

OFFERING MEMORANDUM.



Sleep Train | The Marketplace at El Paseo Fresno, CA

TheMaffiaTeam



\$2,735,000

5.85% CAP Rate

- ♦ Rare 12-Year Net Lease to Sleep Train
 - ♦ 10% Rental Increase in Year 7
 - ♦ Guaranteed by Mattress Firm, Inc.
- ♦ New 2016 Construction
 - ♦ Minimal Landlord Obligations
- ♦ Retail Pad Situated within The Marketplace at El Paseo
 - ♦ Premier Pad at Ingress Point in Center
 - ♦ 650,000 Square Foot Retail Power Center
 - ♦ Largest Shopping Center Along Herndon Avenue
- ♦ Excellent Visibility & Access
 - ♦ Tenant Name Included on Tall Pylon Signage at Entrance
 - ♦ Easy Access & Visibility to Highway 99 - 64,000 AADT
- ♦ Strong Regional Demographics within Five Mile Radius
 - ♦ Population: 106,506
 - ♦ Average Household Income: \$82,760

**Newmark
Cornish & Carey**
Leased Investment Group

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www.maffiateam.com



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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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Property Information

Location

The subject property is located on North Riverside Drive at the ingress point to The Marketplace at El Paseo in Fresno, California.

Lot Size

Approximately 1.03 acres, or 44,867 square feet.

Improvements

Construction is scheduled for completion in October 2016 of an approximately 4,000 square foot retail pad for **Sleep Train**.

Parking

There is ample parking on site and shared parking throughout the shopping center.

Lease

Leased to **The Sleep Train, Inc., and guaranteed by Mattress Firm, Inc.**, for 12 years with landlord set to deliver premises to tenant contingent free on October 16, 2016. The rent is to commence 120 days following the earlier of (i) the date landlord delivers the premises to tenant (estimated for October 16, 2016) or (ii) the date tenants obtains all permits required to begin tenant's work. The initial annual rent will be \$160,000. There are two five-year options to renew the lease. The annual rent increases by 10% every six years during the initial term and at the start of each option period. The lease is net, with the tenant responsible for its pro rata share of real estate taxes, insurance, and common area maintenance, excluding the replacement of the roof and the repair and replacement of the structure.

Tenant is responsible for a 10% administration fee on its common area expenses, excluding utilities, real estate taxes, and insurance. Common area charges (excluding utilities, security, taxes, insurance, and non-recurring charges) shall not exceed by more than 5% of the previous year's charges.

Annual Income

Years	Annual Rent	Return
1-6	\$160,000	5.85%
6-12	\$176,000	6.44%
13-17 (Option 1)	\$193,600	7.08%
17-21 (Option 2)	\$212,960	7.79%

Price: \$2,735,000 (5.85% Return)

Financing

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

About the Tenant



Sleep Train was founded in 1985 and has grown to become a strong presence in the West Coast with more than 310 locations throughout California, Nevada, Oregon and Washington. Sleep Train is the West Coast's number one mattress retailer and number four nationwide. On October 20, 2014, Mattress Firm Holding Corporation completed the acquisition of Sleep Train for \$425 million. The purchase expanded Mattress Firm's operations to include over 310 Sleep Train locations throughout the West Coast, making it the largest border to border, coast to coast multi-brand bedding specialty retailer in the United States.

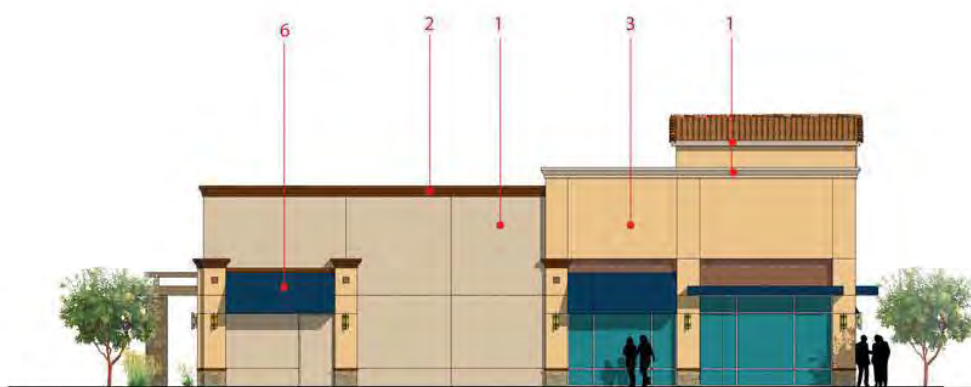
The guarantor of the lease, **Mattress Firm, Inc.**, is an operating subsidiary of the parent company **Mattress Firm Holding Corporation**. Since its founding in 1986, Mattress Firm has grown to become the largest and most successful specialty bedding company in the United States. The company operates and franchises more than 3,600 stores through its brands including Mattress Firm, Sleepy's, and Sleep Train across 49 states with 80 distribution centers.

Mattress Firm Holding Corporation was acquired by **Steinhoff International Holdings N.V.** for \$3.8 billion as of September 16, 2016. This acquisition will now give Steinhoff International a strong foothold in the U.S. furniture market.

Steinhoff International Holdings is an integrated retailer that manufactures, sources and retails furniture, household goods and general merchandise in Europe, Africa and Australasia. Steinhoff's vertically integrated business model is based upon a strategy of sourcing and manufacturing products at low cost and distributing them to its value-conscious customer base through its extensive retail footprint.

Steinhoff has a primary listing on the Frankfurt Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. Steinhoff reported revenue and operating profit for the 12 months ended June 30, 2016, of \$14.5 billion and \$1.6 billion respectively.

Elevations



SOUTH ELEVATION



EAST ELEVATION



NORTH ELEVATION



WEST ELEVATION

Site Plan



Aerial | Marketplace at El Paseo

The Marketplace at El Paseo

What used to be an old fig farm has now been transformed into one of Fresno's newest shopping centers – The Marketplace at El Paseo. The 650,000+ square foot hybrid power center consists of big box retail, lifestyle retail, restaurants and services across 75 acres of land. It is the largest retail center along Herndon Avenue, east of Highway 99. The shopping center is anchored by Target and includes other prominent national retailers such as Burlington Coat Factory, Marshalls, Ross Dress for Less, Old Navy, ULTA Beauty, and Famous Footwear. The development of the Marketplace at El Paseo has been long awaited by the nearby underserved community and is now a popular shopping destination for the region. The subject property is located in the Phase I of the project, whereas Phase II of the project will be built on an empty lot just south of where Burlington Coat Factory is located.

Phase II of the development, which is currently underway, will include well known retailers such as Forever 21, HomeGoods, Michaels, Off Broadway, Express, GAP Outlet, Bath & Body Works, Levi's, Torrid, and J. Crew Factory, among others.



Aerial | Northwest View

Agricultural Land

Fresno's Residential Growth

The rapid growth in northwest Fresno has spurred the development of residential units throughout the area to accommodate the growing demand for housing. Within a one mile radius from the property are roughly 550 lots under development, with another 405 lots planned and an additional 300 apartment units proposed. Overall, the northwest region of Fresno has nearly 5,000 housing units either planned, proposed, or currently in development.



Aerial | Southeast View

California State University Fresno

Fresno Yosemite International Airport

DOWNTOWN FRESNO

41

fashionfair

Manchester Center

NORTHGATE

BIG LOTS! Starbucks Red Bull Starbucks

ARBOR FAIRE

Target The Home Depot Stein Mart PetSmart Dick's Sporting Goods Boot Barn GNC

TOWNE SQUARE

BIG LOTS! food maxx Sizzler Ross Dress for Less Aaron's McDonald's

BROADWAY FAIRE

United Artists Theatres Red Robin

Target Burlington Smart & Final HobbyTown USA Office Depot McDonald's

Walmart Party City Foods Co Payless Applebee's

Costco WinCo Wholesale Foods Harbor Freight Tools

W Herndon Ave (21,244 AADT)

SLEEP TRAIN

Golden State Blvd (23,837 AADT)

99 (64,000 AADT)

Island Waterpark

MARKETPLACE AT EL PASEO

Target Marshalls Petco Kirkland's Burlington Famous Footwear Old Navy Maurices Tilly's Five Guys Supercuts Subway Jamba Juice Olive Garden Jamba Juice Panda Express Jamba Juice Salsbury Industries at&t Verizon H&R Block UPS Salsbury Industries Vans GameStop GNC AAA Chronic Tacos

Rio Vista Middle School

River Bluff Elementary

Proposed Residential Development (300 Units)

N Riverside Dr

Phase 2

Future Retail

Residential Development (134 Units)

Burger King Taco Bell Arco

Hampton Inn

About the Area



General Overview

Fresno is the fifth-largest city in California, the seat of Fresno County, and located in the heart of the state's highly productive San Joaquin Valley agricultural region. As of 2016, Fresno had an estimated population of 520,000, making it the largest inland city in California and the 34th-largest in the nation. It is located in the center of the expansive Central Valley, approximately 200 miles north of Los Angeles and 170 miles south of the state capital, Sacramento. Businesses and residents alike benefit from Fresno's location in the only seismically stable part of the state. The City is the cultural and economic center of the Fresno-Clovis metropolitan area. Fresno is the second-largest metropolitan area in the Central Valley with a population of 1,081,315, after Sacramento. Fresno is served by a main north-south freeway, State Route 99. Other highways include State Highways 168 (east-west), 41 (north-south) and 180 (east-west). Interstate 5 connects Fresno with Mexico to the south and Canada to the north.

Fresno serves as the economic hub of Fresno County and California's Central Valley. The unincorporated area and rural cities surrounding Fresno remain predominantly tied to large-scale agricultural production. In fact, Fresno County's more than \$3 billion agriculture business makes it the top county for agriculture in the country. Grapes, lettuce, cotton, and tomatoes are the leaders among its more than 250 crops. Fresno is unique in that it is home to many business incubators that serve as a resource hub for business entrepreneurs and new companies. Some of these incubators are found at California State University, Fresno. Many of the businesses formed at the incubators have gone on to become internationally known in the business world and include everything from engineering to fashion design disciplines.

While Fresno is best known for its agricultural industry, other core industries in the area are clean energy, food processing, healthcare, logistics and distribution, manufacturing, and water technology. Sony Music Distribution/Sony Computer Entertainment is located in Fresno. Other companies based in Fresno include Valley Yellow Pages, Zacky Farms, California Ag Today Media, and Saladino's.

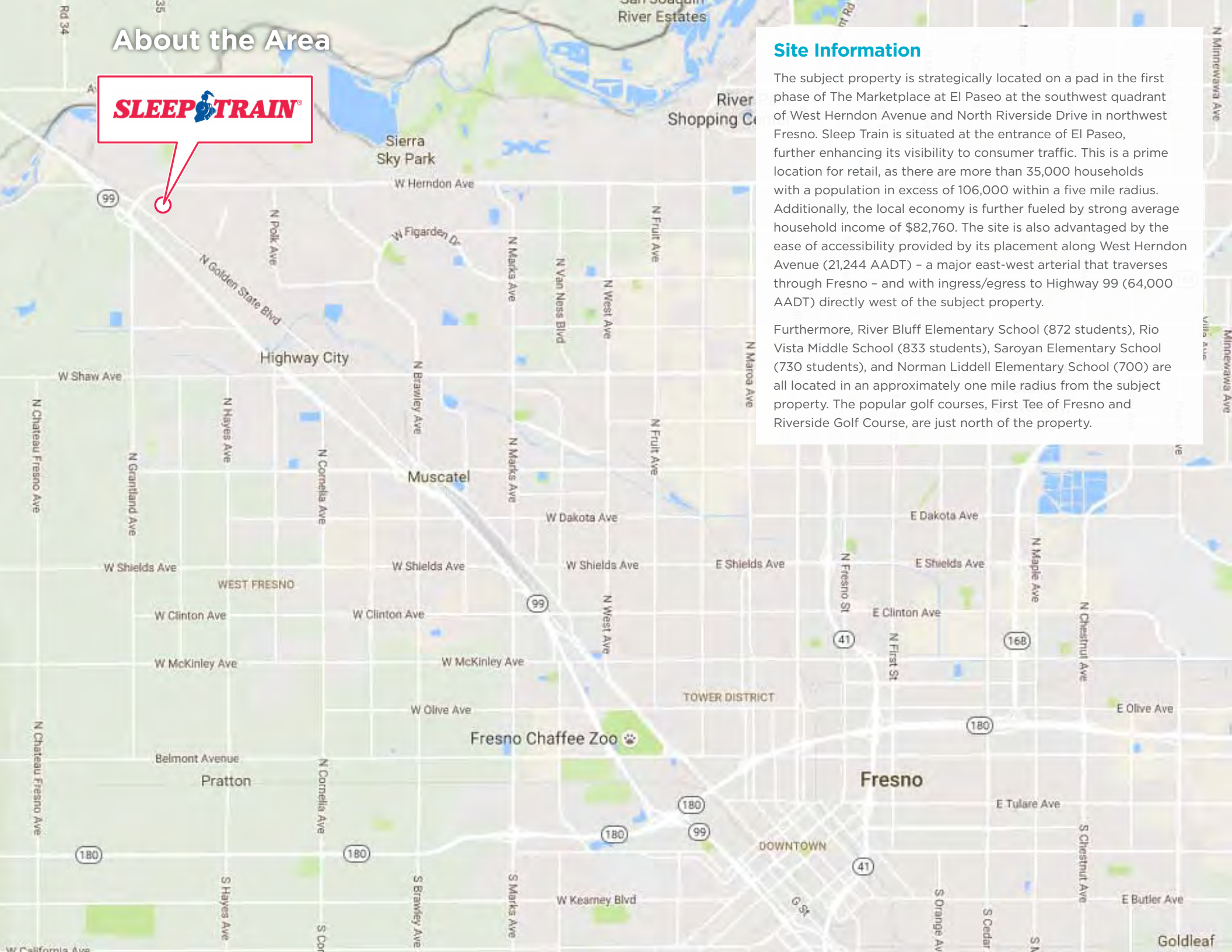
About the Area

SLEEP TRAIN®

Site Information

The subject property is strategically located on a pad in the first phase of The Marketplace at El Paseo at the southwest quadrant of West Herndon Avenue and North Riverside Drive in northwest Fresno. Sleep Train is situated at the entrance of El Paseo, further enhancing its visibility to consumer traffic. This is a prime location for retail, as there are more than 35,000 households with a population in excess of 106,000 within a five mile radius. Additionally, the local economy is further fueled by strong average household income of \$82,760. The site is also advantaged by the ease of accessibility provided by its placement along West Herndon Avenue (21,244 AADT) - a major east-west arterial that traverses through Fresno - and with ingress/egress to Highway 99 (64,000 AADT) directly west of the subject property.

Furthermore, River Bluff Elementary School (872 students), Rio Vista Middle School (833 students), Saroyan Elementary School (730 students), and Norman Liddell Elementary School (700) are all located in an approximately one mile radius from the subject property. The popular golf courses, First Tee of Fresno and Riverside Golf Course, are just north of the property.



Demographics



SWC of W. Herndon Ave. & N. Riverside Dr., Fresno, CA

	3 Mile	7 Miles	10 Miles
Population Summary			
2010 Total Population	42,432	190,624	401,534
2016 Total Population	46,029	199,286	416,521
2021 Total Population	48,929	207,873	432,524
2016-2021 Annual Rate	1.23%	0.85%	0.76%
Average Household Income			
2016	\$92,281	\$86,714	\$82,760
2021	\$101,968	\$95,170	\$90,104
Median Home Value			
2016	\$278,661	\$278,532	\$275,085
2021	\$345,183	\$354,489	\$344,155

Major Employers in Fresno, CA	# of Employees
Community Medical Centers	4,789
City of Fresno	2,938
Saint Agnes Medical Center	2,400
Kaiser Permanente	2,000
California State University, Fresno	1,562
State Center Community College District	1,178
Fresno Economic Opportunities Commission	973
AmeriGuard Security Services	567
Guarantee Real Estate	544
Geil Enterprises, Inc.	500



FILE PHOTO

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