NEW CONSTRUCTION NET LEASE WITH MATTRESS FIRM, INC.
5612 S Parker Road, Aurora, CO 80015

[ www.CapitalPacific.com ]
The offering provides an opportunity to acquire a new construction Mattress Firm on a newly executed 11-year NNN lease. The lease includes a 10% increase in Year 7 and at the beginning of each of the two, five-year option periods. Estimated turnover is August 15, 2016, with rent commencement on November 15, 2016. Mattress Firm is relocating 500 feet west from their previous location within the shopping center, indicative of their commitment to stay within the immediate trade area.

Mattress Firm is exposed to over 45,000 vehicles per day located alongside Parker Road and is pad to the Pioneer Hill Shopping Center, a power center anchored by a Walmart Supercenter and Home Depot. The asset is situated within a dense, affluent demographic base of 266,692 residents within a five-mile radius with immediate household incomes of $135,410 within a 1-mile radius.

Mattress Firm Holding Corp. currently operates 2,100 stores nationwide and recently received credit upgrades in their S&P and Moody’s ratings to B+ and B1, respectively.

**PRICE:** $3,200,000  
**CAP:** 6.00%

| LEASABLE SF | ±4,935 SF |
| LAND AREA | ±27,771 SF |
| YEAR BUILT | 2016 (Under Construction) |
| RENT COMMENCEMENT | November 15, 2016 (Estimated) |
| LEASE TERM | 11 Years |
| PARKING | ±25 Spaces or 5/1,000 SF |

**ADDRESS:**  
5612 S Parker Road, Aurora, CO 80015
Core Characteristics

NATIONAL CREDIT TENANT

Mattress Firm Holding Corp. (NASDAQ: MFRM) reported $1.8 Billion in net sales in 2014. Standard and Poor’s issued a “B+” credit rating with a stable outlook for Mattress Firm Holding Corp. which was recently upgraded due to improved operating performance and debt reduction. Moody’s also upgraded their rating to B1.

Steinhoff International, a $22 Billion furniture conglomerate, has recently announced plans to purchase Mattress Firm, Inc. for $3.2 Billion in a deal expected to close in the third quarter of 2016. Steinhoff has an investment-grade credit rating of Baa3, which would further increase Mattress Firm’s strength and credit.

STRONG COMMITMENT TO TRADE AREA

Mattress Firm is relocating less than 500 feet west of their previous location within Pioneer Hills Shopping Center as they are highly committed to this location.

Mattress Firm has entered into an 11-year lease with a 10% escalation in Year 7. The lease also has two, five-year option periods with scheduled 10% rent escalations at the beginning of each extension. The Premises is currently under construction and is being built-to-suit for Mattress Firm with an expected turnover date of August 15, 2016 and rent commencement expected on November 15, 2016.

PASSIVE LEASE STRUCTURE

The Property is leased on a triple-net basis with Landlord responsibilities limited to the replacement of the roof and building structure. The new construction of the building and new 20-year roof warranty will minimize such costs in the near term.

HIGH TRAFFIC COUNTS IN PROMINENT RETAIL LOCATION

The Property is pad to the Pioneer Hill Shopping Center Center, anchored by a Walmart Supercenter, Home Depot, with junior anchors Bed Bath and Beyond and PetSmart. The Property boasts impressive traffic counts of 46,800 vehicles per day alongside Parker Road.

AFFLUENT HIGH GROWTH TRADE AREA

The Property has an affluent consumer base with average household incomes reaching $135,410 within a 1-mile radius. Mattress Firm is situated among a dense suburban area with an immediate population of approximately 266,692 residents living within a five-mile radius of the Property. The population of the Denver metro area has increased by 10.65% more than the national average between the years 2010-2015.
With more than 3,500 company-operated and franchised stores across 48 states, Mattress Firm Holding Corp. (MFRM) has the largest geographic footprint in the United States among multi-brand mattress retailers. Founded in 1986, Houston-based MFRM is the nation’s leading specialty bedding retailer with over $3.5 billion in sales over the past 12 months. MFRM, through its family of brands, including Mattress Firm and Sleep Train, offers a broad selection of both traditional and specialty mattresses, bedding accessories and other related products from leading manufacturers, including Sealy, Tempur-Pedic, Serta, Simmons, Stearns & Foster, and Hampton & Rhodes.

Mattress Firm acquired Sleepy’s in February 2016 in a $780 Million purchase. Sleepy’s is a privately-owned fourth-generation company with over 1,050 retail locations in 17 states and the District of Columbia, spanning from Maine to South Carolina and available nationally through www.sleepys.com. Throughout Sleepy’s over 58-year history, the company has remained committed to providing sleep comfort and expertise with its highly trained Mattress Professionals and an extensive selection of top brands, including Tempur-Pedic, Sealy Posturepedic, Simmons Beautyrest, Serta, King Coil, Stearns & Foster and more.

Together, this will create the nation’s first border-to-border, coast-to-coast specialty bedding retailer. The company will operate approximately 3,500 stores and have combined pro forma sales of over $3.5 Billion over the last 12 months.
South African retailer Steinhoff International will buy Mattress Firm, the largest specialty bedding retailer in the United States, for $3.8 billion which includes debt, both companies said on Sunday.

Steinhoff said it will pay $64 per share, a premium of about 115 percent to Mattress Firm’s Friday close in a deal that will create the world’s largest mattress retail distribution company. The boards of both firms have approved the deal, the companies said in a statement.

Founded in 1986, Mattress Firm has approximately 3,500 stores across 48 states with 80 distribution centers. In February, the company solidified its position as a leader in the U.S. mattress retail market when it completed its $780 million acquisition of HMK Mattress, the holding company of Sleepy’s. Sleepy’s was the second-largest specialty mattress retailer in the U.S. with over 1,050 stores in 17 states in the Northeast, New England, the Mid-Atlantic and Illinois.

The deal with Steinhoff is subject to completion of a successful tender offer for Mattress Firm’s shares. The transaction is expected to close in the third quarter of 2016, the companies said.

Steinhoff is a German-listed $22 billion furniture conglomerate led by South African retail mogul Christo Wiese who is also Steinhoff’s chairman and largest shareholder.

Steinhoff, which owns brands in Africa, Australia, the U.K. and across Europe, last month agreed to pay nearly $800 million for British-based discount chain Poundland after two previous attempts to expand in Europe fell through this year.

The Mattress Firm Holding deal would give Steinhoff access to the growing U.S. market, and help diversify its operations and guard against possible repercussions following Britain’s June vote to leave the European Union.

Markus Jooste, chief executive officer of Steinhoff, said the deal “will allow Steinhoff to not only enter the U.S. market with an industry leading partner and a national supply chain, but it will also expand Steinhoff’s global market reach in the core product category of mattresses.”
Retail

PIONEER HILLS
- Armando’s Ristorante
- Banfield Pet Hospital
- Bed Bath & Beyond
- CareNow
- Chase Bank
- Chik-Fil-A
- Cool Cuts 4 Kids

AREA RETAIL
- A-Town Pizza
- Arby’s
- Chipotle Mexican Grill
- Cold Stone Creamery
- Denver Mattress
- Dollar Tree
- Dunkin’ Donuts
- Goodwill
- King Soopers
- IHOP
- Jason’s Deli
- Panda Express
- PetSmart
- Sports Clips
- Walmart Supercenter
- Home Depot
- Lowe’s
- McDonald’s
- Noodles & Company
- O’Reilly Auto Parts
- Petco
- Qdoba Mexican Grill
- Subway
- Target
- Walgreens

ARAPAHOE CROSSING
- 2nd & Charles
- AMC Cinemas
- Bath & Body Works
- Big Lots
- Chili’s
- Gordmans
- King Soopers

- Kohl’s
- McDonald’s
- Old Chicago Pizza
- Runners Roost
- Schlotzky’s
- Taco Bell
- Village Inn

AURORA SOUTHLANDS
- 24 Hour Fitness
- Chipotle
- Dick’s Sporting Goods
- Five Guys
- HomeGoods
- Marshalls
- Office Depot

- Old Navy
- Panera Bread
- Ross
- Sally Beauty Supply
- Sprout’s Farmers Market
- Target
- Tokyo Joe’s

- DOLLAR TREE
- FitNESS
- LOWE’S
- SMOKY HILL HIGH SCHOOL
- KING Soopers
- THE 100 MALL
- THE 100 MALL
- DENVER MALL
- SMOKY HILL HIGH SCHOOL
- E ORCHARD RD
- S PARKER RD
- S CHAMBERS RD
- S BUCKLEY RD
- SAGEBRUSH ELEMENTARY SCHOOL
- LA REDE MIDDLE SCHOOL
- S AGONY SCHOOL
- S BUCKLEY RD
- TACO BELL
- TACO BELL
- WAlgreens
- WAlgreens
- TOkyo Joe’s
- JASON’S Deli
- PANDA EXPRESS
- PETSmart
- SPORTS CliPS
- WALMART Supercenter
- HOME Depot
- LOwE’S
- McMADONALD’S
- NOODLES & COMPANY
- O’REilly AUTO PARTS
- PETco
- QdOBA Mexican Grill
- SuBWAY
- TaRGET
- Walgreens
Mattress Firm is relocating 500 feet from their previous space within the Pioneer Hill Shopping Center to a brand new built-to-suit pad with immediate frontage. The Tenant is dedicated to conducting business within this location, demonstrated by the construction of a brand new building and long term lease.
**SITE PLAN KEY**

PARCEL OUTLINE: ±27,771 SF
BUILDING AREA: ±4,935 SF
LEASED:
NOT A PART:
INGRESS/EGRESS:

*Site Plan not to scale*
### Financial Summary

<table>
<thead>
<tr>
<th>PRICE</th>
<th>$3,200,000</th>
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<tbody>
<tr>
<td>Capitalization Rate:</td>
<td>6.00%</td>
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<tr>
<td>Price Per Foot:</td>
<td>4,935 Square Feet $648</td>
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### NET OPERATING INCOME SUMMARY

<table>
<thead>
<tr>
<th>SCHEDULED INCOME</th>
<th>Per SF</th>
<th>OPERATING EXPENSES</th>
<th>Per SF</th>
<th>NET OPERATING INCOME</th>
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<tr>
<td>Scheduled Rent:</td>
<td>11/15/2016</td>
<td>$38.85</td>
<td>CAMS NNN</td>
<td>$191,725</td>
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<td></td>
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<td>$38.85</td>
<td>Property Taxes NNN</td>
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<td>Insurance NNN</td>
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<tr>
<td><strong>Equals: Effective Gross Income</strong></td>
<td>11/15/2016</td>
<td>$38.85</td>
<td>Total Operating Expenses NNN</td>
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<tr>
<td><strong>Equals: NET OPERATING INCOME</strong></td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

This information has been secured from sources we believe to be reliable but we make no representations or warranties, expressed or implied, as to the accuracy of the information. Buyer must verify the information and bears all risk for any inaccuracies.
## Rent Roll

### Tenant Info

<table>
<thead>
<tr>
<th>Tenant Name</th>
<th>Size</th>
<th>Date</th>
<th>Monthly Rent</th>
<th>Percent Increase</th>
<th>Annual Rent</th>
<th>PSF</th>
<th>Cap Rate</th>
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<tbody>
<tr>
<td>Mattress Firm</td>
<td>4,935</td>
<td>11/15/2016</td>
<td>$15,977</td>
<td></td>
<td>$191,725</td>
<td>$38.85</td>
<td>6.00%</td>
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<tr>
<td></td>
<td></td>
<td>11/15/2022</td>
<td>$17,577</td>
<td>10.0%</td>
<td>$210,922</td>
<td>$42.74</td>
<td>6.59%</td>
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<td>Occ. Date:</td>
<td>8/15/2016</td>
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<td>Lease Exp:</td>
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</tbody>
</table>

### Term Details

**Option 1**
- Date: 11/15/2027
- Monthly Rent: $19,333
- Percent Increase: 10.0%
- Annual Rent: $231,994
- PSF: $47.01
- Cap Rate: 7.25%

**Option 2**
- Date: 11/15/2032
- Monthly Rent: $21,266
- Percent Increase: 10.0%
- Annual Rent: $255,189
- PSF: $51.71
- Cap Rate: 7.97%

### Lease Notes

**Comments**: Tenant is responsible for property taxes, insurance, utilities, and all remaining operating expenses excluding roof replacement and building structure, which are the responsibility of the Landlord. Estimated turnover date is August 15, 2016 with rent set to commence November 15, 2016.

### Current Totals

<table>
<thead>
<tr>
<th>Size</th>
<th>Date</th>
<th>Monthly Rent</th>
<th>Percent Increase</th>
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</table>
Lease Abstract

**BASE RENT**
Increase of 10% after 6th lease year

<table>
<thead>
<tr>
<th>Period</th>
<th>Base Rent</th>
<th>Annual</th>
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</thead>
<tbody>
<tr>
<td>11/15/2016 - 11/14/2022</td>
<td>$15,977/Month</td>
<td>$191,725/Annually</td>
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**OPTION PERIODS**

<table>
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<tr>
<th>Option</th>
<th>Start Date</th>
<th>End Date</th>
<th>Base Rent</th>
<th>Annual</th>
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<tr>
<td>#1</td>
<td>11/15/2027</td>
<td>11/14/2032</td>
<td>$19,999/Month</td>
<td>$231,994/Annually</td>
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<tr>
<td>#2</td>
<td>11/15/2023</td>
<td>11/14/2037</td>
<td>$21,266/Month</td>
<td>$255,189/Annually</td>
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</tbody>
</table>

**PREMISES/TERM**

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<tr>
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<th>Details</th>
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<tbody>
<tr>
<td>SQUARE FEET</td>
<td>4,935 SF</td>
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<tr>
<td>LEASE TYPE</td>
<td>NNN</td>
</tr>
<tr>
<td>TURNOVER DATE</td>
<td>8/15/2016</td>
</tr>
<tr>
<td>RENT COMMENCEMENT</td>
<td>11/15/2016 (Estimated)</td>
</tr>
<tr>
<td>EXPIRATION</td>
<td>11/14/2027</td>
</tr>
<tr>
<td>OPTIONS</td>
<td>Two 5 year Options; 270 Days’ Notice</td>
</tr>
</tbody>
</table>

**TAXES**
Tenant is responsible for full reimbursement of property taxes to Landlord.

**INSURANCE**
Tenant is responsible for full reimbursement of Landlord’s insurance and for maintaining all-risk, general liability, and workers’ compensations policies.

**UTILITIES**
Tenant is responsible for payment of all utilities used at the Premises.

**TENANT’S OBLIGATIONS**
Tenant is responsible for the routine maintenance and repair of the roof, all non-structural portions of the Premises, including parking areas, landscaping, and mechanical systems.

**LANDLORD’S OBLIGATIONS**
Landlord is responsible for the replacement of the roof, building structure, and underground utilities up to the building.

**LEASE PROVISIONS**

**ASSIGNMENT/SUBLETTING**
Tenant may not assign or sublease any interest in the Premises without prior written consent of the Landlord.
DENVER METROPOLITAN OVERVIEW

Denver is the state capital and most populated city of Colorado, dubbed the “Mile High City” as it sits 5,280 feet above sea level. The Denver-Aurora-Lakewood Metro Statistical Area is comprised of 10 counties with an estimated population of 2,812,732. The Denver MSA population experienced a 10.6% increase between years 2010 - 2015 and was ranked the 19th most populous U.S. city.

ECONOMY

Due to its close proximity to the mineral-rich Rocky Mountains, Denver is home to EnCana, Halliburton, Smith International, Newmont Mining and Noble Energy, all oil and mineral companies. Denver is equidistant between the mid-west and west coast cities, making it a great storage and distribution hub for national retailers.

TOP FIVE LARGEST EMPLOYERS

<table>
<thead>
<tr>
<th>EMPLOYER</th>
<th># OF FULL-TIME EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denver International Airport</td>
<td>35,000</td>
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<tr>
<td>Sylvan Learning Center</td>
<td>15,000</td>
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<tr>
<td>University of Colorado-Boulder</td>
<td>13,300</td>
</tr>
<tr>
<td>Lockheed Martin Space Systems</td>
<td>10,000</td>
</tr>
<tr>
<td>Peterson Air Force Base</td>
<td>9,286</td>
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</tbody>
</table>

2015 HOUSEHOLD INCOMES

<table>
<thead>
<tr>
<th>1-MILE</th>
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AVERAGE HH INCOME

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1, 3, & 5 MILE RADIUS DEMOGRAPHICS

<table>
<thead>
<tr>
<th>POPULATION</th>
<th>1-MILE</th>
<th>3-MILE</th>
<th>5-MILE</th>
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<tbody>
<tr>
<td>2010</td>
<td>8,553</td>
<td>85,604</td>
<td>255,694</td>
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<tr>
<td>2015</td>
<td>8,867</td>
<td>88,373</td>
<td>266,692</td>
</tr>
<tr>
<td>2020</td>
<td>9,432</td>
<td>93,424</td>
<td>284,079</td>
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