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Seattle Veterinary Specialists



SEATTLE
VETERINARY
SPECIALISTS



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INVESTMENT HIGHLIGHTS: SUMMARY

INVESTMENT HIGHLIGHTS

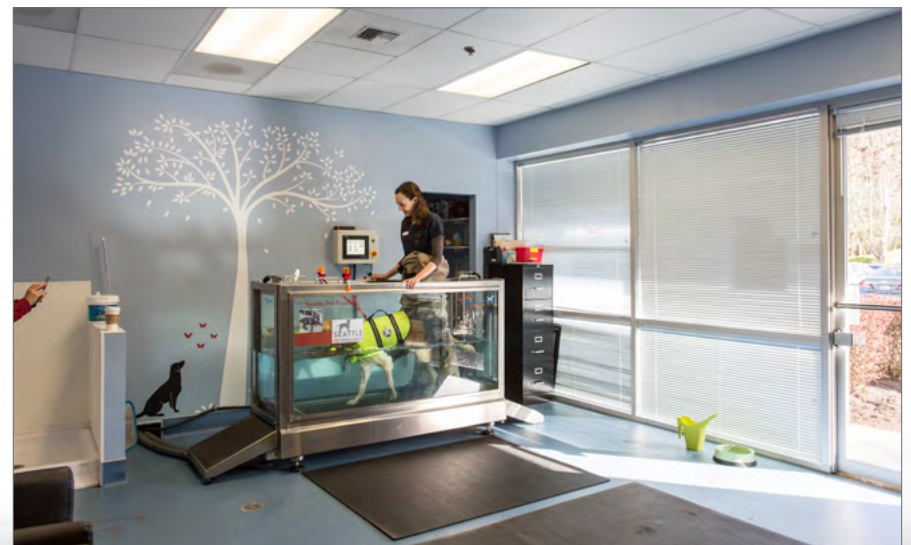
Offering Price	\$10,975,000
Cap Rate	5.8%
Total Building Area	19,283 SF
Price Per Square Foot	\$569.15
Total Land Area	60,008 SF (1.38 Acres)
NOI	\$636,480
New 15 year Absolute Net Lease	
Well established 24-hour Veterinary Hospital	
Tenant has over 50 veterinary hospitals in 17 states	



THE OFFERING

ORION Commercial Partners is excited to offer for sale the highly regarded Seattle Veterinary Specialists (SVS) 24-hour animal hospital located in Kirkland, WA. SVS was originally established in 2007 as a regional multi-specialty referral practice with 24 hour emergency care. Since then it has grown to include surgery, neurology, internal medicine, oncology, radiology and cardiology.

Recently purchased by BluePearl Veterinary Partners based in Tampa, Florida, in January of 2015, this investment opportunity is backed by a 15 year Absolute Net Lease with 2.0% annual increases. BluePearl's growth plan has involved purchasing only the most vibrant and successful veterinary specialty Hospitals in their respective market areas. This investment provides the passive investor with a very well located property, an extremely strong tenant **(with the pending sale to Mars Inc.)**, with no landlord responsibilities and the potential for a **corporate lease guarantee**.



INVESTMENT HIGHLIGHTS

»» Absolute Net Lease With No Landlord Responsibility

SVS-BluePearl is responsible for any and all expenses associated with the property including any and all capital improvements made by tenant.

»» Strong Signature - BluePearl Veterinary Partners

BluePearl is currently in the process of being sold to Mars Inc., the 6th largest privately held company in the United States, according to Forbes, with 33 billion in annual sales.

In August 2012, BluePearl Veterinary Partners was 1,695 on the 2012 Inc. 5000, a list of the 5,000 fastest growing businesses in the U.S. according to Inc. (magazine). BluePearl was also recognized as the 16th fastest growing company in Tampa for 2012 by Inc. (magazine).

In December 2012, BluePearl Veterinary Partners was ranked #36 out of the top 100 job creators in the U.S. according to Inc. Magazine's Hire Power Awards.

»» Strong Demographics

Located in King County, Kirkland is a lakefront bedroom city to Seattle, with just under 100,000 residents within a 5-mile radius of the Hospital. With an average household income of over \$113,000 the demographics are perfectly suited for the typical Seattle Veterinary Specialists client base.



TENANT OVERVIEW

ABOUT SEATTLE VETERINARY SPECIALISTS

Originally established in 2007, the SVS team of veterinarians, technicians, and support staff delivers compassionate, comprehensive specialized and emergency and critical care 24-hours a day, seven days a week. Our specialty medicine teams include board-certified and board-eligible doctors in Neurology, Surgery, Internal Medicine, Radiology, and Emergency and Critical Care. Our emergency doctors are highly experienced and have either completed a rigorous internship program or are seasoned emergency doctors. The “team approach” between the client, the referring veterinarian and our medical team ensures that our patients will receive the most comprehensive, compassionate care available. At SVS, we are passionate about our work and ready to do whatever it takes to provide a better quality of life for your pet. Everyday, we utilize the exceptional skills of our doctors combined with the most advanced diagnostic tools, treatments and surgical methods to ensure extraordinary care is given to each and every pet.

The hospital is equipped with the latest diagnostic and therapeutic capabilities, including digital radiography, ultrasonography, magnetic resonance imaging (MRI), endoscopy, CO2 LASER, a dedicated intensive care unit (ICU) and more. Seattle is renowned for being technologically advanced and we utilize the resources in the area to provide a superior level of monitoring and care for our patients. The hospital design, amidst modern technology and equipment, applies Feng shui - the ancient Chinese practice of placement and arrangement of space to achieve a harmonious and healing work environment.

SVS is committed to remain on the forefront of veterinary medicine by continually integrating treatments and procedures that can increase longevity and improve the quality of life for our patients. Our doctors are in close collaboration with both human and veterinary teaching and research facilities throughout the U.S. to provide integrated programs of patient care and education. Examples of services offered at SVS include ventilatory support for critical patients, endoscopy, brain and spinal neurosurgery, minimally invasive surgery (laparoscopy/thoracoscopy), Tibial Plateau Leveling Osteotomy (TPLO), advanced soft tissue and oncological surgery, exotic animal surgery and more. SVS also supports and has close working relationships with physical therapy and rehabilitation medicine veterinarians, as well as complementary medicine (acupuncture and Chinese herbal medicine) practitioners.

SEATTLE VETERINARY SPECIALISTS VALUES

Respect

Provide open communication to our clients and coworkers in an appreciative and considerate manner.

Compassion

Serve our clients and each other with empathy, understanding, and an open mind.

Integrity

Be truthful and honest.

Ownership

Be responsible and accountable for our actions and provide creative input directed toward personal and organizational success.

Success

Maintain a fun, yet sustainable business that provides a positive work environment where learning/teaching and a sense of accomplishments are achieved through outstanding medical outcomes.

Stewardship

Be responsible for the environment and the community in which we live and to positively contribute to the veterinary profession.



In January of 2015, Seattle Veterinary Specialists (SVS) was purchased by BluePearl Veterinary partners based in Tampa, Florida. Privately owned, the company has exploded since 2008 and currently operates over 39 veterinary hospitals in 16 states across the country. The transfer of ownership has been seamless and the hospital will continue to operate under the name of Seattle Veterinary Specialists.

Information courtesy of: <http://www.svsvet.com/about>

ABOUT BLUEPEARL

BE KIND: We are patient, compassionate and understanding.
BE TRUE: We do and say the right thing in the right way.
BE BOLD: We inspire and embrace change.
BE ESSENTIAL: We build lasting bonds.

BluePearl Veterinary Partners LLC is a privately owned company that operates emergency and specialty veterinary hospitals throughout the United States. They currently have hospitals in 16 states.

BluePearl is owned by employee veterinarians and veterinary professionals and locally managed by experienced, community-focused, and service-minded veterinarians.

They partner with family veterinarians who provide primary patient care, assuring an unbroken continuum of quality medicine for pets at every stage of their lifetime.

Today, BluePearl is one of the largest private providers of approved veterinary residency and internship educational programs in the world.

Kindness is the foundation of veterinary medicine. At BluePearl, they believe that remarkable care combines state-of-the-art veterinary medicine with a focus on compassion and respect for your pet and for you.

“We treat your pet as we treat our own pets.
We treat you as we treat our family friends.
We treat your family veterinarian as our partner.”

BluePearl is growing with more than 475 veterinarians employed, but they remain committed to “acting locally,” assuring that each community they are a part of receives comprehensive, compassionate veterinary care in an exceptional patient-care and work environment. The leaders of their local hospitals are shareholders in BluePearl who were invited to join BluePearl precisely because of their attitudes, what they bring to the community of hospitals, and how well they fit with the BluePearl culture.

BluePearl also participates in and conducts clinical trials to study the effectiveness of new drugs and treatments.



THE HISTORY OF BLUEPEARL

In the 1990s, when veterinarian Neil Shaw was completing residency training in internal medicine at the University of Florida, his brother, Darryl Shaw, was finishing an MBA at Northwestern University. They dreamed of moving back to their hometown of Tampa to open a private specialty practice in which newly board-certified Neil would provide the medical care and Darryl would oversee business operations.

Before proceeding, the brothers turned for guidance to their dad, a primary care veterinarian who has practiced in Tampa for many years. The brothers give their father credit for encouraging and building confidence in their dream.

The day after Neil completed his residency in July 1996, he began seeing patients at their new hospital in Tampa. From the beginning, the Shaws focused on providing remarkable patient care and service to family veterinarians and their clients.

Information courtesy of: <http://bluepearlvet.com/about/our-story/>

THE HISTORY OF BLUEPEARL (CONTINUED)

Over the next few years, Florida Veterinary Specialists added board-certified veterinarians in different specialties, growing to become one of the largest multi-disciplinary private veterinary specialty hospitals in the Southeast. Their successful philosophy led to new opportunities, opening specialty and emergency hospitals in other locations in the Tampa Bay area and in New York City.

About the same time, in Kansas City, Dr. Jeff Dennis and Dr. Joe Desch were growing the specialty and emergency hospital they founded in 1992 into one of the largest in the Midwest.

Friendships were formed and it became evident that working together toward our common goals of collaborative veterinary medicine provided with utmost compassion for families and pets.

In 2008, BluePearl Veterinary Partners was formed by merging the Kansas City hospital with the Florida and New York hospitals.

Over time, like-minded owners of other veterinary specialty hospitals around the country were thriving. BluePearl's model of a business controlled and managed by like-minded veterinarians who remain involved in their hospitals hit a chord. As a result, today, BluePearl offers emergency and specialty services in 16 states. We employ more than 2400 team members, including more than 500 veterinarians.

AWARDS AND RECOGNITION

- In 2009, Dr. Neil Shaw was featured in People Magazine as a hometown hero in the issue titled, "Hero in Hard Times."
- In 2010, Darryl Shaw, CEO and Neil Shaw, Chief Medical Officer, received the Ernst & Young Florida Entrepreneur of the Year Award for the services category.
- In August 2012, BluePearl Veterinary Partners was 1,695 on the 2012 Inc. 5000, a list of the 5,000 fastest growing businesses in the U.S. according to Inc. (magazine). BluePearl was also recognized as the 16th fastest growing company in Tampa for 2012 by Inc. (magazine).

- In December 2012, BluePearl Veterinary Partners was ranked #36 out of the top 100 job creators in the U.S. according to Inc. Magazine's Hire Power Awards.



Information courtesy of: <http://bluepearlvet.com/about/our-story/>
https://en.wikipedia.org/wiki/BluePearl_Veterinary_Partners

ADDITIONAL INFORMATION

Please click on the links provided below for additional information and articles on BluePearl Veterinary Partners:

<http://bluepearlvet.com/brothers-tampa-based-veterinary-company-booms-in-recession/>

<http://veterinarynews.dvm360.com/three-specialty-hospitals-form-partnership>

<http://www.inc.com/profile/bluepearl-veterinary-partners>

<http://www.bizjournals.com/tampabay/stories/2010/10/11/story7.html>

TENANT OVERVIEW

PHOTOS



SITE OVERVIEW



SITE OVERVIEW

PARCEL MAP



MARKET OVERVIEW

ABOUT KIRKLAND

Kirkland is acknowledged to be one of the most livable cities in the Puget Sound region. Its picturesque waterfront setting on Lake Washington and central location immediate to Seattle, Redmond and Bellevue, make it a desirable community for living and for working. In 2014, Money Magazine ranked Kirkland as #5 in its Best Places to Live in America issue.

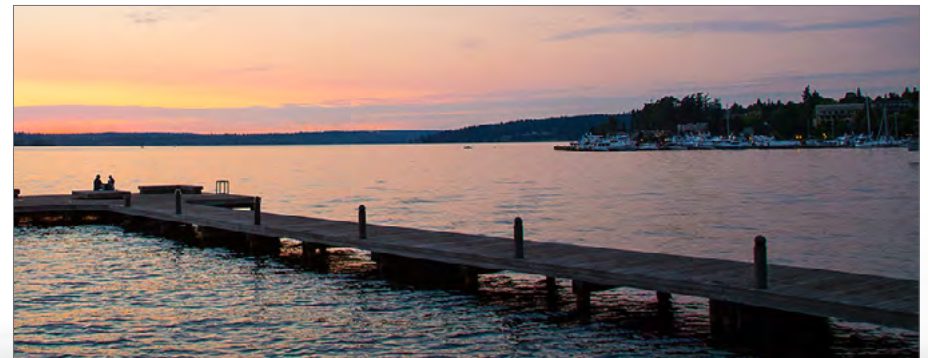
Retail powerhouse Costco had its headquarters in Kirkland for many years, and was inspired by its home town to launch the Kirkland Signature, private-label brand that has made Kirkland a household name for millions of consumers worldwide.

Today, companies like Google are emblematic of the innovation business culture that pervades Kirkland. Google recently celebrated its ten-year anniversary after having opened its first small office in 2004. Rapid growth has led to occupation of larger and larger spaces and Google will double the size of the campus and create room to hire 1,000 more employees by 2016. Assisting in that growth, the Cross Kirkland Corridor (a 5.75 mile segment of the Eastside Rail Corridor being developed as a multi-modal transportation corridor) runs between the two Google campuses and alongside 1700 other businesses, offering an alternative, healthy route to transport employees from home to work.

In addition to high-tech firms, Kirkland's economy includes quality national and boutique retail businesses, banking, professional services and healthcare. Top employers include Google, Nintendo, PACCAR's Kenworth Truck Company, Astronics, WB Games, Wave Broadband, Griptonite Games, Inrix, Tableau and Bluetooth Special Interest Group.

Numerous commercial and residential development projects have been completed in recent years, and others are working their way through the development pipeline. An example includes a major downtown redevelopment project at the 11-acre Kirkland Parkplace site that was announced in 2014. It will include office space, residential apartments, retail and entertainment.

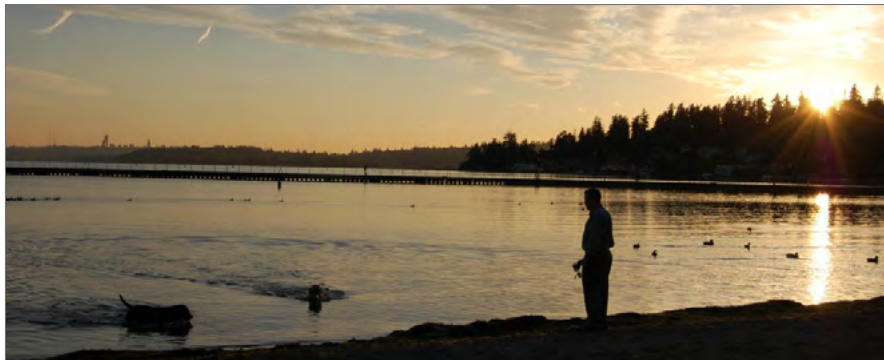
In nearby Totem Lake, just one mile east of the subject property, redevelopment of the Totem Lake Malls is slated for the near future. The redevelopment will have a total of 1 million SF when it's done and will include 538,600 SF of retail, 130,000 SF of offices, a 650-seat movie theater, and 395 residential units. The city plans to kick in \$15 million worth of site improvements as well. Those will include upgrades to 120th Avenue Northeast, a public plaza and financial partnership in the parking garage.



DEMOGRAPHICS

KIRKLAND DEMOGRAPHICS

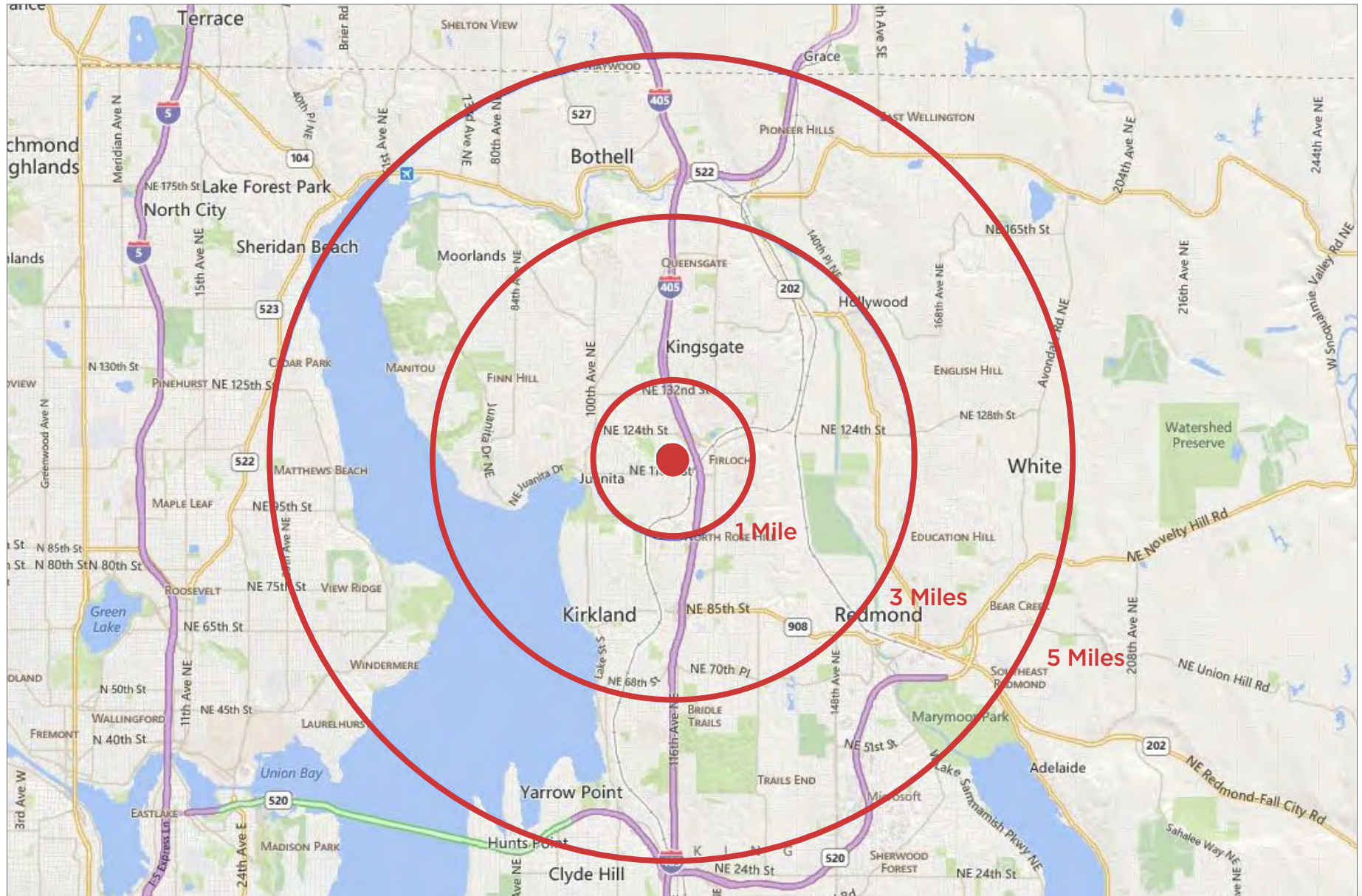
Radius	1 Mile	3 Mile	5 Mile
Population:			
2019 Projection	18,203	100,039	244,950
2014 Estimate	16,877	93,387	227,386
2010 Census	16,178	91,665	218,921
Growth 2014-2019	7.86%	7.12%	7.72%
Growth 2010-2014	4.32%	1.88%	3.87%
2014 Population by Hispanic Origin	1,518	6,788	15,552
2014 Population by Race:			
White	13,233	75,054	178,116
Black or African American	412	1,690	4,361
American Indian and Alaska Native	116	512	1,208
Asian	2,247	11,949	34,033
Hawaiian and Pacific Islander	62	233	511
Other Race	807	3,949	9,156



Radius	1 Mile	3 Mile	5 Mile
Households:			
2019 Projection	8,097	41,836	101,547
2014 Estimate	7,511	39,059	94,261
2010 Census	7,244	38,491	91,058
Growth 2014-2019	7.80%	7.11%	7.73%
Growth 2010-2014	(0.34%)	(2.77%)	(0.88%)
Owner Occupied	4,040	25,564	59,889
Renter Occupied	3,471	13,494	34,371
2014 Avg Household Income:	\$92,084	\$113,316	\$113,533
2014 Med Household Income:	\$74,651	\$92,318	\$91,422
2014 Households by Household Inc.:			
Less than \$25,000	825	3,651	10,271
\$25,000 - \$50,000	1,596	5,993	14,423
\$50,000 - \$75,000	1,354	6,037	14,085
\$75,000 - \$100,000	1,251	5,556	12,714
\$100,000 - \$125,000	770	5,061	11,320
\$125,000 - \$150,000	539	3,777	9,246
\$150,000 - \$200,000	733	4,360	10,369
\$200,000+	444	4,625	11,834

DEMOGRAPHICS

DEMOGRAPHIC RING - 1, 3, 5 MILES





RENT ROLL

Tenant	Rentable Sq. Ft.	Term Begins	Term Ends	Rent/SF	Annual Rent	Rent Increases	Option Periods	Expenses
BluePearl Washington, LLC DBA (Seattle Veterinary Specialists)	19,283	01/15/2015	01/14/2030	\$32.36	\$624,000	2% Annually	(2) 5 year	Absolute Net

ANALYSIS ASSUMPTIONS

Timing & Inflation

Reporting Period: June 1, 2015 to May 31, 2025; 10 years
 Inflation Month: Analysis Start
 General Inflation Rate: 3.00%

Debt Financing

Number of Notes: 1
 Beginning Principal Balance: \$7,941,500 (70% LTV)
 Average Year 1 Interest Rate: 4.50%

Property Size & Occupancy

Property Size: 19,283 Square Feet
 Number of rent roll tenants: 1
 Total Occupied Area: 19,283 Square Feet, 100.00%, during first month of analysis

Property Purchase & Resale

Purchase Price: \$11,345,000
 Resale Method: Capitalize Net Operating Income
 Cap Rate: 5.50%
 Cap Year: Year 11
 Commission/Closing Cost: \$666,585
 Net Cash Flow from Sale: \$6,918,404

PROJECTED CASH FLOW

Schedule Of Prospective Cash Flow In Inflated Dollars for the Fiscal Year Beginning 6/1/2015											
For the Years Ending	Year 1 May-2016	Year 2 May-2017	Year 3 May-2018	Year 4 May-2019	Year 5 May-2020	Year 6 May-2021	Year 7 May-2022	Year 8 May-2023	Year 9 May-2024	Year 10 May-2025	Year 11 May-2026
Net Operating Income	629,200	641,784	654,620	667,712	681,066	694,687	708,581	722,753	737,208	751,952	766,991
Debt Service											
Interest Payments	354,747	348,861	342,705	336,266	329,532	322,488	315,120	307,414	299,354	290,924	
Principal Payments	128,114	134,000	140,156	146,595	153,329	160,373	167,741	175,447	183,507	191,937	
Origination Points & Fees	79,415										
Total Debt Service	562,276	482,861	482,861	482,861	482,861	482,861	482,861	482,861	482,861	482,861	
Cash Flow After Debt Service But Before Taxes	\$66,924	\$158,923	\$171,759	\$184,851	\$198,205	\$211,826	\$225,720	\$239,892	\$254,347	\$269,091	\$766,991



LOAN SUMMARY

Individual Loan & Debt Service Summary
Loan number 1 - Loan # 1

For the Years Ending	Year 1 May-2016	Year 2 May-2017	Year 3 May-2018	Year 4 May-2019	Year 5 May-2020	Year 6 May-2021	Year 7 May-2022	Year 8 May-2023	Year 9 May-2024	Year 10 May-2025
Minimum Debt Service										
Interest Payments	\$354,747	\$348,861	\$342,705	\$336,266	\$329,532	\$322,488	\$315,120	\$307,414	\$299,354	\$290,924
Principal Payments	128,114	134,000	140,156	146,595	153,329	160,373	167,741	175,447	183,507	191,937
Total Minimum Debt Service	482,861	482,861	482,861	482,861	482,861	482,861	482,861	482,861	482,861	482,861
Fees & Contingencies										
Origination Points & Fees	79,415									
Total Fees & Contingencies	79,415									
Reductions & Retirement										
Principal Balloon or Call										6,360,302
Total Reductions & Retirement										6,360,302
Total Cash Flow Paid To Lender	\$562,276	\$482,861	\$482,861	\$482,861	\$482,861	\$482,861	\$482,861	\$482,861	\$482,861	\$6,843,163
Principal Balance Summary										
Beginning Principal Balance	\$7,941,500	\$7,813,385	\$7,679,386	\$7,539,231	\$7,392,635	\$7,239,306	\$7,078,934	\$6,911,193	\$6,735,747	\$6,552,239
Periodic Principal Reductions	(128,114)	(134,000)	(140,156)	(146,595)	(153,329)	(160,373)	(167,741)	(175,447)	(183,507)	(191,937)
Principal Balloon Payments										(6,360,302)
Ending Principal Balance	\$7,813,386	\$7,679,385	\$7,539,230	\$7,392,636	\$7,239,306	\$7,078,933	\$6,911,193	\$6,735,746	\$6,552,240	
Interest Rates										
Interest Rate on Principal	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Cash Flow Coverage Ratios										
Cash to Total Interest Charged	177.37%	183.97%	191.02%	198.57%	206.68%	215.41%	224.86%	235.11%	246.27%	258.47%
Cash to Minimum Debt Service	130.31%	132.91%	135.57%	138.28%	141.05%	143.87%	146.75%	149.68%	152.67%	155.73%
Loan To Value Ratios										
Loan to Purchase Price	70.00%	68.87%	67.69%	66.45%	65.16%	63.81%	62.40%	60.92%	59.37%	57.75%
Loan to Capitalized Value	69.42%	66.96%	64.52%	62.10%	59.70%	57.32%	54.95%	52.59%	50.25%	47.93%

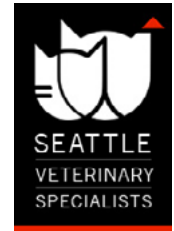
Source: 30-year amortization, 4.50% interest locked for 10 years



SOURCES AND USES

Schedule Of Sources & Uses Of Capital
Equity is Based on Property Value, Leverage and Operating Requirements

For the Years Ending	Year 1 May-2016	Year 2 May-2017	Year 3 May-2018	Year 4 May-2019	Year 5 May-2020	Year 6 May-2021	Year 7 May-2022	Year 8 May-2023	Year 9 May-2024	Year 10 May-2025
Sources Of Capital										
Net Operating Gains	\$629,200	\$641,784	\$654,620	\$667,712	\$681,066	\$694,687	\$708,581	\$722,753	\$737,208	\$751,952
Debt Funding Proceeds	7,941,500									
Initial Equity Contribution	3,403,500									
Net Proceeds from Sale										13,278,706
Total Sources Of Capital	\$11,974,200	\$641,784	\$654,620	\$667,712	\$681,066	\$694,687	\$708,581	\$722,753	\$737,208	\$14,030,658
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Uses Of Capital										
Property Purchase Price	\$11,345,000									
Total Debt Service	562,276	482,861	482,861	482,861	482,861	482,861	482,861	482,861	482,861	482,861
Retirement & Penalties										6,360,302
Defined Uses Of Capital	11,907,276	482,861	482,861	482,861	482,861	482,861	482,861	482,861	482,861	6,843,163
Cash Flow Distributions	66,924	158,923	171,759	184,851	198,205	211,826	225,720	239,892	254,347	7,187,495
Total Uses Of Capital	\$11,974,200	\$641,784	\$654,620	\$667,712	\$681,066	\$694,687	\$708,581	\$722,753	\$737,208	\$14,030,658
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unleveraged Cash On Cash Return										
Cash to Purchase Price	5.55%	5.66%	5.77%	5.89%	6.00%	6.12%	6.25%	6.37%	6.50%	6.63%
Leveraged Cash On Cash Return										
Cash to Initial Equity	1.97%	4.67%	5.05%	5.43%	5.82%	6.22%	6.63%	7.05%	7.47%	7.91%
Leveraged Annual IRR										11.40%



BLUEPEARL NEW LOAN TERM SHEET

BluePearl Washington LLC
Seattle, WA

Term Sheet

Loan amount: \$7,941,500

Term: 10 years

Amortization: 30 years

Fixed period: 10 years

Rate: 4.2% for 10 years

Max LTV: 70% for max LTV

DCR: 1.25x or more

Loan fee: 1% loan fee

Application: Deposit for lock and third party reports

Recourse: Non-Recourse with standard carve outs

Prepay: Defeasance

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The above terms are not to be considered as a commitment to lend. The final commitment to lend may be issued after the buyer's financials, the seller's property books and records, environmental report, title report, and appraisal have been reviewed.