

Mattress Firm Single-Tenant Building

357 East Townline Road, Vernon Hills, IL

CONFIDENTIAL OFFERING MEMORANDUM



Actual Property

Quantum Real Estate Advisors, Inc.

CHICAGO | www.QREAdvisors.com | LOS ANGELES

Lead Advisor

Chad Firsel

President

Phone 312.269.0220

Email cfirsel@qreadvisors.com

Zack Hilgendorf

Executive Vice President

Phone 310.620.8761

Email zhilgendorf@qreadvisors.com

Daniel Waszak

Executive Vice President

Phone 312.269.0550

Email dwaszak@qreadvisors.com

Jason Caplan

Senior Vice President

Phone 312.533.2347

Email jcaplan@qreadvisors.com

Jason Lenhoff

Senior Vice President

Phone 312.683.9920

Email jlenhoff@qreadvisors.com

CalBRE #02123722

Confidentiality Agreement

QUANTUM REAL ESTATE ADVISORS, INC. (“QUANTUM”) has been retained as the exclusive broker by the Owner of Record (“the Owner”) for the single-tenant retail building, located at 357 East Townline Road, Vernon Hills, IL in connection with the sale of certain properties (“the Property”) as described in this Offering Memorandum.

This Offering Memorandum has been prepared by Quantum for use by a limited number of parties, and does not purport to provide a necessarily accurate summary of the physical or economic aspects of the Property or any of the documents related thereto, nor does it purport to be all inclusive or to contain all of the information which prospective investors may need or desire further, the Offering Memorandum is limited to the matters set forth therein. All budgets or projections have been developed by Quantum and Owner, and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Quantum and therefore are subject to variation. Each of Quantum and Owner makes no representation as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied on as a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, Quantum and its employees, and Owner, and its trustees, officers, and employees disclaim any and all liability for representations and warranties, expressed and implied, contained in, or omissions from the Offering Memorandum or any other written or oral communication transmitted or made available to the recipient. The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the Property Owner as of the date of preparation of the Offering Memorandum.

Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective investors. Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers regarding the property, and/or terminate discussions with any entity at any time with or without notice. Owner shall have no legal commitment or obligations to any entity reviewing the Offering Memorandum or making an offer to purchase the property unless and until such offer is approved by Owner and the Board of Trustees of Owner and a written agreement for the purchase of the Property has been fully executed, delivered and approved by Owner and its legal counsel, and any conditions to Owner’s obligations hereunder have been satisfied or waived. This Offering Memorandum and the contents, except such information that is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting this Offering Memorandum, you acknowledge that you have executed, and have agreed to be bound by, the Confidentiality Agreement with Quantum and Owner.

If you have further questions please contact Quantum Real Estate Advisors, Inc.:

Lead Advisor

Chad Firsell

President

Phone 312.269.0220

Cell 312.343.4141

Email cfirsell@qreadvisors.com

Zack Hilgendorf

Executive Vice President

Phone 312.533.2348

Cell 847.722.0865

Email zhilgendorf@qreadvisors.com

Daniel Waszak

Executive Vice President

Phone 312.269.0550

Cell 630.673.1522

Email dwaszak@qreadvisors.com

Jason Caplan

Senior Vice President

Phone 312.533.2347

Cell 312.887.1007

Email jcaplan@qreadvisors.com

Jason Lenhoff

Senior Vice President

Phone 312.683.9920

Cell 847.567.0258

Email jlenhoff@qreadvisors.com



Description

Quantum Real Estate Advisors, Inc. ("QREA") has been retained to exclusively market for sale a 5,000 SF single-tenant retail building located at 357 East Townline Road in Vernon Hills, IL. The free-standing building is leased to Mattress Firm on a 10-year lease, with 6 years remaining. Remodeled and updated in 2014, the property sits on 1.461 acres on an outlot to a SuperTarget and across from one of the highest-grossing Portillo's Hot Dogs & Barnelli's Pasta Bowl in the country.

The site has excellent visibility and access at the signalized intersection with an entrance off Fairway Dr. and Rt. 60, which is the major east-west thoroughfare in this highly dense market. The property shares access with the Townline Commons Mall which is approximately 110,000 SF.

The intersection of Townline Rd. and Fairway Dr. sees over 33,000 vehicles per day. This retail market is comprised of roughly 3,800,000 SF and neighboring retailers include Target, Walmart, Golf Galaxy, AMC Showplace, Office Max, and many more. Within 1 mile of the site, the area is flush with hundreds of national retailers driving traffic towards Mattress Firm. The property benefits from its accessibility to I-294 which is 3 miles east and provides quick travel to surrounding suburbs as well as major cities Chicago and Milwaukee.

Highlights

- **Highly visible and accessible** with ample parking
- **Outlot to SuperTarget** and across from Portillo's, **providing excellent residual traffic**
- Two other Mattress Firm stores in the market closed in 2018 and this is the **only Mattress Firm serving this market**
- **Strong retail trade corridor** with hundreds of national tenants and **over 3.5M square feet of retailers** within one mile of the site
- **Excellent demographics with high median household incomes** within 3 miles of the site

Property Overview

Purchase Price:	\$3,120,000
Cap Rate:	6.00%
NOI:	\$187,305
Building SF:	5,000 SF
Lease Type:	Net Lease
Lease Term Remaining:	6 Years



Demographics

	1 mile	3 mile	5 mile
Population	8,093	60,671	127,950
HH Income	\$108,518	\$1137,596	\$152,316

Lease Summary

Tenant	Mattress Firm
Address	357 East Townline Road, Vernon Hills, IL 60061
Lease Guarantor	Corporate (S&P: B)
Purchase Price	\$3,120,000
Cap Rate	6.00%
Monthly Rent	\$15,609
Annual Rent	\$187,305
Base Lease Term	10 Years
Remaining Term	6.0 Years
Lease Commencement	February 1, 2015
Lease Expiration	January 31, 2027
Renewal Options	(2) 5-Year Options
Rental Increases	10% Every 5 Years
Rent per SF (Building)	\$37.46
Price per SF (Building)	\$624.00
Building Size	5,000 SF
Land Size	1.46 Acres
Year Built/Renovated	1980/2015
Lease Type	Net Lease
Property Taxes	Tenant Responsibility
Insurance	Tenant Responsibility
Utilities	Tenant Responsibility
Common Area Expenses	Tenant Responsibility
Roof & Structure	Landlord Responsibility

Summary Analysis

Valuation

Cap Rate	6.00%
NOI	187,305
Purchase Price	3,120,000
Purchase Price/SF	624.00

Rent Schedule

Term	Commencement	Expiration	Monthly Rent	Annual Rent	Rent/SF	% Increase
Primary	July 1, 2020	January 31, 2027	\$15,629	\$187,550	\$37.51	
Options						
Option 1	February 1, 2027	January 31, 2030	\$17,192	\$206,300	\$41.26	10.0%
Option 2	February 1, 2030	January 31, 2035	\$18,908	\$226,900	\$45.38	10.0%

Lease Year	Year (Cash Basis)	Tax Reimbursement	Increase	Tax Bill	Difference	NOI (Rent)	NOI (Actual)
1	2015	\$38,665.56	3.00%				
2	2016	\$39,825.53	3.00%				
3	2017	\$41,020.29	3.00%				
4	2018	\$42,250.90	3.00%				
5	2019	\$43,518.43	3.00%	\$43,756	(\$237)	\$170,500	\$170,263
6	2020	\$44,823.98	3.00%	\$45,069	(\$245)	\$187,550	\$187,305
7	2021	\$46,168.70	3.00%				
8	2022	\$47,553.76	3.00%				
9	2023	\$48,980.37	3.00%				
10	2024	\$50,449.79	3.00%				
11	2025	\$51,963.28	3.00%				
12	2026	\$53,522.18	3.00%				

*Real Estate Taxes are capped at \$38,665.56 year 1 and the cap increases by 3% annually


*Assumed that the 2 year lease extension follows the current rent schedule of \$187,550 per year

*Taxes are charged on a cash-basis for reimbursement purposes

*Assumed taxes increase by 3% from 2019 to 2020

Tenancy

Mattress Firm

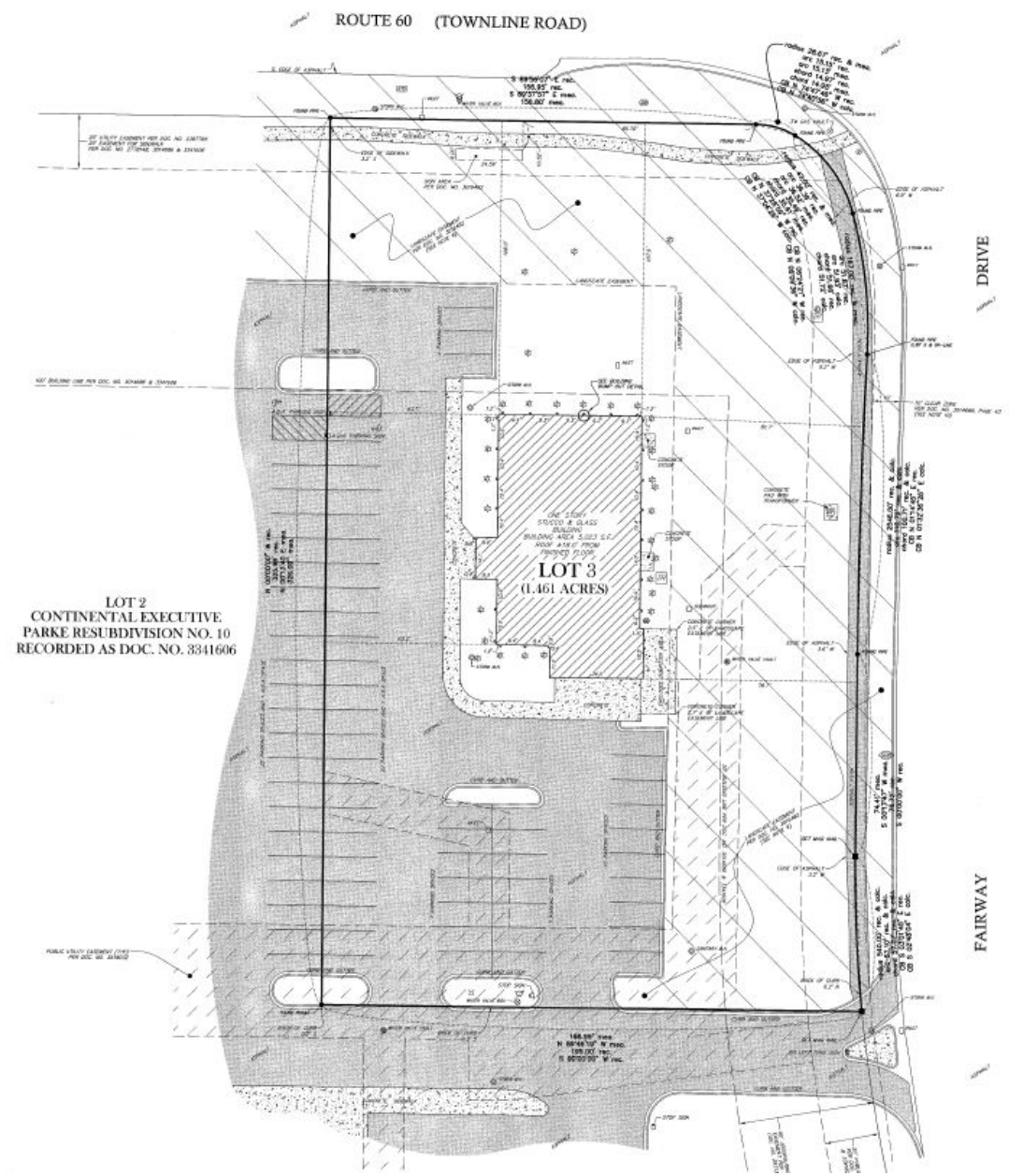
Website:  www.MattressFirm.com
Locations: 2,400+
Stock Symbol: NASDAQ: MFRM
Credit Rating: (S&P: B)



For the past 90 years, **Mattress Firm** (S&P: B) has been delivering better sleep by matching you with your perfect mattress at the perfect price. What started as a few stores has grown into America's largest specialty mattress store, with more than 2,400 neighborhood stores in 49 states. Each of the mattress experts go through 80 hours of training in order to provide their 3 million customers per year with unparalleled service. Mattress Firm offers low rates as well as financing options for their customers. Mattress offers multiple options from 6+ brands including; Tempur-Pedic, Serta, Beautyrest, Purple, Tulo, Sealy, and more.



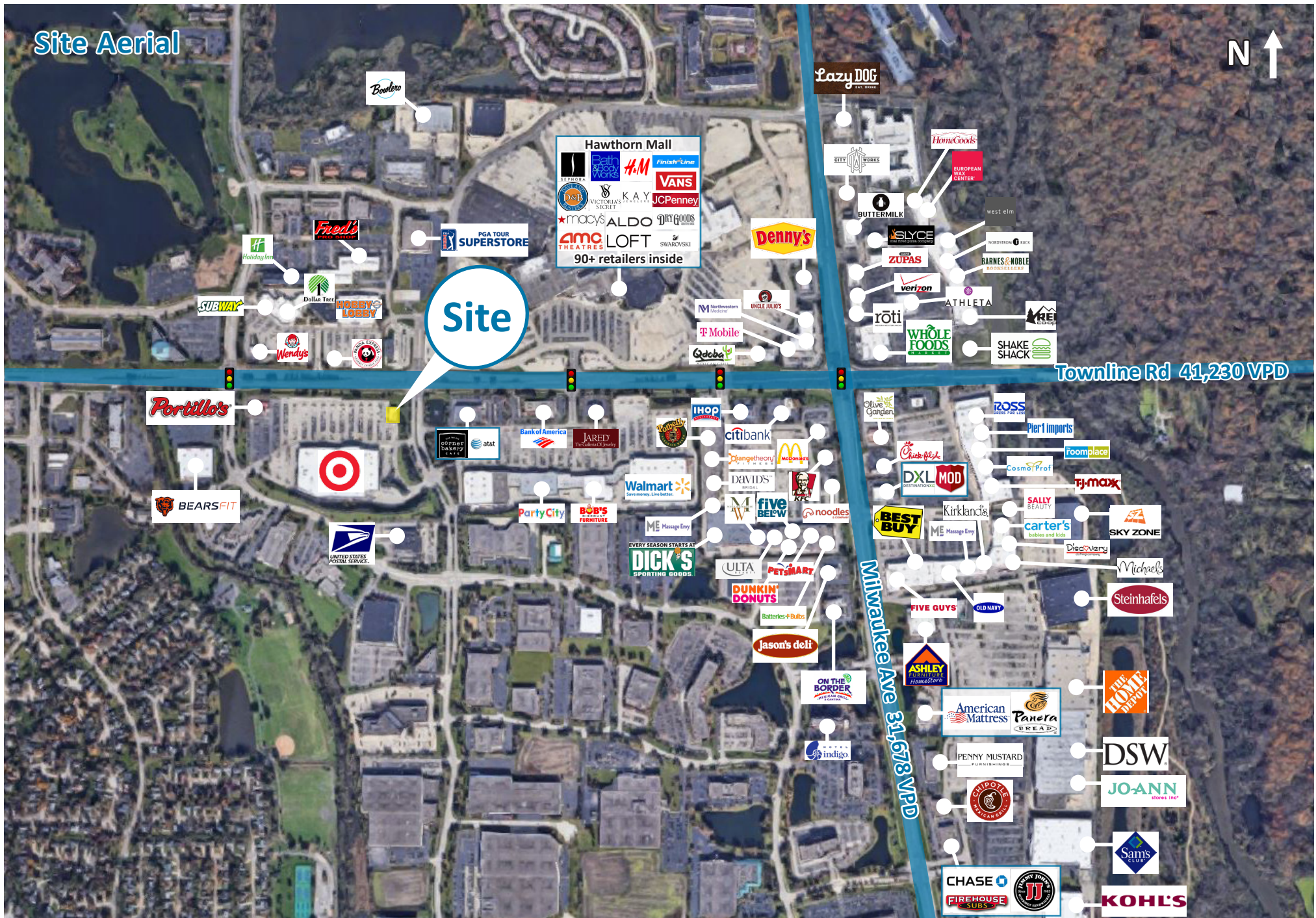
Site Plan



Property Photos



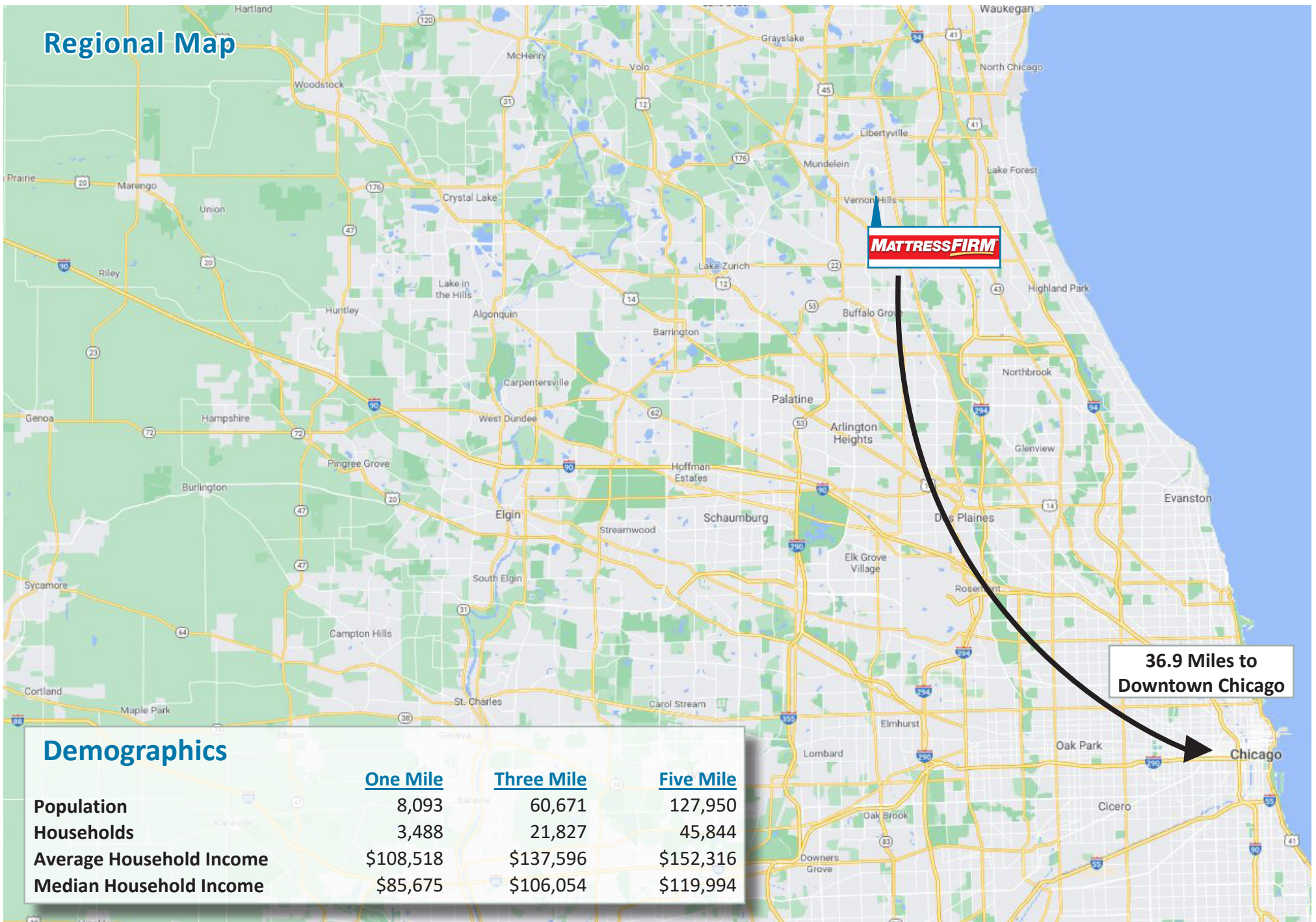
Site Aerial



Market Aerial



Regional Map



Demographics

	<u>One Mile</u>	<u>Three Mile</u>	<u>Five Mile</u>
Population	8,093	60,671	127,950
Households	3,488	21,827	45,844
Average Household Income	\$108,518	\$137,596	\$152,316
Median Household Income	\$85,675	\$106,054	\$119,994

Market Overview

Vernon Hills, IL



Vernon Hills is an affluent northern suburb of Chicago in Lake County, Illinois. Vernon Hills serves as a retail hub for its surrounding area (Libertyville, Lake Forest, Mundelein, Lincolnshire and Buffalo Grove). Vernon Hills has a station on Metra's North Central Service, which provides daily rail service between Antioch, Illinois and Chicago. Today, Vernon Hills is home to 26,084 people. Through the 1980s and 1990s, the village grew geographically through the annexation of surrounding areas. This included land that would become the Corporate Woods business park and Centennial Crossing residential development (1986), a 1,200-acre section of Hawthorne-Mellody Farms (1988), and part of the village of Half Day (1994). In 2000, the village acquired land that had belonged at different times to the U.S. Army as a Nike missile base, the U.S. Navy as a naval training center, and the Curtiss Candy Company; it was converted to what is now the 184-acre Vernon Hills Athletic Complex.

CDW, one of the world's largest privately held companies that specializes in computer hardware, software and supplies, is based out of Vernon Hills. In addition to CDW, these companies also have headquarters based in Vernon Hills; Zebra Technologies, American Hotel Register Company, Cole-Parmer and Rust-Oleum Corporation. The top employer in Vernon Hills, employing over 2,500 people, is the Westfield Hawthorn. Westfield Hawthorn, now known as Hawthorn Mall is a 1,295,000 square foot shopping mall. It features over 180 stores and is anchored by Macy's, Dave & Busters, AMC Theater, and JCPenny. Over the last year, Vernon Hills' job market has increased by 2.4% and is projected to increase by 34.3%.



City Overview

Chicago, IL

Overview



Chicago, the third largest metropolitan area in the United States, is considered the most influential economic region in between the East and West Coasts. Situated at the geographical heart of the nation with nearly 85 million people living within 500 miles of the city, Chicago's locational

advantage has fostered its development into an international center for banking, securities, high technology, air transportation, business services, wholesale and retail trade and manufacturing. Chicago is a vibrant city that hosts hundreds of music, art and food festivals every year which drives millions of tourists to the city. In a melting pot country, 77 of Chicago's 100 neighborhoods highlight the cultural diversity of our country.

Metropolitan Chicago enjoys one of the finest transportation systems of any metropolitan area with its extensive highway and railroad networks, a highly skilled labor pool, quality housing and world-class medical and higher education institutions. In addition, Chicago is one of the principal trading centers for commodities, financial and derivative futures products. With one of the most diversified economies of any region in the country, Chicago is less vulnerable to fluctuations in individual industries than most other large urban regions. These factors all contribute to Chicago's reputation as one of America's premier metropolitan areas, a major economic center, and a 24-hour international city.

Chicago has one of the world's largest and most diversified economies, with the third-largest gross metropolitan product in the United States—about \$689.4 billion according to 2018 estimates. Additionally, Chicago is ranked third to house the corporate headquarters leaders in the United States. Chicago is a major world financial center, with the second largest central business district in the US. The city is also one of the most diversified economies in the U.S. manufacturing, printing, publishing and food processing also play major roles in the city's economy. Several medical products and services companies are headquartered in the Chicago area, including Baxter International, Boeing, Abbott Laboratories and the Healthcare Financial Services division of General Electric.



The state of **Illinois** is home to **66 Fortune 500 companies**, while the city of **Chicago** also hosts **36 Fortune Global 500 companies** and **37 Financial Times 500 Companies**.



Actual Property

Quantum Real Estate Advisors, Inc.

CHICAGO | www.QREAdvisors.com | LOS ANGELES

Lead Advisor

**Chad Firsel
President**

Phone 312.269.0220

Email cfirsel@qreadvisors.com

**Zack Hilgendorf
Executive Vice President
Phone 310.620.8761**

Email zhilgendorf@qreadvisors.com

**Daniel Waszak
Executive Vice President
Phone 312.269.0550**

Email dwaszak@qreadvisors.com

**Jason Caplan
Senior Vice President
Phone 312.533.2347**

Email jcaplan@qreadvisors.com

**Jason Lenhoff
Senior Vice President
Phone 312.683.9920**

Email jlenhoff@qreadvisors.com

CalBRE #02123722