

OFFERING MEMORANDUM



Successful Fresenius in *Tax-Free State*

1030 W HWY 11E, NEW MARKET, TN 37820



EST. 2010

InCommercial
Property Group



CHICAGO, IL

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The Offering

SUMMARY

InCommercial Property Group is pleased to offer for sale to qualified investors a Fresenius Medical Care ("FMC") in New Market (Knoxville), Tennessee. The property consists of a 1-story, 6,052 SF dialysis clinic that was a build-to-suit for FMC in 2007.

The Tenant moved into the property upon completion of the renovation in 2008 and recently extended its current lease term for an additional five (5) years, with rent at \$95,982 for the remaining term through October 31, 2027. The lease provides for a passive, Landlord-friendly expense structure with Landlord expenses limited to roof, structure, parking lot, and HVAC. The building has been well maintained during the ownership period and is in great condition. The lease features a rare corporate guaranty from FMC.

TENANT

FMC is the largest operator of outpatient dialysis clinics and a leading provider of products and services for people with kidney failure worldwide with over 345,000 patients and 4,000 clinics. FMC is investment-grade credit rated by all major rating services including a BBB rating with Standard and Poor's Rating Service.

LOCATION

Located along US Highway 11-E W, the site is approximately 20 miles east of Knoxville. There is a population of over 60,000 within ten miles of the property and an average household income of over \$67,732. Annual population growth over the next 5 years in the 3 mile, 5 mile, and 10 mile radii are all +1.2%. Immediately adjacent to the building is a recently constructed Family Dollar and across the street is a recently constructed Dollar General.



OFFERING SUMMARY

OFFERING PRICE	\$1,828,224
RENT	\$95,982
CAP RATE	5.25%
BUILDING SIZE	6,052 SF
RENT PSF	\$15.87
LEASE TYPE	NNN

Investment Highlights

NO EARLY TERMINATION OR KICK-OUT CLAUSE

This lease is free from early termination options or early kick-out clauses during the initial and any exercised option terms which provides investors with secured and increasing return for years to come.

LEADING OPERATOR WITH STRONG PARENT COMPANY

FMC is one of the largest kidney care companies in the world with a network of 4,171 clinics serving a total of 345,000 patients. Parent company, Fresenius, generated \$21.1B in 2019, has a \$39.8B net worth and holds a BBB rating with S&P.

RECENT LEASE EXTENSION

The Tenant recently extended the current lease for an additional five (5) years, bringing the total commitment over five (5) years of highly passive rental income generated from this investment given the net lease structure, affording prospective landlords minimal responsibilities.

LIMITED COMPETITION

The property is the only dialysis facility in Jefferson County, TN. FMC has 12 dialysis stations and is open 6 days a week, with 4 shifts on MWF - 21 shifts total. This facility has the most dialysis shifts compared to the four closet locations, probably making it the busiest in the region.

GROWING INDUSTRY

There are over 746,500 End Stage Renal Disease ("ESRD") dialysis patients in the U.S. as of 2017, 2.6% increase from the previous year. There are 125,000 new cases each year. Tennessee is among the highest incidence cases of ESRD in the country.

LOCATED IN RETAIL CORRIDOR WITH STRONG DEMOGRAPHICS

The subject site is located along US Hwy 11-E W adjacent to Family Dollar and Dollar General. Within 10 miles there is a population of 60,000+ and an Avg. HHI of \$67,732+. Annual population growth over the next 5 years in the 3, 5, and 10 mile radii are all +1.2%.

RECESSION & PANDEMIC RESISTANT ASSET

Facility provides essential, non-cyclical and life-sustaining healthcare services.

TENNESSEE IS A TAX-FREE & CERTIFICATE OF NEED STATE

Tennessee is an income tax-free state and a Certificate of Need ("CON") state. CON requires a health system to demonstrate community need before establishing or expanding a health care facility or service.

INSULATED FROM MACRO-ECONOMIC CHANGES

Approximately 90% of Fresenius' total dialysis patients were covered under some form of government-based program, meaning the company's profitability is somewhat insulated from the ups and downs experienced in the broader economy.

Property Overview

21030 W HWY 11E, NEW MARKET, TN 37820

LEASE ABSTRACT	
TENANT	Bio-Medical Applications of Tennessee, Inc. (Fresenius)
GUARANTOR	Fresenius Medical Care Holdings, Inc.
BUILDING AREA (SF)	6,052 SF
LEASE TERM	5 Years
LEASE COMMENCEMENT	November 1, 2022
TERM EXPIRATION	October 31, 2027
RENEWAL OPTIONS	Two (2) Five (5) Year
LEASE TYPE	NNN
RENT INCREASES	Flat
LANDLORD EXPENSES	Roof patched in 2021, structure, parking lot repaved in 2018
TENANT EXPENSES	Repairs & Maintenance & Utilities
HVAC	Landlord is responsible over \$1,500 - new unit installed in 2019
PROPERTY TAXES	Tenant pays directly
OWNERSHIP INTEREST	Fee Simple
PROPERTY USE	Medical Office
INSURANCE	Landlord is reimbursed in a lump sum
ROFR / ROFO	No
TERMINATION RIGHT	No



Tenant Overview

FRESENIUS MEDICAL CARE

(NYSE: FMS)

Fresenius is a global health care Group providing products and services for dialysis, hospitals, hospital operations and outpatient medical care. More than 300,000 employees have dedicated themselves to the service of health in 100+ countries worldwide.

Fresenius Medical Care ("FMC") is the world's largest provider of products and services for individuals with renal disease. The company aims to create a future worth living for chronically and critically ill patients. As of March 31, 2022, FMC was treating 343,493 patients in 4,143 dialysis clinics. Along with its core business, the Renal Care continuum, the company focuses on expanding in areas that are complementary in the field of critical care. FMC has a 37% market share of the dialysis market in the United States, with a global headquarters in Bad Homburg vor der Höhe, Germany and a North American headquarters in Waltham, Massachusetts.

COMPANY HIGHLIGHTS

\$19.3 BILLION

Annual revenue
from medical care

53 MILLION

Dialysis treatments
in 2021

4,171

clinics in approx.
50 countries

345,000

patients
in 2021



GUARANTOR CREDIT SUMMARY

TENANT NAME	Fresenius Medical Care
GUARANTOR	Fresenius Medical Care Holdings, Inc.
CREDIT RATING	BBB
YEAR FOUNDED	1912 (FMS) / 1996 (FMC)
LOCATIONS	4,171 Clinics in 50 countries
INDUSTRY	Healthcare
HEADQUARTERS	Waltham, MA (North America)
WEBSITE	https://fmcna.com



Industry Overview

DIALYSIS, KIDNEY CARE & HEALTHCARE

The loss of kidney function is normally irreversible. Kidney failure can be caused by Type I and Type II diabetes, high blood pressure, polycystic kidney disease, etc. End-stage renal disease (“ESRD”) is the stage of advanced kidney impairment that requires: (1) continued dialysis treatments; or (2) a kidney transplant – to sustain life. Dialysis is the removal of toxins, fluids and salt from the blood of patients by artificial means. Patients suffering from ESRD generally require dialysis at least 3 times a week for the rest of their lives. These treatments are mostly received at an outpatient dialysis clinic.

There are approximately 125,000 new ESRD dialysis patients each year, according to the US Renal Data System. The growth rate is attributed to the aging US population. At the same time, the expansion of the outpatient dialysis clinic real estate footprint has also grown at an exponential rate.

Much of the industry growth has been funded by the federal government. Since 1972, the federal government has provided healthcare coverage for ESRD patients under the Medicare ESRD program regardless of age or financial circumstances. In the US over the past 20 years, healthcare spending has steadily increased - due to aging baby boomers, a growing population, unhealthy lifestyles, and higher costs for medical technology and pharmaceutical research, etc.

Growth in Medicare spending is expected to continue, due to population demographics. By 2050, the US population aged 65+ will likely almost double to 83.7 million. From its formation in 1967, Medicare has grown to a ±\$731 billion program. CBO projects that by 2026 Medicare spending will increase to \$1.1 trillion.

INDUSTRY FACTS

**±125K NEW
CASES OF ESRD**

(End-stage renal disease)
every year

**75K+ PEOPLE
WAITING ON KIDNEY
TRANSPLANTS**

in the US. 85% are waiting
for their 1st kidney transplant

**1 IN 5 MEDICARE
DOLLARS GOES TO
KIDNEY CARE**

totaling \$113 Billion in 2016,
according to Secretary of
Health and Human Services

**6.4% INCREASE IN
MEDICARE FEE-FOR-
SERVICE SPENDING**

in the general Medicare
population in 2017 to \$597.4B

**746K DIALYSIS
PATIENTS WITH ESRD**

in the US in 2017

**1 IN 7 ADULTS HAS
KIDNEY DISEASE**

in the US, and many don't
know it

**KIDNEY DISEASE IS
THE 9TH LEADING
CAUSE OF DEATH**

in the US

**DIALYSIS TREATMENTS
REQUIRED 3X A WEEK
FOR LIFE**

for patients living with ESRD



Market Overview

NEW MARKET, TN

New Market is a town in Jefferson County within the state of Tennessee. The town is part of the Morristown metropolitan area. New Market is a great place for families with children and retirees alike. It offers a tight-knit community with a rural feel. There are many historical buildings in New Market, such as the New Market Presbyterian Church which was built in 1885.

There are plenty of activities to do in and around New Market. Some of the most notable activities include From The Ground Up Farmers Market, where you can find lots of local food and treasures; Lakeside of the Smokies Balloon Festival, which is a hot air balloon festival and River Run Canoe & Tubing, down the beautiful Little Pigeon River.

DEMOS	1 MILE	3 MILE	5 MILE
POPULATION	826	4,084	15,513
HOUSEHOLDS	319	1,564	5,799
AVG. HHI	\$71,689	\$72,692	\$61,767



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