



OFFERING MEMORANDUM

PRESERVE
WEST
CAPITAL



Paul Huff Corners | Building 100
Cleveland, TN

This property is listed in conjunction with Tennessee-licensed real estate broker Kabat Real Estate Solutions.

www.preservewestcapital.com



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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.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

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.

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PROPERTY HIGHLIGHTS



- 100% Leased to National and Regional Tenants
 - Scheduled Rental Escalations in 100% of Leases
 - Anchored by Largest McAlister's Deli Franchisee, Featuring Highly Functional Drive-Thru Component
- 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 100 in Cleveland, Tennessee.

Lot Size

Approximately 0.95 acres or 41,382 square feet.

Improvements

Construction was completed in 2019 of a 8,002 square foot retail building demised into three retail suites with a drive-thru component for McAlister's Deli.

McAlister's Deli | 4,322 square feet

CBD Plus USA | 980 square feet

Castle Dental | 2,700 square feet

Parking

There are 245 parking spaces available throughout the center.



PRICE

\$4,679,000

6.00% CAP Rate

Projected Gross Revenue

	YEAR 1	YEAR 10
Scheduled Base Rental Revenue	\$275,748	\$312,735
Expense Reimbursement Revenue	\$46,368	\$56,874
Total Potential Gross Revenue	\$322,116	\$369,609
Effective Gross Revenue	\$322,116	\$393,609

Annual Expenses

Common Area Maintenance	\$15,044	\$19,629
Insurance	\$4,001	\$5,220
Taxes	\$11,043	\$13,197
Management @ 3.5% of EGR	\$11,274	\$12,936
Total Operating Expenses	\$41,362	\$50,982

Net Operating Income

\$280,754

\$318,627

Return

6.00%

6.81%

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 Mar-2020 Feb-2021	Year 2 Mar-2021 Feb-2022	Year 3 Mar-2022 Feb-2023	Year 4 Mar-2023 Feb-2024	Year 5 Mar-2024 Feb-2025	Year 6 Mar-2025 Feb-2026	Year 7 Mar-2026 Feb-2027	Year 8 Mar-2027 Feb-2028	Year 9 Mar-2028 Feb-2029	Year 10 Mar-2029 Feb-2030
Net Rentable Area - Sq. Ft.	8,002									
Base Rental Revenue PSF/mo.	\$2.87	\$2.87	\$2.87	\$2.87	\$2.96	\$3.16	\$3.16	\$3.16	\$3.16	\$3.26
Total Operating Expenses PSF/yr.	\$5.17	\$5.27	\$5.38	\$5.49	\$5.64	\$5.84	\$5.96	\$6.08	\$6.20	\$6.37
Absorption & Turnover Vacancy %	-	-	-	-	-	-	-	-	-	-
General Vacancy %	-	-	-	-	-	-	-	-	-	-
Potential Gross Revenue										
Base Rental Revenue	275,748	275,748	275,748	275,748	284,303	303,323	303,323	303,323	303,323	312,735
Absorption & Turnover Vacancy	-	-	-	-	-	-	-	-	-	-
Scheduled Base Rental Revenue	275,748	275,748	275,748	275,748	284,303	303,323	303,323	303,323	303,323	312,735
Expense Reimbursement Revenue	46,368	47,238	48,130	49,045	50,367	52,310	53,305	54,328	55,378	56,874
Total Potential Gross Revenue	322,116	322,986	323,878	324,793	334,670	355,633	356,628	357,651	358,701	369,609
General Vacancy	-	-	-	-	-	-	-	-	-	-
Effective Gross Revenue	322,116	322,986	323,878	324,793	334,670	355,633	356,628	357,651	358,701	369,609
Operating Expenses										
CAM - \$1.88	15,044	15,495	15,960	16,439	16,932	17,440	17,963	18,502	19,057	19,629
Insurance - \$0.50	4,001	4,121	4,245	4,372	4,503	4,638	4,777	4,921	5,068	5,220
Taxes - \$1.38	11,043	11,264	11,489	11,719	11,953	12,192	12,436	12,685	12,938	13,197
Management @ 3.5%	11,274	11,305	11,336	11,368	11,713	12,447	12,482	12,518	12,555	12,936
Total Operating Expenses	41,362	42,185	43,030	43,898	45,101	46,717	47,658	48,626	49,618	50,982
NET OPERATING INCOME	280,754	280,801	280,848	280,895	289,569	308,916	308,970	309,025	309,083	318,627
Leasing & Capital Costs										
Tenant Improvements	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-
Total Leasing & Capital Costs	-	-	-	-	-	-	-	-	-	-
Cash Flow Before Debt Service	280,754	280,801	280,848	280,895	289,569	308,916	308,970	309,025	309,083	318,627



General Assumptions

Analysis Date	March 2020
Total Rentable Area	8,002 SF
Total Area for CAM Reimbursement Calculations	8,002 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
McAlister's Deli	4,322	\$2.83	\$34.00	\$146,948	15 yrs	9/16/2019	9/30/2034	10/1/2024 10/1/2029	\$161,643 \$177,807	3 @ 5 yrs Option 1:\$196,537 Option 2:\$216,191 Option 3:\$237,810	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 15% of CAM costs. Increases in controllable CAM costs are capped at 5% annually on a non-cumulative basis.
CBD Plus USA	980	\$2.92	\$35.00	\$34,300	10 yrs	12/1/2019	11/30/2029	12/1/2024	\$37,730	2 @ 5 yrs Option 1: \$41,503 Option 2: \$45,653	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.
Castle Dental	2,700	\$2.92	\$35.00	\$94,500	10 yrs	1/1/2020	12/31/2029	1/1/2025	\$103,950	2 @ 5 yrs Option 1: \$114,345 Option 2: \$125,780	NNN with tenant responsible for all taxes, insurance, and proportionate share of common area maintenance, including proportionate share of management fee not to exceed 4% of gross rents for the center. Increases in controllable CAM costs are capped at 5% annually on a non-cumulative basis.
Leased	8,002	100%									
Vacant	0	0%									
TOTAL	8,002	100%									



McAlister's Deli

McAlister's Deli is an American chain of fast casual restaurants with more than 400 locations in 29 states. Their menu includes deli sandwiches, baked potatoes, soups, salads, and deserts, and is known for their sweet tea. In addition to their dine-in and take-out service, McAlister's also offers catering with a selection of sandwich trays, box lunches, and more. McAlister's Deli locations are largely run by franchisees, and experience average net sales of \$2,425,390 within the top quartile of franchise owners. The chain has benefited from consistent positive same store sales growth and is well positioned in the growing "fast casual" restaurant sector. The company has opened numerous new locations in 2019 and is positioned to continue to grow in 2020 and beyond. McAlister's Deli ranked \$41 on Entrepreneur Magazine's Franchise 500 for 2019.

Southern Rock restaurants, LLC operates more than 84 McAlister's Deli locations in Tennessee, Mississippi, Missouri, Kentucky, Ohio, Illinois, and Indiana and is the largest franchisee in the McAlister's Deli system.

Lessee: Southern Rock Restaurants, LLC

No. of Locations: 400+

Website: www.mcalistersdeli.com



Castle Dental

Castle Dental provides quality, affordable dental care to patients with more than 10 offices throughout Tennessee and across 14 states. Their services include emergency dentistry, routine dental treatments, including x-rays, cleanings, and more, orthodontia, Invisalign, teeth whitening, tooth extraction, and wisdom tooth removal. Castle Dental believes visits to the dentist should be as pleasant and stress-free as possible, with offices designed with patient comfort in mind. Each location provides easy appointment scheduling, convenient office hours, and a caring, attentive dental staff.

Smile Brands, Inc. is one of the leading Dental Support organizations in the U.S., with more than 425 affiliated dental practices across 17 states. The company provides operational, administrative, and financial support to affiliated practices, enabling them to provide a comprehensive suite of high-quality dental services.

Lessee: Castle Dental

Guarantor: Smile Brands, Inc.

No. of Locations: 425+ (Smile Brands Affiliated Offices)

Website: www.castledental.com



CBD Plus USA

CBD Plus USA sells a variety of natural and holistic self-care and lifestyle products at more than 80 independent franchised locations across the U.S.. The company has worked toward becoming the largest, most trusted supplier of CBD wellness products since 2017, providing high quality, non-gmo, pesticide-free, legal hemp and cannabidiol products.

Lessee: Saylor Enterprises, LLC

Guarantor: David & Karen Saylor

No. of Locations: 80+

Website: www.cbdplususa.com

SITE PLAN



AERIAL

EAST VIEW

BRADLEY SQUARE MALL



Ernest L Ross
Elementary

Donald P Yates
Primary School

HOBBY
LOBBY



Walmart
Supercenter

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)



Peerless Rd

Paul Huff Pkwy (22,900 AADT)



MOUSE CREEK CROSSING

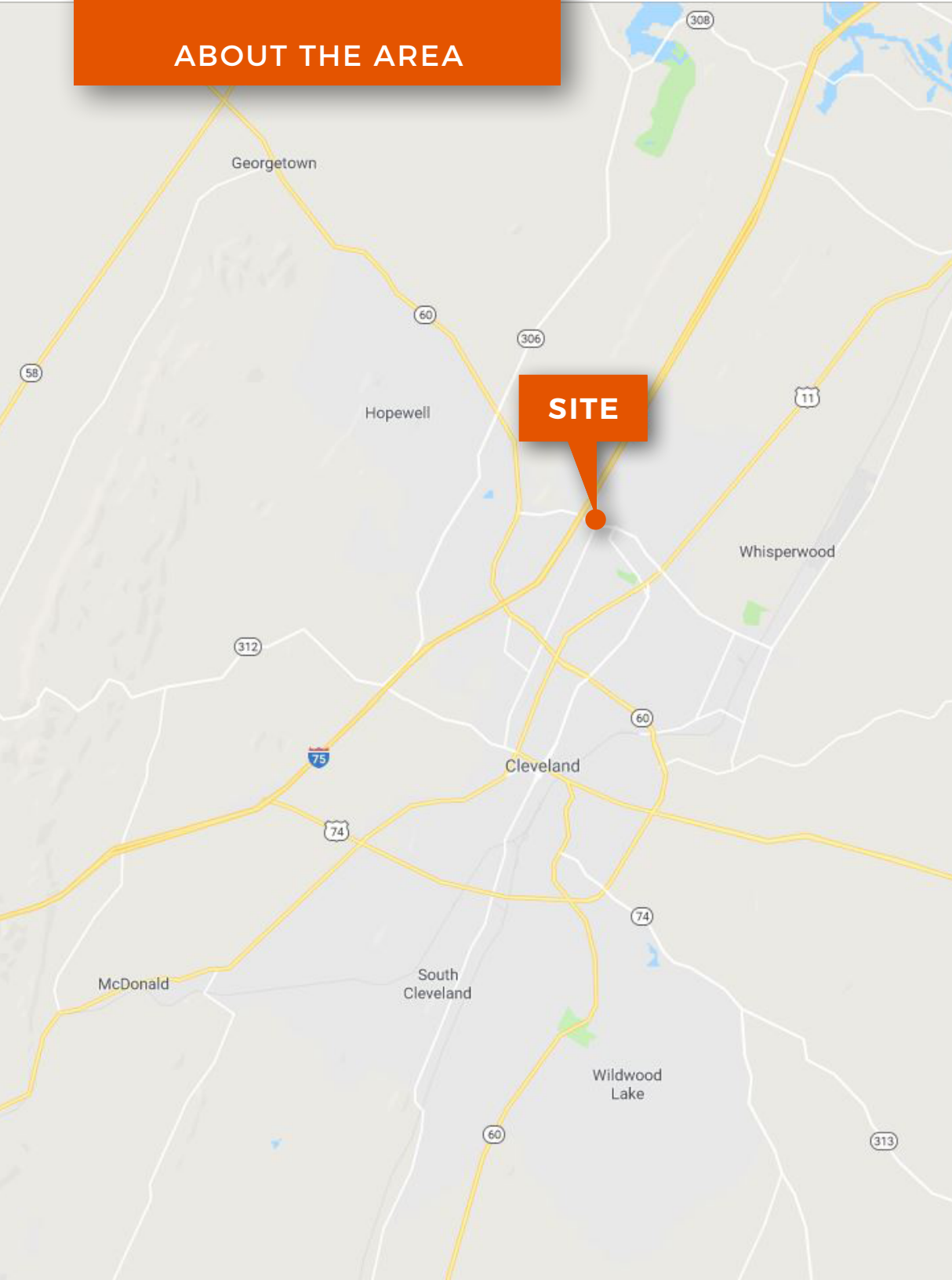


A map of the Chattanooga, Tennessee area. The map shows major highways like I-75, I-24, and US-41. Cities such as Chattanooga, Dalton, and Ringgold are visible. A red pin with the word "SITE" points to a location near Cleveland, TN. The map also shows various smaller towns, lakes, and green spaces. An orange banner at the top left contains the text "ABOUT THE AREA".

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



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