

OFFERING MEMORANDUM

ASPEN DENTAL & SLEEP NUMBER

4602 EAST WASHINGTON AVENUE | MADISON, WI

Video



PEGASUS



DEAL TEAM

DAVID CHASIN
Managing Director

david@pegasusinvestments.com
O 310.691.1350 x 101
LIC # 01513027 (CA)

DAYLIN ACKERMAN
Senior Associate

dackerman@pegasusinvestments.com
O 310.691.1350 x 114
LIC # 02011508 (CA)

TONY VEILLER
Associate

tveiller@pegasusinvestments.com
O 310.691.1350 x 113
LIC # 01995952 (CA)



CONTENT

05 INVESTMENT
OVERVIEW

09 PHYSICAL
DESCRIPTION
sleep ⇄ number

10 MARKET AREA
& LOCATION

16 THE
TENANTS

18 FINANCIAL
ANALYSIS



PROPERTY IS LOCATED IN THE #1 RETAIL CORRIDOR IN MADISON JUST 15 MINUTES FROM DOWNTOWN

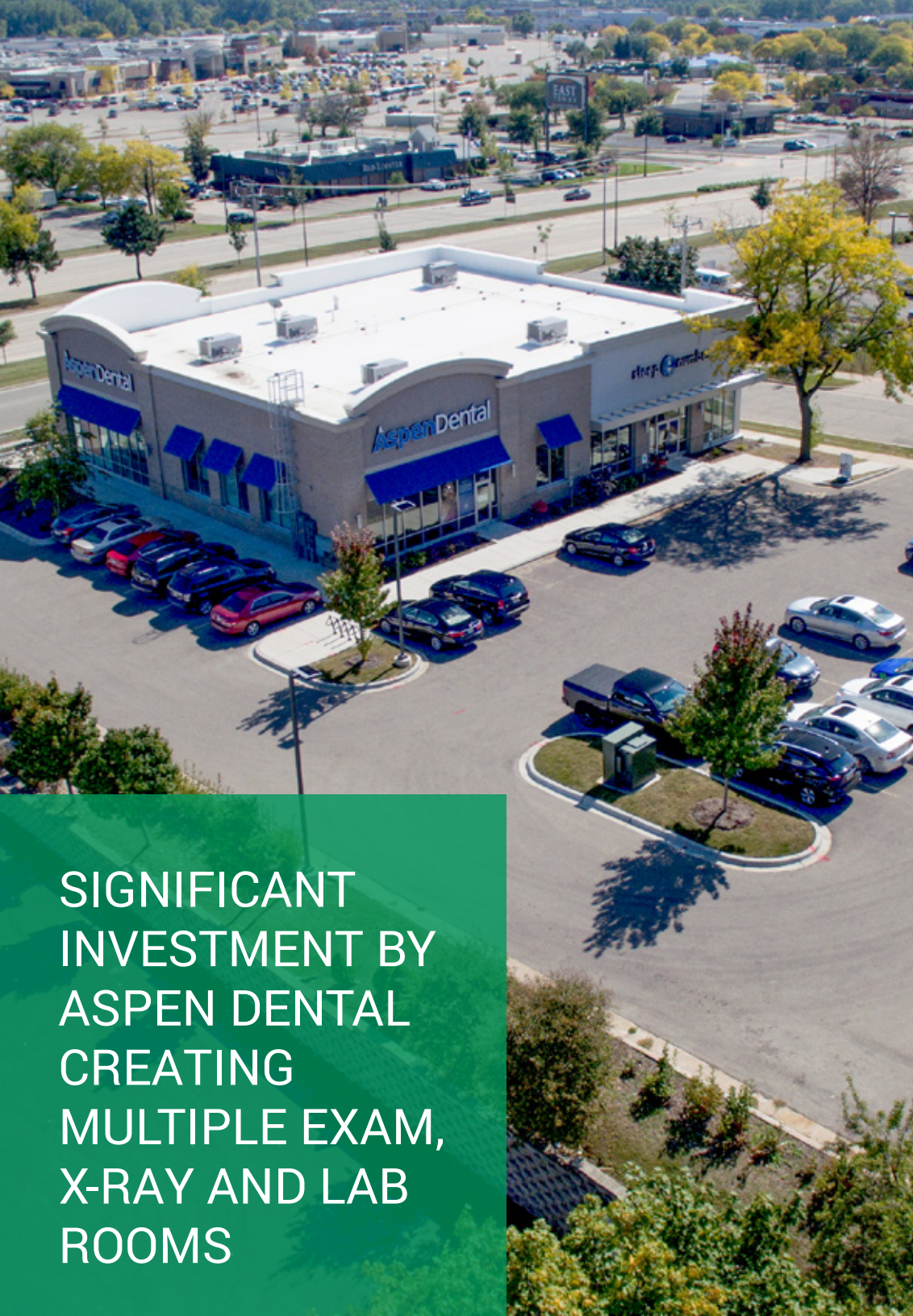
INVESTMENT OVERVIEW



THE OFFERING

Pegasus Investments, as exclusive investment sale advisor to Seller, is pleased to offer the opportunity to acquire a trophy-quality net leased Aspen Dental & Sleep Number property situated along the premier retail corridor in Madison, Wisconsin. The property is located just five miles from the University of Wisconsin-Madison and directly across the street from the East Towne Mall, a regional retail destination which drives over 12 million customers per year. It is also immediately off the I-90/94, which is Wisconsin's largest and most traveled interstate.

Home to over 525,000 residents, Dane County has the fastest growing population of any county in Wisconsin. Within a 1-mile radius of the subject property, the population has grown by nearly 10% over the last seven years. The Madison region, which is home to nearly 600 biotechnology companies and the National Stem Cell Bank, features a bustling, 450-acre employment center two miles from the subject property with over 100 businesses and 10,000 employees.



SIGNIFICANT
INVESTMENT BY
ASPEN DENTAL
CREATING
MULTIPLE EXAM,
X-RAY AND LAB
ROOMS

Developed as a ground up construction in 2015, the property was quickly 100% leased to industry leading tenants within their respective categories, demonstrating not only the strong retail demand for the location, but the desirable footprint, visibility and access of the building itself. Traffic counts in front of the property total roughly 50,000 ADT. Both Aspen Dental and Sleep Number have been successfully operating at the subject property for nearly two years, establishing themselves within the community and cementing a loyal customer base. The property is 100% net leased with corporate signatures from both Aspen Dental Management, Inc. (Aspen Dental) and Sleep Number Corp. (Sleep Number). This Aspen Dental & Sleep Number property offers investors a rare opportunity to acquire a newly constructed property with seasoned corporate tenants and scheduled rent increases in the base and option periods.

FINANCIAL HIGHLIGHTS

Price	\$4,265,000
Cap Rate	6.50%
Net Operating Income	\$277,200



INVESTMENT HIGHLIGHTS

#1 RETAIL CORRIDOR IN MADISON

The property is situated along the #1 retail corridor within the Madison market, directly across from East Towne Mall, which is owned by institutional mall owner CBL (NYSE: CBL). Anchored by Dick's Sporting Goods, JC Penney, Barnes & Noble, Sears, East Towne Mall performs exceedingly well with occupancy above 90%. Recently, the mall began \$4M of interior renovations in preparation for the addition of a new H&M and Lucky's 13 Pub as well as the development of a new Flix Brewhouse Cinema outparcel.

FASTEST GROWING COUNTY IN WISCONSIN

The property is located in Dane County which has over 525,000 residents and has the fastest growing population of any county in Wisconsin. Specifically, within a 1-mile radius of the subject property, the population growth rate between 2010-2017 was nearly 10% and is estimated to grow by another 6% over the next 5 years. Daytime demographics are also very strong with the population expanding 50%. The Madison metropolitan area has a population of over 600,000 with an average household income of \$80,419 – significantly above the national average.

HIGHEST TRAFFIC COUNTS IN THE COUNTY

The property is conveniently located off the I-90 and I-94 intersection, Wisconsin's largest interstates, linking Chicago, Milwaukee, Madison and Minneapolis. Foot traffic at East Towne Mall totals an estimated 12 million customers per year. The average daily traffic counts in front of the subject property total 50,000 ADT.

MADISON IS A TOP 5 BIOSCIENCE HOT SPOT IN THE WORLD

The Madison region has about 600 companies in the biotechnology industry employing more than 32,000 people. Meanwhile, the University of Wisconsin-Madison is the pioneer of embryonic stem cell research, which is why Madison was chosen as the home for the National Stem Cell Bank.

EMPLOYMENT / THE AMERICAN CENTER

The American Center, a ~450-acre business park which is home to nearly 100 businesses employing 10,000 people, is located less than two miles from the subject property. Four of Madison's Top 10 employers are located within five miles of the subject property. The American Center is the largest employment base in Dane County and acts as world headquarters to major corporations including American Family Insurance and Alliant Energy. In 2015, UW Health opened its state of the art, 500,000 SF, three-story campus at an estimated cost of \$220 million, which includes a hospital, clinic and wellness center.



WORLD CLASS EDUCATIONAL INSTITUTIONS

Madison is home to the University of Wisconsin-Madison (43k+ enrollment), Madison Area Technical College (17k+ enrollment), Edgewood College, Herzing University and Lakeland College. The University of Wisconsin-Madison is one of America's Public Ivy universities which refers to top public universities in the U.S. capable of providing a collegiate experience comparable with Ivy League universities. In 2012, it had research expenditures of more than \$1.1 billion, the third highest among universities in the country.

TENANCY RESISTANT TO E-COMMERCE

- Aspen Dental is a medical use space and requires on-site patient and dentist visits.
- Sleep Number specializes in the sale of high end mattresses and bedding, which also requires a physical showroom for customers to test out the various product offerings. Most consumers of high quality mattresses require an in-store experience, insulating Sleep Number from threats by e-commerce.

CORPORATE TENANCY

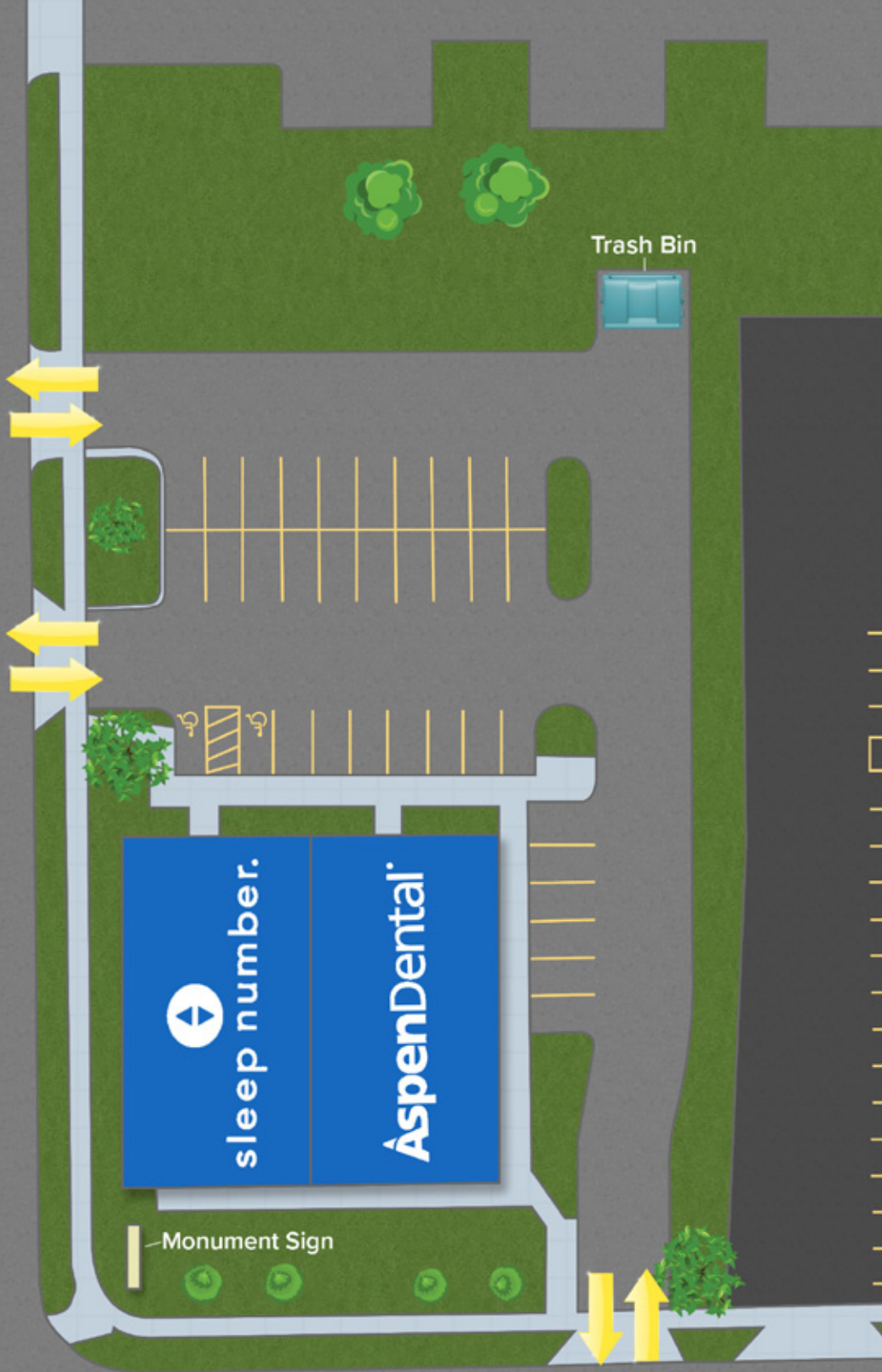
- Aspen Dental is one of the nation's largest private networks of dental care providers with over 550 locations servicing nearly 4 million patient appointments, including nearly 1 million new patients annually. The company continues its high rate of growth with nearly 60 new Aspen Dental branded practices expected to open each year. According to industry sources, Aspen Dental has never closed a location. Buyer to verify independently.
- Sleep Number is the brand owned and operated by Sleep Number Corporation, a publicly traded (NASDAQ: SNBR) component of the S&P 500. The company owns and operates about 550 locations throughout the U.S. and employs more 4,000 people. As of October 2017 the company had a market capitalization of \$1.5 billion.

TENANT SEASONING

- Both Aspen Dental and Sleep Number have been successfully operating at the subject property for nearly two years and have established themselves within the community by cementing a loyal customer base. Investors considering purchasing newly constructed properties should weigh the benefits of long lease terms with some historic operating performance.
- According to the sales manager at Sleep Number, this location is #1 in the region, an area that extends beyond the Madison metro.
- Aspen Dental at this location is considered to be one of the busiest dental offices in the county. Investors should verify this information independently.

RARE
COMBINATION
OF NEW
CONSTRUCTION
& SEASONED
TENANTS





PHYSICAL DESCRIPTION

THE SITE

Property Name	Aspen Dental & Sleep Number
Address	4602 East Washington Avenue Madison, WI 53704
County	Dane County
Assessor's Parcel Number (APN)	0810-272-0301-7
Zoning	CC-T*
Gross Leasable Area	± 7,200 SF
Lot Size	± 0.89 Acres (38,908 SF)
Year Built	2015
Number of Stories	1
Number of Buildings	1
Parking Spaces	± 35 Surface Spaces (2 Handicap)
Parking Ratio	4.86 : 1,000 SF

*Commercial Corridor - Transitional District Zoning.

TENANT ROSTER

TENANT	SF
Aspen Dental	3,600
Sleep Number	3,600
Total	7,200

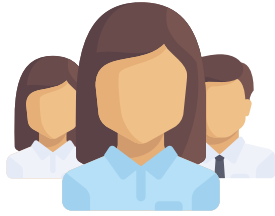
MARKET AREA & LOCATION OVERVIEW



MADISON, WI

Surrounding Lake Mendota and Lake Monona in central Wisconsin, Madison is Wisconsin's state capital and second largest city. As the core of the Madison Metropolitan Statistical Area, Madison anchors a thriving economic region that includes the University of Wisconsin-Madison and growing technology and research companies. It is a vibrant city that has seen a steady population increase over the past decade and has been consistently ranked as a top U.S. community in which to live and work. Growing to accommodate and entertain these transplants, Madison has seen an increase in mixed-use luxury housing developments.

Madison is a rare combination of thriving businesses, rich culture, and advanced education against a backdrop of natural beauty. Large enough to offer the cultural advantages of a big city, Madison is small enough to be a safe and welcoming community. The busy streets of its downtown area sit on a narrow isthmus of land between Lake Mendota and Lake Monona and are teeming with trendy restaurants, coffee shops and microbreweries. During the summer, the lakes draw boaters, canoers, kayakers, sailors, swimmers and stand-up paddle boarders.



+600,000
METRO POPULATION

ECONOMIC SNAPSHOT

Boasting a diverse economic backbone, Madison's economy has experienced a steady boom as it gradually evolves towards having a consumer services and high-tech base in the health, software, biotech and advertising sectors. To that end, the Wisconsin state government and the University of Wisconsin-Madison remain the two largest employers in the capital city thus bringing the market stability. The University of Wisconsin helps the area retain well-educated workers and acts as an incubator for local tech and biotech startups, which have been underpinning the economic boom.

Since 2010, the area has seen robust employment growth as many businesses are attracted to Madison's skilled employment base, seeking to take advantage of the area's high level of education in addition to its ideal location.

A LEADING BIOTECH HUB

**+600 BIOTECH
COMPANIES**





UNIVERSITY OF WISCONSIN-MADISON

Located on a 936-acre campus along the southern shore of Lake Mendota in the heart of downtown Madison, the University of Wisconsin-Madison is among the largest and most-respected universities in the nation. This public-land grant university is a prolific research institution that has been a catalyst for the extraordinary. Few institutions are more widely recognized as leaders in teaching, research and public service; students and faculty members partake in a world-class education and use their skills to solve real-world problems. University of Wisconsin-Madison is one of America's Public Ivy universities, which refers to top public universities in the U.S. capable of providing a collegiate experience comparable with Ivy League universities. In 2012, it had research expenditures of more than \$1.1 billion, the third highest among universities in the country.

Offering 130 undergraduate majors, 144 masters, 109 doctoral and 14 professional degree programs, the University of Wisconsin-Madison has a total enrollment of 43,338 students. Outside of academics, students have the option to get involved in more than 800 organizations on campus in addition to Greek life and one of the university's 20 NCAA Division I sports teams, known as the Wisconsin Badgers.

**SPENDS \$1B IN RESEARCH
EXPENDITURES ANNUALLY**



+\$80,000
CITY AVERAGE
HOUSEHOLD INCOME



UW HEALTH AT THE AMERICAN CENTER

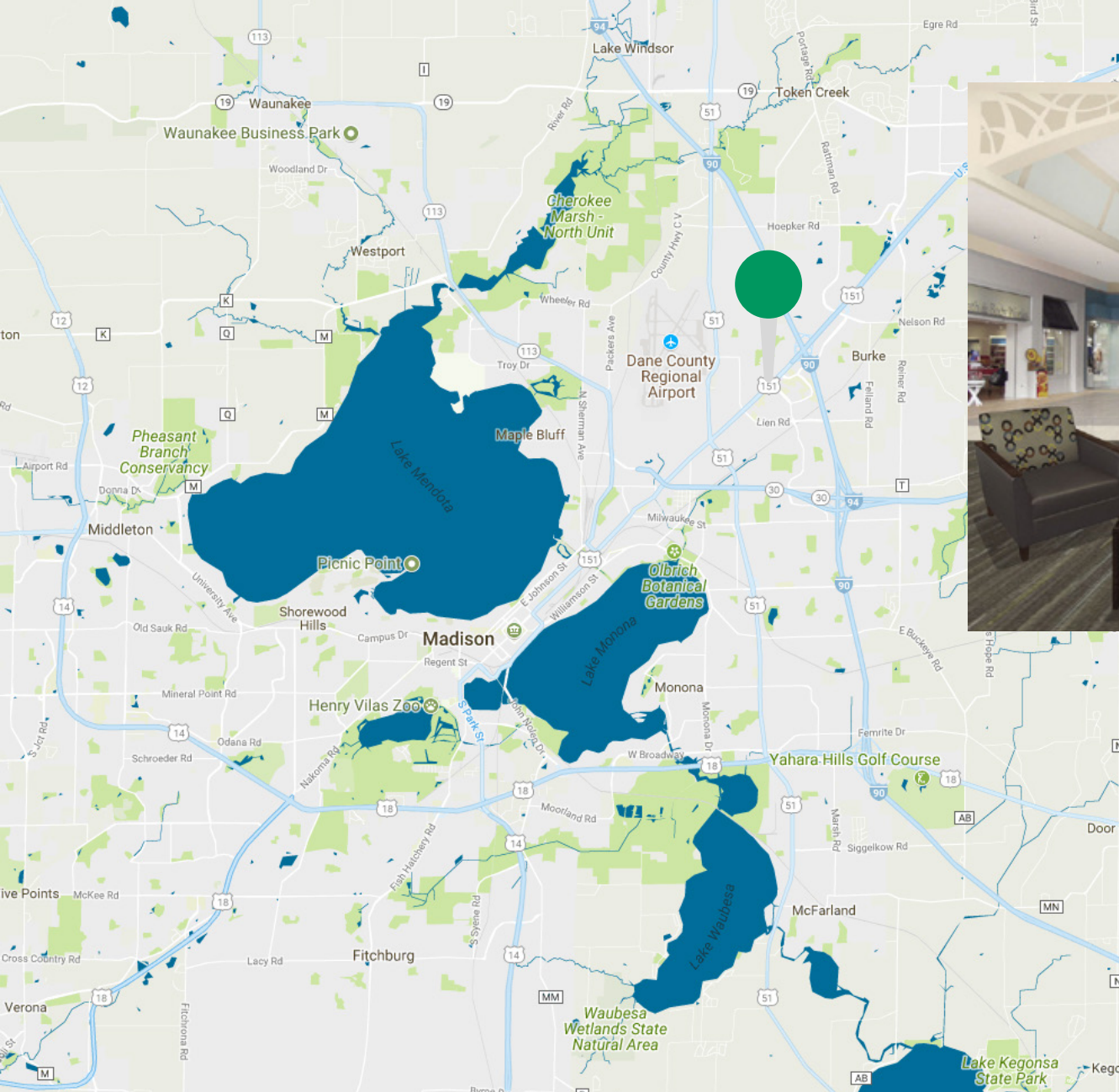
UW Health's full campus at The American Center is a unique, state-of-the-art health and wellness facility about 2.5 miles north of the subject property. Built in 2015, the campus' three-story, 496,000 SF facility features three main sections: a hospital wing, a clinics wing, and a sports performance and wellness wing. This 42-acre health campus is the first and only hospital on Madison's east side.

Taking innovation to a new level, UW Health at The American Center was designed to promote healthy communities where residents can expect exceptional inpatient and outpatient care in a welcoming, patient-centered environment. Health at The American Center is focused more on prevention and wellness, offering spaces for a varied menu of wellness, fitness and sports performance programs. The hospital is specialized in orthopedics, urology, general surgery and bariatrics that is capable of housing 600 patients.



PROPERTY DEMOGRAPHICS

POPULATION	1-MILE	3-MILE	5-MILE	HOUSEHOLDS	1-MILE	3-MILE	5-MILE	INCOME	1-MILE	3-MILE	5-MILE
2022 Projection	7,922	46,307	119,121	2022 Projection	3,414	20,572	52,911	2017 Est. Average Household Income	\$74,387	\$65,925	\$75,646
2017 Estimate	7,473	43,951	112,864	2017 Estimate	3,222	19,530	50,137	2017 Est. Median Household Income	\$57,683	\$54,213	\$59,780
Growth 2017 - 2022	6.01%	5.36%	5.54%	Growth 2017 - 2022	5.96%	5.34%	5.53%				



EAST TOWNE MALL

East Towne Mall is a 787,809 SF indoor shopping center in northeast Madison directly across from the subject property. At 90% occupancy, the mall features a total of 115 stores and is anchored by Gordmans, DICK'S Sporting Goods, Boston Store, Barnes and Noble, JC Penney and Sears. Since April 2017, East Towne Mall has been undergoing a \$4 million renovation that will welcome a new H&M and Lucky's 13 Pub in addition to interior upgrades, including new flooring, lighting, seating areas and color schemes and new furniture in the food court.

DANE COUNTY REGIONAL AIRPORT

Just 2 miles from the subject property, Dane County Regional Airport is a civil-military airport that is categorized as a small-hub primary commercial service facility. It is six miles northeast of downtown Madison and serves about 1.8 million passengers annually. American Airlines, Delta Air Lines, Frontier Airlines and United Airlines are the airports service providers, offering non-stop flights to twelve hubs with over 95 daily arrivals and departures.

THE TENANTS



SLEEP NUMBER

Public | NASDAQ: SNBR
www.sleepnumber.com

# of Locations	± 550
# of Employees	± 4,000
Headquartered	Plymouth, MN
Year Founded	1987



OVERVIEW

Sleep Number Corporation is a U.S.-based manufacturing company that is the exclusive manufacturer, marketer, retailer and servicer of the revolutionary Sleep Number bed. Since its founding, Sleep Number has been a pioneer in the mattress industry, most notably in biometric sleep tracking and adjustability. Proving the connection between quality sleep, health, and wellbeing, the company's dedication to improve lives by individualizing sleep experiences continues to transform the industry.

AN INDUSTRY LEADER

Sleep Number is leading the industry by delivering an unparalleled sleep experience through high-quality, innovative and individualized sleep solutions and services, which include a complete line of Sleep Number beds and bedding. Over the past five years, Sleep Number Corporation's investments have proceeded to differentiate its brand and strengthen its competitive advantages: proprietary innovations that provide meaningful sleep benefits for its customers; ongoing customer relationships that are enabled by a direct-to-consumer business model; and exclusive distribution that is highly productive and fueled by a mission-driven sales teams. The company's initiatives have been driving sustainable and profitable growth, as evidenced by a 200% valuation increase since February 2017.

TENANT SUMMARY

Lessee Name	Select Comfort Retail Corporation
Lease Guarantor	Corporate
Reimbursements	NNN
Lease Commencement Date	8/21/2015
Lease Expiration Date	8/31/2025
Gross Leasable Area	3,600
Options	Two, 5-Year
Increases	10% Every 5 Years
Roof and Structure	Landlord Responsible



ASPEN DENTAL

Private

www.aspendental.com

# of Locations	± 550
# of Employees	8,000
Headquartered	DeWitt, NY
Year Founded	1998

OVERVIEW

Aspen Dental Management, Inc. is a dental practice management corporation that provides non-clinical business support and administrative services to contracted dental practices using the Aspen Dental brand. Aspen Dental-branded dental practices are independently owned and operated by licensed, independent dentists. As a dental support organization, Aspen Dental Management, Inc. gives dentists the freedom to focus on their patients and provide high-quality dental care. Dental practices offer a full-range of dental services including exams, cleanings, extractions, fillings, periodontal treatment, preventive care, general dentistry, and restoration. The company also provides dental and denture services for short- and long-term oral health needs. Today, Aspen Dental offers services in 33 states with 550 dental facilities that serve over 15,000 patients a day.

CHANGING HOW THE INDUSTRY DOES BUSINESS

On a mission to give America a healthy mouth, Aspen Dental is bringing affordable, quality care to communities in need. Practices are committed to treating patients with compassion and respect while providing comprehensive care that addresses short-term and long-term dental care needs. From small towns to city suburbs and everywhere in between, Aspen Dental practices are the fastest growing network of independently owned dental practices in the country. With growth like this, the practices have opportunities for all professionals to have the career they want.

TENANT SUMMARY

Lessee Name	Aspen Dental Management, Inc.
Lease Guarantor	Corporate
Reimbursements	NNN
Lease Commencement Date	11/11/2015
Lease Expiration Date	11/30/2025
Gross Leasable Area	3,600
Options	Three, 5-Year
Increases	10% in Options
Roof and Structure	Landlord Responsible



FINANCIAL ANALYSIS

RENT ROLL

TENANT	LEASE EXPIRATION	GLA	ANNUAL RENT	ANNUAL RENT/SF	% OF INCOME	INCREASES	OPTIONS
Aspen Dental	11/30/2025	3,600 SF	\$126,000	\$35.00	46%	10% in Option Periods	Three, 5-Year
Sleep Number	8/31/2025	3,600 SF	\$151,200	\$42.00	54%	10% Increases on 9/1/2020	Two, 5-Year
Total		7,200 SF	\$277,200	\$38.50	100%		



ASPEN DENTAL & SLEEP NUMBER

4602 EAST WASHINGTON AVENUE
MADISON, WI

CONFIDENTIALITY & DISCLAIMER STATEMENT

The information contained in this Offering Memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Pegasus Investments and should not be made available to any other person or entity without the written consent of Pegasus Investments. This Offering Memorandum has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property.

The information contained herein is not a substitute for a thorough due diligence investigation. Pegasus Investments has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition of the business prospects of any tenants, or any tenant's plans or intentions to continue its occupancy of the subject property.

The information contained in this Offering Memorandum has been obtained from sources we believe to be reliable; however, Pegasus Investments has not verified, and will not verify, any of the information contained herein, nor has Pegasus Investments conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. Some or all of the photographs contained within may have been altered from their original format. All potential buyers must take appropriate measures to verify all of the information set forth herein.

DEAL TEAM

DAVID CHASIN

Managing Director

david@pegasusinvestments.com
O 310.691.1350 x 101
LIC # 01513027 (CA)

DAYLIN ACKERMAN

Senior Associate

dackerman@pegasusinvestments.com
O 310.691.1350 x 114
LIC # 02011508 (CA)

TONY VEILLER

Associate

tveiller@pegasusinvestments.com
O 310.691.1350 x 113
LIC # 01995952 (CA)



PEGASUS

ABOUT PEGASUS INVESTMENTS

Pegasus Investments is a boutique commercial real estate investment and advisory firm based in Los Angeles, California. Specializing in retail shopping centers, single tenant net leased and multifamily properties throughout the United States, Pegasus has consistently delivered on its 28 year reputation of providing high quality, white glove service throughout all stages of the investment sales process. Pegasus provides its clients, which include high net worth private investors, family trusts, private & public REIT's, local and regional developers and syndicators with advisory services encompassing underwriting, market research, investment sales and asset management. Pegasus continues to set the bar for high quality, boutique investment sales brokerage and advisory by relying on its industry-leading talent which include experienced institutional and private sector investors.



PEGASUS

PEGASUS INVESTMENTS
1901 Avenue of the Stars, Suite 630
Los Angeles, CA 90067

www.pegasusinvestments.com
310.691.1350

**PEGASUS
INVESTMENTS
REAL ESTATE
ADVISORY**
LIC # 01961545

DAVID CHASIN
Managing Director

david@pegasusinvestments.com
O 310.691.1350 x 101
LIC # 01513027 (CA)

KEN CHASIN
Founder

ken@pegasusinvestments.com
O 310.691.1350 x 100
LIC # 00776468 (CA)

TREVOR NELSON
Managing Director

tnelson@pegasusinvestments.com
O 310.691.1350 x 104
LIC # 01495150 (CA)

BRAD KRITZER
Executive Vice President

bkritzer@pegasusinvestments.com
O 310.691.1350 x 106
LIC # 01918111 (CA)

KEVIN SHELBURN
Senior Vice President

kshelburn@pegasusinvestments.com
O 310.691.1350 x 105
LIC # 01861409 (CA)

DAYLIN ACKERMAN
Senior Associate

dackerman@pegasusinvestments.com
O 310.691.1350 x 114
LIC # 02011508 (CA)

KATHERINE WEAVER
Senior Associate

kweaver@pegasusinvestments.com
O 310.691.1350 x 115
LIC # 02004937 (CA)

TONY VEILLER
Associate

tveiller@pegasusinvestments.com
O 310.691.1350 x 113
LIC # 01995952 (CA)

MICHAEL SPECTOR
Director of Sales & Operations

mspector@pegasusinvestments.com
O 310.691.1350 x 109
LIC # 01969966 (CA)

TALIA TONTI
Office Manager

ttonti@pegasusinvestments.com
O 310.691.1350 x 108

ANDI BUSTAMANTE
Marketing Associate

abustamante@pegasusinvestments.com
O 310.691.1350 x 116

**PEGASUS ASSET
MANAGEMENT**
LIC # 01961545

SETH BELL
Vice President

sbell@pegasusinvestments.com
O 310.691.1350 x 1002

JUSTIN HERMAN
Asset Manager

jherman@pegasusinvestments.com
O 310.691.1350 x 1003

JONATHAN KHOURY
Portfolio Accountant

jkhoury@pegasusinvestments.com
O 310.691.1350 x 1004
LIC # 01957203 (CA)

GREG ASTOR
Asset Manager

gastor@pegasusinvestments.com
O 310.691.1350 x 1005
LIC # 02021777 (CA)

**PEGASUS CAPITAL
MARKETS**
LIC # 01950432

CHAD BUELOW
Managing Director

cbuelow@pegasusinvestments.com
O 310.691.1350 x 111
LIC # 01854509 (CA)

TYLER JOHNSON
Vice President

tjohnson@pegasusinvestments.com
O 310.691.1350 x 112
LIC # 01947197 (CA)

JACK YODER
Analyst

jyoder@pegasuscre.com
O 310.691.1350 x 117