



Actual Location

## Offering Memorandum

Ashley Overlook

# Select Health of South Carolina

Class-A Headquarters | Two-Tenant Office

4390 Belle Oaks Drive | Charleston, SC



**Stan Johnson Co.**

THE NET LEASE AUTHORITY®

In association with:



**LEE & ASSOCIATES®**

COMMERCIAL REAL ESTATE SERVICES

# Confidentiality and Restricted Use Agreement

This Confidential Offering Memorandum (“COM”) is provided by Stan Johnson Company (“SJC”), solely for your consideration of the opportunity to acquire the commercial property described herein (the “Property”). This COM may be used only as stated herein and shall not be used for any other purpose, or in any other manner, without prior written authorization and consent of SJC.

This COM does not constitute or pertain to an offer of a security or an offer of any investment contract. This COM contains descriptive materials, financial information and other data compiled by SJC for the convenience of parties who may be interested in the Property. Such information is not all inclusive and is not represented to include all information that may be material to an evaluation of the acquisition opportunity presented. SJC has not independently verified any of the information contained herein and makes no representations or warranties of any kind concerning the accuracy or completeness thereof. All summaries and discussions of documentation and/or financial information contained herein are qualified in their entirety by reference to the actual documents and/or financial statements, which upon request may be made available. An interested party must conduct its own independent investigation and verification of any information the party deems material to consideration of the opportunity, or otherwise appropriate, without reliance upon SJC.

The Property may be financed or withdrawn from the market without notice, and its owner(s) reserve(s) the right to negotiate with any number of interested parties at any time. The Property is offered and sold by its owner(s) as is, where is, and with all faults, without representation or warranty of any kind except for any customary warranties of title.

**BY ACCEPTING THIS COM, YOU AGREE THAT:** (1) all information contained herein, and all other information you have received or may hereafter receive from SJC relating to the Property, whether oral, written or in any other form (collectively, the “Information”), is strictly confidential; (2) you will not copy or reproduce, and claim as your own without attribution to SJC, all or any part of this COM or the Information; (3) upon request by SJC at any time, you will return and/or certify your complete destruction of all copies of this COM and the Information; (4) for yourself and all your affiliates, officers, employees, representatives, agents and principals, you hereby release and agree to indemnify and hold harmless SJC all of its affiliates, officers, employees, representatives, agents and principals, from and with respect to any and all claims and liabilities arising from or related to the receipt or use of this COM and/or any other Information concerning the Property; (5) you will not provide this COM or any of the Information to any other party unless you first obtain such party’s acceptance and approval of all terms, conditions, limitations and agreements set forth herein, as being applicable to such party as well as to you; and (6) monetary damages alone will not be an adequate remedy for a violation of these terms and that SJC shall be entitled to equitable relief, including, but not limited to, injunctive relief and specific performance, in connection with such a violation and shall not be required to post a bond when obtaining such relief.

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## Offered Exclusively by



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Actual Location

Section One

# About the Investment



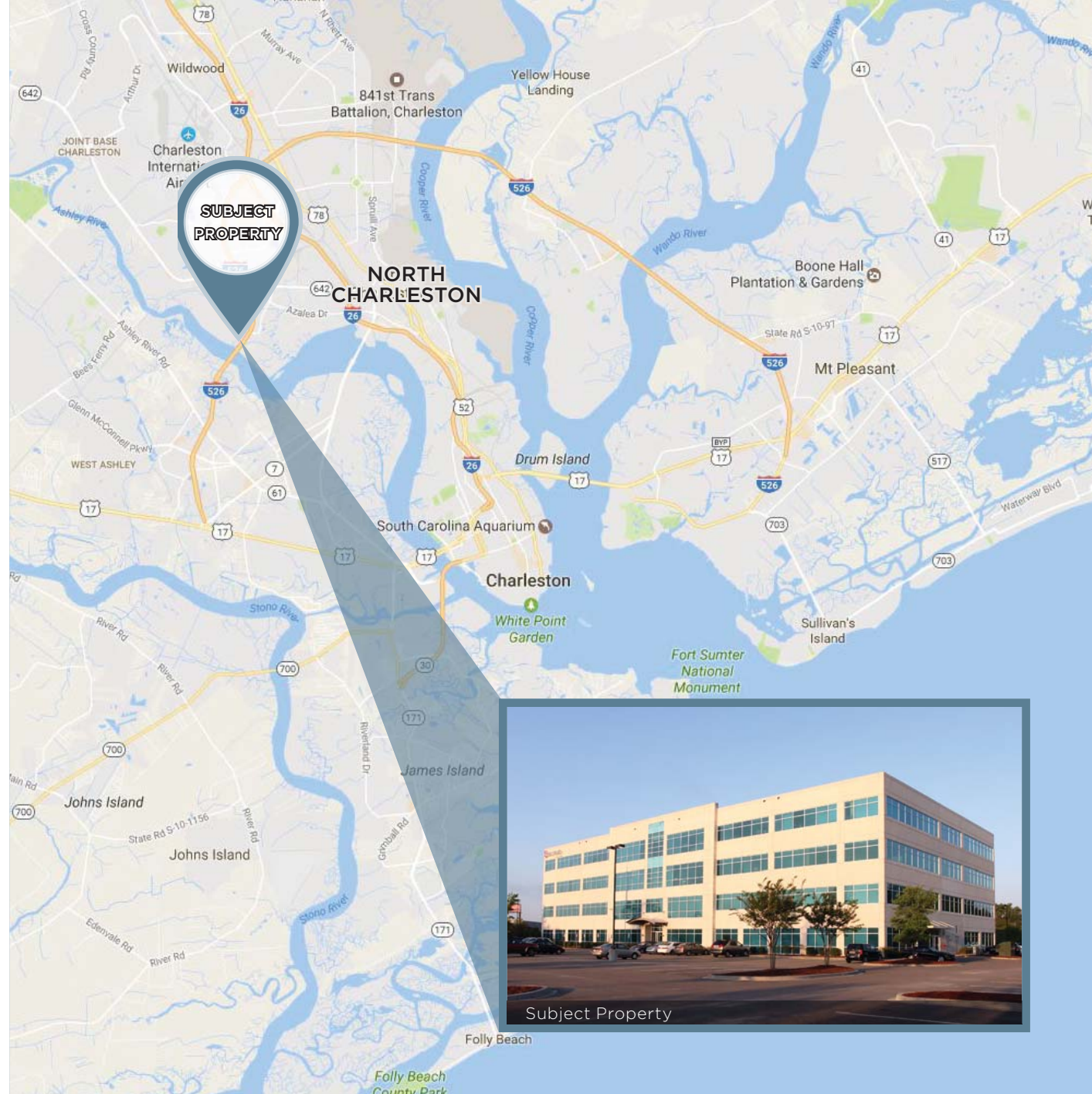
Purchase Price:  
**\$25,545,000**

## The Offering

**Stan Johnson Company** is pleased to exclusively offer for sale to qualified investors, the opportunity to purchase a Class-A office building located at 4390 Belle Oaks Drive, Charleston, SC 29405 (the "Property").

The Property is leased to Select Health of South Carolina (company headquarters) and Springfield College, and is located in a dense office and industrial area in Charleston. This area is the home to Comcast Service Center, Ashley Center, Faber Pointe and services various departments of Boeing.

The Property was built in 2006 and is located just off Interstate 526 (77,844 VPD) and Belle Oaks Drive. It is a high-quality, well maintained property with clear visibility and ease of access. The total rentable SF is +/- 104,610.



# Investment Highlights

**Large Healthcare Credit** - Select Health is one of the largest healthcare insurers in South Carolina. They cover 2,200 physicians, 74 hospitals, and 300,000 members.

**Large Anchor Tenant** - Select Health occupies 80% of the building by recently exercising their option to lease more additional square feet in the building. This is a strong indication of their commitment to the property.

**Attractive Annual Rent Escalations** - The 3% annual rent escalations on the leases will provide a strong hedge against inflation.

**100% Occupancy** - The building is currently 100% occupied.

**Mission Critical** - This is Select Health of SC's headquarters.

**High Growth MSA** - The Charleston MSA has grown 7.3% from 2010 through 2016 to a population of 712,220.

**Class-A, Office Pride of Ownership** - The Class-A property built in 2006 offers views of the Ashley River and Interstate-526, an efficient layout, 24/7 building access, and on-site professional management.

**Limited Large Office Supply** - Peninsula barriers constrain future office space supply. There are few office spaces, especially Class A, at the +/- 100,000 SF size.

**Tenant Stability and Appeal** - The anchor tenant has higher retention rates than typical office tenants due to the revenue generating function of the space and the need to remain closer to its payer base.

**Great Transportation Accessibility** - The Property has access to all of metropolitan Charleston via Interstates 526 (immediate access with VPD + 77,000) and 26 (3.3 miles away). The Charleston International Airport is 3 miles away.



Subject Property



# Pricing Overview

4390 Belle Oaks Drive | North Charleston, SC

Offering Price:	\$25,545,000
Property Type:	Office
Property Use:	Office
Tenants:	Select Health of South Carolina, Inc. (80%) Springfield College (new tenant to be in place by January 1, 2018)



Subject Property



Subject Property

# Property Overview

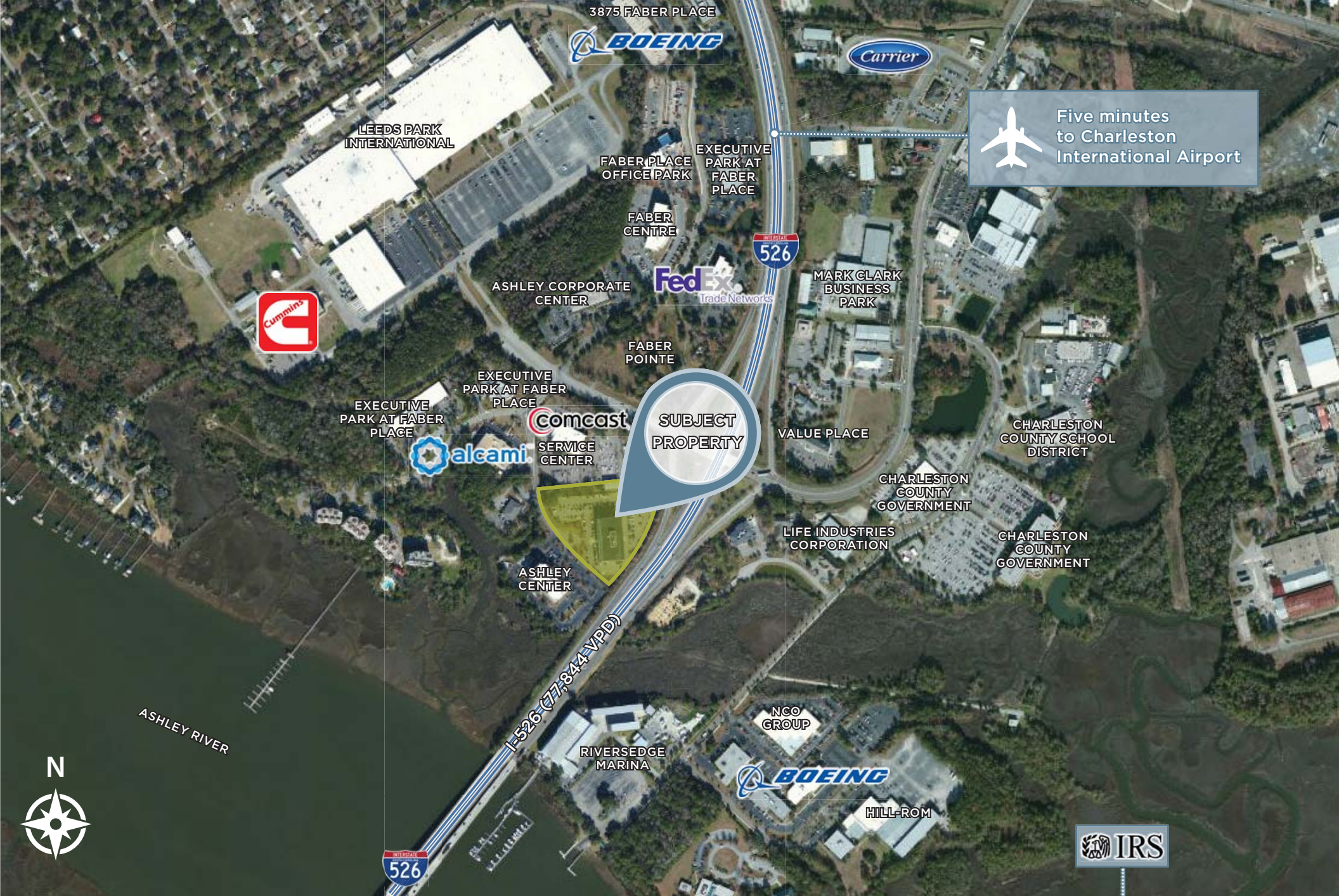
**Faber Place Executive Office Park**  
4390 Belle Oaks Drive, Charleston, SC

<b>Submarket</b>	North Charleston
<b>Land Area</b>	+/- 4.47 acres
<b>Bldg. SF</b>	+/- 104,610 SF
<b>% Leased</b>	100%
<b>Developer</b>	Holder Properties
<b>Office Park</b>	Faber Place
<b>Property Type</b>	Office
<b>Year Built</b>	2006
<b>Class</b>	A
<b>Parking</b>	343 (3.8 : 1000 SF)

- Property Description**
- 4-story
  - Views of Ashley River and Expressway
  - 8 interior (floating) columns per floor
  - 1 passenger and 1 passenger/service elevator
  - 9' Ceiling Height on Typical Floor
  - Single-ply membrane roof
  - Fire alarm/sprinkler system
  - Separate electrical metering available
  - Each floor has restrooms, telephone room, janitor's closet, mechanical shafts/room
  - Decorative aluminum canopy over front entrance doors
  - Main Lobby floor is porcelain tile accented by stained wood base
  - Carpet used in corridors with accent inset at elevator lobby
  - Main Lobby walls finished with wall covering and wood trim








3875 FABER PLACE  
**BOEING**

**Carrier**

 Five minutes to Charleston International Airport

LEEDS PARK INTERNATIONAL

FABER PLACE OFFICE PARK

EXECUTIVE PARK AT FABER PLACE

FABER CENTRE

**526**

MARK CLARK BUSINESS PARK

**Cummins**

ASHLEY CORPORATE CENTER

**FedEx**  
Trade Networks

FABER POINTE

EXECUTIVE PARK AT FABER PLACE

EXECUTIVE PARK AT FABER PLACE

**Comcast**

**SUBJECT PROPERTY**

VALUE PLACE

CHARLESTON COUNTY SCHOOL DISTRICT

**alcami**

SERVICE CENTER

CHARLESTON COUNTY GOVERNMENT

CHARLESTON COUNTY GOVERNMENT

ASHLEY CENTER

LIFE INDUSTRIES CORPORATION

ASHLEY RIVER

**I-526 (77,844 VPD)**

NCO GROUP

RIVERSEDGE MARINA

**BOEING**

HILL-ROM



**526**

**IRS**

# Stacking Plan - 2017

Floor 4					
<p>Suite 400                  Select Health of SC                  26,050 RSF                  \$25.31 RPSF                  12/31/2024 Lease Exp</p>					
Floor 3		Floor 3		Floor 3	
<p>Suite 300                  Select Health of SC                  13,692 RSF                  \$25.31 RPSF                  12/31/2024 Lease Exp</p>	<p>Suite 315                  Select Health of SC                  5,770 RSF                  \$25.31 RPSF                  12/31/2024 Lease Exp</p>	<p>Suite 320                  Select Health of SC                  2,038 RSF                  \$25.31 RPSF                  12/31/2024 Lease Exp</p>	<p>Suite 350                  Select Health of SC                  4,945 RSF                  \$25.31 RPSF                  12/31/2024 Lease Exp</p>		
Floor 2				Floor 2	
<p>Suite 200                  Springfield College                  16,660 RSF                  \$28.95 RPSF                  12/31/2017 Lease</p>				<p>Suite 210                  Select Health of SC                  6,931 RSF                  \$30 RPSF</p>	
<p>Suite 220                  (For Lease)                  3,371 RSF                  \$27 RPSF, Asking</p>					
Floor 1		Floor 1		Floor 1	
<p>Suite 100A                  Select Health of SC                  4,408 RSF                  \$25.31 RPSF                  12/31/2024 Lease Exp</p>	<p>Suite 100B                  Select Health of SC                  8,304 RSF                  \$25.31 RPSF                  12/31/2024 Lease Exp</p>	<p>Suite 120                  Select Health of SC                  3,470 RSF                  \$25.31 RPSF                  12/31/2024 Lease Exp</p>	<p>Suite 125                  Select Health of SC                  689 RSF                  \$25.31 RPSF                  12/31/2024 Lease Exp</p>	<p>Suite 140                  Select Health of SC                  3,314 RSF                  \$25.31 RPSF                  12/31/2024 Lease Exp</p>	<p>Suite 150                  Select Health of SC                  4,086 RSF                  \$25.31 RPSF                  12/31/2024 Lease Exp</p>

# Lease Abstract

<b>Suite</b>	Original Space (300, 400) 1st Amd Space (on 3rd floor) 2nd Amd Space (100A, 100B, 140, 320) 3rd Amd Space (120, 150) 4th Amd Space (350) 5th Amd Space (on 3rd floor) 6th Amd Space (125) 7th Amd Space (on 2nd floor, in process)
<b>RSF</b>	+/- 84,629 SF
<b>Original Lease Term</b>	10 Years
<b>Remaining Term</b>	+/- 7.5 Years
<b>Lease Start</b>	Original 3/1/2007 Renewal 1/1/2015
<b>Lease Expiration</b>	12/31/2024
<b>Renewal Options</b>	Two (2), Five (5) Year Options at 95% FMR
<b>Lease Type</b>	Full Service
<b>Rent Escalations</b>	3.0% annual
<b>Annual Rent Est.</b>	+/- \$2,184,398
<b>Rent per SF</b>	\$25.44
<b>Rent Abatement</b>	N/A
<b>Operating Expense</b>	Includes Repair, Maintenance, Replacements, Capital Improvements, Insurance, Taxes
<b>Opex Reimbursement</b>	Pro Rata Share in excess of Expense Stop
<b>Tenant's Est. Pro Rata Share</b>	100%
<b>Operating Expense Stop</b>	Base Year 2015
<b>Expense Inflation Cap</b>	5% prior year for controllable expenses
<b>Gross Up for Opex</b>	84%
<b>Management Fee</b>	Cap at 5% Gross Receipts
<b>Relocation Option</b>	N/A
<b>Right of First Refusal</b>	To lease space as it becomes available in the building within 10 days of receipt of notice
<b>Parking</b>	3.8 spaces per 1,000 usable SF
<b>TI Allowance</b>	\$50,000 in January 2020 for common areas



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Section Two

# Tenant Information



# Select Health of South Carolina

## Tenant Overview

Select Health of South Carolina, one of South Carolina's largest health insurers, manages the delivery of health care to more than 300,000 members across the state through the First Choice health plan. Members keep their regular Medicaid and receive many expanded benefits and services like health education and nurse support. They also have access to an extensive provider network of physicians, specialists, pharmacies and hospitals.

Select Health is a member of the Medicaid Health Plans of America. Select Health is a wholly owned subsidiary of AmeriHealth Caritas, headquartered in Philadelphia. AmeriHealth Caritas is among the largest organization of Medicaid managed care plans and related businesses in the United States touching the lives of over five million members nationwide operating in 19 states.

AmeriHealth Caritas is owned by Independence Blue Cross, the Philadelphia region's largest health insurer, and Blue Cross Blue Shield of Michigan under a partnership formed in 2011. AmeriHealth was purchased for \$170 million at a 50% interest, valuing the company at \$340 million. Independence Blue Cross and its subsidiaries now serve nearly 7.5 million people nationwide and reported revenues of over \$11 billion. With the backing of two of the largest and most well-respected Blues insurers, AmeriHealth has the resources and experience necessary to tackle even the biggest health care challenges. Under Michael Rashid as CEO of AmeriHealth Caritas, the company has also expanded from 500 employees

Tenant Overview	
<b>Tenant Name:</b>	Select Health of South Carolina, Inc.
<b>Parent Company:</b>	AmeriHealth Caritas
<b>Credit Rating:</b>	Not Available
<b>Founded:</b>	1995
<b>Locations:</b>	+2,200 Primary Care Physicians 74 Hospitals
<b>Total Employees:</b>	+ 400
<b>Total Members:</b>	+ 340,000
<b>Total Revenue*:</b>	\$30.66 million
<b>Headquarters:</b>	Charleston, SC
<b>Website:</b>	www.selecthealthofsc.com

\*FY2015 - hoovers.com

to 4,000. In 2015, AmeriHealth Caritas reported revenues of \$5.22 billion.

The subject property is Select Health of South Carolina's main headquarters. The company runs their key operations and call center from this location.



Actual Location

Section Three

# Location Overview



# Location Overview

**Charleston**, South Carolina continues to drive the State's economy as the epicenter of business development, offering a business friendly community, rich with incentives to allow companies to compete on a global scale. The young, highly skilled workforce attracts diverse industries, such as aerospace, automotive, aviation, bioscience, defense, renewable energy, financial services, and information technology. North Charleston is where businesses flourish.

North Charleston, the 3rd largest city in South Carolina, is highly accessible and centralized among the region. This city known as the "Hub of the Lowcountry" continues to grow at an extraordinary rate. It is important to note that North Charleston has led the State in retail sales for 21 consecutive years.

North Charleston is in close proximity to major roadways, including I-26, I-526, and I-95, rail lines transporting both freight and passengers, an international airport, and one of the East Coast's deepest water ports.

Since the construction of Palmetto Commerce Parkway, many businesses (including Venture, Aerobearings, Daimler Vans Manufacturing, Cummins Turbo, and the VTL Group) have located and invested hundreds of millions of dollars in North Charleston's local economy. Kaman Engineering Services, subsidiary of Kaman Aerospace Group, has opened a new office at the Clemson University Restoration Institute Campus (CURI).

## Boeing

With the arrival of Boeing Aircraft, the city has gained international importance and stature as one of only four places in the world for the manufacture and

Office Market Overview - 15 Mile Radius	
Existing Buildings	2,570
Existing Square Footage	24,597,643
Vacancy Rate	7.30%
Full Service Rent	\$23.60
Class A Full Service Rent	\$27.20
Unemployment Rate	4.60%

assembly of wide-body commercial aircraft. The 265-acre main campus is also home to the company's newest 787 Dreamliner final assembly and delivery facility. In October 2009, Boeing selected the North Charleston site for a new 787 Dreamliner final assembly and delivery line. Boeing broke ground on the new, 1.2-million-square-foot facility in November 2009. The Boeing South Carolina Delivery Center, a 57,920 square-foot facility, opened on Nov. 11, 2011, and delivers South Carolina-built 787s to customers from around the world. In early 2013, Boeing announced that an IT Center of Excellence and an Engineering Design Center will both be established in South Carolina.

As announced in 2013, North Charleston is expecting 600 information technology workers from Boeing over the next three years, part of the company's shift of IT workers around the nation. The 600-worker estimate came as the company signed a temporary lease at 3875 Faber Place in North Charleston. Boeing began occupancy as of 2014. Andrew Favreau, spokesman for Boeing IT communications, indicated about 200 people will occupy the Faber Place site, two miles south of the main Boeing complex, suggesting that Boeing will be getting more office space.

Location Highlights	Distance from The Property
Charleston Area Convention Center	2.9 miles
Charleston International Airport	3.0 miles
Lowcountry Graduate Center	2.9 miles
The Boeing Company Campus	3.5 miles
Bon Secours St Francis Hospital System	3.9 miles
Amtrak Station	4.4 miles



Boeing Plant - North Charleston, SC

# Location Overview (continued)

## Universities

Charleston now teems with college-educated young people, 20- and 30-somethings who have come for the jobs and stayed for the lifestyle as reported by USA Today. Many of these new residents are highly educated and seeking employment. Charleston is home to Charleston Southern University and Trident Technical College. Near the airport, the Lowcountry Graduate Center offers satellite campus access to some of South Carolina's most prestigious universities. Clemson, University of South Carolina, Medical University of South Carolina, The Citadel and the College of Charleston all work together to provide lowcountry residents with access to graduate degree programs. Webster University maintains two locations, one at the Charleston AFB and another just off of Leeds Avenue.

## New Developments in Charleston

In January 2014, the 44-acre development on Mixson Avenue roared to life and added approximately 650 residences. The development is in response to big-name employers such as Boeing Co. and software firm Benefitfocus Inc. recently announcing plans to add thousands of jobs to the local payrolls. The high-profile infill project is intended to add a downtown-like dose of urban density to the Park Circle area with its concept of narrow alleyways, clusters of multifamily homes and several public meeting spaces. Mixson is expected to add to the city's ongoing efforts to revitalize the area known nowadays for luring young professionals. The mix includes more retail businesses such as a restaurant, a club and Mixson Market, a store and cafe that sells gourmet coffee, craft beer and housewares. The first building of The Flats at Mixson apartment community opened early 2014 with all ten buildings completed in the Spring.



North Charleston, SC - Charleston Southern University



Mixson Avenue Development

Mixson is just one development planned to grow density in and around Park Circle. Another big project underway is the city-funded Oak Terrace Preserve subdivision near Academic Magnet High School. Garco Park is another development for the area, but construction has not started yet. Local developer The Beach Co. plans several hundred apartments, in addition to commercial space on the 23-acre former asbestos plant that sits near the eastern end of the East Montague commercial strip.

Charleston, SC Historic Population Growth*		
Year	Population	%
1980	62,479	
1990	70,218	12.4%
2000	79,641	13.4%
2010	97,471	22.4%
2013 Est.	104,054	6.8%

\*Source: U.S. Census



# Local Employers

## Largest Public Sector Employers, Charleston S.C. MSA

Company	Product or Service	Employees
Joint Base Charleston	Area U.S. military commands	36,000
Medical University Of South Carolina (MUSC)	Hospital, post-secondary education, research	12,200
Charleston County School District	Education/public schools	5,300
Berkeley County School District	Education/public schools	4,200
Dorchester County School District II	Education/public schools	3,500
Charleston County	Local government	2,500
College of Charleston	Post secondary education	2,200
City of Charleston	Local government	1,800
Santee Cooper	Electric and water utility	1,700
Trident Technical College	Post secondary education	1,500
U.S. Postal Service	Postal service	1,100
Berkeley County	Local government	1,100

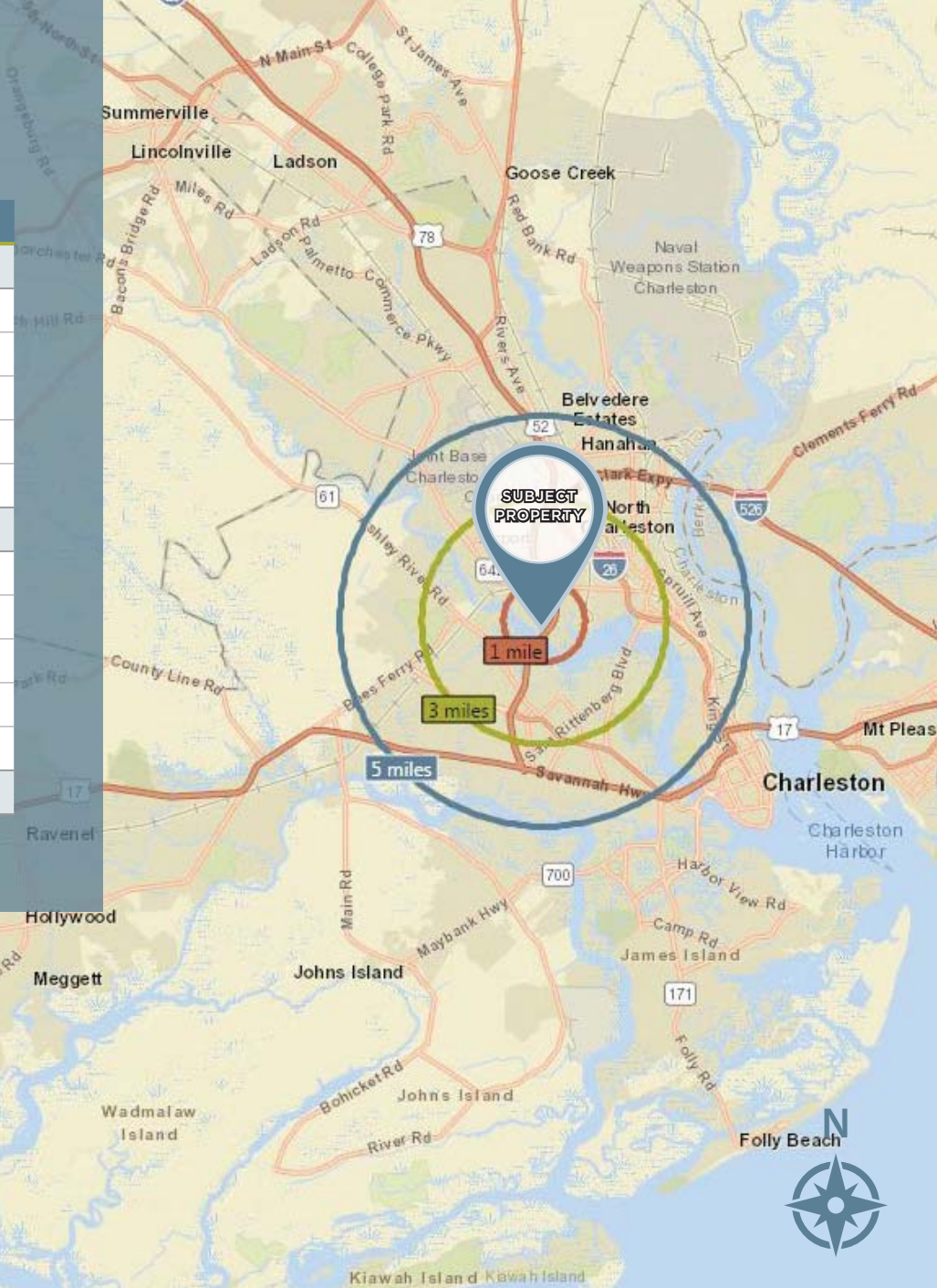
## Largest Private Sector Employers, Charleston S.C. MSA

Company	Product or Service	Employees
The Boeing Company	Aircraft manufacturing	8,200
Roper St. Francis Healthcare	Roper and Bon Secours St Francis Hospitals	5,100
Trident Health System	Hospital system	2,500
Walmart Inc.	Retail merchandise	2,500
Robert Bosch LLC	Antilock brake systems, fuel injectors, common rail & unit injectors	2,000
Kiawah Island Golf Resort/The Sanctuary at Kiawah	Resort	1,500
Blackbaud, Inc.	Specialty computer software development & design	1,300
SAIC	System engineering and integration services	1,200
BenefitFocus	Custom benefits software	1,200
Bi-Lo Stores	Retail grocery stores	1,200
Publix Supermarkets	Retail grocery stores	1,200
Verizon Wireless	Inbound/outbound call center for communications company	1,200

Source: Center for Business Research, Charleston Metro Chamber of Commerce, 12/2016, [www.crda.org/local-data/employers-industry](http://www.crda.org/local-data/employers-industry)

# Demographics

4390 Belle Oaks Dr, North Charleston, SC, 29405	0 - 1 mi.	0 - 3 mi.	0 - 5 mi.
<b>Population</b>			
2016 Population	3,310	60,142	136,159
2021 Population	3,357	64,219	146,456
2010-2016 Annual Rate	0.26%	1.00%	1.25%
2016-2021 Annual Rate	0.28%	1.32%	1.47%
<b>Households</b>			
2016 Total Households	685	25,251	56,412
2021 Total Households	709	27,115	61,035
2010-2016 Annual Rate	0.31%	1.12%	1.37%
2016-2021 Annual Rate	0.69%	1.43%	1.59%
2016 Average Household Income	\$55,398	\$55,041	\$57,499



going beyond

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**David Bailey**

Associate Director

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