

OFFERING MEMORANDUM

Dialysis Center | Durham, NC



ATLAS  STARK

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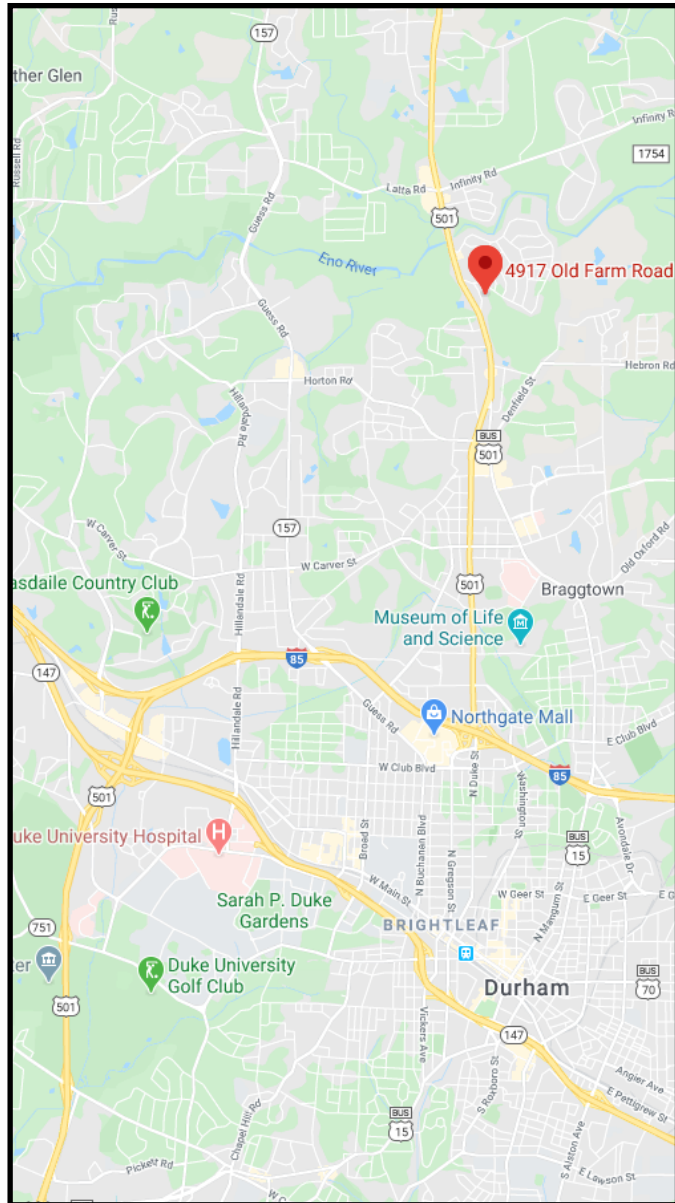
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EXECUTIVE SUMMARY | OPPORTUNITY



Atlas Stark Holdings is pleased to present for your consideration a pre-sale opportunity for the Eno River Kidney Center (FKC) in Durham, NC. The building is currently under construction and FKC is planning to begin operations in Q4 2020 with a 15-year, corporately guaranteed lease. The purchase opportunity benefits from the following characteristics:



CREDIT TENANT: Leased to FKC, a national, credit-worthy tenant who provides their corporate guarantee on the lease



PRIME LOCATION: Triangle Region is experiencing rapid growth in population and demand for dialysis care



STABLE INVESTMENT: Facility has a Certificate of Need (CON) which limits competition in North Carolina. Dialysis is an essential medical service that has provided stable revenue even during times of economic uncertainty.

INVESTMENT HIGHLIGHTS

Property Address	4917 Old Farm Road Durham, NC
Acres / Square Feet	1.46 acres 7,331 RSF
Year Built	Shell Complete Q3 & FKC Occupancy Q4
Rent	\$26.00 PSF NNN
Escalations	1.6% annual increase
Lease Term	15 years
Renewal Options	Three (3) five (5) year options
Renewal Rent	First extension at 110% of current rent, remaining two extensions at 95% FMV
NOI	\$190,606
Asking Price	\$3,700,000

NATIONAL CREDIT TENANT: FRESENIUS MEDICAL CARE



FRESENIUS IS A NATIONAL CREDIT TENANT

Listed on both the Frankfurt Stock Exchange (FME) and New York Stock Exchange (NYSE: FMS), Fresenius is the world's leading provider of products and services for people with chronic kidney failure. The company generates net revenue of over \$18.8 billion.

During 2019, the company cared for more than 345,000 dialysis patients at their 3,990 proprietary clinics located in 150 countries worldwide. Fresenius is also the leading provider of dialysis products including dialysis machines, dialyzers and disposable accessories made at their 45 manufacturing sites around the globe. Fifty percent (50%) of the world's operating dialysis machines are produced by Fresenius. Fresenius has an "investment grade" credit rating of BBB with Standard and Poor's.

UNITED STATES



200,000+
US PATIENTS SERVED



3,990+
US DIALYSIS CLINICS



26M
ANNUAL
HEMODIALYSIS
TREATMENT EQUIVALENTS IN NORTH
AMERICA



50+
STATES AND
TERRITORIES IN OUR NETWORK



2
DECADES OF
HEALTHCARE
LEADERSHIP



67,000+
US EMPLOYEES

Source: <https://fmcna.com/>

PRIME LOCATION: TRIANGLE / DURHAM, NC



TRIANGLE REGION HAS RAPID GROWTH IN POPULATION AND DEMAND FOR DIALYSIS CARE

The Triangle Region has seen unprecedented growth in the last decade. In 2019, U-Haul's Migration Trends report ranked the Triangle #1 in its Top Growth Markets in America. This growth makes the current market for real estate incredibly favorable to investors and owners alike. Additionally, The Urban Land Institute ranked the Triangle #2 on its list of US Markets to watch for overall real estate prospects in 2020. With low financing rates still attainable for qualified purchasers, this environment has led to a rapidly dwindling supply of high quality investment properties.

In the Eno River FKC associated Zip Code, ESRI Data predicts an population growth rate of 1.53% annually for the next four years, compared to the national rate of 0.77%. Durham Nephrology Associates, highlighted in the below map, are the Medical Directors for Eno River FKC. Demand for dialysis care in this sub-market is strong, as the doctors' have noted a wait list for the center.



STABLE INVESTMENT: C.O.N. & GOVERNMENT REGULATIONS

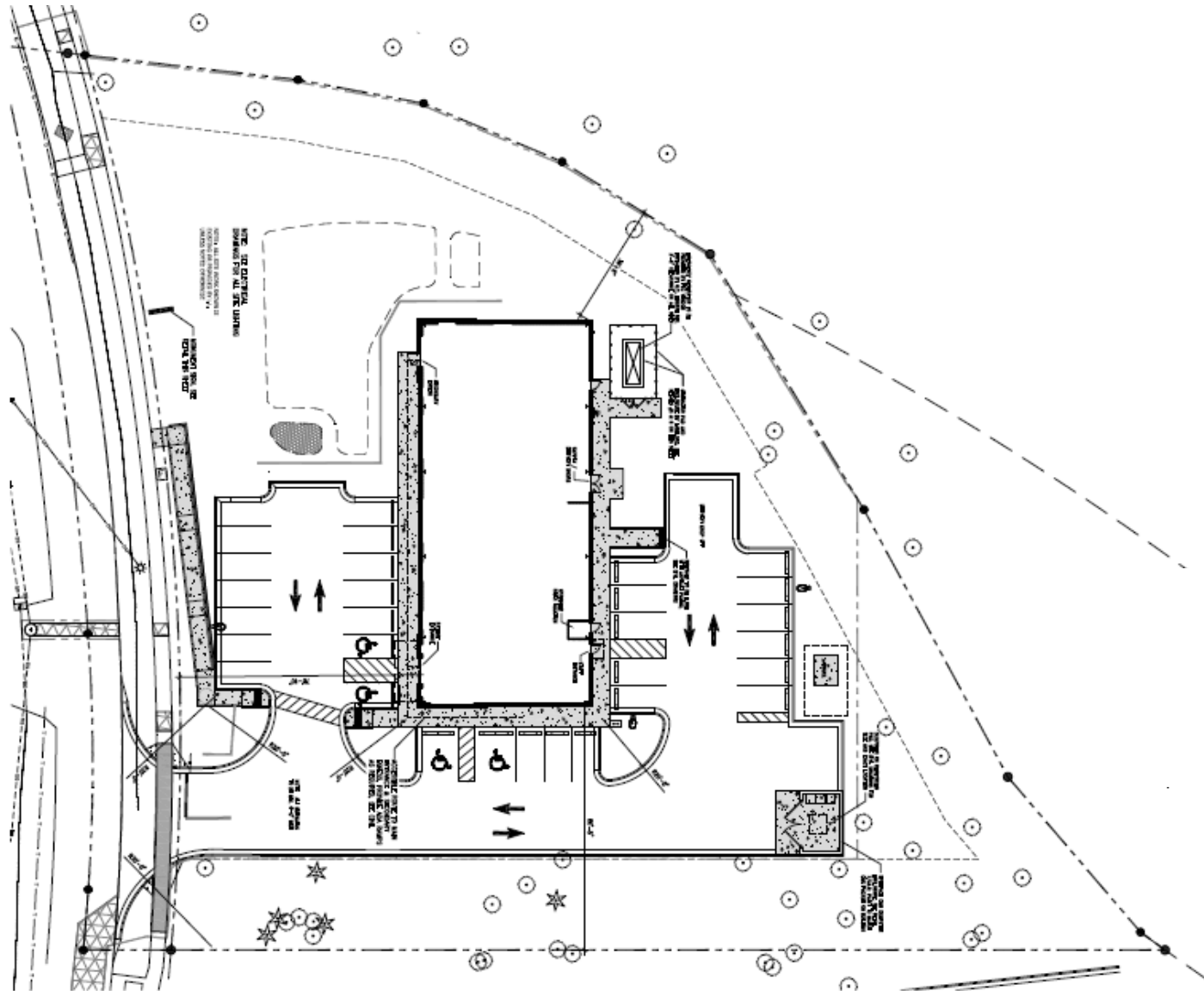


INVESTMENT STABILITY DUE TO GOVERNMENT REGULATIONS & STRENGTH OF MEDICAL SECTOR

The medical sector has been an especially attractive investment market, as investors pursue the stability of long term professional leases associated with medical office buildings. Dialysis properties in North Carolina have another degree of inherent stability due to the state government regulations surrounding the Certificate of Need (CON) process. The cumbersome CON process effectively prevents local competition and enhances the quality of even short-term leases because of the difficulty in simply moving a CON, let alone being granted a new one.

Since the federal government began covering dialysis treatments in 1973, federal underwriting of dialysis treatment has grown to \$34B, or approximately 1% of the total Federal Budget as of 2016. With government regulations protecting the locations and the government payment structures protecting the operators ability to support these locations, the Eno River Dialysis property represents a particularly unique and attractive opportunity for commercial investors in this growing market.

BUILDING: SITE PLAN



BUILDING: ELEVATIONS

ARCHITECTURAL REVIEW

PIN #: 0824-04-82-3974

PARCEL ID#: 172632



MATERIAL LEGEND:

-  CMU
SPLIT FACE
-  EFIS
COLOR #1
-  EFIS
COLOR #2
-  ALUMINUM STOREFRONT
COPING, CANOPIES, & TRIM
CLEAR ANODIZED
-  GLAZING
GRAY LOW-E



1 NORTH ELEVATION
SCALE: 3/16" = 1'-0"



2 SOUTH ELEVATION
SCALE: 3/16" = 1'-0"



3 WEST ELEVATION
SCALE: 3/16" = 1'-0"



4 EAST ELEVATION
SCALE: 3/16" = 1'-0"

LEASE ANALYSIS: RESPONSIBLE PARTIES

ITEM	LANDLORD	TENANT	NOTE
Structural Repairs:	X		Landlord is solely responsible for the costs and maintenance of any structural components of the building including: foundation, slab, structure, load bearing walls, exterior walls, roof, roof supports, columns, retaining walls, gutters, downspouts, flashings, footings, etc. Landlord is responsible for maintaining, repair and replacing all utility lines to the Premises.
Interior Maintenance:		X	Tenant is solely responsible for the cost to keep and maintain the non-structural portions of the interior of the Premises, including all Tenant Alterations.
Exterior Maintenance:	X	X	Landlord is responsible for managing the maintenance and repair of the exterior of the building including: Parking areas, curbing, sidewalks, directional markers, ice and snow removal, water mains, gas and sewer lines, private roadways, landscape, loading docks, and lighting. Note: Tenant can elect to handle these responsibilities at its sole cost. Tenant will reimburse Landlord for associated costs as a monthly estimated maintenance payment in conjunction with base rent. Reimbursement excludes capital expenses.
Capital Expenses:	X		Landlord is responsible for the cost and implementation of any Capital Expenses. If Capital Expenses are intended to reduce Maintenance Expenses, and Landlord shows the projected reduction in expenses, they may be amortized into Tenant's maintenance payment.
HVAC	X	X	Landlord responsible for regular maintenance and repair of the HVAC. Tenant will reimburse Landlord for related costs as part of their maintenance payment except for any major cost defined as replacement cost over \$2,500.
Utilities:		X	Tenant is responsible for directly paying all costs associated with usage of gas, water, sewer, electric, telephone, etc. to the service providers.
Taxes:		X	Tenant shall pay all Property taxes directly to the taxing authority.
Insurance:		X	Tenant is required to pay for its insurance as well as reimburse Landlord for its insurance premiums as part of its maintenance payment.