

FRESENIUS KIDNEY CARE

725 NORTH SEMINARY STREET | GALESBURG, IL 61401

OFFERING MEMORANDUM



NET LEASE PROPERTY GROUP - MIDWEST

CBRE

AFFILIATED BUSINESS DISCLOSURE AND CONFIDENTIALITY AGREEMENT

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DISCLAIMER

This Memorandum contains select information pertaining to the

Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented “as is” without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property’s suitability for your needs. ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

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 at any time with or without notice to you. All offers, counteroffers, and negotiations shall be non-binding and neither CBRE, Inc. nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.

ALL PARCEL LINES ON SITE PLAN AND AERIALS ARE APPROXIMATE.

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THE OFFERING

CBRE's Net Lease Property Group is pleased to exclusively present the opportunity to acquire 100% fee interest in a brand new, brick construction Fresenius in Galesburg, Illinois, a central Illinois community located approximately 30 miles east of the Mississippi River. Construction at the site was complete at the beginning of January 2019 and rent commenced on January 14th. The lease has a corporate guaranty and 15 years of base term as well as strong 3% annual rent bumps and three 5-year options to renew.

Fresenius is located in the heart of Knox County in Galesburg, Illinois. The center is directly across the street to Galesburg Cottage Hospital, the largest hospital in the area. The 173-bed Galesburg Cottage Hospital is one of two hospitals in the county. OSF St. Mary's Medical, an 81-bed hospital, is the other hospital serving the area and located approximately two miles north of Fresenius. Fresenius greatly benefits from its proximity to both of these hospitals as they are the only in the area. Fresenius also benefits from minimal competition as it is the only dialysis center in over 16 miles.

Fresenius Medical Care provides coordinated health care services at pivotal care points for hundreds of thousands of chronically ill customers throughout the continent. As the world's only vertically integrated renal company, they offer specialty pharmacy and laboratory services, as well as manufacturing and distributing the most comprehensive line of dialysis equipment, disposable products and renal pharmaceuticals. Around the world, Fresenius cares for more than 325,000 renal patients in their global network of more than 3,800 dialysis clinics. Fresenius Medical Care's corporate headquarters is in Bad Homburg, Germany and their North American headquarters is in Waltham, Massachusetts. In 2017, Fresenius's global revenue was nearly \$23 Billion.



FINANCIAL OVERVIEW

Offering Price	\$3,751,000
Cap Rate	5.00%
Current Annual rent	\$187,553
Lease Structure	NN
Building Size	10,094 Square Feet
Lot Size	±1.354 Acres / ±58,980
Tenant	Fresenius Medical Care Galesburg, LLC dba Fresenius Kidney Care
Guarantor	Fresenius Medical Holdings, Inc.
Lease Commencement	January 14, 2019
Lease Expiration	January 31, 2034
Lease Term Remaining	15 Years
Remaining Renewal Options	Three, 5-Year Options
Rental Increases	There are 3% annual increases in the Base Term of the Lease. Option Rent is determined by Fair Market Value.
Landlord Responsibilities	Roof, Structure, Parking Lot Replacement, and other Capital Expenditures
Tenant Responsibilities	CAM, Taxes, and Insurance

RENT SCHEDULE

Lease Year		Annual Rent	Monthly Rent
Original 15 Year Lease	Year 1	\$187,553.00	\$15,629.42
	Year 2	\$193,179.59	\$16,098.30
	Year 3	\$198,974.98	\$16,581.25
	Year 4	\$204,944.23	\$17,078.69
	Year 5	\$211,092.55	\$17,591.05
	Year 6	\$217,425.33	\$18,118.78
	Year 7	\$223,948.09	\$18,662.34
	Year 8	\$230,666.53	\$19,222.21
	Year 9	\$237,586.53	\$19,798.88
	Year 10	\$244,714.12	\$20,392.84
	Year 11	\$252,055.55	\$21,004.63
	Year 12	\$259,617.22	\$21,634.77
	Year 13	\$267,405.73	\$22,283.81
	Year 14	\$275,427.90	\$22,952.33
	Year 15	\$283,690.74	\$23,640.90

INVESTMENT HIGHLIGHTS



TREMENDOUS OPPORTUNITY:

This offering presents the opportunity to acquire a brand new Fresenius Kidney Care in Galesburg, IL. The lease includes 15 years of base term, strong 3% annual increases, and three 5-year options to extend the lease.



BRAND NEW “BUILT-TO-SUIT” CONSTRUCTION:

The site consists of a high-quality, brick building that was complete at the beginning of January 2019 and rent commenced on January 14th, providing the incoming owner minimal capital improvement risk.



INVESTMENT-CREDIT, CORPORATE GUARUNTY:

This lease is corporately-guaranteed by Fresenius Medical Care Holdings, Inc. Fresenius has an investment-grade credit (S&P rating of BBB-/Positive) and is the world’s leading health care company focused on delivering the highest quality care to people with renal and other chronic conditions. Fresenius has over 2,200 dialysis facilities and reported revenues last year of over \$23 billion.



RELOCATION AND EXPANSION:

This Fresenius is a relocation of a highly successful facility located in the hospital’s medical office building. The relocation was due to the previous space being at capacity and unable to expand. Therefore, a new facility was constructed with 50% more space.



STRONG SHADOW ANCHOR:

Fresenius benefits from its adjacent proximity to Galesburg Cottage Hospital. The hospital is a 173-bed facility that provides complete inpatient, outpatient and emergency care. The Galesburg Cottage Hospital is the only western Illinois hospital to be accredited by the Society of Cardiovascular Patient Care as a Chest Pain Center. The hospital employs over 70 medical staff members and has been operating in the area for more than 125 years.



MINIMAL COMPETITION:

The Fresenius in Galesburg, IL has virtually no competition. The next closest dialysis center is a Fresenius over 16 miles west of Galesburg in Monmouth, IL. Due to limited competition and location near the two hospitals, this location will serve an expanded trade area.



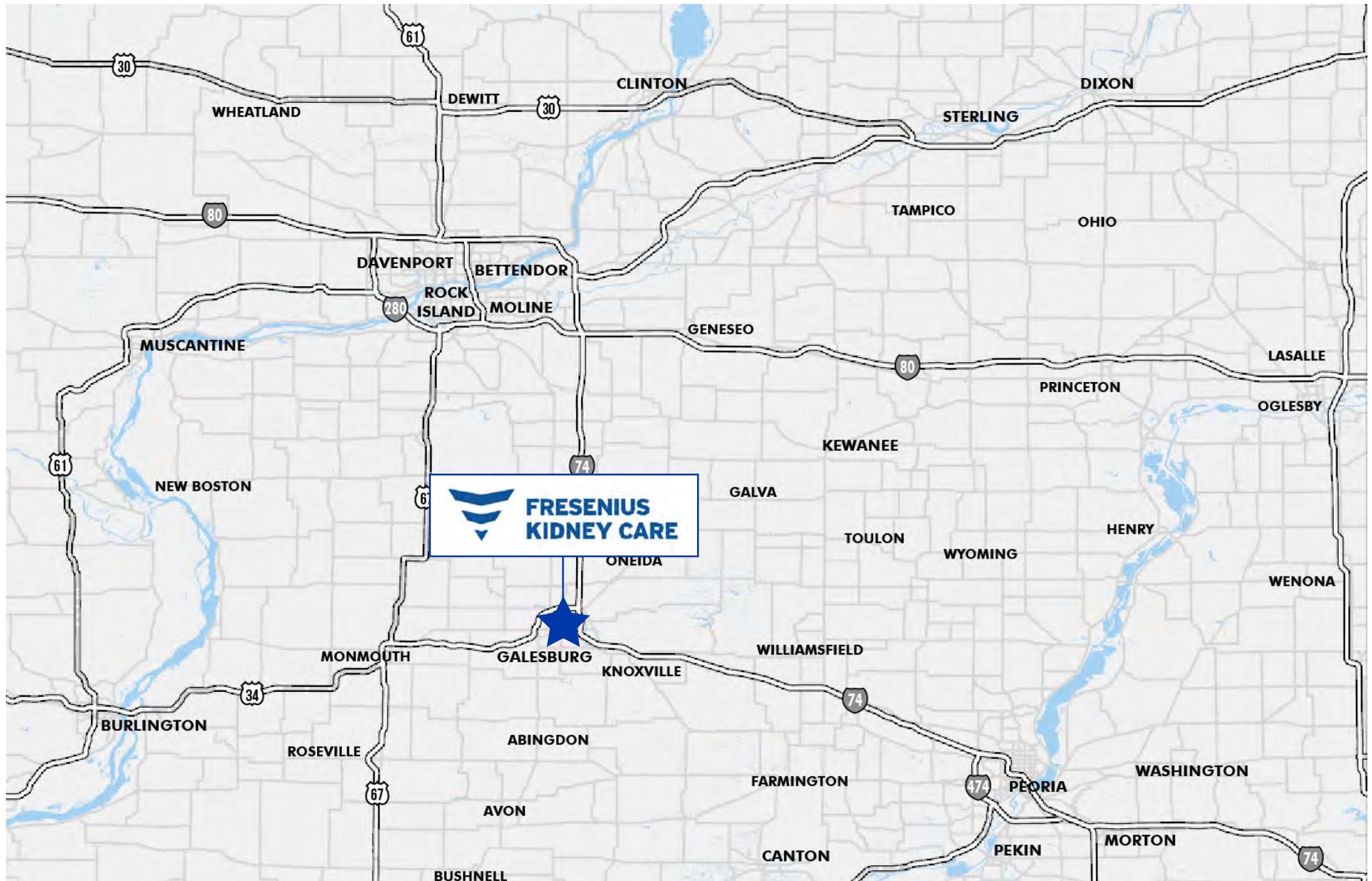
E-COMMERCE RESISTANT:

Given the nature of the product and service, healthcare real estate has been the one of the least affected by the emergence of e-commerce.

SURROUNDING CORRIDOR



REGIONAL MAP



TENANT OVERVIEW



Fresenius Kidney Care provides coordinated health care services at pivotal care points for hundreds of thousands of chronically ill customers throughout the continent. As the world's only vertically integrated renal company, they offer specialty pharmacy and laboratory services, as well as manufacturing and distributing the most comprehensive line of dialysis equipment, disposable products and renal pharmaceuticals. Around the world, Fresenius cares for more than 325,000 renal patients in their global network of more than 3,800 dialysis clinics. Fresenius Medical Care's corporate headquarters is in Bad Homburg, Germany and their North American headquarters is in Waltham, Massachusetts. In 2017, Fresenius's global revenue was nearly \$23 Billion.

Fresenius sells its products to clinics, hospitals, and specialized treatment clinics through local sales forces, independent distributors, dealers, and sales agents. The company was founded in 1996 and served over 300,000 patients last year.



50+
States and Territories



2,200+
US Dialysis Clinics



Total Revenue
\$23 Billion



Stock Symbol
NYSE: FMS



Employees
111,263



Founded in
1996



Headquarters
Bad Homburg, GER



Website
www.fmcna.com

PROPERTY DESCRIPTION

Location

725 North Seminary Street, Galesburg (Knox County), IL 61401

General Description

One-story single tenant medical building

Year Built

2018/2019

Building Size

10,094 Square Feet

Land Area

± 1.354 Acres / 58,980 Square Feet

PIN

99-11-154-030

Access

Ingress and egress are provided via two points along Seminary Road.

Frontage/Visibility

The Property is highly visible from Seminary Road with no impeding outlots and ±325 feet of frontage.

Flood Zone

According to the flood hazard maps published by the FEMA, the site is within Zone X as indicated on Community Map Panel No. 17095C0278E dated August 2, 2011. Zone X, an area that is determined to be outside the 100-and 500-yearflood plains.

Surrounding Land Uses

A mix primarily of single-family homes and commercially developed properties. Most notably there is a 173-bed hospital across the street.



MARKET OVERVIEW

Galesburg is located in northwest Illinois approximately 50 miles east of the Mississippi River. Galesburg is located on Interstate 74 which provides access to Peoria to the southeast (45 miles) and the Quad Cities to the north (55 miles). Galesburg is the county seat of Knox County which is home to over 50,000 residents. In 1976, the Galesburg National Historic District was listed in the National Register. This area contains 496 acres and most of the original town plat, part of the Knox College campus, the central business district, and a number of residential neighborhoods.

EDUCATION

Galesburg is home to a strong educational system with a public and private school system, a community college, and an accredited private four-year university. Founded in 1837, Knox College is a private liberal arts college ranked #68 in National Liberal Arts Colleges by US News. There are about 1,400 students from 48 states and 51 countries. The university offers over 40 undergraduate program majors and over 50 complementary minors.

EMPLOYMENT

Approximately one million people live within an hour's drive from Knox County providing an expansive labor pool. The labor region is made up of eight counties in Illinois: Knox, Warren, Mercer, Henry, Stark, Peoria, Fulton, and McDonough counties which includes the Peoria and Quad Cities MSA. Major employers in the area include BNSF Railway, OSF St. Mary's Medical Center, and Galesburg Cottage Hospital. Galesburg Cottage Hospital is a 173-bed facility that provides complete inpatient, outpatient, and emergency care. Galesburg Cottage Hospital is located directly across from Fresenius and has been serving the community and Western Illinois residents for more than 125 years.



MARKET OVERVIEW

ECONOMY

Knox County's competitive advantage is anchored around their transportation infrastructure, agricultural resources, regional water supply, and education. The city has 7 class-1 rail lines and converge at the BNSF classification yard in Galesburg. Over 100 trains enter and leave the community each day. Knox County has access to large quantities of water via an aquifer below the Mississippi River. Galesburg has nine million gallons of storage capacity and an average daily consumption of six million gallons.

TRANSPORTATION

Galesburg is primarily served by Interstate 74 which runs north to Moline, Illinois in the Quad Cities and southeast through Peoria. Interstate 74 connects with several midwestern cities such as Champaign, IL (137 miles); Indianapolis, IN (260 miles), and Cincinnati, OH (369 miles). The area is also served by Illinois Route 110, also known as the Chicago-Kansas City Expressway. Illinois Route 110 runs between Chicago, Illinois and Claycomo, Missouri. Other major roads that give Galesburg direct access to the surrounding communities are Route 164, Route 150, Route 34, and Route 41.

The city is best known for its roots in the railroad industry with 7 class-1 rail lines, including the CB&Q Line and the Atchison, Topeka and SanteFe Railway. In addition to the freight rail lines in Galesburg, the city also is home to an Amtrak station which provides service to Chicago daily and connects it to cities all across the country.

Public transportation is available within the city through Galesburg Transit, a not-for-profit corporation. Galesburg Transit is a bus line that provides four different routes throughout the week and on Saturday.

Commercial flights are provided through the Quad City International Airport and General Wayne A. Downing Peoria International Airport. The Quad City International Airport is located 46 miles north of Galesburg. Air service is provided by four airlines (Allegiant, American Airlines, Delta, and United) with five nonstop destinations. The General Wayne Downing Peoria International Airport is 48 miles southeast of Galesburg and offers four passenger airlines (United Express, American Eagle, Delta, and Allegiant) with flights to and from 11 destinations.

KNOX COUNTY TOP EMPLOYERS

BNSF Railway

OSF St. Mary's Medical Center

Galesburg Cottage Hospital

Blick Art Materials

Community School District #205

HyVee Food Stores

Bridgeway/Bridgeway Training

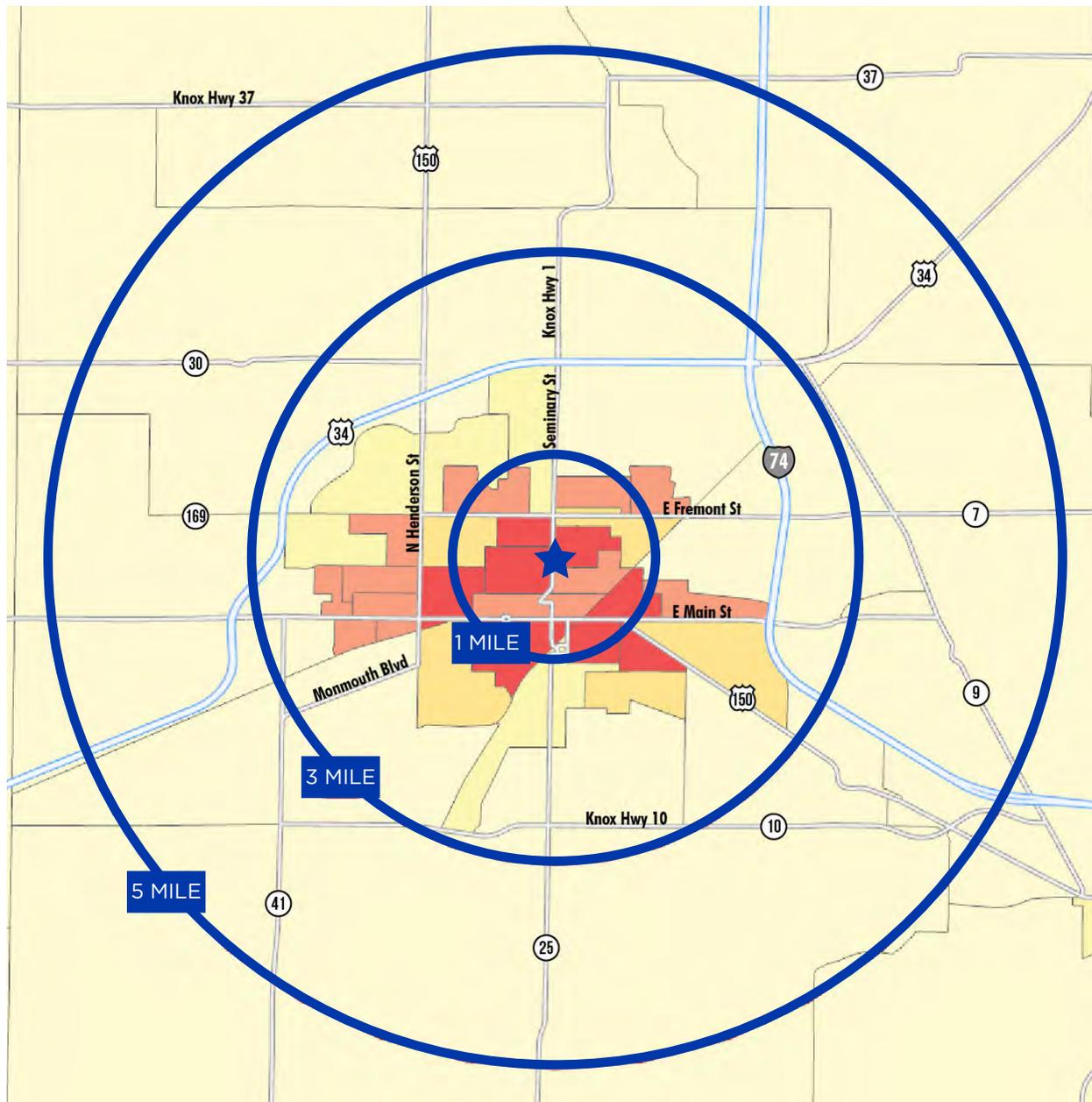
Carl Sandberg College

Knox County

Knox College

Source: The Knox County Partnership for Economic Development

POPULATION CONCENTRATION MAP



2018 TOTAL POPULATION



DAYTIME POPULATION

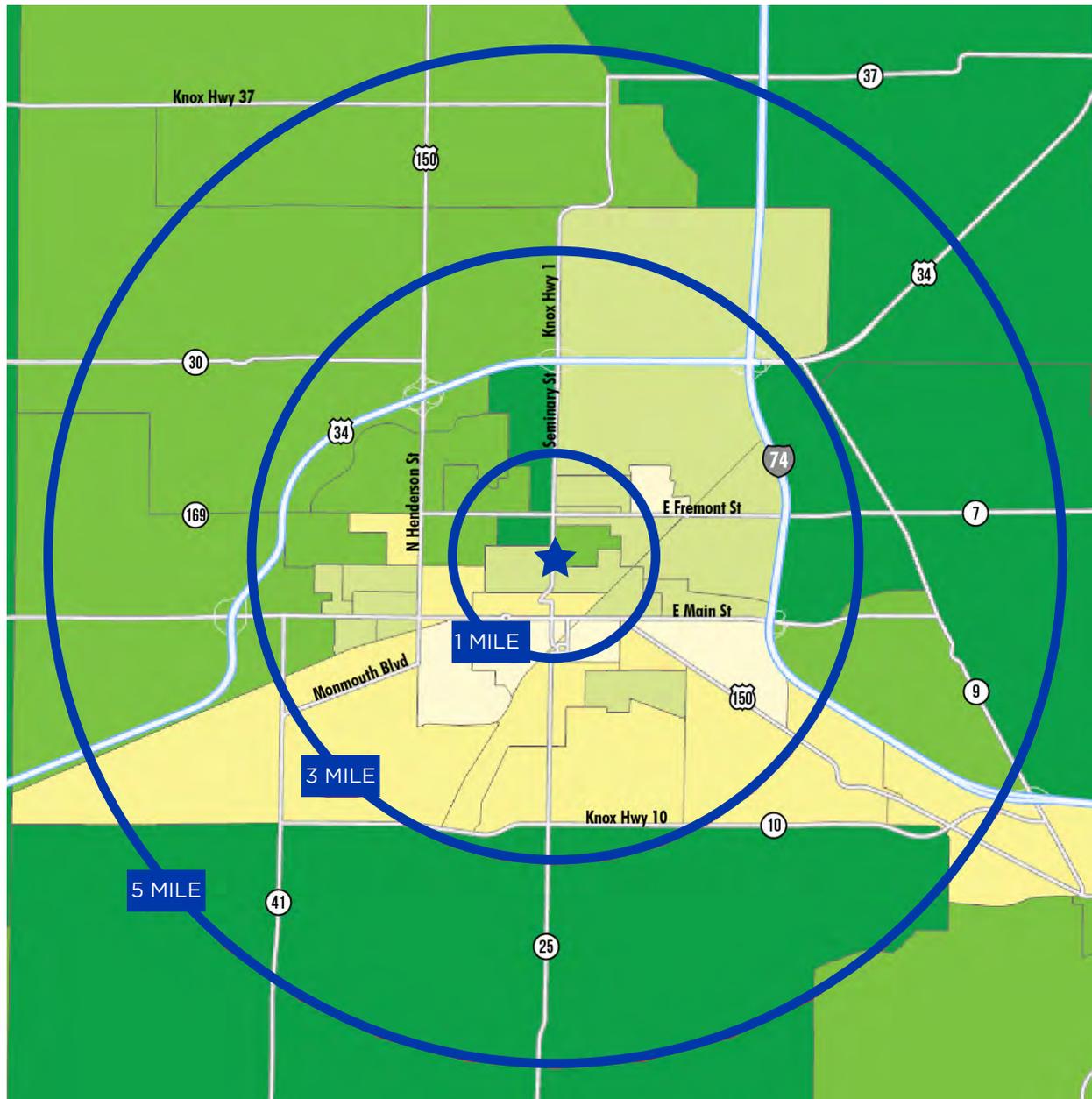


5 MILE
37,324

POPULATION PER SQUARE MILE — 2018



HOUSEHOLD INCOME MAP



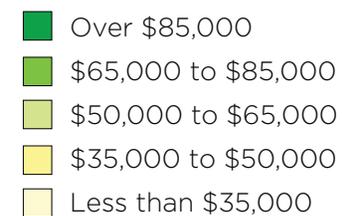
AVERAGE HOUSEHOLD INCOME



HOUSEHOLDS EARNING OVER \$75,000 ANNUALLY



AVERAGE HOUSEHOLD INCOME — 2018



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