

ACTUAL LOCATION



ABSOLUTE NNN LEASE | ANNUAL RENT INCREASES | INVESTMENT GRADE

FRESENIUS MEDICAL CARE

PRESTONSBURG, KY



**FRESENIUS
MEDICAL CARE**

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All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.)



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Marcus & Millichap

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ABSOLUTE NNN LEASE

SUPERIOR IN COMPARISON TO THE STANDARD
DOUBLE NET LEASE FROM FRESENIUS AND DAVITA

LEASE COMPARISON

FRESENIUS MEDICAL CARE
PRESTONSBURG, KY

Marcus & Millichap

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STANDARD DIALYSIS CENTER LEASES VS. SUBJECT PROPERTY⁽¹⁾

	DaVita Dialysis Standard Lease	SUBJECT PROPERTY Fresenius Medical Care	Fresenius Medical Care Standard Lease
Primary Lease Term	15 Years	17 Years (Original 20-year term)	15 Years
Lease Type	Double Net (Landlord responsibilities include repairs to the roof and structure as well as replacement of the HVAC and parking lot)	Absolute NNN (No landlord maintenance responsibilities whatsoever)	Double Net (Landlord responsibilities include repairs to the roof and structure as well as replacement of the HVAC and parking lot)
Rent Increases	10% every 5-years	Annual CPI Increases (1% min, 2% max)	10% every 5-years, or 1.7% annually

SUBJECT PROPERTY LEASE HIGHLIGHTS⁽¹⁾

- ▶ Absolute NNN lease - Eliminates the risk during the primary term of the Lease of having to repair or replace the roof, structure, HVAC or the parking lot during the lease term
- ▶ 17 years remaining on original 20-year lease term - An additional two years of lease term over the standard Fresenius lease, which is typically 15 years
- ▶ Annual rent escalations (Minimum 1% - Maximum 2% based on CPI) - Immediate upside in rent



(1) Lease Comparisons and cash flow projections are for informational purposes only and subject to change. Proforma returns contained herein do not take into consideration any unforeseen expenses, if any. Buyer must verify and conduct their own Due Diligence.

\$18.03B⁽¹⁾

FRESENIUS MEDICAL CARE GENERATED
\$18.03 BILLION IN REVENUE FOR THE
TRAILING 12 MONTHS⁽¹⁾

BBB

FRESENIUS MEDICAL CARE HOLDINGS
INC. (LEASE GUARANTOR) HAS AN
INVESTMENT GRADE “BBB” CREDIT
RATING FROM S&P

\$11.96B⁽¹⁾

FRESENIUS MEDICAL CARE HAS A TOTAL
NET WORTH OF \$11.96 BILLION FOR 2019

TENANT OVERVIEW

FRESENIUS MEDICAL CARE
PRESTONSBURG, KY

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(1) As of Q32020. All financial data shown above is for Fresenius Medical Care, which does not guarantee the Lease. Lease is guaranteed by the U.S. entity, Fresenius Medical Care Holdings, Inc.

COMPANY OVERVIEW⁽¹⁾



CREATING A FUTURE WORTH LIVING FOR PATIENTS WORLDWIDE

Fresenius Medical Care is the world's leading provider of products and services for people with chronic kidney failure. Around 3.5 Million patients with this disease worldwide regularly undergo dialysis treatment. Dialysis is a vital blood cleansing procedure that substitutes the function of the kidney in case of kidney failure. Fresenius Medical Care offers products and services along the entire dialysis value chain from a single source. We care for more than 349,000 patients in our global network of more than 4,000 dialysis clinics. At the same time, we operate 45 production sites on all continents, to provide dialysis products such as dialysis machines, dialyzers and related disposables. Fresenius Medical Care has more than 126,000 employees in around 50 countries. Our strategy is geared toward sustainable growth. We aim to continuously improve the quality of life of patients with kidney disease by offering innovative products and treatment concepts of the highest quality. Fresenius Medical Care is listed on the Frankfurt Stock Exchange (FME) and the New York Stock Exchange (FMS).

- ▶ \$18.03 BILLION IN REVENUE (TTM Q3 2020) / \$13.2 BILLION NET WORTH (2019)
- ▶ FRESENIUS MEDICAL CARE PERFORMED APPROXIMATELY 52 MILLION DIALYSIS TREATMENTS IN 2019
- ▶ INVESTMENT GRADE LEASE GUARANTOR - S&P RATED BBB/STABLE & MOODY'S RATED BAA3/STABLE⁽²⁾
- ▶ AVERAGE ANNUAL GROWTH OF 15% OVER THE LAST 20 YEARS
- ▶ FRESENIUS MEDICAL CARE EMPLOYS MORE THAN 120,600 PEOPLE, INCLUDING OVER 67,000 IN NORTH AMERICA
- ▶ FRESENIUS MEDICAL CARE SERVES 345,000 PATIENTS IN MORE THAN 50 COUNTRIES ACROSS 4,000 CLINICS
- ▶ EVERY 0.6 SECONDS A DIALYSIS TREATMENT IS PERFORMED BY FRESENIUS MEDICAL CARE

(1) All financial data shown above is for Fresenius Medical Care, which does not guarantee the Lease. Lease is guaranteed by the U.S. entity, Fresenius Medical Care Holdings, Inc.

Sources: www.freseniusmedicalcare.com, Yahoo Finance, Standard & Poor's, Moody's.

(2) Fresenius Medical Care Holdings, Inc., the Guarantor under the Lease, has been rated "BBB/Stable" from S&P and carries a rating of "Baa3/Stable" from Moody's, which are both Investment Grade according to each agency's credit rating scales. This information must be verified by Buyer.

Sources: www.standardandpoors.com, www.moody.com

FRESENIUS AT A GLANCE⁽¹⁾



4,000
DIALYSIS
CENTERS



120,600
EMPLOYEES
WORLDWIDE



3.5 MILLION
PATIENTS UNDERGO
DIALYSIS TREATMENT



135,000
HEMODIALYSIS
MACHINES



349,000
PATIENTS
SERVED



52 MILLION
TREATMENTS
PER YEAR



350
RESEARCH
SITES



45
PRODUCTION
SITES

“We are the only company in our industry bringing together our expertise in patient care with the development of industry-leading technologies, products and services. We take great pride in the superior care we give to our patients and the best-in-class service we provide to our customers.”



BILL VALLE
CEO

Fresenius Medical Care
North America

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Sources: www.freseniusmedicalcare.com, Yahoo Finance, Standard & Poor's, Moody's.

ANNUAL RENT INCREASES

1-2% ANNUAL INCREASES
(BASED ON CPI)

INVESTMENT OVERVIEW

FRESENIUS MEDICAL CARE
PRESTONSBURG, KY

Marcus & Millichap

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INVESTMENT OVERVIEW⁽¹⁾

RARE 20-YEAR ORIGINAL LEASE TERM WITH ANNUAL CPI INCREASES

20-year (17-years remaining) Absolute NNN lease with annual CPI rent increases (1% floor, 2% max). There are an additional three, 5-Year Renewal Option Periods.

ABSOLUTE NNN LEASE

Unlike the standard dialysis center leases with significant Landlord responsibilities (such as roof, structure, parking lot and HVAC replacement), the Subject Property has an absolute NNN lease structure that provides an investor with a long-term, passive income stream with no landlord maintenance responsibilities whatsoever. (See Market Lease Comparison)

WELL-ESTABLISHED LOCATION SITUATED ALONG THE MAIN RETAIL CORRIDOR

Fresenius has a 35-year operational history at this location. The Subject Property is situated along the main north-south retail corridor through Prestonsburg, N. Lake Drive, with daily traffic counts of 14,787. National retailers in the immediate area include Walgreens, Pizza Hut, Wendy’s, Subway, KFC, Dairy Queen, U.S. Bank, Arby’s, BP, Dollar General, Advance Auto Parts, Starbucks, AutoZone, Taco Bell and many more. Nestled near Morehead State University (9,660 students, 70,000 alumni, 1,080 employees), Big Sandy Community and Technical College (4,700 students) and Stonecrest Golf Course (700 acres of mountain top land), Fresenius is centrally located in Prestonsburg in the heart of Eastern Kentucky.

INVESTMENT GRADE LEASE GUARANTOR⁽¹⁾

Fresenius Medical Care Holdings, Inc., the Guarantor under the Lease, has been rated “BBB/Stable” by S&P and carries a rating of “Baa3/Stable” from Moody’s, which are both Investment Grade according to each agency’s credit rating scales. This information must be verified by Buyer.

FRESENIUS MEDICAL CARE CORPORATE LEASE⁽¹⁾

- Fresenius Medical Care reported \$18.03 Billion in revenue (TTM Q3 2020) and a net worth of \$13.2 Billion (2019)
- Fresenius Medical Care is the world’s largest provider of products and services for individuals with renal diseases of which approximately 3.5 Million patients worldwide regularly undergo dialysis treatment
- Fresenius Medical Care performed 52 Million dialysis treatments in 2019
- Every 0.6 seconds Fresenius Medical Care provides a dialysis treatment (2019)
- Fresenius Medical Care serves 349,000 patients in more than 50 countries across 4,000 clinics

(1) Fresenius Medical Care Holdings, Inc., the Guarantor under the Lease, has been rated “BBB/Stable” from S&P and carries a rating of “Baa3/Stable” from Moody’s, which are both Investment Grade according to each agency’s credit rating scales. This information must be verified by Buyer.
Sources: www.standardandpoors.com, www.moody’s.com www.freseniusmedicalcare.com, Yahoo Finance

FRESENIUS MEDICAL CARE CONTINUES SOLID REVENUE AND STRONG EARNINGS GROWTH IN THE THIRD QUARTER

October 29, 2020 | Fresenius Medical Care Press Release

- Operations maintained despite COVID-19, impact on patients minimized
- Financial targets for FY 2020 confirmed inclusive of anticipated COVID-19 effects

“The global COVID-19 pandemic has posed further challenges to us in the third quarter; and it will be a sizable challenge to be managed also in the months to come”, said Rice Powell, Chief Executive Officer of Fresenius Medical Care. “It is at times like these that the value of our strong network, of our vertically integrated, resilient business model and of the commitment of our entire Fresenius Medical Care team becomes evident – and proves to be decisive for fostering the wellbeing of our patients as well as creating value for our shareholders. On the back of our strong earnings development in the first nine months, we confirm our outlook for the financial year 2020. Thanks to the lessons learned from the first phase of the pandemic and our highly committed team, I am very confident that our company will successfully cope with COVID-19.”



ACTUAL LOCATION

OFFERING HIGHLIGHTS

FRESENIUS MEDICAL CARE

61 DEWEY STREET, PRESTONSBURG, KY 41653



FRESENIUS
MEDICAL CARE

OFFERING PRICE

CAP RATE

AVERAGE CASH-ON-CASH YEARS 1-10

\$2,084,935

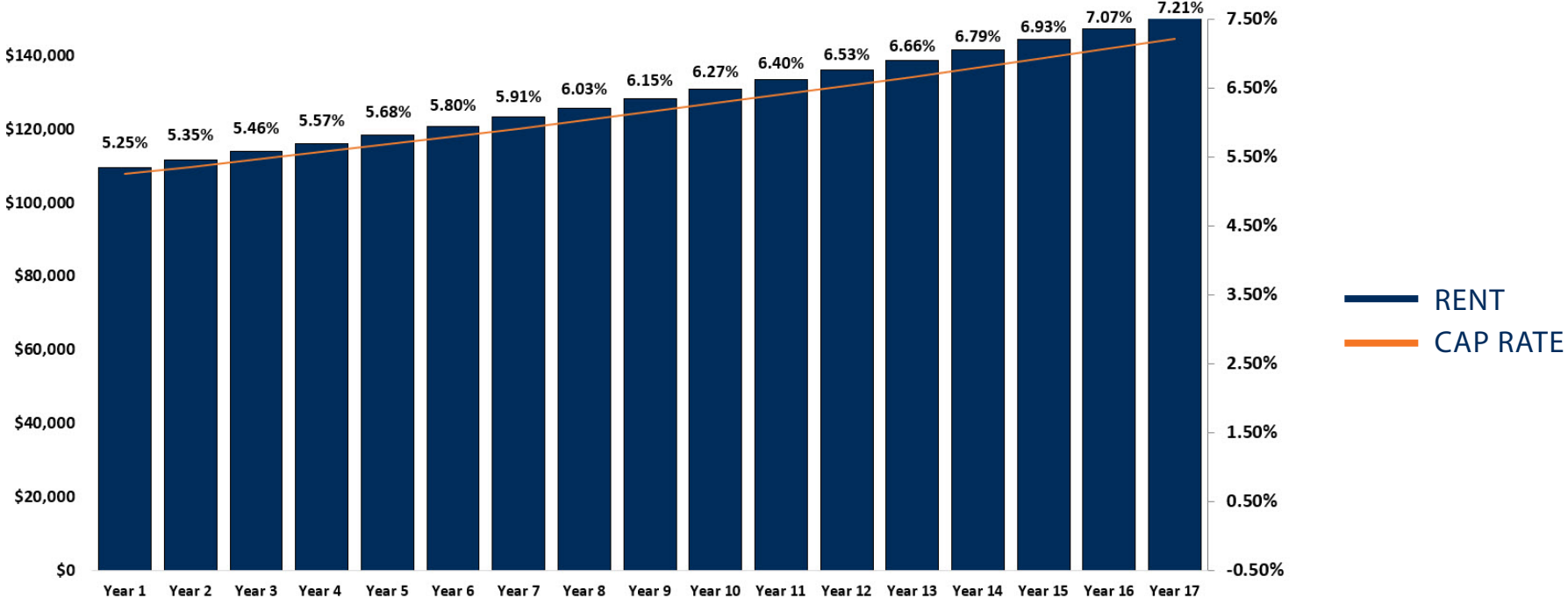
5.25%

6.42%

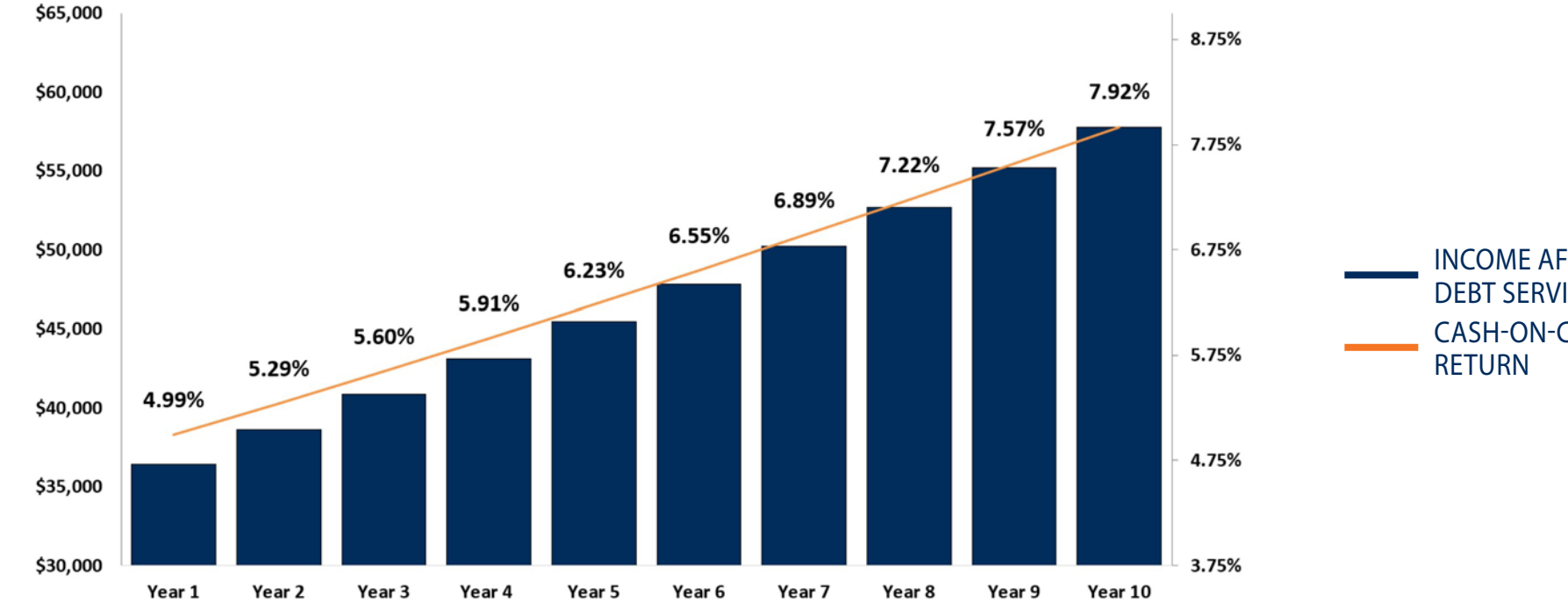
Lease Overview ⁽¹⁾		Potential Loan Scenario ⁽³⁾	
Net Operating Income	\$109,459	Program	10-Yr Fixed Rate
Lease Type	Absolute NNN	Interest Rate	3.50% - 3.75%
Lease Commencement	12/28/2017	Down Payment	\$729,727
Lease Expiration Date	12/31/2037	LTV	65% - 70%
Year Built	1999 ⁽¹⁾	Amortization	30 Years
Rentable Area	7,742 SF ⁽¹⁾	10-Year Average Cash-on-Cash Return ^(2,3)	6.42%
Lot Size	0.943 Acres ⁽¹⁾	For questions on financing contact Farhan Kabani: Farhan Kabani Mark One Capital 972.755.5301 direct 214.636.2595 mobile 888.317.1845 myfax Farhan.Kabani@markonecapital.com	
Increases	Annual CPI Increases (1% Floor, 2% Max)		
Options	(3) Five-Year Options		
Tenant	Bio-Medical Applications of Kentucky, Inc. ⁽¹⁾		
Guarantor	Fresenius Medical Care Holdings, Inc. ⁽¹⁾		

(1) Year Built, Rentable Area, Lot Size, Lease Terms, Tenant and Lease Guarantor are approximate. Buyer will need to verify the accuracy of all information shown above during their Due Diligence period.
(2) Potential Cash-On-Cash chart assumes a 10-Year Fixed Interest Rate Program with 10-Year Maturity along with 2% annual rent increases. Lease includes annual CPI increases (1% floor, 2% max).
(3) Pro forma returns are based on gross annual rent only and not guaranteed. Pro forma returns do not take into consideration any unforeseen market conditions that could negatively impact the Subject Property. Buyer must conduct their own due diligence to confirm the accuracy of these estimates. Financing options shown are subject to market changes.

POTENTIAL CAP RATE GROWTH^(2,3)



POTENTIAL CASH-ON-CASH^(2,3)



ONLY RENAL CARE FACILITY IN PRESTONSBURG

MOREHEAD STATE UNIVERSITY

- TOP 5 RN TO BSN PROGRAMS IN THE SOUTHEAST REGION
- 70,000 ALUMNI • 9,660 STUDENTS • 1,080 EMPLOYEES

LOCATION/MARKET OVERVIEW

FRESENIUS MEDICAL CARE
PRESTONSBURG, KY

Marcus & Millichap

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LOCATION OVERVIEW



ONLY RENAL CARE CENTER
IN PRESTONSBURG

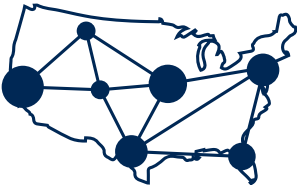
MOREHEAD STATE UNIVERSITY
1,080 EMPLOYEES
9,660 STUDENTS
70,000 ALUMNI

HEALTHCARE IS THE FASTEST
GROWING INDUSTRY IN
EASTERN KENTUCKY

KENTUCKY IS WITHIN ONE DAY'S
DRIVE OF TWO-THIRDS OF THE
UNITED STATE POPULATION



DEMOGRAPHICS



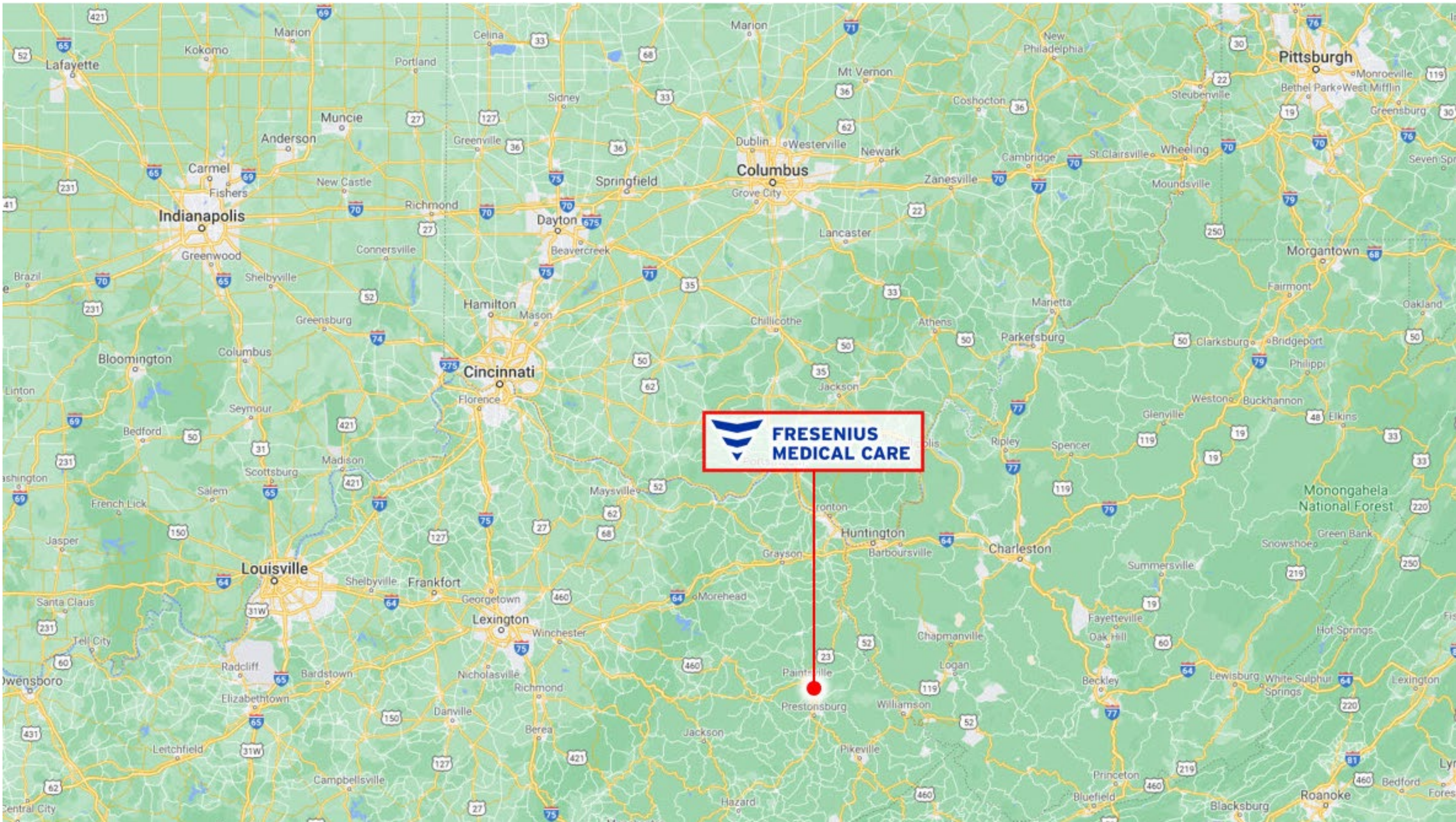
HOUSEHOLD INCOME

YEAR 2020	1 MILE	3 MILES	5 MILES
AVERAGE	\$64,209	\$58,911	\$54,202
MEDIAN	\$38,363	\$39,568	\$38,202

POPULATION

YEAR	1 MILE	3 MILES	5 MILES
2025 Projection Total Population	1,312	5,398	10,784
2020 Census Total Population	1,293	5,322	10,621
2010 Census Total Population	1,343	5,513	10,963

Source: Marcus & Millichap Research Services, CoStar



PRESTONSBURG & EASTERN KY

Within a day's drive of two-thirds of the U.S. population, Kentucky is located at the center of a 34-state distribution area in the eastern United States. Kentucky's location advantage facilitates the distribution of goods and materials to a massive industrial and consumer market. The state's borders are within 600 miles of over 65% of the nation's population and manufacturing business establishments. Served by two international airports plus three global shipping hubs, Kentucky is home to the UPS World Port, DHL Americas hub in Northern Kentucky, the Amazon Air global port in Northern Kentucky and several large FedEx ground hubs throughout the state.

As Prestonsburg's largest employer with 1,080 employees and over 9,660 enrolled students, Morehead State University has over 70,000 alumni and a rich tradition of academic excellence and a highly trained workforce. The University was recognized as one of the Top 5 RN to BSN Programs in the Southeast Region in 2020 and ranked 7th in the Top 10 Best Nursing Programs in the Nation by [rncareers.org](https://www.rncareers.org).

There are a reported 8,782 end-stage renal disease patients in the state of Kentucky and 748 patients on the waitlist for a kidney transplant. The number of global patients requiring continuous renal replacement therapy is set to rise to 1.6 million by 2030. As of 2018, 550,000 people are receiving life-sustaining dialysis treatment. The subject property is the only renal care facility in the City of Prestonsburg.





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