

TAKE 5 CAR WASH SALE-LEASEBACK

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



10402 East Colonial Boulevard
Orlando, FL 32817

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Investment Highlights

PRICE: \$4,333,333 | CAP: 6.00% | RENT: \$260,000



About the Investment

- ✓ **20-Year Triple-Net (NNN) Sale-Leaseback:** At Closing the Tenant Will Execute a Brand New 20-Year Absolute Triple-Net Lease. The Lease Will Have No Landlord Responsibilities.
- ✓ **Corporate Guarantee:** The Leases will be subject to Corporate Guarantees by Driven Brands Inc
- ✓ **Accelerated and Bonus Depreciation:** The Properties Qualify for 15-Year Accelerated Depreciation as well as Bonus Depreciation
- ✓ **Rental Increases:** The Leases will Include 1.50% Annual Rental Increases

About the Location

- ✓ Dense Retail Corridor | Walmart, Big Lots, Harbor Freight Tools, Aaron's, Dollar Tree, Dollar General, Holiday Inn, CVS Pharmacy, Pep Boys, AutoZone and Many More
- ✓ Strong Demographics | Population Exceeds 254,000 Individuals Within a Five-Mile Radius
- ✓ Strong Traffic Counts | Over 60,000 and 64,000 Vehicles Per Day Along East Colonial Boulevard and Alafaya Trail, Respectively
- ✓ Orlando International Airport | Located Approximately 17 Miles Away | Serves over 19 Million Passengers Per Year
- ✓ Strong Academic Presence | University High School | Approximately Two Miles Away | Over 2,700 Students Enrolled
- ✓ Affluent Community | Average Household Income Exceeding \$83,000 Within a Five-Mile Radius

About the Tenant / Brand

- ✓ The World's Largest Car Wash Company: Driven Brands Car Wash Was Founded In 1965 And Is Now The World's Largest Car Wash Operator, Operating More Than 1,100 Units
- ✓ Driven Brands entered the car wash industry in 2020 with the Acquisition of International Car Wash Group and Now Operates Over 350 Locations in the United States
- ✓ Driven Brands has Significant Plans to Rebrand all 350+ U.S. Locations to Take 5 Car Wash with Nearly Half Being Completed in 2022 and the Remainder in 2023
- ✓ Over The Past 18 Months Driven Brands Has Nearly Doubled in U.S. Car Wash Holdings and is Streamlining Operations Across All Sites to Unify The Business.





Financial Analysis

PRICE: \$4,333,333 | CAP: 6.00% | RENT: \$260,000



PROPERTY DESCRIPTION

Concept	Take 5 Car Wash
Street Address	10402 E Colonial Blvd
City, State ZIP	Orlando, FL 32817
Year Built / Renovated	2023
Estimated Building Size (SF)	3,852
Estimated Lot Size (Acres)	1.05
Type of Ownership	Fee Simple

THE OFFERING

Price	\$4,333,333
CAP Rate	6.00%
Net Operating Income	\$260,000

LEASE SUMMARY

Property Type	Specialty
Property Subtype	Car Wash
Credit Type	Corporate
Tenant	Take 5 Car Wash
Guarantor	Driven Brands Inc
Original Lease Term	20 Years
Lease Commencement	Close of Escrow
Lease Expiration	20 Years from Close of Escrow
Lease Term Remaining	20 Years
Lease Type	Triple Net (NNN)
Landlord Responsibilities	None
Rental Increases	1.50% Annually
Renewal Options Remaining	4, 5-Year Options

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
Year 1	\$210,000	\$17,500	-
Year 2	\$213,150	\$17,763	1.50%
Year 3	\$216,347	\$18,029	1.50%
Year 4	\$219,592	\$18,299	1.50%
Year 5	\$222,886	\$18,574	1.50%
Year 6	\$226,230	\$18,852	1.50%
Year 7	\$229,623	\$19,135	1.50%
Year 8	\$233,067	\$19,422	1.50%
Year 9	\$236,563	\$19,714	1.50%
Year 10	\$240,112	\$20,009	1.50%
Year 11	\$243,714	\$20,309	1.50%
Year 12	\$247,369	\$20,614	1.50%
Year 13	\$251,080	\$20,923	1.50%
Year 14	\$254,846	\$21,237	1.50%
Year 15	\$258,669	\$21,556	1.50%
Year 16	\$262,549	\$21,879	1.50%
Year 17	\$266,487	\$22,207	1.50%
Year 18	\$270,484	\$22,540	1.50%
Year 19	\$274,542	\$22,878	1.50%
Year 20	\$278,660	\$23,222	1.50%

INVESTMENT SUMMARY

NNN Pro Group is pleased to present the exclusive listing for a Take 5 Car Wash located at 10402 East Colonial Boulevard, Orlando, FL. The site consists of roughly 3,852 rentable square feet of building space on estimated 1.05-acre parcel of land. This Take 5 Car Wash is subject to a 20-year absolute triple-net (NNN) lease, which commences upon the close of escrow. The current annual rent is \$260,000 and is scheduled to increase by 1.50% annually throughout the base term and in each of the 4, 5-year renewal options.



Depreciation Overview



Accelerated Depreciation

Assumptions	
Asset Type	Car Wash
Ownership	Fee Simple
Rent	\$260,000
Cap Rate	6.00%
Purchase Price	\$4,333,333
Depreciable Basis for Improvements	80.00%
Useful Life	15
Federal Tax Rate	37.00%
Year 1 Depreciation	\$231,111
Potential Tax Savings	\$85,511

Bonus Depreciation

Assumptions	
Asset Type	Car Wash
Ownership	Fee Simple
Rent	\$260,000
Cap Rate	6.00%
Purchase Price	\$4,333,333
Depreciable Basis for Improvements	80.00%
Useful Life	1
Federal Tax Rate	37.00%
Year 1 Depreciation	\$2,773,333
Potential Tax Savings	\$1,026,133

Standard Depreciation

Assumptions	
Asset Type	Traditional Retail
Ownership	Fee Simple
Rent	\$260,000
Cap Rate	6.00%
Purchase Price	\$4,333,333
Depreciable Basis for Improvements	80.00%
Useful Life	39
Federal Tax Rate	37.00%
Year 1 Depreciation	\$88,889
Potential Tax Savings	\$32,889

Ground Lease

Assumptions	
Asset Type	Traditional Retail
Ownership	Ground Only
Rent	\$260,000
Cap Rate	6.00%
Purchase Price	\$4,333,333
Depreciable Basis for Improvements	0.00%
Useful Life	0
Federal Tax Rate	37.00%
Year 1 Depreciation	\$0
Potential Tax Savings	\$0



Concept Overview



About Driven Brands Car Wash – “Take 5 Car Wash”

Driven Brands Car Wash is the world’s largest local car wash operator. Driven Brands entered the car wash industry in 2020 with the acquisition of International Car Wash Group. Driven Brands operates over 1,100 locations in 14 countries across US, Europe and Australia, with over 350 locations in the United States. The Company was founded in Germany in 1965 under the IMO brand, the name still used at its non-US locations. Driven Brands Carwash is a member of Driven Brands, the largest automotive services company in North America.

Built through acquisition and greenfield projects, Driven’s 350+ U.S. based car washes are currently under multiple different brands but there are significant plans to change this. Leveraging the strong brand equity and awareness of Take 5 Oil Change, Driven announced they will migrate all brands under Take 5 Car Wash in February 2022. They plan to rebrand nearly half of its estate by the end of 2022 and will be fully rebranded by the end of 2023.

The rebranding of Driven’s car wash locations comes from the success of their Take 5 oil change and serves two functions. First, it merges the sites under one recognizable banner. Second, it unifies the company’s quick lube and car wash businesses for greater synergies and cross-promotional potential.

Over the past 18 months Driven Brands has nearly doubled in U.S. car wash holdings and is streamlining operations across all sites to unify the business. That unification starts with the power of the Take 5 brand.

Key Takeaways from the Rebrand:

12%
Volume increase

11%
Revenue lift

Membership
More than doubles



Rebrand



“Our 700-plus Take 5 Quick Lube locations share a lot of the same markets as our Car Wash business. Take 5 has strong brand equity, awareness and high NPS scores. So leveraging the Take 5 brand for our U.S. Car Wash business makes a lot of sense and we validated that with consumer research.”
– Jonathan Fitzpatrick, President & Chief Executive Officer of Driven Brands



Concept Overview



Driven Brands is the largest automotive services company in the North America and has a foothold in 13 additional countries

\$5bn+

in system-wide sales

4,600+ stores



12 consecutive years

of **SSS growth** through
2019 and **positive SSS** in
2021 and YTD Q2 2022
(+13.2%)

<5%

market share
of ~\$350bn⁽¹⁾ industry

Diverse automotive mix

of paint, collision & glass, repair
and maintenance, distribution,
quick lube and car wash

77%

franchised

**Diverse service
mix**

**Significant
whitespace**

**Highly cash
generative**

**Compound
grower**

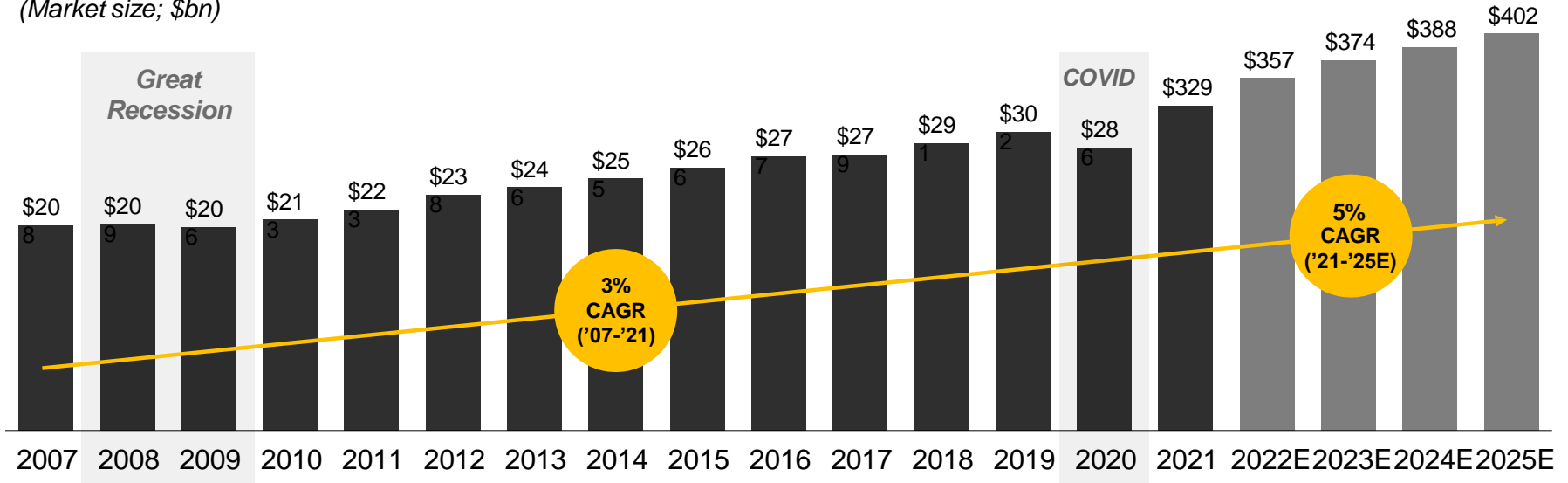


Concept Overview



U.S. Automotive Care Industry

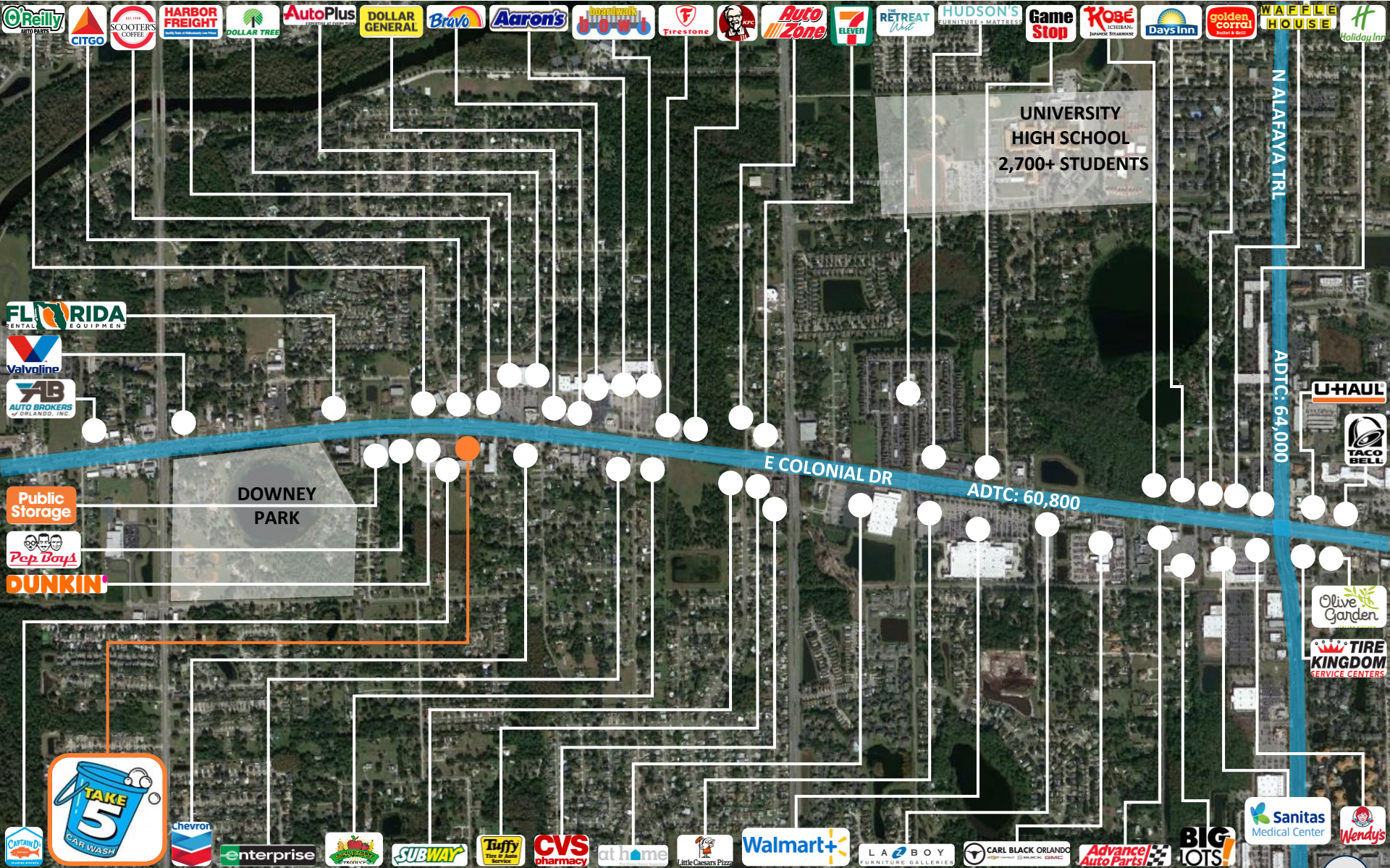
(Market size; \$bn)



- ✓ Growing and aging car parc of 280+ million vehicles drives increasing service spend
- ✓ Increasing vehicle complexity results in reliance on professional services and higher tickets
- ✓ Essential services required in any economic environment



Surrounding Area





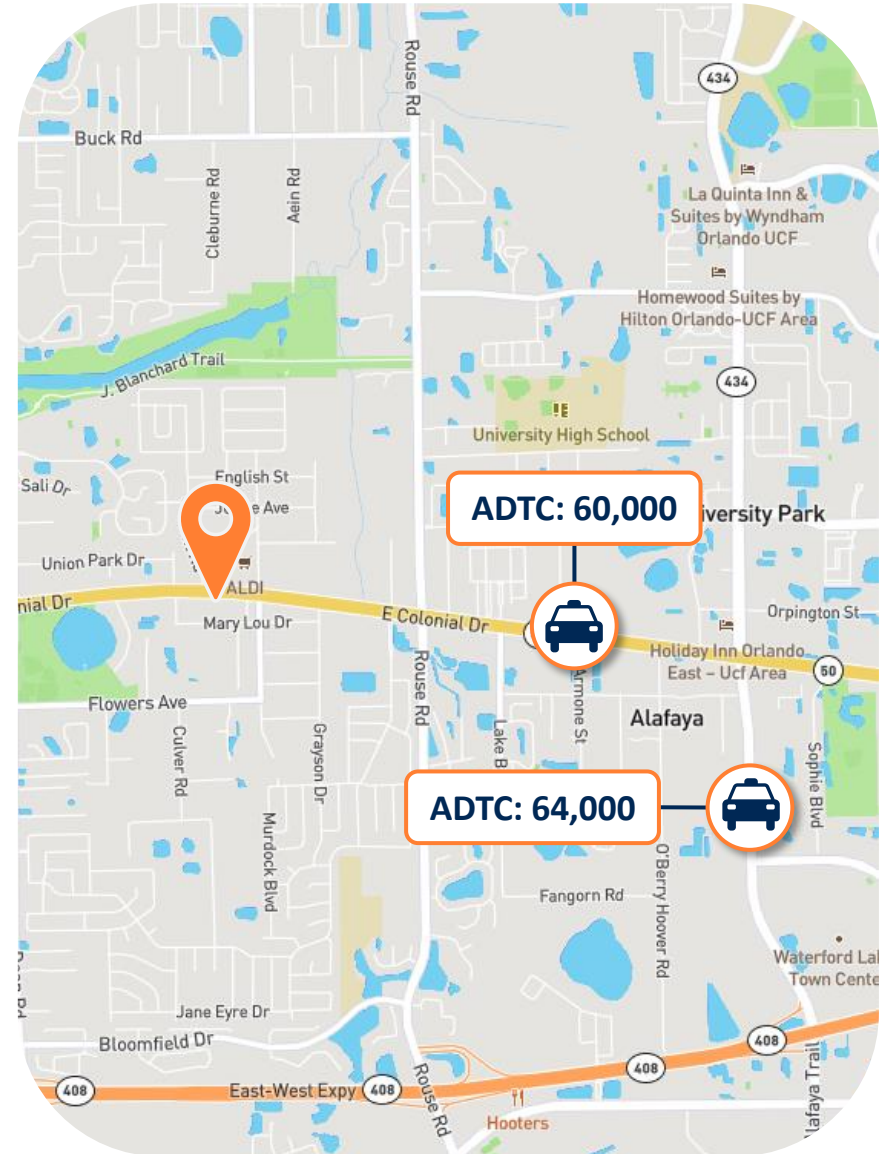
Location Overview



The subject investment property is a Take 5 Car Wash situated on East Colonial Drive, which experiences an average daily traffic count of approximately 60,000 vehicles. East Colonial Drive intersects with North Alafaya Trail, which brings an additional 64,000 vehicles into the immediate area on average daily. There are approximately 97,100 individuals residing within a three-mile radius of the subject property and more than 254,000 vehicles within a five-mile radius. Additionally, the subject property is in an affluent community with average household income exceeding \$83,000 within a five-mile radius.

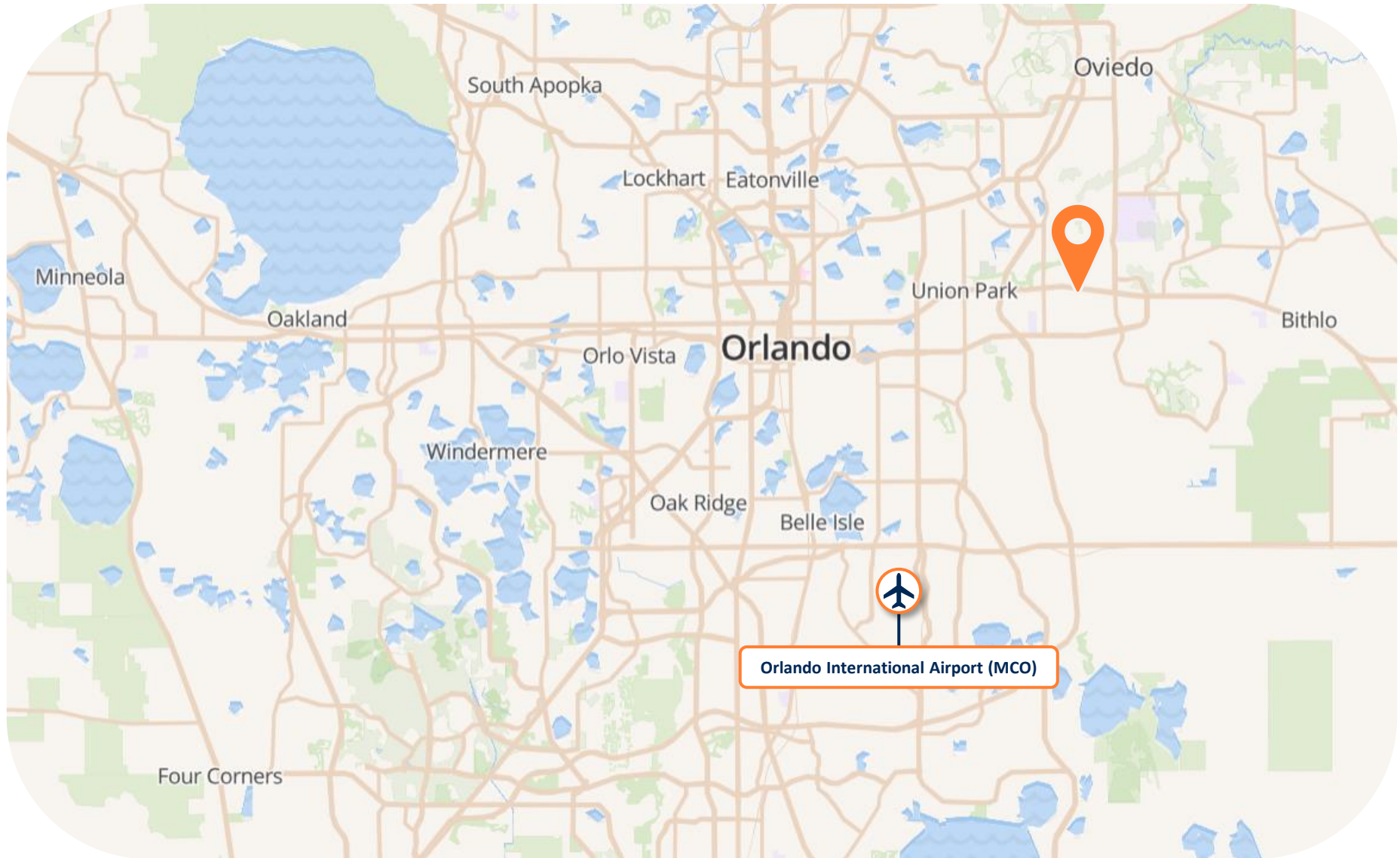
The subject property benefits from being well-positioned in a dense retail corridor consisting of national and local tenants, academic institutions, and shopping centers, all of which help drive traffic to the site. Major tenants in the immediate area include Walmart, Big Lots, Harbor Freight Tools, Aaron's, Dollar Tree, Dollar General, Holiday Inn, CVS Pharmacy, Pep Boys, AutoZone, as well as many others. The subject property is within proximity to several academic institutions. Most notable being University High School, which is approximately two miles from the subject property. There are also several local parks in the surrounding area, with Downey Park approximately one mile away. Moreover, the Orlando International Airport is approximately 17 miles from the subject property and serves over 19 million passengers per year.

Orlando, FL is a vibrant city known for its attractions and year-round sunshine. The city has an incredibly diverse population with a strong economy fueled by major companies such as Disney, Lockheed Martin, Universal Orlando, Electronic Arts, and Siemens. Key economic indicators show strength as the office-using employment continues to grow with the professional and business services sector up 1.6% year over year as of December 2022. Trade, transportation, and utilities is up by 3.0% over the same period, manufacturing employment has grown by an impressive 8.2%, and the leisure and hospitality sector's improvement of 10.8% year over year is a clear indication of a return to pre-pandemic activity levels. Key private employers in Orlando include Walt Disney World Resort, AdventHealth, Universal Orlando, Orlando Health, and Publix Super Markets, Inc.



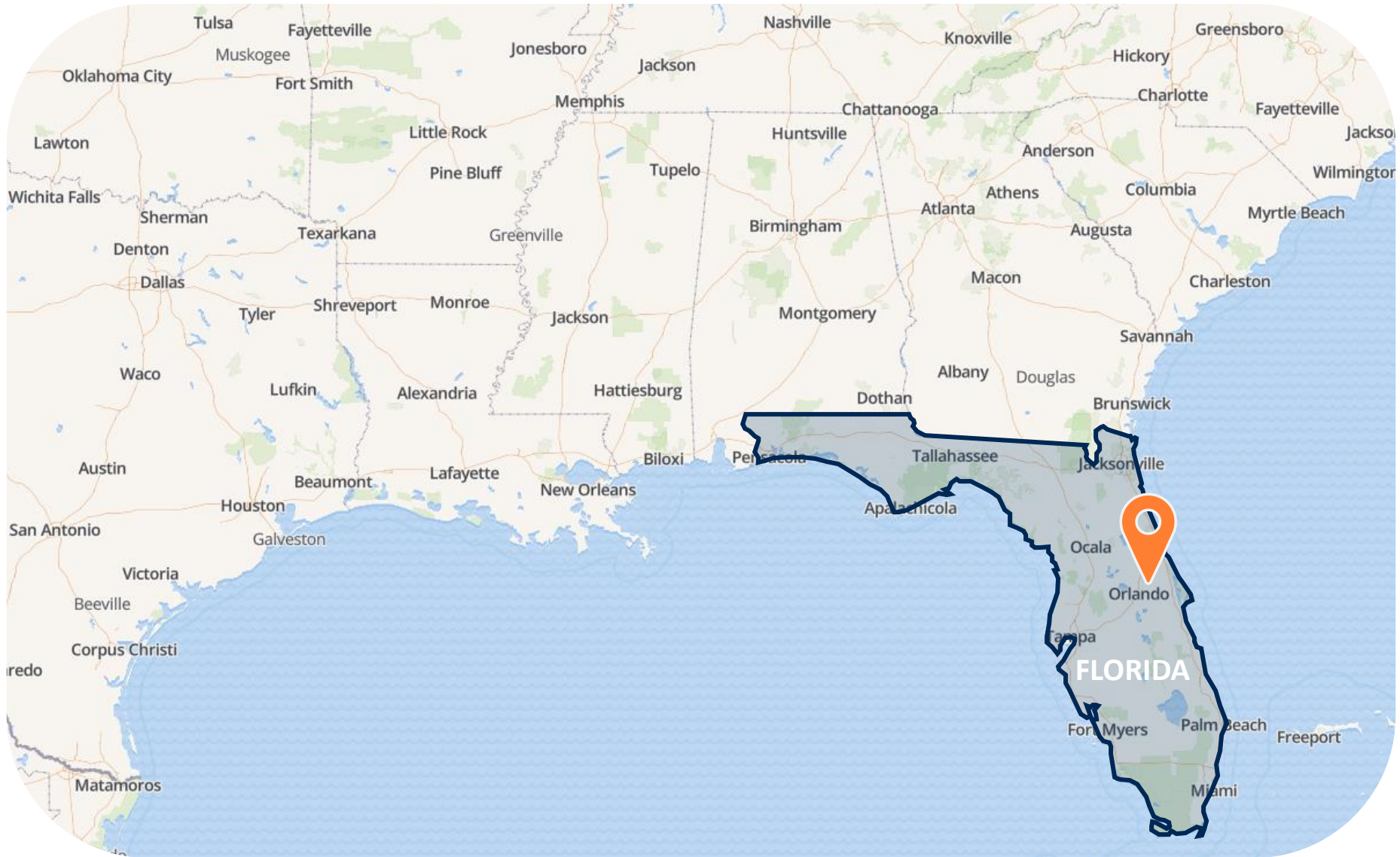


Local Map



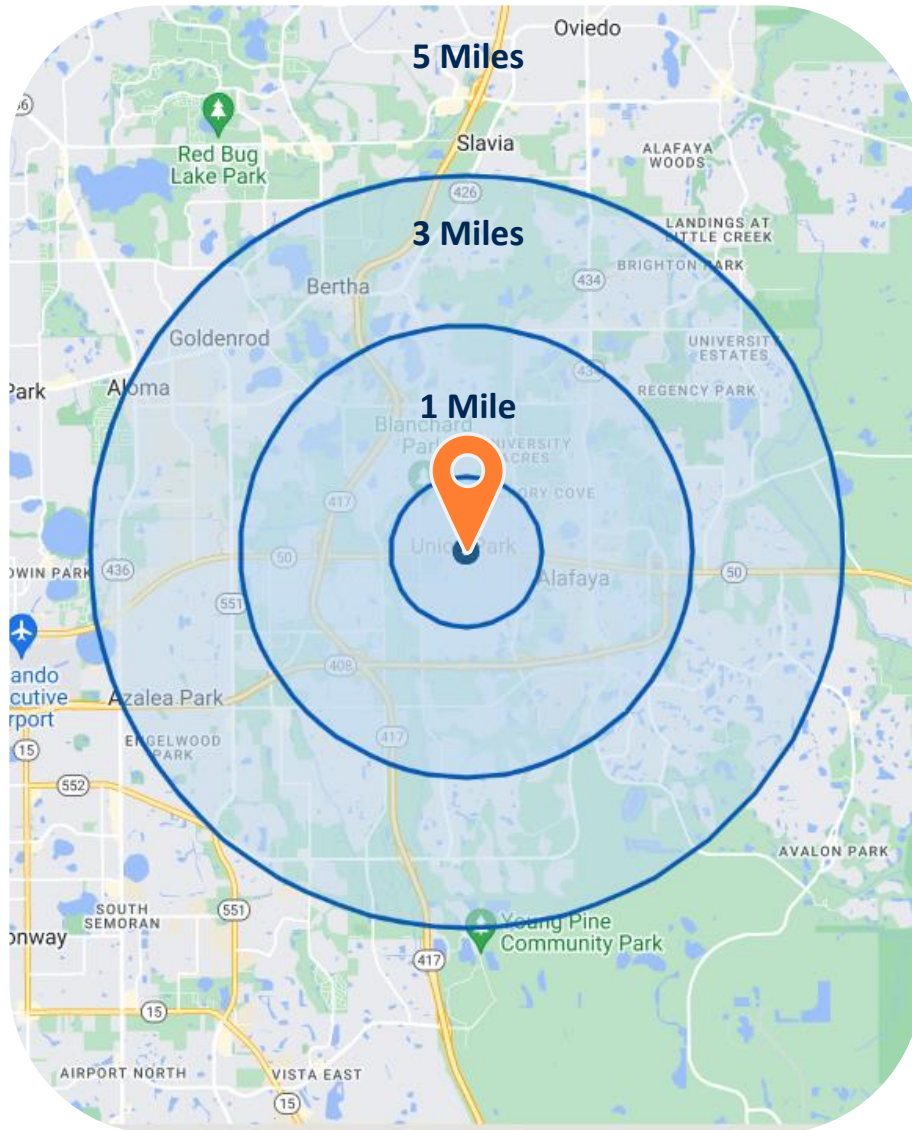


Regional Map





Demographics



POPULATION TRENDS

	1 Mile	3 Miles	5 Miles
2010 Population	9,372	87,618	233,532
2023 Population	10,111	97,185	254,404
2028 Population Projection	10,161	98,054	255,846
Annual Growth 2010-2023	0.60%	0.80%	0.70%
Annual Growth 2023-2028	0.10%	0.20%	0.10%

HOUSEHOLD TRENDS

	1 Mile	3 Miles	5 Miles
2010 Households	3,394	31,104	83,004
2023 Households	3,676	34,864	90,880
2028 Household Projection	3,697	35,231	91,467
Annual Growth 2010-2023	0.50%	0.80%	0.60%
Annual Growth 2023-2028	0.10%	0.20%	0.10%

AVERAGE HOUSEHOLD INCOME (2022)

1 Mile	3 Miles	5 Miles
\$83,339	\$74,395	\$83,612

MEDIAN HOUSEHOLD INCOME (2022)

1 Mile	3 Miles	5 Miles
\$74,091	\$59,843	\$66,289

HOUSEHOLDS BY HOUSEHOLD INCOME (2022)

	1 Mile	3 Miles	5 Miles
< \$25,000	484	6,848	14,874
\$25,000 - 50,000	796	8,022	19,324
\$50,000 - 75,000	579	6,726	17,511
\$75,000 - 100,000	821	5,441	13,360
\$100,000 - 125,000	480	3,151	9,921
\$125,000 - 150,000	182	1,882	5,335
\$150,000 - 200,000	144	1,403	5,445
\$200,000+	189	1,392	5,110



Market Overview



Orlando Retail demand in Orlando has proven resilient in the face of building economic headwinds and consumer spending remains healthy as stubbornly high inflation persists. Central Florida's tourism industry has also completely rebounded and Oxford Economics projects that Orlando's inbound tourism is forecast to grow by 8% per year through 2027. Additionally, the metro's job growth rate of 8.8% was more than double that of the nation in 2022, and restaurants, hospitality, arts and entertainment led that growth. If that's not reason enough for retail demand to be so solid, Orlando's population is set to increase by 1.5% annually over the next five-year period, and retail sales are forecast to increase by 1.9% annually during the same time.

The brisk pace of in-migration to Florida and strong consumer spending in the Sunshine State have also fueled an uptick in interest from out-of-state retail and restaurant concepts, many of whom are either seeking expansion opportunities or an entry into the market. The state's business friendly environment and a reduction in the sales tax rate on commercial real estate property lease payments from 5.5% to 4.5% (for occupancy beginning on or after December 1, 2023) is also driving leasing interest in key metro areas. Rent growth in Orlando remains strong and has been outpacing that of the nation at large since 2015, a testament to the overall market's performance. The pace of year-over-year rent growth reached a record high of 8.5% in 22Q4 and has moderated only slightly in the period since to 6.7% as of the second quarter of 2023.

Investors remain committed to chasing retail opportunities in Orlando given its strong long-term prospects for both retail demand and property appreciation, especially within areas with strong foot traffic resulting from tourism. Steady consumer demand for goods is sustaining a number of retail concepts, particularly discount department stores, and strong in-store sales translates to additional rent potential for owners. Retail sales volume during 2022 set a record at just over \$1.8 billion, far outpacing the previous record set the year prior, and 2023 has started off well with approximately \$530 million in retail assets changing hands.

Orlando has one of the most dynamic economies in the Southeast, fueled by steady in-migration and a fast pace of population growth. Its economy benefits from its growing roster of tech and fintech tenants and its established and expanding defense sector, as well as the presence of its world-renowned theme parks. Overall employment has begun to accelerate, and more than 5,000 new jobs were announced in 2022 via either local or new-to-market expansion following nearly 5,000 new jobs announced during 2021.

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