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MEDEXPRESS GROUND LEASE

13550 East Fwy, Houston, TX



File Photo: Actual Site Under Construction

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INVESTMENT OVERVIEW

The offering is a single tenant **NNN corporate ground leased** MedExpress, located in Houston, TX. MedExpress recently signed a new 10 year ground lease with 10% increases every 5 years. The location is excellent—on an outparcel to an Academy Sports, Home Depot, and Sam’s Club. It is directly adjacent to I-10; highly visible to over 137,346 cars per day. MedExpress is the 2nd largest Urgent Care Center Chain in the nation with over 200 locations. They were recently acquired in 2015 by Optum, a division of UnitedHealth Group. UnitedHealth Group is the largest healthcare company in the country based on revenue (\$184 Billion in 2016). The property is currently under construction with anticipated rent commencement December 17, 2017.

HIGHLIGHTS

- ◆ 10 Year NNN Corporate GROUND LEASE
- ◆ 2nd Largest Urgent Care Chain (200 locations)
- ◆ MedExpress—a division of Optum/UnitedHealth Group (2016 Revenues of \$184 Billion)
- ◆ OUTPARCEL to Academy Sports, Home Depot, and Sam’s Club
- ◆ Adjacent and Visible from Interstate 10 (137,346 cars per day)



PRICE: \$2,887,000 | CAP RATE: 4.85%

BUILDING: 4,800 SF | YEAR BUILT: NEW (under construction)

MEDEXPRESS: 200 Locations / 5,000 Employees / Division of UnitedHealth (\$184 Billion in Revenue)

AREA INFORMATION

MedExpress is strategically located approximately 30 minutes east of downtown Houston, the fifth largest MSA in the country. There are 188,000 potential customers within 5 miles. MedExpress is located just off I-10, making it visible to 137,346 cars per day. It is on an outparcel of Home Depot, Sam’s Club, and Academy Sports. Immediate nearby national retailers include Wal-Mart, Office Depot, Wells Fargo, IHOP and many others. Additionally, this location is already known as a “medical location” as East Houston Regional Medical Center, with 131 beds and 250+ doctors, is located just across the interstate.





www.medexpress.com

Over 2.5 million visitors per year

Who Uses MedExpress Urgent Care?

Recognizing the differences between ‘emergency’ and ‘urgent’ care can be confusing, because both terms imply there is a medical need that needs to be addressed quickly.

Hospital / Emergency Room (ER)

- ◆ Equipped for life threatening conditions, such as chest pain, trauma, etc.
- ◆ **Average Cost per Visit: \$1,423**
- ◆ Average Wait Time per Visit: 4 Hours

UP TO 90%
OF ER VISITS CAN BE TREATED AT MEDEXPRESS

MedExpress / Urgent Care Centers

- ◆ For use when you or your child are sick or injured and can't get to your regular doctor.
- ◆ For use when you are traveling or on vacation and can't get to your regular doctor; a recognizable name like MedExpress / UnitedHealth feels like a safe choice.
- ◆ **Average Cost per Visit: \$155**
- ◆ Average Wait Time per Visit: 1 Hour or less
- ◆ MedExpress provides quality uniform care, as opposed to an unknown random “doc in the box”.

MedExpress



Cuts and scrapes



Fractures and sprains



Colds, bronchitis, and pneumonia



Rashes and allergic reactions



Vomiting and dehydration



Asthma and wheezing

Emergency Room



Chest pain



Respiratory distress



Trauma or serious head injury



Stroke symptoms



Uncontrollable bleeding



Unconsciousness

TOP 10 URGENT CARE CENTERS

The nation has more than 7,000 urgent care centers, and while the market is fragmented, major players operate multiple care centers. Below is a list of the Top 10 (MedExpress is Number 2):

1. Concentra	300+ Clinics in 38 States
2. MedExpress	200+ Clinics in 16 States
3. U.S. Healthworks	174+ Clinics in 21 States
4. American Family Care	163+ Clinics in 25 States
5. NextCare Urgent Care	137+ Clinics in 10 States
6. FastMed Urgent Care	109+ Clinics in 3 States
7. Patient First	67+ Clinics in 4 States
8. HCA CareNow	64+ Clinics in 5 States
9. City MD / Premier Care	57+ Clinics in 3 States
10. CareSpot Express	54+ Clinics in 4 States

**First Choice ER is not shown (at about 90 locations) as it has not been determined how many locations may remain after the Chapter 11 proceedings..*



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URGENT CARE INDUSTRY

MedExpress / Urgent Care is a solid, recession resistant tenant

THE INDUSTRY IS LARGE AND GETTING LARGER

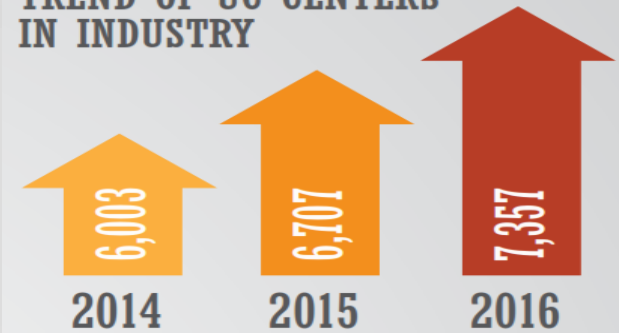
THE INDUSTRY IS A "STAPLE" OF MEDICAL CARE DELIVERY

Hospitals, Medical Corporations, or Joint Ventures with hospitals are some of the major owners. This means stability and longevity.

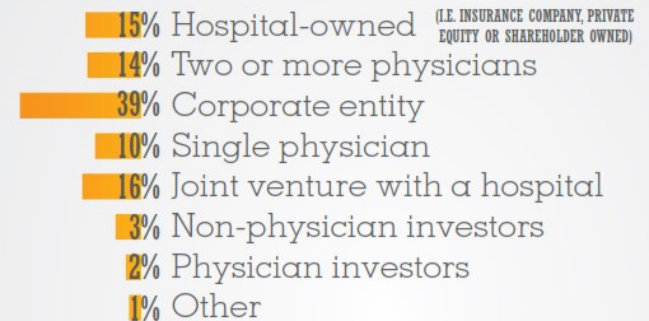
URGENT CARE CENTERS ARE BUSY

The business model works.

TREND OF UC CENTERS IN INDUSTRY



OWNERSHIP:



- Urgent care centers report an average of nearly 12,000 patient care visits in 2015
- 96% say the number of patients has increased
- 90% of urgent care centers anticipated growth in 2016
- 73% acquired or built a new location

LIMITED COMPETITION NEARBY

INVESTMENT SUMMARY

MEDEXPRESS VS. ER

URGENT CARE INDUSTRY

NEARBY COMPETITION

AERIAL MAP

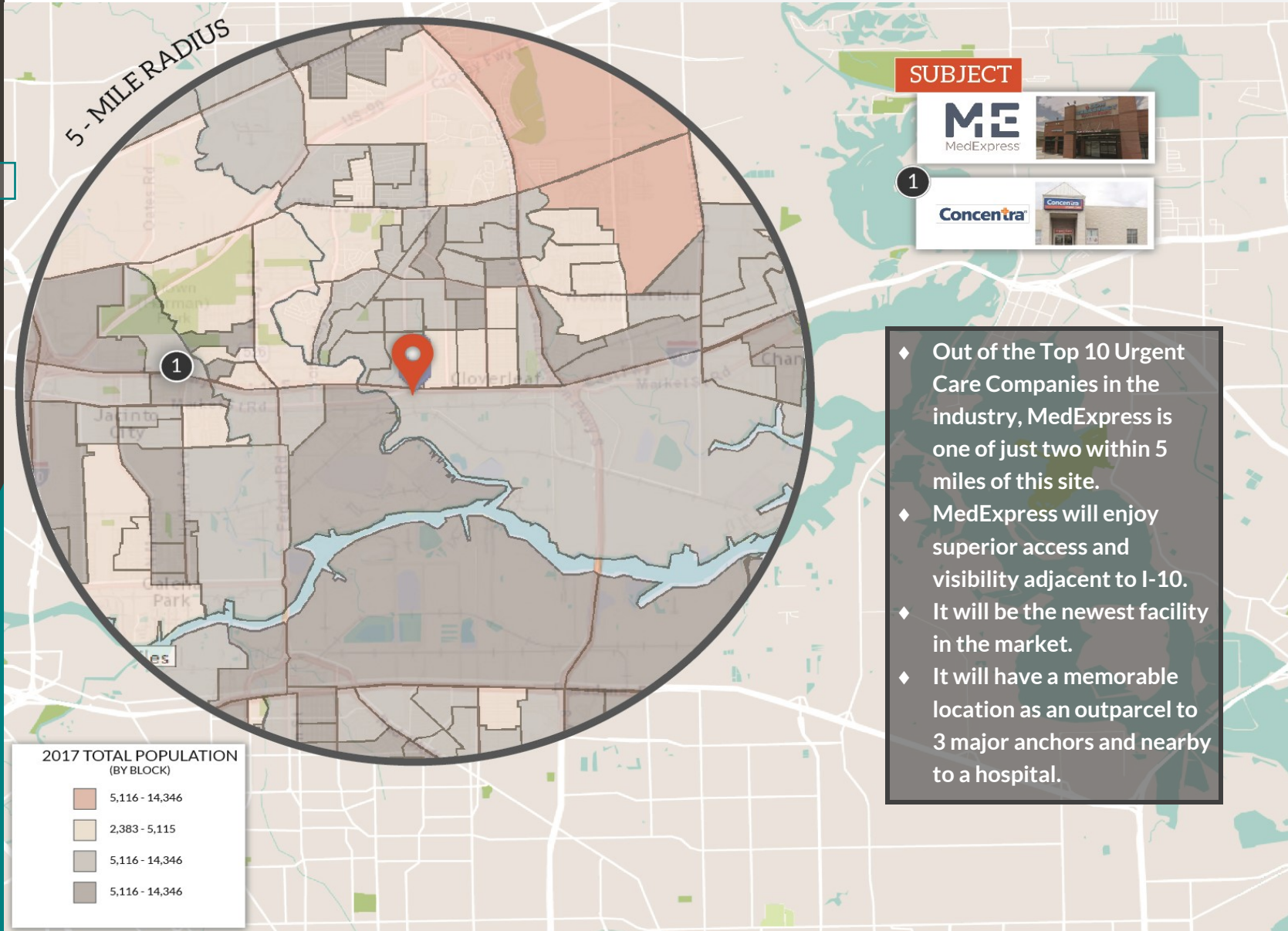
SITE PLAN

LEASE AND TENANT

HOUSTON MARKET

LOCATION MAP

DEMOGRAPHICS



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High Density In-Fill Location
Over 88,000 People within 3 Miles
Over 188,000 People within 5 Miles

Interstate 10
137,346 Cars Per Day



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High Density In-Fill Location
Over 88,000 People within 3 Miles
Over 188,000 People within 5 Miles

East Houston Regional Medical Center
A CAMPUS OF BAYSHORE MEDICAL CENTER
131 Beds, 250 Doctors, 400 Staff

Conn's HomePlus
SALLY BEAUTY
FedEx
DOLLAR TREE

Office DEPOT
LESLIE'S
IHOP
PANDA EXPRESS
TACO CABANA
IBERIA BANK

Interstate 10
137,346 Cars Per Day

ME
MedExpress

Bank of America
WELLS FARGO
Frost Bank
CHASE

Academy
SPORTS + OUTDOORS

Aaron's

THE HOME DEPOT

Sams CLUB

CHIPOTLE
at&t
Sprint
verizon
Chick-fil-A
Firestone
WHATABURGER

Walmart



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SITE PLAN

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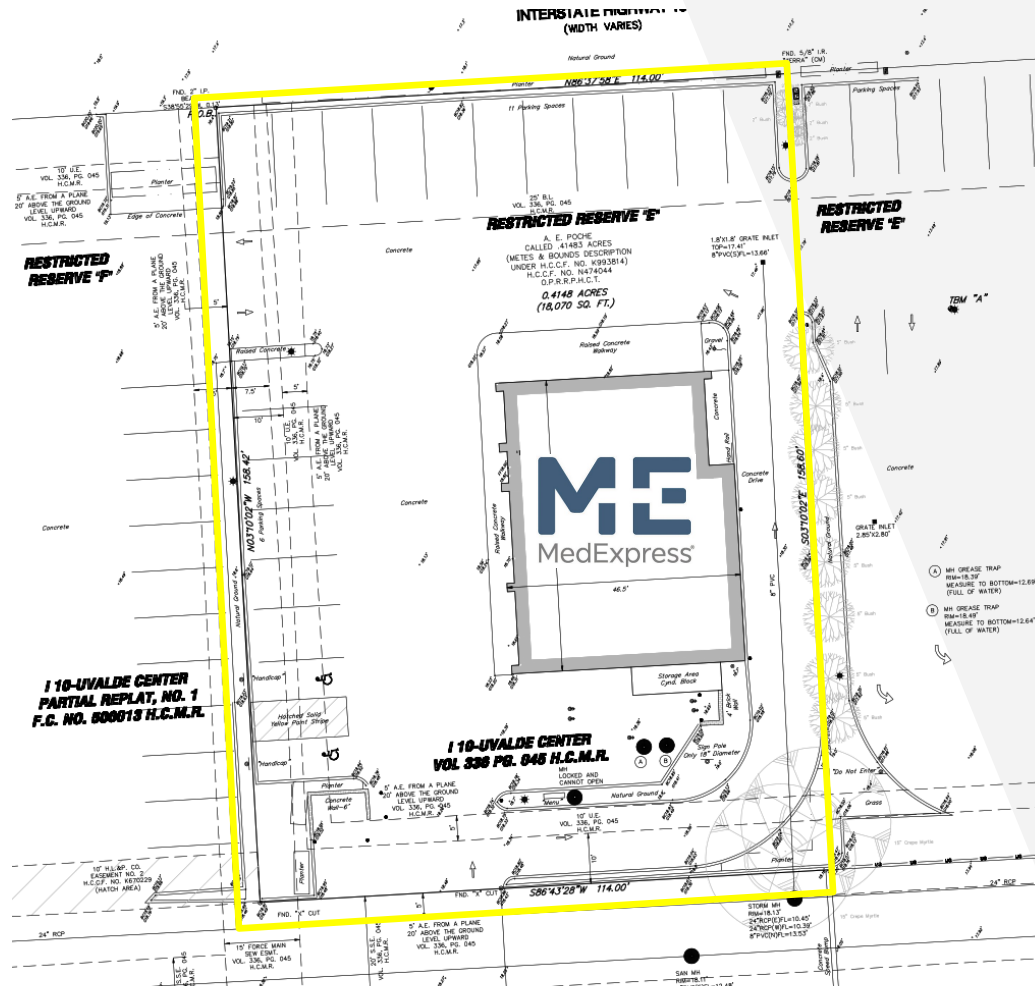
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Building
4,800 SF

Land
0.41 Acres

Effective Land Size
*1.4 acres?

Parking
19 spaces

Built
2017



www.medexpress.com

*SPECIAL NOTE: The site, while only 0.41 acres, has a MUCH LARGER effective “footprint.” This site benefits from a permanent cross easement for parking with Home Depot. For example, if you had a high parking user (that required or needed additional parking) and parking on site meets the code required, actual parking needs could be met with the huge field of parking of Home Depot. Therefore, some have estimated this is a 1.4 acre site, effectively.



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LEASE AND TENANT SUMMARY

Property:	MedExpress, a Division of Optum Health, UnitedHealth Group
Building:	4,800 NLSF (built and owned by Tenant)
SITE:	0.41 Acres (with ACCESS by easement to Home Depot Parking)
Lease:	10 years, plus options, 10% increases every 5 years (see Lease Abstract)
Lease Type:	Ground Lease, unsubordinated



As of 2017, MedExpress is the nation's 2nd largest operation of Urgent Care centers with over 200 locations across 16 states and nearly 5,000 employees. Founded in 2001, MedExpress is a national leader in convenient and affordable healthcare. Most centers are open every day from 8am to 8pm with a full medical team that have patients out in under an hour.

In 2015, MedExpress was acquired by Optum, a division of UnitedHealth Group. UnitedHealth Group is the largest healthcare company in the country based on revenue (\$184 Billion for 2016, up from \$157 Billion in 2015). UnitedHealth Group serves clients through two distinct platforms: UnitedHealthcare, the largest health insurer in the country based on membership, and Optum, the most profitable division within UnitedHealth Group, accounting for over 37% of it's revenue in 2016.

- ◆ **Founded in 2001**
- ◆ **200 Locations in 16 States**
- ◆ **Approximately 5,000 Employees**
- ◆ **Division of Optum / UnitedHealth Group (\$184 Billion in Revenue)**

LEASE ABSTRACT

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URGENT CARE INDUSTRY

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LEASE AND TENANT

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Tenant	MedExpress (Urgent Care MSO, LLC)		
Building / Land	4,800 SF (owned by tenant; this is a ground lease) / 0.4148 Acres		
Commencement Date	December 17, 2017		
Termination Date	December 31, 2027		
Term	10 Years plus Three 5 Year Options		
Increases	10% every 5 years, including each option		
Security Deposit	None		
Rent Schedule	<u>Year</u>	<u>Annual Base</u>	<u>Monthly Base</u>
	1 to 5	\$140,000	\$11,666.67
	6 to 10	\$154,000	\$12,833.34
<i>Option 1</i>	11 to 15	\$169,400	\$14,116.67
<i>Option 2</i>	16 to 20	\$186,340	\$15,528.34
<i>Option 3</i>	21 to 25	\$204,974	\$17,081.17
Taxes	Paid by Tenant		
Insurance	Paid by Tenant		
CAM	Paid by Tenant		
Utilities	Paid by Tenant		
Landlord Expenses	None; Tenant is responsible for all Maintenance and Repairs		



www.medexpress.com

HOUSTON MARKET OVERVIEW

Quick Facts:

- ◆ Most populous city in the state of Texas
- ◆ 4th most populous city in the United States
- ◆ 5th most populous MSA in the United States
- ◆ Based on Gross Domestic Product, if Houston were a state, it would be the 9th largest in the U.S.
- ◆ If Houston were an independent nation, it would be the 23rd largest economy in the world
- ◆ The Port of Houston ranks first in U.S. foreign tonnage
- ◆ Over 31.5% of people age 25 or older have a Bachelor's Degree or higher
- ◆ The Houston MSA pretax per capita personal income is 13% higher than the U.S. average
- ◆ 4th in the nation in the number of corporate headquarters, per the 2017 Fortune 500 list
- ◆ Key center for international finance with 19 foreign banks from 9 nations

HOUSTON'S TOP EMPLOYERS

More Than 20,000 Employees

H-E-B Houston Methodist Memorial Hermann Health System	UT MD Anderson Cancer Center Walmart
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10,000 to 19,999 Employees

ExxonMobil HCA Kroger Landry's	Schlumberger Shell Oil Co. United Airlines UT Medical Branch Health System
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5,000 to 9,999 Employees

Academy Sports & Outdoors Aramark Corp. Archdiocese of Galveston-Houston AT&T Baker Hughes Baylor College of Medicine BP America	CenterPoint Energy Chevron CHI St. Luke's Health Dow Chemical Co. Fluor GE Oil and Gas Harris Health System	Hewlett Packard Enterprise Home Depot Houston Community College JPMorgan Chase Lone Star College Macy's National Oilwell Varco	Pappas Restaurants, Inc. S&B Engineers and Constructors TechnipFMC Texas Children's Hospital University of Houston UT Health Science Center at Houston
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MEDEXPRESS GROUND LEASE

13550 East Fwy, Houston, TX



HOUSTON-HEADQUARTERED COMPANIES

Ranked nationally and globally

2017 Fortune 500 **20**

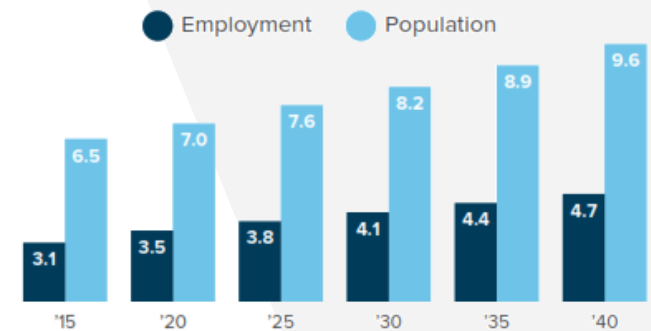
2016 Fortune Global 500 **7**

2017 Forbes Global 2000 **24**

Source: Fortune, Forbes

POPULATION AND EMPLOYMENT FORECAST

Houston MSA, (Millions)



Source: The Perryman Group, Summer 2016



HOUSTON MARKET OVERVIEW

Houston is a global city. It is the base of operations for the international oil and gas exploration and production industry and for many of the nation’s largest international engineering and construction firms. Houston is a worldwide leader in the aerospace industry. It is home to NASA’s Johnson Space Center and headquarters to NASA’s manned space program.



Houston fared better than most during the past recession and was able to recoup jobs sooner than most of the United States. International trade is a driving sector for the local economy. The Port of Houston and the area’s strong health care system, including the Texas Medical Center, along with technology oriented businesses are reasons for Houston’s strong economic performance.

The Port of Houston is a 25 mile long complex of public and private facilities. It is the 7th largest port in the world and has consistently ranked 1st in the United States in foreign waterborne tonnage, import and export tonnage, and 2nd in the U.S. in total tonnage.

The Texas Medical Center is the largest employer in Houston as well as the largest medical center in the world and largest concentration of medical professionals. The center contains approximately 70 medicine related institutions, including 21 hospitals, 14 support organizations, 10 academic institutions, 8 academic and research institutions, 7 nursing programs, and 3 medical schools. Combined, the total size exceeds 50 million square feet and over 9,200 patient beds. The TMC receives over 10 million annual patient visits and employs over 106,000 people.

LOCATION MAP

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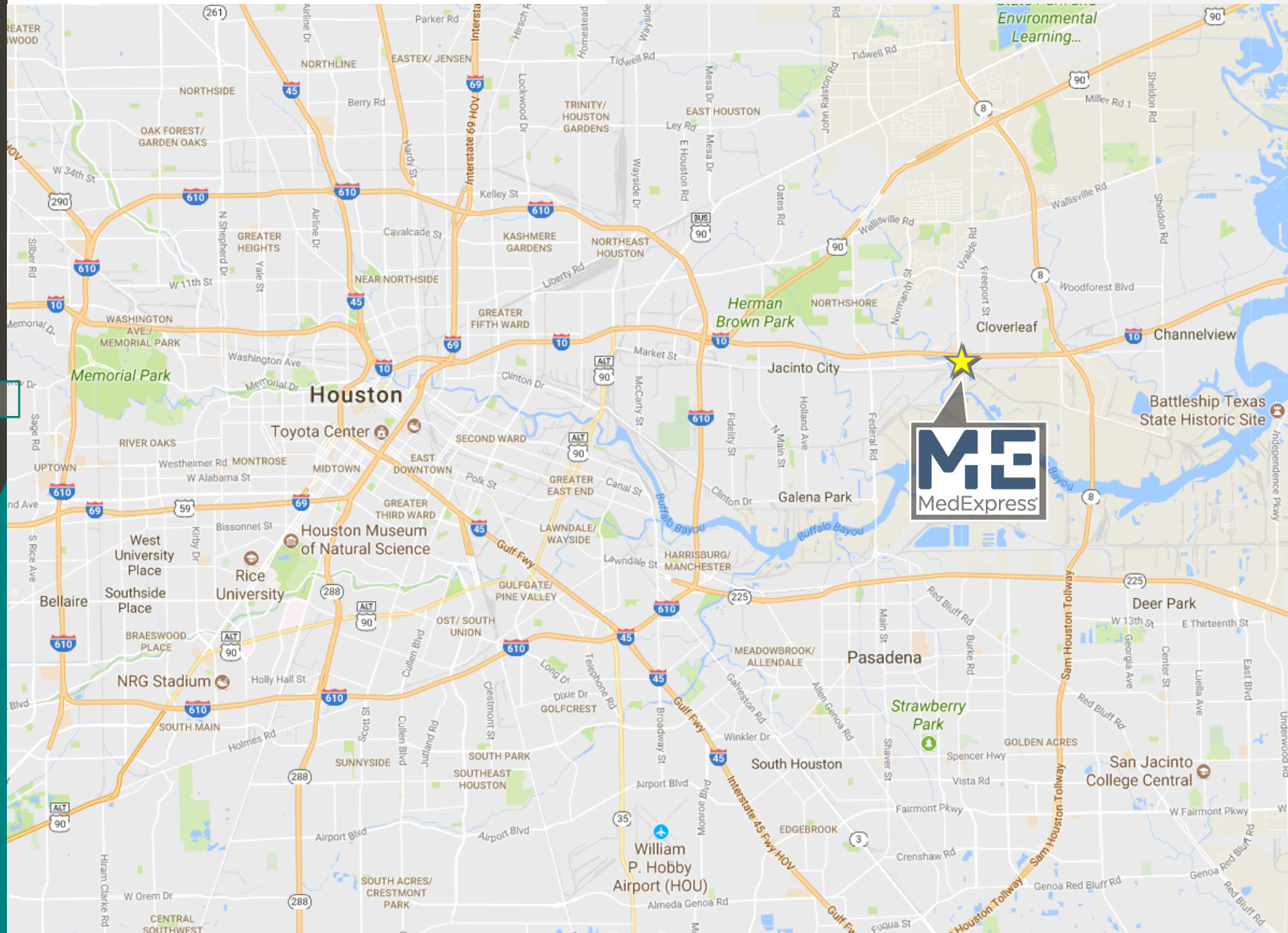
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DEMOGRAPHICS

DEMOGRAPHICS

	One Mile	Three Miles	Five Miles	Notes	
Population					
2017 Population	9,682	88,532	188,805	<i>Over 188,000 People within 5 Miles</i>	
2010 Population	8,862	82,679	173,251		
5 Year Projected	10,321	93,596	201,316		
Growth since 2010	9.25%	7.08%	8.98%		
Projected Growth Over the Next 5 Years	6.60%	5.72%	6.63%		
Households					
2017 Households	2,582	26,319	55,188	<i>Avg HH Income over \$58,000 within 5 Miles</i>	
% Owner Occupied	46.80%	45.50%	50.80%		
% Renter Occupied	53.20%	54.50%	49.20%		
2010 Households	2,410	24,964	51,258		
5 Year Projected	2,732	27,632	58,540		
Growth since 2010	7.14%	5.43%	7.67%		
Projected Growth Over the Next 5 Years	5.81%	4.99%	6.07%	<i>Daytime Population over 58,000 within 5 Miles</i>	
Income					
2017 Average Household Income	\$45,259	\$57,929	\$58,112		
5 Year Projected	\$50,443	\$65,265	\$66,015		
Projected Growth Over the Next 5 Years	11.45%	12.66%	13.60%		
Employment & Establishments					
2017 Employees/Daytime Population	5,408	24,422	58,136		
2017 Total Establishments	359	2,036	4,121		
Race					
White	62.50%	51.60%	55.70%		
African American	3.00%	18.60%	15.10%		
Hispanic Origin (Any Race)	83.20%	66.50%	69.50%		
Native American / Alaskan Native	1.00%	1.20%	1.00%		
Asian/Pacific Islander	0.50%	1.80%	1.60%		
Two or More Races	3.50%	3.80%	3.70%		
Other Race	29.50%	23.00%	22.80%		



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