



4884 COUNTY TRUNK HWY V | DEFOREST, WI
OFFERING MEMORANDUM

ARBY'S/PHILLIPS 66

4884 COUNTY TRUNK HWY V | DEFOREST, WI

MATTHEWS
REAL ESTATE INVESTMENT SERVICES



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BROKER OF RECORD

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EXECUTIVE SUMMARY

» OFFERING PRICE	\$1,967,418
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» CAP RATE	8.30%
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» TOTAL BUILDING AREA	±4,840 SF
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» TOTAL LAND AREA	±1.52 AC
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» TOTAL ANNUAL RENT	\$163,404
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INVESTMENT HIGHLIGHTS

- **National Retailers** – The property is 100% leased to Arby's and Phillips 66. Arby's is one of the largest quick-service-restaurant chains in the world and Phillips 66 is one of the largest c-store/gas station companies doing approximately \$102 Billion in annual revenue.
- **Long-Term Lease from Large Operator** – Arby's has ±18.25 years remaining on the lease which is guaranteed by DRM, Inc., a 93-unit franchisee.
- **Strategically Positioned** – the property is ideally situated at an on/off ramp of I-90. Additionally, the site is located at a signalized intersection and adjacent to a Holiday inn.
- **Madison, WI MSA** – DeForest is just 12 miles outside of Madison, WI which is home to 204,000 residents with an average household income over \$75,000. Madison has seen a strong population increase of over 16% in the past ten years.
- **E-Commerce Resistant Tenants and Essential Retailers** – quick-service-restaurants and gas stations are not affected by online retailers such as Amazon, and are recognized as 'essential retailers' by the US Government.
- **Recession Resistant Tenants** – Historically, convenient stores, gas stations and quick-service-restaurants do well under an economic recession, as their goods are inelastic.
- **Drive-Thru Equipped** – Arby's drive-thru concept accounts for approximately 70% of total store sales and is rising due to consumer spending habits.

FINANCIAL SUMMARY



ANNUALIZED OPERATING DATA

Lease Commence	Monthly Rent	Annual Rent
Current - 9/30/2038	\$9,000.00	\$108,000.00
Option 1: 10/1/2038 - 9/30/2043	\$9,225.00	\$110,700.00
Option 2: 10/1/2043 - 9/30/2048	\$9,455.63	\$113,467.50
Option 3: 10/1/2048 - 9/30/2053	\$9,692.02	\$116,304.19
Option 4: 10/1/2053 - 9/30/2058	\$9,934.32	\$119,211.79
Option 5: 10/1/2058 - 9/30/2063	\$10,182.67	\$122,192.09

**In addition to the annual rent, Tenant pays 7.25% of Net Sales over the natural breakpoint*

Sales currently at 1.22MM

TENANT SUMMARY

Tenant Trade Name	Arby's
Type of Ownership	Fee Simple
Lease Guarantor	Franchisee
Lease Type	NNN
Term Remaining on Lease	±18.25 years
Lease Commencement Date	10/1/18
Rent Commencement Date	10/1/18
Lease Expiration Date	9/30/38
Percentage Rent	7.25% above breakpoint
Increases	2.5% in options
Options	(5) 5-Year Options



ANNUALIZED OPERATING DATA

Lease Commence	Monthly Rent	Annual Rent
Current - 10/31/2020	\$4,617.00	\$55,404.00
11/1/2020 - 10/31/2021	\$4,709.34	\$56,512.08
11/1/2021 - 10/31/2022	\$4,803.53	\$57,642.32
Option 1: 11/1/2022 - 10/31/2027	\$4,899.60	\$58,795.17
Option 2: 11/1/2027 - 10/31/2032	\$5,409.55	\$64,914.60

TENANT SUMMARY

Tenant Trade Name	Phillips 66
Type of Ownership	Fee Simple
Lease Guarantor	Franchisee
Lease Type	NN
Term Remaining on Lease	±2.3 years
Lease Commencement Date	11/1/12
Rent Commencement Date	11/1/12
Lease Expiration Date	10/31/22
Increases	2.0% annually
Options	(2) 5-Year Options



LEASE ABSTRACT

Tenant	Arby's
Type of Ownership	Fee Simple
Lease Type	NNN
Lease Gaurantor	DRM Inc. (93 Locations)
Lease Commencement	10/1/18
Lease Expiration	9/30/38
Original Lease Term	20 Years
Lease Term Remaining	±18.25 Years
Current Rent	\$108,000
Rental Increases	2.5% Every Option
Options	Five, 5-Year Options
Maintenance	Tenant Reimburses
Roof/Structure Responsibility	Tenant Responsible
Insurance	Tenant Reimburses
Real Estate Taxes	Tenant Reimburses
Utilities	Tenant Responsible
ROFR	Yes, Tenant has 10 days to accept or reject



LEASE ABSTRACT

Tenant	Phillips 66
Type of Ownership	Fee Simple
Lease Type	NN
Lease Gaurantor	BDR Realty Inc. LLC
Lease Commencement	11/1/12
Lease Expiration	10/31/22
Original Lease Term	10 Years
Lease Term Remaining	±2.3 Years
Current Rent	\$55,404
Rental Increases	2% Annually
Options	Two, 5-Year Options
Maintenance	Tenant Reimburses
Roof/Structure Responsibility	Landlord Responsible
Insurance	Tenant Reimburses; Landlord carries insurance
Real Estate Taxes	Tenant Reimburses
Utilities	Tenant Responsible
ROFR	No

TENANT SUMMARY



THE OFFERING

PROPERTY NAME	
Arby's	
SITE DESCRIPTION	
Property Address	4884 County Trunk Hwy V DeForest, WI
Number of Stories	One
GLA	± 4,840 SF
Type of Ownership	Fee Simple

Arby's Fast Crafted restaurant services feature a unique blend of quick-serve speed combined with the quality and made-for-you care of fast casual. Arby's Restaurant Group, Inc. is the franchisor of the Arby's Brand and is headquartered in Atlanta, GA. Arby's Restaurant Group (ARG) operates the Arby's fast-food chain popular for its hot roast beef sandwiches. In addition to roast beef sandwiches, its menu features chicken sandwiches, salads, and some dessert items. More than 1,100 Arby's locations are company-owned, while the rest are franchised.

Roark Capital Group acquired 81.5% of Arby's Restaurant Group in July 2011 and now wholly owns Inspire Brands. The Wendy's Company held a minority stake of 18.5% in Arby's after the acquisition by Roark Capital; that share was reduced to 12.3% upon the purchase of Buffalo Wild Wings, and was sold back to Inspire Brands on August 16, 2018, for 450 million dollars, a 38 percent premium.

In addition to its classic Roast Beef and Beef 'n Cheddar sandwiches, Arby's products also include deli-style Market Fresh line of sandwiches, Greek gyros, Curly Fries and Jamocha Shakes. Its headquarters are in Sandy Springs, Georgia, a suburb of Atlanta which uses Atlanta mailing addresses. In 2019, there were 3,472 restaurants. There are locations in six countries outside the United States: Canada, Turkey, Qatar, Kuwait, Egypt, and South Korea.



The Offering

PROPERTY NAME	
Phillips 66	
SITE DESCRIPTION	
Property Address	4884 County Trunk Hwy V DeForest, WI
Number of Stories	One
GLA	± 4,840 SF
Type of Ownership	Fee Simple

The Phillips 66 Company is an American multinational energy company headquartered in Westchase. The company is engaged in producing natural gas liquids (NGL) and petrochemicals. The company has approximately 14,000 employees worldwide and is active in more than 65 countries. Phillips 66 is ranked No. 23 on the Fortune 500 list and No. 67 on the Fortune Global 500 list as of 2018.

PHILLIPS 66 STRATEGY

By maintaining strong operating excellence, Phillips 66 is committed to safety, reliability and environmental stewardship while protecting shareholder value. Their 13 refineries in the United States and Europe process crude oil and other feedstocks and focus on operating excellence, optimization, safety and increasing margins. The business has a global refining capacity of 2.2 million barrels of crude oil per day.

From the laboratory to pilot plants, in-house research and development at Phillips 66 drives new ideas toward commercialization. Energy Research & Innovation evaluates opportunities and finds technical solutions to the challenges facing our industry. Our researchers' inspirations create avenues for future growth and help existing businesses reduce costs through improved processes.



AREA OVERVIEW





POPULATION



HOUSEHOLDS



INCOME



	2020 ESTIMATE	2025 PROJECTION	2020 ESTIMATE	2025 PROJECTION	2020 AVG. HOUSEHOLD INCOME
1-MILE	6,190	6,540	2,335	2,460	\$103,539
3-MILE	17,361	18,432	6,626	7,036	\$111,047
5-MILE	24,452	26,008	9,180	9,750	\$116,391

**Subject Property Demographics*

DEFOREST, WI

DeForest is a suburb of Madison with a population of 9,936. DeForest is in Dane County and is one of the best places to live in Wisconsin. Living in DeForest offers residents a sparse suburban feel and most residents own their homes. The Village is working together to bring in more established small and corporate businesses to develop an even more successful economy than they have now. DeForest is the fastest growing community in Dane County, and much of that growth is due to businesses choosing to locate and expand specifically in their community. There are an abundance of development opportunities and with expedited approval processes, DeForest is one of the best areas to grow a company.

Employees and families choose DeForest for its beautiful neighborhoods, quality schools, exceptional public safety services, plentiful parks and trails and many events and activities. Providing easy access to urban amenities while maintaining the welcoming quality of life in the suburbs attracts residents of all ages. DeForest's park system boasts 57 acres of community parkland, 30 acres of neighborhood parkland and over 300 acres of conservancy. With that, the village houses 9 developed parks and approximately 7 miles of trail.



MADISON, WI

Established on a narrow isthmus of land between Lake Mendota and Lake Monona in central Wisconsin, Madison is a city that blends urban sophistication, charm and progressive thinking with natural beauty and small-town ease. As the capital of Wisconsin, Madison is the second largest city in the state, after Milwaukee, and consistently ranks as one of the best places to live, work and raise a family.

Consequently, Madison is growing larger and becoming more diverse, dynamic and cosmopolitan; The city is poised to add over 50 thousand residents in the coming future. Near the central downtown area, the University of Wisconsin – Madison campus brings a college-town atmosphere to the city with its student body of over 40,000 students. With an ideal location along the shore of Lake Mendota, the university campus, like many city businesses and residences, enjoys attractive lake views as well as access to recreational opportunities such as fishing and boating.

ECONOMIC DEVELOPMENTS

For the past few decades, Madison has experienced steady economic advancement, making it less susceptible to recession. Established businesses and businesses looking to expand or grow have access to a variety of assistance programs offered by the city. Emerging industries are reshaping Madison's workforce, which has historically attracted many businesses due to the area's high level of education. Currently, the economy is evolving from government-based to consumer services and high-tech based, with emphasis in the health, biotech and advertising fields.

GREATER MILWAUKEE

Situated on Lake Michigan in southeastern Wisconsin 90 miles east of Madison, the Milwaukee metropolitan area is the largest metropolitan area in the state. It is a part of the Great Lakes Megalopolis and draws commuters from outlying areas such as Madison, Chicago and the Fox Cities. Encompassing Milwaukee, Waukesha, Washington and Ozaukee Counties, Metro Milwaukee covers 1,460 square miles by land area. The metro area's economy has been evolving from that of the goods producing industry to one that is more service based. A majority of its workforce continues to be in manufacturing, although recent job growth has largely been in the service-providing sector.

Also a commercial and cultural center for Wisconsin, the city of Milwaukee is the hub of Greater Milwaukee and the largest city in the state. Six Fortune 500 companies have their international headquarters established in this self-sufficient city: Harley-Davidson, Manpower, Rockwell Automation and Johnson Controls, Northwestern Mutual, and Joy Global. In the spirit of progress, Milwaukee has recently renovated its downtown area, creating an area of lakefront parks and museums. These architectural improvements reflect both the city's cherished old-world traditions and modern attitude. With a full complement of culture, performing arts, and recreational amenities, Milwaukee continues to attract businesses and young professionals looking to live in a 21st century city.

GETTING AROUND

GENERAL MITCHELL INTERNATIONAL AIRPORT

Five miles south of downtown Milwaukee, General Mitchell International Airport is the largest airport in Wisconsin. It is served by nine airlines and is open 24 hours a day. The Amtrak Hiawatha train service connects Mitchell to Chicago and downtown Milwaukee.

MILWAUKEE INTERMODAL STATION

As the gateway into downtown, the Milwaukee Intermodal Station is downtown's transportation hub. Approximately 1.4 million passengers are served annually by the station with connections to Amtrak's Hiawatha Service.

MILWAUKEE COUNTY TRANSIT SYSTEM

Servicing 45 million riders each year, the Milwaukee County Transit System (MCTS) offers a fleet of 410 clean diesel-buses. It is the largest transit system in Wisconsin and the economic engine of the state.



POINTS OF INTEREST



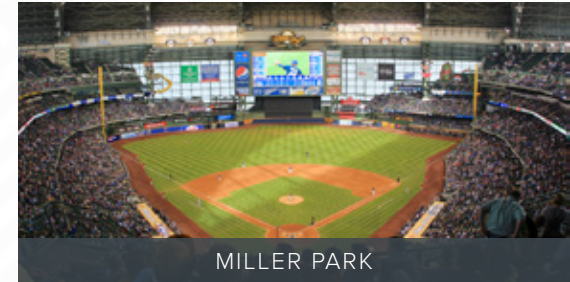
MILWAUKEE ART MUSEUM

From its origins in Milwaukee's first art gallery, the Milwaukee Art Museum has become an icon for the city. It is one of the largest museums in the country, showcasing 30,000 works of art to over 400,000 visitors a year.



HARLEY-DAVIDSON MUSEUM

Located on the Milwaukee riverfront, the Harley-Davidson Museum chronicles the history of the Harley-Davidson back to the oldest known motorcycle. The 20-acre museum campus houses more than 450 motorcycles and artifacts.



MILLER PARK

Named after the Miller Brewing Company, Miller Park is the homefield of the Milwaukee Brewers. The grand, brick structure is one of the largest construction projects in Wisconsin history with an impressive retractable roof.



GREAT LAKES DISTILLERY

For those of legal drinking age, the Great Lakes Distillery in the heart of Milwaukee offers small batch products made with old world methods. This world class artisan distillery is committed to providing quality spirits that exhibit craftsmanship.



PABST MANSION

Once home to Captain Frederick Pabst, founder of the Pabst Brewing Company, Pabst Mansion is a house museum that preserves the legacy of the Pabst family. In 1979, the mansion was placed on the National Register of Historic Places.



MILWAUKEE COUNTY ZOO

Spanning 200 wooded acres, the Milwaukee County Zoo houses over 2,000 mammals, birds, fish, amphibians and reptiles in specialized habitats. The zoo's objective is to inspire public support and participation in global conservation of animal species.



HISTORIC THIRD WARD

Three blocks south of downtown Milwaukee, the Historic Third Ward is known as Milwaukee's Arts and Fashion District. The area offers the city's most dynamic array of restaurants, spas, theaters, galleries and shopping, all in a historic warehouse setting.



MILWAUKEE PUBLIC MARKET

Bursting with high quality selections of artisan products and freshly-made prepared foods, the Milwaukee Public Market is Milwaukee's most unique downtown food destination. It is located in the vibrant Historic Third Ward neighborhood.



MILWAUKEE RIVERWALK

The Milwaukee RiverWalk winds through the city, tying together three distinct riverfront neighborhoods. Permanent and changing art exhibitions create a unique outdoor gallery that unifies Downtown, Beerline B., and the Historic Third Ward.

CONFIDENTIALITY AGREEMENT & DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of **Arby's & Phillips 66** located at **4884 County Trunk Hwy V, DeForest, WI 45505** ("Property"). It has been prepared by Matthews Real Estate Investment Services. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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