

TENANT OVERVIEW: DAVITA

DaVita is Italian for “Giving Life”

DAVITA TENANT DESCRIPTION

DaVita, Inc. is one of the largest kidney care companies in the United States, with a brand new corporate headquarters in Denver, Colorado. Their offerings include in-center hemodialysis, in-center nocturnal dialysis, peritoneal dialysis, home hemodialysis, vascular access management, chronic kidney disease education, and renal diet assistance.

As of June, 2014, DaVita operated or provided administrative services at 2,119 outpatient dialysis centers located in the United States, serving approximately 168,000 patients. The company also operated 84 outpatient dialysis centers located in 10 countries outside the United States.

NET LEASE OVERVIEW

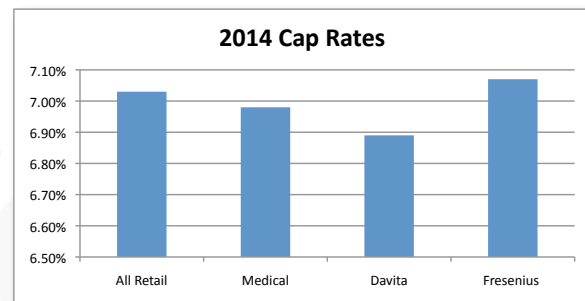
Investors like DaVita’s small price point and the fact that kidney dialysis is a growth industry. Investors take security from the tenant’s investment in the build out of the property along with the installation of specialty trade fixtures that make it less likely for the tenant to leave at lease expiration. The very nature of DaVita’s business means a steady and growing routine amongst its clients develops over time providing a reliable income stream tied to an often visited location.

According to the Centers for Disease Control and Prevention, more than one-third (34.9% or 78.6 million) of U.S. adults and approximately 17% (or 12.7 million) of children and adolescents aged 2-19 are considered obese. The obesity epidemic has caused an increase in diabetes, which currently leads to roughly 44% of kidney failures. Due to the increase in obesity, diabetes and kidney failure, the need for medical facilities offering dialysis will continue to grow. Typically, patients require three dialysis procedures per week, each procedure taking 3-4 hours. Although a bit morbid, the reality is that dialysis centers can depend upon customers visiting frequently each week which creates an inelastic demand for their services.

The medical industry as a whole is poised for future growth and net lease investors are logical in recognizing the stability this lends. During 2014, the medical and retail markets have been trading and yielding a return on investors’ money of roughly 7%.

DaVita splits 70% of the fragmented U.S. dialysis market with Fresenius Medical Care, their number one competitor. As shown in Table 1, throughout 2014 DaVita’s average cap rates have been 6.89% while Fresenius’ have been 7.07%. Given the limited supply and high demand for these Dialysis Centers, investors are willing to pay a premium for NNN DaVita tenanted properties.

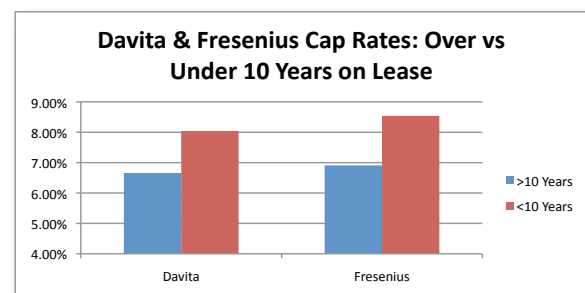
TABLE 1



All Retail	7.03%
Medical	6.98%
Davita	6.89%
Fresenius	7.07%

As shown in Table 2, during 2014 DaVita tenanted properties, with a lease term of greater than 10 years, have an average cap rate of 6.66%, while lease terms of less than 10 years have been trading at an average cap rate of 8.04%.

TABLE 2



	DAVITA	FRESENIUS
>10 Years	6.66%	6.91%
<10 Years	8.04%	8.54%

As shown in Table 3 DaVita tenanted properties that are structured as NNN vs NN have been trading at 6.70% and 7.03%, respectively. Please see Table 4 for historical trends in the Retail and Medical Markets.

TABLE 3

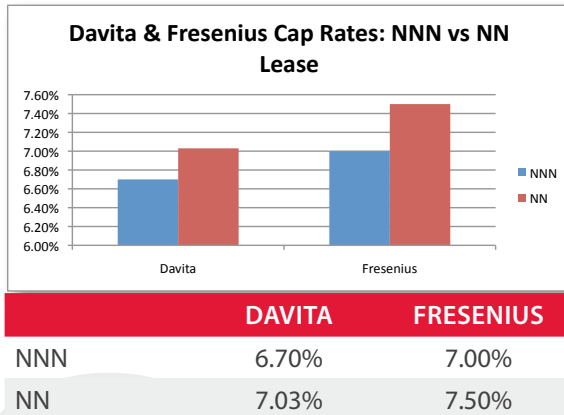
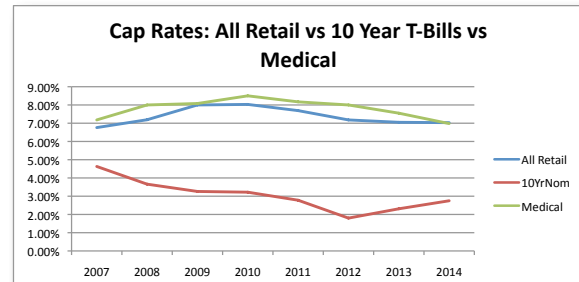


TABLE 4



ALL RETAIL							
2007	2008	2009	2010	2011	2012	2013	2014
6.76%	7.19%	8%	8.03%	7.69%	7.18%	7.05%	7.03%
10 YEAR NOM							
2007	2008	2009	2010	2011	2012	2013	2014
4.63%	3.66%	3.26%	3.22%	2.78%	1.80%	2.31%	2.75%
MEDICAL							
2007	2008	2009	2010	2011	2012	2013	2014
7.18%	8.00%	8.08%	8.50%	8.17%	8.00%	7.55%	6.98%

Calkain Companies is a commercial real estate services firm which specializes in advising buyers and sellers of single tenant net leased properties through all aspects of the transaction including advisory, brokerage, debt placement, equity placement, asset management and research. Calkain has multiple office locations throughout the United States. Additional information about the firm and listings may be found at www.calkain.com.

INTERESTED IN CALKAIN'S PROPERTY EVALUATION?

Calkain has successfully brokered DaVita Dialysis deals and would like to offer our services in evaluating your property today. Please call Nicholas Adler at (571) 449-8240 or email at nadler@calkain.com.

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