



PANERA BREAD | MATTRESS FIRM

South Elgin, Illinois

OFFERING MEMORANDUM

Investment Overview

369 Randall Road - SOUTH ELGIN, ILLINOIS 60177

Marcus & Millichap is pleased to present this brand-new construction Panera-Mattress Firm in South Elgin, Illinois; which is approximately 40 miles northwest of Chicago. The tenants are operating under net leases fully reimbursing for real estate taxes, insurance, and common area maintenance plus admin fees. Demonstrating their commitment to the market, Panera signed a rare 15-year lease with 10 percent rent increases every five years. After nearly 20 years of success in this market, Panera relocated from across the street to add a drive-thru. Adding a drive-thru is expected to have a material impact on unit level sales. Panera's lease is guaranteed by Chicago Bread, Limited Liability Company (LLC), a 40-unit Panera Bread franchisee, operated by the Hamra Family.

Mattress Firm signed a 10-year lease with 10 percent rent increases every five years. The lease is guaranteed by HMK Holdings, Limited Liability Company (LLC), a 1,050-unit guaranty that Mattress Firm acquired in their 2016 acquisition of Sleepy's, Limited Liability Company (LLC).

The subject property is a pad site to the 140,000-square foot Jewel-Osco anchored center. Situated at the signalized intersection of Randall Road and McDonald/Stearns Road, more than 55,000 vehicles pass by this asset daily. The Randall Road trade area has more than three million square feet of retail and more than 100 tenants along the four miles between Silver Glen Road and Elgin Bypass/Route-20. Randall Road is anchored with strong national credit such as Home Depot, Target, Kohl's, LA Fitness, T.J. Maxx, Wal-Mart, Sam's Club, Burlington Coat Factory, Hobby Lobby, Meijer, and Menards.

- **Brand-New Construction Panera-Mattress Firm Asset in South Elgin, Illinois | Affluent Chicago Suburb**
- **Panera Demonstrates Commitment | More Than 20-Year Operating History | Relocation Store to Add Drive-Thru (Material Impact on Unit Level Performance)**
- **Panera Signed a Rare 15-Year Lease With 10 Percent Rent Increases Every Five Years**
- **Mattress Firm Signed a 10-Year Lease With 10 Percent Rent Increases Every Five Years**
- **Pad Site to 140,000-Square Foot Shopping Center Anchored by Jewel-Osco**
- **Signalized Intersection of Randall Road and McDonald/Stearns Road | More Than 55,000 Vehicles Per Day (VPD)**
- **Randall Road Corridor | Four-Lane Thoroughfare With More Than Two Million Square Feet of Retail in Less Than One Mile Anchored by Strong National Credit | Home Depot, Target, Kohl's, LA Fitness, T.J. Maxx**
- **Affluent Demographics | Average Household Income (AHHI) Exceeds \$127,600 in One Mile**
- **Additional Tenants in the Immediate Vicinity Include: Marcus Elgin Cinemas, Hobby Lobby, Aldi, Chase Bank, McDonald's, Burlington Coat Factory, Burger King, Circle K, Blain's Farm & Fleet, Bank of America, Meijer, Menards, Sam's Club, Walmart, BestBuy, Staples, PetSmart, and Many More**



Financial Overview

369 Randall Road - SOUTH ELGIN, ILLINOIS 60177

OFFERING SUMMARY

PRICE: \$4,724,777

CAP RATE: 6.30%

NOI: \$297,660

PRICE PER SQUARE FOOT: \$574.51

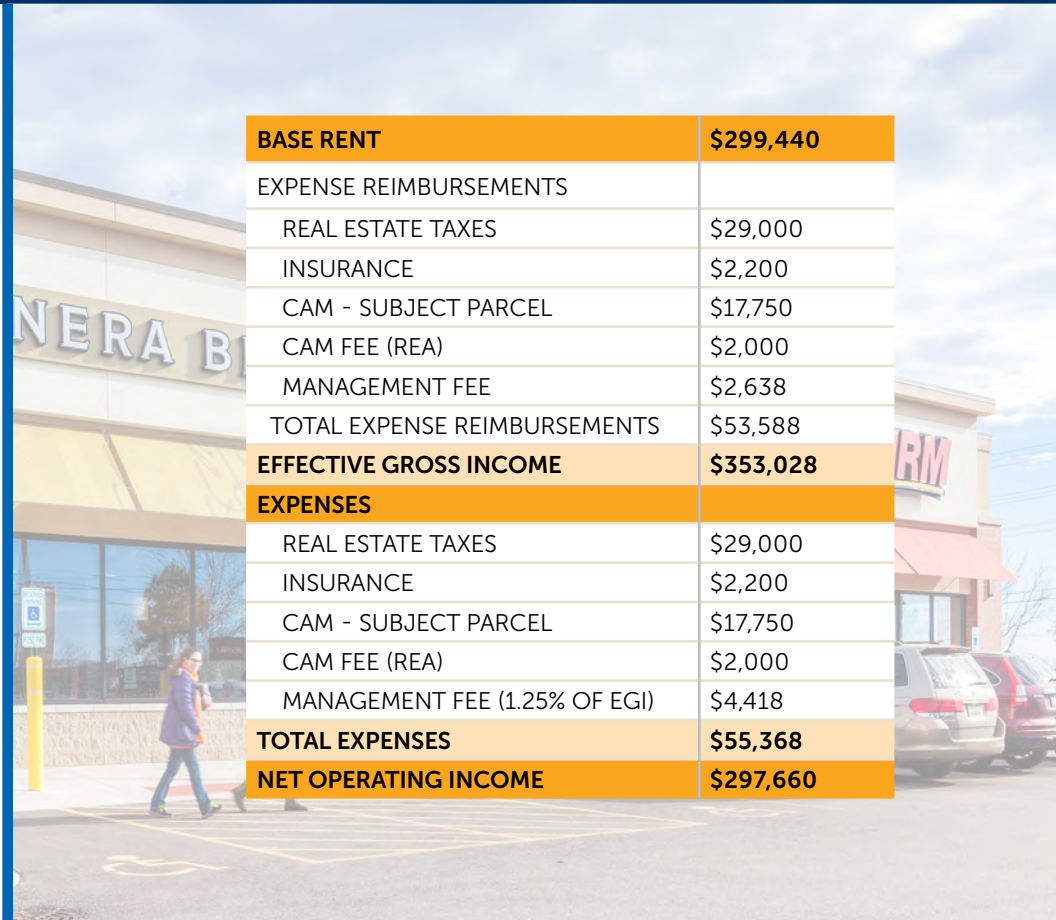
RENT PER SQUARE FOOT: \$36.41

YEAR BUILT: 2016

APPROXIMATE LOT SIZE: +/- 0.94 Acres

GROSS LEASEABLE AREA: 8,224 Square Feet

TYPE OF OWNERSHIP: Fee Simple



BASE RENT	\$299,440
EXPENSE REIMBURSEMENTS	
REAL ESTATE TAXES	\$29,000
INSURANCE	\$2,200
CAM - SUBJECT PARCEL	\$17,750
CAM FEE (REA)	\$2,000
MANAGEMENT FEE	\$2,638
TOTAL EXPENSE REIMBURSEMENTS	\$53,588
EFFECTIVE GROSS INCOME	\$353,028
EXPENSES	
REAL ESTATE TAXES	\$29,000
INSURANCE	\$2,200
CAM - SUBJECT PARCEL	\$17,750
CAM FEE (REA)	\$2,000
MANAGEMENT FEE (1.25% OF EGI)	\$4,418
TOTAL EXPENSES	\$55,368
NET OPERATING INCOME	\$297,660

TENANT	GUARANTOR	GLA	% of GLA	Lease Commencement	Lease Expiration	Term Remaining	Annual Rent	Rent (PSF)	Increases	Lease Type	Options
PANERA	Chicago Bread, LLC	4,224	51.36%	2/1/2018	1/31/2033	15 Years	\$147,840	\$35.00	10% Every 5 Years	NN	5, 5-Year
MATTRESS FIRM (SLEEPY'S LLC)	HMK Mattress Holdings, LLC	4,000	48.64%	1/14/2017	11/30/2027	10 Years	\$151,600	\$37.90	10% Every 5 Years	NN	2, 5-Year
Total		8,224	100%				\$299,440				

Tenant Overview - Panera Bread

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Panera Bread Company is a leader in the quick-casual restaurant business. The company operates about 2,000 bakery-cafes located throughout the United States and Ontario, Canada. Its locations, which operate under the banners Panera Bread, Saint Louis Bread Company, and Paradise Bakery & Café, offer made-to-order sandwiches using a variety of artisan breads, including Asiago cheese bread, focaccia, and its classic sourdough bread. The chain's menu also features soups, salads, and gourmet coffees. In addition, Panera sells its bread, bagels, and pastries to go. About 900 of its locations are company-operated and roughly 1,100 locations are run by franchisees.

Chicago Bread, Limited Liability Company (LLC), is a Panera Bread franchisee; family owned and operated by Hamra Enterprises, operators of 40 Panera Bread bakery-café in the Greater Chicago area. Chicago Bread is committed to Panera Bread's focus on providing customers and employees with high quality sweet and savory products and engaging each of its café neighborhoods through community service, fundraising, and other philanthropic activities. With their identity rooted in handcrafted, fresh-baked, artisan bread, Chicago Bread is committed to providing great tasting, quality food that people can trust. All of their bakery-cafes have a menu highlighted by antibiotic free chicken, whole grain bread and select organic and all-natural ingredients, with zero grams of artificial trans-fat per serving, which provide flavorful, wholesome offerings.

TENANT PROFILE

TENANT TRADE NAME Panera Bread

OWNERSHIP Public

TENANT Franchisee

LEASE GUARANTOR Chicago Bread, Limited Liability Company (LLC)

NUMBER OF LOCATIONS 40 Units

HEADQUARTERED Springfield, Missouri



Hamra Enterprises is a dynamic organization owned and founded in 1975 by the Hamra family. The company's headquarters is in Springfield, Missouri and includes six companies with over 5,000 employees in five states. Hamra Enterprises is a franchisee of Wendy's in Missouri, Kansas, New England, and Illinois; Panera Bread in Illinois and Massachusetts; Noodles & Company in Missouri and Illinois; and Holiday Inn Express & Suites in Texas.

Tenant Overview - Mattress Firm

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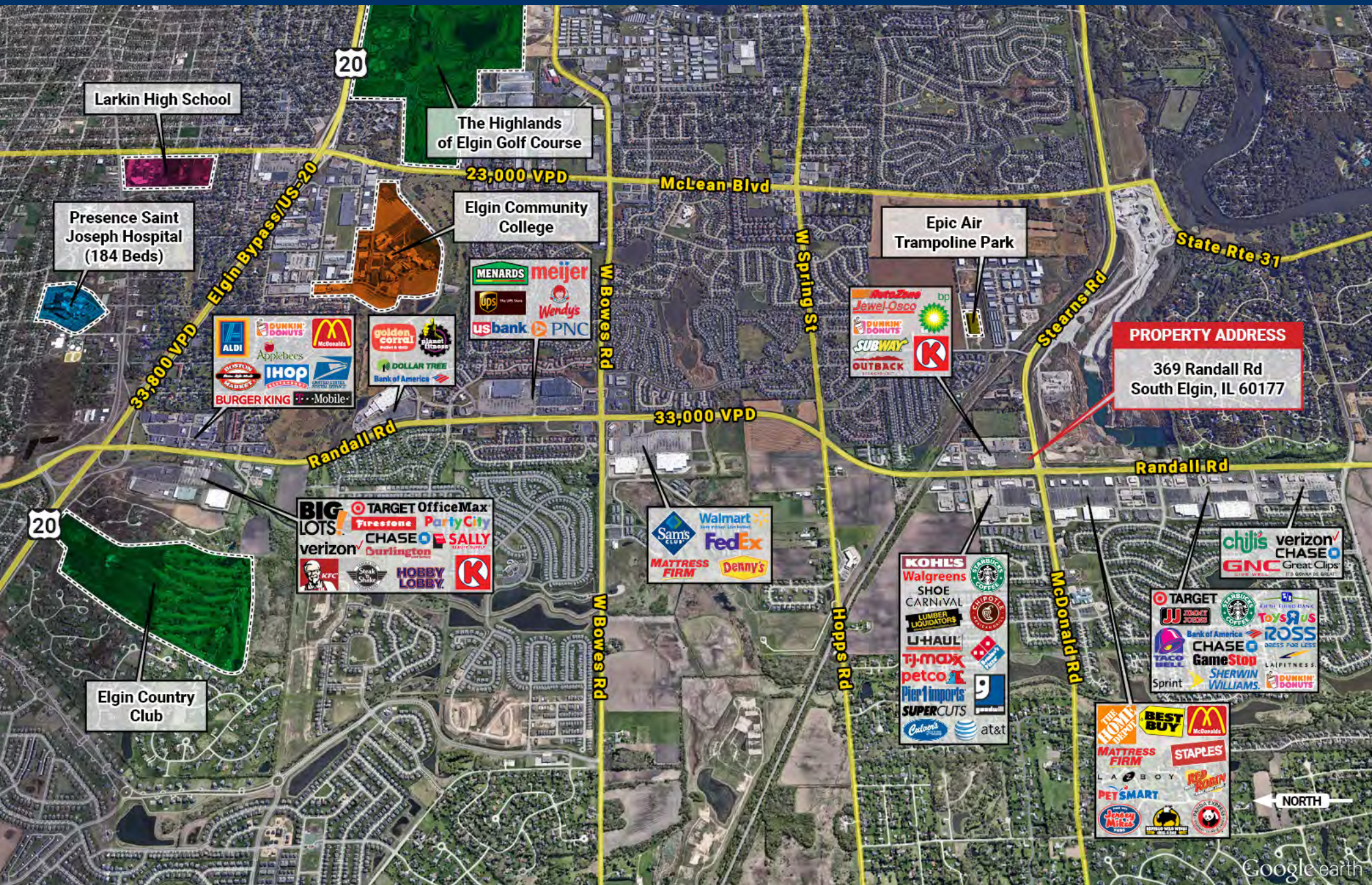
Mattress Firm is an American retailing company and mattress store chain founded in 1986, when three friends pooled their resources to purchase a downtrodden spot in a Houston strip center. The chain has now grown into the top United States bedding retailer. The company headquarters are in Houston, Texas. In February 2016, Mattress Firm Holding Corp completed the acquisition of all outstanding equity interest in HMK Mattress Holdings, Limited Liability Company (LLC), the holding company of Sleepy's, Limited Liability (LLC) and related entities. After the transaction closed, Mattress Firm Holding Corp acquired 1,050 stores operating primarily under the Sleepy's brand name in 17 states. In August 2016, Mattress Firm Holding Corp. was acquired by Steinhoff International Holdings, Naamloze Vennootschap (NV). Mattress Firm Holding Corp., through its direct and indirect subsidiaries, is engaged in the retail sale of mattresses and bedding-related products in the United States through over 3,600 company-operated and franchisee-owned mattress specialty stores in 49 states that operate primarily under the brand names Mattress Firm, Sleepy's and Sleep Train, as well as through the Company's eCommerce sites and special events.

TENANT PROFILE

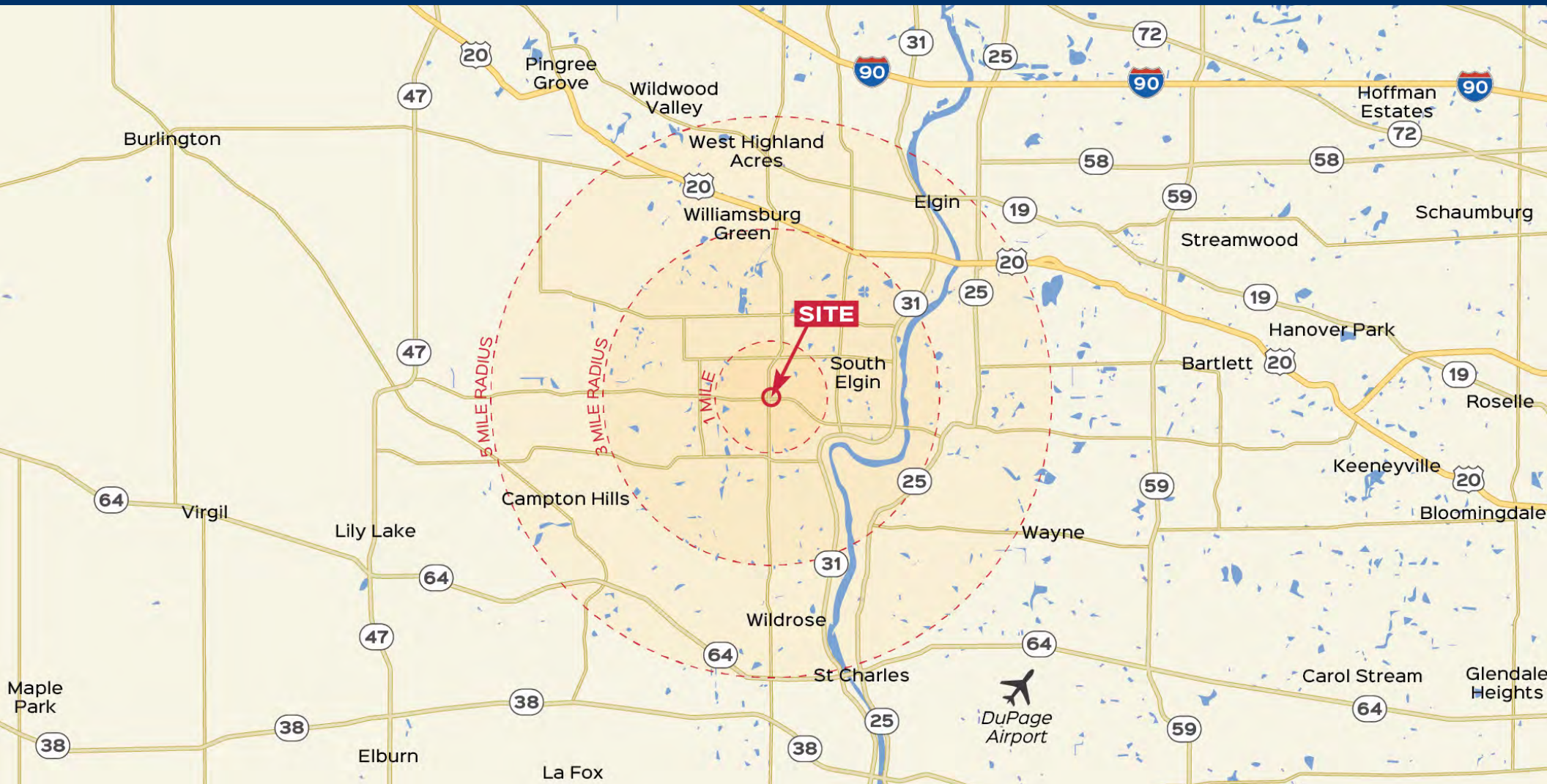
TENANT TRADE NAME	Mattress Firm
OWNERSHIP	Wholly Owned Subsidiary of Steinhoff International Holdings, Naamloze Vennootschap (NV)
TENANT	Sleepy's, Limited Liability Company (LLC)
LEASE GUARANTOR	HMK Mattress Holdings, Limited Liability Company (LLC)
NUMBER OF LOCATIONS	1,050 (2016)
HEADQUARTERED	Houston, Texas
WEB SITE	http://www.mattressfirm.com/
RANK	#190 on Forbes America's Best Employers (2017)

Aerial Overview

369 Randall Road - SOUTH ELGIN, ILLINOIS 60177



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	1-Mile	3-Mile	5-Mile
Population			
2000 Population	3,236	36,119	103,589
2010 Population	6,375	49,819	124,403
2017 Population	6,529	52,930	130,818
2022 Population	6,681	54,523	134,416

	1-Mile	3-Mile	5-Mile
Households			
2000 Households	1,105	12,284	34,478
2010 Households	2,054	16,792	41,315
2017 Households	2,093	17,812	43,402
2022 Households	2,140	18,348	44,603

	1-Mile	3-Mile	5-Mile
Household (HH) Incomes			
2017 Average HH Income	\$127,643	\$108,014	\$100,438
2017 Median HH Income	\$111,198	\$90,602	\$79,290
2017 Per Capita Income	\$40,918	\$36,349	\$33,323

Panera Bread | Mattress Firm

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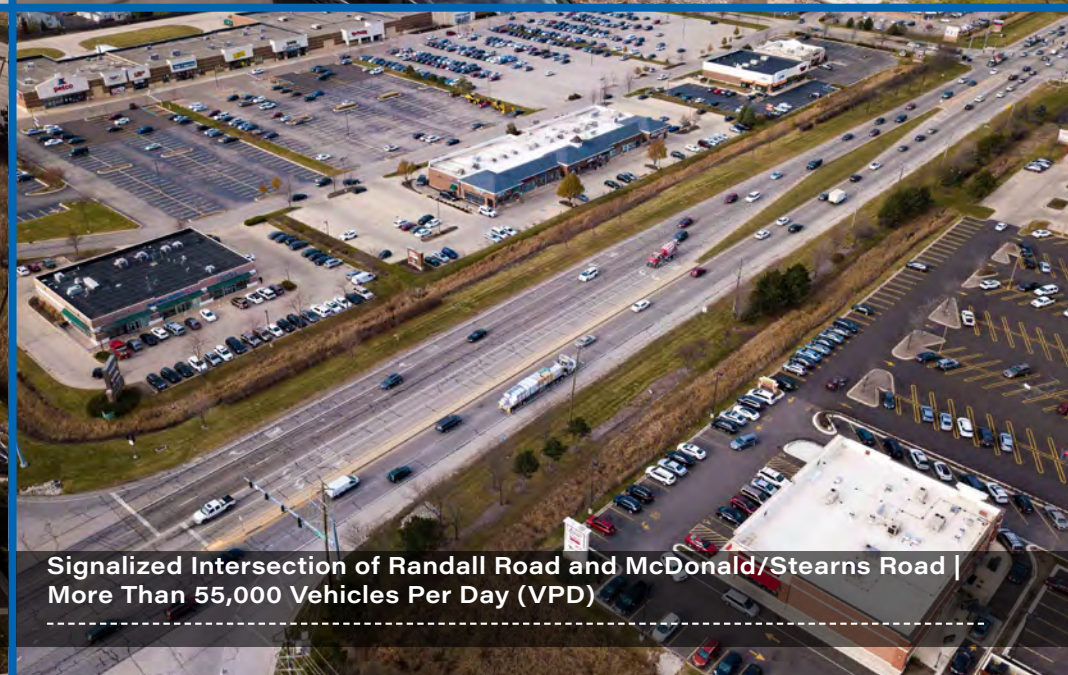
Brand-New Construction Panera-Mattress Firm Asset in South Elgin, Illinois
| Affluent Chicago Suburb



Panera Signed a Rare 15-Year Lease With 10 Percent Rent Increases
Every Five Years



Pad Site to 140,000-Square Foot Shopping Center Anchored by Jewel-Osco



Signalized Intersection of Randall Road and McDonald/Stearns Road |
More Than 55,000 Vehicles Per Day (VPD)

Market Overview - South Elgin, Illinois

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South Elgin is rich in history, culture, recreation and natural beauty. The village is located in Northeastern Illinois' Kane County, approximately 40 miles northwest of Chicago. Illinois Route 31 and Illinois Route 25 extend south to Saint Charles and north to Elgin and beyond. Residents use Illinois Route 19 and United States Route 20 (Lake Street) to reach destinations to the east and west. Driving the four-mile Stearns Road Corridor is an amazing experience. The lush foliage, natural landscape, simple but beautiful river crossing, and open pedestrian/bicycle trail celebrate the natural history of the corridor while providing a transportation link connecting Illinois Route 25 at Dunham Road with McLean Boulevard and Randall Road to the west.

PACE Suburban Bus Service provides public transportation Monday through Saturday beginning at the Elgin Transportation Center South along Illinois Route 31 and turns west on Spring Street to Randall Road before heading south. The bus does one loop at Thornwood Avenue and Briargate Road - in the middle of South Elgin's Randall Road retail corridor, before heading down to the Kane County Judicial Center. Commuters to Chicago use Metra rail service, which makes frequent stops at nearby National Street in Elgin and Railroad Avenue in Bartlett. Many travelers use the Northwest Tollway, I-90, which has access ramps off Illinois Route 31 and Randall Road. For air travel, South Elgin is only 30 minutes from O'Hare International Airport and 45 minutes from Chicago's Midway Airport. The DuPage County Airport on Route 64 is six miles south of town.

In 2007, Money Magazine ranked South Elgin as one of the Best Places to Live in the United States for economic opportunity, excellent schools, safe streets, things-to-do and a real sense of community. In 2011, the Village was ranked in the CNN/Money's Top 100 again for economic strength, great job opportunities, top schools and safe streets. In February of 2014, consumer finance website, Nerd Wallet looked at 121 places in Illinois to determine the best cities for homebuyers. South Elgin ranked number four on the list. Then, in February of 2015, the website looked at over 200 places in Illinois to determine the best cities for families with young children. South Elgin ranked number seven on that list and finally, in July of 2016, South Elgin ranked number 86 on the list of safest Illinois cities as determined by Safewise, a risk management agency.



Development Overview - South Elgin, Illinois

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RESIDENTIAL DEVELOPMENT

Mixing the old-world charm of a 100-year-old community with dynamic and modern developments has resulted in unique, diverse and proud neighborhoods in the Village of South Elgin. There are several residential areas currently under construction. River Place Townhomes is located near the intersection of La Fox Street and Sundown Road in the Village Center and La Fox Corridor TIF District. Sterling Woods is an upscale single-family home development adjacent to Stevens Road. Trails of Silver Glen is a single-family home development at the southeast corner of Silver Glen and Randall Roads. Sagebrook is a single-family home development southwest of the intersection of Silver Glen and Randall Roads.

COMMERCIAL DEVELOPMENT

The Randall Road Commercial Corridor changed the face of the community with over one million square feet of commercial space. The corridor is largely complete, with only a few developable areas remaining. Additional commercial development is along McLean Boulevard. An additional outlot remains to be developed at the Heritage Crossing Subdivision located at the south west corner of Bowes Road and McLean Boulevard. The South Elgin Professional Center Subdivision has two outlots for development south of Spring Street, on the east side of McLean Boulevard. Additional development opportunities exist on both the west and east sides of McLean Boulevard, just north of Spring Street.

The Shanahan Commerce Park located near the intersection of Stearns and Umbdenstock Roads is home to several light industrial users. There are a few lots remaining in this area for development. There are approximately 500 businesses located within the corporate boundary. Additional industrial and commercial development opportunities exist in the Village's Tax Increment Financing Districts.

DOWNTOWN REDEVELOPMENT INITIATIVES

According to the South Elgin Economic Development Council, the attention of developers and community builders has turned eastward, toward redeveloping downtown and river districts, where plans call to redevelop the existing Village Center into the dynamic civic, cultural and entertainment center of the community. The next page of South Elgin's continuing success story will be written here, along the river and amidst the older neighborhoods and commercial areas that have served the community many years. The Village comprehensive downtown redevelopment and revitalization plan will guide the evolution of the downtown district into a mixture of parks, upscale residential and mixed-used commercial and retail buildings. The plan emphasizes a mixture of multi-family housing with shops, offices and restaurants co-existing, often as "live/work" units.



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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.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.



PANERA BREAD

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THRU

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FILE PHOTO

369 RANDALL ROAD, SOUTH ELGIN, ILLINOIS

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