

FIRST CHOICE EMERGENCY ROOM

NNN GROUND LEASE

DENVER MSA



EXECUTIVE SUMMARY



THE OFFERING

Jones Lang LaSalle (“JLL”) is pleased to offer for sale the fee-simple interest in a First Choice Emergency Room ground lease (the “Property” or “Asset”) located in Aurora, Colorado. Situated on a hard corner in a brand new grocery-anchored shopping center, the Property was developed for First Choice Emergency Room (the “Tenant” or “Company”) in 2014 and is subject to a long-term ground lease. The Asset is leased to LG Aurora FCER, LLC on an absolute triple-net basis (“NNN”) with no landlord responsibilities, and six, five-year renewal options, featuring 10 percent rental increases every five years throughout the primary term and renewal option periods. This investment represents an exceptional opportunity to acquire a NNN, ground leased First Choice Emergency Room located in the thriving Denver Retail Market.

INVESTMENT HIGHLIGHTS

ROBUST RETAIL LOCATION

The Asset benefits from its location within a brand new King Soopers Marketplace - anchored shopping center, which includes McDonald’s, Prestige Daycare and Dion’s Pizza outparcels. Furthermore, the Property is proximate to numerous surrounding national retailers including Target, Ace Hardware, Home Depot, Walgreens, Best Buy, Walmart, Office Depot, Sam’s Club, Taco Bell, Chick-fil-A and Lowe’s.

OPTIMAL LEASE STRUCTURE

The Property is subject to a triple net ground lease and the Tenant will pay all costs and expenses associated with the Asset. The Property features 20 years of primary term and six, five-year renewal options with 10 percent rental escalations every five years throughout the entire lease term.

SURROUNDING DEMOGRAPHICS

Over 38,000 people live within three miles of the Asset, with a projected population growth rate of 18 percent by 2019, more than four times the national rate. That same population exhibits an average household income of \$129,000, significantly greater than both the Denver and national averages of \$68,000 and \$72,000, respectively.

STRONG TENANCY

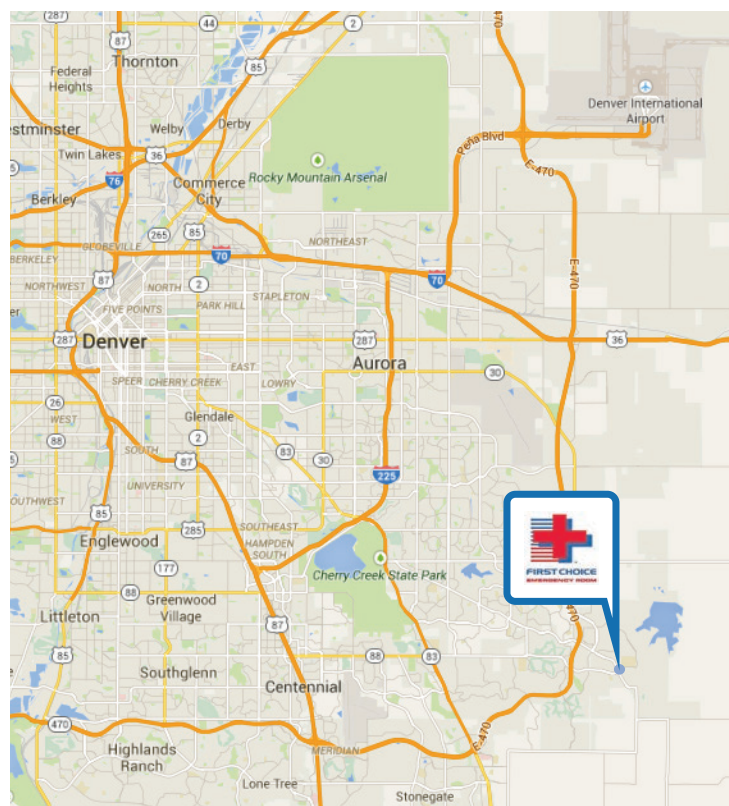
First Choice Emergency Room is the leading freestanding emergency room operator with over 60 locations throughout Colorado and Texas. The Tenant was ranked as one of the fastest growing businesses in the United States, benefitting from the overburdened health care system. First Choice Emergency Room has recently been purchased by the University of Colorado Health, allowing for strategic growth throughout the State.

NEW CONSTRUCTION

The Property was recently constructed in 2014 for First Choice Emergency Room.

FREE AND CLEAR OF EXISTING FINANCING

The Property will be transferred free and clear of debt. Investors will be able to capitalize on today's attractive debt markets and secure highly aggressive and favorable financing. Numerous floating and fixed rate financing options will be accretive to investment yield expectations. Please speak with Austin Johnson (+1 212 812 6489) of JLL's Debt Securities and Net Lease Finance Group regarding financing options.



PROPERTY AND LEASE SUMMARY

| | |
|--------------------|--|
| Location | 25551 East Smoky Hill Road Aurora, CO 80016 |
| Purchase Price | \$2,727,000 |
| Cap Rate | 5.50% |
| NOI | \$150,000 |
| Building Size | 6,621 SF |
| Year Built | 2014 |
| Site Size | 1.1 Acres |
| Parking | +/- 29 Spaces |
| Ownership Interest | Ground Lease |
| Ground Lessee | LG Aurora FCER, LLC |
| Guarantor | First Choice ER, LLC |
| Lease Type | Ground Lease - NNN |
| Lease Term | 20 Years |
| Lease Expiration | 11/30/2034 |
| Rent Escalations | 10% every five years |
| Renewal Options | Six, five-year options |

RENT ROLL

| PERIOD | MONTHLY RENT | ANNUAL RENT | ANNUAL RENT PSF* |
|----------------------------|-----------------|------------------|------------------|
| Nov 2014 - Nov 2019 | \$12,500 | \$150,000 | \$22.66 |
| Dec 2019 - Nov 2024 | \$13,750 | \$165,000 | \$24.92 |
| Dec 2024 - Nov 2029 | \$15,125 | \$181,500 | \$27.41 |
| Dec 2029 - Nov 2034 | \$16,638 | \$199,650 | \$30.15 |
| OPTION PERIODS | | | |
| Dec 2034 - Nov 2039 | \$18,301 | \$219,615 | \$33.17 |
| Dec 2039 - Nov 2044 | \$20,131 | \$241,577 | \$36.49 |
| Dec 2044 - Nov 2049 | \$22,145 | \$265,734 | \$40.14 |
| Dec 2049 - Nov 2054 | \$24,359 | \$292,308 | \$44.15 |
| Dec 2054 - Nov 2059 | \$26,795 | \$321,538 | \$48.56 |
| Dec 2059 - Nov 2064 | \$29,474 | \$353,692 | \$53.42 |

*Annual rent PSF based on building's square footage

PROPERTY OVERVIEW



AERIAL MAP



FIRST CHOICE EMERGENCY ROOM OVERVIEW

Considered the leading freestanding emergency room operator, First Choice Emergency Room (“First Choice ER”) was founded in 2002 with its headquarters based in Lewisville, Texas. Today, First Choice ER operates more than 60 emergency rooms throughout Colorado and Texas, staffed by more than 1,800 employees. Ranked as one of the fastest growing businesses in the United States, First Choice ER continues to benefit from the overburdened health care system by providing an additional access point to emergency rooms.

First Choice ER strives to consistently offer superior patient experience through their medical staff and facility capabilities. First Choice Emergency Room employs a “1-1-1-1” staffing model, meaning that each location has a minimum of one Board-certified physician, one emergency trained registered nurse, one radiology technologist and one front office staff member on-site at all times. Each facility is designed to be a comfortable setting for all patients, with elements including neutrally painted walls, seamless floors, and carefully selected artwork.

The University of Colorado Health has partnered with First Choice ER and will hold a majority stake in the freestanding emergency rooms located in Colorado. The locations will be renamed “UCHealth ER” and will include all locations in the State. Under the partnership, UCHealth will oversee the operations at each facility and all locations will be outfitted with UCHealth’s electronic medical records system. This partnership brings tremendous value to both entities, further solidifying the robust growth of First Choice Emergency Room.

Operating 24/7, First Choice ER allows patients to take full advantage of the services offered.



| COMPANY INFORMATION | |
|---------------------|-----------------------------|
| Company | First Choice ER, LLC |
| Parent | Adeptus Health, Inc. |
| Founded | 2002 |
| ER Locations | Texas - 52 Colorado - 12 |
| Employees | 1,800 (as of December 2014) |
| Headquarters | Lewisville, Texas |
| CEO | Thomas S. Hall |
| Website | www.fcer.com |

SERVICES COMPARISON

| | FIRST CHOICE ER | HOSPITAL ER | URGENT CARE CLINIC |
|---|-----------------|-------------|--------------------|
| MEDICAL EXPERTISE AND SERVICES | | | |
| Board certified physicians with average 16+ years experience | • | • | |
| Chest pain / heart attack / cardiac resuscitation | • | • | |
| Lacerations, sprains, bruises and strains | • | • | • |
| CT Scanners / Digital X-Ray | • | • | |
| Preliminary reports from radiologist within 30 minutes | • | | |
| PATIENT EXPERIENCE | | | |
| Immediate access to experienced physicians | • | | |
| 1-on-1 time with an ER physician (not an assistant or nurse practitioner) | • | | |
| Open 24 hours a day, 7 days a week | • | • | |

MARKET OVERVIEW



DENVER RETAIL MARKET

The Property sits inside the Denver Retail Market (“freestanding retail”), which is comprised of 16 submarkets totaling 9,762 buildings and 77 million square feet as of 1Q2015. The retail market’s fundamentals are very robust, with a 3.3 percent vacancy rate as of 1Q2015, the lowest it has been in over eight years. The retail market is poised for growth with 13 buildings under construction totaling 250,000 square feet in 1Q2015. Year-to-date net absorption as of 1Q2015 was positive 311,000 square feet, an increase of 160,000 square feet over the prior quarter.

SOUTHEAST RETAIL SUBMARKET

Comprised of 348 buildings totaling 4.4 million square feet, the Southeast Retail Submarket is one of Denver’s leading retail submarkets. With a vacancy rate of 2.4 percent and net absorption of 12,000 square feet as of 1Q2015, the submarket boasts robust fundamentals.

The Asset’s proximity to Denver and Southlands Mall creates an ideal market for national retailers, bolstering convenient access, a strong economy and robust demographics. National retailers in the surrounding area include: Target, Ace Hardware, Home Depot, Walgreens, Best Buy, Walmart, Office Depot, Sam’s Club, Taco Bell, Chick-fil-A and Lowe’s. In addition, the Property is located across the street from Fox Ridge Middle School and Cherokee Trail High School, boasting a combined enrollment of over 4,000 students.

FREESTANDING RETAIL MARKET STATISTICS (AS OF 1Q2015)

| | MARKET | SUBMARKET |
|------------------------------|------------|------------------|
| | DENVER | SOUTHEAST RETAIL |
| # of Buildings | 9,762 | 348 |
| Total Inventory (SF) | 77,273,000 | 4,400,000 |
| Total Vacancy | 3.3% | 2.4% |
| YTD Net Absorption (SF) | 311,000 | 12,000 |
| Quoted Rental Rate PSF (NNN) | \$16.90 | \$19.97 |

Source: CoStar

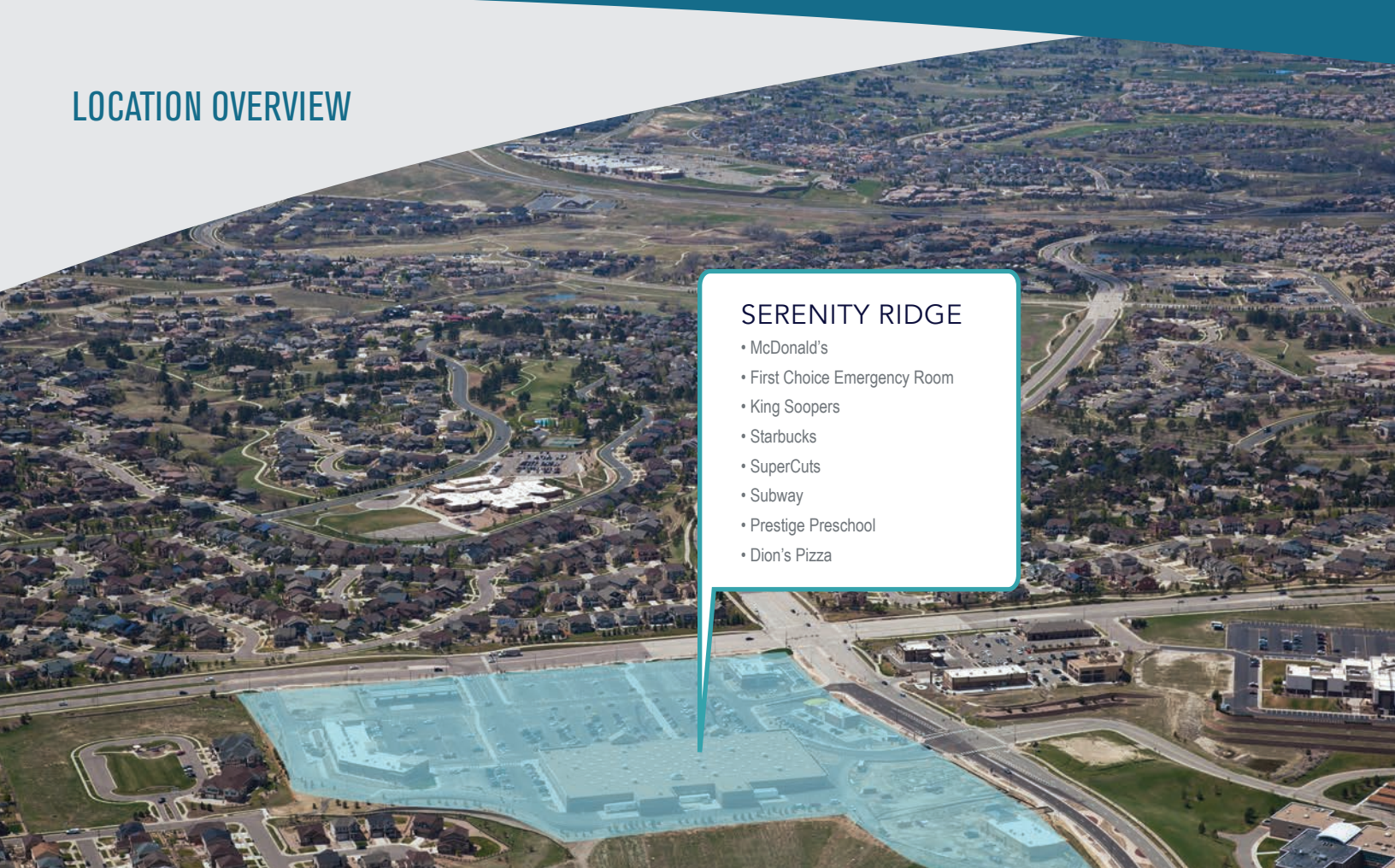
SOUTHLANDS MALL

East Smoky Hill Road - 14,400 vpd

Fox Ridge Middle School
Cherokee Trail High School

East Arapahoe Road - 8,100 vpd

LOCATION OVERVIEW

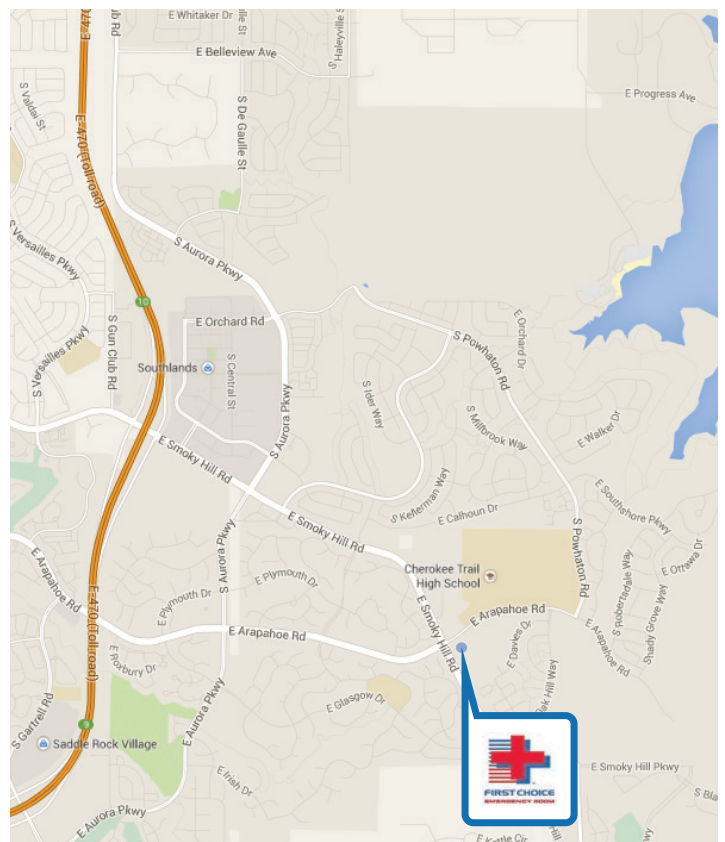


AURORA OVERVIEW

Located just 10 miles east of downtown Denver, the City of Aurora is serviced by ExpressToll 470 and Interstate 225 with convenient access to Interstate 70. Aurora is the third largest city in the State with over 340,000 residents making an average household income of \$67,000. Moreover, the City's population is expected to grow more than seven percent by 2019, doubling the national average.

The City of Aurora operates more than 100 parks and boasts six award-winning municipal golf courses, providing an extensive venue for outdoor activities. Aurora's proximity to Denver creates an ideal market for national retailers and bolsters convenient access, a strong economy and robust demographics. The City also claims several notable accolades including:

- Listed as the Best Large City for Women in the Workforce in 2014 by NerdWallet
- Ranked by U.S. News & World Report's Best Hospitals 2014-2015, the University of Colorado Hospital was the best hospital in the State
- Children's Hospital Colorado placed sixth on the Best Children's Hospitals Honor Roll by U.S. News & World Report's Best Children's Hospitals 2014-2015



LOCATION HIGHLIGHTS

CONVENIENT HIGHWAY AND LOCAL ACCESS

The Asset is conveniently situated along the area's major thoroughfare with five points of ingress/egress and is located near the major highway of E-470, just less than 10 miles east of downtown Denver.

NEWLY DEVELOPED SHOPPING CENTER

The Property is situated amongst several new developments including a McDonald's, Prestige Daycare and Dion's Pizza outparcels. King Soopers Marketplace anchors the shopping center, generating significant traffic to the surrounding retailers.

ROBUST RETAIL LOCATION

The Property benefits from its location within a brand new King Soopers Marketplace - anchored shopping center and its proximity to countless surrounding national retailers including Target, Ace Hardware, Home Depot, Walgreens, Best Buy, Walmart, Office Depot, Sam's Club, Taco Bell, Chick-fil-A and Lowe's.

BOOMING RESIDENTIAL POPULATION

Over 38,000 people with an average household income of \$129,000 live within a three-mile radius of the Asset. That same radius is projected to grow 18 percent by 2019, quadrupling the national average.



SERENITY RIDGE

DEMOGRAPHICS

| | 1-MILE RADIUS | 3-MILE RADIUS | 5-MILE RADIUS |
|-----------------------------|---------------|---------------|---------------|
| POPULATION | | | |
| 2019 Projection | 8,842 | 45,572 | 93,513 |
| 2014 Estimate | 6,911 | 38,556 | 82,861 |
| 2014 Number of Households | 2,072 | 13,557 | 27,738 |
| 2014-2019 Projected Growth | 27.9% | 18.2% | 12.9% |
| ESTIMATED HH INCOME | | | |
| Age 0 - 14 | 31.5% | 25.1% | 24.4% |
| Age 15 - 24 | 11.2% | 11.6% | 12.7% |
| Age 25 - 44 | 28.8% | 27.8% | 27.2% |
| Age 45 - 64 | 24.6% | 26.4% | 28.0% |
| Age 65+ | 4.0% | 8.9% | 7.6% |
| Less than \$35,000 | 7.8% | 8.6% | 8.3% |
| \$35,000 - \$49,999 | 8.1% | 8.4% | 8.4% |
| \$50,000 - \$74,999 | 9.4% | 12.6% | 13.8% |
| \$75,000 - \$99,999 | 14.9% | 16.5% | 17.0% |
| More than \$100,000 | 59.8% | 53.8% | 52.5% |
| Average Estimated HH Income | \$140,775 | \$129,044 | \$126,185 |
| Median HH Income | \$115,774 | \$104,845 | \$102,852 |

LOCATION OVERVIEW



DENVER OVERVIEW

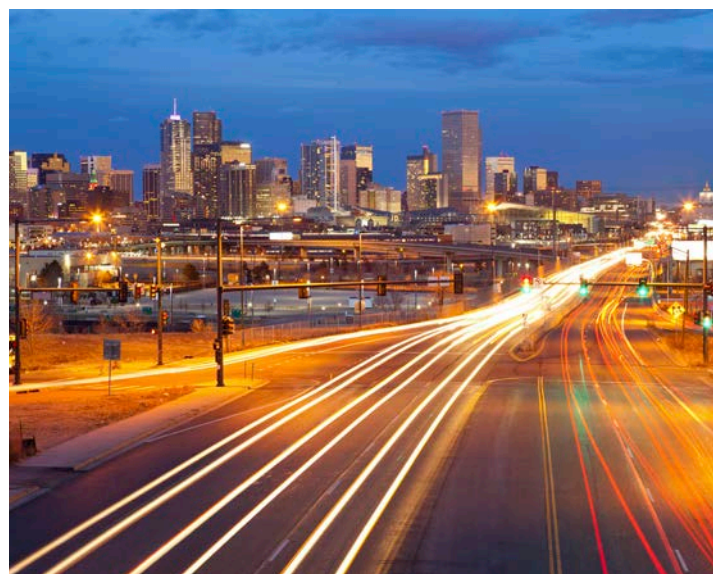
Commonly referred to as the “Mile High City”, Denver is serviced by the major highways I-25 and I-70, intersecting just five miles north of the City’s center. In addition to convenient access throughout the region, Denver is the largest city in the Rocky Mountain Region, with a population of 630,000 residents earning an average household income over \$68,000. Furthermore, the City’s population is expected to grow 10 percent by 2019, more than double the national rate.

Within hours of popular international resort destinations such as Aspen, Vail and Breckenridge, the Denver metropolitan area’s central geography has played an integral role in the metro area’s economic success. Denver’s mild climate, excellent schools, highly educated population, and limitless outdoor activities have all aided this major metropolitan area to rank amongst the best places to live and conduct business. Located within a two-hour flight of more than two thirds of the nation’s cities, and a four-hour flight of every major city in North America, Denver has become an international transportation and commercial hub.

TRANSPORTATION AND ACCESS

In 2004, Denver approved a multi-billion dollar, comprehensive transit expansion plan entitled FasTracks. This metro-wide mass transportation effort is the largest simultaneous construction of a mass transit system in the nation’s history. FasTracks will allow the Regional Transportation District to build and operate high-speed rail lines and expand bus service and Park-n-Rides throughout the region’s nine transit corridors.

Scheduled for completion by 2024, FasTracks will provide ease of access to all of the metro regions. This \$7.8 billion project will unify the metro area with over 120 miles of new light rail and commuter rail, 18 miles of rapid transit with enhanced bus service, 31 new Park-n-Rides, and 21,000 new parking spaces at transit stations, all centered at the historic Denver Union Station downtown. With seven corridors converging at this location (centralized inter-modal facility), the station and its plazas will provide access to every rapid transit corridor included in FasTracks.



DENVER ECONOMY

The Denver metropolitan area's strong underlying fundamentals, and diverse economy, are attractive to the strongest and fastest growing industries: technology, financial services, aerospace, mining, healthcare, bioscience, government, and most notably energy and natural resources. As evidenced by Whiting Petroleum's acquisition of Kodiak Oil and Gas (December 2014), Colorado's energy and natural resource industry is one of the fastest growing in the world. In addition, the Metro Denver region is expanding at a rapid pace with 65,000 new jobs added in 2014 with another 45,000 expected to be added in 2015.

| TOP EMPLOYERS | |
|------------------------------------|-----------|
| COMPANY | EMPLOYEES |
| HealthONE | 8,360 |
| CenturyLink | 6,500 |
| Exempla Healthcare | 6,030 |
| University of Colorado Hospital | 5,750 |
| Children's Hospital | 5,650 |
| Denver Health & Hospital Authority | 5,210 |
| United Airlines Inc. | 4,900 |
| Wells Fargo & Co. | 4,800 |
| Lockheed Martin Corp. | 4,750 |
| Banner Health | 4,570 |
| Kaiser Permanente | 4,380 |
| Comcast Corp. | 4,370 |
| University of Denver | 4,180 |
| Frontier Airlines | 3,350 |
| Ball Corp. | 3,310 |
| Centura Health | 3,270 |
| IBM Corp. | 2,800 |
| FedEx Corp. | 2,790 |
| Xcel Energy | 2,690 |
| Dish Network | 2,540 |

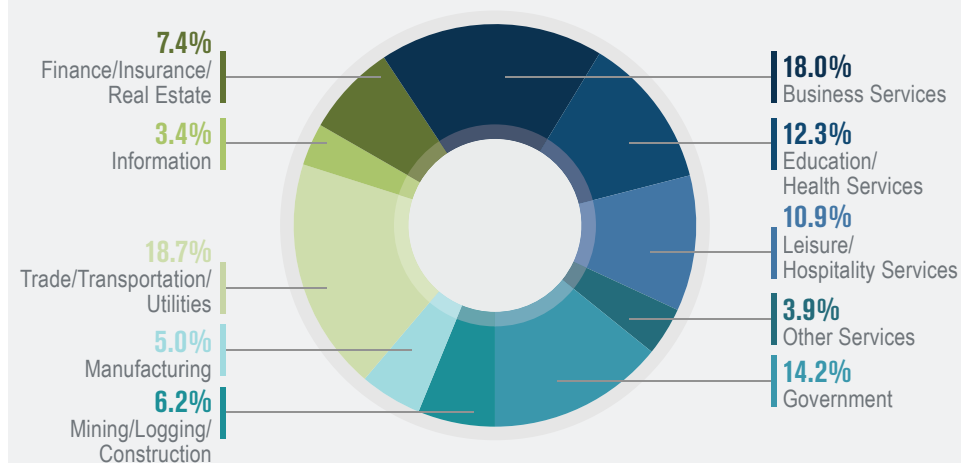
Source: Moody's

Denver continues to be a leading metropolitan area, taking great pride in having the most diverse energy economy with notable economic accolades including:

- Listed in 2015 as a top city to invest in for the seventh consecutive year by Emerging Trends in Real Estate (released by the Urban Land Institute and PwC).
- Ranked fourth on Forbes' Best Places for Business and Careers in 2014.
- A top 20 city for tech startup funding by National Venture Capital Association.
- Ranked by MarketWatch as the seventh overall best city for business.



DENVER EMPLOYMENT BY SECTOR



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Your Resource for Net Lease Investment Offerings

<http://www.jllexchange.com/property/first-choice-emergency-room-ground-lease>



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