



# CONFIDENTIAL OFFERING MEMORANDUM

# CLEANSTART HEALTH

3580 NC-14  
REIDSVILLE, NC 27320



JDS

REAL ESTATE SERVICES, INC.

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**CleanStart Health's** Reidsville, NC location is a top performing, fully-accredited, outpatient opioid treatment facility. The location will feature a fresh 15-year absolute NNN lease at closing of the sale, resulting in a highly attractive investment for a passive investor.





# EXECUTIVE SUMMARY



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# EXECUTIVE SUMMARY





# INVESTMENT OPPORTUNITY

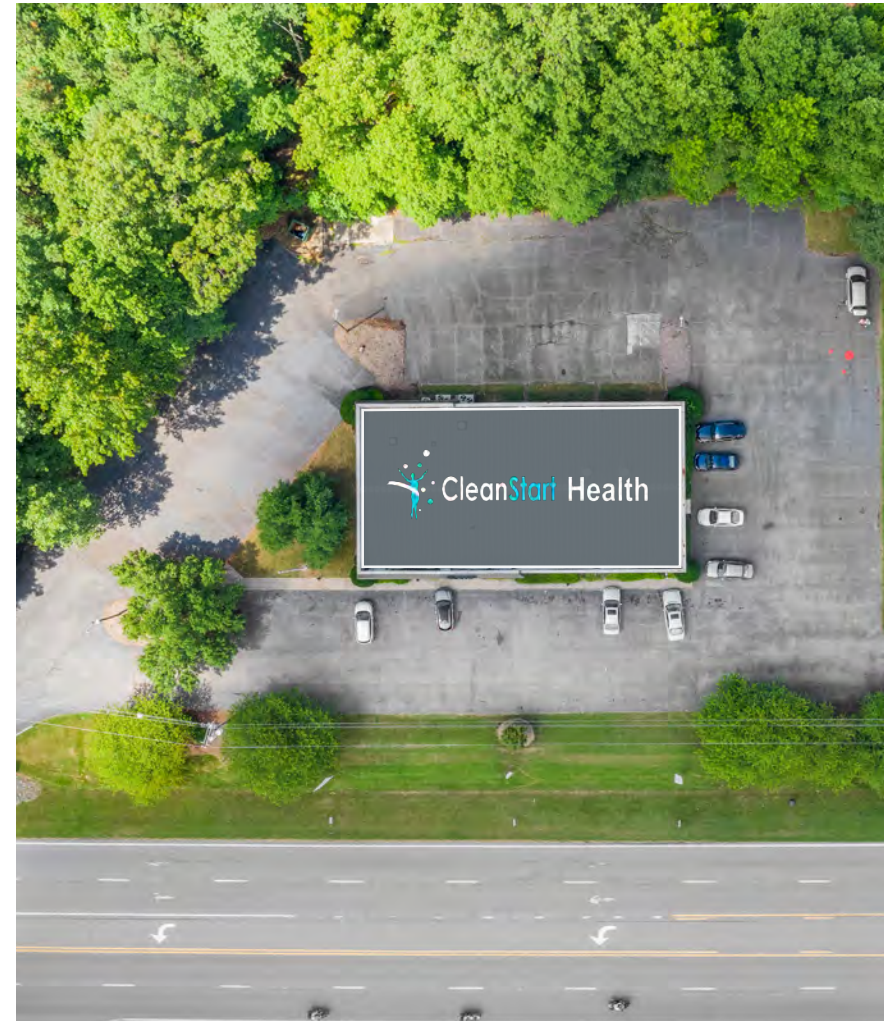
JDS Real Estate Services, Inc. exclusively represents CleanStart Health in the sale and leaseback of their Reidsville, NC outpatient opioid treatment facility.

The 5,000 SF facility is strategically located less than 10 miles from the Virginia/North Carolina border, providing convenience to patients in the surrounding area. The facility's patient service area includes Danville, Martinsville, and Ridgeway, VA, along with Eden, Reidsville, Burlington, and Greensboro, NC. Given the lack of nearby treatment options, a result of heavy regulation, federal, and state licensing, patients often drive upwards of 40 miles to receive their medication.

CleanStart Health's business is bolstered by daily visits from patients who legally must receive their medication from a licensed counselor. Because opioids are highly addictive, treatment protocols can take months or years to eliminate dependence, facilitating continued visits to CleanStart facilities. Over time, leveraging a combination of CleanStart's clinical treatments, nutritional counseling, and medication, patients are able to successfully rid themselves of their addiction.

At closing, CleanStart Health will execute a fresh 15-year absolute NNN lease with a year-1 NOI of \$100,000, and 2% annual rental escalations.

**\$1,333,333** | **7.5%** | **15-YEAR**  
SALE PRICE | CAP RATE | Absolute NNN LEASE



# PROPERTY OVERVIEW

## PROPERTY DETAILS

Property	3580 NC-14, Reidsville, NC 27320
Use	Opioid Treatment Clinic
Building Size	5,000 SF
Parcel Size	3.41 Acres
Built/Renovated	1982/2019
Special Licensing	Federal approval by the DEA; State approval for location specific care program
Special Features	Vault, video monitoring system, and double-entry doors

## PROPOSED LEASE TERMS

Lease Rate	\$20.00/SF
Year-1 Rent	\$100,000
Increases	2% annually
Term	15 years from Close of Escrow
Structure	Absolute NNN
Landlord Responsibilities	None
Pricing	\$1,333,333
Cap Rate	7.50%



# OPPORTUNITY HIGHLIGHTS

01

## GROWING NEED

With the opioid epidemic on an upward trajectory, demand for treatment has increased, resulting in a stable business and tenancy for many years to come.

02

## HIGHLY PROFITABLE

CleanStart Health locations operate on a 40% EBITDA margin, a highly profitable model that ensures rent is paid.

03

## QUICK STABILIZATION

Locations typically reach stabilization within 16 months of opening. Reidsville has only been open 8 months and has reached 64% patient capacity.

04

## LOW PRICE POINT

The property is priced at just over \$1M, making for a highly accessible investment, particularly for a healthcare related property.

05

## ATTRACTIVE LEASE

A new 15-year absolute NNN lease with annual increases will be structured at closing, resulting in a highly attractive investment for a passive investor.

06

## BARRIER TO ENTRY

CleanStart locations require federal and state licensing, a time consuming process that makes relocation difficult.

# MARKET TREND

There are 1,597 Opioid Treatment Programs in the US, however the need and demand calls for an additional 15,000 programs across the nation to battle the country's ever growing opioid epidemic. CleanStart Health is part of the solution.

## THE CHALLENGES

The Opioid Treatment Program (OTP) sector of healthcare is fragmented, with only 8 providers owning 10 or more sites. This divide creates a rift within the treatment system and causes a lack of consistency. Patients drive on average 40 miles round-trip to receive treatment services due to the lack of options and locations. Average wait times exceed 1 hour when care can be delivered in minutes.

**47,000**

OPIOID-INVOLVED  
OVERDOSE DEATHS IN 2018

**25M**

USED OPIOID PRESCRIPTION  
MEDICATIONS DAILY IN 2018

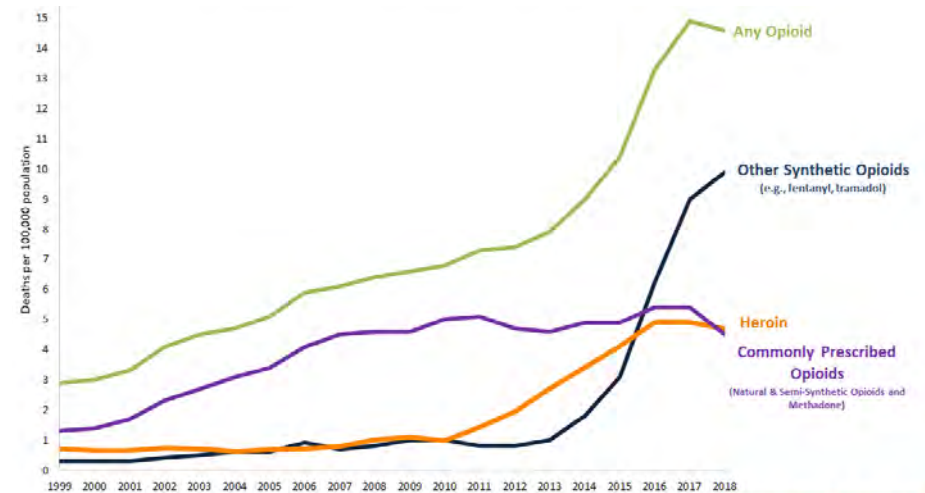
**1,597**

OPIOID TREATMENT  
PROGRAMS IN THE US

**15,000**

OPIOID TREATMENT  
PROGRAMS NEEDED

## OVERDOSE DEATH RATES INVOLVING OPIOIDS, BY TYPE UNITED STATES, 1999-2018



SOURCE: CDC/NCHS, National Vital Statistics System, Mortality; CDC WONDER, Atlanta, GA; US Department of Health and Human Services, CDC; 2020. <https://wonder.cdc.gov/>

[www.cdc.gov](http://www.cdc.gov)  
Your Source for Credible Health Information



# TREATMENT PROTOCOLS

Opioid users have three treatment options, all with the same objective of eliminating their addiction.



## NON-MEDICATED RESIDENTIAL SERVICES

Under this treatment protocol, patients move into a residential care facility where they are overseen by a trained staff and fight their addiction without the aid of medication. While this treatment protocol is rarely used today, it is effective in quickly transitioning patients to drug-free living. This form of care can be expensive because of the residential living component.



## MEDICATED RESIDENTIAL TREATMENT

Under this treatment protocol, patients move into a residential care facility where they are overseen by a trained staff and fight their addiction with the aid of various medications. While none of the medications are curative, they diminish withdrawal symptoms and cravings, making for a smoother and more manageable detox than without medication. Still, this option may be out of reach for many patients.

## CLEANSTART PROTOCOL



## MEDICATED OUTPATIENT TREATMENT

Under this treatment protocol, patients visit an outpatient facility daily in order to meet with a Certified Substance Abuse Counselor trained to help curb addiction, receive counseling, and be dispensed a daily dose of medication. The available medications include Methadone, Suboxone, and Buprenorphine and are highly controlled substances that require approval by the Drug Enforcement Agency to dispense.



# THE SOLUTION

CleanStart Health's fully-accredited, federal and state licensed treatment programs help patients successfully fight their addiction without the restrictions or high costs of residential treatment programs.

## CLEANSTART'S PROTOCOL

Evidence based clinical treatment

Nutritional counseling

Medication (Methadone, Suboxone, and Buprenorphine)

## ACCREDITATIONS



Locations have a quick ramp-up period and are fully stabilized within 16 months of opening.

70% of payments are made by insurance providers, including Medicaid, Medicare, TriCare, and other commercial health plans, creating income stability for the operation.

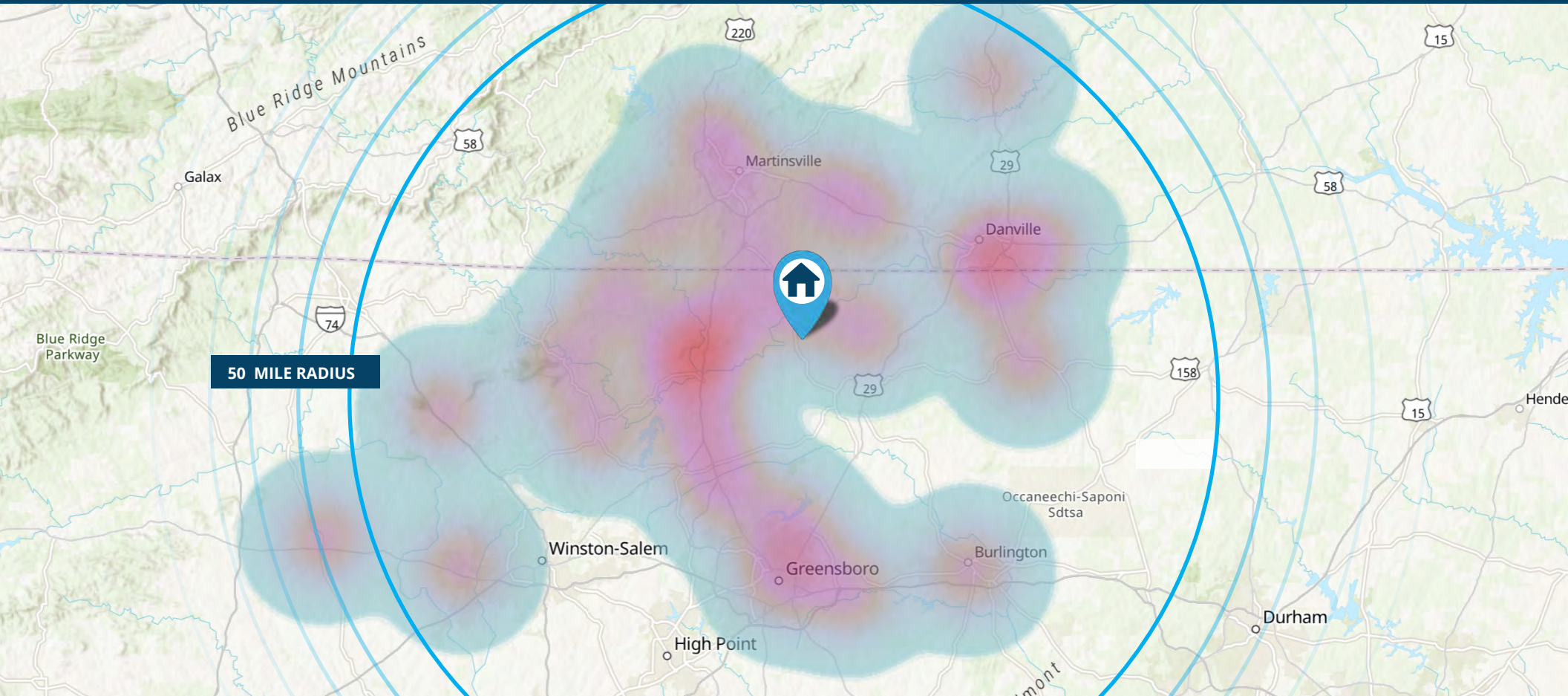
Stabilized locations attract 350 patients daily and generate \$175,000 in monthly revenue, resulting in an annual unit volume of over \$2,000,000 and a 40% EBITDA margin.

Within 8 months of operation, the Reidsville location has already reached 225 daily patient visits.



# TREATMENT REACH

A defined need and CleanStart's high level of care draw patients from a 50 mile radius, a catchment area encompassing 30 zip codes in Virginia and North Carolina.





# GROWTH PLAN

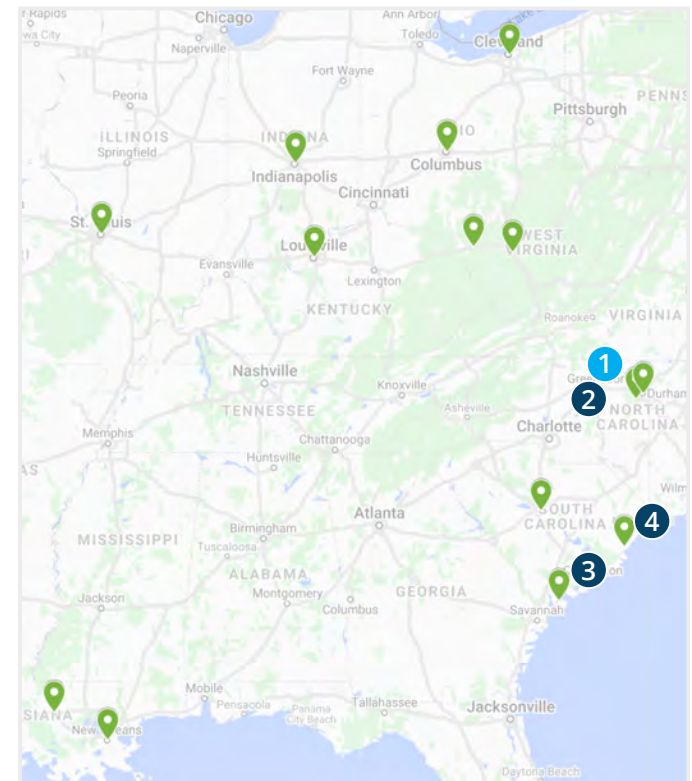
CleanStart Health is a growing medical concept focused on addiction treatment in underserved markets in the eastern United States. The company has an active pipeline of new locations in various stages, strategically growing their reach.

## ACQUISITION PIPELINE

	Address	Opening	Size	Notes
1	3580 NC-14, Reidsville, NC 27320	10/15/2019	5,000 SF	Subject Property
2	919 Phillips Avenue, High Point, NC 27262	6/29/2020	14,646 SF	Successfully Opened
3	8252 Rivers Avenue, North Charleston, SC 29406	9/1/2020	6,572 SF	On Target for Opening
4	Highway 17 @ 31st Street, Atlantic Beach, SC 29582	11/1/2020	6,300 SF	On Target for Opening

## UPCOMING LOCATIONS

Beaufort, SC	New Orleans, LA	St. Louis, MO
Georgetown, SC	Baton Rouge, LA	Indianapolis, IN
Columbia, SC	Charleston, WV	Cleveland, OH
Chapel Hill, NC	Huntington, WV	Columbus, OH
Durham, NC	Louisville, KY	



# GROWTH PLAN

The company has a stringent site selection process and secures federal and state licensing, creating a high barrier to entry, committed tenancy, and secure real estate investment.



## LOCATION SELECTION PROCESS

CleanStart locations are identified based on a proprietary site selection analysis that factors in areas with the greatest need. This includes evaluation of area overdose cases, law enforcement consultations, and Narcan usage.



## SECURITY MEASURES

To maintain licensing and safety requirements, each facility is equipped with multiple security measures, including a vault for medications, video monitoring system, and double-entry doors.



## HIGH BARRIER TO ENTRY LICENSING

Because of the highly regulated nature of the treatments CleanStart locations provide, the company and each location undergoes rigorous federal and state licensing procedures. This includes individual review and licensing of each facility by the Drug Enforcement Agency as well as state licensing for the care programs administered by each location.

## FINANCIAL METRICS

16 MONTH

RAMP-UP  
PERIOD

40%

EBITDA  
MARGIN

70%

PAYMENTS FROM  
INSURANCE

350

AVERAGE  
DAILY PATIENTS



# MARKET OVERVIEW



JDS  
REAL ESTATE SERVICES, INC.

ERE  
HEALTHCARE REAL ESTATE  
ADVISORS





# AREA OVERVIEW MAP



**GREENSBORO, NC**  
**30 MILES**



# AREA OVERVIEW



Reidsville is nestled in the heart of Rockingham County, known as North Carolina's "North Star." The city is situated within the "Piedmont Triad", a north-central region of North Carolina that consists of the area within and surrounding

three major markets: Greensboro, Winston-Salem, and High Point. As of 2012, the Piedmont Triad has an estimated population of 1,611,243 making it the 33rd largest combined statistical area in the United States. Reidsville is located in the southwestern corner of the county, just north of Greensboro with US 29 running along the city's border. The first in the county to be named an "All-America City", Reidsville provides a small-town lifestyle with great sense of community from its historic downtown streets to its 750-acre lake and park.

The economy in the Piedmont Triad is diverse. Greensboro, NC serves as a financial, retail and business hub for the region. Manufacturing is a major economic component. Industries such as furniture, textiles and tobacco have important roles in Greensboro's economy. Wholesale trade and the finance and insurance industries are also important economic drivers. Prominent companies headquartered in Greensboro include VF Corporation, International Textile Group, Lorillard Tobacco Company, Honda Aircraft Company, LabCorp and many more. Additionally, the University of North Carolina at Greensboro, the largest institution of higher learning in the region, and North Carolina A&T State University have joined forces to establish the Gateway University Research Park, a technology-based entity that will focus its efforts on a host of biological, life, and environmental science research projects. Upon full build out of the project, it is expected to be housed by two 75-acre campuses, employ approximately 2,000 people, and generate \$50 million per year to the Triad economy.

# Forbes

#66 BEST PLACES  
FOR BUSINESS AND CAREERS 2019



METRO  
POPULATION

767.7K



UNEMPLOYMENT  
MARCH 2020

4.3%

## MAJOR INDUSTRIES



EDUCATION



TECHNOLOGY



TRANSPORTATION



# PROPERTY PHOTOS



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REAL ESTATE SERVICES, INC.

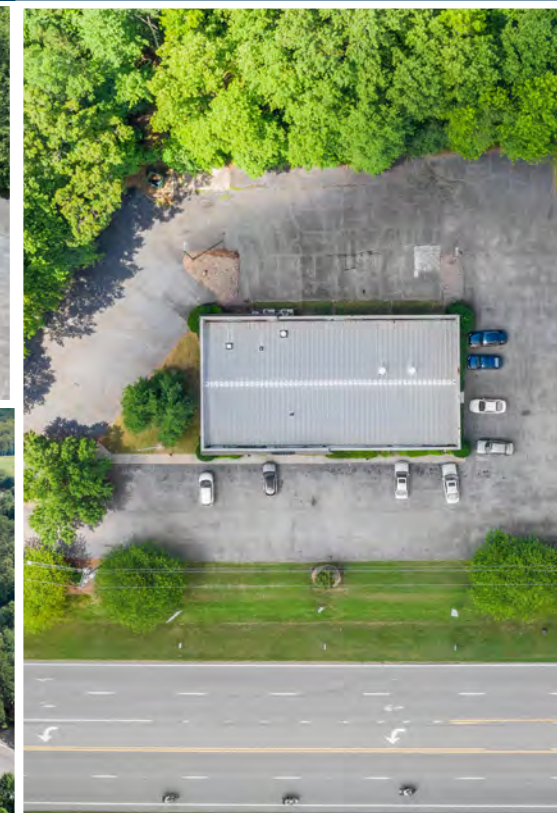
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# PROPERTY PHOTOS

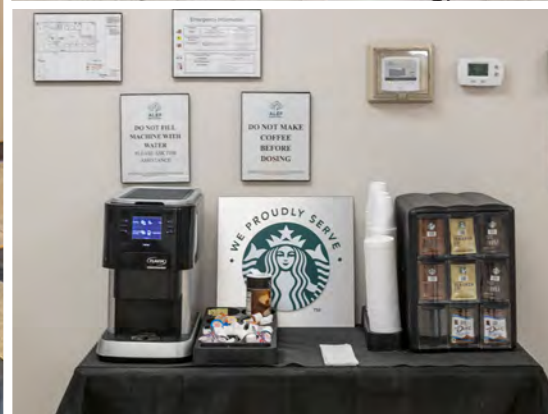
CleanStart's Reidsville facility is strategically located less than 10 miles from the Virginia/North Carolina border, providing convenience to patients in the surrounding area.





# PROPERTY PHOTOS

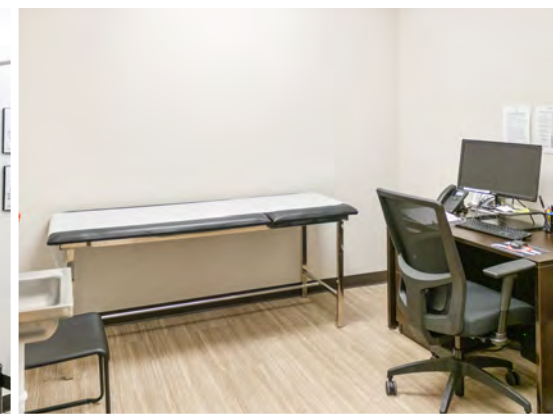
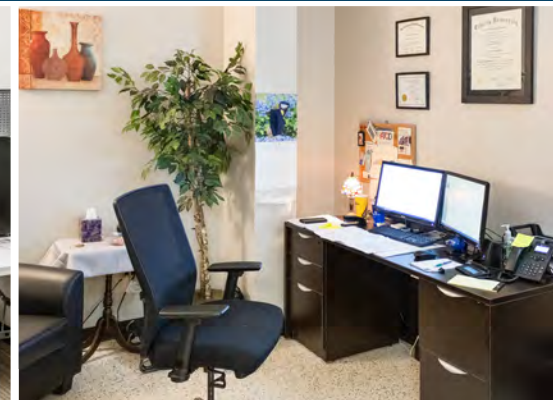
The property was completely renovated in 2019 to update the aesthetics and implement the required security measures, including a vault for medications, video monitoring system, and double-entry doors.





# PROPERTY PHOTOS

CleanStart locations facilitate a high throughput, providing counseling and treatment for up to 350 patients on a daily basis.





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