



OFFERING MEMORANDUM

MCD Manufacturing Facility

2547 Progress Road, Madison, WI



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Investment Summary

The Offering

MCD Manufacturing facility is an office/production/warehouse facility located at 2547 Progress Road, Madison. The building is comprised of 93,608 square feet and situated on a 4.5 acre lot. The building was initially constructed in 1995 and expanded in 2008, and can be further expanded by approximately 15,000 square feet.

The building is leased to MCD, Inc. pursuant to a NNN lease expiring in February, 2029. The current rent is \$6.04 psf and escalates 2.5% on March 1st of each year.

The investment opportunity offers a strong current yield and upside through annual rent escalations, building expansion capacity, and 8+ years of remaining lease duration.

PRICE - \$8,285,000

CAP RATE - 7.0%



Tenancy

- MCD is a 45+ year old Madison-based company specializing in high-quality print finishing products and services, including foil stamping, embossing, folding/gluing, and UV coatings.
- For further information visit www.mcd.net
- In 2015 the company was sold to an ESOP for approximately \$8 million, and is run by Bryon Johnson (president/CEO), a 20-year veteran of the company.
- In its fiscal year ending October, 2019, MCD reported revenue of \$13.8 mm, EBITDA of \$2.3 million, and pre-tax net income of \$1.1 million.
- MCD has 8+ years remaining on its NNN lease (February 28, 2029), 2.5% annual escalators, and two 7-year renewal options.

The Property

- MCD is located on Progress Road within the Stoughton Road industrial corridor on Madison's southeast side, offering excellent accessibility to the Beltline (.8 miles south) and Interstate 90 (.3 miles west).
- The property is steel-framed with EIFS and metal panel exterior, a rubber membrane roof, 22 foot clear height, fully air-conditioned throughout, and equipped with 6 loading docks.

Property Overview

ADDRESS:	2547 Progress Road, Madison, WI
SITE SIZE:	4.49 acres
BUILDING AGE:	Completed in Phases; 1995 and 2008
BUILDING SIZE:	93,608 square feet with approximately 75,908 square feet of manufacturing, warehouse and production space, and approximately 17,700 square feet of 1st and 2nd floor office space (elevator served).
EXPANSION CAPACITY:	Approximately 15,000 sq.ft.
PARKING CAPACITY:	128 stalls
STRUCTURE:	Steel frame with EIFS and metal panel exterior
ROOF:	Rubber membrane
CLEAR HEIGHT:	22 feet
HVAC CAPACITY:	Roof-Mounted; HVAC throughout entire facility
SPRINKLERED:	Throughout office and production/warehouse areas
LOADING CAPACITY:	Six loading docks and one drive-in bay
ZONING:	IL - Industrial Limited District
MAJOR EQUIPMENT:	Ten production presses of 40 inches and four production presses of 50 inches.



— Description

MCD was founded in 1972 as Madison Cutting Die. The Company began as a manufacturer of steel rule cutting dies supplied to printing and bindery customers. In response to customer demand, the Company expanded to die cutting and foil stamping operations. Eventually the Company expanded its services to a broad range of sophisticated finishing solutions. In 1998, the business was purchased by Dave Boyer and Joan Philip. In 2004, the Company’s name was changed to MCD to more accurately reflect the wide range of products and services provided. In 2015 Dave Boyer sold the company to an ESOP for approximately \$8 mm, at which time Bryon Johnson became president and CEO.

The company is a manufacturer of graphic arts products and one of the largest print finishing companies in the Midwest. MCD has strong technical capabilities working with both paper and plastic substrates, with particular expertise in die cutting, foil stamping, embossing, folding and gluing, holographic coatings, and other specialty coatings. MCD focuses on a variety of niche markets that rely on differentiation and impact as key elements of their products or packaging. Such markets include retail gift and loyalty programs, direct mail, retail products, and publishing. Within these markets, products include gift cards, loyalty cards, faux credit cards, retail packaging, POP displays, book covers, magazine and catalog covers, promotional folders, and other direct mail pieces.

For Additional Information Visit www.MCD.NET

	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUE	\$11,494,875	\$12,533,928	\$13,876,404
EBITDA	\$1,810,785	\$1,857,264	\$2,254,791
NET INCOME	\$254,468	\$394,225	\$1,102,018



Tenancy

Tenant: MCD, Inc.

GENERAL TENANT INFORMATION:

BUILDING: 2547 Progress Road
PREMISES: 93,608 sf
% OF TOTAL BUILDING: 100%
LEASE COMMENCEMENT: February 17, 2015
LEASE EXPIRATION: February 28, 2029

SECURITY DEPOSIT: NA
RENTABLE AREA: 93,608 sf
EFFECTIVE DATE: February 17, 2015
LEASE COMMENCEMENT DATE: February 17, 2015
LEASE EXPIRATION DATE: February 28, 2029
EXTENSION OPTIONS: Two 7-yr options with 120-day notice.

BASE RENT:

<u>PERIOD</u>	<u>ANNUAL RENT</u>	<u>RENT PSF</u>
3/1/20 - 2/28/21	\$565,704	\$5.92
3/1/21 - 2/28/22	\$579,847	\$6.07
3/1/22 - 2/28/23	\$594,343	\$6.22
3/1/23 - 2/29/24	\$609,201	\$6.38
3/1/24 - 2/28/25	\$624,431	\$6.54
3/1/25 - 2/28/26	\$640,042	\$6.70
3/1/26 - 2/28/27	\$656,043	\$6.87
3/1/27 - 2/29/28	\$672,444	\$7.04
3/1/28 - 2/28/29	\$689,256	\$7.22

Annual escalations of 2.5%.

ADDITIONAL RENT:

NNN; tenant is responsible for all repairs, replacements, maintenance, real estate taxes, insurance and utilities. Tenant’s maintenance obligations shall include roof, foundation, parking lot, walls, interior finishes, mechanical systems, structure and all improvements.



— Tenancy

LANDLORD RESPONSIBILITIES:

None

TENANT FINANCIALS:

Financials are required annually.

INSURANCE:

Tenant responsible to provide (at Tenant's cost) the following:

- Property and casualty insurance for full replacement value
- General liability of \$2m for property damage and \$2m for personal injury/death
- Worker's compensation

Landlord responsible to provide (at Tenant's cost) the following:

- Casualty insurance
- Liability of \$2m
- Rental loss insurance covering 12 months

Policy to name Landlord & Landlord's mortgagee as additional insured.

CASUALTY:

Landlord shall repair within 150 days following casualty. If incomplete, tenant can provide termination notice. Termination is null and void if landlord repairs within 30 days, thereafter.

Landlord can terminate if unable to retain adequate insurance proceeds, the damage is not covered by insurance, the Lease is in its last 12 months, tenant is in default, or the casualty destroyed 50% + of insurable value of the Premises. LL must provide notice within 30 days of casualty.

Rent abated until the earlier of the date landlord substantially completes repair or the date tenant uses premises.

ASSIGNMENT/SUBLETTING:

Landlord consent required, unless in conjunction with a sale of the company.

ESTOPPEL/SNDA:

Required at Landlord's request.

Financial Analysis

	2021	2024	2028
RENTAL INCOME	\$579,847	\$624,431	\$689,256
Expenses			
CAM/TAXES/INSURANCE	NNN	NNN	NNN
NET OPERATING INCOME	\$579,847	\$624,431	\$689,256
IMPLIED CAP RATE	7.00%	7.54%	8.32%
Financing Assumptions			
LOAN AMOUNT @ 75% LTV	\$6,213,750	\$5,705,816	\$4,946,865
CASH EQUITY	\$2,071,250	\$2,071,250	\$2,071,250
INTEREST RATE	3.25%	3.25%	3.25%
AMORTIZATION	25	22	18
ANNUAL PAYMENT	\$363,367	\$363,367	\$363,367
NET CASH FLOW	\$216,480	\$261,064	\$325,889
CASH-ON-CASH YIELD	10.45%	12.60%	15.73%



MCD MANUFACTURING FACILITY

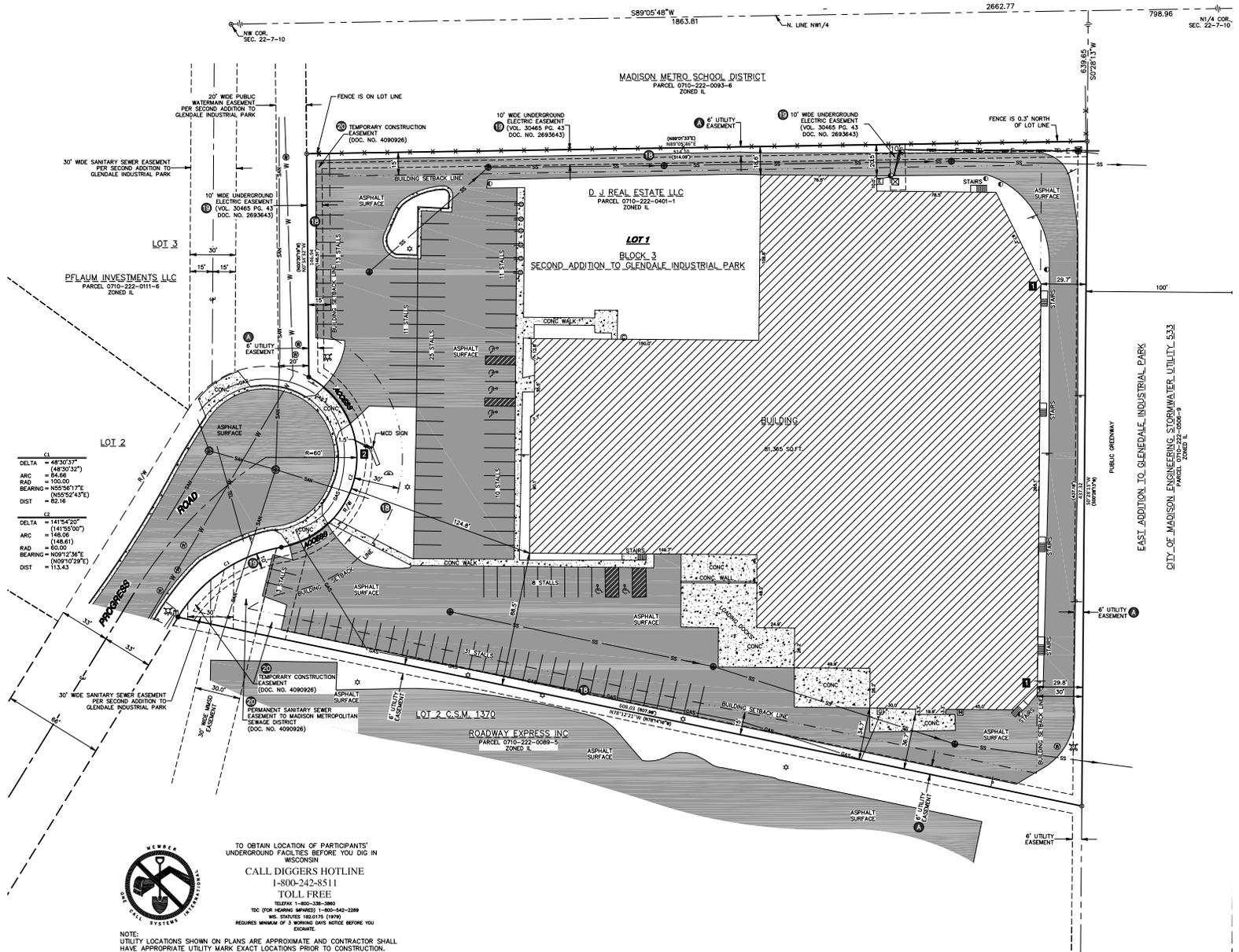
Maps



— Aerials



Survey



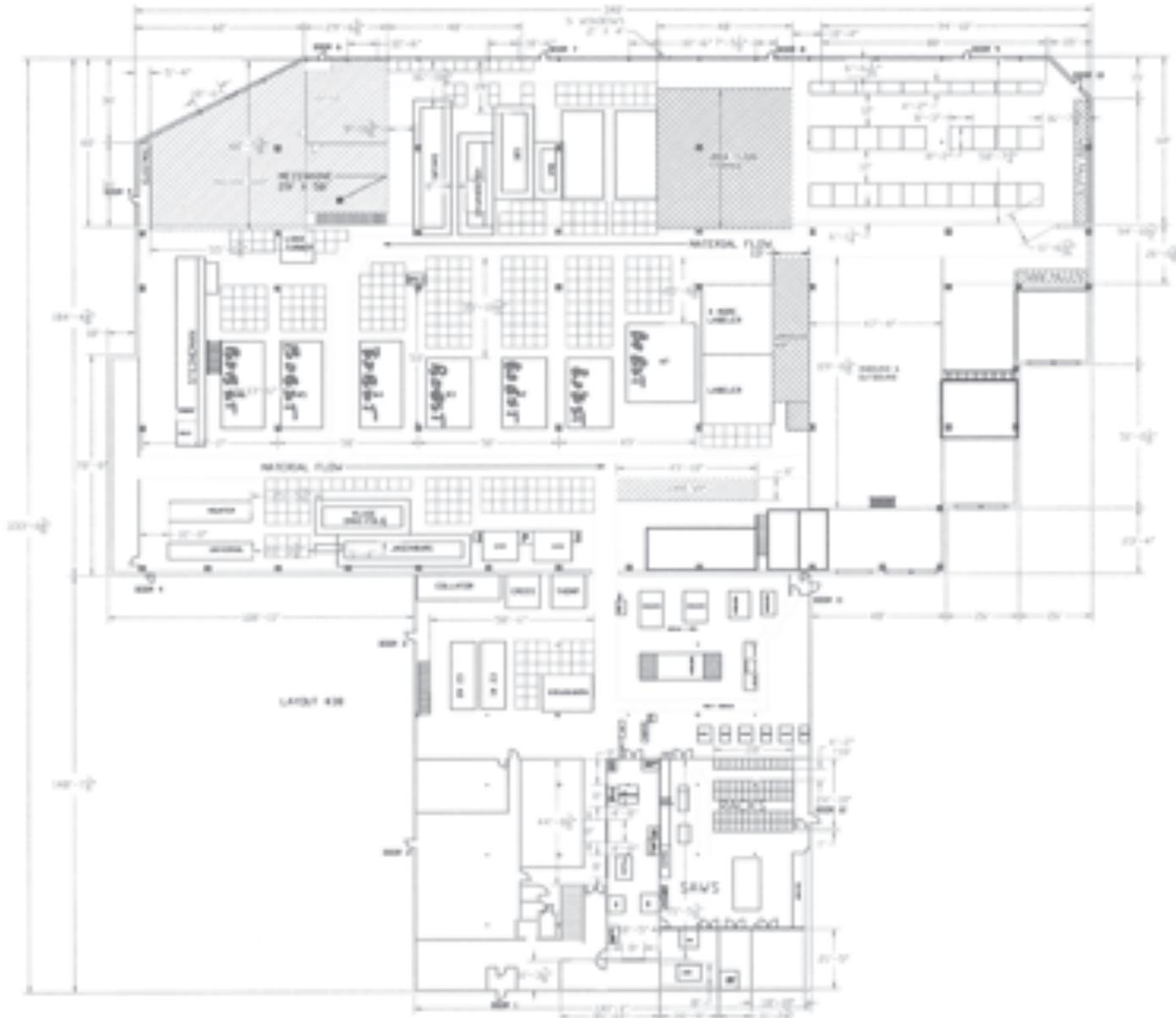
C1	
DELTA	= 48°30'37"
ARC	= 84.66
RAO	= 150.00
BEARING	= N55°56'17"E
DIST	= 82.16
C2	
DELTA	= 141°54'20"
ARC	= 148.00
RAO	= 80.00
BEARING	= N09°12'38"E
DIST	= 112.43



TO OBTAIN LOCATION OF PARTICIPANTS' UNDERGROUND FACILITIES BEFORE YOU DIG IN WISCONSIN
CALL DIGGERS HOTLINE
 1-800-242-8511
 TOLL FREE
 TELEFAX 1-800-338-3860
 TDD (FOR HEARING IMPAIRED) 1-800-644-2389
 WIS. STATUTES 182.0175 (1979)
 REQUIRES MINIMUM OF 3 WORKING DAYS NOTICE BEFORE YOU DIG.

NOTE: UTILITY LOCATIONS SHOWN ON PLANS ARE APPROXIMATE AND CONTRACTOR SHALL HAVE APPROPRIATE UTILITY MARK EXACT LOCATIONS PRIOR TO CONSTRUCTION.

← Floor Plan



■ Offering Procedures

Terms of Sale

ASKING PRICE:

\$8,285,000

TERMS:

The properties are being sold on an as is, where is basis, without structural, economic or environmental warranties.

PROPERTY TOURS:

Please coordinate all property tours thru T5 Real Estate.

DEBT:

The property is being offered free and clear of any mortgage financing.

SALE PRORATIONS:

Rent and prepaid insurance expense will be prorated on the day of closing. Real estate taxes are the direct responsibility of the Tenant and therefor will not be prorated. Seller shall be responsible for paying the State of Wisconsin transfer taxes, equal to \$3.00 per \$1,000 in value.

AVAILABLE DOCUMENTS:

To assist Buyer in due diligence, Seller shall provide all existing documents in its possession, including ALTA survey, Phase I environmental report, building plans/spec, historical financials of property and tenant, and historical real estate tax bills and insurance premiums.

Contact Information

The sale of the property is being exclusively facilitated by T5 Real Estate Solutions LLC.

Thank you for considering this investment opportunity. For additional information please contact:

TIMOTHY CAREY, PRINCIPAL

T5 Real Estate Solutions LLC

608-826-4552

Tim@T5RE.com



— Disclaimer

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T5 REAL ESTATE SOLUTIONS | TIM CAREY

7475 Hubbard Avenue, Suite 202 Middleton, WI 53562 | O: 608-826-4552 | C: 608-358-8555 | E: Tim@T5RE.com | W: www.T5RE.com

