

DaVita is Italian for "Giving Life"



DaVita Tenant Description

DaVita, Inc., a Fortune 500 Company, is one of the largest kidney care companies in the United States, headquartered 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, 2016, DaVita operated or provided administrative services at 2,293 outpatient dialysis centers located in the United States, serving approximately 185,000 patients. The company also operates 127 outpatient dialysis centers located in 11 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, kidney dialysis, requires clients to visit routinely and consistently, which in turn produces a reliable income stream for that location.

According to the 2015 report issued by the American Kidney Fund, kidney disease is the 9th leading cause of death in the United States. An estimated 10% of the adult population in the United States (~ 31 million people) have chronic kidney disease (CKD).

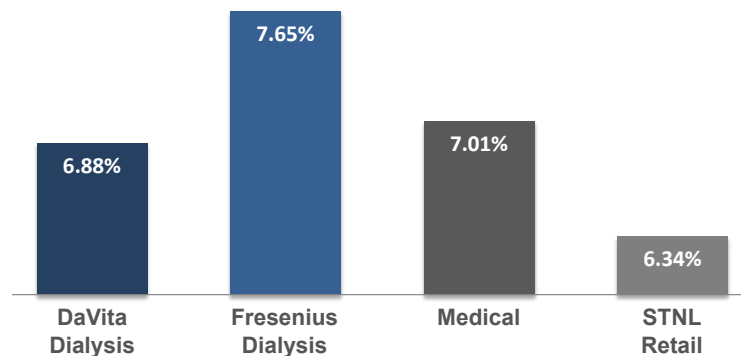
Despite the 100,000+ patients who need kidney transplants, approximately 16,000 actually receive transplants each year. Dialysis is the only other option for the rest of the patients.

As the population in the United States ages, the prevalence of chronic kidney disease will rise according to a report published in the American Journal of Kidney Disease. Adults, ages 30 and older, who have CKD is projected to increase from the current 13.2% to 14.4% in 2020, and 16.7% in 2030. These projections continue to support the demand for dialysis centers and the growth in this industry.

The medical industry as a whole is poised for future growth and net lease investors are logical in recognizing the stability this lends. During 2016, the medical markets have been trading and yielding a return on investors' money of roughly 7.0%.

DaVita is a dominant player in the United States dialysis market with Fresenius Medical Care, being their number one competitor. As shown in Table 1, throughout 2016 DaVita's average cap rates have been 6.88% while Fresenius' have been 7.65%. Given the limited supply and high demand for these Dialysis Centers, investors are willing to pay a premium for NNN DaVita tenanted properties.

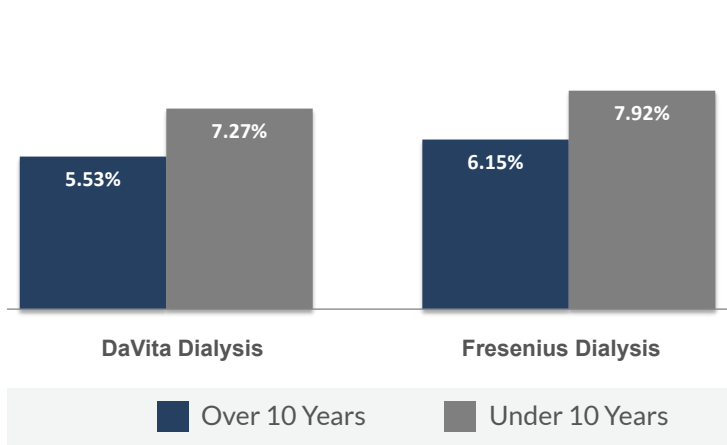
Table 1 - 2016 Avg Cap Rates



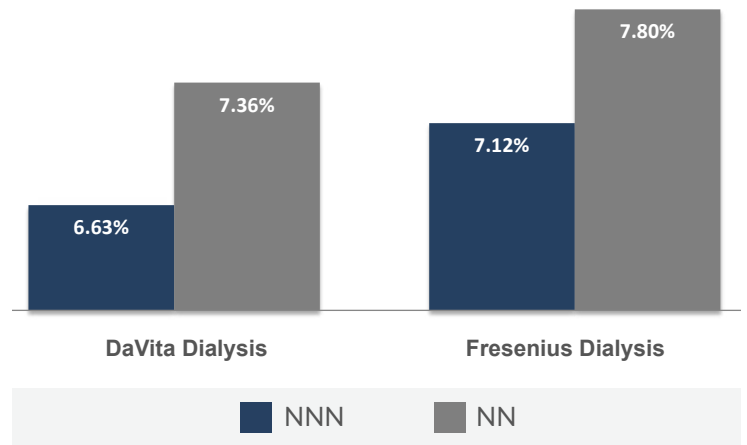
As shown in Table 2, during 2016, DaVita tenanted properties with a lease term of greater than 10 years, have an average cap rate of 5.53%, while lease terms of less than 10 years have been trading at an average cap rate of 7.27%.

Table 3 shows the average cap rates for DaVita tenanted properties that are structured as NNN vs NN. In 2016, NNN and NN DaVita's traded at 6.63% and 7.36% respectively.

**Table 2 - 2016 Avg Cap Rates:
Over vs Under 10 Years Remaining**



**Table 3 - 2016 Avg Cap Rates:
NNN vs NN Lease**



Who are we?

Calkain is a national commercial real estate firm that provides consulting and brokerage services to both private and institutional clientele with an expertise on triple net lease investments. We pride ourselves on being a world class leader by providing our clients a full array of commercial real estate investment brokerage and asset management solutions, including advisory, research, estate planning and wealth management. Calkain is headquartered in Herndon, VA with multiple locations throughout the United States. Additional information about the firm and listings may be found at www.calkain.com.

CALKAIN RESEARCH

12930 Worldgate Drive, Suite 150
Herndon, VA 20170
(703) 787-4714

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