2021 MID YEAR REPORT©

HEALTHCARE & BIO-LIFE SCIENCE REAL ESTATE

Strategic Alliance Coverage

THE END OF COVID & THE BEGINNING OF INFLATION

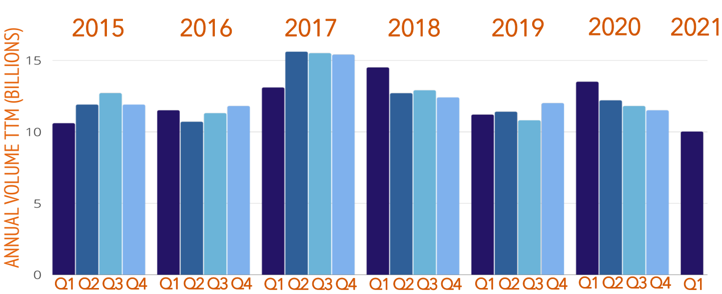
THE DUST BEGINS TO SETTLE

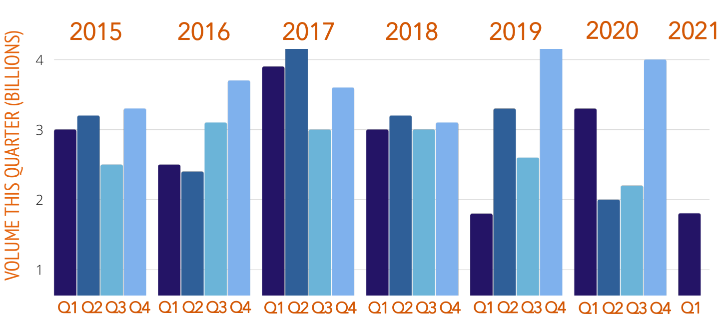
Over the past year, the Covid-19 Pandemic has shown us both the good and the bad extremes across all market sectors. Short term uncertainty still remains as to what the ripple effects of the pandemic will be but there is a growing sentiment of long term optimism. In any market recovery there will naturally be winners and losers. The three current points of uncertainty that we see are:

- How the widespread deployment of the vaccine will affect the return to normal business activity.
- Will we see distressed assets hit the market? Especially in a market that currently carries record low inventory and high sales prices.
- Inflation causing other asset class investors to come into the market, out pricing healthcare investors.

So what does this mean for healthcare real estate? According to data acquired by Revista, 2021 was off to a slow start after a record number of closings in Q4 of 2020 and 2020 as a whole. However, it is not expected to last, as new investors come into the market with funds having been raised over the past year to deploy in 2021.

VOLUME TRENDS - MOB (TRADES 2.5 M +)

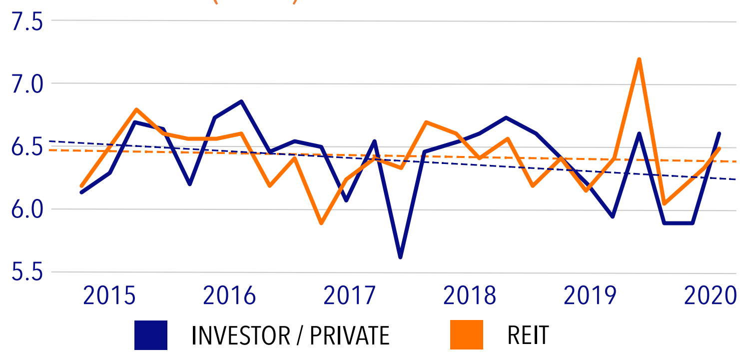




Source: Revista

What supports this are the exceedingly large number of private equity buyers becoming more and more aggressive on pricing as new investors enter the market. According to Revista, " private investors have increased their share of overall MOB buying activity from 55% in 2019 to 69% in 2020 and 70% YTD in 2021." They are getting more aggressive on cap rates as competition begins to stiffen across desirable credit/term MOB's in primary and secondary markets.

AVERAGE CAP RATES BY BUYER TYPE & LINEAR TRENDS LINES (MOBs)



2020 delivered a high watermark sales volume of 11.2 B and the top 10 buyers represented 46% of the total transactions. Expect this to change in 2021 as the market has become tight and money continues to flood in from other asset classes into medical office buildings.

CARES ACT

- $ 2 Trillion Stimulus package to help resuscitate the economy and within it, the Healthcare business.
- Medicare
- PPP & Loan Forgiveness
- $100 Million to public health & social emergency fund

If markets aren't already hot enough, The Cares Act, by the Biden Administration will only propel this streak, further creating investment into new technology and capital investment into medical office and other sectors of Healthcare real estate.

This influx of new cash into the market certainly will contribute to inevitable inflation of the US dollar.

OPPORTUNITIES | BEHAVIORAL HEALTH

Behavioral Health - Not Going Anywhere

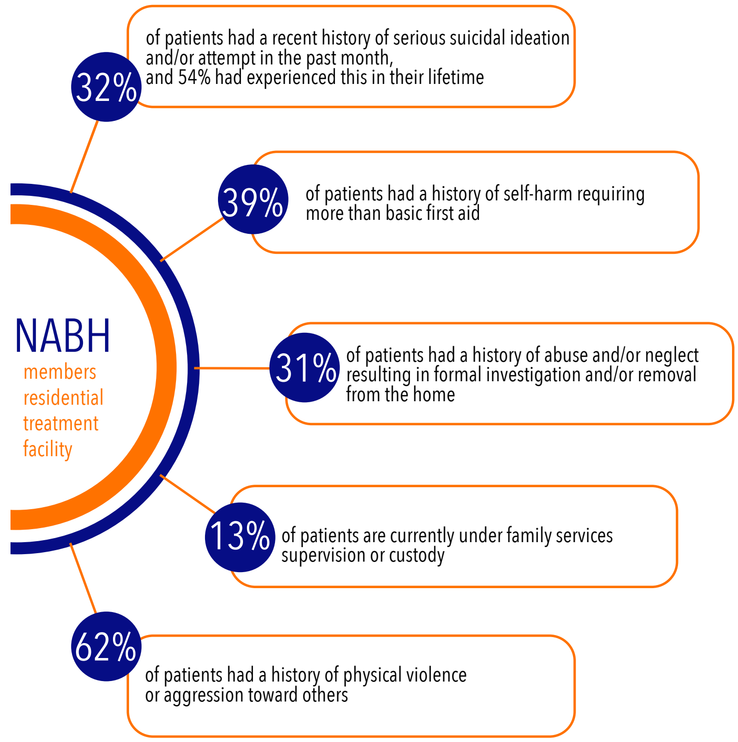
According to a McKinsey analysis, 2021 shows that Covid-19 has caused a potential 50% increase in behavioral health cases across the board and this may well be the tip of the iceberg. 81,000 people died in the US during a 12 month period ending mid 2020 due to drug overdose. This is the highest number of deaths recorded in US history. Behavioral health isn't going anywhere.

The industry is consolidating, and providers are aggressively growing both financially and geographically, creating long lasting effects on investor demand and willingness to transact in an already scorching hot real estate market.

One such investor is Joshua Slaybaugh, co-founder and managing director of the Behavioral Health Properties Group at Swopes Lees Commercial Real Estate. He tells Behavioral Health Business in Feb of 2021 that "There's been an increased amount of attention from institutional investors in the space, and that naturally is going to drive real estate activity.... [and] [t]he other thing we're seeing is that [private equity] transaction volume was good last year and is expected to be potentially even better this year …, and that's also going to drive a tremendous amount of growth and activity in the space on the real estate side." 163 behavioral health transactions occurred in 2020 and the majority of the players were private equity investors.

The businesses themselves have started to see substantial investments from private equity which has helped to lead to this market boom in the space. Two such outpatient behavioral health providers, Refresh Mental Health and LifeStance Health, have been injected with massive investments from major players in 2020; Kelso & Company buying a major share in Refresh and LifeStance scoring a 1.2 billion dollar investment from TPG Capital.

We are also starting to see an integration of behavioral health into standard outpatient facilities which is leading to coordinated processes and management for behavioral health patients and medical staff. This includes creating standardized health assessment, health screening tools, and a variety of best practices that are being implemented across the board. According to the American Farm Bureau Federation, "78% of rural adults surveyed would be comfortable speaking to their primary care doctor about behavioral health issues."



SOURCE :National Association of Behavioral Health
Mertz - Taggart Behavioral Health Q1 2021 Report

LEADING OUTPATIENT BEHAVIORAL HEALTH INTEGRATION MODELS

SOURCE : American Hospital Association Market Insights

TELEHEALTH

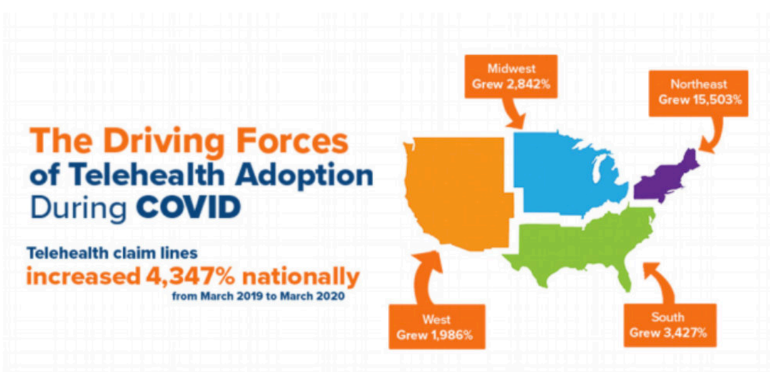
Just as in most industries changes in healthcare have been calculated and occurred over a long period of time. COVID-19 however has brought new opportunities and changes to the forefront quickly and aggressively. The implementation of telehealth is one of those opportunities that is certain to disrupt the market. To touch on what telehealth is for new readers of the report - it is the virtual interaction and remote servicing of all healthcare needs and communication between doctor and patient.

Various uses include: Virtual Care & Meetings, Remote Monitoring, Portals for Patients and Doctors to collaborate Health Records and Applications.

As these technologies continue to be developed and improved, the application of Telehealth in the industry will only grow across the board. An article by the Mayo Clinic states the potential of telehealth in that "[r]esearch about telehealth is still relatively new, but it's growing. For example, studies have shown that both telephone-based support and telemonitoring of vital signs of people with heart failure reduced the risk of death and hospitalization for heart failure and improved quality of life."

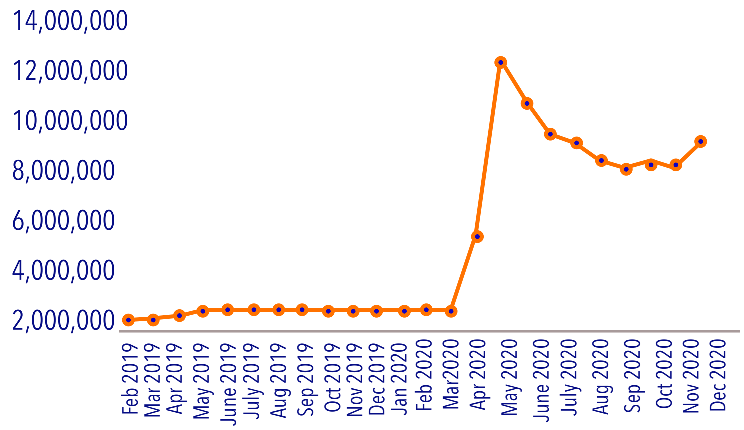
However, it is prudent to keep in mind the limitations of these technologies as well. Telehealth has the risk of creating fragmented health care which can lead to gaps in treatment, overlapping care, overuse, and incorrect use of medications. Some people also may be limited to access to local internet. A bigger concern is more so the ability to pay for such services in that insurance reimbursement for Telehealth is still dependent on state and type of insurance.

An example of this market can clearly be seen by a firm like Medical Properties Trust Inc. They have recently agreed to invest $950 million into Louisville based PE company, Springstone LLC. It includes a sale leaseback that is valued at $950MM and is expected to wrap up the second half of 2021.



SOURCE: Mayoclinic.org, https://c19hcc.org/telehealth/claims-analysis/

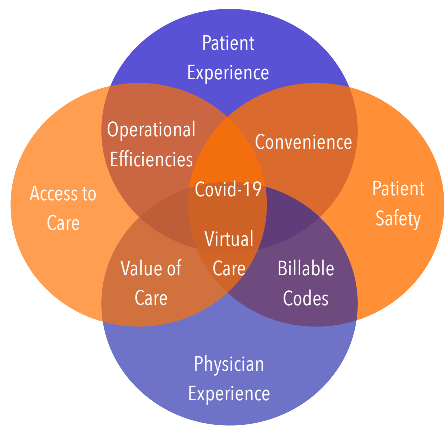
Number of Telehealth Claims Jan 2019 - Dec 2020 | Nationwide



As many physician offices closed down in February-April, the use of telehealth rapidly escalated. Since reopening, practices have delivered care via a combination of face-to-face and telehealth encounter.

SOURCE: Mayoclinic.org, https://c19hcc.org/telehealth/claims-analysis/

THE DRIVING FORCES OF HEALTHCARE ADOPTION



73% of adults said that they would consider using telehealth services to be screened for COVID-19.

95% of patients are very or somewhat likely to use telehealth again.

85% is the overall patients satisfaction score for teleheatlh services.

SOURCE: Mayoclinic.org, https://c19hcc.org/telehealth/claims-analysis/

TRENDS IN VIRTUAL CARE

35% Of regular home health attendant services could be virtualized.

42% From April 2019 to April 2020 there was a 42% decline in emergency department visits.

24% Of healthcare office visits & outpatient volume could be delivered virtually.

SOURCE: One Touch Telehealth White Paper

In the last report we discussed interior design trends brought on by COVID and the need to take care of the healthcare provider and their staff. We also discussed that specialty clinics were being developed both on and off campus by health systems to be inclusive of all specialties, some with wellness centers, under one roof.

Since then so much discussion has morphed into actual developed space for the "new healthcare facility" and its design. COVID -19, which I cannot wait to stop referring to, has had its far-reaching hand in the redesign of space across all sectors from new as well as existing hospitals, medical office, free standing clinics, and imaging centers, to name a few. Existing and older facilities are forced to shift funds from their capital reserves budget usually spent on normal repair or replacement items to pay for "the new norm" for patient and provider safety. Some of these changes are visible to the eye while others are not; however this is having a direct impact on your health as well as the providers and their staff.

A TIME OF CHANGE FOR HEALTHCARE DESIGN

Contagion-control and safety protocols put in place at the onset of the pandemic are becoming standard for new projects and renovations. Alternate forms of patient care—particularly telehealth—are being embraced as discussed in a previous section. And to get buildings and services up and running quicker, developers, owners and their AEC partners are more open to considering different project delivery methods that lean toward early team collaboration. "The pandemic has emphasized how important it is to be ready for anything," says Abbie Clary, AIA, FACHA, LEED AP, who directs CannonDesign's Health Practice.

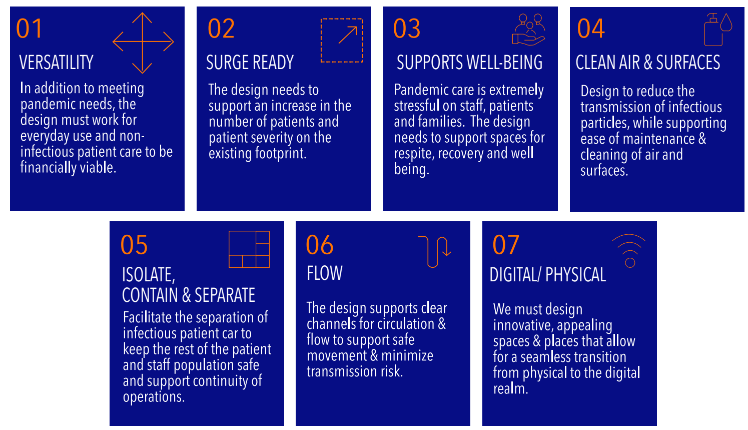
With the aid of technology, this sector is moving away from the physical exam always being the center of the patient's healthcare experience. "We need to find ways to maintain the human touch aspect of healthcare," says Derek Veilleux, AIA, EDAC, NCARB, Senior Principal and Director of Health & Wellness Practice for SMRT Architects & Engineers. He believes design can play a role in fostering stronger connections between patients and providers.

Veilleux predicts that patient screening areas are here to stay at the entrances of medical office buildings, and that waiting rooms in MOBs will eventually give way to having patients wait in individual exam rooms.

Regardless of their determination about space, owner-operators are more concerned than ever about making their facilities as germ-free as possible.

"During the pandemic, there was an awareness that most healthcare facilities lacked the infrastructure design to be quickly and efficiently converted to serve the needs of infection control for this type of disease," asserts Fawn Staerkel, Johnson Controls' Healthcare Director of Strategic Accounts. Consequently, the pandemic triggered a "dramatic need" for building controls, improved air quality, greater HVAC capability, and overall facility resilience.

7 Principals for Pandemic - Resilient Healthcare Design



SOURCE: HKS | ARUP: Pandemic Resilient Healthcare Facility

HEALTHCARE'S FUTURE IS FLEXIBLE SPACE

"Contemporary healthcare facilities are moving towards a shared space model in terms of clinical, administrative, and staff work and support areas," says Anastasia Markiw, project architect at DesignGroup. "This concept has been proven to improve patient wayfinding and satisfaction and reduce travel distances between key areas within a department. Implementing this model will positively impact patient satisfaction, ease and safety, and will create a more intuitive experience for all." These re-evaluations have opened doors for more flexible design options that include adaptive reuse.

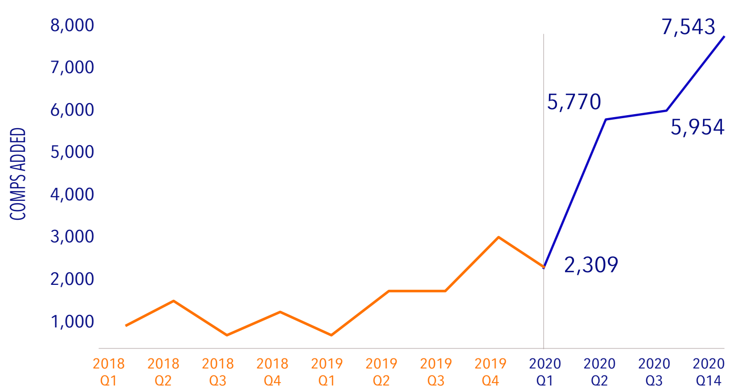
More interior renovations will increase departmental efficiencies, make patient wayfinding more intuitive and support present clinical demand, all while anticipating projected growth. Patients and visitors to the renovated space encounter new interior finishes and wayfinding elements, as well as patient portals designed to greet occupants as they arrive in lieu of a reception station.

The pandemic, say AEC sources, creates opportunities for design and construction, as healthcare systems continue to move their services closer to where patients live, and as operators look for ways to "future proof" their facilities to meet whatever comes next.

BIO LIFE SCIENCE

Covid-19 has put a beatdown on retail centers, standard office, and others during 2020 & 2021, but the pandemic has taken an already on fire biolife science market to unforseen heights. Over the past year landlords who have had the foresight and aggressive nature to lease to pharmaceutical companies, biotech and other biolife science companies are seeing green. Its growth really sprouted when millions of dollars were poured into vaccines and especially when those vaccines proved to be so effective.

Influx of Pharma & Life Science Lease Comps Since Start of Pandemic



Since April 2020, we have received over 23,000 new pharmaceutical, biotech and life science lease comps, increasing our total supply by over 60%. This equates to an additional **300 million square feet** in transactions added.

SOURCE:COMPSTAK

THE INTEGRATION OF RETAIL & MEDICAL OFFICE

Historically, pharmaceutical companies have had the predilection to be located in suburban areas near their suppliers and manufacturers for convenience. However, as the industry has been launched by exponential growth, major tenants now have the need to be near top universities and innovative research. This can be described as "Clustering" and "Placemaking". An article in Globest about life science innovation in real estate states "Clustering provides competitive advantage for all life sciences organizations, in terms of collaborations, finding investors, recruiting talent or sharing costly lab equipment. Placemaking matters, young talent prefer vibrant environments with restaurants and retail that traditional pharmaceutical suburban campuses don't offer."

The Pacific Northwest is the location of one of the largest "superclusters" that has emerged in the Life Science space. 27 of the nation's top 100 universities lie along what CBRE's research calls the Acela Corridor. Conversely on the east, an Amtrak route that starts up from Washington D.C., and goes through Philadelphia, New Jersey, New York and ends in Boston, per CBRE, "account for five of the top ten markets for venture capital funding and received a combined 51% of funds in 2019."

Laboratory TIs and built spaces are at an all time high and are significant drivers of rent growth, vacancy and net absorption in these growing Life Science markets. Although the cost of these TIs are significantly high, landlords are being rewarded with massive premiums in NNN rents that can reach as high as $100 psf in low vacancy prime markets.

Top U.S. Life Sciences Clusters

1. **BOSTON**
2. **SAN FRANCISCO**
3. **SAN DIEGO**
4. **WASHINGTON D.C, BALTIMORE**
5. **RALEIGH-DURHAM**
6. **NEW JERSEY**
7. **PHILEDELPHIA**
8. **NEW YORK CITY**
9. **SEATTLE**
10. **LOS ANGELES**

SOURCE:CBRE RESEARCH, Q4 2020

NOTABLE LIFE SCIENCE TRANSACTIONS & DEVELOPMENTS

300,000

Square feet being re-assessed by Alexandria, a Major conglomerate of commercial real estate ownership around Fenway Park in Boston, MA that is valued at $1.5B

860,000

Square feet pre-leased to Biopharma Company, Cytokenetics in Bay Area, San Francisco, CA. Deal Estimated at $940 M.

1.3 M

Square feet of development in New York via Alexandria. It will be the sister tower to Alexandria Center for Life-New York City's only Life Science Campus.

52 ACRES

Master planned development partnered by Hines & 2ML Real Estate. Project will integrate with life sciences research facilities.

$100 M

Amount spent on 2 lab facilities by Boston Properties Averaging 153,000 square feet in Waltham MA.

STATE OF MOB CONSTRUCTION

This ties into the current state of construction and deliveries for campuses nationwide. As it currently stands 1,060 projects are in progress with a total median valuation of $85.7 million. 430 of these projects are hospital developments and the remaining 630 consist of medical office buildings. The average development sizes are 265,301 sf and 39,316 respectively. Most hospital developments are expansions or are replacing current facilities. Brand new facilities only consist of 28% of the total of 430 projects. All of the 630 MOB projects are on track to delivery in 2021.

Construction in Progress: Q4 2020

	MOB	Hospital	Total
# of Properties	630	430	1060
Total Building Size	44.4 MSF	89 MSF	133.4 MSF
Total Construction Value	$19.6 B	$66.1 B	$85.7 B
Median SF/ Project	39.3K SF	265.3K SF	152.3 K
Median Construction Value /Project	$19.6 M	$66.1 M	$42.9 M

SOURCE: REVISTA

Medical Office: Openings Expected in 2021

	Properties	Hospital	Total
Off Campus	465	$11.3 B	27.7 MSF
On Campus	165	$8.3 B	16.7 MSF
Total	630	$19.6 B	44.4 MSF

SOURCE: REVISTA

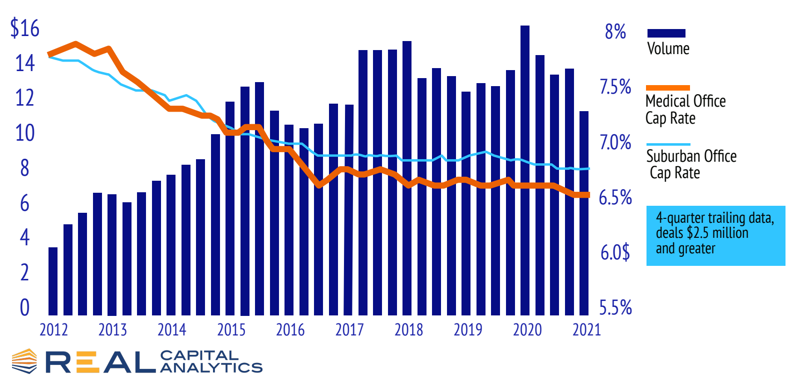
MARKET STATUS

According to preliminary data from Revista, 2021 Q1 delivered a MOB sales volume of $1.5 billion in Q1, which is the lowest quarterly volume since Revista began recording MOB sales in 2015. Although we've seen a slight dip in transactions through the first quarter of 2021, the story continues to stay the same. Low inventory + New Buyers = Increasingly Tight Market. We believe that transaction volume will return to more healthy levels for the rest of 2021 once the market has finished cooling after a high watermark ending to 2020.

Revista data has also stated that cap rates have increased by 40 basis points from 5.9% (TTM) in 2020 Q4 to 6.3% (TTM) in Q1 2021, however there are not enough data points to consider this a trend. Primary markets are still holding strong in terms of pricing and the second half of the year should tell us more.

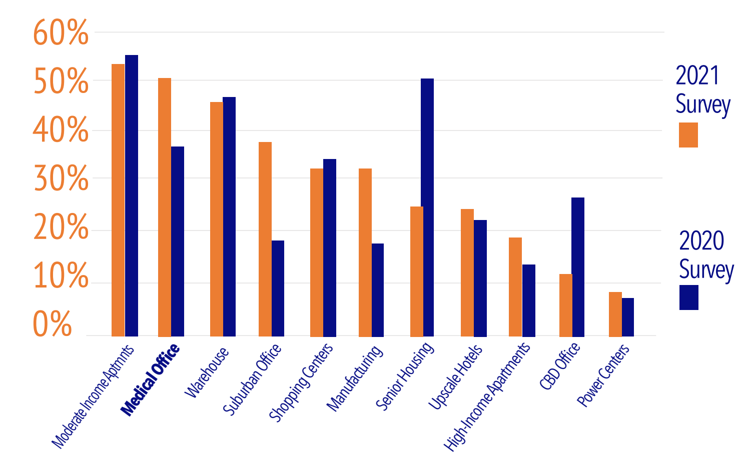
We hope to see a strong rebound for the rest of 2021 as MOB's have been more resilient than other asset classes across the board. As new investors enter the market and sense growth opportunities in the healthcare industry, demand will continue to rise and transaction volume will follow suit.

US Medical Office Deal Volume & Cap Rates



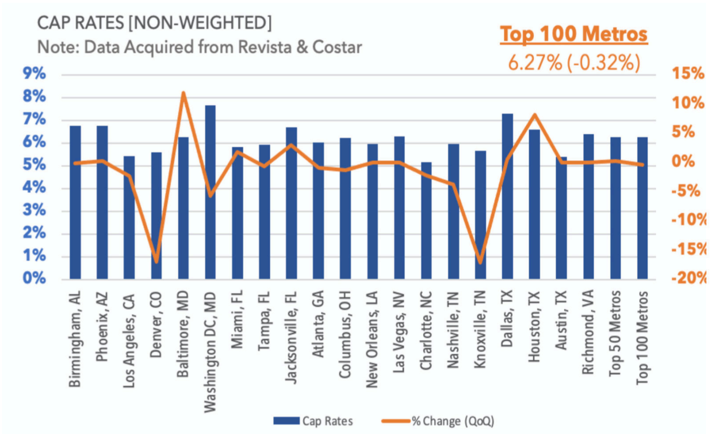
SOURCE: REAL CAPITAL ANALYTICS

Buy Recommendations for Select Property Types

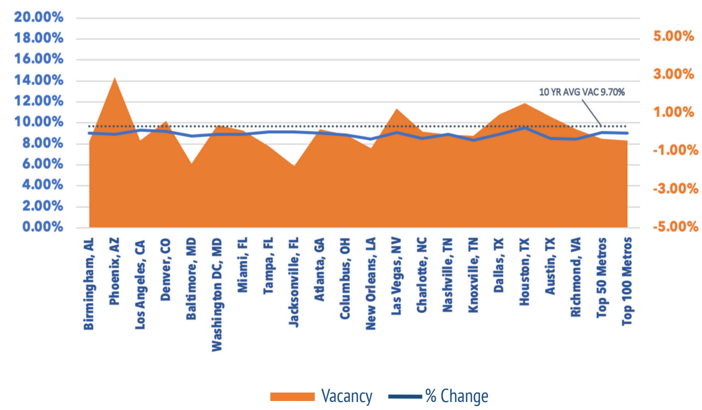


SOURCE: PwC and the Urban Land Institute

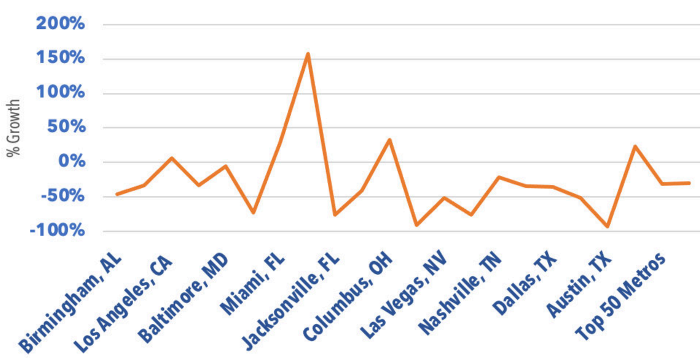
CAP RATES (NON-WEIGHTED)



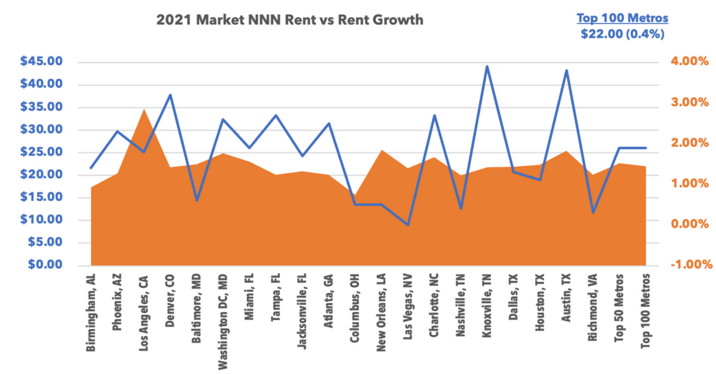
2021 MARKET VACANCY VS RATE CHANGE



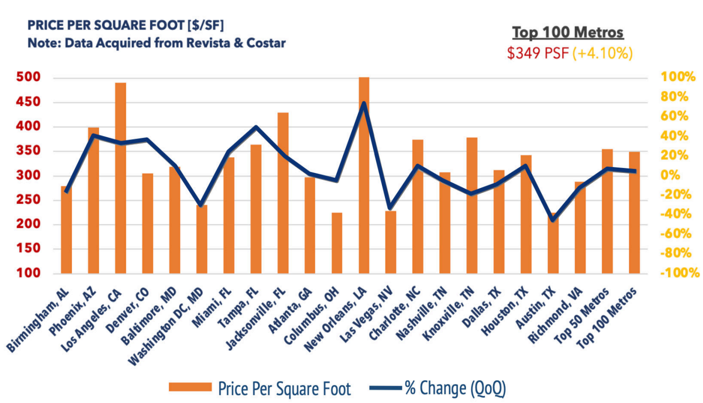
TRANSACTION VOLUME GROWTH (QoQ)



2021 MARKET NNN RENT VS RENT GROWTH



PRICE PER SQUARE FOOT ($/SF)



Markets	Inventory (SF)	Vacancy (%,SF)	Under Construction (SF)	YoY Rent Growth (%)	Market Rate Lease($/SF)	Market Rate Sale($/SF)	Average Cap Rate
Top 100 Metros	1,032,344,757	8.3%	34,996,142	1.90%	$22.00	$349	6.3%
Top 50 Metros	846,238,155	8.5%	28,745,056	1.90%	$22.70	$355	6.3%
Birmingham, AL	8,043,690	8.2%	260,000	1.40%	$17.38	$279	6.8%
Phoenix, AZ	19,972,314	14.4%	1,206,807	2.30%	$20.45	$399	6.8%
Los Angeles, CA	59,480,155	8.3%	1,280,542	1.80%	$34.73	$490	5.4%
Denver, CO	14,527,045	10.2%	554,051	3.20%	$21.78	$306	5.6%
Baltimore, MD	15,447,924	6.1%	1,020,152	0.60%	$22.46	$319	6.3%
Washington DC, MD	23,663,556	9.8%	1,013,515	2.60%	$24.90	$241	7.7%
Miami, FL	21,607,276	9.3%	1,110,249	1.90%	$22.97	$338	5.8%
Tampa, FL	13,186,876	7.8%	298,922	2.70%	$20.10	$364	5.9%
Jacksonville, FL	8,907,084	5.9%	614,000	1.70%	$20.90	$430	6.7%
Atlanta, GA	29,063,244	9.4%	1,752,261	2.50%	$20.16	$297	6.0%
Columbus, OH	12,164,071	8.9%	724,000	0.50%	$15.65	$225	6.2%
New Orleans, LA	4,807,467	7.6%	22,000	0.50%	$25.61	$662	6.0%
Las Vegas, NV	8,300,000	11.4%	10,000	0.00%	$21.60	$229	6.3%
Charlotte, NC	11,573,769	9.2%	539,775	2.70%	$23.95	$375	5.2%
Nashville, TN	11,032,574	8.9%	506,833	0.40%	$20.02	$307	6.0%
Knoxville, TN	4,736,778	8.8%	130,000	3.90%	$21.79	$378	5.7%
Dallas, TX	37,676,747	10.8%	902,300	1.30%	$21.85	$312	7.3%
Houston, TX	42,534,647	11.9%	1,793,343	1.10%	$22.32	$343	6.6%
Austin, TX	7,393,639	10.6%	161,000	3.80%	$25.46	$225	5.4%
Richmond, VA	7,895,290	9.4%	1,055,000	0.30%	$20.14	$288	6.4%

*All data acquired from Revista

Source: Revista

STRUCTURED DEBT AND FINANCE

For the medical office investor rates have continued to stay low halfway through 2021, with the 10-year rates dropping to 1.35%, as of July 6th. Lenders are very busy but are still eager to deploy their capital for the right deals.

We are seeing all types of medical use buildings as a favored asset class with our lenders. Banks are offering 70-75% leverage along with 3-4 years of interest only and 30-year amortizations on both construction and perm loans. They prefer multi-tenant deals, or national and regional tenants with multiple locations for single tenant NNN deals. We are able to transact these loans at 60-65% leverage non-recourse and higher leverage on limited or full recourse deals.

Also, we have been able to provide SBA funding on owner occupied transactions. SBA rates are currently 2.883% as of the last debenture, fixed for 25 years. If you have a client who is going to occupy 51% of the property, this is an excellent option with as little as 10-20% down payment. This program works well for buildings that are located outside of primary markets and also for first time real estate buyers that have had successful business models historically, or even startups. These loans can go up to $20M with the bank and SBA piece.

CMBS loans are still available for medical use buildings. They typically underwrite around an 8.5 debt yield and can transact with interest only for 10 years up to 65% LTV or 5 years of interest only at 70% LTV. Be prepared for questions on vacancy, collections and historical TIs for the past three years on these loan requests. For single tenant assets that are non-credit grade, tenant financials will be required.

Overall, we still see a great interest in this property type across our lending pool for the right buyer and asset on loans in the $2M - $20M range with excellent rates and terms.

For more information contact
Angela Kesselman, Managing Director, The Madison Group.
angela@madisongroupfunding.com

MONEY RATES AS OF (7/7/2021)

Prime Rate	3.25%
1 Month LIBOR	▼0.10%
6 Month LIBOR	0.17%
5 YR SWAP	▼0.87%

10 YR SWAP	▼1.30%
5 YR TR	▼0.78%
10 YR TR	▼1.32%
30 YR TR	2.00%

Source: Fin Facts from Bryan Shaffer, George Smith Partners.
Bryan Shaffer, Managing Director, George Smith Partners
bshaffer@gspartners.com

Nothing remains the same while little has changed. Yes the first half of 2021 has been a confusing year thus far, marked with lots of activity. Guidelines for use of PPP in and around healthcare facilities and whether or not to get the vaccine are top of the list, especially with the new Delta Variant Strain making its way across the country.

Landlords and property managers of healthcare facilities are beginning to investigate modifications of common areas, especially lobbies and restrooms, if they have not already begun. Janitorial companies or even staff of the medical providers are scheduling disinfection of these common areas several times a day while in use. Meetings are taking place with physicians and their administrators to discuss how adding space, or redesigning existing space, to allow for private areas to conduct telehealth to comply with HIPPA laws and separate rooms for supplies of PPP materials and other sterile equipment. This also includes the installation of air purifying equipment in individual suites as well as throughout the buildings.

Owners of medical office buildings with excess space should be proactive to reach out to tenants to use these changes to their advantage by encouraging expansion of existing tenants. In our last report we mentioned providing staff lounges both inside & outside to provide areas for staff to use to decompress. All of these changes could result in lease-up of another ten to fifteen (10-15%) percent of vacant space.

Investors who have been reluctant to lease to behavioral treatment operators should reconsider this. Some operators are being sought after by health providers to partner or at a minimum be nearby to offer treatment to patients. Often backed by huge private equity firms, they can also provide strong credit and guarantees for leases.

According to Revista statistics, the average top 50 marketplace vacancy is 8.5% with a YOY growth of 1.9% and average CAP rates of 6.3%. We believe markets to give consideration to are: Number 1- Phoenix with 14.4% vacancy, a YOY growth of 2.3 and CAP rate of 6.8%. Number 2- Washington DC/MD a 9.9% vacancy, a YOY growth of 2.6 and a CAP rate of 6.8%. Number 3- Atlanta a 9.4% vacancy, 2.5% YOY growth and a CAP rate of 6.0. Numbers 4, 5 & 6 are in Texas- Dallas, Houston, and Austin, respectively.

Any medical office acquisition opportunities in these markets should be considered. Especially those properties which may be easily renovated to accommodate new designs required as a result of the last 18 to 24 months. Buildings requiring these changes should be discounted by 50 – 75 bps to allow for these modifications. Sellers should get used to this as underwriters will start using this in their analysis on behalf of their buyers and lenders.

Some secondary and tertiary markets like Salt Lake City, along with various markets in Indiana (especially those closest to Chicago) and Wisconsin should be evaluated as well. Local health systems are expanding at a rapid pace (stalled from COVID) to meet consumer needs. Look for areas where this is taking place and opportunities will abound. We are keeping an eye on such areas and health systems.

Use and deployment of capital has continued at an accelerated pace with funds transitioning out of other product types into medical office and bio life science. Some markets are seeing CAP rates dip into the low 4's and high 3's. This makes markets like Los Angeles and Austin tied at 5.4% average a remarkable deal!

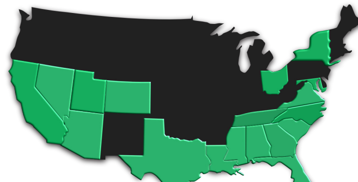
Bio Life Science, while limited to select markets, is the apple of the eye of the prudent investor now. New space is being constructed in selective markets while renovation of industrial and flex space along with existing bio life space in other markets is being snapped up at record levels.

Our organization is tracking this and seeking out opportunities in these markets for our investors.

2019

- Since the inception of taking over, Helen utilized over decades of key industry contacts to facilitate transactions on behalf of clients. Some of these relationships became Strategic Alliance Partners & Advisors to TICI and its clients.
- Helen becomes Chairman and CEO.
- Two other companies are brought back and renamed. There are h2B Quantum Holdings, LLC for personal investment and Rosemary Homes, LLC in honor of Pamela to purchase, renovate and resale properties.

2020



- With the added Strategic Alliance relationships the TICI Group of Companies now has over 20 Partners and Advisors in 17 States and continues to grow.
- Because of all this growth, Helen seeked out the family to bring in an experienced Healthcare Real Estate professional to head up the newly formed Capital Markets - Healthcare.
- Jim Coman, officially joined TICI in the spring and established another Stealth Realty Advisors office in Charleston, SC. In addition to Texas and the 17 states we have partners, Jim is licensed in Texas, Georgia and North & South Carolina.

2021

- Centennial Anniversary!
- Addition of Regional Business Development Directors
- Addition of Los Angeles Strategic Alliance Partner

1990-2003

- Property management company officially formed and staffed to manage existing assets.
- Texas International Consultants, Incorporated is formed.

2003

- Helen steps in as acting CEO during long illness of Pamela & continues to buy and manage income producing assets and subsidiary businesses while continuing her commercial real estate consulting practice with a special emphasis on healthcare real estate.
- Upon the passing of Pamela in late 2010, Helen officially takes over a President/CEO and sells off the side businesses and income producing assets in four cities in two states.

2011

Business I Real Estate I Facilities Finance I Asset & Risk Management

- In the Spring, Helen with her husband Jay, change the direction of Mendiola investments, Incorporated from a holding company and family office to a third party advisory and consulting business more representative of her career of over 3 decades of commercial & healthcare real estate.

2012

Stealth Realty Advisors, LLC

Capitol Markets I Acquisition Disposition I Tenant Representation

- Stealth Realty Advisors, LLC is formed to handle the acquisition and disposition of property as well as a result of consulting assignments. Capital Markets is a service provided or re-monetization and capitalization of clients properties.
- The TICI Group of Companies is formed.

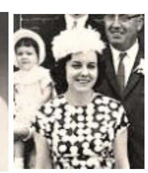
1911

- Lucretia Mendiola, Matriarch of family Started buying raw land north & South of downtown Houston

1921-1946

- Forms Mendiola Properties.
- Continues to buy up land.
- Buys Small homes & comm bldgs. to rent.

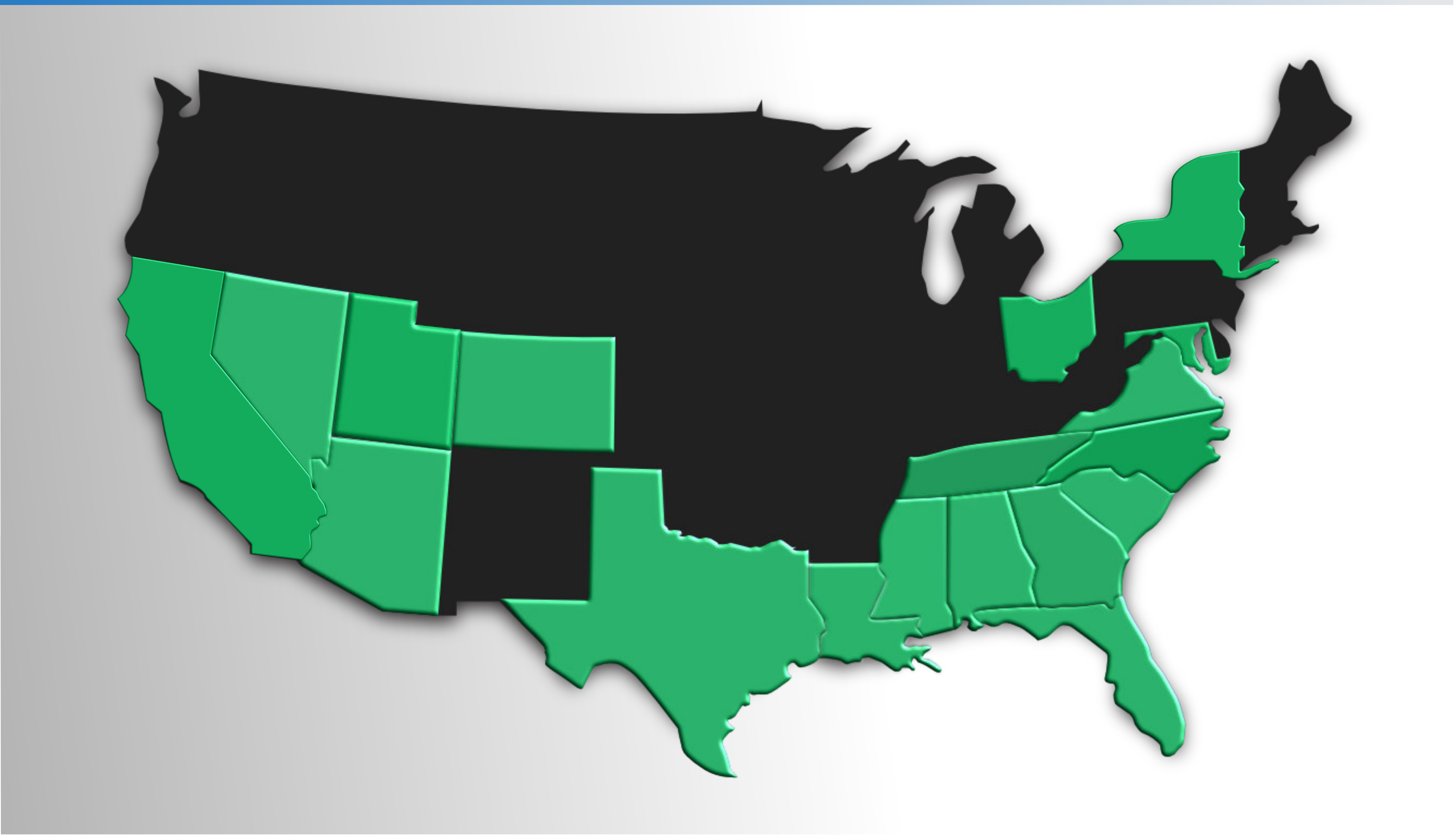
1946-1965

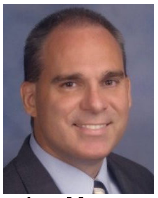


- Joseph Mendiola returns from WWII & Starts building spec homes and buildings on Land a owned by family.
- Pamela is actively involved in all of the business.
- Construction, design, mortgage & Insurance companies started.
- Custom homes are built in Houston, Friendswood, Pearland, LaPorte & Seabrook areas.
- Small commercial properties constructed for clients.

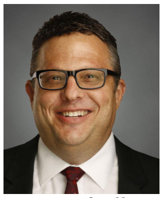
1965-1990

- Pamela Mendiola starts to take a larger role & ultimately takes over, changes direction of company and forms Mendiola Investments.
- Sells home building design construction, insurance, mortgage business.
- Invests in additional income properites.
- Buys undervalued property & local service businesses, turns them around & sells for a profit.
- Incorporates Mendiola Investments & adds Daughter Helen to board.





Lon Mapes
President,
LDM Commercial



Bryan Shaffer
Managing Partner
George Smith Partners

Angela Kesselman
Managing Director
The Madison Group

Rick Egitto
Senior Vice President
Capital Markets
Avison Young

Julie Johnson
Executive Vice President
Colliers International
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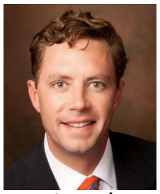
Owner
Groen Realty Partners



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Senior Analyst
National Urgent Care Realty

Mike Zelnik
Principal
National Urgent Care Realty

Larry Walshaw
National Director, Healthcare
KW Commercial Realty

Benjamin Bivens
Co-Founder/Principal
MedSouth Healthcare Properties
MedSouth Healthcare Management

CLOSING REMARKS

LEADERSHIP

Over the forty plus years I have been in healthcare real estate I have seen my share of the ebbs and flows of the market, but nothing like the effects of COVID-19. The results of which have given way to some very positive changes to the real estate market and the industry as a whole. How investors react to these changes and at what speed still remains to be seen.

While there are certainly good droves of data and statistics out there published by national brokerage firms, we have made it a point in our last two editions to bring what we are hearing and seeing directly from the physicians, health systems, landlord/property managers, occupiers, lenders, architects, developers, and investors, (private and REITs), across all healthcare real estate product types, to the forefront to YOU, our client.

Therefore, we not only research, review, and report on the medical office real estate market, we strive to also discuss what is important to the occupiers in their respective space as well as how a lender looks at an occupier and how well they may be doing at this particular location. A lender or institutional investor wants to have confidence in what the long-term picture looks like for the success of this occupier at this location, both physically and financially.

There is so much that goes into this besides the credit of the occupier which has historically been the main topic. Today we need to prepare and advise our investors and owner/occupants on not only the physical facility and how to maintain it, but also the necessary forward thinking on redesign and renovation to accommodate the way they deliver healthcare in and from these properties.

Our focus will also be to provide you with the latest and even pioneering trends on medical office as well as other healthcare property types gaining favor. As you know Dialysis and Imaging centers have been favored in the past with ASC's, Emergency and Urgent Care next. Now and in the last 36 months Bio Life, Bio Science and Bio/Med Tech are the apple of many public investors eye. Today we are betting big on behavioral health as the next wave comes. We see this trend lasting for the next 24-36 months. M & A in this category has been brisk, with investment funds gobbling up the few operators are out there with new start-ups being underwritten by PE firms.

We believe this category will be a welcomed alternative for our investors who like owing single tenant assets. This opens up another investment vehicle to consider as the medical office market continues to be the darling of outside investors (especially 1031) coming over to give the traditional healthcare investor competition. We see this trend really taking shape as inflation takes root. These investors believe, even with inflation, that CAP rates in the 4's & 5's, otherwise unheard of a few short years ago, look very attractive to those who are coming in and used to paying in the 3's & 4's from other product types.

While the Biden Administration is giving pause to physician owners with the capital gains increase on the horizon, the funds to acquire healthcare properties are still compressing cap rates. Sellers are seeing significantly higher returns on earlier purchased investments than expected. We are certainly keeping an eye on how inflation will shape and affect the landscape.

Of special note we will be publishing two new condensed reports the end of July on Houston and Dallas / Fort Worth respectively, so look out for these and if you want to see anything specific on these markets, please reach out to us now.

As always we welcome your thoughts and comments on the healthcare real estate market and invite you to do so by reaching out to any of our team members listed below.

Many thanks for your time and attention in reading this paper.

Regards, Helen M. Banks

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Capitol Markets | Acquisition
Disposition | Tenant Representation