

Marcus & Millichap
THE GLASS GROUP



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or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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> ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.



1090 W. MCKINLEY AVENUE, DECATUR, IL 62526

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- (1) Lease is guaranteed by DaVita Inc
- (2) Source: www.investors.davita.com

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This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2017 Marcus & Millichap ACT ID ZAA0940147



### DAVITA INC.(1)



Founded over 25 years ago and headquartered in Denver, Colorado, DaVita Inc. is a Fortune 500 company that provides renal care services for patients suffering from chronic kidney disease (CKD) or end stage renal disease (ESRD). Formerly known as DaVita Healthcare Partners Inc., the company operates kidney dialysis centers and provides related lab services in outpatient dialysis centers across the globe. The Fortune 500 company has reduced hospitalizations, improved mortality and worked collaboratively to propel the kidney care industry to adopt an equitable and high-quality standard of care for all patients. Through a network of 2,971 locations worldwide, DaVita Inc. enjoys a global presence with dialysis facilities in 46 states, the District of Columbia and operates in 9 countries including Brazil, China, Colombia, Germany, Malaysia, Taiwan, Poland, Portugal, Netherlands, Saudi Arabia, Singapore and international management offices in the United Kingdom.

As of June 30, 2019, DaVita served 231,700 patients at 2,971 outpatient dialysis centers, of which 2,723 centers were located in the U.S. and 248 centers were located in 9 countries outside the United States. During the second guarter of 2019, DaVita opened a total of 33 new facilities and acquired 3 dialysis centers across the nation. With more than 77,700 team members serving approximately 25,000 patients monthly, DaVita is recognized as one of "America's Largest Public Companies" on the 2019 Forbes List and has been part of Fortune Magazine's List of "World's Most Admired Companies" for 12 consecutive years.

- WARREN BUFFET'S BERKSHIRE HATHAWAY OWNS APPROXIMATELY 38.5 MILLION SHARES OF DAVITA STOCK, MAKING THEM THE COMPANY'S LARGEST SHAREHOLDER WITH A 24% STAKE<sup>2)</sup>
- GENERATED REVENUE OF \$11.4 BILLION IN FISCAL 2018 / ESTIMATED \$4.04 BILLION NET WORTH
- FORTUNE 500 COMPANY 13 YEARS IN A ROW, 12TH CONSECUTIVE YEAR AS ONE OF FORTUNE MAGAZINE'S "WORLD'S MOST ADMIRED COMPANIES" IN 2019
- 2,971 LOCATIONS WORLDWIDE IN 46 STATES, THE DISTRICT OF COLUMBIA AND 9 COUNTRIES
- MORE THAN 77,700 TEAM MEMBERS SERVING APPROXIMATELY 25,000 PATIENTS MONTHLY
- RANKED #2 ON FORTUNE MAGAZINE'S "MOST INNOVATIVE COMPANY" IN THE HEALTHCARE MEDICAL **FACILITIES CATEGORY**

### DAVITA INC. - FINANCIAL HIGHLIGHTS(2)

20-19 OPERATING INCOME, UP 5.50% Y-O-Y



DaVita Inc. 2nd Quarter 2019 results include the following highlights:

- ► Completed the sale of our DMG division to Optum
- ► Consolidated revenues of \$2.843 million
- ▶ Operating income of \$462 million
- Cash flows from continuing operations of \$574 million

As of June 30, 2019, we provided dialysis services to a total of approximately 231,700 patients at 2,971 outpatient dialysis centers, of which 2,723 center were located in the United States and 248 centers were located in nine countries outside of the United States. During the second guarter of 2019, we opened a total of 33 new dialysis centers, acquired three dialysis centers and closed two dialysis center in the United States. In addition, we acquired five dialysis centers outside of the United States during the second quarter of 2019.

### **OUR MISSION:**

To be the Provider, Partner, and Employer of Choice.











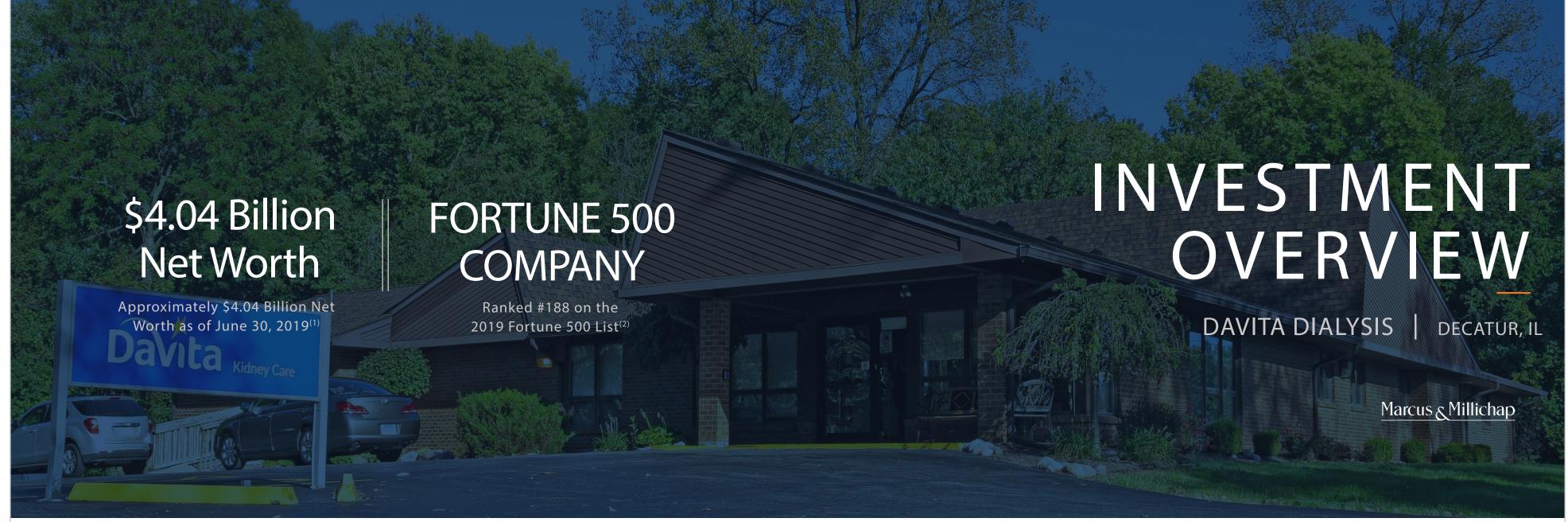
180,000 HOURS OF VOLUNTEER **WORK BY DAVITA TEAMMATES, FAMILY &** FRIENDS SINCE 2006



YEARS ON FORTUNE'S WORLD'S MOST

12

**ADMIRED COMPANIES** LIST





(2) Source: www.fortune.com





### INVESTMENT OVERVIEW

#### CAP RATE INCREASES TO 6.60% IN 2 YEARS

The lease provides 10% rent increases every 5 years with the next increase occurring in 2021.

#### LONG TERM CORPORATE LEASE WITH A FORTUNE 500 COMPANY

There are approximately 12 years remaining on the initial lease term with 10% rent increases every 5 years, which continue through each of the two, 5-year renewal option periods. The lease comes with a corporate guarantee from DaVita Inc., a Fortune 500 company with \$11.4 billion in revenue and an estimated net worth of \$4.04 billion. As of June 30, 2019, DaVita served 231,700 patients at 2,971 outpatient dialysis centers, of which 2,723 centers were located in the U.S. and 248 centers were located in 9 countries outside the United States. DaVita is recognized as one of "America's Largest Public Companies" on the 2019 Forbes List and has been part of Fortune Magazine's List of "World's Most Admired Companies" for 12 consecutive years.

#### SUPERIOR DAVITA LEASE WITH MINIMAL LANDLORD RESPONSIBILITIES

The subject property is a well-established, single tenant DaVita Dialysis clinic situated in the Central Illinois city of Decatur. The lease has minimal landlord responsibilities, especially when compared to the majority of other DaVita and Fresenius leases that require significantly more Landlord responsibilities such as maintenance of the building structure, roof membrane replacement, HVAC replacement, day-to-day management and replacement of the parking lot areas. The subject property's lease is modified triple net with Landlord responsibilities limited to the replacement of the structure and structural elements of the roof only.<sup>(1)</sup>

#### MAJOR CAPITAL IMPROVEMENTS COMPLETED IN 2016/2017

Estimated \$576,000 in major renovations or repairs to the roof, five HVAC units, interior buildout, concrete work, electrical systems, plumbing systems, basement waterproofing, fire sprinklers, parking lot and new paint.<sup>(2)</sup>

#### WELL-ESTABLISHED LOCATION / LESS THAN ONE MILE FROM DECATUR MEMORIAL HOSPITAL

The subject property has a 32-year operational history as a dialysis clinic at this location. It is situated within walking distance from the Eagle Ridge Assisted Living facility and one mile from the Generations At McKinley Place Rehabilitation and Skilled Nursing Facility. Across the street from Generations At McKinley Place is Decatur Memorial Hospital, a 300-bed medical facility that services as one of the main hospitals in Central Illinois.

#### WARREN BUFFET'S BERKSHIRE HATHAWAY IS DAVITA INC.'S LARGEST SHAREHOLDER

Berkshire Hathaway owns approximately 38.5 million shares of DaVita Inc. stock, making them the company's largest shareholder with a 24% stake. Berkshire Hathaway is ranked #4 on the Fortune 500 list of largest publicly traded companies. Warren Buffet has served as the company's CEO for over 50 years.<sup>(3)</sup>



<sup>(1)</sup> Buyer will need to verify the accuracy of this information during their Due Diligence Period. Marcus & Millichap and its affiliates have not verified and will not verify any information contained herein. Buyer must conduct their own due diligence.

<sup>(2)</sup> Estimated renovation costs provided by Seller. Buyer will be provided a copy of estimated renovation costs during their Due Diligence Period and will need to verify the accuracy of the information. Buyer must conduct their own due diligence.

<sup>(3)</sup> Source: www.money.cnn.com

### OFFERING HIGHLIGHTS

# DAVITA DIALYSIS - DECATUR, IL

1090 W. McKinley Avenue, Decatur, IL 62526

OFFERING PRICE

CAP RATE YEARS 1-2 CAP RATE YEARS 3-7

\$3,176,700 6.00% 6.60%

Annual Rent	\$190,602
Lease Type	Modified Triple Net <sup>(1)</sup>
Lease Commencement	11/18/2016
Lease Expiration Date	11/30/2031
Year Built / Renovated	1987/2016 <sup>(1)</sup>
Rentable Area	10,589 SF <sup>(1)</sup>
Lot Size	1.82 Acres <sup>(1)</sup>
Increases	10% Every 5 Years
Options	(2) Five-Year Renewal Options
Guarantor	DaVita Inc. <sup>(1)</sup>
Right of First Offer	Yes <sup>(2)</sup>

<sup>(1)</sup> Year Built/Renovated, Rentable Area, Lot Size, Lease Terms, and Guarantor are approximate. Please see the following page for details on landlord responsibilities under the Lease. Buyer will need to verify the accuracy of all information shown above during their Due Diligence period.

### RENT ROLL

GUARANTOR	RENTABLE AREA	COMMENCEMENT	EXPIRATION	RENT	RENT INCREASES	OPTIONS	NEXT ESCALATION	LEASE TYPE
DAVITA INC. (NYSE: DVA)	10,589 SF <sup>(1)</sup>	11/18/2016	11/30/2031	\$190,602	10% EVERY 5 YEARS	(2) 5-YEAR OPTIONS	12/1/2021	MODIFIED TRIPLE NET <sup>(1)</sup>

## FINANCING PROJECTIONS & CAP RATE GROWTH CHART (3)

#### Potential Loan Scenario<sup>(3)</sup>

Program	10-Yr Fixed Rate							
Interest Rate	4.00%	\$300,000	RENT				8.78%	10.00%
Down Payment / LTV	\$1,111,845 / 65%		CAP R	<b>ATE</b> <sup>(3)</sup>		7.99%	6.7670	9.00%
Years 1-2 COC Return <sup>(3)</sup>	5.38%	\$250,000			7.26%	-		8.00%
Years 3-7 COC Return <sup>(3)</sup>	7.09%	\$200,000	6.00%	6.60%				7.00%
\$160,000 INCOME AFTER DEBT SERVICE	13.34%	4200,000						6.00%
\$140,000 CASH-ON-CASH RETURN <sup>(3)</sup>	14.00%	\$150,000						5.00%
\$120,000	12.00%							4.00%
\$100,000	10.00%	\$100,000						3.00%
\$80,000	8.00%							2.00%
\$60,000 5.38%	6.00%	\$50,000						
\$40,000	4.00%				11.15			1.00%
\$20,000	2.00%	\$0						0.00%
\$0	0.00%		Years 1-2	Years 3-7	Years 8-12	1st Option	2nd Option	

<sup>(2)</sup> Tenant has a Right of First Offer. Please contact the listing agent for details.

<sup>(3)</sup> Pro forma returns shown on both charts are based on ownership years and assumes Year 1 of ownership begins on 12/1/2019. Pro forma returns are also based on gross annual rent only and not guaranteed. Pro forma returns do not take into consideration any unforeseen expenses including Landlord responsibilities under the Lease. Buyer must conduct their own due diligence to confirm the accuracy of these estimates. Financing options shown are subject to market changes.

### LANDLORD FRIENDLY LEASE STRUCTURE(1)

#### LANDLORD RESPONSIBILITIES PER THE LEASE

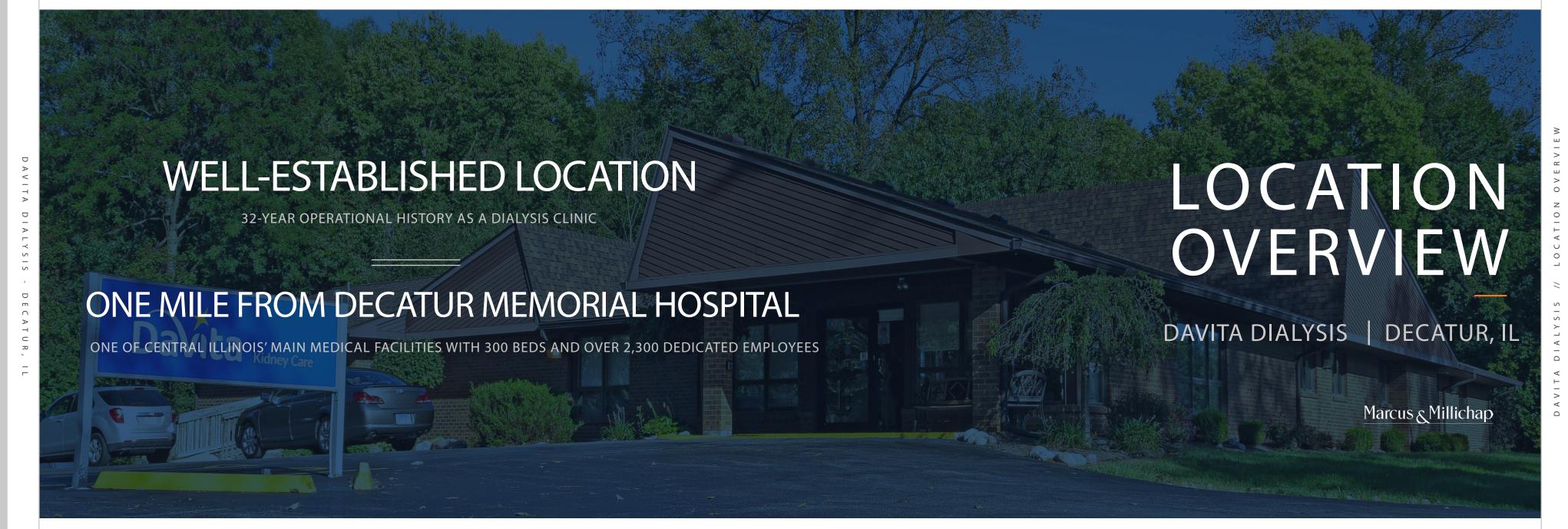
Landlord shall, at Landlord's sole cost and expense, promptly make any necessary replacements to the Building structure, including the slab, footings, foundation and other structural components of the Building and the structural elements of the roof, but **expressly excluding** the windows, the roof deck and the roof membrane. Landlord shall have no responsibility with respect to any sheds or other structures located on the Premises other than the primary Building.

UNLIKE THE MAJORITY OF FRESENIUS AND DAVITA LEASES, THERE ARE NO LANDLORD REPAIR OR REPLACEMENT RESPONSIBILITIES FOR THE ROOF MEMBRANE, ROOF DECK, HVAC, WINDOWS, DOORS, BUILDING EXTERIOR PAINT OR PARKING AREAS AND SIDEWALK(1)

- ■No Landlord Responsibility for Maintenance of the Building Structure
- ■No Landlord Responsibility for Repair or Replacement of Roof Deck & Roof Membrane
- ■No Landlord Responsibility for Repair or Replacement of the Parking Areas & Sidewalks
- ■No Landlord Responsibility for HVAC Servicing, Repair or Replacement
- ■No Landlord Responsibility for Painting of the Building Exterior
- ■No Landlord Responsibility for Building Windows and Doors







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### LOCATION OVERVIEW



WELL-ESTABLISHED LOCATION WITH 32-YEAR OPERATIONAL HISTORY AS A DIALYSIS CLINIC

WALKING DISTANCE TO THE EAGLE RIDGE OF DECATUR ASSISTED LIVING FACILITY

LESS THAN ONE MILE FROM DECATUR MEMORI-AL HOSPITAL, ONE OF THE REGION'S MAIN HOSPITAL WITH 300 BEDS AND 2,300 EMPLOYEES

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#### WELL-ESTABLISHED LOCATION

The subject property has a 32-year operational history as a dialysis clinic at this location. It is situated within walking distance from the Eagle Ridge Assisted Living facility and one mile from the Generations At McKinley Place Rehabilitation and Skilled Nursing Facility.

#### ONE MILE FROM DECATUR MEMORIAL HOSPITAL

The subject property is situated one mile from Decatur Memorial Hospital, a 300-bed, not-for-profit community hospital that has served as one of Central Illinois' main medical facilities since 1916. Decatur Memorial Hospital has more than 300 physicians, 2,300 dedicated employees and a designated Level II Trauma Center. For the past nine years, the hospital has been recognized as a Top 50 Cardiovascular Hospital from IBM Watson Health. Throughout the years, Decatur Memorial Hospital has been transformed from a one-building facility to a multi-facility medical complex with 30 satellite offices offering the latest in healthcare diagnostic and treatments.

#### LARGEST CITY AND COUNTY SEAT OF MACON COUNTY

Decatur serves as the largest city and county seat of Macon County, which is home to over 110,768 residents. Decatur is the thirteenth most populous city in Illinois and the state's sixth most populous city outside of the Chicago MSA. Decatur is home to Millikin University and Richland Community College. The city serves as the North American headquarters for Archer Daniels Midland, a Fortune 500 agricultural company. Tate & Lyle's largest corn-processing plant and manufacturing facilities for Caterpillar's heavy machinery is based in Decatur. The city ranks third in the nation as an emerging logistics and distribution center. Decatur was also named a Top 25 Trade City by Global Trade Magazine.



### **AERIAL VIEW**

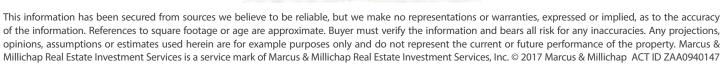
The subject property is situated within walking distance from the Eagle Ridge Assisted Living facility and less than one mile from the Generations At McKinley Place Rehabilitation and Skilled Nursing Facility. It is also situated less than one mile from Decatur Memorial Hospital, a 300-bed, not-for-profit community hospital that has served as one of Central Illinois' main medical facilities since 1916. Decatur Memorial Hospital has more than 300 physicians, 2,300 dedicated employees and a designated Level II Trauma Center. For the past nine years, the hospital has been recognized as a Top 50 Cardiovascular Hospital from IBM Watson Health. Throughout the years, Decatur Memorial Hospital has been transformed from a one-building facility to a multi-facility medical complex with 30 satellite offices offering the latest in healthcare diagnostic and treatments.

Located two blocks from the subject property is an O'Reilly Auto Parts and Circle K. Other national retailers located in the immediate area include CVS/pharmacy, Walgreens, Perkins Restaurant, Ace Hardware, a Chevrolet Dealership and a Toyota Dealership. Located 1.5 miles northeast is the Brettwood Village Shopping, which is anchored by Kroger, ALDI, McDonald's, Bob Evans, Dunkin' Donuts, Culver's, Jimmy John's, Papa John's Pizza, Play It Again Sports, Regions Bank, Dairy Queen and a Ford Dealership.





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### HOUSEHOLD INCOME

YEAR 2018	1 MILE	3 MILES	5 MILES
AVERAGE	\$51,249	\$53,372	\$59,871
MEDIAN	\$36,322	\$37,186	\$41,226

### **POPULATION**

YEAR	1 MILE	3 MILES	5 MILES
2023 Projection Total Population	7,933	49,493	75,309
2018 Census Total Population	8,061	50,776	76,664
2018 Daytime Total Population	8,754	57,104	85,381

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### **DECATUR MSA**

Decatur is the largest city and county seat of Macon County, which is home to over 110,768 residents. The city is located about two hours north of St. Louis and 45 minutes east of Springfield, the capital city of Illinois. Decatur is the thirteenth most populous city in Illinois and the state's sixth-most populous city outside of the Chicago metro area.

This city is home to Decatur Memorial Hospital, a 300-bed, not-for-profit community hospital that has served as one of Central Illinois' main medical facilities since 1916. Decatur Memorial Hospital has more than 300 physicians, 2,300 dedicated employees and a designated Level II Trauma Center. For the past nine years, the hospital has been recognized as a Top 50 Cardiovascular Hospital from IBM Watson Health. Throughout the years, Decatur Memorial Hospital has been transformed from a one-building facility to a multi-facility medical complex with 30 satellite offices offering the latest in healthcare diagnostic and treatments.

The city is home of private Millikin University and public Richland Community College. Decatur has vast industrial and agricultural processing production, including the North American headquarters of agricultural conglomerate Archer Daniels Midland, international agribusiness Tate & Lyle's largest corn-processing plant, and the designing and manufacturing facilities for Caterpillar Inc.'s wheel-tractor scrapers, compactors, large wheel loaders, mining class motor grader, off-highway trucks, and large mining trucks. The city ranks third in the nation as an emerging logistics and distribution center. Decatur was also named a Top 25 Trade City by Global Trade Magazine.

In 2013 the Economic Development Corporation of Decatur & Macon County established the Midwest Inland Port, a multi-modal transportation hub with market proximity to 95 million customers in a 500-mile radius. The port includes the Archer Daniels Midland Intermodal container ramp, the two class I railroads that service the ramp and the city (the Canadian National Railway, and the Norfolk Southern Railway), five major roadways and the Decatur Airport. The Midwest Inland Port also has a foreign trade zone and customs clearing, and the area is both an enterprise zone and tax increment financing district.



