

# EXECUTIVE SUMMARY

### The Tenant:

Fresenius Medical Care is an ideal tenant for several reasons. First and foremost, they are an extremely profitable, well run, multi-national corporation. Additionally, Fresenius is a classic industry leader, as they own the lion's share of their market, with the number two player being their largest client. Furthermore, they dominate a truly non-cyclical industry. Because kidney dialysis is an essential, life-sustaining medical service their business is almost completely unaffected by economic fluctuations which can decimate other fields. With more than 3,000 clinics around the globe, Fresenius is the world's largest integrated provider of products and services for individuals undergoing dialysis because of chronic kidney failure, a condition that affects more than two million individuals worldwide. It services approximately 300,000 patients around the globe each year.

Since the foundation of the company more than 18 years ago, Fresenius Medical Care has been able to quadruple its sales and increase its earnings tenfold. With its strong performance in 2014, Fresenius is looking to deliver its 18th consecutive dividend increase to its shareholders.

### Financial and Operating Highlights:

- **Operating Income** – For the first half of 2015, operating income was \$556 million in the first quarter..
- **EBITDA** – In 2014 the earnings before interest and taxes, depreciation and amortization increased by 2% from 2013 to \$2.9 billion.
- **Net Revenue** – For the year ending in 2014, net revenue increased 8% to \$15.83 billion, compared to \$14.31 billion in 2013.
- **Outlook** – Fresenius expects revenue to grow at an average annual growth rate of approximately 10% through 2020.



**The Lease:**

Fresenius Medical Care has committed to lease the property for an initial term of 15 years, which expires August 2030. During the initial term of the lease base rent shall increase each year by 1.7%. The lease also includes three consecutive options to extend the lease for a period of five years each.

One of the more appealing aspects of this lease is that Fresenius Medical Care pays directly or reimburses all of the taxes, insurance premiums and maintenance costs of the building. Fresenius pays the Tenant's share of the operating expenses incurred by the Landlord during the term of the lease. Therefore, the property co-owners have very few active management duties rendering this triple-net lease property a passive, hassle-free, real estate investment.



**Some of the lease specifics are:**

Lease payment schedule:	Monthly
Lease guarantor:	Fresenius Medical Care Holdings, Inc.
Initial lease term:	15 years
Renewal options:	Three 5-year options
Rent increases:	1.7% annual increases
Building Size:	7,495 square feet