



Lee Pointe

CONFIDENTIAL OFFERING MEMORANDUM
CHATTANOOGA, HAMILTON COUNTY, TENNESSEE





Offering Memorandum Disclaimer

Pointe Commercial Real Estate serves as the exclusive advisor (“Advisor”) in connection with the solicitation of offers for the purchase of Lee Pointe (the “Property”). The solicitation and potential sale is to be governed by this Confidential Offering Memorandum, as it may be modified or supplemented (“Offering Memorandum”), and the Purchase Agreement governing the sale of the Property. Prospective purchasers are advised that as part of the solicitation process, seller will be evaluating a number of factors including the current financial qualifications of the prospective purchaser. Prospective purchasers are further advised that the seller expressly reserves the right, in its sole and absolute discretion, to evaluate the terms and conditions of any offer and to reject any offer without providing a reason therefore. Further, seller reserves the right to terminate the solicitation process at any time prior to final execution of the Purchase Agreement.

The information contained in the Offering Memorandum is confidential, furnished solely for the purpose of a review by a prospective purchaser of the Property, and is not to be used for any other purpose or made available to any other person without the express written consent of the seller or Advisor. Prospective purchasers should also conduct their own due diligence, including, but not limited to, engineering and environmental inspections, to determine the condition of the Property and the existence of any potentially hazardous material located at the Property or used in the construction or maintenance of the building(s) at the Property.

A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against seller or Advisor or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees or agents, for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property. Prospective purchasers are not to construe the contents of the Offering Memorandum or any prior or subsequent communications from seller or Advisor or their affiliates or any of their respective officers, directors, shareholders, owners, employees or agents as legal, tax, financial or other advice. Prior to submitting an offer, prospective purchasers should consult with their own business advisors, legal counsel and tax professionals to determine the consequences of an investment in the Property and arrive at an independent evaluation of such investment.

Table of Contents

DISCLAIMER & CONFIDENTIALITY AGREEMENT	3
EXECUTIVE SUMMARY	4
FINANCIAL OVERVIEW	16
TENANT INFORMATION	22
MARKET OVERVIEW	30

PREPARED BY

Pointe Commercial Real Estate

RUSSELL ELLIOTT, SIOR, CCIM

Managing Broker

423 755 0846

relliott@pointecre.com





**EXECUTIVE
SUMMARY**



Pointe Commercial Real Estate is pleased to present for sale Lee Pointe, a 61,285 SF 3-story office building in Chattanooga, TN. Completed in 2014, Lee Pointe is 96.6% occupied and is leased to Miller Motte Technical College and BenchMark Rehab Partners. This offering represents the opportunity to acquire a stabilized office building with minimal landlord responsibilities and strong NOI growth.

PROPERTY SUMMARY

Location	6397 Lee Hwy, Chattanooga, TN 37421
Site Area	3.006 Acres
Year Built	2014
Building GLA	61,285 SF
Leasable GLA	57,614 SF
Occupancy	96.6%

Anchors

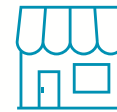


OFFERING HIGHLIGHTS



Strong Tenant Lineup

- 96.6% Occupied by Two Regional Tenants
- Miller-Motte Technical College has 17 Locations in the Southeast
- Few Technical College Competitors in the Region
- BenchMark Rehab Partners Corporate Office Supports the 125 Southeastern Practices



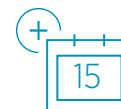
Well Positioned Office Building

- New Construction with Attractive Physical Plant
- Floor Plate Less Than 20,000 SF Ideal for Future Re-Leasing Opportunities
- Easily Accessible Location Near I-75



Minimal Landlord Responsibility

- 2014 Completion Insures Limited Capital Repair Expenditures
- 3 Acre Site Brings Nominal Repair & Maintenance Needs
- Tenants Responsible for Interior of Their Suites



Noteworthy NOI Growth

- Annual Rent Increases for Miller-Motte and BenchMark
- Potential to Add Value Via 1,942 SF Vacancy
- In-Place Rents Below Market Average



Desirable Chattanooga Location

- Chattanooga MSA Population Over 550,000 / 2nd Highest MSA Growth Rate in Tennessee
- No State Income Tax in Tennessee Giving Residents Extra Cash to Apply Towards Continuing Education
- Growing Need for Skilled Professionals with One-Quarter of the Tennessee Workforce Retiring Over the Next Decade



**PROPERTY
DESCRIPTION**



YEAR BUILT
2014



GLA (SF)
61,285



24,560 VPD
ON LEE HIGHWAY



OCCUPANCY
96.6%



SITE AREA
3.006 acres



211 spaces
3.44 SPACES PER 1,000 SF OF GLA

Description

Developed in 2014, Lee Pointe is a 61,285 SF office building in Chattanooga, TN. The 3-story building is anchored by Miller-Motte Technical College and BenchMark Rehab Partners, and each have over 7 years remaining on their term. Miller-Motte is a dominant technical college, offering 17 locations throughout the Southeast as well as numerous online programs. BenchMark has a network of 125 physical therapy practices throughout the Southeast, and Lee Pointe is home to one of their corporate offices. With an occupancy of 96.6%, Lee Pointe has 1 available suite on the 3rd floor of the building.

Location

Strategically located at the intersection of Hwy-153 and Hwy-64 and less than 1 mile from I-75, Lee Pointe is easily accessible from around the Chattanooga MSA. Additionally, the property is less than 3 miles north of Erlanger East Hospital and Hamilton Place Mall, both primary employment drivers in the area, increasing the need for skilled professionals and medical office space in East Chattanooga.

Address

6397 Lee Hwy, Chattanooga, TN 37421



Accessibility

The property is accessible via a fully signalized intersection on Lee Hwy adjacent to Hwy 153

Signage

Lee Pointe has 2 shared pylon signs: one at the main entrance on Lee Hwy and a second on the west side of the property with frontage on Hwy 153. The office building is represented on each of these pylon signs. Miller-Motte Technical College and Benchmark Rehab Partners have additional signage on the South, West and North side of the office building.

Parking

The street level parking lot and drive areas are asphalt paving; The Property includes 211 total parking spaces, totaling 3.44 per 1,000 sf of GLA; Additional parking is available on adjacent parcels in the development through a construction, operating and reciprocal easement (CORE) agreement.

Fountain

Slab on grade

Structural Framing

Precast concrete with concrete topping for floors and roof, columns, beams and load-bearing exterior insulated wall panels

Exterior Walls

Brick exterior cladding which is pierced on all elevations by banks of fixed pane windows set in concrete sills; Exterior doors are aluminum with fixed pane lights

Roof

Built-up variant with TPO cover

HVAC

The building is centrally heated and cooled via roof-mounted units

Utilities

Water: Tennessee Water Company
Electric: Electric Power Board of Chattanooga
Sewer: City of Chattanooga

Fire Protection

The entire building is equipped with an overhead sprinkler system

Zoning

C-2, Convenience Commercial Zone

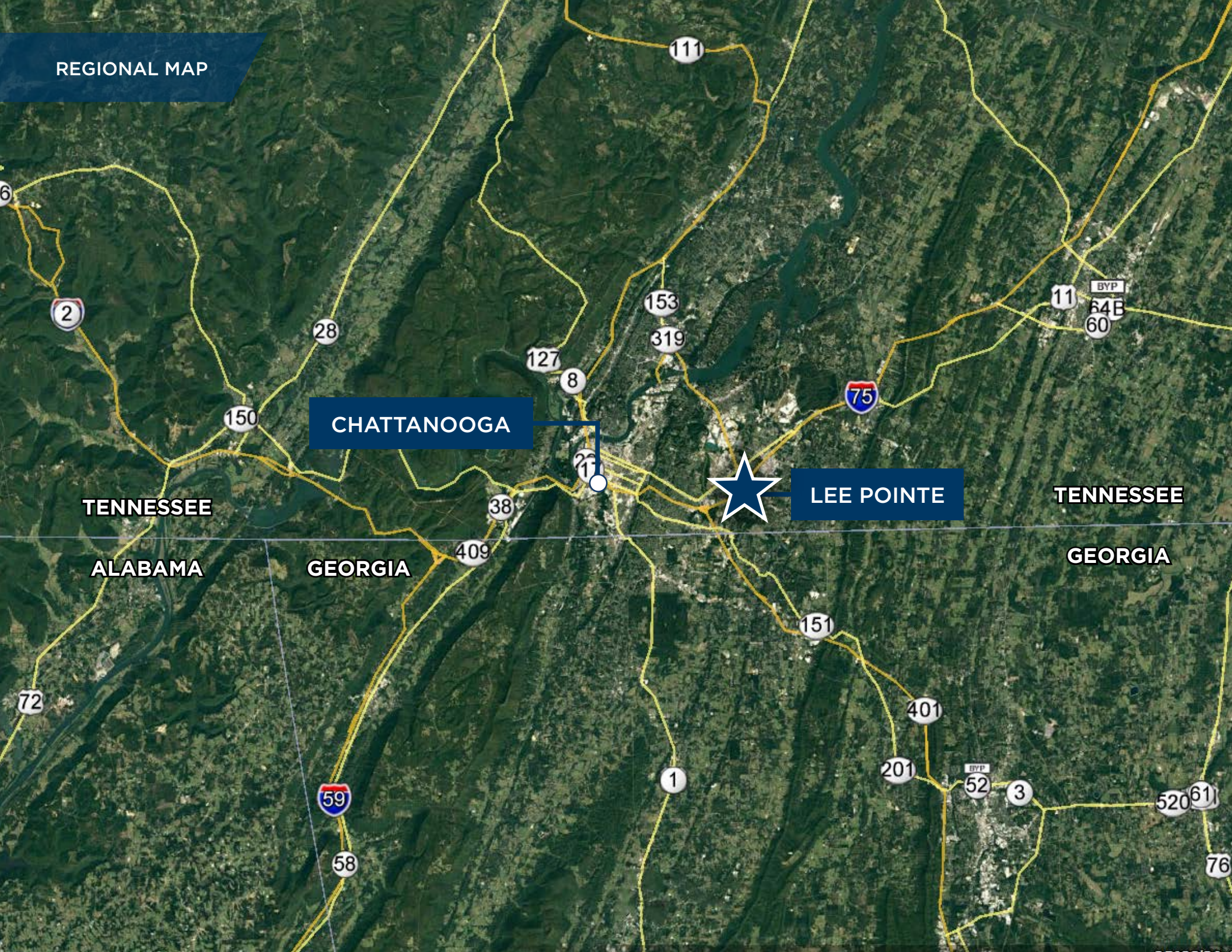


Total Floor 3 19,279 SF	Benchmark Rehab Partners Suite 300 17,337 SF Jul-2024	Available Suite 301 1,942 SF Dec-2023
Total Floor 2 19,281 SF	Miller-Motte Suite 200, 201 16,851 SF, 2,430 SF Dec-2024	
Total Floor 1 19,054 SF	Miller-Motte Suite 100 19,054 SF Dec-2024	
Total Amount 57,614 SF		



**MARKET
OVERVIEW**

REGIONAL MAP



CHATTANOOGA

LEE POINTE

TENNESSEE

TENNESSEE

ALABAMA

GEORGIA

GEORGIA



**FINANCIAL
ANALYSIS**

Cash Flow

Lee Pointe

FOR THE YEARS ENDING	IN PLACE @ 1-1-18	YEAR 1 \$/ SF	YEAR 1 DEC-2018	YEAR 2 DEC-2019	YEAR 3 DEC-2020	YEAR 4 DEC-2021	YEAR 5 DEC-2022	YEAR 6 DEC-2023	YEAR 7 DEC-2024	YEAR 8 DEC-2025	YEAR 9 DEC-2026	YEAR 10 DEC-2027
EFFECTIVE GROSS REVENUE												
Base Rental Revenue		\$19.15	\$1,103,529	\$1,129,008	\$1,155,289	\$1,182,258	\$1,209,650	\$1,237,730	\$1,266,498	\$1,292,960	\$1,318,819	\$1,345,195
Absorption & Turnover Vacancy		(0.67)	(38,840)	0	0	0	0	0	(10,935)	0	0	0
Base Rent Abatements		0.00	0	(9,904)	0	0	0	0	(2,734)	0	0	0
Scheduled Base Rental Revenue	1,057,757	18.48	1,064,689	1,119,104	1,155,289	1,182,258	1,209,650	1,237,730	1,252,829	1,292,960	1,318,819	1,345,195
Expense Reimbursement Revenue	149,862	2.60	149,890	159,052	169,004	179,306	190,057	201,287	207,302	213,064	222,355	228,966
TOTAL POTENTIAL GROSS REVENUE	1,207,619	21.08	1,214,579	1,278,156	1,324,293	1,361,564	1,399,707	1,439,017	1,460,131	1,506,024	1,541,174	1,574,161
General Vacancy		(0.41)	(23,831)	(63,908)	(66,215)	(68,078)	(69,985)	(71,951)	(62,618)	(75,301)	(77,059)	(78,708)
Collection Loss		0.00	0	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS REVENUE	1,207,619	20.67	1,190,748	1,214,248	1,258,078	1,293,486	1,329,722	1,367,066	1,397,513	1,430,723	1,464,115	1,495,453
OPERATING EXPENSES												
Real Estate Taxes	178,137	3.09	178,137	181,700	185,334	189,040	192,821	196,678	200,611	204,623	208,716	212,890
Insurance	5,463	0.09	5,463	5,572	5,684	5,797	5,913	6,032	6,152	6,275	6,401	6,529
Utilities	34,728	0.60	34,728	35,423	36,131	36,854	37,591	38,343	39,109	39,892	40,689	41,503
Repairs & Maintenance	10,073	0.17	10,073	10,274	10,480	10,690	10,903	11,121	11,344	11,571	11,802	12,038
Janitorial	7,441	0.13	7,441	7,590	7,742	7,896	8,054	8,215	8,380	8,547	8,718	8,893
Fire Protection	1,523	0.03	1,523	1,553	1,585	1,616	1,649	1,682	1,715	1,749	1,784	1,820
HVAC R&M	10,516	0.18	10,516	10,726	10,941	11,160	11,383	11,611	11,843	12,080	12,321	12,568
Elevator R&M	3,374	0.06	3,374	3,441	3,510	3,581	3,652	3,725	3,800	3,876	3,953	4,032
Pest Control	500	0.01	500	510	520	531	541	552	563	574	586	598
Misc Repairs	8,214	0.14	8,214	8,378	8,546	8,717	8,891	9,069	9,250	9,435	9,624	9,816
Management Fee	35,722	0.62	35,722	36,427	37,742	38,805	39,892	41,012	41,925	42,922	43,923	44,864
Non-Reimbursable	5,000	0.09	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975
TOTAL OPERATING EXPENSES	300,691	5.22	300,691	306,694	313,417	319,993	326,702	333,560	340,323	347,287	354,375	361,526
NET OPERATING INCOME	\$906,928	\$15.45	\$890,057	\$907,554	\$944,661	\$973,493	\$1,003,020	\$1,033,506	\$1,057,190	\$1,083,436	\$1,109,740	\$1,133,927
LEASING & CAPITAL COSTS												
Tenant Improvements	0	0.00	0	69,329	0	0	0	0	30,071	0	0	0
Leasing Commissions	0	0.00	0	11,776	0	0	0	0	8,433	0	0	0
Capital Reserves	5,761	0.10	5,761	5,877	5,994	6,114	6,236	6,361	6,488	6,618	6,750	6,885
TOTAL LEASING & CAPITAL COSTS	5,761	0.10	5,761	86,982	5,994	6,114	6,236	6,361	44,992	6,618	6,750	6,885
CASH FLOW BEFORE DEBT SERVICE	\$901,167	\$15.35	\$884,296	\$820,572	\$938,667	\$967,379	\$996,784	\$1,027,145	\$1,012,198	\$1,076,818	\$1,102,990	\$1,127,042

- Year 1 NOI: \$906,928 (96.6% occupied)
- January, 2018 analysis start date
- The following tenants exercise their renewal options upon expiration and are assumed to have 2% annual increases in base rent:
 - » Miller-Motte Technical College (Suites 100, 200 & 201) - Expires 12/31/2024
 - » BenchMark Rehab Partners (Suite 300) - Expires 7/31/2024
- New Tenant Reimbursement Method: We assume all new tenants reimburse their PRS of all expenses over their base year based on total GLA of the Property. Upon Renewal, Miller-Motte will continue to reimburse on a NNN basis.
- Tenant Improvement: \$25 psf (new) / \$10 psf (renewal)
- Leasing Commissions: 6% (new) / 3% (renewal)
- Rent Abatement: 3 Months (new) / 0 Months (renewal)
- Market Rents: \$20.00 psf
- 75% Renewal Probability
- Downtime: 12 Months
- Absorption:
 - » Suite 301 - Month 13
- Expenses are based on the 2017 Appraisal
- Management Fee - 3% EGR
- General Vacancy Factor - 5.00%
- General Inflation Rate - 2% Annually
- \$0.10 psf Capital Reserve
- Residual Cap Rate: 9%



Rent Roll

TENANT INFORMATION							BASE RENT				
Tenant Name	Status	Suite #	Lease Start	Lease End	SF	Date	\$/SF/Yr	Current Rent/Yr	Current Rec/SF/Yr	Recovery Method	
Miller-Motte Technical College	Contract	100	1/1/15	12/31/24	19,054	1/1/18	\$18.57	\$353,833	\$3.91	NNN + Mgmt Cap	
						1/1/19	\$18.94				
						1/1/20	\$19.32				
						1/1/21	\$19.71				
						1/1/22	\$20.10				
						1/1/23	\$20.50				
						1/1/24	\$20.91				
	Option	1/1/25	12/31/34	19,054	1/1/25	\$21.33	2% Annual Increases Throughout the Option Period				
	Miller-Motte Technical College	Contract	200	1/1/15	12/31/24	16,851	1/1/18	\$18.57	\$312,923	\$3.91	NNN + Mgmt Cap
							1/1/19	\$18.94			
1/1/20							\$19.32				
1/1/21							\$19.71				
1/1/22							\$20.10				
1/1/23							\$20.50				
1/1/24							\$20.91				
Option		1/1/25	12/31/34	16,851	1/1/25	\$21.33	2% Annual Increases Throughout the Option Period				
Miller-Motte Technical College		Contract	201	2/1/17	12/31/24	2,430	1/1/18	\$18.57	\$45,125	\$3.91	NNN + Mgmt Cap
							1/1/19	\$18.94			
	1/1/20						\$19.32				
	1/1/21						\$19.71				
	1/1/22						\$20.10				
	1/1/23						\$20.50				
	1/1/24						\$20.91				
	Option	1/1/25	12/31/34	2,430	1/1/25	\$21.33	2% Annual Increases Throughout the Option Period				
	BenchMark Rehab Partners	Contract	300	5/1/17	7/31/24	17,337	1/1/18	\$19.95	\$345,876	\$0.00	Base Year
							5/1/18	\$20.55			
5/1/19							\$21.16				
5/1/20							\$21.80				
5/1/21							\$22.45				
5/1/22							\$23.13				
5/1/23							\$23.82				
5/1/24		\$24.53									
Option		8/1/24	7/31/29	17,337	8/1/24	\$24.53	2% Annual Increases Throughout the Option Period				
Vacant - 301		Speculative	301	1/1/19	12/31/23	1,942	1/1/19	\$20.40		\$0.00	Base Year
	1/1/20						\$20.81				
	1/1/21						\$21.22				
	1/1/22						\$21.65				
	1/1/23						\$22.08				



**LEASE
ABSTRACTS**



Tenant/Trade Name	Piedmont Business Colleges, Inc. d/b/a Miller Motte Technical College
Square Footage	38,335
Original Rent Commencement Date	1/1/2015
Current Term Expiration	12/31/2024
Pro Rata Share	The fraction of the total occupied square footage of the Tenant divided by the total rentable square footage of the primary building
Options-to-Renew	2 x 5 year option terms with 9 months written notice; Renewal rent shall be the lessor of (a) The Fixed Rent payable under the Lease and (b) 95% of current Fair Market Value
Use	General office use and the operation of a post-secondary school and training facility

Base Rent	LEASE YEAR	ANNUAL RENT	MONTHLY RENT	PSF
	Year 1	\$670,863	\$55,905	\$17.50
	Year 2	\$684,280	\$57,023	\$17.85
	Year 3	\$698,080	\$58,173	\$18.21
	Year 4	\$711,881	\$59,323	\$18.57
	Year 5	\$726,065	\$60,505	\$18.94
	Year 6	\$740,632	\$61,719	\$19.32
	Year 7	\$755,583	\$62,965	\$19.71
	Year 8	\$770,534	\$64,211	\$20.10
	Year 9	\$785,868	\$65,489	\$20.50
	Year 10	\$801,585	\$66,799	\$20.91

CAM Defined	The operation and maintenance of the common area, parking lots and improvements; Management fee of no more than 5% of the annual gross rental income
CAM Reimbursement	Pro Rata Share; Controllable expenses shall not increase by more than 5% in any year (\$3.55 per RSF-Year 1)
Tax Reimbursement	Pro Rata Share
Insurance Reimbursement	Pro Rata Share

Guaranty	Delta Career Education Corporation
Landlord Repairs/Maintenance	Landlord is responsible for all structural components including roof, exterior walls, load bearing walls, support beams, foundations and columns; exterior door and windows; plumbing, lawn and fire sprinkler, HVAC, electrical and mechanical lines; parking lots; and exterior improvements including walkways and landscaping
Tenant Repairs/Maintenance	Decorating its own interior; and normal routine maintenance and care of the interior
Exclusive Use	Providing educational and training services
Building Signage	Landlord and Tenant agree that Tenant shall have signage on the North, West and South face of the building



Tenant/Trade Name	BenchMark Rehabilitation Partners, LLC			
Square Footage	17,337			
Original Rent Commencement Date	5/1/2017			
Current Term Expiration	7/31/2024			
Pro Rata Share	The fraction of the total occupied square footage of the Tenant divided by the total rentable square footage of the primary building			
Options-to-Renew	1 x 5 year option term with 9 months written notice at fair market value			
Use	General administrative offices and related purposes			
Base Rent	LEASE YEAR	ANNUAL RENT	MONTHLY RENT	PSF
	Year 1	\$345,873	\$28,823	\$19.95
	Year 2	\$356,275	\$29,690	\$20.55
	Year 3	\$366,851	\$30,571	\$21.16
	Year 4	\$377,947	\$31,496	\$21.80
	Year 5	\$389,216	\$32,435	\$22.45
	Year 6	\$401,005	\$33,417	\$23.13
	Year 7	\$412,967	\$34,414	\$23.82
	Year 8 (3 Months)	\$425,277	\$35,440	\$24.53
CAM Defined	Any costs to Landlord for real estate taxes with respect to the building, property and casualty insurance with respect to the building, the operation and maintenance of the Building and its common areas; The expenses to operate and maintain the Development and its parking lots and Improvements; Management fee of no more than 5% of the annual gross rental income			
CAM Reimbursement	Pro Rata Share of actual expenses over the base year; Controllable expenses not to increase by more than 5% over the previous calendar year			
Tax Reimbursement	Pro Rata Share of actual expenses over the base year			
Insurance Reimbursement	Pro Rata Share of actual expenses over the base year			

Landlord Repairs/Maintenance	Landlord is responsible for all structural components including roof, exterior walls, load bearing walls, support beams, foundations and columns; exterior door and windows; plumbing, lawn and fire sprinkler, HVAC, electrical and mechanical lines; parking lots; and exterior improvements including walkways and landscaping
Tenant Repairs/Maintenance	Decorating its own interior; and normal routine maintenance and care of the interior
Right of First Refusal	Tenant shall have the continuing and recurring right of first refusal to lease any contiguous space on the third floor of the building
Termination Option	Tenant shall have the one-time right to terminate this Lease at the end of the 63rd month with 6 months written notice to Landlord; Tenant shall pay to Landlord the remaining unamortized portion of Tenant Improvement Allowance and leasing commissions of brokers at a 5.5% annual interest rate



**TENANT
INFORMATION**



MILLER-MOTTE

Founded in 1916, Miller-Motte operates under the name Miller-Motte College and Miller-Motte Technical College. The college has 17 locations in Georgia, North Carolina, South Carolina, Tennessee and Virginia and offers several courses through their online programs. After expanding to several campuses throughout the 1900's, Miller-Motte joined Delta Educational Systems, Inc (now Delta Career Education Corporation) in 1998. The college continues to expand to new locations and add additional programs to meet the needs of the changing workplace. Miller-Motte is accredited by the Accrediting Council for Independent Colleges and Schools and are in the process of changing their accreditation to the Accrediting Council for Continuing Education and Training.

For more information on this company, please visit www.miller-motte.edu



BENCHMARK REHAB PARTNERS

Established in 1995, BenchMark Rehab Partners is a leading outpatient physical rehabilitation provider with superior expertise in diagnosing individual needs to comprehensively target the issue and treat each patient. While they operate under 7 different brand names, BenchMark Partners are all guided by a common approach in supporting patients, physical therapists, occupational therapists, hand therapists and health care providers. BenchMark operates over 300 clinics in 15 states throughout the Southeast, Northwest and Midwest United States.

For more information on this company, please visit bmrp.com



For more information, please contact:

Russell Elliott, SIOR, CCIM

Managing Broker

423 755 0846

relliott@pointecre.com

