

Christus Spohn Medical Group

GEORGE WEST, TX

OFFERING MEMORANDUM



Marcus & Millichap

Christus Spohn Medical Group

GEORGE WEST, TX

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MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

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Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

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Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

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PROPERTY DESCRIPTION

Christus Spohn Medical Group

GEORGE WEST, TX

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INVESTMENT OVERVIEW

Investment Highlights

- 9.53 Percent Cap Rate
- Metal Roof with Concrete Parking Lot
- Very Stable Tenant in Place
- Surrounded by Target Demographics



Marcus & Millichap is pleased to present this 3,287-square foot medical facility leased to the Christus Spohn Health System in George West, Texas. This medical facility is a NN lease with four years remaining. There is a 2.9 percent annual increase on the remaining lease terms

Christus Spohn, headquartered in Corpus Christi, prides itself on the recognition and commitment to the value of diverse individuals and provides high standards of service and performance. Christus Spohn hospitals were recently ranked in the Top 100 Safest Hospitals in Texas by the Dallas Morning News. For more than 100 years, Christus Spohn has remained a faith-based, value-driven organization dedicated to meeting the needs of the communities it serves.

PROPERTY SUMMARY

The Offering

Property	Christus Spohn Medical Group
Property Address	801 Houston Street George West, TX 78022

Site Description

Year Built/Renovated	1990 / 2009
Rentable Square Feet	3,287
Lot Size	0.19 Acres
Type of Ownership	Fee Simple

Construction

Foundation	Concrete Slap
Exterior	Brick
Parking Surface	Concrete
Roof	Metal

Mechanical

HVAC	Central Heating and Air
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Interior Detail

Rest Rooms	ADA
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PROPERTY PHOTOS



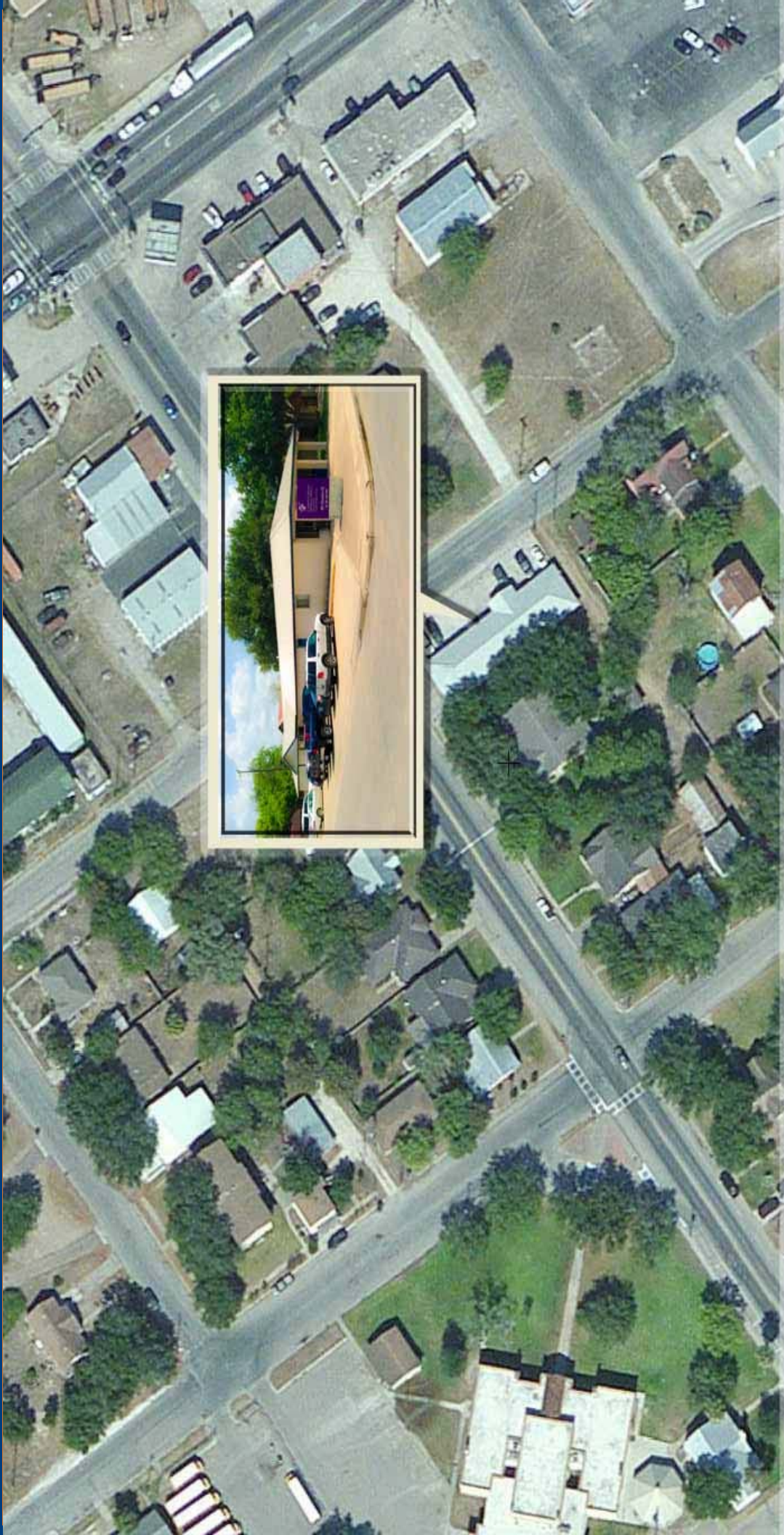


Local Map



Regional Map





801 Houston St.
George West, Texas 78022



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services, Inc. © 2014 V0490227 Marcus & Millichap. All rights reserved.

Christus Spohn Medical Group

GEORGE WEST, TX

FINANCING

Existing Financing	
Loan Type	Free and Clear

FINANCIAL OVERVIEW

Location

801 Houston Street
 George West, TX 78022

Price	\$425,000
Down Payment	100% / \$425,000
Rentable Square Feet	3,287
Price/SF	\$129.30
CAP Rate	9.53%
Year Built /Renovated	1990/2009
Lot Size	0.19 Acres
Type of Ownership	Fee Simple

Annualized Operating Data

Rent Increases	Annual Rent	Monthly Rent
Year 1	\$37,077.36	\$3,089.78
Year 2	\$38,189.64	\$3,182.47
Year 3	\$39,335.40	\$3,277.95
Year 4 - Current	\$40,515.48	\$3,376.29
Year 5	\$41,730.84	\$3,477.57
Year 6	\$42,982.80	\$3,581.90
Year 7	\$44,272.32	\$3,689.36
Base Rent (\$12.33/SF)		\$40,515
Base Rent Growth Rate		
Year 1		2.91%
Thereafter		2.91%
Net Operating Income		\$40,515

Tenant Summary

Tenant Trade Name	Christus Spohn Health Care
Ownership	Private
Tenant	Private Company
Lease Guarantor	Corporate Guarantee
Lease Type	Double Net
Roof and Structure	Landlord Responsible
Lease Term	7 Years
Lease Commencement	7/18/2011
Rent Commencement	7/18/2011
Lease Expiration Date	6/30/2018
Term Remaining on	4 Years
Increases	2.9% Annually
Options	No

TENANT OVERVIEW

Property Name	Christus Spohn Medical Group
Property Address	801 Houston Street George West, TX 78022
Property Type	Single-Tenant Medical Office
Rentable Square Feet	3,287

Tenant Trade Name	Christus Spohn Health Care System
Ownership	Private
Tenant	Private Company
Lease Guarantor	Corporate Guarantee

Lease Commencement Date	7/18/2011
Rent Commencement Date	7/18/2011
Lease Expiration Date	6/30/2018
Term Remaining on Lease	4 Years
Lease Type	Double Net
Roof and Structure	Landlord Responsible
Lease Term	7 Years
Year 1 Net Operating Income	\$40,515
Increases	2.9% Annually

Options to Renew	No
Options to Terminate	No
Options to Purchase	Yes
First Right of Refusal	Yes

No. of Locations	10
Headquartered	Corpus Christi, Texas
Web Site	www.christusspohn.org
Years in the Business	107
Other Concepts Owned	Hospitals and Clinics

Christus Spohn Medical Group

GEORGE WEST, TX

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George West, Texas, the county seat of Live Oak County, is 63 miles northwest of Corpus Christi, in the approximate geographic center of the county. It is located just five miles off Interstate 37 and with State Highways 59 and 281 running directly through town.

Live Oak County makes up part of the Eagle Ford Shale Play. George West, Texas promotes a recent job growth rate of 4.86 percent and boasts future job growth rate of 46.80 percent over the next 10 years mostly due to the jobs generated by the Eagle Ford Shale. Last year, the Eagle Ford Shale generated 6,800 full time jobs. Because development is just beginning, a study completed by the University of Texas at San Antonio estimates that by 2020, the Eagle Ford Shale will support almost 68,000 full time jobs in South Texas.

“So many drilling companies and oil field services companies are opening offices in South Texas that I’d be willing to say that there’s not an empty building from George West to Three Rivers.” quoted Glynis Holm Strause in the Houston Chronicle article *Drilling in the Eagle Ford Shale Sparks S. Texas Job Boom*

The city George West is safer than 58.4 percent of the cities in the nation. The crime rate is less than 64 percent of the cities in Texas.

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DEMOGRAPHIC REPORT

	1 Mile	3 Miles	5 Miles
2000 Population	2,655	3,281	3,813
2010 Population	2,469	3,145	3,690
2013 Population	2,465	3,124	3,655
2018 Population	2,369	3,042	3,573
2000 Households	893	1,080	1,249
2010 Households	843	1,063	1,242
2013 Households	839	1,053	1,227
2018 Households	811	1,032	1,207
2013 Average Household Size	2.72	2.68	2.65
2013 Daytime Population	1,063	1,151	1,169
2000 Median Housing Value	\$48,343	\$49,479	\$50,926
2000 Owner Occupied Housing Units	64.52%	63.70%	62.06%
2000 Renter Occupied Housing Units	20.43%	18.04%	16.48%
2000 Vacant	16.41%	21.18%	23.34%
2013 Owner Occupied Housing Units	74.44%	76.36%	77.45%
2013 Renter Occupied Housing Units	25.56%	23.64%	22.55%
2013 Vacant	16.97%	20.19%	22.43%
2018 Owner Occupied Housing Units	74.48%	76.46%	77.55%
2018 Renter Occupied Housing Units	25.52%	23.54%	22.45%
2018 Vacant	17.21%	20.45%	22.61%
\$ 0 - \$14,999	20.6%	18.8%	18.0%
\$ 15,000 - \$24,999	22.1%	20.1%	19.1%
\$ 25,000 - \$34,999	10.2%	9.7%	9.6%
\$ 35,000 - \$49,999	21.0%	21.2%	21.0%
\$ 50,000 - \$74,999	11.1%	12.3%	13.2%
\$ 75,000 - \$99,999	6.8%	8.7%	9.3%
\$100,000 - \$124,999	5.9%	6.0%	6.2%
\$125,000 - \$149,999	1.4%	1.5%	1.6%
\$150,000 - \$199,999	0.3%	0.7%	1.0%
\$200,000 - \$249,999	0.3%	0.4%	0.5%
\$250,000 +	0.4%	0.6%	0.8%
2013 Median Household Income	\$32,094	\$36,659	\$38,794
2013 Per Capita Income	\$14,832	\$16,126	\$16,851
2013 Average Household Income	\$42,750	\$46,801	\$49,120

Demographic data © 2012 by Experian.

SUMMARY REPORT

Geography: 5 miles

Population

In 2013, the population in your selected geography was 3,655. The population has changed by -4.14% since 2000. It is estimated that the population in your area will be 3,573 five years from now, which represents a change of -2.24% from the current year. The current population is 49.3% male and 50.6% female. The median age of the population in your area is 42.2, compare this to the U.S. average which is 37. The population density in your area is 11.88 people per square mile.

Households

There are currently 1,227 households in your selected geography. The number of households has changed by -1.73% since 2000. It is estimated that the number of households in your area will be 1,207 five years from now, which represents a change of -1.64% from the current year. The average household size in your area is 2.64 persons.

Income

In 2013, the median household income for your selected geography is \$38,794, compare this to the U.S. average which is currently \$53,535. The median household income for your area has changed by 28.16% since 2000. It is estimated that the median household income in your area will be \$41,616 five years from now, which represents a change of 7.27% from the current year.

The current year per capita income in your area is \$16,851, compare this to the U.S. average, which is \$28,888. The current year average household income in your area is \$49,120, compare this to the U.S. average which is \$75,373.

Race & Ethnicity

The current year racial makeup of your selected area is as follows: 92.01% White, 0.84% African American, 0.40% Native American and 0.25% Asian/Pacific Islander. Compare these to U.S. averages which are: 72.20% White, 12.65% African American, 0.96% Native American and 5.01% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 44.86% of the current year population in your selected area. Compare this to the U.S. average of 16.55%.

Housing

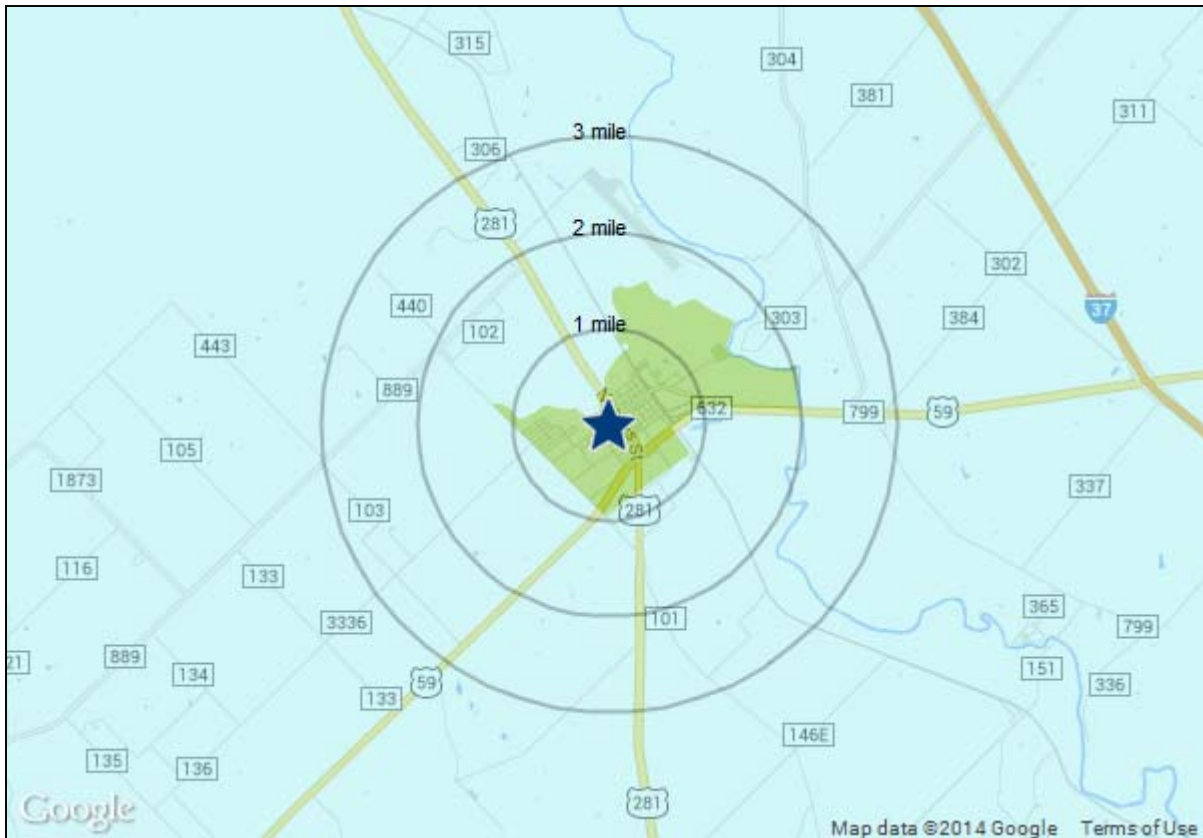
The median housing value in your area was \$50,926 in 2000, compare this to the U.S. average of \$110,781 for the same year. In 2000, there were 1,001 owner occupied housing units in your area and there were 266 renter occupied housing units in your area. The median rent at the time was \$319.

Employment

In 2013, there are 1,169 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 47.2% of employees are employed in white-collar occupations in this geography, and 52.7% are employed in blue-collar occupations. In 2013, unemployment in this area is 1.91%. In 2000, the median time traveled to work was 14.9 minutes.

Demographic data © 2012 by Experian.

POPULATION DENSITY



Demographic data © 2012 by Experian.

Population Density

Theme	Low	High
Low	less than	55
Below Average	55	475
Average	475	4100
Above Average	4100	35000
High	35000	or more

Number of people living in a given area per square mile.

EMPLOYMENT DENSITY



Demographic data © 2012 by Experian.

Employment Density

Theme	Low	High
Low	less than 9	9
Below Average	9	96
Average	96	1025
Above Average	1025	10875
High	10875	or more

The number of people employed in a given area per square mile.

AVERAGE HOUSEHOLD INCOME



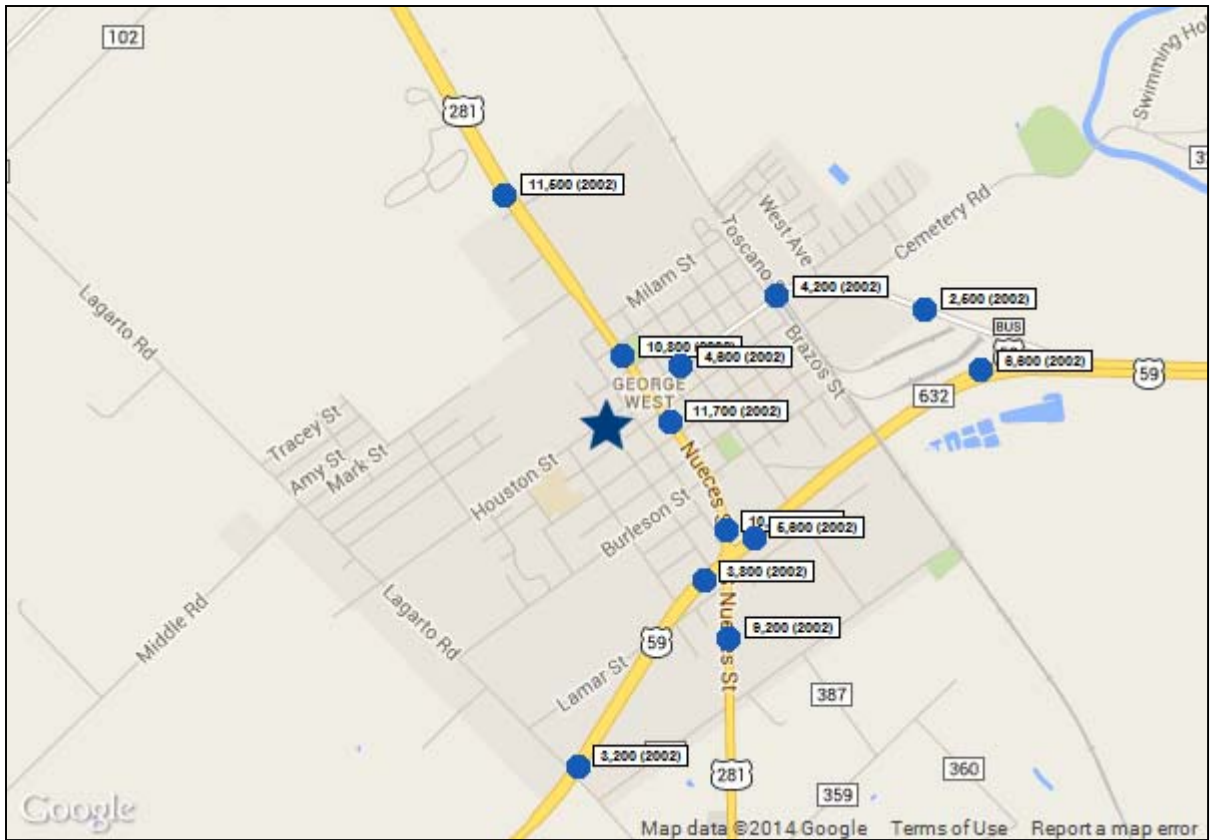
Demographic data © 2012 by Experian.

Average Household Income

Theme	Low	High
Low	less than	\$29,500
Below Average	\$29,500	\$48,500
Average	\$48,500	\$80,000
Above Average	\$80,000	\$132,500
High	\$132,500	or more

Average income of all the people 15 years and older occupying a single housing unit.

TRAFFIC COUNTS



Traffic Count data © 2012 by TrafficMetrix. All rights reserved.

Two-way, average daily traffic volumes.

* Traffic Count Estimate



BROKERAGE SERVICES

Approved by the Texas Real Estate Commission for Voluntary Use
Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

Information About Brokerage Services

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License

Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property. With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you, you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Buyer, Seller, Landlord or Tenant

Date

Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188 or 512-465-3960.



Christus Spohn Medical Group

GEORGE WEST, TX

OFFERING MEMORANDUM

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