



**FRESENIUS  
KIDNEY CARE**

## Fresenius Kidney Care | Locust Grove Dialysis Clinic

4122 Partnership Way, Locust Grove, VA 22508



### OFFERING MEMORANDUM

Prepared by:

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# INVESTMENT SUMMARY



## THE OFFERING

The subject property is a 2013 stand-alone 8,584 SF Fresenius Kidney Care build-to-suit clinic. Fresenius Medical Care signed a 15-year, NN, corporate guaranteed lease which commenced on October 26, 2013 and expires October 26, 2028 with three five-year options to extend. The 15-year lease calls for 3% increases in years 1-5, 1.7% increases in years 6-10, and 1.2% increases in years 11-15. For more than 100 years now, Fresenius has been working to save lives and improve the quality of life of its patients. Fresenius is a premier renal healthcare company completing more than +/-50 million dialysis treatments per year worldwide and has an industry leading network of more than 3,994 clinics across 100+ countries.

## OVERVIEW

|                     |             |                            |           |
|---------------------|-------------|----------------------------|-----------|
| Price               | \$3,184,323 | Annual Base Rent (\$/sf)   | \$25.04   |
| Gross Leasable Area | 8,584 SF    | Net Operating Income (NOI) | \$214,942 |
| Lot Size            | 1.20 AC     | Cap Rate                   | 6.75%     |
| Year Built          | 2013        | Avg. Cap Rate              | 7.20%     |

## LEASE SUMMARY

|                                 |                                       |                   |                                 |
|---------------------------------|---------------------------------------|-------------------|---------------------------------|
| Lease Guaranty                  | Fresenius Medical Care Holdings, Inc. | Rent Commencement | October 26, 2013                |
| Tenant Trade Name               | Fresenius Medical Care                | Expiration Date   | October 26, 2028                |
| Remaining Lease Term            | 8.25 Years                            | Increases         | 1.7% Years 1-3; 1.2% Years 4-8  |
| Lease Type                      | NN                                    | Renewal Options   | Three (3) Five (5) Year Options |
| Roof & Structure Responsibility | Landlord                              |                   |                                 |



**YEAR BUILT**  
2013



**PRICE**  
\$3,184,323



**CAP RATE**  
6.75%



**NOI**  
\$214,942



## INVESTMENT HIGHLIGHTS

- INVESTMENT GRADE TENANT
- ESSENTIAL DIALYSIS OUTPATIENT SERVICE
- DISASTER RESISTANT INVESTMENT
- 2013 BUILD-TO-SUIT FOR FRESENIUS KIDNEY CARE
- CENTRALLY LOCATED WITH CONVENIENCE TO GERMANNA HIGHWAY
- CLOSE PROXIMITY TO RETAIL CORRIDOR
- HEALTHCARE RELATED REAL ESTATE HAS BEEN THE LEAST AFFECTED BY E-COMMERCE
- GOVERNMENT FUNDING HEALTHCARE UNDER THE MEDICARE ESRD PROGRAM
- EXCELLENT ACCESS AND LOCATION
- STRONG MEDICAL DEMOGRAPHICS
- ORANGE COUNTY IS ONE OF THE FASTEST GROWING COUNTIES IN THE STATE



LEASE TERM:  
15 Year Initial Lease Term  
Expires Oct 2028



RENT GROWTH:  
1.7% Years 1-3  
1.2% Years 4-8



GUARANTY:  
Fresenius Medical  
Care Holdings, Inc.

### LANDLORD OBLIGATIONS:

- **Landlord responsible** for replacement of the parking lot or any other capital expenditure.
- **Landlord responsible** for the replacement of the HVAC units or any major component of the HVAC cost over \$1,500 incurred in any thirty (30) day period.
- **Landlord maintains and makes all necessary repairs** and/or replacements to the exterior and structural portions of the Property.
- **Landlord maintains and makes all necessary repairs** for parking areas (including surfacing, striping, paving and sealing), curbing, sidewalks and directional markers, water mains, gas and sewer lines, private roadways, landscape, and loading docks. Landlord shall also perform exterior pest control, and snow and ice removal. Tenant shall reimburse for actual cost. **Tenant shall reimburse for actual cost.**

### TENANT OBLIGATIONS:

- **Tenant shall reimburse** Landlord for its costs related to the maintenance and repair of the HVAC as part of the Maintenance Expenses under \$1,500 incurred in any thirty (30) day period.
- Landlord shall pay before due all Tax Expenses assessed against the Property. **Tenant shall reimburse** Landlord for Tax Expenses within thirty (30) days.
- **Tenant shall reimburse** Landlord for Landlord's costs associated with the insurance premiums (but not deductibles).
- **Tenant shall at its sole cost and expense** keep and maintain the non-structural portions of the interior of the Premises, including janitorial services & cleaning of windows.

## TENANT PROFILES

### FRESENIUS MEDICAL CARE SUMMARY

|   |   |
|---|---|
| <b>Tenant</b>                             | Bio-Medical Applications of Virginia, Inc (d/b/a Fresenius Medical Care Locust Grove) |
| <b>Ownership</b>                          | Public  |
| <b>Revenue 2019</b>                       | ±\$19.41 Billion (49% of Fresenius Group Total Revenue)                               |
| <b>Net Income 2019</b>                    | ±\$1.53 Billion (73% of Fresenius Group Net Income)                                   |
| <b>Credit Rating (S&amp;P's)</b>          | BBB   |
| <b>Ticker Symbol (NYSE)</b>               | FMS   |
| <b>Number of Clinics</b>                  | 3,994+  |
| <b>Number of Employees</b>                | ±128,300 (44% of Fresenius Group Total Employment)                                    |
| <b>Number of Dialysis Treatments (YR)</b> | 52+ Million   |
| <b>Number of Patients</b>                 | ±345,096  |
| <b>USA Headquarters</b>                   | Waltham, MA   |
| <b>Website</b>                            | <a href="https://www.freseniusmedicalcare.us">https://www.freseniusmedicalcare.us</a> |

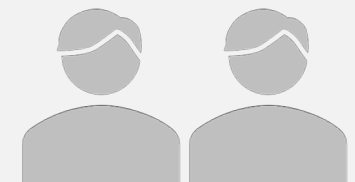
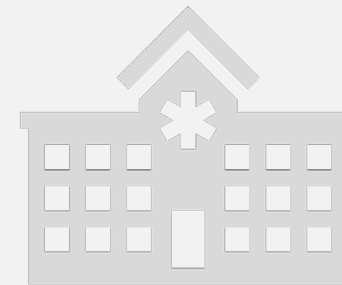


±128,300  
TOTAL EMPLOYEES

Change of +7% from 2018

### FRESENIUS GROUP - 2019 BY THE NUMBERS

|   |   |
|---|---|
| <b>Tenant</b>                           | Fresenius Group (Fresenius SE & Co. KGaA)                         |
| <b>Founded</b>                          | 1912  |
| <b>Revenue 2019</b>                     | ±\$39.7 Billion   |
| <b>Net Income 2019</b>                  | ±\$2.1 Billion  |
| <b>Market Cap</b>                       | \$45 Billion  |
| <b>Ticker Symbol (Frankfurt)</b>        | FREG.DE   |
| <b>Number of Employees</b>              | ±294,134  |
| <b>2020 Projected Net Income Growth</b> | 5%-9%   |
| <b>Annual R&amp;D Cost</b>              | ±722 Million  |
| <b>Headquarters</b>                     | Bad Homburg, Germany  |
| <b>Website</b>                          | <a href="https://www.fresenius.com">https://www.fresenius.com</a> |



TOTAL  
PATIENTS

±345,096

Change of +4% from 2018

## TENANT PROFILES



**Fresenius Medical Care (FMC)** is the world's largest provider of products and services for individuals with renal diseases aiming to continuously improve the quality of life for patients with kidney disease by offering innovative products and treatment concepts of the highest degree. As of December 31, 2019, FMC was treating 345,096+ patients in 3,994+ dialysis clinics with 128,300 employees (44% of Fresenius Group entire employment) in 50+ countries. At the same time, FMC operates 45 production sites on all continents, to provide dialysis products such as dialysis machines, dialyzers and related disposables. Along with its core business, the company provides related medical services in the field of Care Coordination. With more than 3.36 Million kidney disease patients worldwide, who regularly undergo dialysis treatment, FMC has achieved record results in 2019 and targets strong net income growth in 2020 while contributing to 49% of all Revenue for the Fresenius Group.



**Fresenius Kabi** offers intravenously administered generic drugs, clinical nutrition and infusion therapies for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products. In the biosimilars business, Fresenius Kabi is developing products with a focus on oncology and autoimmune diseases.

Fresenius Kidney Care // Offering Memorandum



**Fresenius Helios** is Europe's leading private hospital operator. The company comprises Helios Germany and Helios Spain (Quirónsalud). Helios Germany operates 86 hospitals, 125 outpatient centers, and 8 prevention centers. Quirónsalud operates 51 hospitals, 71 outpatient centers and around 300 occupational risk prevention centers. Fresenius Helios treats upwards of 21 million patients worldwide each year.



**Fresenius Vamed** manages projects and provides services for hospitals and other health care facilities worldwide. Fresenius Vamed is also the leading post-acute care provider in all of Central Europe.

## FRESENIUS GROUP OVERVIEW

**Fresenius is a global health care group providing products and services for dialysis, hospitals and outpatient medical care. In addition, Fresenius focuses on hospital operations, as well as manages projects and provides services for hospitals and other health care facilities. More than +/-294,134 Fresenius employees have dedicated themselves to the service of health in over 100 countries worldwide.**

**The operating business comprises the four business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios & Fresenius Vamed, all of which are legally independent entities managed by the operating parent company Fresenius SE & Co. KGaA. With 2019 financial targets achieved, strong Revenue Growth of 7% at constant currency and a Net Income Growth of 9% at constant currency, Fresenius is one of the world's leading healthcare companies.**

## TENANT PROFILES

FRESENIUS MEDICAL CARE IS THE WORLD'S LEADING PROVIDER OF PRODUCTS & SERVICES FOR PEOPLE WITH CHRONIC KIDNEY FAILURE.



Developing innovative products and continuously improving our dialysis treatments are an inherent part of the Fresenius growth strategy. The company's worldwide research and development (R&D) activities, which are centrally managed by the Global Research & Development division (GRD), enables Fresenius to develop products efficiently and to systematically promote the exchange of knowledge and technology between regions.

MARKET  
CAP **\$45B**

CREDIT  
RATING **BBB**

YEAR  
FOUNDED **1912**



# TENANT OPERATIONS



## FRESENIUS

Fresenius Medical Care is the world's largest provider of products and services for individuals with renal diseases of which around 3.2 million patients worldwide regularly undergo dialysis treatment. Through its global network of 4,000 dialysis clinics, Fresenius Medical Care provides dialysis treatments for 345,096 patients around the globe. Fresenius Medical Care is also the leading provider of dialysis products such as dialysis machines or dialyzers. Along with the core business, the company provides related medical services in the field of Care Coordination.

1

WALTHAM, U.S.  
Regional headquarters  
North America

2

BAD HOMBERG, GER  
Company headquarters and regional  
headquarters for Europe, Middle East,  
Africa and Latin America

3

HONG KONG, CN  
Regional headquarters  
Asia-Pacific



### FORBES AWARDS

- Global 2000 – World's Largest Public Companies, 2017-2019
- Top Multinational Performers 2017
- World's Best Employers 2017
- America's Best Employers 2015
- World's Most Innovative Companies 2013

# PROPERTY PHOTOS



# PROPERTY PHOTOS



# PROPERTY PHOTOS



# LOCATION OVERVIEW

ADJACENT AND  
VISIBLE FROM THE  
GERMANNA HWY



Adjacent and visible from the Germanna Highway, this property features excellent visibility, convenience, and exposure to high traffic counts. The site is located in a hotbed of retail development which includes major businesses such as Domino's Pizza, CVS Drug Store, Dollar General, AutoZone, Burger King, AT&T, and USPS. The property is also just several miles away from the Rapidan Medical Center, which is one of the top all-around medical centers in the local region. The site is also less than twenty miles away from Fredericksburg, a medical hub of Virginia which attracts major medical office users such as Mary Washington Hospital, Kaiser Permanente Fredericksburg Medical Center, Urgent Care Fredericksburg, Fredericksburg Regional Oral Surgery Center, Patient First, and numerous others.

POPULATION  
INCREASES OF  
OVER 50%



Locust Grove is one of the most affluent cities in the Commonwealth of Virginia. The city has a population of 14,000+ and is adjacent to the major Virginia historical landmark of Fredericksburg. Locust Grove has had population increases of over 50% in recent decades and is considered the population center of the county. Additionally, the site is located less than three miles from Germanna Community College, which enrolls +/-13,000 students and has been ranked the top community college in the Commonwealth. Additionally, the college boasts one of the top community college health care programs in the area and is home to numerous specializations, adding highly skilled medical professionals to the market year-in and year-out.

3.2%  
UNEMPLOYMENT



The unemployment rate in Locust Grove's Orange County was well below the US average at the beginning of the year, coming in around 3.2%. Healthcare and social assistance has long been part of Orange County's growth and success, making up more than one of every ten employees at 14.5% of total payroll for the region. Other major industries in the area are education, construction, and retail trade. Additionally, the household income of Orange County residents exceeds the US average by more than \$10,000 per household. Combine the region's medical focus with the above-average earning potential, it's easy to see why more and more medical professionals, families, and new residents choose to call Locust Grove home every year.



POPULATION  
19,666



AVG HH INCOME  
\$106,953



EMPLOYEES  
3,083



HOUSEHOLD  
7,156



MEDIAN AGE  
43.1



BUSINESSES  
300



Walmart

RAPIDAN  
MEDICAL CENTER

SUBJECT PROPERTY

Auto Zone  
BURGER KING

DOLLAR GENERAL  
CVS  
AT&T  
Domino's PIZZA

UNITED STATES  
POSTAL SERVICE

WELLS  
FARGO

McDonald's





# FINANCING OPTIONS

## FRESENIUS PROPERTIES

### LOAN OPTION

|                     |                      |
|---------------------|----------------------|
| RECOURSE:           | 25% LIMITED RECOURSE |
| MAX LTV:            | 70%                  |
| FIXED TERM:         | 10 YEARS             |
| FIXED RATE:         | 3.89%                |
| PREPAYMENT PENALTY: | 3,2,1,1,1,1,1,1,1,1  |
| MINIMUM DCR:        | 1.25X                |
| AMORTIZATION:       | 25 YEARS             |
| ASSUMABLE?:         | YES                  |

- Leases over 10 years get best pricing
- 30 year Amortization available with LTV of 63% or less
- Borrower can Pre-pay up to 10%, once each year, in extra principal, no premium charged



**CONTACT US FOR A  
LOAN REVIEW OR REFINANCE!**



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