NAI klnb NAI Isaac

LEXINGTON PROFESSIONAL CENTER

101 YORKSHIRE BOULEVARD
LEXINGTON, KY | 40509

VALUE ADD OPPORTUNITY
CONFIDENTIAL OFFERING MEMORANDUM

CONFIDENTIALITY

NAI KLNB ("Broker") has been retained by the owner of Lexington Professional Center in Lexington, Kentucky ("Property") as the exclusive broker for this acquisition opportunity.

This Confidential Offering Memorandum has been prepared by Broker for use by the prospective purchaser ("Prospective Purchaser") to whom Broker has provided this Confidential Offering Memorandum. The use of this Confidential Offering Memorandum and the information provided herein is subject to the terms, provisions and limitations of the Confidentiality Agreement furnished by Broker and executed by Prospective Purchaser prior to delivery of this Offering Memorandum. Although the information contained herein is based upon sources believed to be reasonably reliable, Owner and Broker, on their own behalf, and on behalf of their respective officers, employees, shareholders, partners, directors, members and affiliates, disclaim any responsibility or liability for inaccuracies, representations and warranties (expressed or implied) contained in, or omitted from, the Confidential Offering Memorandum or any other written or oral communication or information transmitted or made available to the recipient of this Confidential Offering Memorandum. No representations or warranties are made as to the completeness and/or accuracy of any information contained herein. Prospective purchasers of the Property should make their own investigations and conclusions without reliance upon this Confidential Offering Memorandum, the information contained herein or any other written or oral communication or information transmitted or made available.

Owner expressly reserves the right, exercisable in Owner's sole and absolute discretion, to withdraw the Property from being marketed for sale at any time and for any reason. Owner and Broker each expressly reserves the right, exercisable in their sole and absolute discretion, to reject any and all expressions of interest or offers regarding the Property and/or to terminate discussions with any entity at any time with or without notice. Broker is not authorized to make any representations or agreements on behalf of Owner. Owner shall not have any legal commitment or obligation to any entity reviewing this Confidential Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed, delivered and approved by Owner and the other party thereto, and any conditions to Owner's obligations thereunder have been satisfied or waived. If you have no interest in the Property at this time, return this Confidential Offering Memorandum immediately to:

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ckubler@klnb.com

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TABLE OF CONTENTS

ONE. EXECUTIVE SUMMARY

5 Offering Summary
6 Investment Highlights
8 Offering Procedure & Distribution of Offering Materials
9 Maps / Aerials

TWO. PROPERTY DESCRIPTION

14 Property Specifications
17 Site Plan
18 Floor Plans

THREE. MARKET OVERVIEW

21 Lexington, KY
22 Major Industries
23 Stark County Office Submarket
23 East Lexington / Fayette Office Market Statistics
23 Availability
25 Sales Comparables

ONE.

EXECUTIVE SUMMARY

NAI KLNB, in conjunction with NAI Isaac, is pleased to present the opportunity to purchase Lexington Professional Center (the "Property"), a four-story, vacant 180,866 square foot office building located on 15.27 acres at 101 Yorkshire Boulevard in Lexington, Kentucky. The Property is contiguous to CHI Saint Joseph Health's Saint Joseph East Hospital campus. The campus includes the full-service, 217-bed Saint Joseph East Hospital and the 60,000 square foot Women's Hospital Saint Joseph East.

The Property is well-located in a very healthy suburban office market. The East Lexington/Fayette office submarket has an inventory of about 7.4 million square feet, of which 11.4 percent is vacant. Moreover, the submarket's vacancy has not exceeded 13.6 percent level over the past decade. Rental rates have grown slowly but steadily over the past ten years, with a current market rate of $17.74 per square foot.

Lexington Professional Center represents an opportunity to acquire an attractive office building at a significant discount to replacement cost in a market with strong leasing fundamentals. By acquiring the building at an attractive basis, the new owner can lease the building at a below-market rate and still generate out-sized returns. The Property's adjacency to the hospital campus makes it an attractive leasing opportunity for medical users as well.

OFFERING SUMMARY

SALE DETAILS

RSF	LAND AREA	YEAR BUILT / RENOVATED	OCCUPANCY	PRICE
180,866 RSF	15.27 Acres	1978 / 2014 - 2016	Vacant	Unpriced – Open Bid

INVESTMENT HIGHLIGHTS

STRONG LEASING MARKET

The East Lexington/Fayette office submarket's vacancy stands at a healthy 11.4 percent. Rental rates have climbed steadily, and there are few new deliveries: on average, only 40,000 square feet of new office product is delivered annually.

ATTRACTIVE BASIS

The Property is anticipated to transact a price that is a fraction of replacement cost, affording the new owner the opportunity to complete transactions at well-below market rents and lease the building quickly.

ATTRACTIVE, WELL-MAINTAINED BUILDING

Lexington Professional Center is extremely well-maintained. The property has had significant recent improvements. Report capital improvements include but are not limited to an asphalt partial overlay plus entire seal, coat, and stripe (2014), exterior seal and caulking (2014), roof and atrium dome replacement (2016), and electrical upgrades including generator (2016).

INVESTMENT HIGHLIGHTS

BUSINESS FRIENDLY LOCATION

Lexington benefits from Kentucky's business friendly environment. In 2019, Site Selection Magazine ranked Kentucky the number 14 top state business climate, and Smart Asset ranked Lexington the number six city with the lowest startup costs. The cost of living in Lexington is also well below the national average. The U.S. Census Bureau reports that Lexington has the 11th most highly educated workforce in the nation.

CENTRAL LOCATION

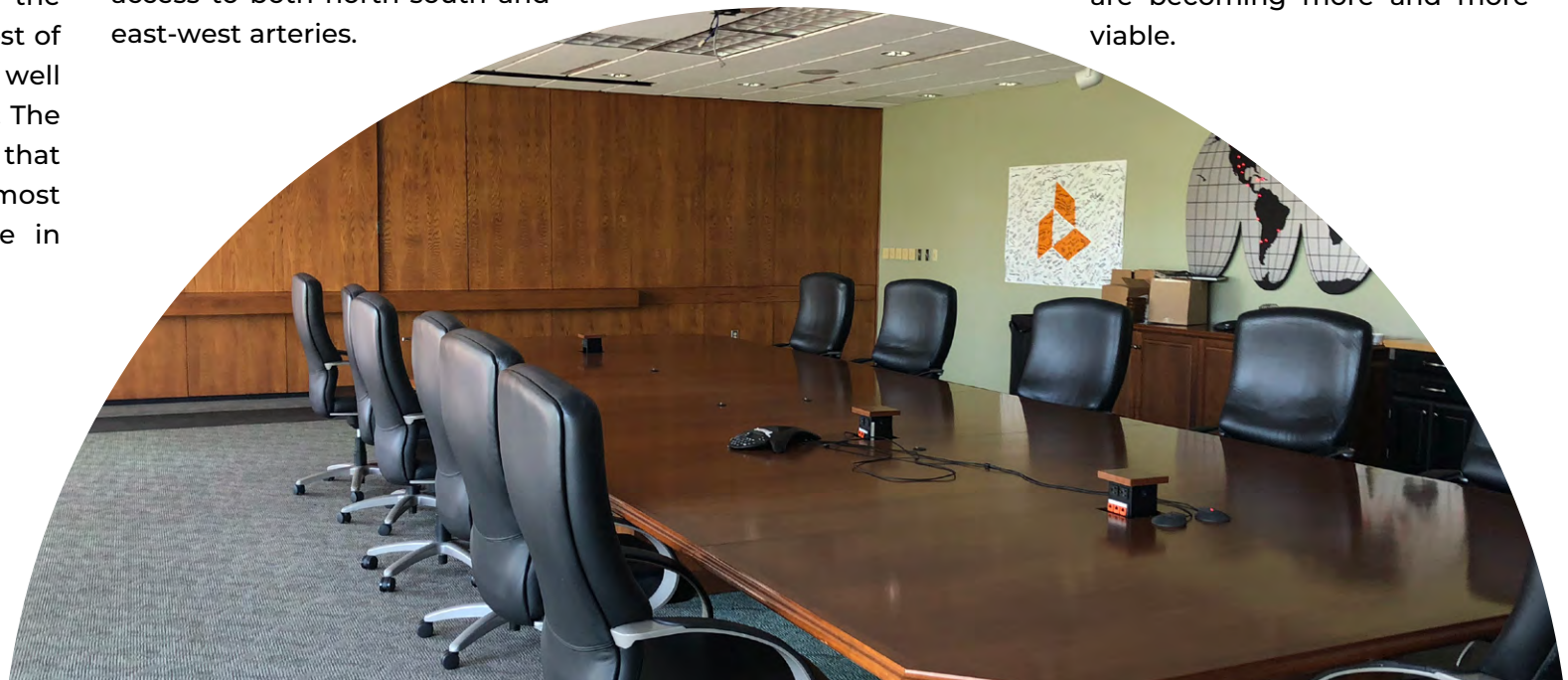
According to Commerce Lexington Economic Development, Lexington is only 600 miles from over two-thirds of the U.S. Population. It also sits at the crossroads of two major interstates – I-75 and I-64 – giving companies in Lexington direct access to both north-south and east-west arteries.

LIMITED COMPETITION

There is only one competing 100,000 square foot or larger availability in the entire submarket.

POSSIBLE ADAPTIVE REUSE

Lexington Professional Center could be a candidate for conversion or partial conversion to medical, life science, multifamily, or storage use. Given the high cost of new construction, such conversions are becoming more and more viable.



OFFERING PROCEDURE

The subject of this offering is a highly desirable office building containing approximately 180,866 RSF. The Property is being offered free and clear of any mortgage financing or management.

The transaction will be conducted through an offering process in accordance with the terms and conditions of this Offering memorandum, which NAI KLNB may, in its sole discretion, amend or update (provided that NAI KLNB has no obligation to amend or update the information included herein or otherwise made available to prospective purchasers). Each prospective purchaser has signed a Confidentiality Agreement in form and substance satisfactory to NAI KLNB as a condition of its receipt of this Offering Memorandum.

Inquiries concerning the procedures outlined in this Offering Memorandum may be directed to:

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DISTRIBUTION OF OFFERING MATERIALS & REVIEW PERIOD

All due diligence materials that will be provided will be made available through the Real Capital Markets website (www.rcm1.com).

TOUR DATES

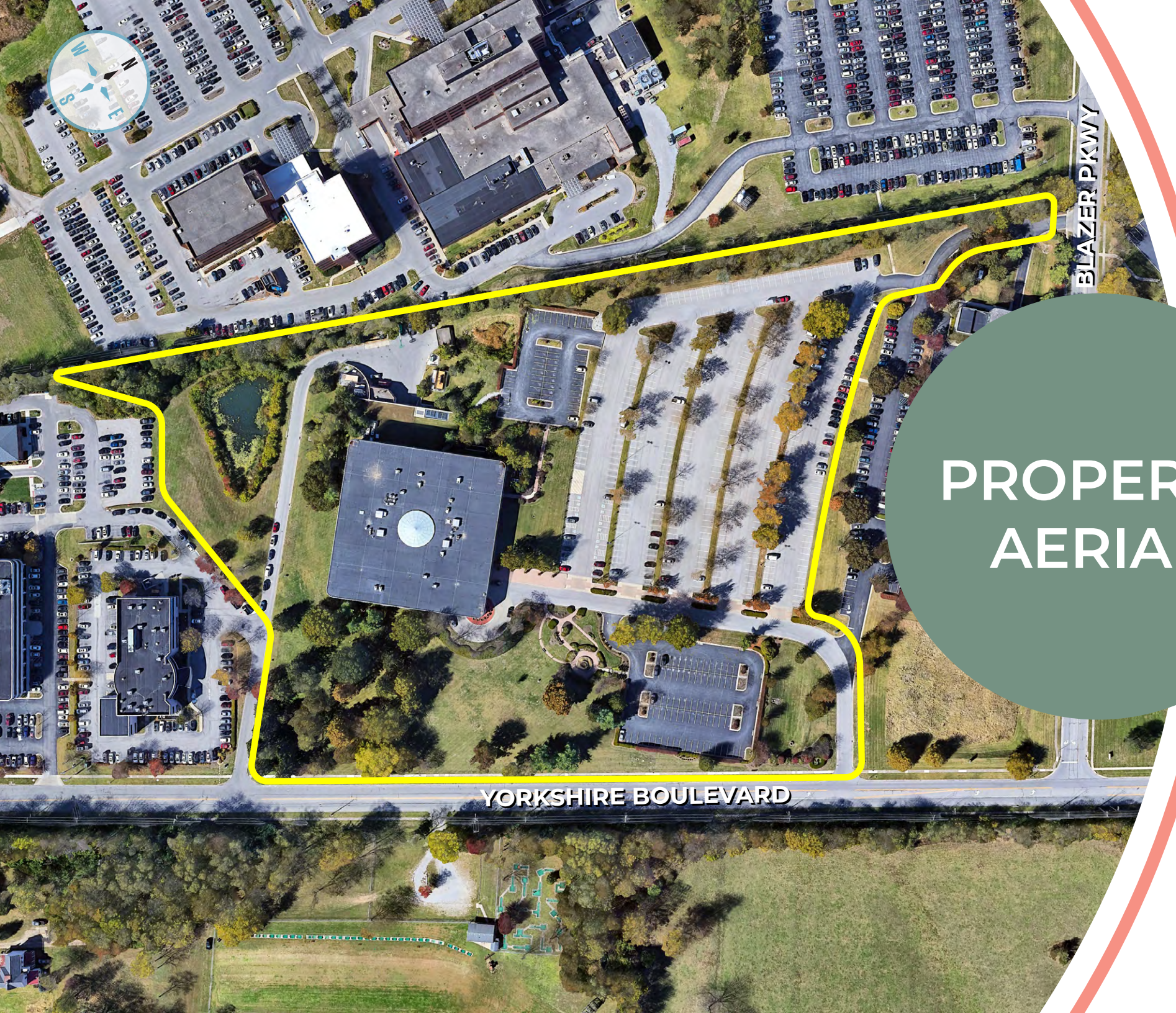
Private in-person tours of the Property are being offered by appointment only. Please schedule your site visit at your earliest convenience by sending an email to Chris Kubler or Don Schline. Please provide two preferred tour dates and times and include the names and contact information of the individuals who will be attending the tour.

INITIAL OFFERS DUE

The official offer date will be determined and communicated via the RCM website at a later date. NAI KLNB encourages all prospective purchasers to review the bid instructions prior to the Offer Date and contact the parties above should they have any questions. Earlier offers will be reviewed and responded to at the owner's discretion.

DAYTON
GREENWOOD
71
CINCINNATI
75
LPC
LOUISVILLE
LEXINGTON
66
RICHMOND
75
REGIONAL MAP

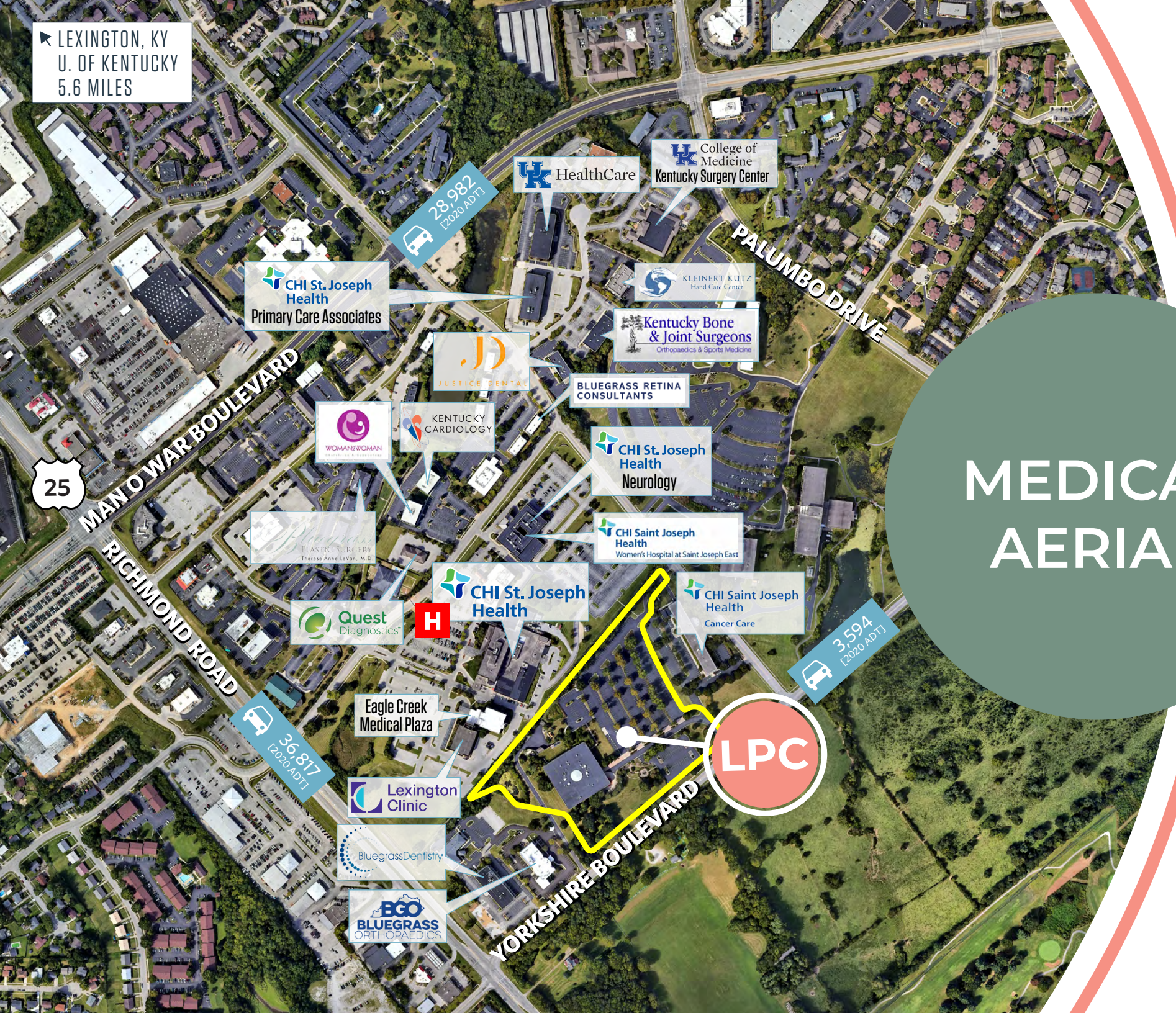
LOCAL MAP
LPC
BRACKTOWN
Citation Blvd
27
AVON
Alexandria Dr
Bryan Ave
LEXINGTON
E 3rd St
Liberty Rd
Hume Rd
Mason Headley Rd
4
Man O' War Blvd
ASHLAND PARK
CHILESBURG
Southland Dr
Alumni Dr
Chinoe Rd
Pasadena Dr
Clays Mill Rd
SOUTH ELKHORN
Man O' War Blvd
Alumni Dr
75
Delong Rd
SPEARS
Walnut Hill Rd
25
Ash Grove Rd
Shelby Ln
EAST HICKMAN
N Main St
NICHOLASVILLE



PROPERTY AERIAL

MARKET AERIAL

MEDICAL AERIAL



TWO.

PROPERTY DESCRIPTION

Address	101 Yorkshire Boulevard Lexington, KY 40509
Electric	2,500 amps, 277/480 volt, three-phase, four-wire service
Elevators	Three total: two passenger, one freight
Exterior Construction	Cast-in-place concrete, steel framing, concrete masonry units (CMUs)
Foundation	Concrete slab-on-grade with perimeter and interior footings under load bearing structures

Generators	Backup electrical power is provided by two diesel powered generators. One generator is rated at 1,750 kVA with a separate 3,000-gallon tank while the other generator is reportedly rated at 175 kVA and has a 600-gallon belly tank. A third emergency generator was reportedly installed in 2016 and contains a 2,000-gallon tank; however, is not currently in use
HVAC	Central system of boilers, cooling towers, chillers, air handling units, and fan coil units, supplemented by rooftop packaged units and split system units.
Land Area	15.27 acres
Fire Suppression	Wet-pipe sprinkler system (full coverage). Six (6) FM 200 sprinkler systems within data rooms

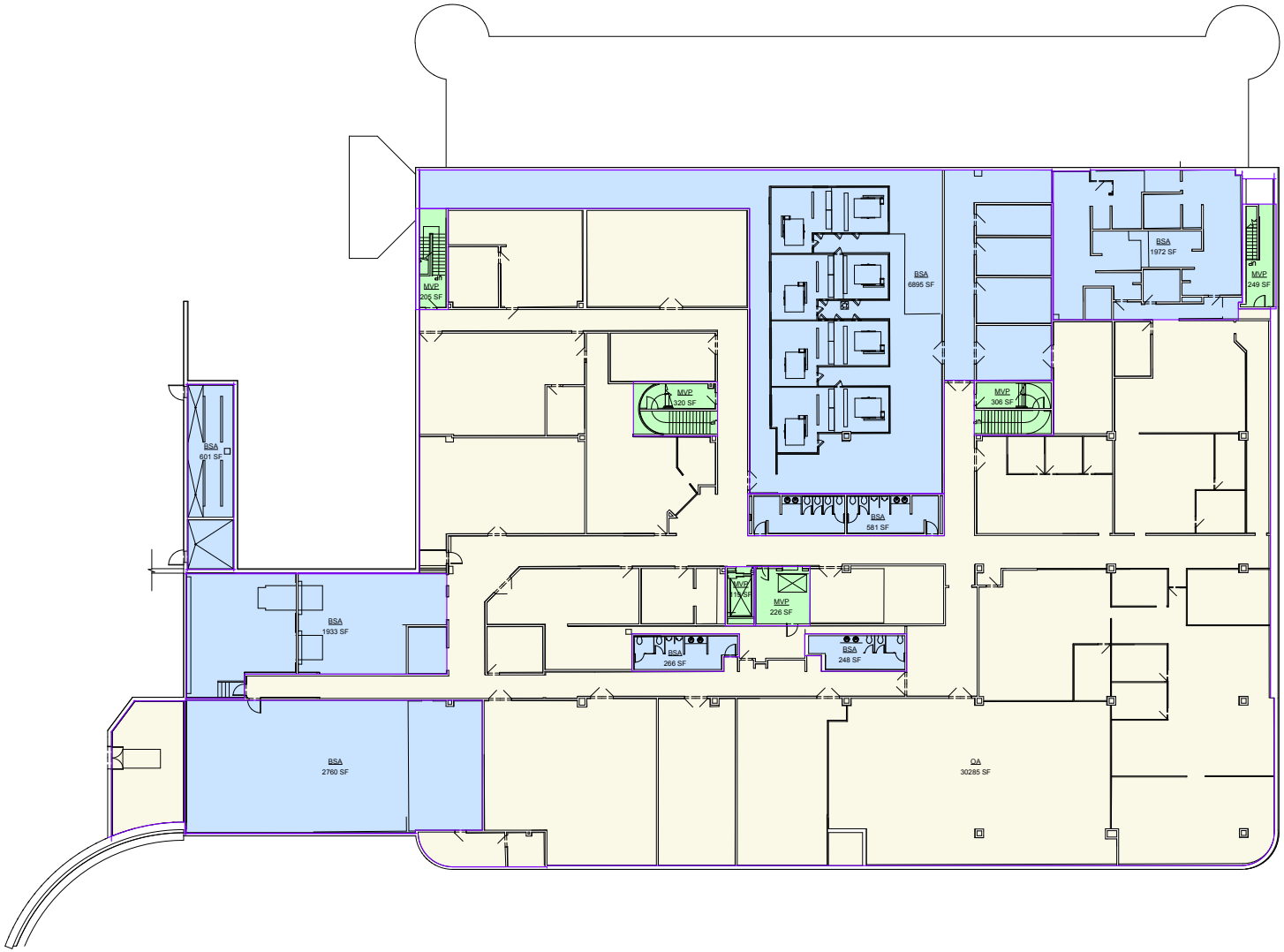
Loading	Loading dock served by two dock-high loading doors with hydraulic levelers and bumpers.
Occupancy	0% (vacant)
Parcel Number	19346470
Parking	528 spaces, inclusive of 20 handicapped spaces, yielding a parking ratio of approximately 3.2 spaces/1,000 SF
Rentable SF	180,866 SF
Restrooms	

Roof	EPDM Roof, replaced in 2016
Stories	Four
Utilities	Electricity: Kentucky Utilities Company / Natural Gas: Columbia Gas of Kentucky / Sewer: Urban County Government / Water: Kentucky American Water Company
Year Built/Reno.	1978 / 2014-2016
Zoning	P-1 – Professional Office., Lexington-Fayette County. This zone permits by right -- among other uses -- office, medical, research and development, hospital, nursing home, adult day care, dwelling units, and educational uses.

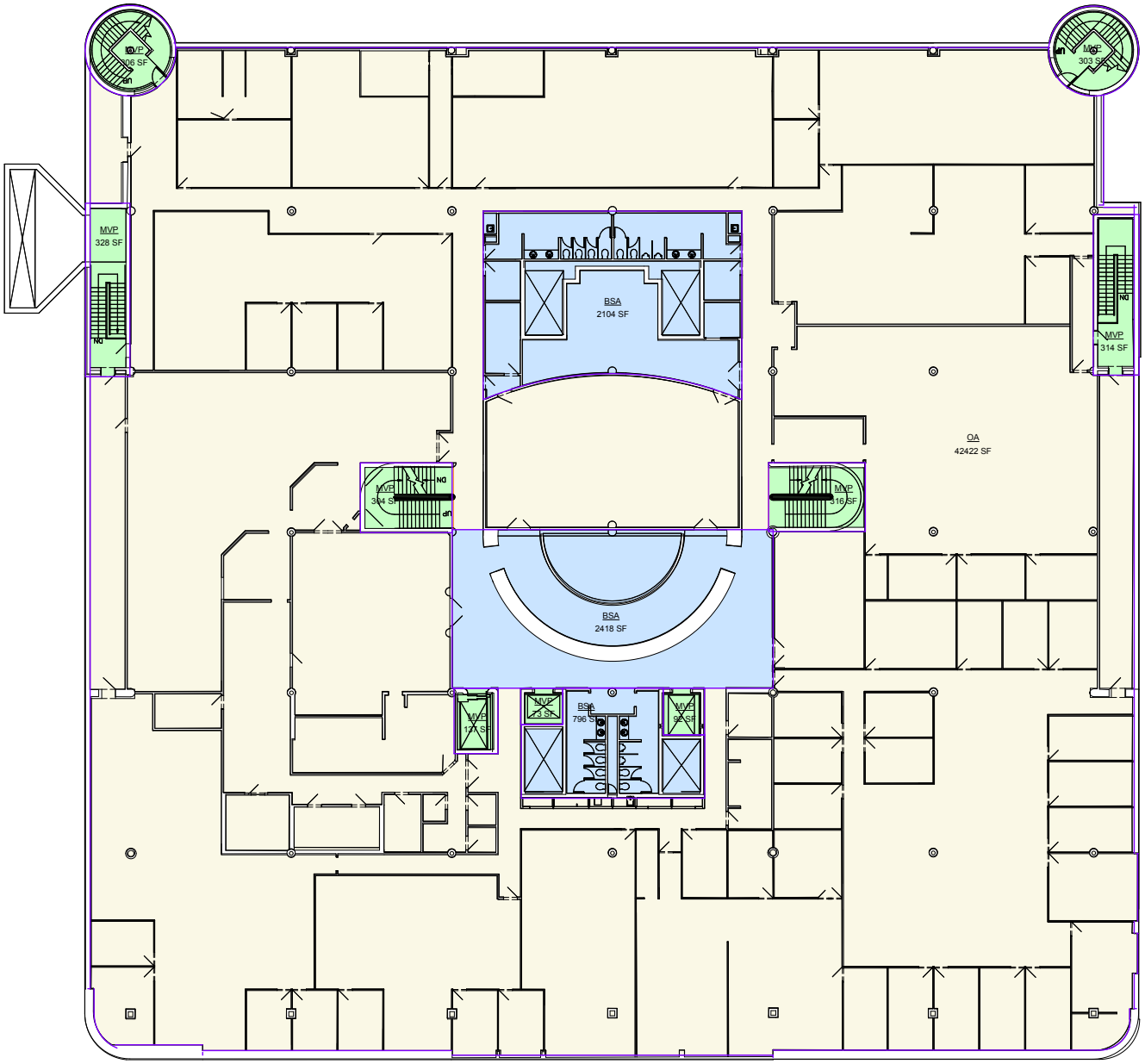
SITE PLAN

101 Yorkshire Blvd
YORKSHIRE MEDICAL PARK
YORKSHIRE BLVD
BLAZER PKWY
Motorcycle Parking Areas
N

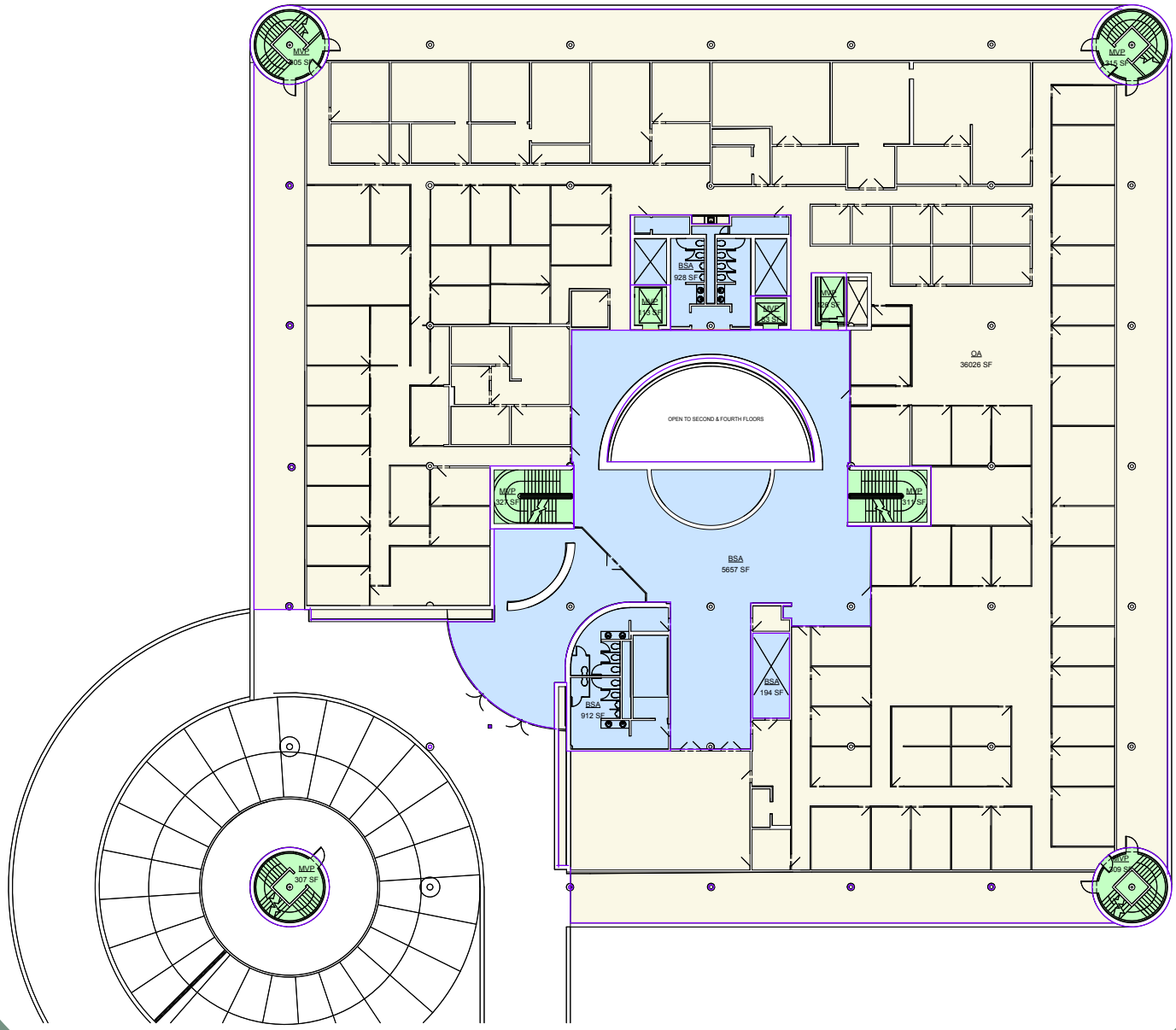
1ST FLOOR


MVP
205 SF
BSA
6895 SF
BSA
1972 SF
MVP
249 SF
MVP
320 SF
MVP
306 SF
BSA
601 SF
BSA
581 SF
MVP
226 SF
BSA
1933 SF
BSA
266 SF
BSA
248 SF
BSA
2760 SF
OA
30285 SF

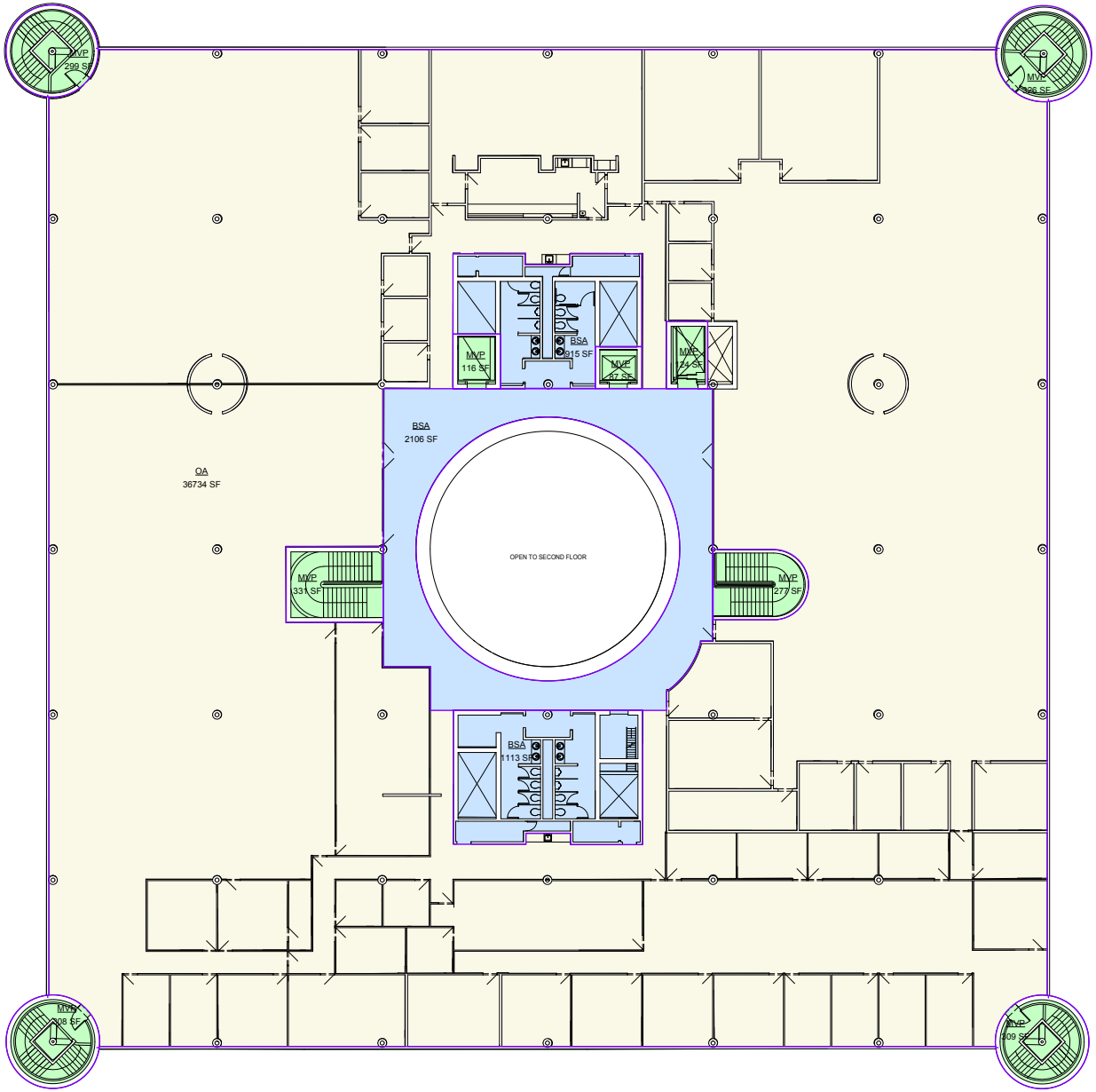
2ND FLOOR


MVP
328 SF
MVP
314 SF
BSA
2104 SF
OA
42422 SF
BSA
2418 SF
BSA
796 SF

3RD FLOOR


MVP
305 SF
MVP
345 SF
BSA
928 SF
MVP
113 SF
MVP
45 SF
MVP
79 SF
QA
36026 SF
OPEN TO SECOND & FOURTH FLOORS
MVP
321 SF
MVP
317 SF
BSA
5657 SF
BSA
194 SF
BSA
912 SF
MVP
307 SF
MVP
309 SF

4TH FLOOR


MVP
299 SF
MVP
296 SF
BSA
915 SF
MVP
116 SF
MVP
57 SF
MVP
24 SF
BSA
2106 SF
OA
36734 SF
OPEN TO SECOND FLOOR
MVP
331 SF
MVP
277 SF
BSA
1113 SF
MVP
308 SF
MVP
309 SF

THREE.

MARKET OVERVIEW

LEXINGTON KENTUCKY

Lexington, with a population of 324,104, is the Commonwealth of Kentucky's second largest metropolitan area. With an educated workforce, a low cost of doing business, a central location, and a high quality of life, Lexington makes for an excellent home for doing business.

EDUCATED WORKFORCE

There are ten colleges and universities within 40 miles of Lexington, plus four other professional and technical colleges. In all, these schools enroll nearly 70,000 students and award more than 18,000 degrees annually. According to the U.S. Census Bureau, Lexington is the 11th most highly educated city in the nation among those with a population over 300,000, with 45 percent of those 25 or older holding a college degree.

LOW COST OF DOING BUSINESS

Lexington benefits from Kentucky's business friendly environment. In 2019, Site Selection Magazine ranked Kentucky the number 14 top state business climate, and Smart Asset ranked Lexington the number six city with the lowest startup costs. The cost of living in Lexington is also well below the national average. Electricity costs are also well below the national average.

CENTRAL LOCATION

Lexington is within overnight range of over half of the U.S. market. Lexington is served by an excellent highway network: it is served by Interstate 75, which runs north and south, and Interstate 64, which runs east and west. Lexington is about 80 miles from both Cincinnati and Louisville.

The newly renovated Blue Grass Airport serves fifteen non-stop destinations and handles nearly 1.3 million passengers each year.

UPS located the state's largest ground hub in Lexington; in can process over 55,000 parcels every hour. The UPS Worldport facility is also located one hour west of Lexington at the Louisville International Airport. This facility processes 416,000 packages per hour.

HIGH QUALITY OF LIFE

Lexington is a youthful city, with a median age of 34.3 years. Downtown Lexington features art studios, galleries, theaters, and outdoor festivals. Over 100 retail shops and 170 bars and restaurants make Lexington home. Rupp Arena hosts the University of Kentucky Wildcats Basketball as well as a wide variety of conventions and concerts. Nine museums are located downtown, and the downtown universities also host a wide variety of shows and performances.

MAJOR EMPLOYERS

University of Kentucky	12,800
It's about kids. FAYETTE COUNTY PUBLIC SCHOOLS	5,900
Lexington Fayette Urban County Government	2,945
amazon	2,700
CONDUENT	2,500
U.S. Department of Veterans Affairs	2,086
BAPTIST HEALTH	1,852
CHI Saint Joseph Health	1,847
Lexmark	1,600
LOCKHEED MARTIN	1,100
Lexington Clinic	1,000

EAST LEXINGTON / FAYETTE OFFICE MARKET STATISTICS

7.4M	INVENTORY SF
0 SF	UNDER CONSTRUCTION
-183K	12 MO. NET ABSORPTION SF
11.4%	VACANCY RATE
$17.74	MARKET RENT/SF
$127	MARKET SALE PRICE/SF
9.2%	MARKET CAP RATE

AVAILABILITY

838K	VACANT SF
43.3K	SUBLET SF
11.5%	AVAILABILITY RATE
848K	AVAILABLE SF
8.9%	MONTHS ON MARKET

SALES COMPARABLES

PHOTO	ADDRESS	SIZE (SF)	SALE PRICE	PRICE/SF	SALE DATE	BUYER	SELLER	YEAR BUILT/ RENOVATED
	800 CORPORATE DRIVE LEXINGTON, KY	26,098	$2,150,000	$82	6/28/22	CNL Property Group, LLC	Bright Ideas, LLC	1980
	535 W. SECOND STREET LEXINGTON, KY (PVA has 535 not 585 and was included in a purchase with multiple properties)	52,806	$3,868,000	$73	3/24/22	Lexington Rescue Mission, Inc.	Showprop Pico Rivera, LLC	1937
	1409 N. FORBES ROAD LEXINGTON, KY	33,754	$2,230,000	$66	11/8/21	Turner Property 4, LLC	Fairways Development, LLC	1959
	249 - 253 E. MAIN STREET LEXINGTON, KY (PVA shows purchase was with multiple properties)	46,936	$5,400,000	$115	10/22/21	Cole Colby Station, LLC, Singleton Colby Station, LLC, Nicol Colby Station, LLC STPO, LLC	TKRG II, LLC	1907 / 1987
	620 SOUTH BROADWAY LEXINGTON, KY	20,250 - Above 6,750 - Basement	$2,137,500		8/3/21	Commonwealth of Kentucky FBO - UK c/o University of Kentucky Real Estate Svcs.	Burley Tobacco Growers	1922
	1099 DUVAL STREET LEXINGTON, KY	35,136 - Above 17,568 - Basement	$7,700,000		4/1/21	Baptist Healthcare System, Inc.	TAFL, LLC	2010

SALES COMPARABLES

PHOTO	ADDRESS	SIZE (SF)	SALE PRICE	PRICE/SF	SALE DATE	BUYER	SELLER	YEAR BUILT/ RENOVATED
	771 CORPORATE DRIVE LEXINGTON, KY	120,866	$13,200,000	$109	3/19/21	Milton 771 Corporate Drive, LLC	Corporate Drive, LLC	1982
	2376 SIR BARTON WAY LEXINGTON, KY	29,240	$3,100,000	$106	8/19/20	Quality Logistics, LLC	Corolla Management Corporation	2005
	1775 ALYSHEBA WAY LEXINGTON, KY	57,561 - Above 19,187 - Basement	$8,300,000		1/28/20	Flagship Alysheba Lexington, LLC	Family Practice Properties of Lexington	2005
	1020 MONARCH STREET LEXINGTON, KY	22,536	$2,825,000	$125	9/24/19	National Association of State Boating Law Administrators, Inc.	Rice Properties, LLC	2004
	2285 EXECUTIVE DRIVE LEXINGTON, KY	38,962	$3,045,000	$78	9/19/19	Executive Place Owner, LLC	JPMCC 2005 CIBC13 Office 2285, LLC	1990

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