



Offering Memorandum

SLEEP NUMBER
2257 COMMERCE DRIVE
ROCHESTER, MN 55901

Marcus & Millichap







SLEEP NUMBER

2257 Commerce Drive
Rochester, MN 55901

FINANCIAL SUMMARY		
Price		\$2,400,000
Down Payment	100%	\$2,400,000
Cap Rate		5.75%
Building SF		+/- 3,000 SF
Net Cash Flow	5.75%	\$138,000
Year Built		2018
Lot Size		1 Acre

LEASE SUMMARY		
Lease Type		Double-Net (NN) Lease
Tenant		Select Comfort Retail Corporation dba Sleep Number
Lease Guarantor		Corporate
Roof & Structure		Landlord Responsible
Rent Commencement Date		September 13, 2018
Lease Expiration Date		September 12, 2018
Lease Term		10 Years
Rental Increases		10% Every 5 Years
Renewal Options		2, 5 Year Options

ANNUALIZED OPERATING DATA		
LEASE YEARS	ANNUAL RENT	CAP RATE
1 - 5	\$138,000.00	5.75%
6 - 10	\$151,800.00	6.33%
OPTIONS	ANNUAL RENT	CAP RATE
Option 1	\$166,980.00	6.96%
Option 2	\$183,678.00	7.65%

BASE RENT	\$138,000
Net Operating Income	\$138,000
Total Return	5.75% \$138,000





Founded more than 20 years ago and based in Minneapolis, Select Comfort Corporation designs, manufactures, markets and supports a line of adjustable-firmness mattresses featuring air-chamber technology, branded the SLEEP NUMBER® bed, as well as bases and bedding accessories. SLEEP NUMBER® products are sold through its approximately 450 company-owned stores located across the United States; select bedding retailers; direct marketing operations; and online at www.sleepnumber.com.

At Sleep Number, they have a mission: to improve lives by individualizing sleep experiences. They start by focusing on the customer. By believing that each customer is unique and deserves sleep solutions that are just right for him or her, Sleep Number provides with products designed to help individuals sleep their very best, only from Sleep Number. Sleep Number has developed a team of Sleep Professionals who believe improving sleep improves lives. The company has created a successful business model by offering customers the option to engage whenever and however they like - online, by phone, or at one of the store locations.

Headquarters	Plymouth, MN
Stock Symbol	NASDAQ: SCSS
Founded	1987
Locations	540 in 49 States
Website	www.sleepnumber.com
Market CAP	1.37B



INVESTMENT HIGHLIGHTS

- Brand New 10-Year Corporate Lease with Sleep Number
- Ten Percent Rental Increases Every Five Years
- Brand New 2018 Construction
- Relocation from the Apache Mall (5 Miles Away)
- Adjacent to Costco
- Two Miles to 3-Million Sq.Ft. Rochester Technology Campus
- Situated in Growing Rochester Trade Area – 101,321 Residents
- Minutes to Mayo Clinic's Integrated Medical Center with 34,700+ Employees
- Average Household Income Exceeds \$98K in 5-Mile Radius
- Easy Access to State Route 14 (23,500+ Cars per Day) and State Route 52 (63,000+ Cars per Day)
- Strong Daytime Population – 147,750+ Employees in Trade Area
- 15 Minutes North of Rochester International Airport

DEMOGRAPHICS

Population	1-Mile	3-Miles	5-Miles
2022 Projection	4,449	64,380	108,213
2017 Estimate	4,206	58,860	101,321
Growth 2017 - 2022	5.78%	9.38%	6.80%
Households	1-Mile	3-Miles	5-Miles
2022 Projections	1,822	27,076	45,292
2017 Estimate	1,731	24,565	42,112
Growth 2017 - 2022	5.21%	10.22%	7.55%
Income	1-Mile	3-Miles	5-Miles
2017 Est. Average Household Income	\$89,776	\$97,490	\$98,011
2017 Est. Median Household Income	\$70,708	\$72,472	\$71,378
2017 Est. Per Capita Income	\$36,997	\$40,915	\$41,071

LOCATION OVERVIEW

Nestled in the Upper Midwest region, Minnesota's Rochester is a thriving city of just over 100,000. Consistently rated as one of the best cities to live in the U.S., Rochester is a welcoming destination for visitors. Distinguished by its culture of caring, spirit of innovation, and fascinating history, Rochester is also renowned for its scenic beauty, relaxing pace, and abundant dining, shopping and entertainment options.

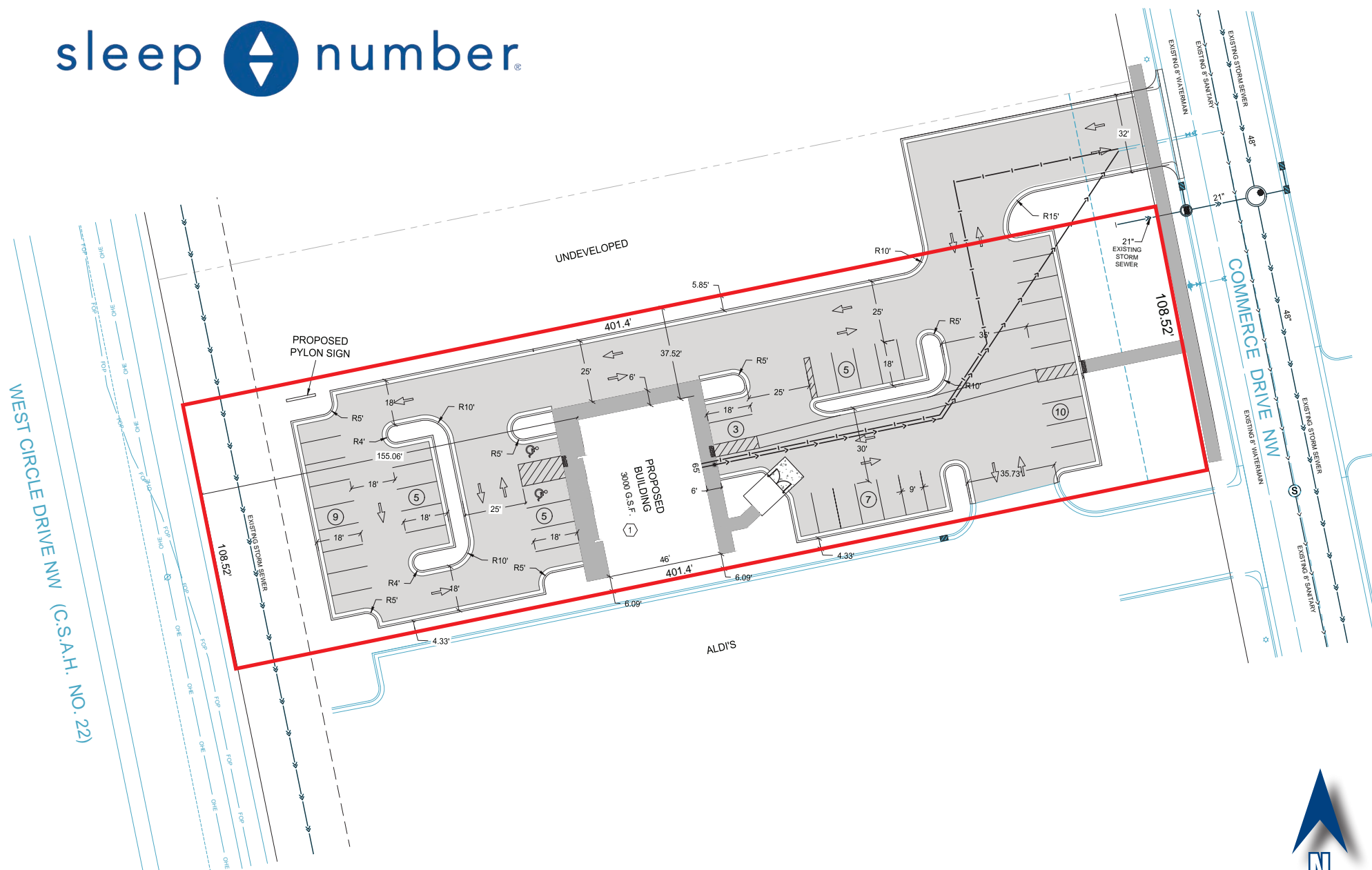
Home to the Mayo Clinic's flagship location, it's no surprise that the medical technology field is one of the city's top industries. The Mayo Clinic forms the core of Rochester's economy, employing over 34,700 people. Other top industries include food processing, computer technology, manufacturing, hospitality, and transportation. A key cog in Rochester's transportation system is Rochester International Airport, a wholly-owned subsidiary of Mayo Clinic founded in 1928 as a way to get patients from far-flung locations to the Clinic.

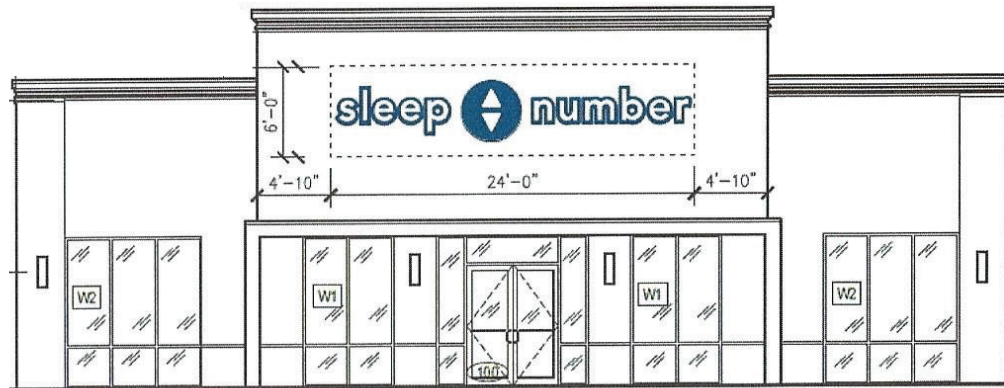
Due to an expansion of the Mayo Clinic and the city's multi-billion-dollar Destination Medical Center initiative, the city has come to be known as a growing innovation center. This distinction acts as a major draw for highly educated and skilled workers to work and reside in the city. More than a dozen higher education institutions are within an hour's drive of Rochester, among them: Rochester Community and Technical College, University of Minnesota Rochester, Winona State University-Rochester, Mayo Medical Center, and more.

With picturesque parks, renowned historical sites, and high-quality galleries and theaters, residents enjoy the city's vibrancy and charm. In Rochester's downtown area, hotels, stores, restaurants, and the Mayo Clinic are all connected via an extensive system of climate-controlled skyways and underground walkways.

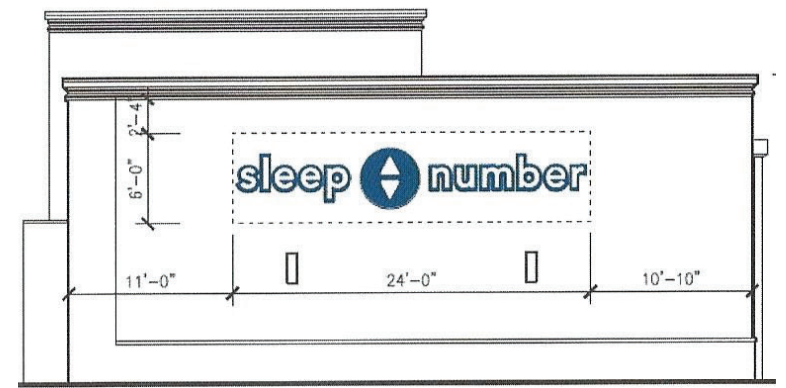




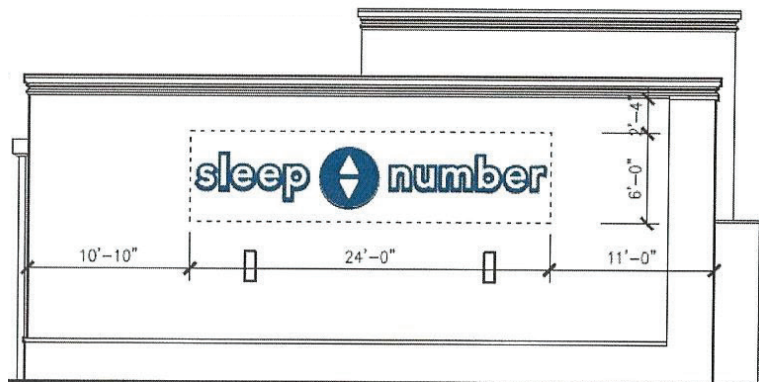




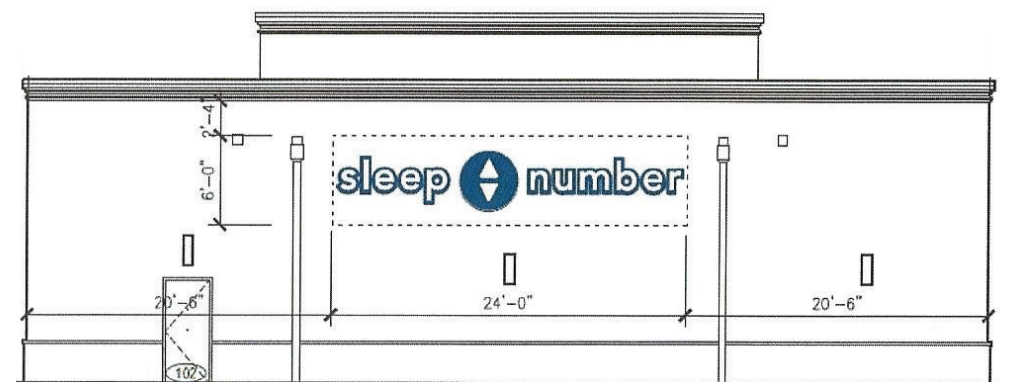
WEST (FRONT) ELEVATION



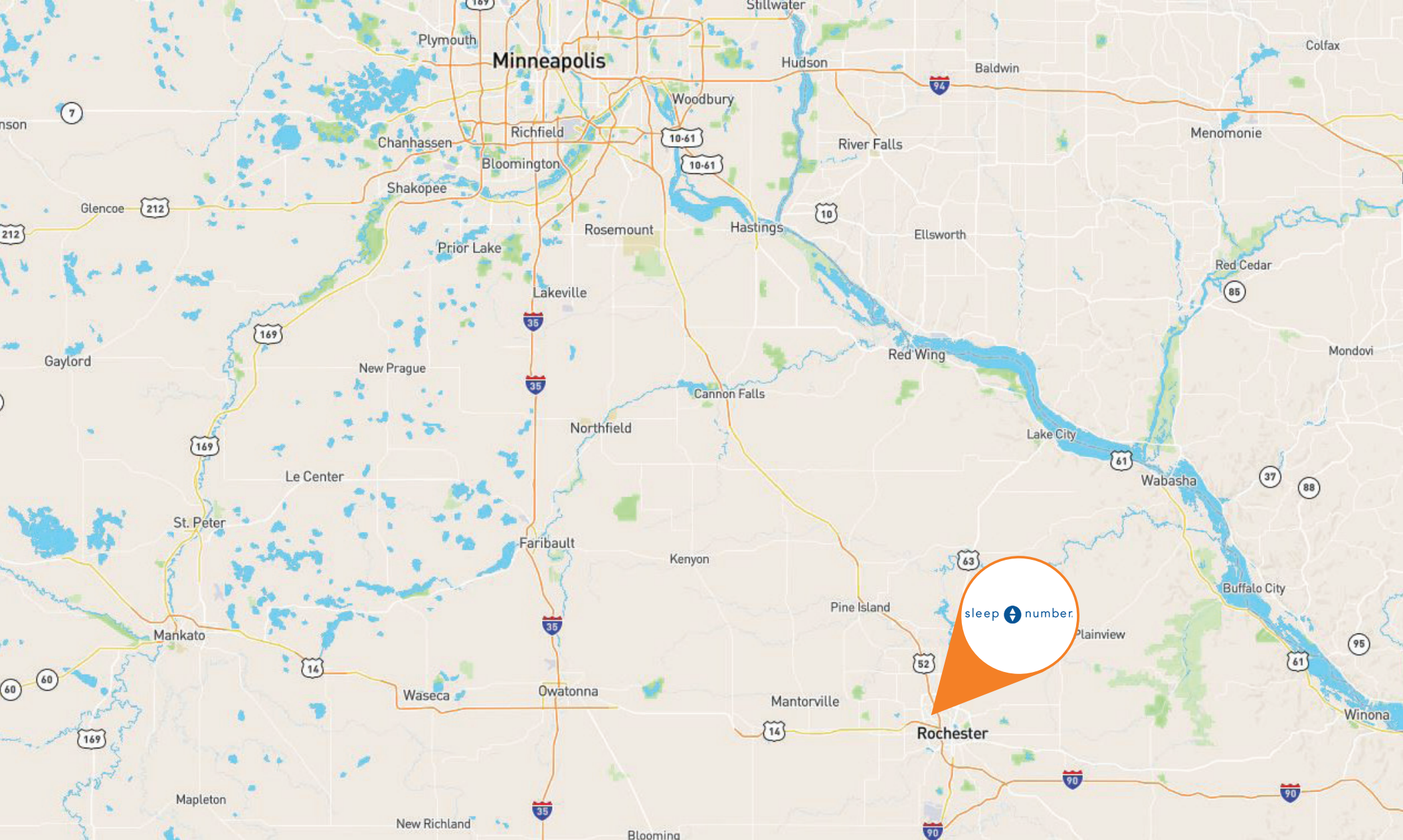
SOUTH (SIDE) ELEVATION



NORTH (SIDE) ELEVATION



EAST (BACK) ELEVATION



2 MILES
Rochester
Technology Campus

3 MILES
Mayo Clinic
(34,700+ Employees)

4 MILES
University of
Minnesota Rochester

12 MILES
Rochester
International Airport

Net Leased Disclaimer

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

By accepting this Marketing Brochure, you agree to treat the information contained herein regarding the lease terms as confidential and proprietary and to only use such information to evaluate a potential purchase of this net leased property.

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

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.

Confidentiality Agreement

The information contained in the following offering memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and it should not be made available to any other person or entity without the written consent of Marcus & Millichap. By taking possession of and reviewing the information contained herein the recipient agrees to hold and treat all such information in the strictest confidence. The recipient further agrees that recipient will not photocopy or duplicate any part of the offering memorandum. If you have no interest in the subject property at this time, please return this offering memorandum to Marcus & Millichap.

This offering memorandum has been prepared to provide summary, unverified financial and physical information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCBs or asbestos, the compliance with local, state and federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this offering memorandum has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein. Prospective buyers shall be responsible for their costs and expenses of investigating the subject property.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONTACT THE MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

exclusively listed

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