



TENANTS ARE OPEN FOR BUSINESS AT PAUL HUFF CORNERS

OFFERING MEMORANDUM



Tennova Health Anchored Retail Property
Cleveland, TN



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Disclaimer

Preserve West Capital ("Broker") has been retained on an exclusive basis to market the property described herein ("Property"). Broker has been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

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Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

Putnam Daily

Partner
415.445.5107
putnam@preservewc.com
CA RE License #01750064

Vahe Nokhoudian

Associate
415.445.5122
vahe@preservewc.com
CA RE License #01963342

Michael Maffia

Managing Partner
415.445.5144
mike@preservewc.com
CA RE License #01340853

Lizz Kabat

Kabat Real Estate Solutions
615.410.1114
lizz@kabatres.com
TN RE License #258073



PROPERTY HIGHLIGHTS



- 100% Leased on Long Term Leases to National and Regional Tenants
 - Rare Annual Rental Escalations for Tennova Healthcare
- Brand New 2019 Construction
- Strategic Tenant Mix Featuring Internet-Resistant Food & Service Uses
- Excellent Access and Visibility Adjacent to I-75 Junction
 - Combined AADT of 64,840
 - Paul Huff Parkway Serves as Main Corridor to I-75 in Cleveland
- Robust Demographics in Surrounding Area
 - Total Daytime Population of 70,619 within 5 Miles of Site
 - Average Household Income of \$72,411 within 3 Mile Radius
- Prominent Retail Location Neighboring Numerous Major Shopping Centers
 - Nearby Anchor Tenants include Walmart Supercenter, Target, Publix, ALDI, & More
- Approximately 1 Mile from Cleveland State Community College & 3 Miles from Lee University
 - Student Population of 9,100 within 5 Mile Radius
- 3 Miles from Tennova Healthcare Cleveland Medical Center
 - Staff of 1,157
- Established Economic Base in Manufacturing and Healthcare
 - 13 Fortune 500 Companies Operating in City
 - Major Employers Include Whirlpool, Coca Cola, Mars, Inc., Duracell & More
- Approximately 30 Miles from Chattanooga



Location

The property is located at 640 Paul Huff Parkway, Building 200 in Cleveland, Tennessee.

Lot Size

Approximately 0.71 acres or 30,928 square feet.

Improvements

Construction was completed in 2019 of a 7,202 square foot retail building demised into four retail suites.

Salsarita's | 2,500 square feet

Tennova Healthcare | 2,320 square feet

The Joint | 1,254 square feet

UBreakiFix | 1,128 square feet

Parking

There are 245 parking spaces available throughout the center.



PRICE

\$3,794,000

6.50% CAP Rate

Projected Gross Revenue

	YEAR 1	YEAR 10
Scheduled Base Rental Revenue	\$239,598	\$280,861
Expense Reimbursement Revenue	\$45,212	\$54,902
Total Potential Gross Revenue	\$284,810	\$335,763
Effective Gross Revenue	\$284,810	\$335,763

Annual Expenses

Common Area Maintenance	\$13,828	\$18,042
Insurance	\$3,025	\$3,947
Taxes	\$11,379	\$13,599
Management @ 3.5% of EGR	\$9,968	\$11,752
Total Operating Expenses	\$38,200	\$47,340

Net Operating Income

YEAR 1	YEAR 10
\$246,610	\$288,423

Return

YEAR 1	YEAR 10
6.50%	7.60%

Note

The net income is an estimate and does not provide for all potential costs and expenses (i.e. maintenance, repair, etc.) that may be required of the owner. Any reserves set forth herein are merely estimates and not based on any experience, physical inspection, or prior knowledge. All prospective purchasers are strongly advised to make an independent investigation to determine their estimate of costs and expenses prior to entering into an agreement to purchase.

FINANCIAL ANALYSIS

CASH FLOW PROJECTION



	Year 1 Sep-2020 Aug-2021	Year 2 Sep-2021 Aug-2022	Year 3 Sep-2022 Aug-2023	Year 4 Sep-2023 Aug-2024	Year 5 Sep-2024 Aug-2025	Year 6 Sep-2025 Aug-2026	Year 7 Sep-2026 Aug-2027	Year 8 Sep-2027 Aug-2028	Year 9 Sep-2028 Aug-2029	Year 10 Sep-2029 Aug-2030
Net Rentable Area - Sq. Ft.	7,202									
Base Rental Revenue PSF/mo.	\$2.77	\$2.79	\$2.81	\$2.83	\$2.95	\$3.05	\$3.07	\$3.09	\$3.11	\$3.25
Total Operating Expenses PSF/yr.	\$5.30	\$5.42	\$5.53	\$5.65	\$5.82	\$5.99	\$6.12	\$6.25	\$6.38	\$6.57
Absorption & Turnover Vacancy %	-	-	-	-	-	-	-	-	-	-
General Vacancy %	-	-	-	-	-	-	-	-	-	-
Potential Gross Revenue										
Base Rental Revenue	239,598	241,098	242,628	244,188	255,027	263,865	265,520	267,209	268,932	280,861
Absorption & Turnover Vacancy	-	-	-	-	-	-	-	-	-	-
Scheduled Base Rental Revenue	239,598	241,098	242,628	244,188	255,027	263,865	265,520	267,209	268,932	280,861
Expense Reimbursement Revenue	45,212	46,078	46,964	47,875	49,417	50,859	51,844	52,851	53,889	54,902
Total Potential Gross Revenue	284,810	287,176	289,592	292,063	304,444	314,724	317,364	320,060	322,821	335,763
General Vacancy	-	-	-	-	-	-	-	-	-	-
Effective Gross Revenue	284,810	287,176	289,592	292,063	304,444	314,724	317,364	320,060	322,821	335,763
Operating Expenses										
CAM - \$1.92	13,828	14,243	14,670	15,110	15,563	16,030	16,511	17,006	17,517	18,042
Insurance - \$0.42	3,025	3,116	3,209	3,305	3,404	3,507	3,612	3,720	3,832	3,947
Taxes - \$1.58	11,379	11,607	11,839	12,076	12,317	12,564	12,815	13,071	13,332	13,599
Management @ 3.5%	9,968	10,051	10,136	10,222	10,656	11,015	11,108	11,202	11,299	11,752
Total Operating Expenses	38,200	39,017	39,854	40,713	41,940	43,116	44,046	44,999	45,980	47,340
NET OPERATING INCOME	246,610	248,159	249,738	251,350	262,504	271,608	273,318	275,061	276,841	288,423
Leasing & Capital Costs										
Tenant Improvements	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-
Total Leasing & Capital Costs	-	-	-	-	-	-	-	-	-	-
Cash Flow Before Debt Service	246,610	248,159	249,738	251,350	262,504	271,608	273,318	275,061	276,841	288,423



General Assumptions

Analysis Date September 2020

Total Rentable Area 7,202 SF

Total Area for CAM
Reimbursement Calculations 7,202 SF

General Inflation per Annum 3%

General Expense Growth
per Annum 3%

Real Estate Tax Growth
per Annum 2%

Management Fee 3.5% of EGR

RENT ROLL



Tenant	Sq. Ft.	Monthly Rent PSF	Annual Rent PSF	Current Annual Rent	Term	Rent Commence. Date	Lease Expiration Date	Rental Increase Date(s)	Rental Increase Amount(s)	Options	Lease Structure
Salsarita's	2,500	\$2.75	\$33.00	\$82,500	15 yrs	1/24/2020	1/31/2035	2/1/2025 2/1/2030	\$90,750 \$99,825	2 @ 5 yrs Option 1: \$109,808 Option 2: \$120,788	NNN with tenant responsible for all taxes, insurance, and proportionate share of common area maintenance, including parking lot resurfacing and management fee. Tenant is responsible for an administrative fee equal to 2.5% of gross rents and CAM costs for the center.
Tennova Healthcare	2,320	\$2.67	\$32.00	\$74,240	10 yrs	3/1/2020	2/28/2030	3/1/2021 3/1/2022 3/1/2023 3/1/2024 3/1/2025 3/1/2026 3/1/2027 3/1/2028 3/1/2029	\$75,725 \$77,233 \$78,787 \$80,365 \$81,966 \$83,613 \$85,283 \$86,977 \$88,717	2 @ 5 yrs Option 1 (Year 1): \$90,498 Option 1 (Year 2): \$92,313 Option 1 (Year 3): \$94,146 Option 1 (Year 4): \$96,048 Option 1 (Year 5): \$97,950 Option 2 (Year 1): \$99,922 Option 2 (Year 2): \$101,918 Option 2 (Year 3): \$103,959 Option 2 (Year 4): \$106,024 Option 2 (Year 5): \$108,158	NNN with tenant responsible for all taxes, insurance, and proportionate share of common area maintenance, including management fee and an administrative fee equal to 2.5% of gross rents and CAM costs for the center.
The Joint	1,254	\$2.94	\$34.00	\$41,820	5 yrs	9/1/2020*	8/31/2025	n/a	n/a	3 @ 5 yrs Option 1: \$46,002 Option 2: \$50,602 Option 3: \$55,658	NNN with tenant responsible for all taxes, insurance, and proportionate share of common area maintenance, including management fee. Tenant is responsible for an administrative fee equal to 4% of gross rents and CAM costs for the center.
UBreakiFix	1,128	\$2.92	\$35.00	\$39,480	5 yrs	2/1/2020	1/31/2025	n/a	n/a	1 @ 5 yrs Option 1: \$43,428	NNN with tenant responsible for all taxes, insurance, and proportionate share of common area maintenance, including management fee. Tenant is responsible for an administrative fee equal to 4% of gross rents and CAM costs for the center.
Leased	7,202	100%									
Vacant	0	0%									
TOTAL	7,202	100%									

*In the event tenant has not commenced rent prior to close of escrow, Seller shall guarantee rent from close of escrow through rent commencement. The outside rent commencement date is 10/29/20.



Guarantor: Tennova Healthcare – Cleveland, Tennova Healthcare

No. of Locations: 10+

Website: www.tennova.com

Tennova Healthcare

Tennova Healthcare is one of the largest healthcare networks in the state of Tennessee, with a team of more than 7,000 employees and 2,800 physicians across 10 hospitals and numerous additional outpatient medical facilities statewide, and owns and operates the only full-service hospital within the city of Cleveland. The healthcare system provides a diverse range of specialized care, including cardiovascular care, labor and delivery, and robot assisted surgery. Each year, Tennova facilities treat more than 373,000 emergency room visits, 59,000 patients admitted to hospital facilities, and delivers more than 6,000 babies. Tennova Healthcare also provides community health outreach services and approximately \$508 million in charity and uncompensated care.

Tennova is part of **Community Health Systems (NYSE: CYH)**, one of the nation's leading operators of general acute care hospitals; affiliates of Community health systems operate or lease 102 hospitals across 18 states with a total of approximately 17,000 licensed beds. For 2018, the company reported revenue of \$14.16 billion, operating income of \$872 million, and current assets of \$3.5 billion.



Lessee: Laxmi Chattanooga Cleveland, Inc.

Guarantor: Jatin, Hemanshu, & Hateesh Patel

No. of Locations: 80+

Website: www.salsaritas.com

Salsarita's

Salsaritas is an American chain of fast-casual restaurants serving Mexican favorites such as flavorful house-made salsas, custom burritos, tacos, nachos and salads made fresh to order with an extensive selection of proteins, toppings and fillings at more than 80 locations across 18 states. The company was acquired in 2011 by Phil Friedman, a fast-casual industry veteran with a proven track record of expanding well-known, national brands, including Panda Express and McAlister's Deli, which he grew from 27 to 300 locations. Since the acquisition, average unit volume has increased 28% across all locations (approximately 5% annually), and top locations now average approximately \$1.2 million of sales annually. The company emphasizes a robust franchise strategy, working with existing franchisees to expand the brand's footprint and working to produce higher sales levels and increased profits for franchise owners.

The operator of **Laxmi Chattanooga Cleveland, Inc.** is an experienced operator of both Salsarita's and Subway locations and is among the largest Salsarita's franchisees.



Lessee: Rareagle LLC

Guarantor: Kevin O-Bierne

No. of Locations: 543+

Website: www.ubreakifix.com

UBreakiFix

UBreakiFix provides mail-in and walk-in repairs for phones, tablets, computers, game consoles, and other electronics at more than 542 locations in the U.S. and Canada. The company performs a wide range of repairs, from fixing cracked screens to remedying water damage and other more serious damages, offering a 90-day parts and labor warranty on all repairs. Since 2009, the company has repaired more than 6.84 million phones, tablets, laptops, and consoles, serving more than 5.42 million customers, and is the official repair facility for Google devices. The company is ranked #29 in Entrepreneur Magazine's Franchise 500 and has grown their number of locations 66% year-over-year. The company was recently acquired by Asurion.

The operator of this location operates stores in Nashville, Chattanooga, and Knoxville with plans to add more stores in the next two years.



Lessee: Jameson Maddi LLC

No. of Locations: 500+

Website: www.thejoint.com

The Joint

The Joint was originally founded in 1999 by a Doctor of Chiropractic with a vision to transform the traditional, often misunderstood concept of routine chiropractic care by making it more convenient, friendly and affordable. Today, The Joint has grown to a nationwide network of more than 500 chiropractic offices and counting, and is the leader in delivering chiropractic care, performing more than four million spinal adjustments a year.

SITE PLAN



AERIAL

EAST VIEW

BRADLEY SQUARE MALL



Ernest L Ross Elementary

Donald P Yates Primary School

Tinsley Park & Recreation Center

HICKORY GROVE SHOPPING MALL



DURACELL
Corporate Office



Paul Huff Pkwy (22,900 AADT)

MOUSE CREEK CROSSING



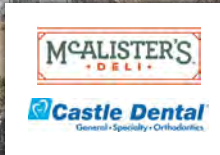
AERIAL

WEST VIEW

CLEVELAND TOWNE CENTER



INTERSTATE
75 (41,940 AADT)



MOUSE CREEK CROSSING



Peerless Rd

Paul Huff Pkwy (22,900 AADT)

ABOUT THE AREA

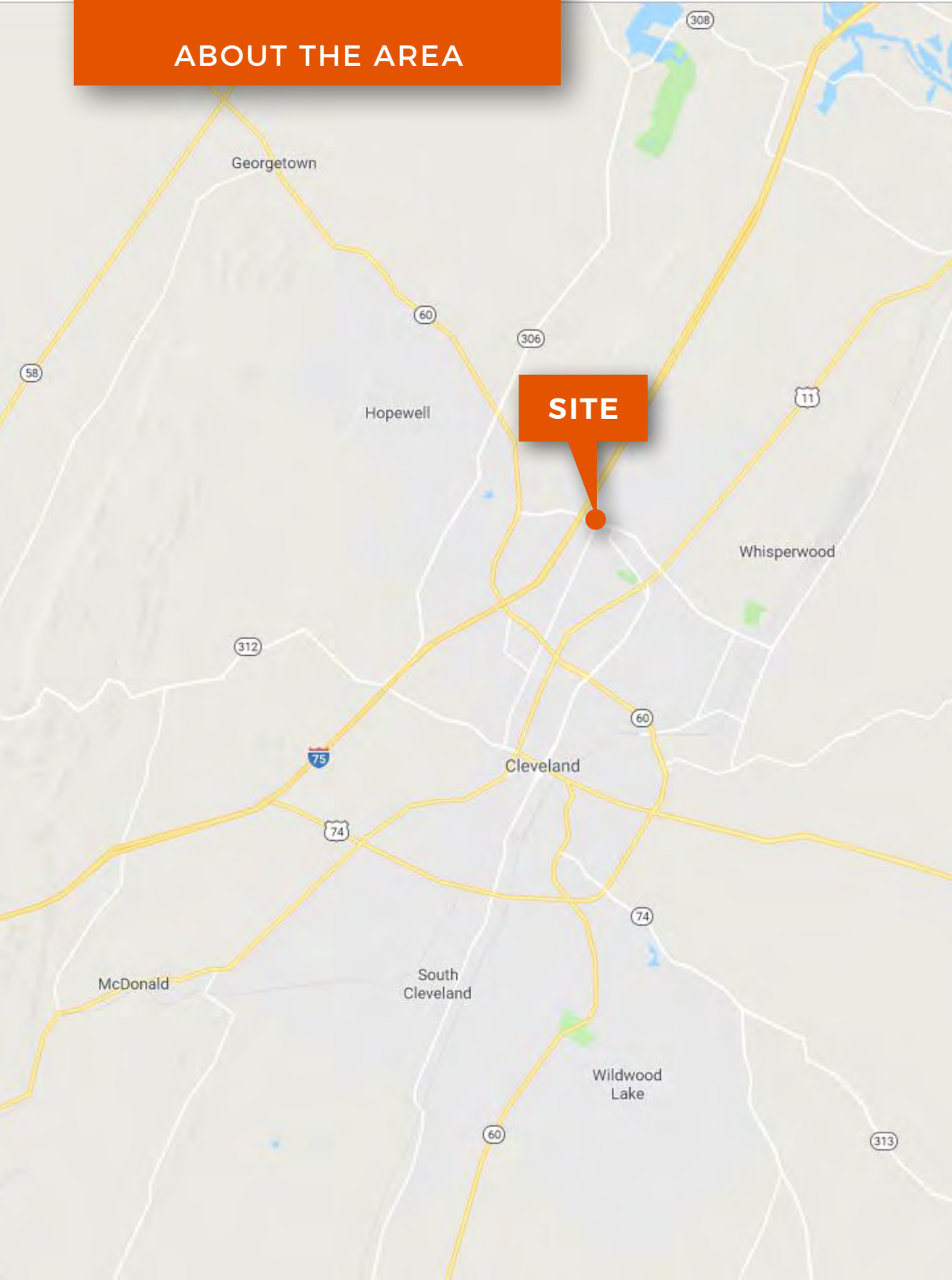


General Overview

Cleveland (population 44,483) is the seat Bradley County and a principal city of the Cleveland, TN Metropolitan Statistical Area (population 123,625) The city is located approximately 30 miles east of Chattanooga and is part of the Chattanooga-Cleveland-Dalton Combined Statistical Area (population 966,466).

The city benefits from an established economic base in manufacturing, healthcare, financial services, and tourism. Cleveland is Tennessee's 14th largest city by population, but 5th largest in terms of industrial output; major employers include Whirlpool, Coca-Cola, Mars, Inc., Procter & Gamble, Duracell, Peyton's Southeastern, Arch Chemicals, Advanced Photographic Solutions, Cleveland Chair Company, Renfro Foods, Flowers Bakery, Olin Corporation, Georgia Pacific, Rubbermaid, Exel, Inc., Jackson Furniture, Cleveland Chair Company, Eaton Corporation, Olin Corporation, Bayer, Schering-Plough, Lonza, Wacker, Mueller Company, and Polartec. The city is home to more than 150 manufacturing firms, 13 Fortune 500 companies, and the corporate headquarters of Life Care Centers of America, the largest privately held nursing facility company in the U.S., Check Into Cash, Inc., the largest privately held payday loan company nationwide, and Hardwick clothes, the oldest tailor-made clothing manufacturer in the U.S..

ABOUT THE AREA



Site Information

The subject property is ideally located with excellent access and visibility along at the junction of Peerless Road and Paul Huff Parkway (22,900 AADT) near its junction with I-75 (41,940 AADT) and approximately 1 mile from its junction with US-11 (31,630 AADT). The site benefits from robust demographics with a total daytime population of 70,619 within 5 miles of the site. Average household income within 3 miles of the site exceeds \$72,410, and the annual growth rate within that radius is 1.20%.

The property benefits from a prominent retail location within a robust retail corridor neighboring numerous shopping centers and major retail tenants. Shopping centers neighboring the site include Cleveland Towne Center, anchored by Target; Mouse Creek Crossing, with tenants including Publix and National Tire and Battery; The Shops at Cleveland, anchored by Home Depot; Hickory Grove, featuring ALDI, Lowe's, and Petco; Bradley Square Mall, anchored by AMC Theaters, Belk, and TJ Maxx; Bradley Commons, with tenants including Food Lion, Hobby Lobby, and Dollar Tree; and Cleveland Corners, featuring Big Lots and Tuesday Morning. Other major tenants in the surrounding area include Walmart Supercenter, Walgreens, CVS, The Home Depot, Food City, and more.

In addition, the property is located approximately 1 mile from Cleveland State Community College, with a student body of approximately 3,700, and approximately 3.5 miles from Lee University, with approximately 5,400 students enrolled and a staff of more than 800. The site is located approximately 3 miles from Tennova Healthcare's Cleveland Medical Center, a 183-bed hospital and with a staff of 1,157. Other major employers in the surrounding area include Mars Chocolate, located approximately 1.5 miles from the property, with a staff of approximately 575. The property additionally neighbors Ernest L. Ross Elementary School and Donald P. Yates primary school, drawing additional traffic from students, parents, and teachers proximal to the site.



640 Paul Huff Pkwy | Cleveland, TN 37312



2019 POPULATION
63,855



AVERAGE HOME VALUE
\$234,434



AVG. HOUSEHOLD INCOME
\$72,411

Population Summary	1 Mile	3 Miles	5 Miles
2010 Total Population	3,779	30,020	57,751
2019 Total Population	4,243	34,376	63,855
2024 Total Population	4,488	36,492	67,023
2019-2024 Annual Rate	1.13%	1.20%	0.97%
2019 Total Daytime Population	8,761	42,841	70,619
Average Household Income			
2019	\$65,449	\$72,411	\$69,077
2024	\$73,453	\$82,193	\$79,087
Average Home Value			
2019	\$193,606	\$234,434	\$231,438
2024	\$217,615	\$266,174	\$267,330

Top Employers in Cleveland

of Employees

Whirlpool/Maytag	1,435
Bradley County Schools	1,200
Tennova	1,154
Amazon	1,101
Peyton's Southeastern	1,100
Jackson Furniture	852
Wacker Polysilicon	682
Cleveland City Schools	664
Walmart	640
Bradley County Government	620



Putnam Daily

Partner
415.445.5107
putnam@preservewc.com
CA RE License #01750064

Vahe Nokhodian

Associate
415.445.5122
vahe@preservewc.com
CA RE License #01963342

Michael Maffia

Managing Partner
415.373.4060
mike@preservewc.com
CA RE License #01340853

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