



MCLAREN HEART CENTER INVESTMENT

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315 E. Warwick Building E | Alma, MI 48801



PRESENTED BY:

PETER COLVIN

Council Chair Of Single Tenant
Investments
616.893.1398
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PROPERTY HIGHLIGHTS

- NN+ Leased to Strong Medical Tenant
- Across From Regional Hospital
- Limited Landlord Costs
- Sharp Looking Building
- 15%+ Est Cash on Cash Return with 25% down



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The information listed above has been obtained from sources we believe to be reliable, however, we accept no responsibility for its correctness.



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SALE OVERVIEW

SALE PRICE: \$950,000

CAP RATE: 8.83%

NOI: \$83,908

LOT SIZE: Condo Lot-Additional Room To Expand

BUILDING SIZE: 5,736 SF

BUILDING CLASS: A

PROPERTY DESCRIPTION

The SVN Colvin Team is pleased to present this attractive Single Tenant Medical Office Investment Building located in a newer medical park across the street from the regional hospital.

The building was built in 2006 and is leased to Bay Regional Medical Center, a McLaren Health System Subsidiary, dba The McLaren Central Michigan Heart Center and Cardiology. Cardiologists Dr. Sudeep Mohan and Dr. Abraham Kerpostman have been located in Alma for over 17 years.

The 10 year NN+ lease runs through 4-30-2021. The Tenant pays taxes, insurance, utilities and CAM. The Landlord pays for the building maintenance and repairs. Please see the detailed Lease Summary. McLaren Health has estimated annual revenues of over \$2 billion.

The City of Alma is located on US 127 between Lansing and Mt Pleasant. This newer medical office building is strategically located directly across the street from the regional hospital Mid Michigan Medical Center and close to Alma College. The property is surrounded by retailers such as Walgreen's, Meijer, KFC, McDonald's, Wendy's, Burger King, Walmart Super Center and many others.



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12% +/- CASH ON CASH WITH 25% DOWN

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INVESTMENT OVERVIEW

Price	\$950,000
Price per SF	\$165.62
CAP Rate	8.8%
Cash-on-Cash Return (yr 1)	15.32 %
Total Return (yr 1)	\$52,168
Debt Coverage Ratio	1.77

NET LEASED MEDICAL OFFICE

OPERATING DATA

Gross Scheduled Income	-
Other Income	-
Total Scheduled Income	-
Vacancy Cost	-
Gross Income	\$88,908
Operating Expenses	\$5,000
Net Operating Income	\$83,908
Pre-Tax Cash Flow	\$36,384

NET LEASED MEDICAL OFFICE

FINANCING DATA

Down Payment	\$237,500
Loan Amount	\$712,500
Debt Service	\$47,524
Debt Service Monthly	\$3,960
Principal Reduction (yr 1)	\$15,784

NET LEASED MEDICAL OFFICE



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INCOME SUMMARY	NET LEASED MEDICAL OFFICE	PER UNIT
Base Rent	\$88,908	-
GROSS INCOME	\$88,908	-

EXPENSE SUMMARY	NET LEASED MEDICAL OFFICE	PER UNIT
Repair/Replacement Reserve	\$5,000	-
GROSS EXPENSES	\$5,000	-
NET OPERATING INCOME	\$83,908	-

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Lease Summary and Deal Story

This sharp looking medical building is home to the McLaren Central Michigan Heart Center Cardiology Practice. The building is presently owned by one of the two Cardiologists that has his practice there. Dr. Abraham Kerpostman and Dr. Sudeep Mohan both started their practices in Alma over 17 years ago. They built this building in 2006 to accommodate their continued growth. The building is part of a beautiful Health and Wellness Professional Park with similar buildings housing Orthopedic, OBGYN, Neurology & Oncology practices.

Tenant Info: McLaren became the Tenant of this building when they purchased the doctors' cardiology practice in 2011 and signed a 10 year lease with the doctors. The lease began in 2011 and runs through April 30, 2021.

Rent: McLaren pays a base rent of \$15.50/SF.

Additional Rent/Tenant Responsibility: McLaren pays additional rent of \$7.50/SF to cover the cost of the property taxes, insurance, snow removal, lawn care, trash, common area cleaning and supplies. In addition, McLaren pays the electricity, gas and water. McLaren is responsible for additional costs if they exceed \$7.50/SF so there is no "cap". To date, costs have not exceeded \$7.50/SF. The Lease calls for an annual reconciliation of the costs.

Roof/Structure HVAC: The Landlord is responsible for repairs and replacement of the roof, structure and mechanicals.

Parking Lot Repairs/Maintenance: The Landlord is responsible for repairs and replacement of the parking lot. However, Mid-Michigan Health, the original medical condo developer and owner of some of the buildings in the parking structure, maintains the parking structure, drives and sidewalks for the association. There has been no cost to the Landlord to date for this.

Snow Removal: The Landlord provides this and the Tenant is responsible for paying for it. However, Mid-Michigan Health has handled the snow removal and sidewalk shoveling at no additional cost to date.

NOI Summary: Since the building is only 10 years old, there have been very few repairs needed. To reasonably account for exposure to future repairs, we used an annual reserve of \$5,000 to fairly underwrite the NOI. So, with rent of \$88,908 (\$15.50/SF) and a reserve for future repairs and replacements of \$5,000, the NOI is calculated at \$83,908.

Free Management/Termination Right: The current owner (The Cardiologist) would consider continuing to handle the management of the building at no cost for the new building owner through the end of the lease term (4-30-2021) if desired. The Cardiologists have a contract with McLaren Physicians Group through 4-30-2021 so there should be no reason for McLaren to use their "60 day lease termination right if no doctor is available for the premises" that is contained in their leases.



STRONG TENANT

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2014 Income: \$2,486,642,000 (year end 9/14 financials)

2014 Net \$185,544,000 (year end 9/14 financials)

McLaren Health Care Corporation, through its subsidiaries, owns and operates medical centers and community hospitals in the Greater Michigan and the Upper Peninsula areas. Its facilities include acute care hospitals, orthopedic hospitals, ambulatory surgery centers, cancer centers, imaging centers, proton therapy center, an employed primary care physician network, commercial and Medicaid HMOs, and a medical malpractice insurance company.

The company's healthcare facilities provide services in the areas of bariatrics, behavioral health, blood conservation, breast care, cancer services, cardiac, diabetes/nutrition counseling, diagnostic imaging, dialysis/IV services, emergency care, EMS, extended care, family birthplace, free clinics, health insurance, homecare, hospice, implantable hearing solutions, infectious disease, infusion center, intensive care, laboratory and pathology, lifeline, medical library, medical supplies and equipment, neurosciences, ophthalmology, orthopedics, pain management, pediatrics, pharmacy services, primary care, proton therapy, pulmonary and respiratory, rehabilitation and therapy, robotic surgery, sleep medicine, stroke center, surgical and endoscopy, wellness, trauma, urology, women's care, and wound care.

It also offers health care benefits to Medicaid recipients and group employers through HMO, POS, and PPO products. In addition, the company provides home health care, palliative care, hospice, home medical supplies and equipment, infusion, and pharmacy services. Further, it offers physician insurance programs to medical and staff professionals. McLaren Health Care Corporation was incorporated in 1981 and is based in Flint, Michigan with additional offices and locations in Michigan.

The info above was obtained by the Company's Website and published financial statements



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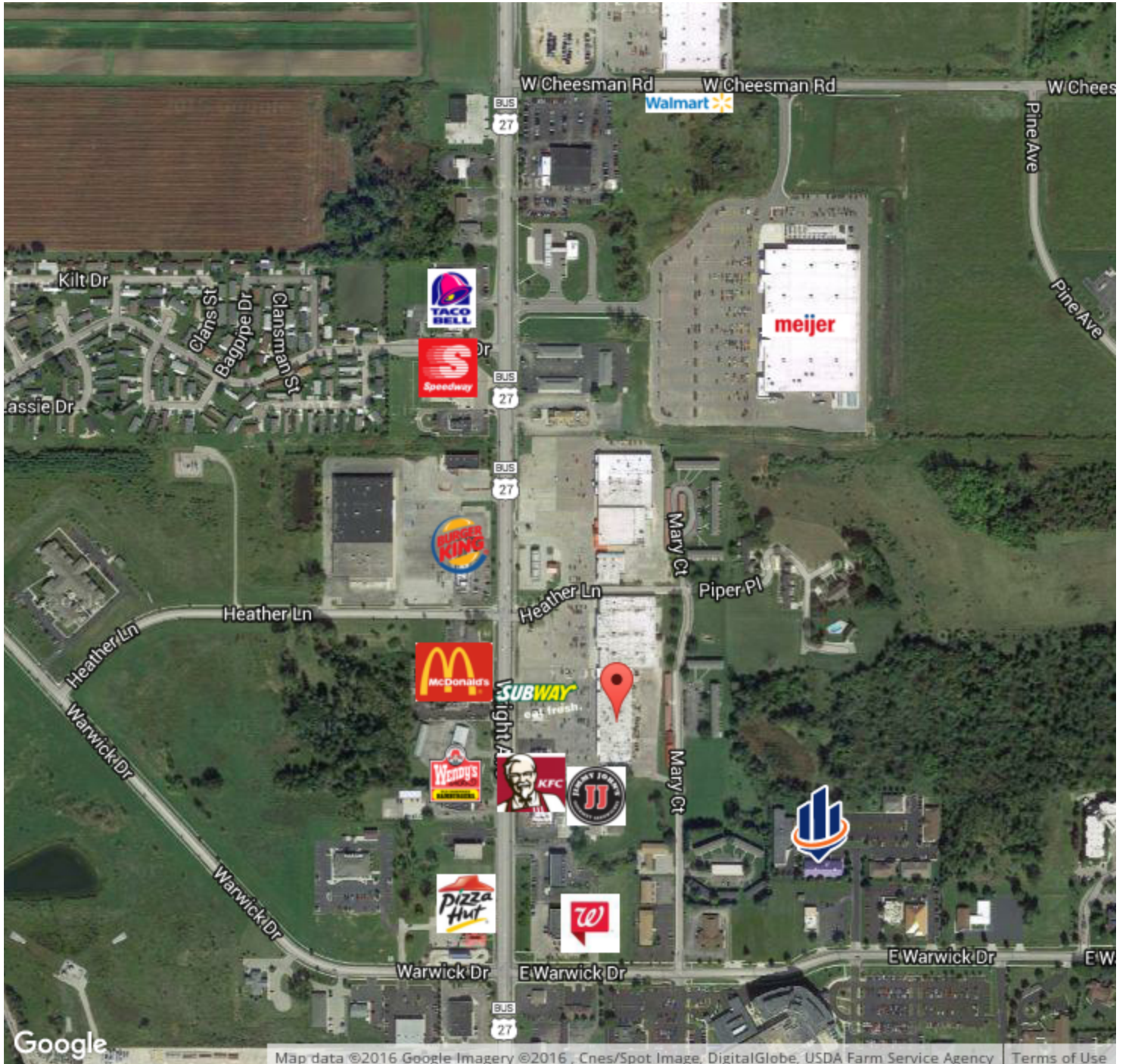
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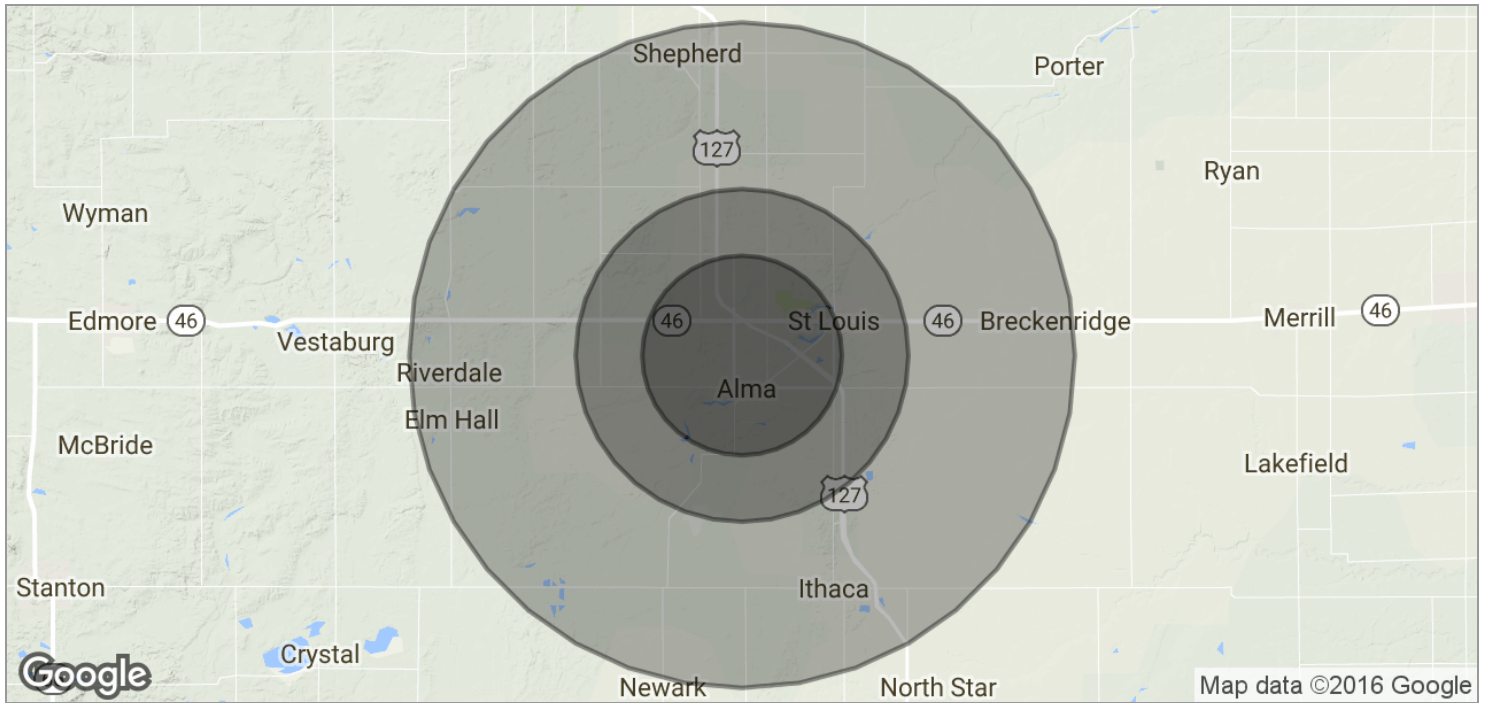
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POPULATION	3 MILES	5 MILES	10 MILES
TOTAL POPULATION	1,144	3,591	17,786
MEDIAN AGE	42.9	41.9	40.4
MEDIAN AGE (MALE)	43.2	42.1	39.7
MEDIAN AGE (FEMALE)	42.6	39.7	40.1

HOUSEHOLDS & INCOME	3 MILES	5 MILES	10 MILES
TOTAL HOUSEHOLDS	409	1,151	6,244
# OF PERSONS PER HH	2.8	3.1	2.8
AVERAGE HH INCOME	\$64,523	\$63,924	\$56,271
AVERAGE HOUSE VALUE			\$120,646



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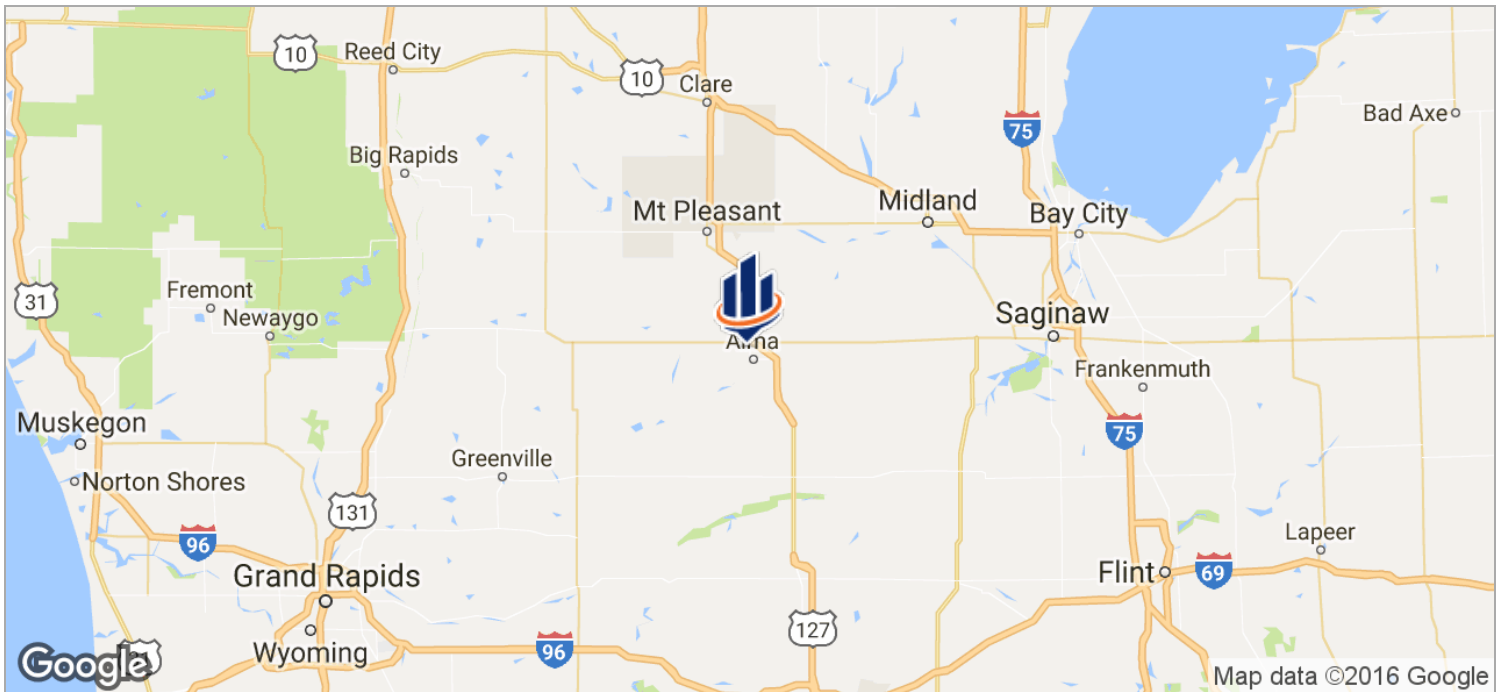
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SINGLE TENANT MEDICAL OFFICE INVESTMENT

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Peter Colvin

Council Chair of Single Tenant Investments
SVN | Silveri Company

Peter and his son Chris have built a very strong national practice helping people buy and sell quality single tenant investment real estate leased long term to strong tenants.

Peter serves as the Chairman of the National Single Tenant Group for SVN. He is consistently one of the "Top 10 Advisors in America" for the company out of 1600 + Advisors.

Peter has over 10 years of investment real estate experience and has completed nearly two billion dollars in transactions.

Peter specializes in 1031 Exchanges. He helps clients exchange their management intensive properties into safe, long term "mailbox" money passive investments. His SVN Teammates count on Peter to handle their clients' 1031's as well.

Peter hosts The National Single Tenant Call and has been a featured speaker at national conferences and events.

Peter has won numerous local, regional, and national awards, including The CoStar Power Broker Award and The Partner Circle Award [SVN's highest honor] for many consecutive years. He was voted The SVN Team Player of the Year for back to back years.

Peter and Chris helped create "The Dollar General Fund" which owns new NNN leased Dollar Generals that investors can purchase units in for long term cash flow.

Peter and Chris co-founded "Easy Leasebacks" which has become a very popular vehicle for growing companies to use real estate equity to creatively fund their growth.

Colvin earned degrees in business and music from Aquinas College in Grand Rapids, Michigan, where he resides with his wife, Deb and sons. He enjoys going on adventures with his cool wife Deb, playing football with his college middle linebacker Cody and playing tennis and growing the business with his son Chris.

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DISCLAIMER

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