

ASHLEY HOMESTORE

8099 MOORES LANE, BRENTWOOD (NASHVILLE), TENNESSEE



OFFERING MEMORANDUM

Marcus & Millichap



MARCUS & MILLICHAP



BEST BUY
KIRKLAND'S
YOUR HOME DECOR STORE
PartyCity
NikeFactoryStore
ROSS
DOLLAR TREE STORES, INC.

TESLA
SHOWROOM

COSTCO WHOLESALE
TARGET
DULUTH TRADING CO.
BARNES & NOBLE BOOKSELLERS
Olive Garden
OLD NAVY
Gabe's
Buca di BEPPO
Italian Restaurant

THE HOME DEPOT
Michaels
Where Creativity Happens
Advance! Auto Parts
PET SMART
Guitar Center
OUTBACK STEAKHOUSE
Publix
BOOT BARN

COOL SPRINGS GALLERIA
macy's
claire's
H&M
Dillard's
POTTERY BARN
WILLIAMS SONOMA
belk
JCPenney
ULTA BEAUTY
Apple

Ashley
HOMESTORE

HYATT PLACE
Holiday Inn Express
Holiday Inn
extended STAY AMERICA
CVS pharmacy
Hilton Garden Inn
Walgreens

DICK'S SPORTING GOODS
Marshall's
STAPLES
DSW
Wendy's
BEYOND BREAD
Panera
Kroger
TJ-MAXX
buy buy BABY
The Tile Shop
LOFT
OFF BROADWAY SHOES
Starbucks
CARRABBA'S ITALIAN GRILL
Office DEPOT
PF. CHANG'S
Jack in the box

COURTYARD Marriott
noodles WORLD KITCHEN
FIRST WATCH THE DAYTIME CAFE
Residence Inn Marriott

AMC THEATRES
BONEFISH GRILL
LOWE'S
CHIPOTLE MEXICAN GRILL
Sam's CLUB

Walmart
KOHL'S
Supercenter
CARMAX
BUFFALO WILD WINGS
Calver's
petco

WHOLE FOODS MARKET
lululemon
Orangetheory FITNESS
FIRST WATCH THE DAYTIME CAFE
athletica

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Executive Summary

FINANCIAL SUMMARY

| | |
|------------------------|--------------------------------|
| Price | \$8,716,000 |
| Down Payment | 100% \$8,716,000 |
| Cap Rate | 6.50% |
| Building SF | 43,584 SF |
| Net Cash Flow | 6.50% \$566,592 ⁽¹⁾ |
| Year Built / Remodeled | 1995 / 2010 |
| Lot Size | 4.254 Acres |

LEASE SUMMARY

| | |
|-------------------------|-------------------------------------|
| Lease Type | Double-Net (NN) Lease |
| Tenant | DSG Nashville, LLC |
| Guarantor | Dufresne Spencer Group Holding, LLC |
| Roof & Structure | Landlord Responsible |
| Lease Commencement Date | August 1, 2010 |
| Lease Expiration Date | July 31, 2030 |
| Lease Term Remaining | 10+ Years |
| Rental Increases | 1.5% Annually |
| Renewal Options | 2, 5 Year Options |

(1) Based on Rent as of August 1, 2020.

ANNUALIZED OPERATING DATA

| Lease Years | Annual Rent | Cap Rate |
|----------------------|--------------|----------|
| 8/1/2020 - 7/31/2021 | \$566,592.00 | 6.50% |
| 8/1/2021 - 7/31/2022 | \$575,090.88 | 6.60% |
| 8/1/2022 - 7/31/2023 | \$583,717.24 | 6.70% |
| 8/1/2023 - 7/31/2024 | \$592,473.00 | 6.80% |
| 8/1/2024 - 7/31/2025 | \$601,360.10 | 6.90% |
| 8/1/2025 - 7/31/2026 | \$610,380.50 | 7.00% |
| 8/1/2026 - 7/31/2027 | \$619,536.21 | 7.11% |
| 8/1/2027 - 7/31/2028 | \$628,829.25 | 7.21% |
| 8/1/2028 - 7/31/2029 | \$638,261.69 | 7.32% |
| 8/1/2029 - 7/31/2030 | \$647,835.61 | 7.43% |

| | |
|-----------------------------|------------------------|
| Base Rent | \$566,592 |
| Net Operating Income | \$566,592 |
| Total Return | 6.50% \$566,592 |

COOL SPRINGS GALLERIA

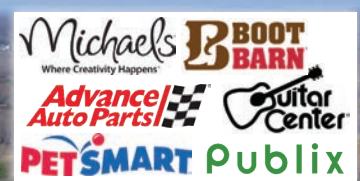


137,700 CPD
INTERSTATE 65





OFFICES



21,900 CPD
MOORES LANE



Property Description



INVESTMENT HIGHLIGHTS

- » **10+ Years Remaining on Lease Term**
- » 1.5% Annual Rental Increases
- » **Tenant is the Nation's Largest Ashley HomeStore Franchisee with Approx. 100 Locations**
- » Households Projected to Increase Nearly 14% within a 3-Mile Radius by 2024
- » **92,642 Residents in Growing Brentwood Trade Area - Nashville MSA**
- » **Strong Performing Location with Increasing Volume**
- » Adjacent to The Home Depot, Michaels, PetSmart, Publix Supermarket, and More
- » **Affluent Trade Area - Average Household Income Exceeds \$160K within a 5-Mile Radius**
- » Located in Major Retail Corridor - Tenants Include Target, Costco, Best Buy, The Home Depot, Ross, and Barnes & Noble
- » **Dominating Visibility Along Interstate-65, with Immediate Access to the Subject Property, Boasting Traffic Counts of Over 137,700 Cars/Day**
- » Close Proximity to CoolSprings Galleria, an Enclosed Regional Mall with 165+ Stores, Including, but Not Limited to, The Apple Store, The Cheesecake Factory, Williams-Sonoma, H&M, American Girl, Macy's, and Many More



DEMOGRAPHICS

1-mile

3-miles

5-miles

Population

| | | | |
|--------------------|-------|--------|---------|
| 2024 Projection | 2,645 | 37,857 | 105,092 |
| 2019 Estimate | 2,410 | 33,301 | 92,642 |
| Growth 2019 – 2024 | 9.75% | 13.68% | 13.44% |

Households

| | | | |
|--------------------|-------|--------|--------|
| 2024 Projection | 978 | 14,924 | 38,340 |
| 2019 Estimate | 893 | 13,099 | 33,872 |
| Growth 2019 – 2024 | 9.52% | 13.93% | 13.19% |

Income

| | | | |
|------------------------------------|-----------|-----------|-----------|
| 2019 Est. Average Household Income | \$153,787 | \$159,615 | \$160,909 |
| 2019 Est. Median Household Income | \$110,440 | \$114,459 | \$117,353 |





Tenant Overview



Arcadia, Wisconsin

Headquarters

Ashley Furniture Industries

Parent Company

1,000+

Locations

ashleyfurniture.com

Website

Ashley HomeStore is an American furniture store chain, exclusively selling products manufactured by its parent company, Ashley Furniture Industries. Opened in 1997, the chain comprises over 800 Ashley HomeStores and 15 manufacturing and distribution facilities worldwide. Products are sold by more than 6,000 retail partners with over 20,000 storefronts in 123 countries. The chain has both corporate and independently owned locations.

Ashley Furniture Industries, Inc. is an American home furnishings manufacturer, headquartered in Arcadia, Wisconsin. Ashley Furniture licenses its name to Ashley HomeStores, which sell only Ashley Furniture-branded products. Ashley Furniture has consistently been rated as the #1 furniture manufacturer in the

world. In 2018, the company was voted #1 in “Top Furniture Stores” by The Spruce. Also in 2018, BizVibe ranked Ashley Furniture as #1 in their list of Top 10 Furniture Manufacturers in the USA. Ashley Furniture’s biggest draw to customers is their mostly affordable furniture at promotional to mid-level price points. The company oversees the design, manufacture, and distribution of the products sold in Ashley HomeStore retail stores and by independent furniture dealers. Ashley Furniture Industries is privately held.

In 2018, Ashley Furniture was #88 on Forbe’s list of America’s Largest Private Companies, employing over 23,000 people. As of 2017, the company’s revenue exceeded \$4.7 billion.

Guarantor Overview

Dufresne Spencer Group



DUFRESNE SPENCER GROUP

Based in Memphis, Tennessee, the Dufresne Spencer Group (DSG) is the nation's largest Ashley HomeStore franchisee. Founded in 2003, the company is led by CEO and co-founder Chad Spencer. With the support of nearly 3,500 team members across 12 states, DSG operates 100 Ashley HomeStores and 4 Stash Home locations.

EXPANSION AND GROWTH

In January of 2019, DSG acquired nine stores from Olinde, a furniture group based in Louisiana. This acquisition followed a number of purchases that allowed DSG to grow to become that largest Ashley HomeStore franchisee. In November 2018, DSG entered New Mexico with a three-store HomeStore acquisition, which followed earlier purchases of two HomeStores in Detroit and 30 stores across Texas, Washington, Oregon, and Idaho.

Sales for 2019 are expected to reach about \$825 million. This is almost a 14% increase from the company's 2018 sales, which totaled \$725 million and more than doubled its sales in 2017.

INVESTING IN THE COMPANY

Ashley Global Retail (AGR) – the marketing, sales, and e-commerce arm of Ashley Furniture Industries (corporate) – announced in December 2017 their decision to invest in DSG. Speaking on the subject, CEO Todd Wanek noted that DSG “continues to perform and grow at an impressive rate. The investment speaks to our confidence in its continued growth plan.”

In March 2018, DSG made an investment in Hill Country Holdings, another top Ashley HomeStore licensee.



Location Overview

The map displays the Nashville, Tennessee area, highlighting the location of Ashley's HomeStore (marked with a star icon) in Franklin. Key landmarks and distances are listed on the right:

- 1 Mile** to Community Health Systems, Inc. (3,250 Employees)
- 14 Miles** to Vanderbilt University
- 16 Miles** to Downtown Nashville
- 18 Miles** to Nashville International Airport
- 26 Miles** to Nissan North America (1,850 Employees)

The map also shows major highways (Interstates 40, 55, 75, 840, 24) and surrounding cities/towns (Ashland City, Lakewood, Mt. Juliet, White Bluff, Kingston Springs, Pegram, Forest Hills, Brentwood, La Vergne, Smyrna, Nolensville, Murfreesboro).

Within Williamson County, there are more than 6,000 local industry employers, including 40 companies who are headquartered in the area. Twelve of the 25 largest publicly traded companies in the Nashville region are in Williamson County, including #1-5 and #7 of the top 10. These top companies include Community Health Systems, Inc., Tractor Supply Co., Nissan North America, Delek US Holdings, Brookdale Senior Living, and more. According to Inc.

In November 2019, Mitsubishi Motors North America announced its decision to move its North American headquarters just outside of Brentwood in Franklin, Tennessee. Mitsubishi is planning on moving in the spring of 2020 and will occupy office space in McEwen Northside, a 45-acre, mixed-use development.

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Nashville MSA

GREATER NASHVILLE AREA

The Nashville metropolitan area consists of 14 counties within Middle Tennessee. It is the 36th largest MSA in the United States and the largest in the state of Tennessee. The greater Nashville region is poised to grow by leaps and bounds over the next couple decades. With a total 2018 population of 1.93 million people, it is projected that close to another million people will relocate to the area by 2035.

NASHVILLE REAL ESTATE MARKET

With over 100 new people moving to the city each day, Nashville is considered one of the country's hottest real estate markets. Nashville's population growth is one of the highest in the country, contributing greatly to the city's housing market. Tourism is also a major contributing factor. With over 15 million visitors per year, there is a strong demand for rental properties in Nashville.

CULTIVATING A GROWING ECONOMY

Home to more than 1.9 million people and over 40,000 businesses, Middle Tennessee is defined by a diverse economy, low costs of living and doing business, and a well-educated population. Many corporate headquarter giants call Middle Tennessee home, including Nissan North America, Bridgestone Americas, Dollar General, Hospital Corporation of America, and Cracker Barrel. A national hub for the creative class, Nashville has the strongest concentration of the music industry in America.

A thriving business environment, along with moderate labor costs and a highly educated work force, position the greater Nashville area for significant growth. The area's gross domestic product grew 4.1% from 2017 to 2018 to more than \$133 billion. This places greater Nashville fifth among metro areas with real GDPs of \$100 billion or more, trailing only Silicon Valley, Austin, Seattle, and San Antonio.

A REGION RICH IN CULTURE AND ENTERTAINMENT

Nashville's current momentum is thanks, in part, to the wealth of cultural and entertainment options. Known as "Music City," *Rolling Stone* ranked the region as "the nation's best music scene." Nashville is home to more than 180 recording studios, 5,000 working musicians, and a world-class symphony that has received 14 GRAMMY® nominations and seven wins. The city is also home to successful and well-respected NFL and NHL franchises. *SmartAsset* ranked Nashville as "the number 1 minor league baseball city."



[exclusively listed by]

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