
- ◆ Irreplaceable, Infill Location with Significant Barriers to Entry just North of Downtown-Uptown Dallas



**Newmark
Cornish & Carey**
Leased Investment Group

This property is listed in conjunction with Texas-licensed real estate broker Delta Commercial.

www.maffiateam.com



Disclaimer

Newmark Cornish & Carey (“Broker”) has been retained on an exclusive basis to market the property described herein (“Property”). Broker has been authorized by the Seller of the Property (“Seller”) to prepare and distribute the enclosed information (“Material”) for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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Michael Maffia

Senior Managing Director
415.445.5144
mmaffia@newmarkccarey.com
CA RE License #01340853

Putnam Daily

VP/Transaction Manager
415.445.5107
pdaily@newmarkccarey.com
CA RE License #01750064



Property Information

Location

The property is located at 3010 Knox Street in Dallas, Texas. The billboard address is 4605-4607 Insurance Lane in Dallas, Texas.

Lot Size

Approximately 0.218 acres, or 9,496 square feet.

Improvements

Construction completed in 2004 of an approximately 4,000 square foot retail building for **Mattress Firm**. There is a billboard located on the roof of the subject property.

Leases

Originally leased to **Mattress Firm, Inc.** for 10 years from May 2004 to May 2014. Mattress Firm, Inc. recently extended its lease term for an additional 10 years at an annual rent of \$248,000 with the lease set to expire in May 2024. The tenant has no options to renew. The lease is net with the tenant responsible for its share of taxes, insurance, and maintenance except for the exterior walls, foundation, roof and structure. Tenant is responsible for any common area expenses but such expenses shall not increase by more than 5% each successive year on a cumulative basis.

Common area expenses shall include all costs and expenses of operating and maintaining the Property and Common Area that are incurred by Landlord in its discretion, including among other costs, those for lighting, painting, cleaning, policing, inspecting, repairing, replacing, security, landscaping, restriping, bumpers, directional signs and other markers, lighting (including Tenant's own consumption of electricity on any Common Area pole sign) and other utilities, cleaning, sewage and garbage disposal, exterminating, fire protection. Management fee is excluded.

Billboard leased to **Eller Media Company** with current rent being paid by **Clear Channel** for 25 years from May 1999 to May 2024 at an annual rent of either \$6,000 or 20% of the gross receipts after agency commissions of 15%, whichever is greater. Eller will maintain and repair the structure located at the property at its sole expense.

*Landlord and Eller Media Company have the right to terminate the lease at the end of any monthly period during the initial term or any subsequent term upon notice to Landlord or Eller Media Company no less than 30 days prior to the end of such monthly period.

*Eller Media Company has a right of first refusal to match any offer acceptable to Landlord for the use or purchase of its leased property - the property being that which is immediately under and surrounding the outdoor advertising structure not including the entire lot and improvements underneath the billboard structure.

*Eller Media Company has free access to the property and use of the property to construct, improve, supplement, post, paint, illuminate, maintain, repair, or remove the structure.

Total Annual Rent

\$257,235*

*Based on Eller Media Company's annual rent of \$9,235 for the period from May 2014 to May 2015.

Price: \$5,720,000 (4.50% Return)

Financing

The property will be delivered free and clear of permanent financing.



Tenant Information



Since its founding in 1986, **Mattress Firm** has grown to become the largest and most successful specialty bedding company in the United States. The company operates and franchises approximately 2,000 stores primarily under the Mattress Firm name across 37 states.

As of September 4, 2014 Mattress Firm agreed to buy Sleep Train Inc. for \$425 million; the purchase gives Mattress Firm over 310 retail locations throughout the West Coast.

Mattress Firm, Inc. is an operating subsidiary of the parent company **Mattress Firm Holding Corporation**; the tenant had its initial public offering on November 23, 2011, and is now traded on the Nasdaq stock exchange under the ticker symbol "MFRM." The offering generated net proceeds of approximately \$110 million, after deducting the underwriting discount and estimated offering-related costs. The company used the majority of the net proceeds to repay portions of its outstanding debt. Furthermore, in connection with the offering, portions of the company's outstanding debt were converted into shares of common stock at the \$19 per share offering price. As a result of the IPO, the Company reduced its outstanding debt, and related interest accrued thereon, in the aggregate amount of \$188.0 million. The IPO was very well received; shares were initially offered at \$19 per share and are currently trading at \$59.55 per share (as of May 4, 2015).

For the quarter ended October 28, 2014, Mattress Firm Holding Corporation reported revenue of \$465.52 million. Net income was \$15.61 million and total stockholders' equity was \$423 million. Mattress Firm Holding Corporation currently has a Standard & Poor's rating of "B". On July 13, 2015 Moody's Investor Service upgraded Mattress Firm Holding Corp's Corporate Family Rating to "B1" from "B2".

For more information, visit www.mattressfirm.com.



Clear Channel Outdoor Holdings, Inc. (NYSE: "CCO"), formerly **Eller Media Company**, is a public subsidiary of iHeartMedia, Inc., and is one of the world's largest outdoor advertising corporations. The company is headquartered in San Antonio, Texas. The company offers advertising on traditional and nontraditional advertising media. This includes billboard advertising, posters, street furniture, mall/retail advertising, airport advertising, mobile/transit advertising and spectacular advertising locations such as Times Square in New York City.

They are the oldest outdoor advertising company in the United States as their roots trace back to the three companies that merged into the current incarnation: Foster & Kleiser (1901-1986), Patrick Media Outdoor (1986-1995) and Eller Media Company (1959-1997). F&K changed their name to Patrick after Metromedia sold the company to General Electric, which in turn was acquired by Eller in 1995. It would change its name to Clear Channel Outdoor in 2001 after the company acquired it.

For the quarter ended December 31, 2014, Clear Channel Outdoor Holdings, Inc. reported revenue of \$802 million and net income of \$43.306 million.

For more information, visit www.clearchanneloutdoor.com.

Site Plan



MATTRESS FIRM

4,000 SF

KNOX STREET

INSURANCE LANE

Aerial | Close-Up View



Knox-Henderson

The Knox-Henderson neighborhood is built along two primary roads: Knox Street and Henderson Avenue. Knox Street is on the west side of North Central Expressway and is just north of Uptown Dallas and southeast of Highland Park. Henderson Avenue is on the east side of North Central Expressway and is just south of the M Streets west of Lower Greenville and Lakewood. The Knox Street side offers a high-end shopping and dining experience, with home furnishing, popular restaurants and old-fashioned Dallas establishments. The Henderson Avenue side has been the subject of much improvement over the past decade and has developed into one of the hottest areas in Dallas. With its wide selection of boutiques, bars, and trendy dining, Henderson Avenue has become a centralized hub for Dallas locals. Similar to Knox Street, Henderson Avenue scores high for its walkability and wide array of things to do in Dallas.

Aerial | Distant View

White Rock Lake

Arboretum Village (Under Construction)

Re-Urbanization in Uptown & Downtown Dallas

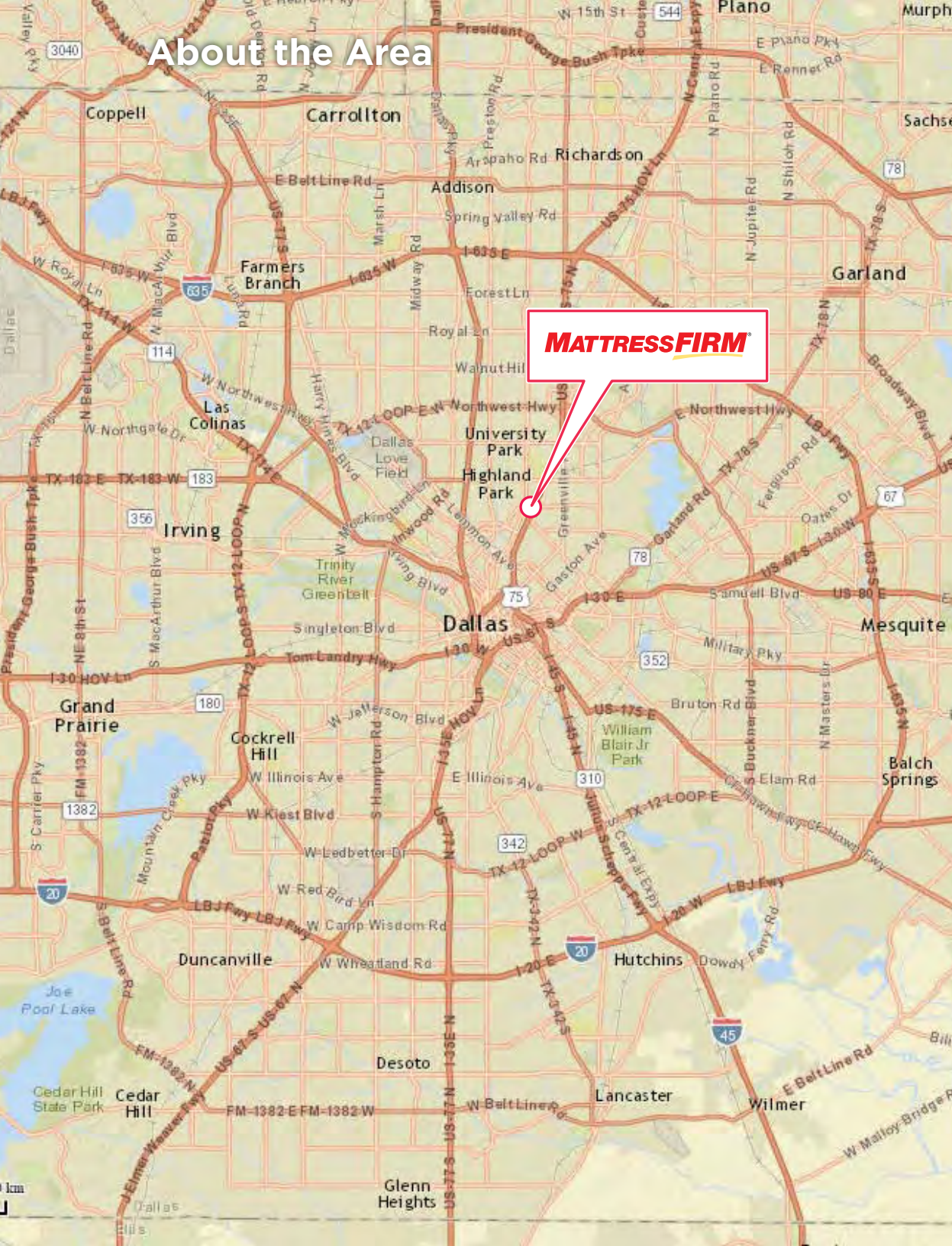
Uptown Dallas and Downtown Dallas have been experiencing a major re-urbanization and an influx of new investment. Brand new luxury homes and condos are being developed within walking distance of dining, shopping and entertainment destinations.

In November 2012, an investment group out of Los Angeles purchased 28 buildings comprising 130,000 square feet of retail, restaurant and commercial space on both sides of Henderson Avenue. Additionally, in February 2014, two Dallas based investment firms partnered to work on a \$38.6 million mixed-use project on Knox Street. The mixed-use development is said to include a Trader Joe's grocery store and replaces the old Ed Kellum & Son appliance retail location and two restaurants on Cole. It will also include a six-story, 165-unit luxury rental building on top of the retail portion of the development. The project has an estimated completion date for September 2015. One of the firms has already worked on one Knox district project; it partnered in another apartment community development on North Central Expressway just north of Knox. The development was a six-story apartment building that contained 208 units, and the first units were delivered in the first quarter of 2014.

Two other Dallas based development firms have also teamed up to build a six-story project a couple blocks from the aforementioned retail and apartment project. The Knox Heights development will include 182 apartments and 13,500 square feet of ground-floor retail space. In addition, one of the firms is working on another development on McKinney Avenue in Uptown that will include 271 apartments in a 20-story tower. It's planned on the site of the Cafe Express at McKinney and Bowen Street.



About the Area



General Overview

Dallas is the 9th largest city in the United States with a population of approximately 1.24 million people as of the 2012 U.S. Census. Dallas is at the center of the Dallas-Fort Worth-Arlington metropolitan area, which is the fifth largest metropolitan area in the country with a population of approximately 6.7 million people as of 2012. In April 2014, Dallas-Fort Worth-Arlington MSA ranked 2nd among U.S. metros for job growth, adding 115,900 jobs from a year earlier according to government data. The Los Angeles MSA was rated #1.

Dallas is located at the center of North America, allowing it to reach business operations, markets and suppliers quickly and efficiently. Dallas is connected to the world by two railroads, five interstate highways and DFW International Airport, the fourth busiest global airport. The city also serves as the heart of North Texas economy with approximately 6.7 million residents and 3 million jobs. Downtown/Uptown Dallas is the metro area's largest employment center and the focal point of the regional transit rail system, DART. Dallas is also the number one visitor destination in Texas and a major convention city. Dallas is home to ten Fortune 500 companies, including household names such as Halliburton, Southwest Airlines, AT&T and Texas Instruments. Dallas was ranked fifth on the list of cities with the most Fortune 500 headquarters.

In early 2014, Toyota announced plans of moving its southern California headquarters and nearly all of its operations to Plano, Texas. Toyota plans for construction to be completed in late 2016 or early 2017 on its new state-of-the-art campus headquarters which will add over 4,000 new jobs to the Dallas Fort Worth area. The city is estimating that the new headquarters will, over time, add \$70 million in new property tax and sales tax revenue. Additionally in January 2014 BMW Group opened its new 282,000 square foot, fully secured, LEED Silver certified Regional Parts Distribution Center in Lancaster, TX. And in early 2015 State Farm Insurance will open the doors to their new regional campus in Richardson, Texas which will boost 8,000 new jobs in the Dallas area. Texas businesses have continued to add more than 1,000 jobs every day over the last 12 months. Texas is expected to have the nation's fastest annual job growth rate at 2.7% over the next five years, according to data from Moody's Analytics. Unemployment for Dallas-Fort Worth-Arlington dropped to 4% in December 2014, down from 4.6% in November 2014 and 5.5% in December 2013.

About the Area

MATTRESSFIRM

Site Information

The property is located in the highly trafficked entertainment district known as the Knox-Henderson neighborhood in East Dallas. It is located near the intersection of Knox Street (12,043 AADT) and North Central Expressway (18,620 AADT) less than four miles northeast of downtown Dallas. The property enjoys convenient access to Interstate 75 (344,039 AADT) less than 400 feet east.

The parcel is situated within a dense retail corridor that stretches east to west along Knox Street and Henderson Avenue. Excellent visibility, placement in a highly populated area, and the presence of numerous national and local retailers provides the site with significant traffic. Directly across the from the property on Knox Street is Knox Park Village that is tenanted by T-Mobile, Jersey Mike's, Sport Clips, Pei Wei Asian Diner and several local retailers. Behind Knox Park Village are street retail shops such as the 8,000 square foot Forty Five Ten boutique store, with Chipotle adjacent to it. Up the block from the property at the intersection of Knox Street and McKinney Avenue is the Apple Store that was redesigned and expanded to 7,000 square feet in 2011. Adjacent to the Apple Store is Restoration Hardware, and across from there is Kate Spade. Other notable tenants within the immediate area include Crate & Barrel, Sur La Table, Pottery Barn, Starbucks, and Weir's Furniture among others.

Nearly one mile south of the subject property is West Village. It was designed by David M. Schwarz & Associates and opened in the summer of 2001. West Village recently completed its 5th expansion and now includes over 250,000 square feet of gross leasable area and close to 100 shops and restaurants. National retailers in West Village include Banana Republic, Gap, J. Crew, Lucky Brand, and Tommy Bahama to name a few. In addition to the retail aspect of West Village, there is also Lennox at West Village, a 179-unit luxury apartment complex.

Directly southeast of West Village on the east side of Central Expressway is Cityplace Market. Anchored by Target and Ross Dress for Less, this center contains 288,000 square feet of retail and entertainment space. Cityplace Market is a value-oriented power center, which supports the entire Uptown Dallas community. Together, West Village and Cityplace Market provide the key retail components necessary to support the vibrant residential growth in Uptown, and other parts of Dallas' rapidly growing urban core.

Due to its proximity to some of the most prestigious neighborhoods - including Highland Park and the evolving Lakewood - the property benefits from excellent demographics. The population within a three-mile radius of the property totals 192,602 and has an average household income of \$98,432. The average home value is \$581,325.



Demographics



3010 Knox St, Dallas, TX 75205

	1 Mile	3 Miles	5 Miles
Population Summary			
2010 Total Population	22,140	182,785	335,885
2014 Total Population	23,884	192,602	355,125
2019 Total Population	26,295	207,662	382,672
2014-2019 Annual Rate	1.94%	1.52%	1.51%
Median Household Income			
2014	\$63,012	\$62,626	\$53,282
2019	\$76,320	\$79,886	\$67,014
Median Home Value			
2014	\$429,519	\$444,743	\$388,406
2019	\$521,481	\$535,470	\$464,605
Per Capita Income			
2014	\$51,611	\$47,957	\$40,070
2019	\$61,087	\$58,381	\$48,547
Average Household Income			
2014	\$100,101	\$98,432	\$89,029
2019	\$118,731	\$119,267	\$107,503

Top Employers - Dallas, TX	# of Employees
AMR Corporation	24,700
Bank of America Corp.	20,000
Texas Health Resources Inc.	19,230
Dallas ISD	18,314
Baylor Health Care System	17,097
AT&T	15,800
Lockheed Martin	14,126
JP Morgan Chase & Co.	13,500
UT - Southwestern Medical Center	13,122
City of Dallas	12,836

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

Information About Brokerage Services

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License

Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you,

you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Buyer, Seller, Landlord or Tenant

Date

Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188 or 512-465-3960.





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901 Mariners Island Boulevard, Suite 120
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Senior Managing Director
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