



United States Postal Service

1818 Milton Ave
Janesville, WI 53545

Confidential Offering Memorandum





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Executive Summary

Government-Backed USPS Office Location



BROAD APPEAL TO THE NET LEASE INVESTOR LANDSCAPE

●
INVESTMENT-GRADE GOVERNMENT
TENANT

●
LONG-TERM OCCUPANCY
HISTORY & PRECEDENT FOR
COMMITTED USPS LOCATION

●
RECENT RENEWAL EXECUTION ON
NET LEASE STRUCTURE

THE OFFERING

JLL is pleased to offer for sale a USPS-tenanted office & mail distribution building located at 1818 Milton Avenue (the “Property”, or “Asset”) in Janesville, Wisconsin. With a government-backed tenant on a long-term, double net lease structure, investors can realize the unique opportunity to collect investment-grade cash flows within a dense retail corridor.

INVESTMENT HIGHLIGHTS

- The Asset’s tenancy, the United States Postal Service (“USPS” or “Tenant”), is the largest mail servicer in the world with over 36,500 locations throughout North America. If privatized, USPS would rank 40th in the 2018 Fortune 500. USPS’s creditworthiness makes it one of the strongest retail tenants available in the net lease marketplace.
- USPS is an independent agency of the executive branch of the United States federal government, which, in turn, grants the agency many special privileges. USPS’s credit support is derived from the U.S. Federal Government (Moody’s:Aaa / S&P:AA+).
- USPS historically demonstrates a commitment to their locations, providing long-term security to the existing cash flows. USPS has been operating out of the Property for the past 15 years and executed a 5-year renewal option two years prior to the current lease term’s expiration. The renewal option extends the lease term through July 2026 and reflects the Tenant’s long-term commitment to the Property.
- CAM includes an above-market annual management fee equal to up to 6% of annual rent.
- The Tenant is operating on a net lease structure with minimal landlord responsibilities, an 8% rental increase in 2021, and 9% rental increases in each of the 2, 5-year renewal options.
- Strategically positioned along Milton Avenue, the Asset is visible to the ±30,000 vehicles that travel Milton Avenue each day. The highly-trafficked retail thoroughfare includes retail tenants such as Big Lots, CVS, Planet Fitness, Schnucks, Woodman’s Food Market, and Janesville Mall.
- Three loading docks behind the Property facilitate USPS’s delivery operations. Additionally, over 22,000 SF of covered parking accommodate USPS’s vehicle fleet.
- Located in the B2 zoning district, the Property has numerous permitted commercial uses that allow for a wide variety of national retail tenants. The Property’s outparcels are scheduled to be developed as retail pads, with one to be occupied by an investment-grade retailer.

PROPERTY SUMMARY

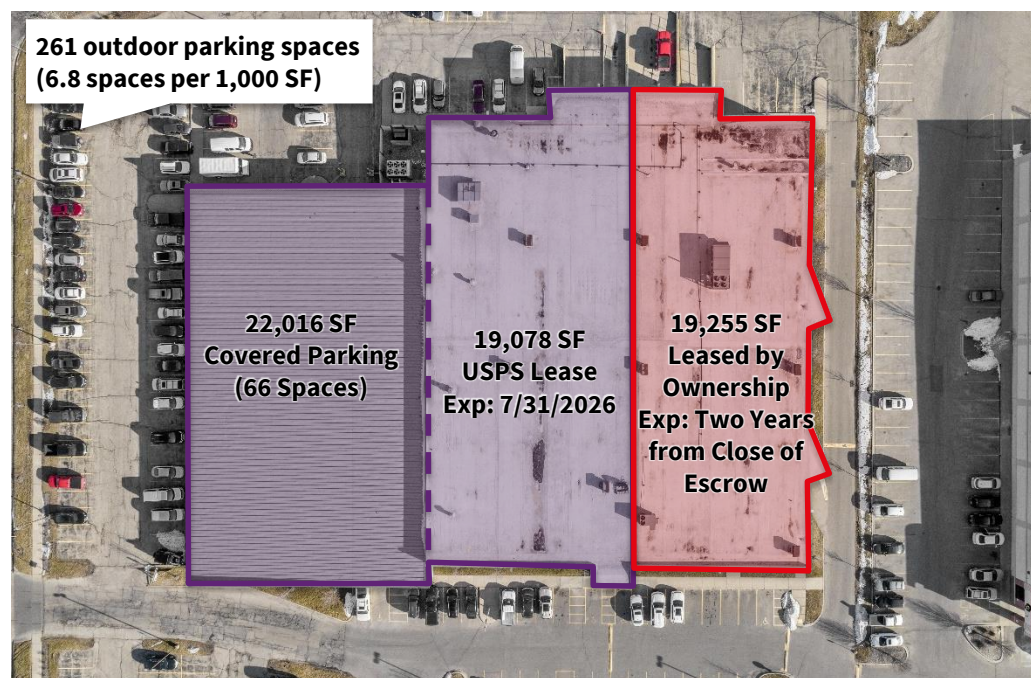
Address	1818 Milton Ave. Janesville, WI 53545
Price / PSF	\$5,400,000 / \$141
Cap Rate	7.07%
Year 1 Rent / PSF	\$381,995 / \$9.97
USPS Rent / PSF	\$189,445 / \$9.93
Ownership-Leased Rent / PSF	\$192,550 / \$10.00
Building Area	38,333 SF (Total) USPS-Leased: 19,078 SF Ownership-Leased: 19,255 SF
Site Size	4.12 AC
Year Built	1973
Ownership Interest	Fee Simple
Tenant	The United States Postal Service
Lease Type	NN
WALT	4.3 years

PROPERTY OVERVIEW

Address	1818 Milton Ave. Janesville, WI 53545
Market	Milwaukee/Madison
Submarket	Rock County
Parcel Number	219400100
Jurisdiction	Rock County
Zoning	B2
Parcel Size (AC)	5.12
Building Size (SF)	38,333
Year Built	1973
Docks	3 ext.

USPS LEASE OVERVIEW

Tenant	the United States Postal Service ("the Postal Service")
Lease Size (SF)	19,078
Lease Type	NN
Landlord Responsibilities	Landlord is responsible for all structural elements, including the roof and the well and septic systems.
Rent Commencement	August 1, 2011
Current Term Expiration	July 31, 2026
Annual Base Rent	\$189,445
Rent PSF	\$9.93
CAM	Tenant responsible for 52.4% of the costs of operating, insuring, managing, maintaining, and repairing the common areas of the Property.
Admin Fee	Admin fee equal to 6% of annual rent, part of CAM
Rent Escalations	~9% every five years
Renewal Options	4 x 5 year options







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U.S.
MAIL



Tenant Overview



The United States Postal Service (the “Postal Service”) is a self-supporting, independent federal agency. It is the only delivery service that reaches every address in the nation, serving more than 155 million residences, businesses, and Post Office boxes. The Postal Service relies solely on the sale of postage, products and services (not tax dollars) to fund its operations.

With more than 31,200 retail locations and the most frequently visited and the most frequently visited website in the federal government, usps.com, the Postal Service generates annual revenue of nearly \$71 billion and delivers 47% of the world’s mail. The Postal Service’s 630,000 employees make it one of the nation’s largest employers. If it were a private sector company, the Postal Service would rank 40th in the 2018 Fortune 500 and 137th in the 2015 Global Fortune 500 list.

In addition to traditional mail delivery, the Postal Service boasts one of the world’s largest computer networks, which facilitates communication between hundreds of thousands of employees and customers. The Postal Service’s technological advancements allow it to process larger amounts of mail in shorter periods of time.

The growing popularity of e-commerce is supported by the logistics industry. While 70% of the Postal Service’s revenues are still generated from mail services, the Postal Service made \$21 billion from shipping packages in 2018. Private shipping services from FedEx and UPS can’t match the Postal Service’s unrivaled network and infrastructure, so that retailers must rely on the Postal Service for the all-important “last-mile delivery.” Through its partnerships with the private sector, the Postal Service delivered more e-commerce packages to Americans than any other shipper.

31,234 retail Post Office locations

72,000 commercial Post Office locations within partnering retailers

45,000 point-of sale terminals

\$234 Million daily revenue generated, on average, by the USPS each day

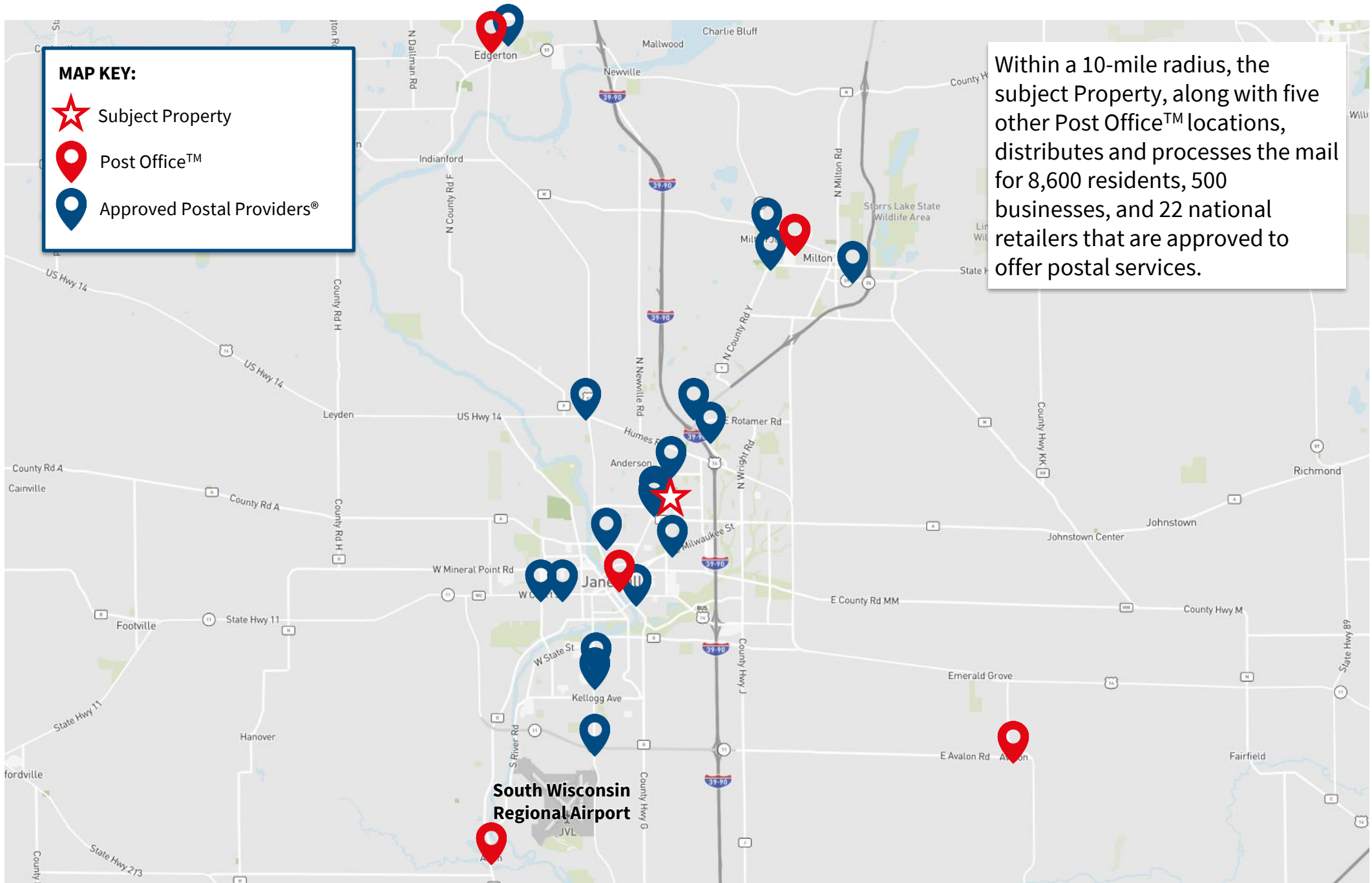
484.8 Million mail pieces handled by USPS each day

\$301 Million USPS.com stamp and retail sales in 2018

2.3 Billion USPS.com visits in 2018, equal to ~6 million visitors each day

174 robots in USPS’s fleet move 314,000 mail trays per day

310,000 handheld scanners in USPS’s communications network







Market Overview

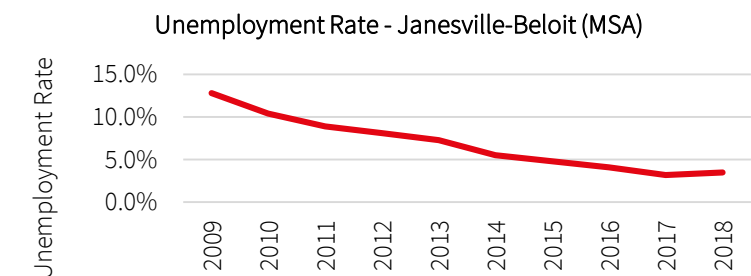
Janesville, WI

Located in south central Wisconsin along the Rock River approximately 12 miles north of the Wisconsin-Illinois Border, Janesville is a moderately-sized city with 63,000 residents. Janesville is conveniently located 110 miles from Chicago, 75 miles from Milwaukee, and 40 miles from Madison. An integrated system of highways and interstates put Janesville within a day's drive of over 30 million people throughout the Midwest. The Southern Wisconsin Regional Airport, less than eight miles from the Property, has been providing supply chain solutions to companies for the past 60 years. Janesville houses two major interchanges along the Wisconsin & Southern Railroads (WSOR) and Union Pacific (UP) rail lines, making the rest of Wisconsin and neighboring states extremely accessible by rail. These logistical advantages and \$30 million in local infrastructure investments have attracted companies to Janesville in industries such as healthcare, education, manufacturing, and logistics.

Janesville aims to further grow and diversify the local economy by establishing stronger relationships with local businesses while creating an investment-friendly environment to attract new companies and industries. Janesville is considered the regional center for trade and services in Rock County and Southern Wisconsin. The city's economic growth strategy has already generated a significant impact, as evidenced by a 16% increase in gross domestic product since 2009, and a 4.8% decrease in the unemployment rate since 2013. Over 140 projects across Rock County have resulted in 5,544 new, full-time jobs since 2010. Janesville's future economic growth will come in part from Highway 11 Business Park, a "shovel-ready" industrial park in Janesville that has already added 1.8 million square feet of industrial space delivered since 2015. Highway 11 Business Park continues to attract companies and developers based on its immediate access to Interstates 39 and 90, as well as incentives including Janesville's TIF program that reduces development costs and costs of doing business in Janesville.



Janesville Major Employers		# Employees
Blain's Farm and Fleet		1,000
SSI Technologies		500
Cummins DC		150
Lowes Millworks		125
John Deere DC		100



Site Demographics			
	1-mile	3-miles	5-miles
2019 Total Households	3,849	21,285	27,963
2019 Total Population	8,578	51,176	68,385
2019-2024 Population CAGR	0.14%	0.24%	0.28%
2019 Median Household Income	\$46,830	\$54,612	\$56,093
2019 Average Household Income	\$55,090	\$67,775	\$69,632

Janesville's over 2,500 acres of beautiful parkland lead some to consider the town Wisconsin's "Park Place." The town's scenic parkland, vibrant community, good public school system, and historic downtown with modern, urban amenities make Janesville an ideal place to live for its 64,500 residents.

AERIAL VIEW





NOTES

CONTACTS

ALEX SHARRIN
SENIOR DIRECTOR
+1 312 228 3197
alex.sharrin@am.jll.com

NICHOLAS KANICH
SENIOR DIRECTOR
+1 312 228 2093
nicholas.kanich@am.jll.com

ALEX GEANAKOS
DIRECTOR
+1 312 228 3866
alex.geanakos@am.jll.com

