



# OLD NORCROSS

HOSPITAL ANCHORED MEDICAL OFFICE BUILDINGS



SUBURBAN  
ATLANTA/  
GEORGIA

The following presentation does not constitute an offer to sell nor a solicitation of an offer to buy securities. Offers can only be made through the Private Placement Memorandum which contains various and important risk disclosures. Please consult your financial and tax advisors.

# OLD NORCROSS

NEAR ONE OF GEORGIA'S LARGEST HOSPITALS IN A GROWING MARKET



Old Norcross consists of two medical office buildings, comprising 36,251 sq. ft., proximate to and servicing the Gwinnett Medical Center Campus. Gwinnett Medical Center is a financially strong hospital that is experiencing tremendous growth and expansion that includes construction of a new \$92 million, 155-bed patient tower, and a planned \$33 million Open-Heart Surgery Program.

Gwinnett County is one of the fastest growing counties in Georgia and the nation. \*SRS believes that this historically well occupied asset will perform well given the financial strength and planned expansion of the hospital along with the continued growth of Gwinnett County.

\*Source: U.S. Census Bureau: 100 Fastest Growing Counties

## Investing in Medical Office\*

According to National Real Estate Investor, Medical Office buildings can offer the potential for long term cash flow, rent stability, and fewer tenant improvement costs. Medical tenants typically sign long-term leases and have high renewal rates. They often spend more on high end finishes and expensive equipment installation, making it costly to relocate. Medical tenants also tend to congregate and refer patients to other physicians in the building, making it more profitable to stay in one place.

\*Source: Growth prescription: Medical office, National Real Estate Investor, January 2006. A complete copy of this article is available upon request.

## Investment Highlights

- Near Gwinnett County Medical Center
- Historically well occupied
- Located in one of the fastest growing counties in Georgia and the U.S.
- Contractual rent increases
- Acquired significantly below appraised value

## ASSET PROFILE

|                              |  |  |           |
|------------------------------|--|--|-----------|
| <b>Address</b>               | 555-565 Old Norcross Road<br>Lawrenceville, GA 30045 | <b>Loan to Purchase Price</b>  | 55.00%    |
| <b>Year Built</b>            | 1994 & 1997  | <b>Minimum Investment</b>  | \$360,000 |
| <b>Sq. Ft.</b>               | 36,251   | <b>Expected Hold Period</b>  | 10 Years  |
| <b>Parking Ratio</b>         | 4.88/1,000 SF  | <b>Total Expected Investors</b>  | 10        |
| <b>Total Offering Amount</b> | \$8,000,000  | <b>Loan Terms:</b> Fixed interest rate of 6.0%   |           |
| <b>Loan Amount</b>           | \$4,400,000  | Non-Recourse (except standard carve-outs)  |           |
| <b>Total Equity</b>          | \$3,600,000  | 5 year term with 3 years interest only. "No MAC Clause." <b>See PPM for refinance assumptions.</b> |           |

## SUMMARY OF CASH FLOW ASSUMPTIONS\*\*

| Year                         | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Cash on Cash Initial loan    | 7.00% | 7.27% | 7.34% | 6.81% | 7.24% |       |       |       |       |       |
| Cash on Cash after Refinance |       |       |       |       |       | 7.34% | 7.40% | 7.33% | 7.39% | 7.64% |

\*\*SRS Investments, LLC can give no assurance that it will be able to pay or maintain distributions, that distributions will increase over time, that investors will not lose capital, or that capital calls will never be necessary.

# GWINNETT HOSPITAL SYSTEM



**Gwinnett Hospital System** is a 500-bed, healthcare network including two hospitals and other supporting outpatient facilities. The hospital system consists of more than 4,100 employees and over 800 affiliated physicians serving the North Atlanta Market. The Old Norcross project is located in close proximity to the Gwinnett Medical Center, which is the flagship hospital of the Gwinnett Hospital System. In 2006 & 2008, Gwinnett Medical Center received the *Health Grades Distinguished Hospital Award for Clinical Excellence*, ranking in the top five percent of the nation for clinical quality.



More information on the Gwinnett Hospital System can be obtained at <http://www.gwinnettmedicalcenter.org>



## GWINNETT MEDICAL CENTER EXPANSION



The Gwinnett Medical Center is experiencing tremendous growth and expansion as part of the Project PATH program launched by the hospital system in 2007. The planned expansion of the Gwinnett Medical Center Campus includes construction

of a \$92 million, 155-bed patient tower scheduled for completion in 2009, and a planned \$33 million Open-Heart Surgery Program recently approved by state regulators.

### Financial Summary, Gwinnett Hospital System (\$ in 000s)\*

| Years Ended June 30, | 2004      | 2005      | 2006      | 2007      |
|----------------------|-----------|-----------|-----------|-----------|
| <b>Revenues</b>      | \$422,218 | \$473,684 | \$517,468 | \$561,610 |
| <b>EBITDA</b>        | \$46,552  | \$65,176  | \$51,329  | \$48,223  |
| <b>Cash</b>          | \$77,708  | \$92,106  | \$49,950  | \$61,296  |
| <b>Total Assets</b>  | \$379,691 | \$511,287 | \$562,808 | \$600,387 |
| <b>Liabilities</b>   | \$219,431 | \$293,294 | \$279,707 | \$284,911 |
| <b>Net Worth</b>     | \$160,260 | \$217,993 | \$283,101 | \$315,476 |

\*Source: KPMG Audited Financial Statements for Years Ending June 30, 2004-2007

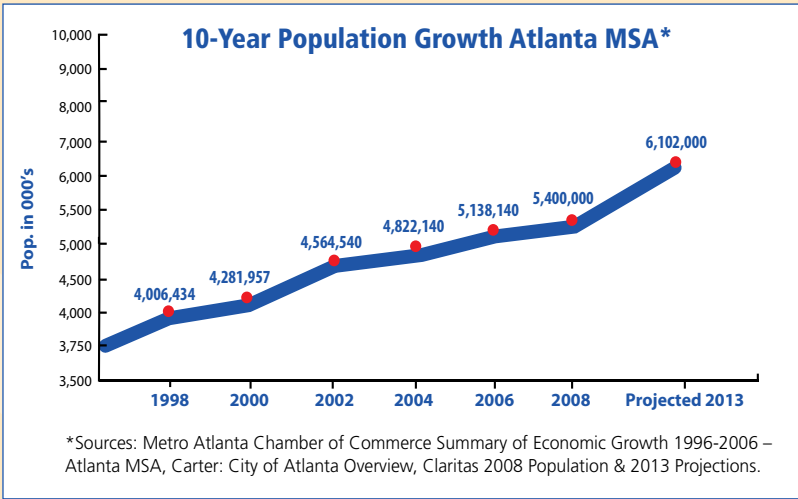
\*The Gwinnett Hospital System is not involved in any way with sponsoring or endorsing this offering. Photographs of medical personnel are dramatized.

# AREA OVERVIEW

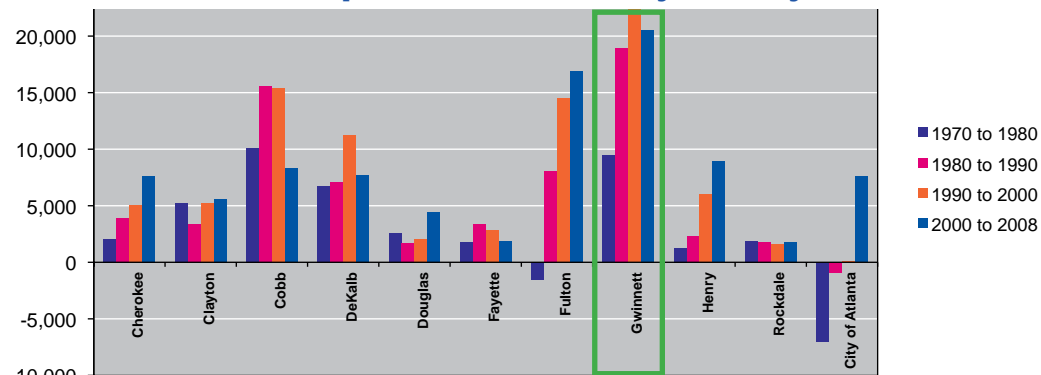
## Atlanta Overview

With an overall population of more than 5.4 million, Atlanta is the 9th largest Metropolitan Statistical Area (MSA) in the U.S.\* Over the course of the 1990's, the city outgrew its position as the regional capital of the southeast and became recognized as one of the leading international cities for business. According to the U.S. Census Bureau, the Atlanta MSA is ranked #1 among the nation's 361 metro areas for new residents, gaining 1.04 million residents between 2000 and 2007.\*

\*Sources: Claritas 2008 Population, U.S. Census Bureau, CBRE Appraisal dated July 8, 2008



## Atlanta Population Growth by County



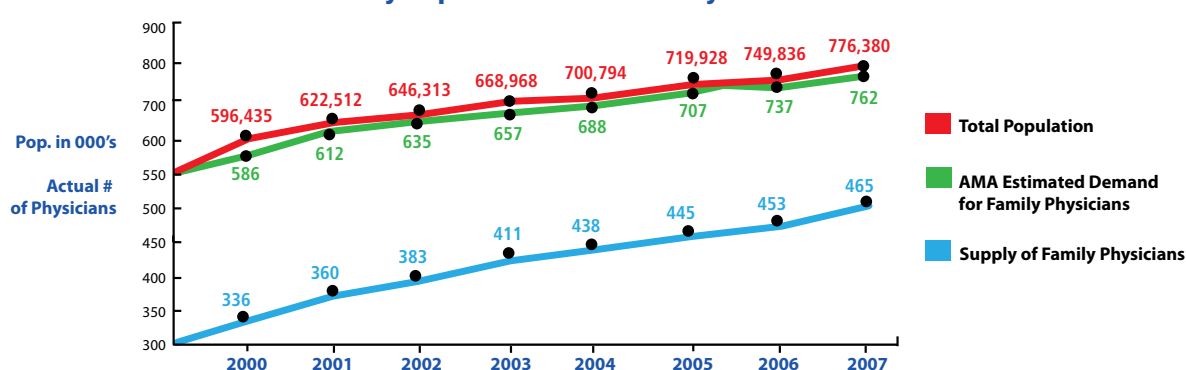
\*Source: Atlanta Regional Commission Annual Survey

## Gwinnett County Overview

Gwinnett County is a northern suburb of Atlanta and has been one of the fastest growing counties in the nation over the last 20 years. The county population is currently 776,380, and has grown by over 30% over the past 7 years, and is expected to exceed 900,000 by 2015.\* As of July 2008, the Gwinnett County unemployment rate was 5.7% compared to 6.3% statewide, and 6.1% nationwide.\* According to the appraisal, there are approximately 194,240 people within a 5 mile radius of the property, with an average household income of \$79,442.\*

\*Sources: U.S. Census Bureau, U.S. Bureau of Labor Statistics/Georgia Department of Labor, CBRE Appraisal dated July 8, 2008

## Gwinnett County Population Growth & Physician Demand



The population of Gwinnett County has grown dramatically over the past eight years. During the same time frame the supply of family physicians has also grown, however supply growth has not kept pace with demand growth based on the American Medical Association's estimates. SRS believes that Gwinnett County should continue to attract physicians, which will only add to the demand for medical office space.\*

\*Sources: Gwinnett County Government Economic Indicators, U.S. Census Bureau, American Medical Association, Georgia State Board of Medical Examiners



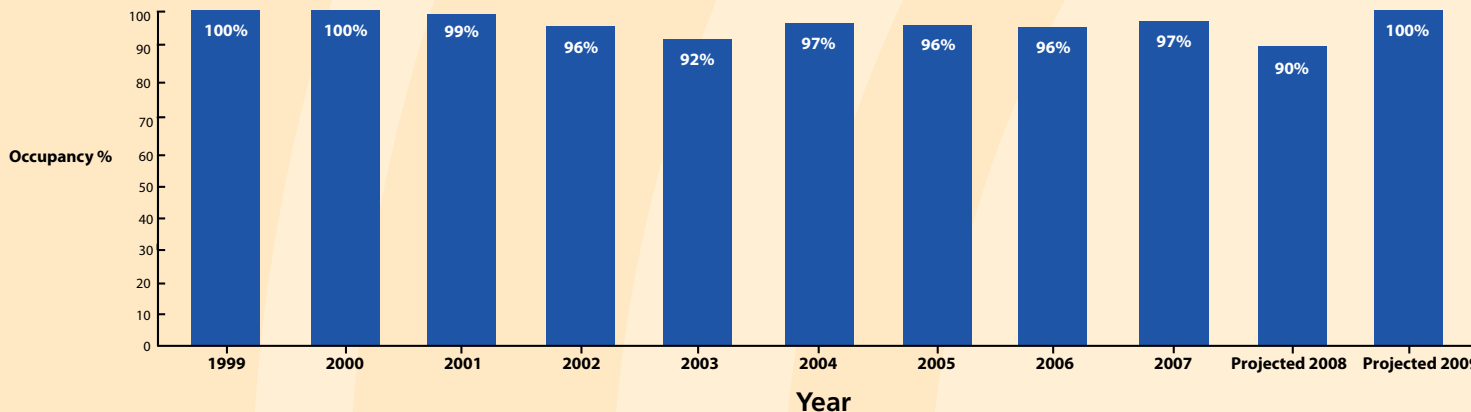
# TENANT SUMMARY

The buildings are occupied by a diverse group of physician practices.



| Tenant                         | Sq. Ft.       | Years of Occupancy |
|--------------------------------|---------------|--------------------|
| Clinical Management, LLC       | 3,200         | 4                  |
| North Atlanta Scan Associates  | 3,569         | 11                 |
| Great Expressions Dental Care  | 2,720         | New Tenant         |
| Internal Medicine Associates   | 2,295         | 6                  |
| Amerisafe Risk Services        | 2,670         | 10                 |
| Gwinnett Hospital System (GHS) | 6,276         | 10                 |
| Proposed Expansion (GHS)       | 1,572         | Expansion          |
| TLC for Women, LLC             | 3,165         | 11                 |
| Allergy & Asthma Center        | 5,212         | 14                 |
| North Georgia Dermatology      | 5,572         | 8                  |
| <b>Total</b>                   | <b>36,251</b> |                    |

## Old Norcross 10-Year Building Occupancy History



The Old Norcross project has maintained an average occupancy of 96% over the last ten years.\* The occupancy dipped to 90% in 2008, but due to the proposed expansion of Gwinnett Hospital and the return of a tenant who left for one year and has now signed a ten year lease, the buildings are projected to be 100% occupied for 2009.

\*Source: Occupancy history based on utilities records provided by the City of Lawrenceville



**ATLANTA**

**Gwinnett  
Medical Center**



**Old  
Norcross**



**SRS**  
INVESTMENTS  
[www.srsinvestments.com](http://www.srsinvestments.com)

**NICHOLAS J. RHODES**  
*Managing Principal*  
(941) 955-9090 ext. 102  
[nrhodes@srsinvestments.com](mailto:nrhodes@srsinvestments.com)

**EDWIN M. STANTON**  
*Managing Principal*  
(941) 955-9090 ext. 101  
[estanton@srsinvestments.com](mailto:estanton@srsinvestments.com)

**RICHARD ZIMMERMAN**  
*Wholesaler*  
(866) 590-9858  
[rzimmerman@1031exchangeprovider.com](mailto:rzimmerman@1031exchangeprovider.com)