



# GALLERY PROFESSIONAL BUILDING

17 W EXCHANGE ST, ST PAUL, MN 55102

STARTING BID: \$1,750,000

AUCTION DATE: MAY 24-26





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[www.rimarketplace.com/auction/880](http://www.rimarketplace.com/auction/880)



# EXECUTIVE SUMMARY



# THE OFFERING

CBRE is pleased to offer the Gallery Professional Building (the "Property") located at 17 Exchange St W in St. Paul, Minnesota for purchase. The Property consists of an eight-story medical office building adjacent to M Health Fairview St. Joseph's Hospital, one of the top medical institutions in Minnesota, within vibrant downtown St. Paul. The building is  $\pm 108,277$  rentable square feet and is currently  $\pm 8\%$  leased. The Property presents investors with an ideal opportunity to capitalize on the supply-constrained MOB market and various upside opportunities through lease-up strategies and/or long-term repositioning/redevelopment.

AUCTION DATE  
**MAY 24-26**

AREA  
**108,277 RSF**

PERCENTAGE LEASED  
 **$\pm 8\%$**

# INVESTMENT HIGHLIGHTS



Campus Adjacent  
Locations



Investment Grade-Credit,  
Health System Tenancy



Value-Add Portfolio  
Opportunity



Highly Accessible,  
Amenity-Rich Location  
in Downtown St. Paul



Appealing  
Aging Trends



Increased Demand for  
Outpatient Facilities



Positive Physician  
Employment Trend



Offered Free and  
Clear of Any Debt

# PORTFOLIO OVERVIEW



## Gallery Professional Medical Center

Address

17 West Exchange Street  
St. Paul, MN 55102

Rentable Square Footage

108,277

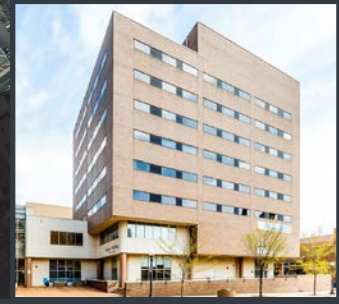
Rentable Percentage Leased

±8%

Year of Construction

1978; Renovated 1996-2006

**HEALTH FAIRVIEW**  
St. Joseph's Hospital



Gallery Professional Medical Center

MINNESOTA  
HISTORY  
CENTER

**Allina Health**  
UNITED  
HOSPITAL

**Xcel Energy Center**

**LANDMARK  
CENTER**

SAINT PAUL  
**RIVERCENTRE**

**Science  
Museum**  
of Minnesota



# INVESTMENT HIGHLIGHTS



## CAMPUS-ADJACENT LOCATIONS

The Property is located adjacent to some of the most prominent medical institutions in Minnesota. Gallery Professional Medical Center is located directly across the street from M Health Fairview St. Joseph's Hospital, the first hospital established in Minnesota. The M Health Fairview Health Services network consists of 10 hospitals and 60 clinics dispersed throughout Minnesota.



## FAVORABLE NET LEASE STRUCTURE WITH ANNUAL RENT INCREASES

The Portfolio provides an investor with a favorable triple net lease structure and annual rent escalations, limiting expense exposure for the Landlord and providing revenue growth. Net-leased healthcare real estate continues to be a preferred real estate investment as it offers a low-maintenance investment for the Landlord.



## SIGNIFICANT CAPITAL INVESTMENT

The Landlord has invested significantly in the Property in recent years. Improvements at Gallery Medical Center include a lower roof replacement, the addition of a security monitoring system and controlled access system, upgraded EMS and installation of programmable thermostats.



## HIGHLY ACCESSIBLE, AMENITY-RICH LOCATION IN DOWNTOWN ST. PAUL

The Property is centrally located in Downtown St. Paul, offering close access to numerous entertainment, hospitality, and dining options. Within proximity are endless entertainment options including professional sporting events, world-class theater & arts performances, year-round concerts featuring renowned musicians, diverse dining options, and several prominent national & international hospitality options. The Property is strategically positioned with immediate access to Interstate-35E which filters into Interstate 94, providing a direct link to Downtown Minneapolis. Additionally, Gallery Professional Building is positioned two blocks from the 10th Street Station for the METRO Green Line, which also provides easy access between the property and Downtown Minneapolis.



## APPEALING AGING TRENDS

The number of Americans aged 65 and older (with an increased need for health care) is projected to double to 71 million or nearly 20% of the U.S. population by 2030. Within a 5-mile radius of the properties in the Portfolio, residents aged 65 or older currently comprise over 11.9% of the total population. This figure is expected to grow an additional 9.2% over the next 5 years. In addition, 88.3% of the total population has access to medical care through government or private programs. These demographic trends support the projected stability of the Portfolio going forward. (Source: MRA)





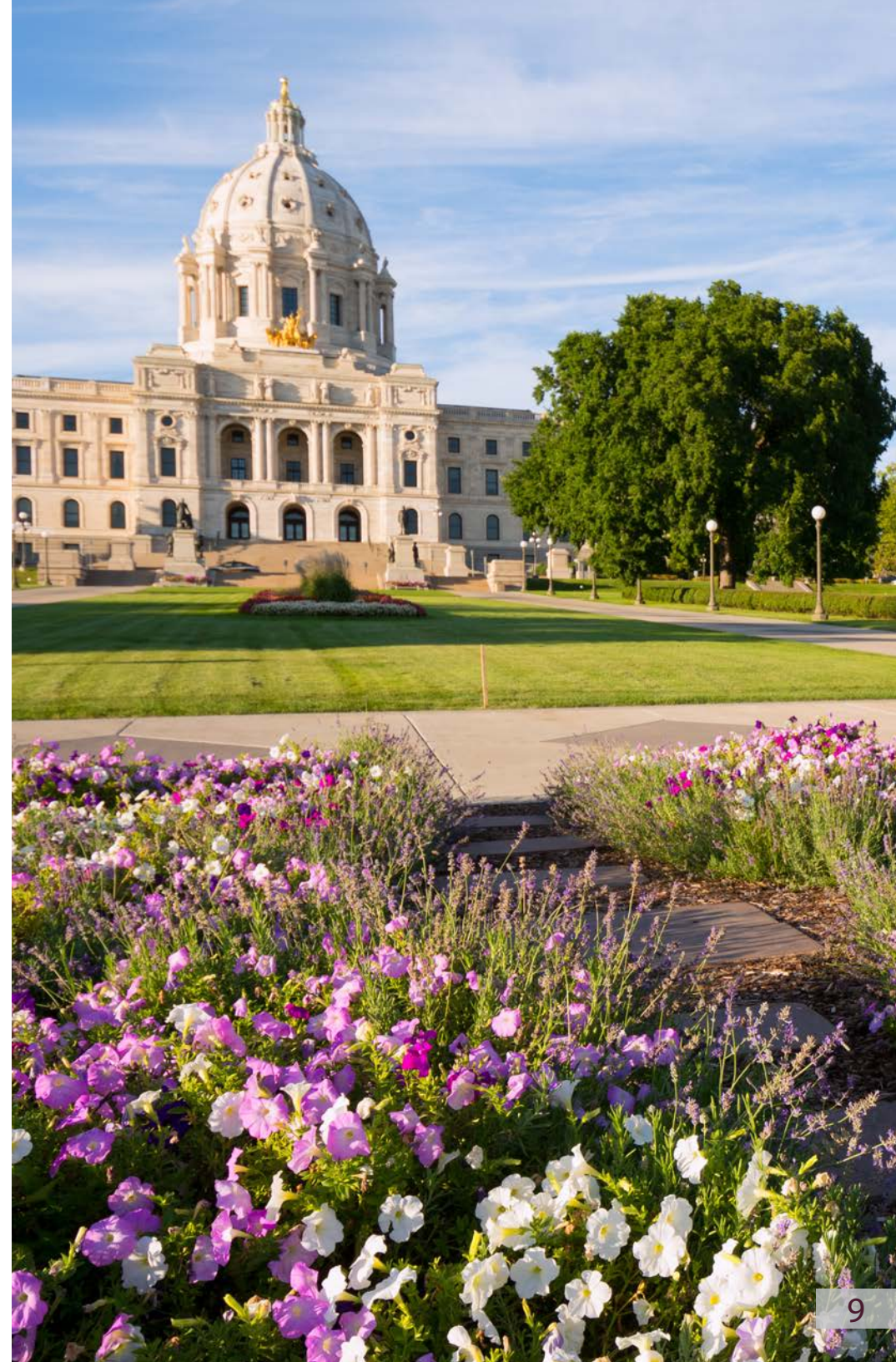
## INCREASED DEMAND FOR OUTPATIENT FACILITIES

Healthcare systems are under mounting pressure from government and insurance companies to reduce costs and find alternatives to traditional hospital care. As the cost of outpatient treatment is generally less than inpatient treatment, the demand for outpatient services, and buildings where those services are offered, should continue to increase as the large population of Baby Boomers age and require more medical care. Moreover, with the implementation of the Affordable Care Act, the demand for cost-effective outpatient facilities is expected to increase exponentially.



## POSITIVE PHYSICIAN EMPLOYMENT TRENDS

As provider reimbursements via Medicare and Medicaid shrink (and will continue to do so as part of the Patient Protection and Affordable Care Act), primary care physicians and specialists will continue to contemplate the idea of selling their practice to the hospital. According to Managed Care Magazine, “the majority, if not 85% to 90%, of all physician groups will be integrated into some type of system. The kind of practice of independent medicine we once knew is dead.”





# BUILDING OVERVIEW AND FINANCIALS



# PROPERTY OVERVIEW

## Gallery Professional Medical Center

The Gallery Professional Building is located at the intersection of St. Peter Street and Exchange Street in St. Paul, Minnesota within Ramsey County. Built in 1978 and renovated between 1996 and 2006, the facility sits on a  $\pm 0.49$ -acre site with a main entrance on St. Peter Street and a secondary entrance on Exchange Street through Subway. Tenants park in an adjacent city-owned parking garage. The Property is positioned across the street from M Health Fairview St. Joseph's Hospital and is connected via a skybridge on the 2nd floor. Founded in 1853 as Minnesota's first hospital, the 253-bed medical center provides a comprehensive range of medical, surgical, rehabilitative, and diagnostic services. M Health Fairview is the newly expanded collaboration among the University of Minnesota, University of Minnesota Physicians, and Fairview Health Services. The healthcare system combines the best of academic and community medicine — expanding access to world-class, breakthrough care through 10 hospitals and 60 clinics.

Within proximity to the Property are endless entertainment options including the Ordway Center for the Performing Arts, Saint Paul River Centre, Xcel Energy Center and the Minnesota State Capitol. The Property is strategically positioned with immediate access to I-35E which filters into I-94, providing a direct link to downtown Minneapolis. Additionally, the Property is positioned two blocks from the 10th Street Station for the METRO Green Line, which provides easy access to downtown Minneapolis. The surrounding 5-mile radius has experienced  $\pm 8\%$  population growth from 2010-2020 with an additional 3.4% growth anticipated from 2020-2025. The Property benefits from excellent demographics with a 2020 population of  $\pm 373,991$  and average household income of \$80,712 within the same 5-mile radius.



PROPERTY  
Gallery Professional  
Medical Center

ADDRESS  
17 West Exchange Street  
St. Paul, MN 55102

COMPLETED  
1978; Renovated 1996-2006

SIZE  
108,277 RSF

OCCUPANCY  
 $\pm 8\%$

STARTING BID  
\$1,750,000

AUCTION DATE  
MAY 24 - 26





JOHN IRELAND BLVD

W KELLOGG BLVD



W 5TH ST

**HEALTH FAIRVIEW**  
St. Joseph's Hospital



Gallery Professional Medical Center

  
MINNESOTA HISTORY CENTER

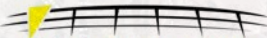
W EXCHANGE ST

10TH ST E

ST PETER ST

WABASHA ST N

ST JOSEPH LN

  
Xcel Energy Center

LANDMARK CENTER

W KELLOGG BLVD

  
ORDWAY  
Joy. Centerstage.



# BUILDING SPECIFICATIONS

## Gallery Professional Medical Center

ADDRESS:	17 West Exchange Street, St. Paul, MN 55102
COUNTY:	Ramsey
YEAR BUILT:	1978
YEAR RENOVATED:	Between 1996 and 2006
SQUARE FOOTAGE:	108,277
STORIES:	Eight (8) plus 9th floor storage and maintenance space. No elevator access to 9th floor.
SITE SIZE (ACRES):	±0.49
PARCEL NO(S):	31-29-22-34-0020, 31-29-22-34-0280
ZONING:	Capital Area Architectural and Planning Jurisdiction (CAAPJ)
PARKING:	No parking included in Offering. Tenants park in adjacent city-owned parking garage. Property owner rents 5 spaces for \$437.85/month (terminable).
OWNERSHIP:	Fee Simple
FOUNDATION/STRUCTURE:	Reinforced concrete steel-framed structure
EXTERIOR WALLS/WINDOWS:	Brick masonry and concrete panel exterior finishes
HEATING & COOLING (HVAC):	The heating system for the majority of the building consists of perimeter electric baseboard radiation and smaller area heaters. The office portion cooling is provided by two large rooftop packaged air-handling units with cooling coils served by the municipal district cooling system. The conditioned air is ducted to VAV boxes in the office and commercial spaces throughout the property. Heating and cooling in the atrium section is provided by four (4) 10-ton rooftop units with electric reheat coils and electric AC condensers. There are two (2) new VFD's (variable frequency drive) which improved electrical costs by 15%. These were installed in 2015.
ROOF:	There are five roof sections, one section was replaced in 2014 which has a 30-year warranty.
ELECTRICAL:	Electrical power is supplied from the surrounding public streets, and there are multiple transformers located in the basement level. The property has several main services that provide transformed 277/480 and 120/208 volt, 3-phase, and 4-wire service to each building section. Total property amperage is reportedly adequate. Management reports that all branch wiring at the subject is copper. An emergency diesel-fired electrical generator is located in the electrical room. A fuel tank is located adjacent to the generator. The interior lighting is a combination of recessed and surface incandescent and fluorescent fixtures. Qwest provides the telephone trunk lines to the property.
PLUMBING/WATER/STEAM:	Domestic water is provided from underground mains. Domestic water piping was observed to be copper throughout the structure. Sanitary drainage and vent piping was mostly cast iron throughout. Circulation pumps are present to maintain water pressure to the upper levels.
ELEVATORS & STAIRS:	Three overhead traction elevators manufactured by Westinghouse and serviced by Thyssen Krupp serve all levels of the main building. One of the elevators extends to the three parking levels below the building as well. Each car has a capacity of 2,500 to 3,500 pounds, and was observed to be operating adequately. Elevator machinery and switchgear are located in the mechanical penthouse on the roof. The current elevator certificate is reportedly on file and the units are licensed from the City of St. Paul on a yearly basis. The certificate is dated June 5, 2006. Elevator finishes include carpeted floors and walls, with metal or mirrored walls and recessed incandescent lighting. Controls appear to meet ADA handicapped accessibility standards. Two escalators are located on the ground levels of the property, manufactured by Westinghouse.
FIRE/LIFE SAFETY/SPRINKLER:	Fully equipped fire & sprinkler system



# St. Joseph's Hospital

ST PETER STREET

W 10TH STREET

WABASHA STREET

W EXCHANGE STREET


Gallery Professional  
Medical Center




# LOCATION OVERVIEW

## Gallery Professional Medical Center

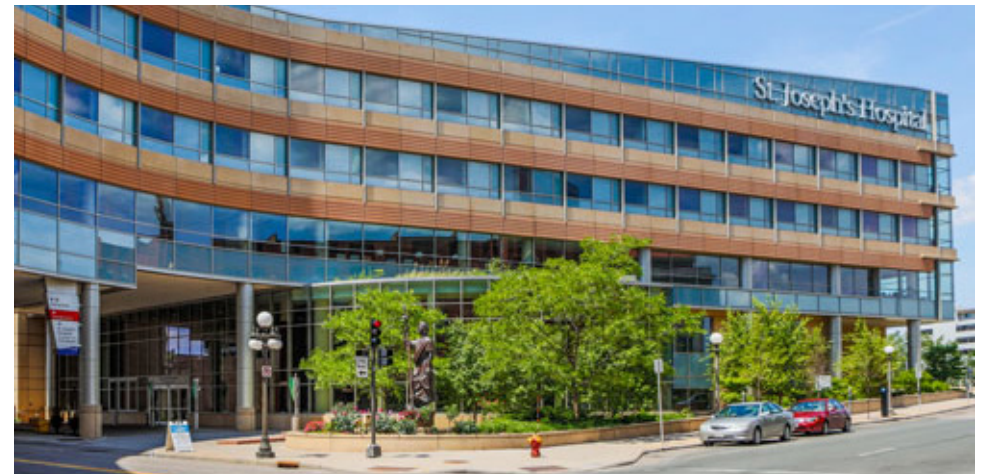
Gallery Professional Medical Center is situated in the heart of Downtown St. Paul on St. Peter Street, one block northwest of 7th Street West (Route 5) and just south of Interstate-35E. The 10th Street Station for the METRO Green Line is located two blocks from the property, providing easy access between the property and Downtown Minneapolis. In addition to the various restaurants, retail and hotels surrounding the property, major entertainment and cultural venues are within a short distance of the property, including the Ordway Center for the Performing Arts, Saint Paul RiverCentre, Xcel Energy Center and the Minnesota State Capitol.

 The property is located directly adjacent from M Health Fairview St. Joseph's Hospital which was founded in 1853 as Minnesota's first hospital. The 253-bed medical center provides a comprehensive range of medical, surgical, rehabilitative and diagnostic services, as well as mental health and chemical dependency treatment programs. The hospital is a member of M Health Fairview System which serves the Twin Cities' Metro and surrounding communities through hospitals, clinics, outpatient services, rehabilitation care, transportation and more.

 On June 1, 2017, HealthEast (The former owner of St. Joseph's Hospital) was acquired by Fairview Health Services, an award-winning nonprofit health care system that provides exceptional, coordinated health care—from preventing illness and injury to caring for the most complex medical conditions. Although based in Minneapolis, Fairview boasts numerous primary care and specialty clinics in 30 cities across Minnesota with a network of almost 4,000 doctors and providers.

Fairview Health Services has earned an 'A2' rating from Moody's Investors Service which reflects its "favorable market position in the Twin Cities, including expanded coverage in St. Paul with the very recent HealthEast merger, and its diverse network of services including the academic medical center for the University of Minnesota (Aa1 stable), community hospitals, long-term care facilities and a health plan." The health system recently reported operating revenue of \$5.3 billion for the year ended December 31, 2017, up 20.9% from the year prior. After accounting for non-operating gains, Fairview more than doubled its net income to \$456.9 million in 2017, compared to \$221.2 million in the same period of 2016. Fairview said the year-over-year improvement reflected gains on acquisitions and higher investment performance.

- THE HEALTH SYSTEM CURRENTLY CONSISTS OF:
- 17 Award-Winning Community Hospitals
  - 120 Primary Care Clinics
  - 32 Pharmacy Locations



Other nearby hospitals include Regions Hospital and Gillette Children's Specialty Healthcare, located approximately 0.7 miles to the northeast. Regions Hospital is a 454-bed medical center that includes five Centers of Excellence: Burn Center, Cancer Care Center, Heart Center, Level 1 Adult Trauma Center and Level 1 Pediatric Trauma Center and Neuroscience Centers. Gillette Children's Hospital St. Paul Campus cares for patients who have some of the most complex, rare and traumatic conditions in pediatric medicine, including cerebral palsy, epilepsy, spina bifida and hydrocephalus.

# TENANCY OVERVIEW

## Gallery Professional Medical Center

### PRIMARY & MULTI-SPECIALTY

M Health Fairview

Suites 140 & 150

Square Feet: 4,713 SF

Lease Expirations: May 2021 (Suite 140) & April 2022 (Suite 150)

<https://mhealthfairview.org/locations/m-health-fairview-st-josephs-hospital>

M Health Fairview is a comprehensive health care network that is a partnership between the University of Minnesota, University of Minnesota Physicians and Fairview Health Services. The system employs over 3,300 medical providers with over 100 specialties. Fairview Health Services (Moody's 'A2') is an award-winning nonprofit health care system consisting of 17 community hospitals, 120 primary care clinics, and 32 pharmacy locations.

### MEDICAL EXAMINER

MES Solutions Clinic

Suite 110

Square Feet: 1,073 SF

Lease Expiration: December 2022

[www.messolutions.com](http://www.messolutions.com)

MES Solutions is an independent medical examiner that has been operating a network of clinics nationally since 1978. They provide independent medical examination, peer review, and disability review services. MES Solutions is accredited by URAC, Independent Review Organization Comprehensive and Workers Compensation Utilization Management.





# FINANCIAL OVERVIEW | RENT ROLL

Gallery Professional Medical Center

Database: HEALTHCARE	Rent Roll	Page: 1
Bldg Status: Active only	Gallery Professional Building	Date: 4/14/2021
	4/14/2021	Time: 3:12 PM

Bldg ID	Suite ID	Occupant Name	Execution Date	Rent Start	Expiration	GLA Sqft	BOMA Sqft	Monthly Base Rent	Annual Rate PSF	Monthly Cost Recov.	CAM Annual PSF	Monthly Other Income	Future Rent Increases	Security Deposit			
													-----	-----	-----		
													Cat	Date	Monthly Amount	PSF	Deposit

**New Leases**

110301	815	Healthcare Management of Am	06/01/2021	06/01/2021	05/31/2026	1,500	0								0
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**Vacant Suites**

110301	112	Vacant				1,891	0								
110301	115	Vacant				1,221	0								
110301	120	Vacant				1,600	0								
110301	130	Vacant				886	0								
110301	160	Vacant				1,535	0								
110301	200	Vacant				3,508	0								
110301	215	Vacant				2,688	0								
110301	218	Vacant				606	0								
110301	222	Vacant				7,347	0								
110301	300	Vacant				3,581	0								
110301	301	Vacant				2,293	0								
110301	302	Vacant				7,621	0								
110301	405	Vacant				269	0								
110301	405A	Vacant				492	0								
110301	406	Vacant				1,169	0								
110301	407	Vacant				1,037	0								
110301	408	Vacant				360	0								
110301	409	Vacant				4,109	0								
110301	420	Vacant				4,525	0								

# FINANCIAL OVERVIEW | RENT ROLL

## Gallery Professional Medical Center

Database: HEALTHCARE	Rent Roll	Page: 2
Bldg Status: Active only	Gallery Professional Building	Date: 4/14/2021
	4/14/2021	Time: 3:12 PM

Bldg ID	Suite ID	Occupant Name	Execution Date	Rent Start	Expiration	GLA Sqft	BOMA Sqft	Monthly Base Rent	Annual Rate PSF	Monthly Cost Recov.	Annual PSF	Monthly Other Income	CAM Annual PSF	Future Rent Increases Cat	Date	Monthly Amount	PSF	Security Deposit
110301	500	Vacant				14,262	0											
110301	602	Vacant				4,108	0											
110301	607	Vacant				700	0											
110301	607A	Vacant				2,681	0											
110301	615	Vacant				772	0											
110301	622	Vacant				4,640	0											
110301	622A	Vacant				336	0											
110301	700	Vacant				5,000	0											
110301	705	Vacant				1,679	0											
110301	710	Vacant				7,131	0											
110301	804	Vacant				1,567	0											
110301	805	Vacant				1,245	0											
110301	807	Vacant				985	0											
110301	820	Vacant				624	0											
110301	830	Vacant				1,663	0											
110301	850	Vacant				5,334	0											

### Occupied Suites

110301	110	MES Solutions	08/24/2017	11/01/2017	12/31/2022	1,073	0	1,444.08	16.15	1,078.15	12.06			PHR	1/1/2023	1,480.74	16.56	0
														PMO	11/1/2021	1,480.74	16.56	
110301	140	HealthEast Vascular Center	11/12/2010	06/07/2011	06/06/2021	3,365	0	7,610.51	27.14	5,091.17	18.16			PHR	6/7/2021	2,852.34	10.17	0
110301	150	Healtheast St. Joseph's Hospitz	02/24/2017	05/01/2017	04/30/2022	1,348	0	1,596.26	14.21	2,007.02	17.87			PHR	5/1/2022	821.72	7.32	0
														PMO	5/5/2021	1,643.44	14.63	
110301	402	Healthcare Trust of America Inc	03/31/2014	03/01/2014	05/31/2031	763	0		0.00		0.00							0
110301	815	Healthcare Management of Am	07/24/2019	07/24/2019	05/31/2021	1,500	0		0.00		0.00							0
110301	903	Unified Women's Healthcare, L	10/21/2020	03/01/2020	02/28/2021	763	0		0.00		0.00	110.00						0
110301	905	Additional Space	10/21/2020	03/01/2020	02/28/2021	0	0		0.00		0.00	85.00						0
						Total	763	0	0.00		0.00	195.00						

# FINANCIAL OVERVIEW | RENT ROLL

## Gallery Professional Medical Center

Database: HEALTHCARE		Rent Roll										Page: 3					
Bldg Status: Active only		Gallery Professional Building										Date: 4/14/2021					
		4/14/2021										Time: 3:12 PM					
Bldg ID	Suite ID	Occupant Name	Execution Date	Rent Start	Expiration	GLA Sqft	BOMA Sqft	Monthly Base Rent	Annual Rate PSF	Monthly Cost Recov.	CAM Annual PSF	Monthly Other Income	----- Future Rent Increases -----			Security Deposit	
													Cat	Date	Monthly Amount	PSF	

110301	910	HealthEast Medical Research	05/13/1999	05/13/1999	12/31/2010	0	0		0.00		0.00							0
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**Totals:**

Occupied Sqft:	8.14%	6 Units	8,812	0	10,650.85	8,176.34	195.00
New Lease Sqft:	1.39%	1 Units	1,500	0			
Leased Sqft:	8.14%	6 Units	8,812	0			
Vacant Sqft:	91.86%	35 Units	99,465	0			
<b>Total Sqft:</b>		<b>41 Units</b>	<b>108,277</b>				

**Total Gallery Professional Building:**

Occupied Sqft:	8.14%	6 Units	8,812	0	10,650.85	8,176.34	195.00
New Lease Sqft:	1.39%	1 Units	1,500	0			
Leased Sqft:	8.14%	6 Units	8,812	0			
Vacant Sqft:	91.86%	35 Units	99,465	0			
<b>Total Sqft:</b>		<b>41 Units</b>	<b>108,277</b>		<b>10,650.85</b>		

**Grand Total:**

Occupied Sqft:	8.14%	6 Units	8,812	0	10,650.85	8,176.34	195.00
New Lease Sqft:	1.39%	1 Units	1,500	0			
Leased Sqft:	8.14%	6 Units	8,812	0			
Vacant Sqft:	91.86%	35 Units	99,465	0			
<b>Total Sqft:</b>		<b>41 Units</b>	<b>108,277</b>		<b>10,650.85</b>		





# FINANCIAL OVERVIEW | 2019-2020 INCOME STATEMENT

## Gallery Professional Medical Center

	2019	2020
<b>REVENUES</b>		
Base Rental	760,307	435,373
Concession	-1,375	0
<b>Total Base Revenue</b>	<b>758,932</b>	<b>435,373</b>
Other Income	6,218	4,199
<b>Total Rental Income</b>	<b>765,150</b>	<b>439,572</b>
Recoverable CAM Revenue	584,169	353,339
<b>TOTAL REVENUES</b>	<b>1,349,319</b>	<b>792,911</b>
<b>EXPENSES</b>		
Grounds Maintenance	77,625	25,425
Snow Removal	14,175	6,367
Building Maintenance & Admin	431,932	365,526
Utilities	386,834	356,260
Management Fees	54,218	30,526
Insurance	30,399	45,742
Property Tax	200,268	201,805
<b>TOTAL RECOVERABLE EXPENSES</b>	<b>1,195,452</b>	<b>1,031,651</b>
<b>TOTAL NON RECOVERABLE EXPENSES</b>		<b>287</b>
<b>NET OPERATING INCOME</b>	<b>153,867</b>	<b>-239,027</b>



# FINANCIAL OVERVIEW | 2021 YTD INCOME STATEMENT

## Gallery Professional Medical Center

Thru:	QTD - 3 Months Ended				QTD - 3 Months Ended			
	Actual Mar 2021	Budget Mar 2021	Variance		Actual Mar 2021	Actual Mar 2020	Variance	
			\$	%			\$	%
<b>REVENUES</b>								
Base Rental	65,210	55,319	(9,891)	-17.88%	65,210	130,532	65,321	50.04%
<b>Total Base Revenue</b>	<b>65,210</b>	<b>55,319</b>	<b>(9,891)</b>	<b>-17.88%</b>	<b>65,210</b>	<b>130,532</b>	<b>65,321</b>	<b>50.04%</b>
Other Income	1,728	390	(1,338)	-342.96%	1,728	(273)	(2,001)	-732.80%
<b>Total Rental Income</b>	<b>66,938</b>	<b>55,709</b>	<b>(11,228)</b>	<b>-20.16%</b>	<b>66,938</b>	<b>130,259</b>	<b>63,321</b>	<b>48.61%</b>
Recoverable CAM Revenue	17,629	44,705	27,075	60.56%	17,629	93,136	75,507	81.07%
<b>TOTAL REVENUES</b>	<b>84,567</b>	<b>100,414</b>	<b>15,847</b>	<b>15.78%</b>	<b>84,567</b>	<b>223,395</b>	<b>138,827</b>	<b>62.14%</b>
<b>EXPENSES</b>								
Grounds Maintenance	3,227	3,039	188	6.19%	3,227	14,692	(11,465)	-78.04%
Snow Removal	0	5,400	(5,400)	-100.00%	0	5,264	(5,264)	-100.00%
Building Maintenance & Admin	90,050	95,136	(5,086)	-5.35%	90,050	79,715	10,334	12.96%
Utilities	96,582	101,526	(4,943)	-4.87%	96,582	108,112	(11,530)	-10.66%
Management Fees	5,825	3,892	1,933	49.66%	5,825	9,424	(3,599)	-38.19%
Insurance	12,478	12,471	7	0.06%	12,478	10,915	1,563	14.32%
Property Tax	47,801	49,222	(1,421)	-2.89%	47,801	52,666	(4,865)	-9.24%
<b>TOTAL RECOVERABLE EXPENSES</b>	<b>255,963</b>	<b>270,686</b>	<b>(14,723)</b>	<b>-5.44%</b>	<b>255,963</b>	<b>280,789</b>	<b>(24,826)</b>	<b>-8.84%</b>
Non-Recoverable Expenses	0	0	0	0.00%	0	287	(287)	-100.00%
<b>NET OPERATING INCOME</b>	<b>(171,396)</b>	<b>(170,271)</b>	<b>1,124</b>	<b>0.66%</b>	<b>(171,396)</b>	<b>(57,681)</b>	<b>113,715</b>	<b>197.14%</b>
<b>REFERENCE ACCOUNTS:</b>								
Deferred Maintenance Amorti:	8,437	8,437	0	0.00%	8,437	23,678	15,241	64.37%




# 5-MILE KEY DEMOGRAPHICS

## Gallery Professional Medical Center




### KEY FACTS

 368,734 POPULATION

 2.46 AVG. HOUSEHOLD SIZE

 34.2 MEDIAN AGE

 0.58% 2010-20 GROWTH RATE

### BUSINESS

 11,702 TOTAL BUSINESSES

 210,702 TOTAL EMPLOYEES

### ANNUAL HOUSEHOLD

 \$2,082 APPAREL & SERVICES

 \$5,088 GROCERIES

 \$3,618 EATING OUT

 \$5,240 HEALTH CARE

### INCOME

 \$58,515 MEDIAN HOUSEHOLD INCOME

 2.05% ANNUAL INCOME GROWTH

 \$84,480 AVG HOUSEHOLD INCOME

### EDUCATION

 11.4% NO HIGH SCHOOL DIPLOMA


 20.2% HIGH SCHOOL GRADUATE


 18.4% SOME COLLEGE

 49.9% ASSOCIATE / BACHELOR / GRADUATE DEGREE

### EMPLOYMENT

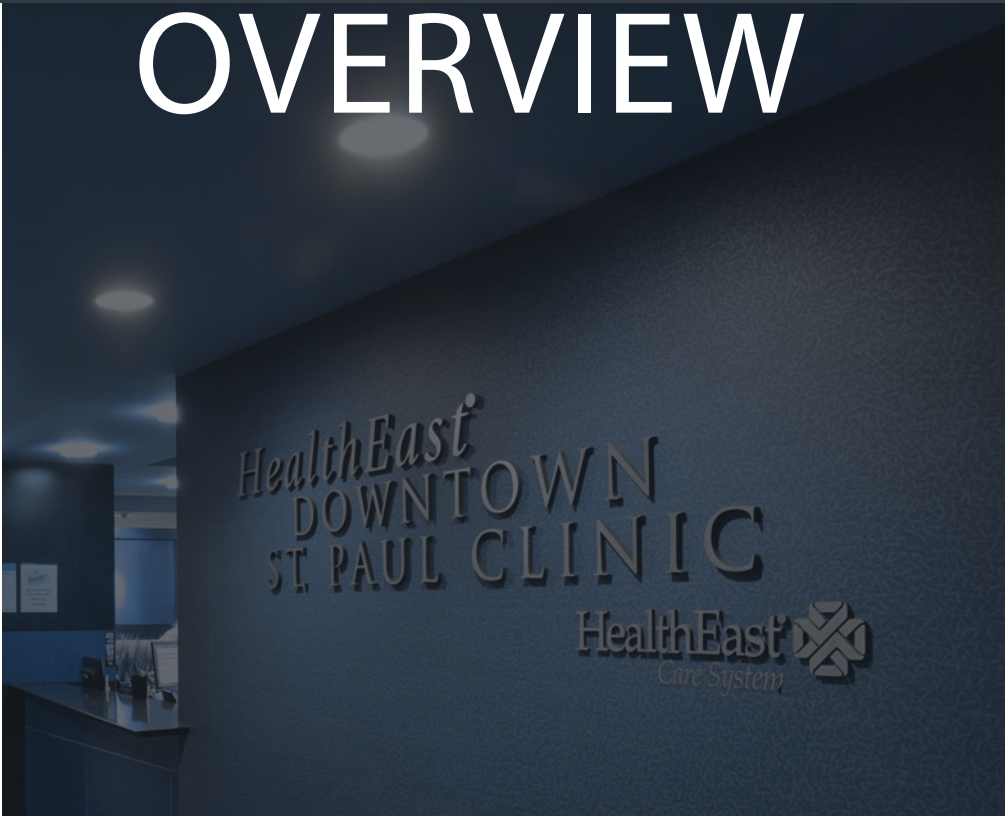
 65.3% WHITE COLLAR

 17.2% BLUE COLLAR

 17.5% SERVICES



# MARKET OVERVIEW



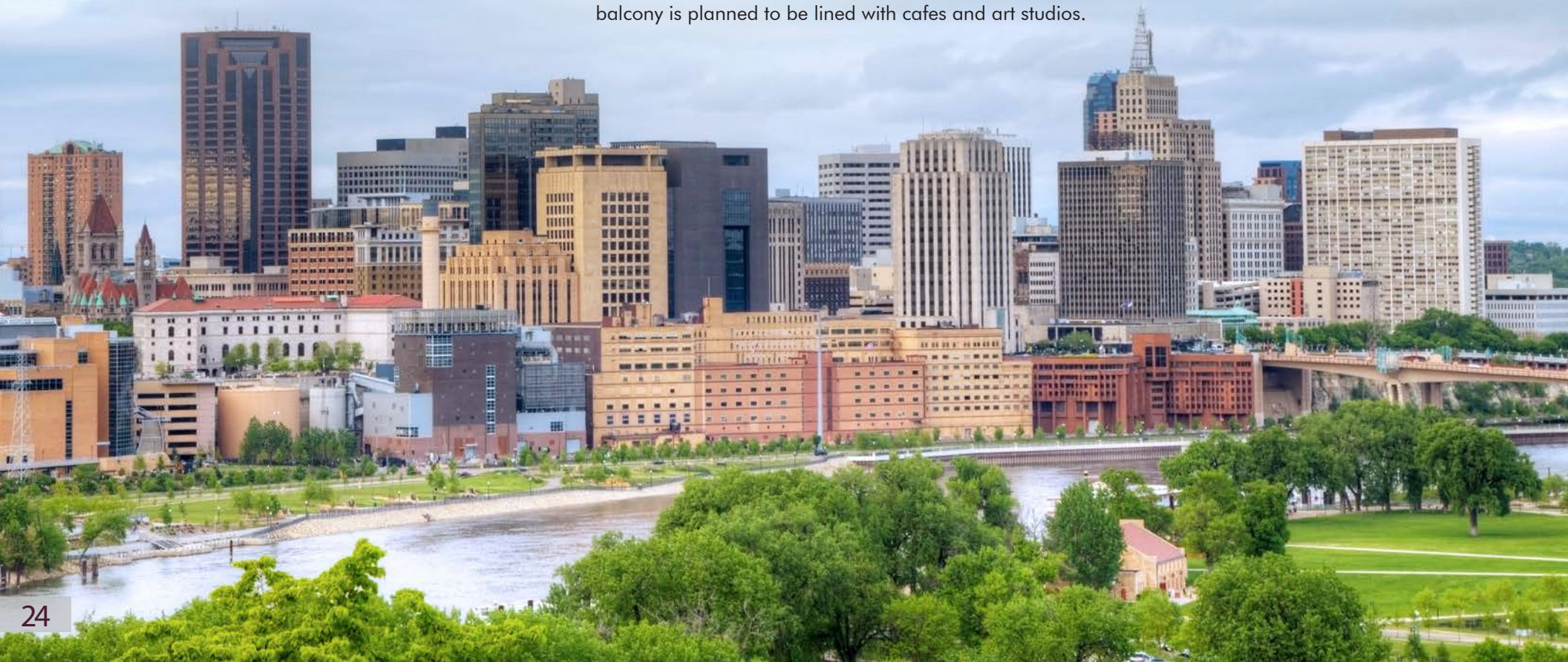
# MARKET OVERVIEW

## DOWNTOWN ST. PAUL LOCATION

The Properties are located within St. Paul's Central Business District (CBD), providing patients and employees access to a variety of nearby amenities. In June of 2014 a light rail expansion was completed and opened to the public, connecting Minneapolis and St. Paul, as well as several notable local hubs and attractions, including the University of Minnesota, the Midway area, and the state Capitol. Within the first 24 hours of operation, more than 45,000 people rode the Green Line, a \$957 million project which had taken over eight years to design and build.

## CULTURAL HUB

Adjacent to United Hospital is St. Paul's Xcel Energy Center, a multi-purpose arena and home to the NHL's Minnesota Wild. Also part of the same complex is the Ordway Center for the Performing Arts, hosting a variety of touring Broadway musicals, orchestra, opera and cultural performers. The European-style concert hall is recognized as one of the nation's leading not-for-profit performing arts centers serving 400,000 people annually with nearly 500 performances. Within walking distance of both properties is the Science Museum of Minnesota near the Riverfront of downtown St. Paul. The 370,000-square foot museum, built into the bluffs overlooking the Mississippi River, is the most popular museum in the Upper Midwest known worldwide for its interactive exhibits, dynamic traveling exhibitions, and internationally distributed large format films. In the next few decades, the nearby Riverfront area of St. Paul will be overhauled in an effort to turn it back into the "city's front door." The result will be a 17-mile corridor called the Great River Passage, which will feature several gathering areas, including a long balcony along the St. Paul Riverfront connecting the Science Museum of Minnesota to the city's new train depot. The balcony is planned to be lined with cafes and art studios.





# MARKET OVERVIEW

## TWIN CITIES HEALTH CARE INDUSTRY

By region in Minnesota, the largest concentration of health care employment is in the southeastern and metropolitan Twin Cities regions, led in part by the world-renowned Mayo Clinic. According to a 2017 report released by U.S. News, Minnesota's overall health care market was ranked as the 7th best system in the nation. Employment in the health care industry has increased even during the economic recessions of the past decade. Between 2000 and 2009 the health care and social assistance sector added approximately 112,012 jobs in Minnesota, an increase of 28%. During the same time period, total jobs in the state fell by 1.5%. Minnesota's health care & social assistance sector continued to show off impressive resilience, adding an additional 70,459 jobs to the sector between 2010 and 2017, increasing every year even through the recession and significant overhaul brought about through Obama-era reform.

*(Source: Minnesota Employment and Economic Development)*

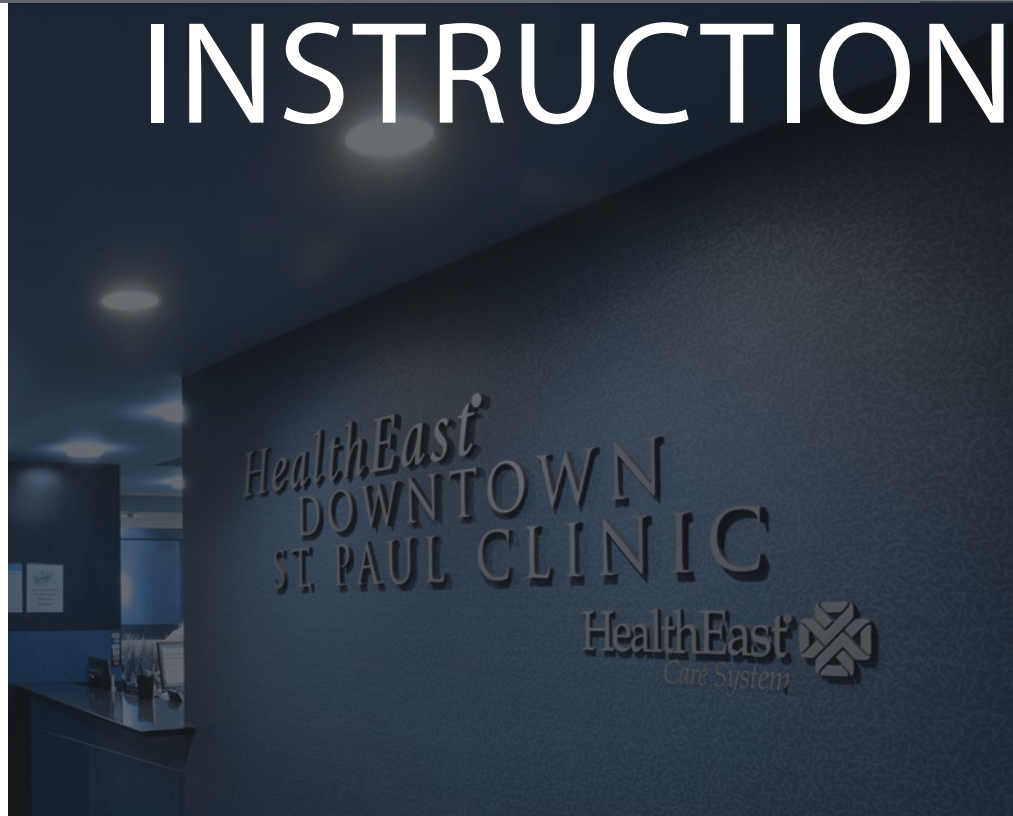
## SUPPLY CONSTRAINED CAMPUS

The medical market immediately surrounding the United Hospital campus includes over 617,000 square feet of medical space. Apart from the Properties, there are four other medical buildings within the surrounding area. Within the entire Twin Cities market there is over 700,000 square feet of medical facilities currently under construction or slated to open in the near future. Included in this is a 322,000-square foot ambulatory outpatient surgery center which is located on the Hennepin County Medical Center campus. However, none of these soon-to-be-delivered properties are on or near the respective hospital campuses of the Properties.





# PROCESS & AUCTION INSTRUCTIONS



# PROCESS & AUCTION INSTRUCTIONS

## BUYER QUALIFICATION

Prospective bidders will be required to register with RealINSIGHT Marketplace to bid. Each bidder will be required to provide current contact information, submit proof of funds up to the full amount they plan to bid, and agree to the Auction Terms and Conditions. In order to participate in an auction, the Seller requires bidders to provide proof of their liquidity in an amount of at least their anticipated maximum bid for those assets they wish to bid on. Such liquidity must be in the form of cash, or cash equivalents, and must be available immediately without restriction.

Generally, recent bank statements, brokerage account statements, or bank letters are acceptable. A line of credit statement may be acceptable only if it is already closed and in place, has undrawn capacity, and may be funded immediately without bank approval. Loan pre-approval letters, term sheets, and the like, where the loan would be collateralized by the property up for auction and funded at escrow closing, are NOT acceptable. Capital call agreements, investor equity commitments, and the like, are evaluated on a case-by-case basis. The acceptance of any proof of funds documents are made at the sole and absolute discretion of RealINSIGHT Marketplace. For further information, please visit the Bidder Registration FAQ (<https://marketplace.realinsight.com/faq-bid-registration>).

## THE OFFERING PROCESS

An online auction event will be conducted on RealINSIGHT Marketplace in accordance with the Sale Event Terms and Conditions (<https://marketplace.realinsight.com/legal-sale-terms>).

## DUE DILIGENCE

Due diligence materials are available to qualified prospective bidders via an electronic data room hosted by RealINSIGHT Marketplace. Prospective bidders will be required to electronically execute a confidentiality agreement prior to being allowed access to the materials. All due diligence must be conducted prior to signing the purchase and sale agreement. You may contact the sales advisors with any due diligence questions.

## RESERVE AUCTION

This will be a reserve auction and the Property will have a reserve price ("Reserve Price"). The starting bid is not the Reserve Price. The seller can accept or reject any bid. All bidders agree to execute the non-negotiable purchase and sale agreement, which will be posted to the electronic data room prior to bidding commencement, should they be awarded the deal. For further information about how to bid, please visit the Bidding page (<https://marketplace.realinsight.com/faq-bidding>).

## CLOSING

Following the auction, the winning bidder will be contacted by phone and email to go over specifics of the sale, including the execution of the purchase agreement and all documentation involved in the purchase. The winning bidder must be available by telephone within two hours of the sale. More information can be found on the RealINSIGHT Marketplace website.



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