



OFFERING MEMORANDUM

Pooh Bear Childcare Center

1340 DEMING WAY, MIDDLETON WI

Investment Summary

The Offering

Pooh Bear Childcare Center is an established, locally-owned childcare center located at 1340 Deming Way, Middleton. The building is comprised of a single-story 8,270 Sq. Ft. structure situated on a 55,906 square foot parcel. The building was constructed in 2001 as a build-to-suit for Pooh Bear Childcare Center.

The building is leased to Pooh Bear Childcare of Madison, LTD pursuant to a NNN lease expiring August 31, 2034. The current rent is \$20.24 psf and escalates 1.75% annually.

The opportunity represents a stable investment with historical long-term tenancy, an 'essential' service, strong current yield, and upside through annual rent escalations.

Price - \$2,750,000 Cap Rate - 6.1%

The Property

- Pooh Bear Childcare Center is located at 1340 Deming Way, Middleton, within the Greenway Center and Old Sauk Trails office parks. The immediate proximity to the most significant employment center in west Madison along with strong residential demographics in the surrounding neighborhoods has enabled Pooh Bear to operate at or near full-capacity since the inception of the facility.
- The building was constructed in 2001 by Kraemer Brothers Construction and consists of 8,270 Sq. Ft. in a single-story structure containing 14 classrooms, plus a small detached storage facility. The parcel is 55,906 Sq. Ft. with 30 parking spaces and two fenced play areas. The site is accessed via a reciprocal access / easement agreement with the adjacent office building complex.

Tenancy

- Since 1981, Pooh Bear Childcare has operated as the premier location for childcare in Middleton and Fitchburg. The company has been locally-owned since its inception, and the reins were recently passed to 'second generation' via a sale to two long-standing employees who are related to the founder, Tori Hull. Pooh Bear Childcare and Preschool is a professionally staffed childcare center that provides childcare for children ages 6 weeks through 8 years of age. Pooh Bear's Middleton director has been with the company for over 30 years, and several staff members have in excess of 15 years experience with the company. For further information visit www.poohbearchildcare.com
- Pooh Bear recently executed a 10-year lease renewal, extending its lease thru August 31, 2034. The current annual rent is \$167,374, less a \$625 rent credit that will be monetized at closing of the sale. In conjunction with the lease extension, Pooh Bear was granted a \$5 psf refurbishment allowance that is available thru August 31, 2022. Please refer to the lease abstract herein for complete terms of the lease.
- Tenant financials available upon request and execution of an NDA.



Property Overview

Overview

ADDRESS:

1340 Deming Way, Middleton, WI 53562

SITE SIZE:

55,906 Sq. Ft.

BUILDING AGE:

Completed in 2001

BUILDING SIZE:

8,270 Sq. Ft.

PARKING CAPACITY:

30 stalls

STRUCTURE:

Wood Frame with Masonry Facade and Pitched Metal Roof

HVAC:

Four Furnace/Condenser Units



Property Overview

TENANT: Pooh Bear Childcare of Madison, LTD

GUARANTOR:

Victoria Hull (Released on 8/31/26 if no lease defaults)
 Rhiannon Belanger, Kandi Jones

SECURITY DEPOSIT: Waived per 1st Amendment

RENTABLE AREA: 8,270 Sq. Ft.

LEASE DATES:

Lease: May 10, 1996
 First Amendment: October 30, 2021
 (relocation to 1340 Deming Way)
 Second Amendment: June 27, 2012
 (12-year extension thru 2024)
 Third Amendment: September 1, 2021
 (10-year extension thru 2034)

EXPIRATION DATE: August 31, 2034

EXTENSION OPTIONS: None

LANDLORD RESPONSIBILITIES: None

TENANT FINANCIALS:

Tenant and Guarantor financials are required annually.

INSURANCE:

Tenant responsible to provide (at Tenant’s cost) the following:
 Casualty coverage at full replacement cost
 Liability coverage of not less than \$1 mm
 Property coverage for personal property and trade fixtures
 Insurance coverage shall name Landlord as Loss Payee

BASE RENT:

PERIOD	ANNUAL RENT	MONTHLY RENT	MONTHLY CREDIT*
7/1/21 - 6/30/22	\$167,374	\$13,948	\$625
7/1/22 - 6/30/23	\$170,303	\$14,192	\$625
7/1/23 - 6/30/24	\$173,283	\$14,440	\$625
7/1/23 - 8/31/24	\$176,316	\$14,693	\$625
9/1/24 - 8/31/25	\$179,401	\$14,950	\$0
9/1/25 - 8/31/26	\$182,541	\$15,212	\$0
9/1/26 - 8/31/27	\$185,735	\$15,478	\$0
9/1/27 - 8/31/28	\$188,986	\$15,749	\$0
9/1/28 - 8/31/29	\$192,293	\$16,024	\$0
9/1/29 - 8/31/30	\$195,658	\$16,305	\$0
9/1/30 - 8/31/31	\$199,082	\$16,590	\$0
9/1/31 - 8/31/32	\$202,566	\$16,881	\$0
9/1/32 - 8/31/33	\$206,111	\$17,176	\$0
9/1/33 - 8/31/34	\$209,718	\$17,476	\$0

Note: Unamortized rent credit will be monetized and provided to Buyer as a closing credit.

ADDITIONAL RENT:

Absolute Net lease. Tenant is responsible for all real estate taxes, utilities, insurance, and maintenance, repairs and replacements of all interior and exterior building components, including MEP systems, roof, parking lot, and grounds.



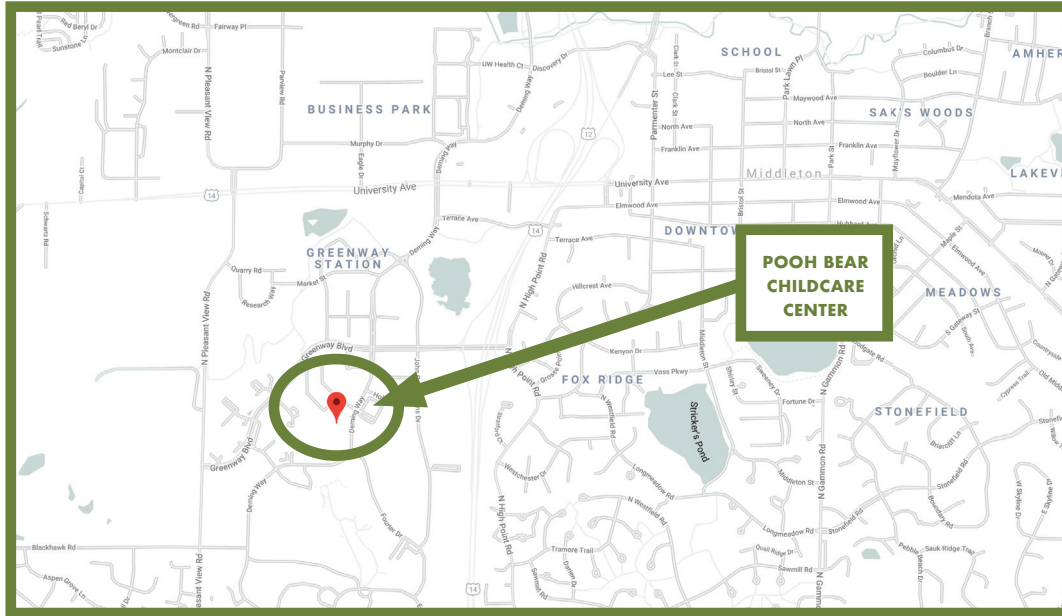
Financial Analysis

	<u>YEAR 1</u>	<u>YEAR 3</u>	<u>YEAR 5</u>
RENTAL INCOME	\$167,374	\$173,283	\$182,541
<u>Expenses</u>	NNN	NNN	NNN
NET OPERATING INCOME	\$167,374	\$173,283	\$182,541
IMPLIED CAP RATE	6.09%	6.3%	6.64%
<u>Capital Structure Attributes</u>			
LOAN AMOUNT @ 80% LTV	\$2,200,000	\$2,085,890	\$1,963,518
CASH EQUITY	\$550,000	\$550,000	\$550,000
INTEREST RATE	3.25%	3.25%	3.25%
AMORTIZATION	30	28	26
ANNUAL PAYMENT	\$114,894	\$114,894	\$114,894
NET CASH FLOW	\$52,480	\$58,389	\$67,647
CASH ON CASH YIELD	9.54%	10.62%	12.30%



POOH BEAR CHILDCARE CENTER

Maps



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