

INVESTMENT ANALYSIS

AnMed Urgent Care

On-Campus Health System Leased Urgent Care — NNN Investment Analysis

ASSET TYPE

LIST PRICE

GOING-IN CAP

TENANT

Urgent Care NNN

\$4.19M

6.00%

Subsidiary of
AnMed Health
(AA-)

KEY METRICS

\$35.81/SF

Current NNN Rent

\$42–\$55+/SF

Market Rent Range

~\$251K

Current Annual NOI

~\$1.26M

5-Yr Cash Flow

\$5M–\$7.7M

Projected Exit Value Range

**Subsidiary of AA–
Health System**

Tenant Credit Rating



THE OPPORTUNITY: MARK-TO-MARKET RENT RESET

At \$35.81/SF, the current rent is conservatively 17–54%+ below market. If AnMed exercises their 1–15 year renewal option at fair market rent, then the pro forma NOI and property value reset materially upward.

Scenario	Rent / SF	Estimated NOI	Value @ 6% Cap	Value @ 5% Cap
Current (In-Place)	\$35.81	~\$251,400	\$4.19M	\$4.57M
Conservative Reset (\$42)	\$42.00	~\$294,840	\$4.91M	\$5.90M
Mid Reset (\$48)	\$48.00	~\$336,960	\$5.62M	\$6.74M
Aggressive Reset (\$55+)	\$55.00	~\$386,100	\$6.44M	\$7.72M

REALISTICALLY ACHIEVABLE VALUE CREATION FROM RENT RESET ALONE

\$1M–\$3M+

Pro Forma Value Creation

From rent reset at option exercise

17%–54%+

Below-Market Rent Discount

Current rent vs. \$42–\$55+/SF market

\$4.19M

Acquisition Price Today

Entry at 6.0% going-in cap



INVESTMENT THESIS: BUY → HOLD → HARVEST

A 4 step value creation strategy anchored by a captive health-system tenant and a clear mark-to-market rent reset event.

01

ACQUIRE

Now

Purchase at \$4.19M / 6.0% going-in cap rate

\$4.19M

02

HOLD

Years 1–5

Collect ~\$251K+ NOI annually. Cumulative cash flow builds to ~\$1.26M. The significantly below-market rent makes tenant renewal essentially a certainty.

~\$1.26M Cumulative

03

MARK-TO-MARKET

~Year 5

AnMed exercises their 1–15 year option at fair market rent (projected \$42–\$55+/SF) and the pro forma NOI jumps to \$295K–\$386K annually.

NOI ↑ 17–54%+

04

REPOSITION / EXIT

Year 6+

Sell at the maximum lease term (15 years) for best-in-class pricing — or hold for 5–15 more years collecting the higher NOI. The new 15 year term offers multiple potential future exit strategies.

\$5M–\$7.7M



THREE LAYERS OF DOWNSIDE PROTECTION

1

Thriving Health System Tenancy — Subsidiary of the AA- Credit Rated AnMed Health

- ✔ AnMed Health holds an AA- credit rating — among the strongest in the healthcare sector
- ✔ Subject property is on the campus of the 461-bed flagship hospital campus
- ✔ Business is growing — any future financial difficulties are an extremely low-probability scenario
- ✔ Urgent care volumes continue to rise nationally as patients shift away from hospital ERs

2

Captive Tenant Economics — \$200+/SF Relocation Cost

- ✔ \$200+/SF in new medical build-out costs (plumbing, millwork, shielding) at any new urgent care location
- ✔ Months of costly downtime during construction and transition
- ✔ Loss of established patient flow from an irreplaceable on-campus hospital location
- ✔ Landlord TI allowances rarely cover full relocation costs — net cost to tenant is enormous

3

Rare On-Campus Hospital Asset — Irreplaceable Location

- ✔ On-campus location on AnMed's 461-bed flagship hospital drives built-in patient referrals
- ✔ 100% MOB occupancy within a 3-mile radius (724K SF) — effectively no competitive supply
- ✔ Developers cannot replicate this location — no on-campus land is available
- ✔ Rising replacement costs mean new construction urgent care properties require \$55+/SF rents to pencil



COMPOUNDING MACRO TAILWINDS

92.7%

National MOB Occupancy

Cyclical high

4.5M SF

Absorption > Completions

Past 3 years

100%

3-Mile Radius MOB Occupancy

724K SF fully leased

\$200+/SF

Medical Build-Out Cost

New construction

1

Supply Constraints Drive Rents Higher

Construction levels have fallen as costs have risen and demand for medical space has surged. National MOB occupancy has reached a cyclical high of 92.7%. Over the past three years, absorption has outpaced completions by 4.5M SF. With tight supply, MOB rents will continue to rise — directly benefiting rent reset assumptions.

2

Replacement Cost Moat

The cost of building has risen dramatically, requiring developers to charge \$55+/SF rents for new construction to pencil. AnMed cannot replicate this space at a lower cost elsewhere. The submarket features 100% medical office occupancy within a 3-mile radius (724K total SF) — this building's strategic on-campus location is effectively irreplaceable.

3

Medical Build-Out Costs Lock the Tenant In

Medical TI costs regularly exceed \$200/SF for plumbing, millwork, and shielding. Moving requires massive capital, months of downtime, and the loss of established on-campus patient flow. AnMed has already invested significantly at this location — the economics of relocation are prohibitive, making renewal the rational outcome.

FINAL RECOMMENDATION

AnMed Urgent Care



STRONG BUY

DOWNSIDE PROTECTION (3 Layers)



Thriving Health System

AnMed AA- credit — extremely low probability of financial distress



Captive Tenant Economics

\$200+/SF relocation cost makes staying the only rational choice



Irreplaceable Location

On-campus hospital asset — cannot be replicated at any price

UPSIDE CATALYSTS (2 Layers)



Below-Market Rent Reset

\$35.81/SF → \$42–\$55+/SF pro forma rents projected at option exercise
= \$1M–\$3M+ value creation



Macro Tailwinds

92.7% national MOB occupancy · Rising rents · Decreasing development
· Cap rate compression

BUY AT \$4.19M | 6.0% Going-In Cap | AnMed Health AA- | On-Campus Urgent Care | \$1M–\$3M+ Embedded Upside