

The LEARNING EXPERIENCE

MACUNGIE, PA



CBRE

OFFERING MEMORANDUM

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CBRE



THE OFFERING

CBRE's Net Lease Property Group, as exclusive advisor to Ownership, is pleased to present the exceptional opportunity to acquire a brand new, 100% fee-simple retail building leased to The Learning Experience (TLE), one of the fastest growing childcare and early education franchises in the country. The \pm 10,000 SF building is located in Macungie, Pennsylvania, an affluent suburb within the Allentown MSA, the state's third largest city.

The Learning Experience will operate under a fifteen (15) year lease with two (2) additional five (5) year options and 12% escalations every five (5) years in the base term. The Property is strategically located in the heart of a major retail and residential corridor home to dozens of national retailers and more than 19,000 households within a 3-mile radius.

ASSET PROFILE

ADDRESS:	6687 Stein Way, Macungie, PA 18062
TENANT:	TLE at Macungie, LLC
NET RENTABLE AREA:	10,000 RSF
LAND AREA:	1.85 AC
YEARS BUILT:	2018



\$3,655,000
PRICE



7.25%
CAP RATE



\$265K
NOI



INVESTMENT HIGHLIGHTS

BRAND NEW CONSTRUCTION

The Subject Property is a build-to-suit for The Learning Experience. Construction was completed in July of 2018, allowing investors the opportunity to capitalize on the full lease term. The 10,000 square foot building sits on 1.85 acres and features a 5,000 SF playground, 44 parking spaces.

OPTIMAL LEASE STRUCTURE

The NN Lease recently commenced in September 2018, and features 15 years firm term, attractive 12% rental increases every five (5) years, and minimal landlord responsibilities limited to the roof and structural integrity of the building, providing ownership with a long term, passive investment with built in inflationary hedges.

EXPLOSIVE AND AFFLUENT DEMOGRAPHICS

The Learning Experience is strategically located in one of Allentown's most affluent high-growth communities, with more than 50,000 residents living within a 3-mile radius of the Property, a 10.5% increase from the 2010 census, and a figure expected to increase by an additional 7% in the next 5 years. Education attainment among Macungie residents far outpaces that of the Allentown MSA, as approximately 49% of the residents within a 1-mile radius have attained a bachelor's or more advanced degree, and earn an estimated \$112,000 annually.

PROXIMITY TO LOCAL EMPLOYERS

Located within the Lehigh Valley, about 8 miles from Allentown's city center, the Property benefits from both dense suburban populations and close proximity to a variety of employers across all sectors. With a GDP of \$39.1 billion, larger than that of the entire states of Wyoming and Vermont, the Lehigh Valley is the home of more than 15,000 businesses, including three Fortune 500 companies. Adjacent from the Property is Air Products & Chemicals corporate headquarters, which occupies 235-acres and employs about 2,250 people.

STABLE, HIGH-GROWTH INDUSTRY

The child care industry has enjoyed revenue increases over 200% in the five years, ending 2017 with more than \$48 billion in revenue industry-wide. Global demand for child care services has continued to grow as a result of increases in the number of women in the workforce and the number of single-parent families, as well as reduced poverty and improved health services. Additionally, as a brick and mortar retailer, the industry will not be affected by the future online shopping trends currently being shaped by e-commerce giants such as Amazon.



LEASE ABSTRACT

TENANT	TLE at Macungie, LLC
GUARANTOR	The Learning Experience Holding Corp ⁽¹⁾
RENT COMMENCEMENT	9/30/18
LEASE EXPIRATION	9/30/33
TERM REMAINING	15 Years
LEASE TYPE	NN – Structural Portions of the Premises including; Roof, Structure and Foundation
NET RENTABLE AREA	10,000 SF
NOI	\$265,000
RENT INCREASES	12% increase every five (5) years throughout initial term and in each option
OPTIONS	Two (2) additional five (5) year options
TAXES	Landlord shall pay when due all Real Property Taxes. Tenant shall pay Landlord, as additional rent, Tenant's Pro Rata Share (100%) of Real Property Taxes.
INSURANCE	Tenant to contract directly and maintain in effect at all times during the Term of the Lease.
UTILITIES	Tenant shall contract directly with all utility providers serving the Leased Premises.

(1) The Guaranty has a maximum liability of \$500,000 and decreases by \$100,000 annually and by any payment amount made by Guarantor on Tenant's behalf

(2) Rent concession in Year 1 of the initial Lease term. Contact Broker for details.

RENT SCHEDULE

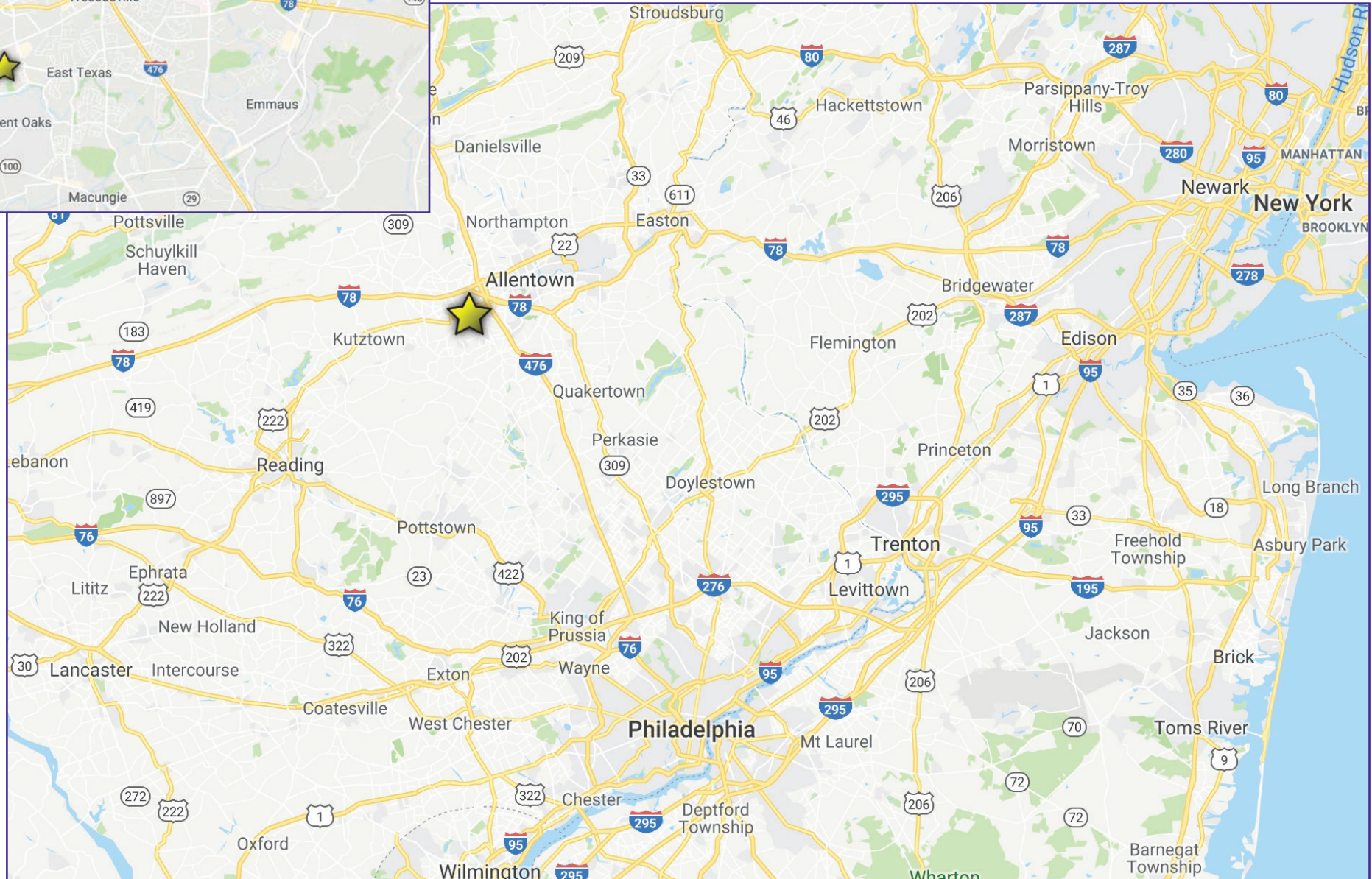
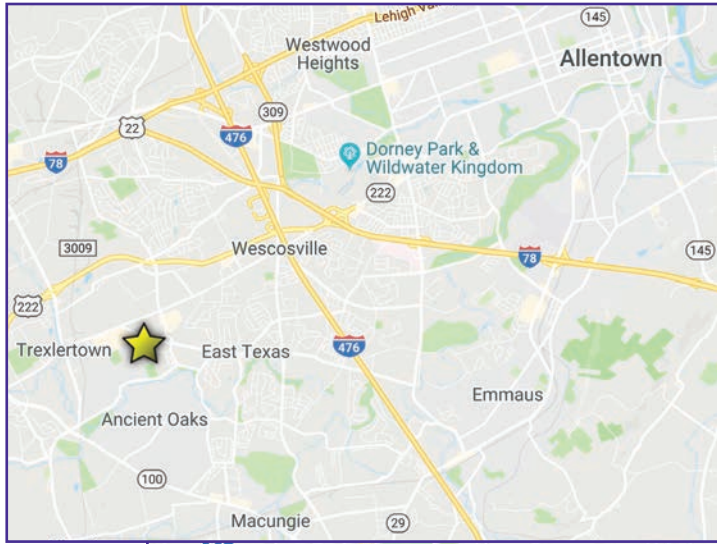
YEARS	RENT PSF	ANNUAL RENT
1 ⁽²⁾	\$26.50	\$265,000.00
2-5	\$26.50	\$265,000.00
6-10	\$29.68	\$296,800.00
11-15	\$33.24	\$332,416.00
OPTION 1		
16-20	\$37.23	\$372,305.92
OPTION 2		
21-25	\$41.70	\$416,982.63



SITE PLAN







TENANT PROFILE



is a leading provider of childcare and early childhood development services. The Company offers full and part-time services for preschool children and supplemental after-school services for school-age children. The Learning Experience® (TLE®) is the nation's fastest growing early learning academy franchises for children ages six weeks to five years old, with more than 250 locations nationwide, including 217 fully operational centers in 17 states and the remaining centers under various stages of development.



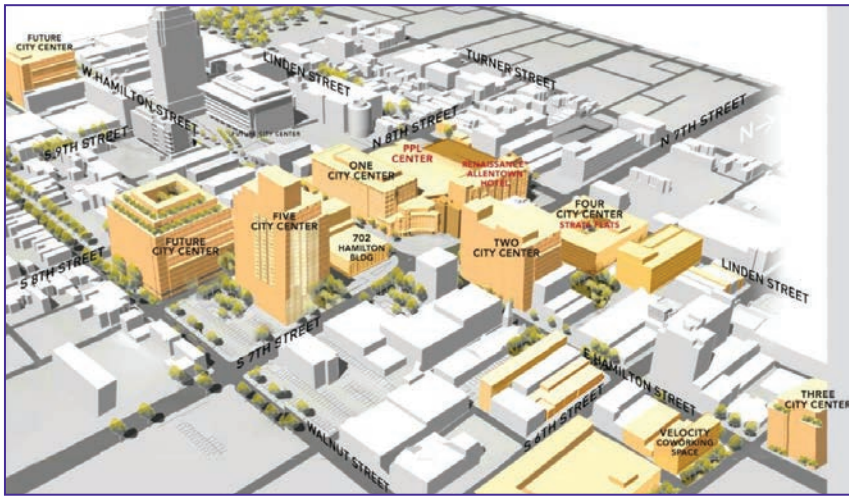
A family-run business, TLE® founders have more than 30 years of childcare and preschool experience. The company has been distinguished as one of America's fastest growing franchises and a top education franchise for 2014 by Franchise Business Review magazine. The Learning Experience has successfully created one of the most trusted brands in the for-profit early childhood education industry, with estimated system wide sales expected to reach nearly \$307million by the end of 2018.

Tenant:	TLE at Macungie, LLC
Website:	www.thelearningexperience.com
Public/Private:	Private
Headquarters:	Boca Raton, FL
No. of Locations:	250



MARKET OVERVIEW

The Borough of Macungie is a suburb of Allentown, Pennsylvania, the state's third-largest city behind Philadelphia and Pittsburgh. Founded in 1762 by William Allen, a successful businessman and the former mayor of Philadelphia, Allentown transformed from a small community of Dutch farmers into a thriving manufacturing hub. In recent years, the focus has shifted with the rise of the service industry, and Allentown is now the epicenter for development in the Lehigh Valley.



In 2014, the Lehigh Valley was recognized by Site Selection Magazine as the second best performing region of its size in economic development across the nation, as \$282 million was invested in a new, state-of-the-art hockey arena, equipped with offices for Lehigh Valley HealthCare Network and a Marriott Hotel. Shortly thereafter, a former theater was redeveloped into a seven-story 166,000 SF office and retail center costing in excess of \$50 million. The resurgence continued with the recent completion of "Four City Center", a \$44 million project that includes a five-story office building and adjacent apartment complex with approximately 168 units. In 2017, Allentown leaders, as well as downtown's lead developer, were awarded the Urban Land Institutes' 2017-2018 Global Award for Excellence for their work on the Allentown Revitalization District.



The city's corporate presence has also increased in recent years, as National Penn Bank developed a brand new, Class A office building to house their corporate headquarters, and Trifecta Technologies relocated their headquarters to the historic Schoen's Furniture Store in downtown. There are more than 3,500 businesses and nearly 50,000 employees in Allentown, which has increased housing demand and populations as professionals move to the surrounding suburbs.

*The City of Allentown is truly a
"City without Limits!"*

NEIGHBORHOOD DEMOGRAPHICS

The area within a 3-mile radius of the Property is currently home to more than 50,000 residents and counting, as the population has increased by more than 10% since 2010 and is expected to grow by an additional 7% by 2023. Education attainment among Macungie residents outpaces that of the Allentown metro, as approximately 49% of the residents within a 1-mile radius have attained a bachelor's or more advanced degree, and earn an estimated \$112,969 annually.

LEHIGH COUNTY AREA QUICK FACTS

#2

Area in State for Development

#6

Area in Country for Development

30 Million

People within 100 Miles

11

Institutions of Higher Education:

Cedar Crest College	Lehigh U.
De Sales University	Moravian College
East Stroudsburg U.	Muhlenberg College
Kutztown U.	Northampton
Lafayette College	Community College
Lehigh Carbon	Penn State University –
Community College	Lehigh Campus

Source: allentownPA.gov

	1-Mile Radius	3-Mile Radius	5-Mile Radius	Allentown MSA
Population				
2016 Estimated Population	5,698	50,807	98,412	123,246
2021 Projected Population	5,829	54,373	103,559	126,312
2000-2018 Population Growth	3.8%	10.5%	7.7%	4.2%
2018-2023 Population Growth	2.3%	6.9%	5.1%	2.5%
Households				
2018 Estimated Households	2,166	19,112	38,000	43,751
2023 Projected Households	2,204	20,308	39,720	44,579
2000-2018 Households Growth	2.7%	9.4%	6.4%	2.2%
2018 Average Household Income	\$112,969	\$109,819	\$110,472	\$54,730
2023 Average Household Income	\$122,084	\$121,934	\$122,320	\$61,323
Housing Values				
2018 Average Housing Value	\$306,292	\$295,193	\$301,116	\$169,785
Education Attainment (25+ Years Old)				
Bachelor's Degree	27.0%	28.0%	27.7%	11.7%
Graduate or Professional Degree	22.0%	20.4%	19.8%	5.4%
Totals	49.0%	48.8%	47.5%	17.1%



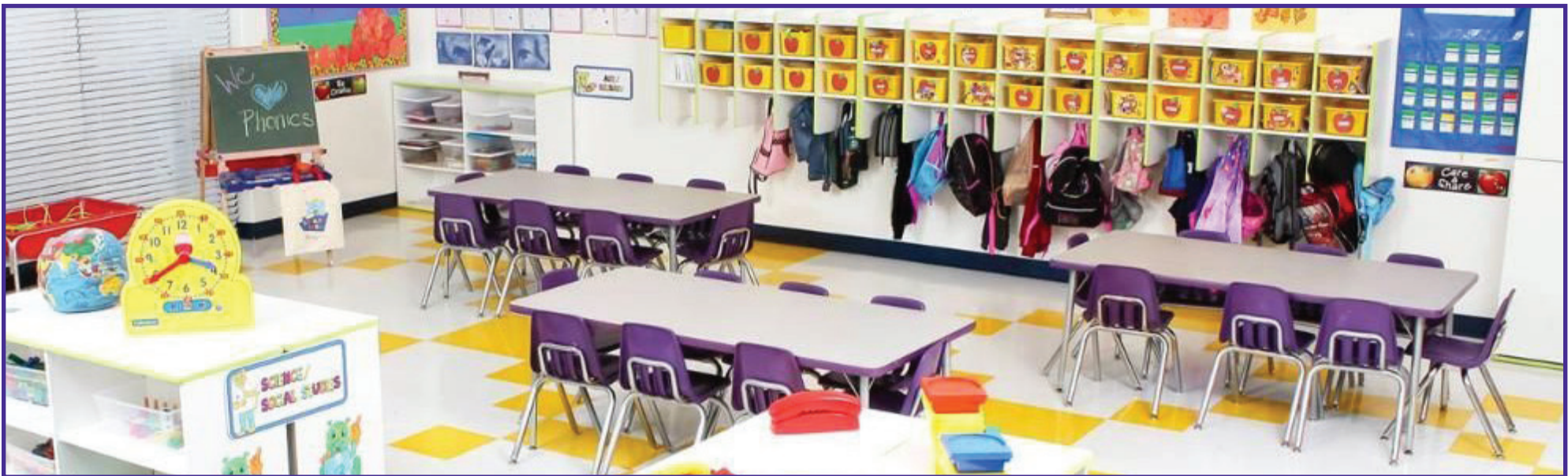
CHILDCARE INDUSTRY TRENDS

CHILDCARE IS NOW EARLY EDUCATION

No longer is childcare for young children simply babysitting. Childcare centers have mostly transitioned to centers for early education, where young tots are involved with early learning. The trend to learning centers is partly due to high parent and school expectations; it's also attributable to research that shows that kids are capable of learning early academics and other skills that previously were not taught until later. Care centers often offer formalized early education curriculum, and staff receives extensive training in instruction geared for preschoolers.

DROP-IN CHILDCARE IS MORE COMMON

It's no surprise that drop-in childcare is on the grow. What may come as a surprise to some is that these facilities typically offer high-quality, safe, and affordable care options. The drop-in care facilities focus on fun activities for kids and often include mealtimes and special theme events to provide parents with a worry-free evening or time away from kids. Gyms, recreation centers, churches and even schools are getting into the act of offering Parent Nights Out or similar events. Look for this trend to continue with even greater flexibility in the future.



COMMUNICATIONS ARE MORE FREQUENT, MORE USEFUL

In today's instantaneous, "tell me now" society, communications between childcare provider and parent continue to strengthen. Where once a month newsletters used to suffice in addition to daily greetings and goodbyes, childcare providers are using a variety of tools to provide parents with ongoing information about their child's day. Some providers create websites where they post monthly menus, weekly day-by-day activities, and even behavioral reports. Others provide parents with a daily update that is then emailed (written during naptime). Even with technology, face-to-face communications are still the best.

TECHNOLOGY IS CHANGING PROVIDER/PARENT CONNECTION

An increasing number of facilities offer parents the piece of mind of being able to check on their child while at daycare as desired through video streaming of classroom activities throughout the day. Other providers regularly take photos of children and send to parents, post daily or weekly blogs or e-newsletters online for parents to view, or even exchange emails or text messages throughout the day. The technology provides parents and providers with another tool for staying "in touch" and bonding with activities and events planned for youngsters.

Source: Top Trends in Childcare: As Lifestyles Change, So Do Childcare Offerings

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CONFIDENTIALITY AGREEMENT

This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property.

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the "Owner"), to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors beyond the control of the Owner and CBRE, Inc. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner.

Neither the Owner or CBRE, Inc, nor any of their respective directors, officers, Affiliates or representatives make any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitment or obligation shall arise by reason of your receipt of this Memorandum or use of its contents; and you are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions –with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.





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