

OFFERING MEMORANDUM

DAVITA TINLEY PARK



NET LEASE GROUP



A wide-angle photograph of the Chicago skyline at sunset. The sky is filled with soft, orange and pink clouds. The city's skyscrapers, including the Willis Tower, are silhouetted against the bright horizon. The water in the foreground is a deep blue-grey color.

OFFERING MEMORANDUM

DAVITA TINLEY PARK

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NET LEASE GROUP





01

INVESTMENT
OVERVIEW

INVESTMENT SUMMARY

The Tinley Park DaVita clinic is a 2016 build-to-suit, state-of-the-art medical facility that is 100% leased to DaVita via a new 15-year lease term, with rent commencement in September 2016. The lease is corporately guaranteed by DaVita Inc. and includes 10% rent increase every 5 years.

This location provides kidney dialysis services and consists of 6,607 square feet housing XX patient stations, plus 1 private station located in a separate room. The clinic features a superior location in Tinley Park and is ideally located with excellent access and visibility on South 80th Avenue. The clinic is located only one-half mile east of Pacific Coast Highway (VPD: 48,000) and one-half mile south of the Circle Area (VPD: 30,500). The facility is surrounded by dense residential neighborhoods and is located just south of 159th Street, a major east west retail corridor.

Furthermore, the population within a 5-mile radius of the facility exceeds 187,000 residents and average household income exceeds \$100K within a 1, 3, & 5 mile radius. Tinley Park is one of the fastest growing suburbs of Chicago and was selected by BusinessWeek as the best place to raise a family in America. In 2017, Tinley Park was listed as one of the 50 safest cities in America. The Chicago MSA is the 3rd largest in the United States with an estimated population exceeding 9.5million.

Illinois is a Certificate of Need (CON) state for dialysis, which creates barriers to entry in this market for any competing dialysis services. CON laws are designed to contain healthcare facility costs and allow coordinated planning of new services and construction of health care facilities and are one mechanism by which state governments reduce overall health and medical costs.

LEASE SUMMARY

\$4,727,220

PURCHASE PRICE



5.35%

AP RATE



6,607 SF

RENTABLE BUILDING AREA



.97 ACRES

LOT SIZE



NNN (roof & structure)

LEASE TYPE



15 YEARS

LEASE TERM



Tenant | DAVITA

Ownership Type | FEE SIMPLE

Year Built | 2016

Rent Commencement | SEPTEMBER 14, 2016

Lease Expiration | SEPTEMBER 13, 2031

Term Remaining | 12 YEARS

Renewal Options | THREE 5-YEAR OPTIONS

Rent Increases | 10% EVERY 5 YEARS

BASE RENT SCHEDULE

Period	Annual Base Rent	Monthly Base Rent
September 14, 2016 - September 13, 2021	\$252,906.28	\$21,075.52
September 14, 2021- September 13, 2026	\$278,196.91	\$23,183.08
September 14, 2026 - September 13, 2031	\$306,016.60	\$25,501.38

*Annual rent is estimated. Final rent shall be established in a lease amendment at the time of occupancy by tenant.

DaVita, Inc. (NYSE: DVA), a Fortune 200 company, is a leading provider of kidney care in the United States, delivering dialysis services and education to patients with chronic kidney disease and end stage renal disease.

DaVita Inc. was founded in 1994 and is headquartered in Denver. For the fiscal year ended December 31, 2016, revenues were \$14.7 billion and net income was \$880 million.

As of April 11, 2017, Moody's Investors Service (Moody's) upgraded the ratings of DaVita, Inc. ("DaVita"), including the Corporate Family Rating to Ba2 from Ba3 and the Probability of Default Rating to Ba2-PD from Ba3-PD. The upgrade of DaVita's Corporate Family Rating to Ba2 reflects Moody's expectation that the company will benefit from US dialysis patient population growth of approximately 4% and stabilization of its integrated care business.

INVESTMENT HIGHLIGHTS

2019 BUILD-TO-SUIT FOR DAVITA DIALYSIS

Brand new, state-of-the-art dialysis clinic. DaVita signed a new 15 year lease term and currently has 12 year remaining.

LEASE GUARANTEE BY FORTUNE 200 / PUBLICLY TRADED COMPANY

DaVita is the fastest growing corporation on the Fortune 200 list, with 2016 revenues exceeding \$14 Billion and net income of \$880 million. DaVita Inc. has a net worth of \$4.6 Billion and holds a Ba2 credit rating from Moody's.

SCHEDULED RENT INCREASES

10% rent increases every 5 years provides attractive rent growth during the lease term.

CERTIFICATE OF NEED STATE

Illinois is a Certificate of Need (CON) state, creating significant barriers to entry in this marketplace for any competition.

EXCEPTIONAL DEMOGRAPHICS

Over 1870,000 residents and an average household income exceeding \$100K within a 1, 3 and 5-mile radius.

EXCELLENT LOCATION

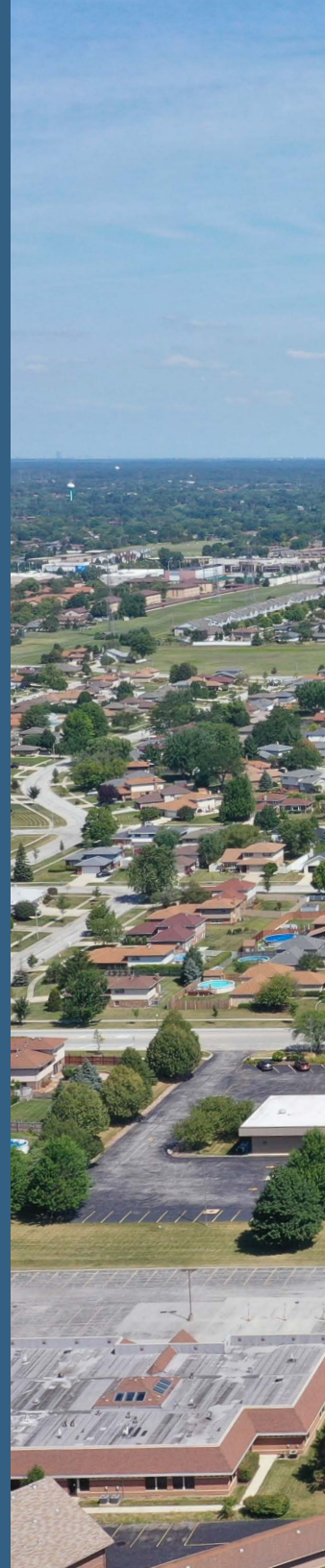
The facility is surrounded by dense residential neighborhoods and national retail tenants. The facility also has excellent access and visibility from South 80th Avenue.

RARE MAJOR MSA DIALYSIS OFFERING

The opportunity provides a buyer to acquire a state-of-the-art class A dialysis facility in one of the largest MSAs in the world.

HEDGE AGAINST E-COMMERCE

Given the nature of the product, healthcare related real estate have been the least affected by the emergence of E-commerce.

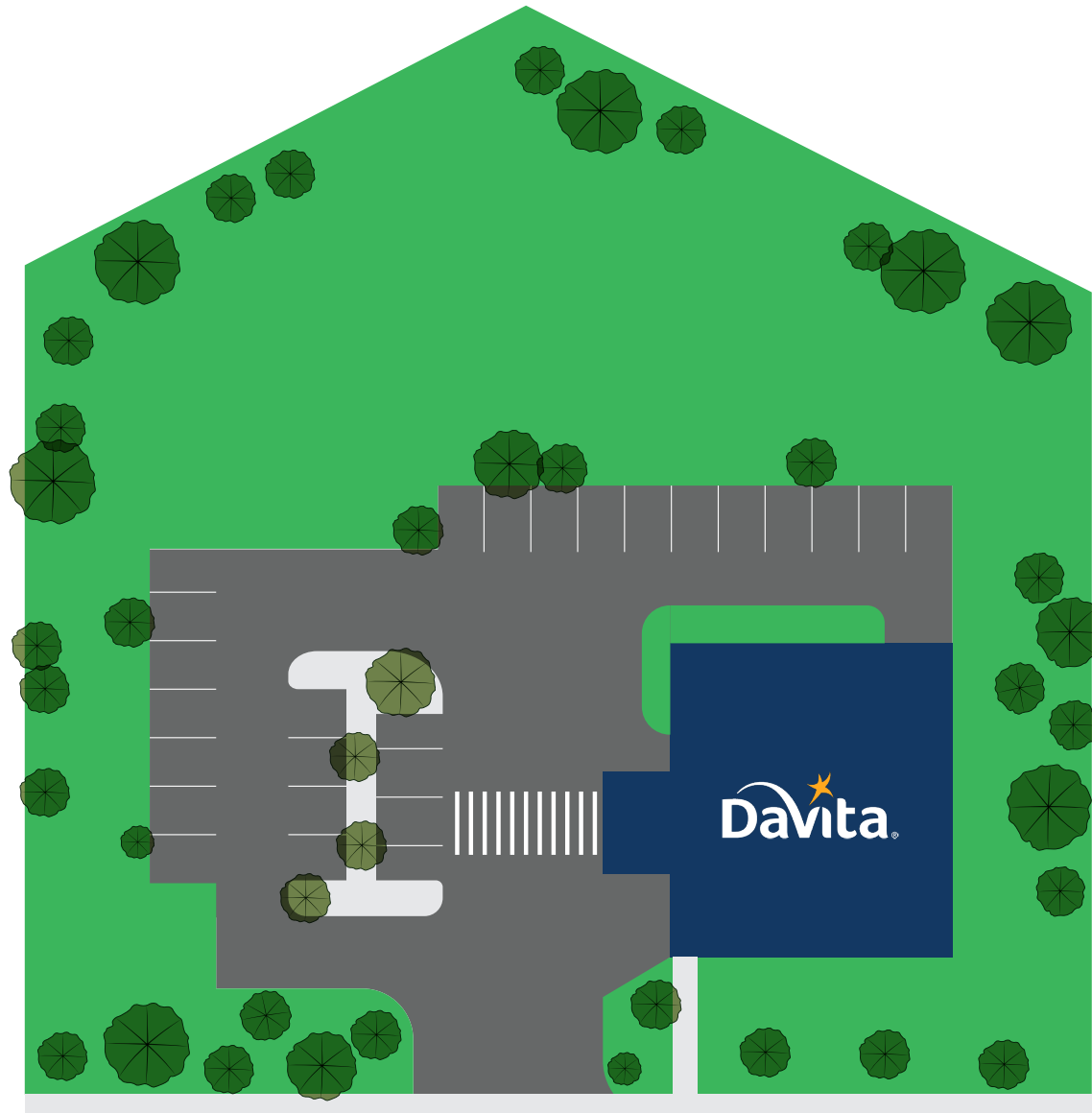


DOWNTOWN
CHICAGO

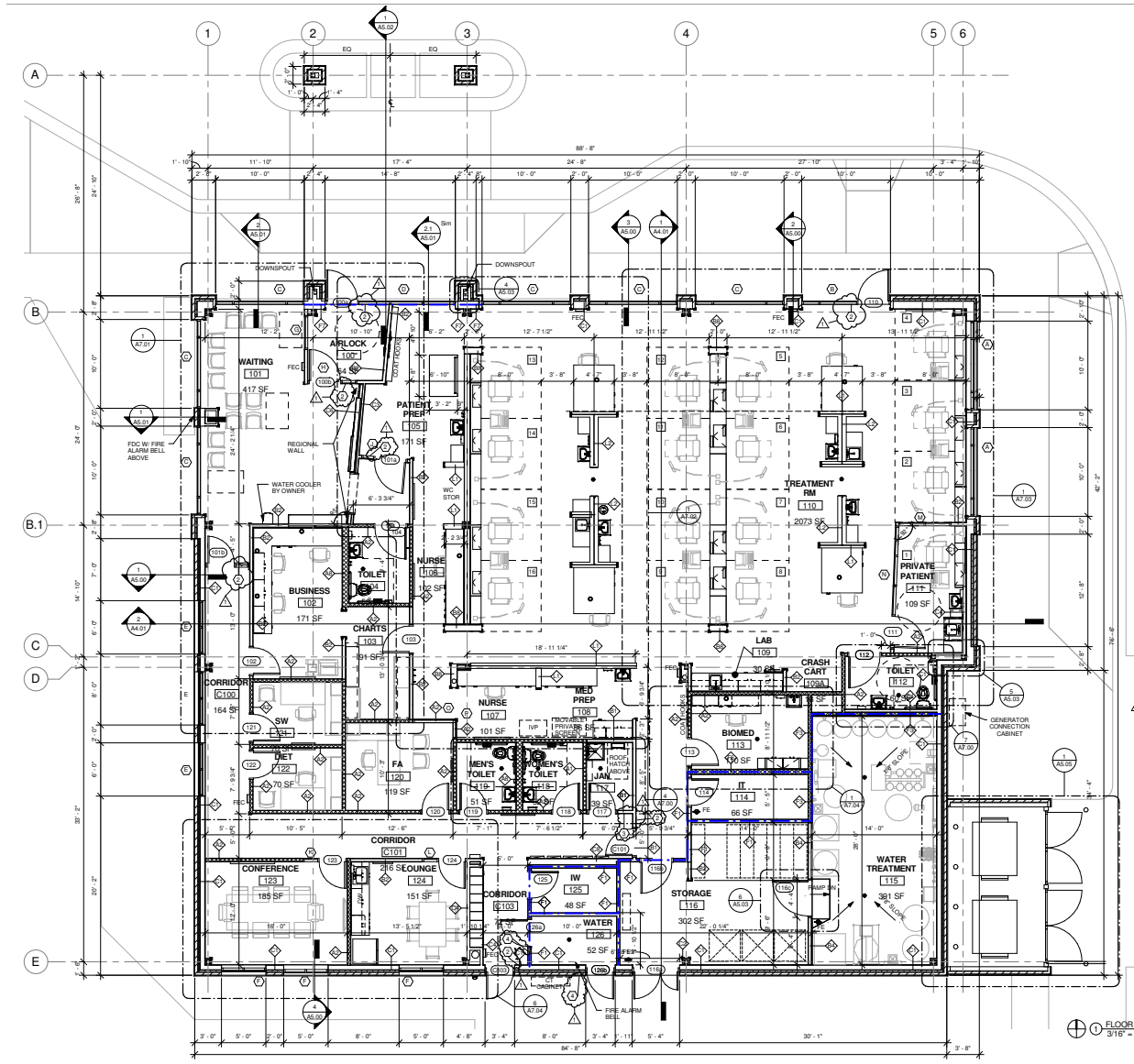


Davita

SITE PLAN



FLOOR PLAN



The background image shows a two-story brick building with large windows and a flat roof. A blue semi-transparent rectangle with a white dotted border is centered over the image. Inside this rectangle, the number '02' is at the top, followed by the words 'TENANT' and 'OVERVIEW' in a large, white, sans-serif font. The building's facade is made of reddish-brown bricks, and there are some plants and a parking lot visible in the foreground and to the left.

02

TENANT OVERVIEW



\$14.73B / **\$15.97B**
2016 Annual Revenues / Market Cap

DaVita, Inc. provides kidney dialysis services for patients suffering from chronic kidney failure or end stage renal disease (ESRD).

The company operates in two divisions, Kidney Care and HealthCare Partners. It operates kidney dialysis centers and provides related lab services primarily in outpatient dialysis centers and in contracted hospitals. The company offers outpatient, hospital inpatient, and home-based hemodialysis services; owns clinical laboratories that provide routine laboratory tests for dialysis and other physician-prescribed laboratory tests for ESRD patients; and management and administrative services to outpatient dialysis centers, as well as patient and physician focused integrated health care delivery and management services.

COMPANY	DaVita, Inc.
OWNERSHIP	Public
TICKER SYMBOL	NYSE: DVA
HEADQUARTERS	Denver, Colorado
WEBSITE	www.davita.com
REVENUE	\$14.73 Billion
NET INCOME	\$880 Million
NET WORTH	\$4.65 Billion
LOCATIONS	2,350
CREDIT RATING	Ba2 (Moody's)

In addition, the company operates DaVita Rx, a pharmacy that provides oral medications to patients with ESRD; disease management services; vascular access services; clinical research programs; physician services; and direct primary care services.

As of December 31, 2016, the company provided dialysis and administrative services in the United States through a network of 2,350 outpatient dialysis centers in 46 states and the District of Columbia serving approximately 188,000 patients; operated or provided administrative services to a total of 124 outpatient dialysis centers located in 10 countries outside of the United States and integrated care management services for approximately 837,300 members under its care in southern California, central and south Florida, southern Nevada, central New Mexico, and central Arizona.

It also provides acute inpatient dialysis services in approximately 1,000 hospitals and related laboratory services in the United States. The company was formerly known as

DaVita Inc. and changed its name to DaVita HealthCare Partners Inc. in November 2012. DaVita HealthCare Partners Inc. was founded in 1994 and is headquartered in Denver, Colorado.

More information available at www.davita.com.

An aerial photograph of a city skyline, likely Chicago, featuring a river (the Chicago River) flowing through the center. A bridge crosses the river, and a large ship is visible in the water. The city is filled with tall skyscrapers, and a highway runs along the left side of the river. The sky is blue with scattered white clouds. A semi-transparent blue rectangle with a white dotted border is overlaid on the center of the image, containing the text '03 MARKET OVERVIEW'.

03

MARKET OVERVIEW

CHICAGO ILLINOIS

MARKET OVERVIEW

The Chicago-Naperville-Elgin IL-IN-WI MSA is the metropolitan area that includes the city of Chicago, Illinois, and the surrounding suburbs. The Chicago metropolitan area is one of the world's largest and most diversified economies, with more than four million employees and generating an annual gross regional product of \$680 billion in 2017. Given its very large population, Chicago ranks as the third largest metropolitan area in the United States. With an estimated population of 9,601,766 in 2019, Chicago is a highly desirable location. The areas total population grew 1.5% since the 2010 census. By 2024, the population is expected to grow to 9,653,597, or by 0.54%.

The Chicago-Naperville-Elgin IL-IN-WI MSA has 3,883,278 housing units with 58.4% of houses occupied by owners and 32.9% being occupied by renters. The median home value in 2019 is \$255,338. Over the course of the next five years, median home value in Chicago is expected to increase by 11%. The average household income is \$97,963 with 47.4% of the community earning \$75,000 or higher per year. By 2024, Las Vegas household income is expected to grow by 12.9% to \$110,618, with 52.5% of the population earning \$75,000 or higher per year. These numbers indicate that Chicago incomes will grow steadily over the next five years.

The Chicago metropolitan area is home to the corporate headquarters of 57 Fortune 100 companies, which includes AbbVie Inc., Allstate, Boeing, Caterpillar, Kraft Heinz, McDonald's, Mondelez International, Motorola, United Airlines, Walgreens, and more. The Chicago area also headquarters a wide variety of global financial institutions including Citadel LLC, Discover Financial Services, Morningstar Inc., CNA Financial, and more. Chicago is also home to the largest futures exchange in the world, the Chicago Mercantile Exchange. The current top employers based on number of employees are Advocate Health Care System, Northwestern Memorial Healthcare, University of

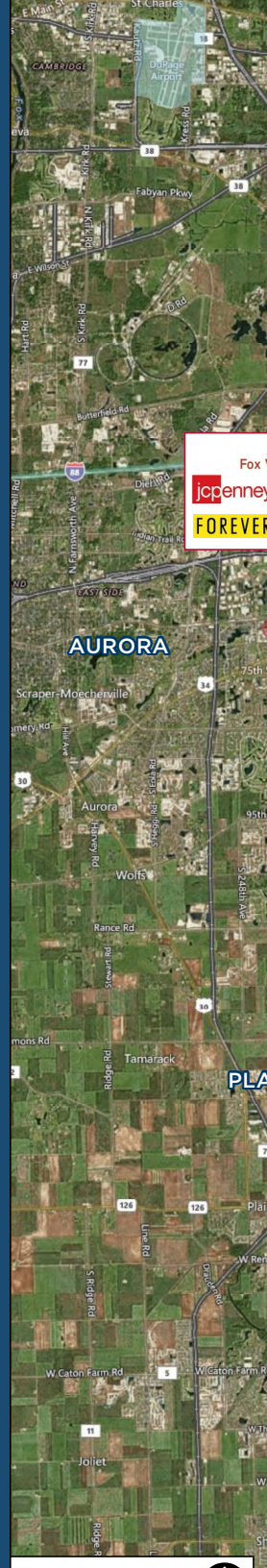
Chicago, JPMorgan Chase & Co., and Amazon. Chicago is also home to many major league professional teams, such as, the Chicago Cubs (MLB), Chicago Bears (NFL), Chicago Bulls (NBA), Chicago Blackhawks (NHL), and Chicago Fire (MLS).

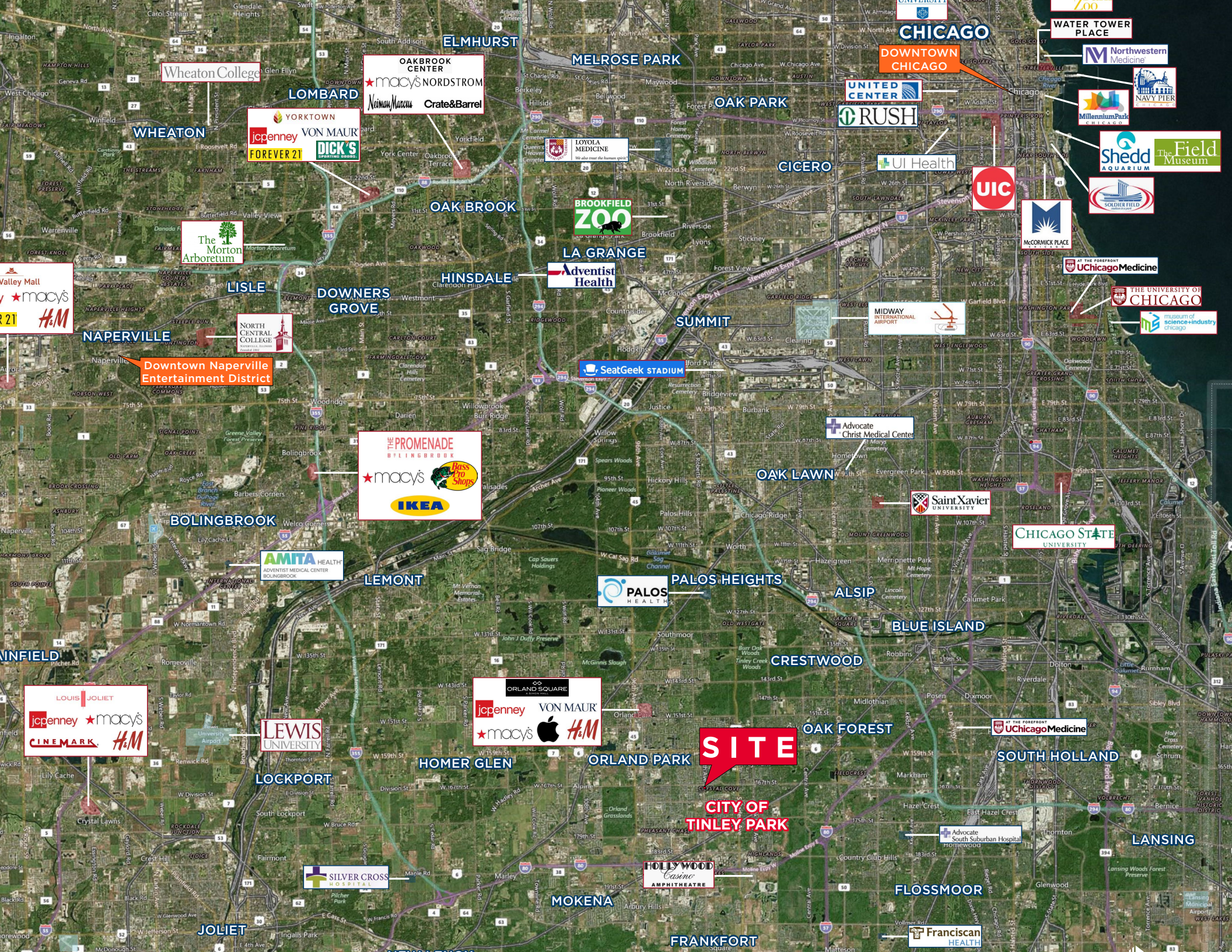
Chicago offers multiple forms of transportation, consisting of roads/highways, public transit, railway, and airports. The metropolitan area has many interstates that go all directions in and out of the city area. In terms of public transit, there are four different passenger freight options. The primary being the Chicago Transit Authority train "the 'L'", which serves Chicago and the nearby suburbs. The Metra is the main railway for passenger freights, with numerous lines serving outside counties. The Amtrak operates Union Station, the major Amtrak passenger rail hub, with connections to Metra and within a few blocks of connections to several "L" lines. The major airports are the Chicago O'Hare International (ORD), Chicago Midway International Airport (MDW), and Gary/Chicago International (GYI).

Chicago is also home to numerous forms of education. Elementary and secondary education within the Chicago metropolitan area is provided by dozens of different school districts, of which by far the largest is the Chicago Public Schools with 400,000 students. Many private and religious school systems are also found in the region, as well as a growing number of charter schools. Chicago is home to many notable public and private institutions: Chicago State University, University of Illinois at Chicago, Northeastern Illinois University, DePaul University, Loyola University Chicago, and University of Chicago to name a few. Of residents 25 and older, 88.8% have a high school diploma and 38.4% have a bachelor's degree or higher.

TINLEY PARK

MARKET AERIAL





Wheaton College

LOMBARD

ELMHURST

MELROSE PARK

CHICAGO

DOWNTOWN CHICAGO

WATER TOWER PLACE

Northwestern Medicine



UChicago Medicine

THE UNIVERSITY OF CHICAGO



UI Health



OAK PARK

CICERO



SUMMIT

SeatGeek Stadium

OAK LAWN



CHICAGO STATE UNIVERSITY

PALOS HEIGHTS



ALSIP

BLUE ISLAND

CRESTWOOD

OAK FOREST

SOUTH HOLLAND

LANSING

FLOSSMOOR



FRANKFORT

MOKENA



HOMER GLEN

ORLAND PARK



LEWIS UNIVERSITY

LOCKPORT



JOLIET

BOLINGBROOK



LEMONT



DOWNERS GROVE



Downtown Naperville Entertainment District

NAPERVILLE



WHEATON



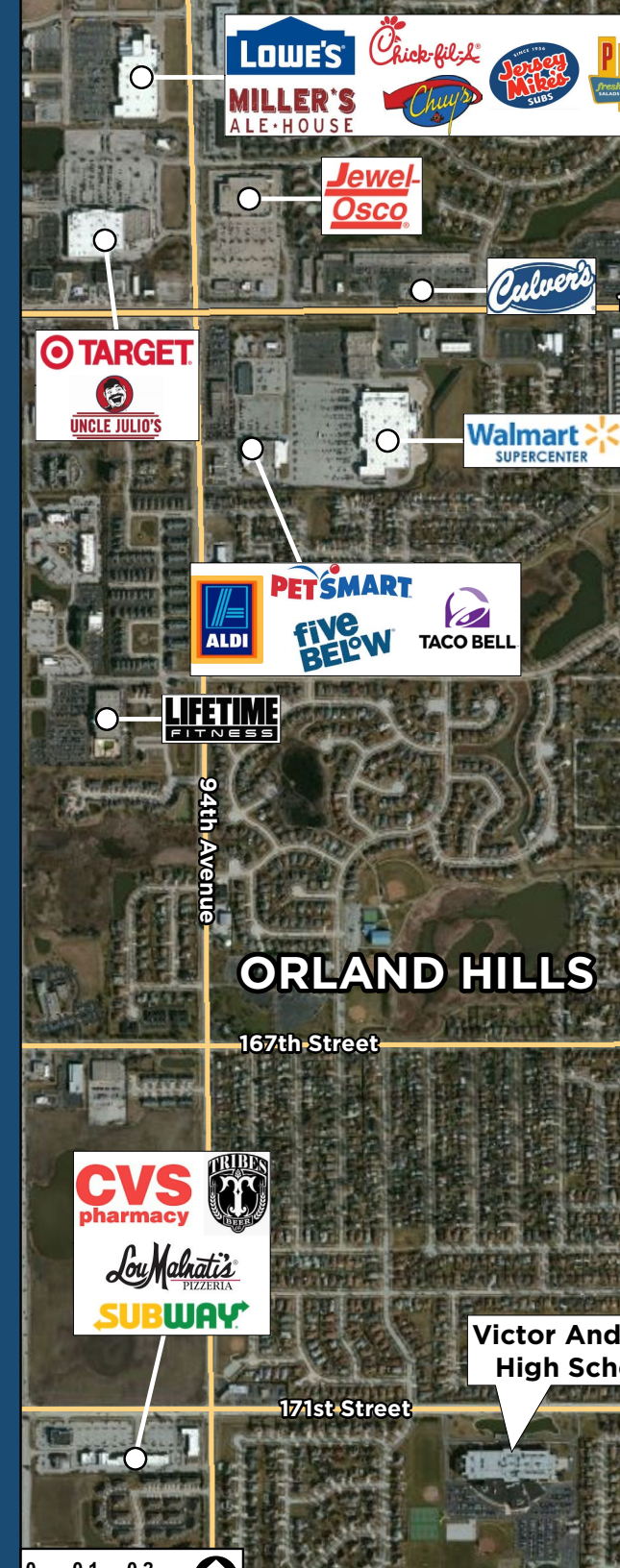
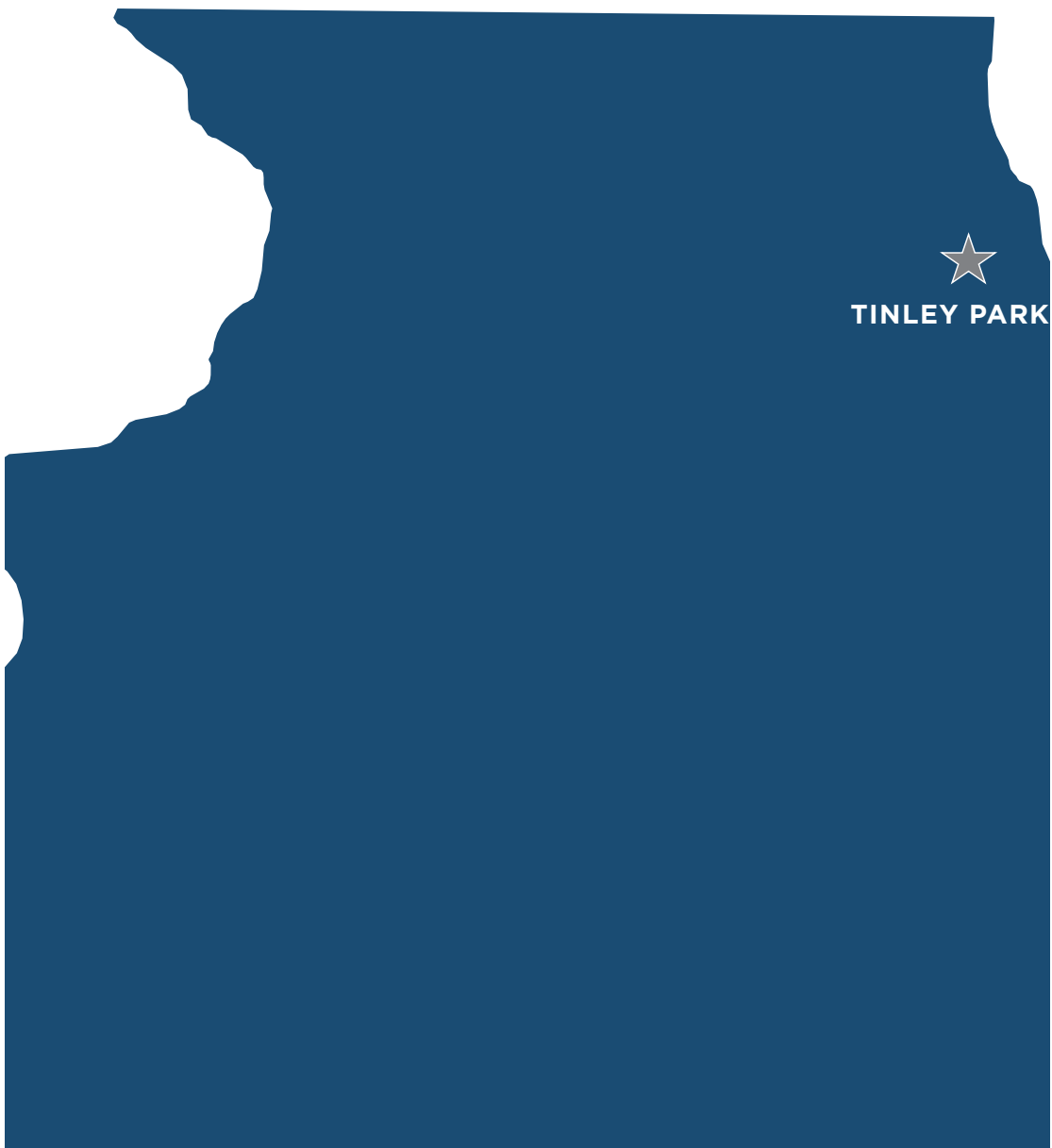
LOMBARD

Valley Mall



TINLEY PARK

LOCAL AERIAL



ORLAND PARK

159th Street US Route 6



88th Avenue

84th Avenue

80th Avenue

56,438



SITE



Centennial Park

**CITY OF
TINLEY PARK**

171st Street

43

48,700

Oak Park Ave

Harlem Ave IL Route 43

167th Street

vehicles per day



Walgreens



reows
ool



TINLEY PARK

DEMOGRAPHICS



POPULATION

	1 Mile	3 Miles	5 Miles
Total Population	15,425	85,945	187,804
Median Age	42.6	43.0	43.3



HOUSING

	1 Mile	3 Miles	5 Miles
Total Housing Units	5,624	34,563	72,736
Occupied Housing Units	98.0%	96.9%	96.8%
Vacant Housing Units	2.0%	3.1%	3.2%



INCOME

	1 Mile	3 Miles	5 Miles
Average Household Income	\$95,339	\$94,977	\$101,623

WITHIN A 5-MILE RADIUS OF THE PROPERTY



\$101,623

AVERAGE INCOME



187,804

POPULATION

2018



POPULATION

	1 Mile	3 Miles	5 Miles
Total Population	15,640	88,905	197,678
Median Age	43.3	43.6	44.0



HOUSING

	1 Mile	3 Miles	5 Miles
Total Housing Units	5,766	36,246	77,467
Occupied Housing Units	98.0%	96.8%	96.8%
Vacant Housing Units	2.0%	3.2%	3.2%



INCOME

	1 Mile	3 Miles	5 Miles
Average Household Income	\$107,753	\$108,104	\$116,333

WITHIN A 5-MILE RADIUS OF THE PROPERTY



\$116,333

AVERAGE INCOME



197,678

POPULATION

2023

STATEMENT OF CONFIDENTIALITY & DISCLAIMER

This Offering Memorandum is confidential and is furnished to prospective purchasers of the Property described herein subject to the terms of the Confidentiality Agreement previously provided to and executed by such prospective purchasers. This Memorandum is intended solely to assist prospective purchasers in their evaluation of the Property and their consideration of whether to purchase the Property. It is not to be used for any other purpose or made available to any other person without the prior written consent of the Seller of the Property.

This Memorandum was prepared on the basis of information available to the Seller and to Cushman & Wakefield, Inc., the Seller's exclusive agent in connection with the sale of the Property. It contains pertinent information about the Property and the surrounding area but it does not contain all the information necessary for a complete evaluation of the Property. The projected cash flow and other financial information contained herein are for reference only.

Although the information contained in this Memorandum is believed to be accurate and reliable, neither the Seller nor its exclusive agent guarantees its accuracy or completeness. Because of the foregoing and because the Property will be sold on an "as is" basis, prospective purchasers should make their own independent assessments, investigations, and projections regarding the Property. Although additional material, which may include engineering, environmental, or other reports, may be provided to certain prospective purchasers as appropriate, such parties should confer with their own engineering and environmental experts, counsel, accountants and other advisors.

The Seller expressly reserves the right, in its sole discretion, to reject any offer to purchase the Property or to terminate any negotiations with any party at any time, with or without notice. The Seller shall have no legal commitment or obligation to any prospective purchaser unless and until a written Purchase and Sale Agreement has been fully executed and delivered and any and all conditions to the Seller's obligations thereunder have been fully satisfied or waived.

The Owner is responsible for any commission due its agent in connection with a sale of the Property. The Seller shall not be responsible for any commission claimed by any other agent or broker in connection with a sale of the Property. No other party, including the Seller's exclusive agent, is authorized to make any representation agreement on behalf of the Seller. This Memorandum remains the property of the Seller and its exclusive agent and may be used only by parties approved by the Seller and its exclusive agent. No portion of this Memorandum may be copied or otherwise reproduced or disclosed to anyone except as provided herein and as permitted by the express terms of the Confidentiality Agreement.





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