



DOMINION HEALTHCARE
— REALTY, LLC —

Relationship Driven Real Estate Solutions®



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REALTY, LLC

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COMPANY OVERVIEW



Dominion Healthcare Realty, LLC, (“DHCR”) headquartered in San Antonio, Texas, is a healthcare real estate company founded by Larry Baumgardner, CCIM. Larry is a business economist, a 37-year commercial real estate veteran, and former Real Estate Administrator of Worldwide Facilities for USAA, a \$120 billion insurance and financial services company. Larry is also the founder of Dominion Advisory Group, Inc., a diversified real estate company that has served over 18 years as the operating company for a substantial portfolio of retail, healthcare and landholdings.

Motivated by compelling demographic trends in the healthcare sector that translate into solid long term investments, Dominion Healthcare Realty, LLC was formed in 2009 to acquire and develop medical office buildings and hospitals. To kick off this initiative, Dominion Healthcare Realty, LLC hired Jim Ploetz, a 20-year veteran in real estate development, leasing and acquisitions with 8 years experience working with prominent healthcare systems like HCA, Texas Health Resources and Methodist (San Antonio). Jim previously worked with Larry under Dominion Advisory Group, Inc.’s healthcare division.

The Dominion Healthcare Realty, LLC Mission Statement:

Through a foundation of long-term relationships, we will support hospitals and physicians with innovative, family-friendly and affordable real estate solutions that help unify hospitals, physicians and the communities they serve. These solutions include the development, acquisition, ownership, leasing and management of medical office buildings, ambulatory service centers and hospitals, as well as consulting hospitals and physicians on these projects.

The principals of Dominion Healthcare Realty, LLC, through other partnerships, have previously acquired healthcare properties located in the South Texas Medical Center valued at \$65 million (see case studies section) and through Dominion Healthcare Realty, LLC have launched a strategic relationship with Methodist Healthcare Systems – San Antonio (MHS), San Antonio’s largest healthcare system.

To undergird its growth, Dominion Healthcare Realty, LLC has assembled a committed development, leasing and management team with over 50 years of combined experience in healthcare real estate who understand the current opportunities and challenges faced by hospitals and physicians.

We focus on “Relationship Driven Real Estate Solutions,”™ entering into new markets to support and expand existing relationships with healthcare systems and physician groups, and to develop new relationships.



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What's Different About Dominion Healthcare Realty, LLC?

Dominion Healthcare Realty, LLC differentiates itself from its competition in three key areas:

- ***First, Dominion Healthcare Realty, LLC is focused on long-term relationships versus short-term returns.***
Many healthcare executives have entered into “strategic partnerships” with facility purchasers whose primary objective is to optimize the short-term return to its investors. Focusing solely on short-term investment returns, these purchasers often overlook the more lucrative long-term investment opportunities presented by working in concert with the hospital to achieve its goals of fostering “win-win” relationships with its physicians. Dominion Healthcare Realty, LLC helps hospitals foster healthy relationships with its physicians by offering physicians well-maintained clinical environments for a reasonable cost and possible ownership opportunities in medical office buildings. In appreciation, hospital systems invite Dominion Healthcare Realty, LLC to participate in additional investment and develop opportunities to solve other real estate objectives. Dominion Healthcare Realty, LLC views this “relationship driven” approach to business as profitable and responsible, and aligns with progressive healthcare systems that feel the same.

- ***Second, Dominion Healthcare Realty, LLC structures medical office developments and acquisitions to sustain the long-term commitment of physician tenants... the number one goal of our hospital partners.***
The flood of capital into the medical office industry allows many purchasers today to offer high purchase prices for medical office buildings. On the onset, these lucrative sales may entice healthcare executives seeking funds for hospital expansion projects. However, to compensate for stretching purchase prices, these purchasers must rapidly accelerate escalations in lease rates and expense reimbursements to achieve promised returns to their investors. This process angers physician tenants who are then likely to seek tenancy in medical buildings tied to competing hospitals. Hospital administration, if they are not careful, may end-up with diminishing physician referrals for the expanded hospital services that triggered the sale of their buildings in the first place. This is counter-productive.

Conversely, at Dominion Healthcare Realty, LLC, we purchase and develop healthcare facilities using sound real estate fundamentals, employing capital resources that understand the unique relationship between doctors and hospitals. Although competitive, Dominion Healthcare Realty, LLC does not overpay for properties. As a result our physician tenants experience modest rent and expense increases justified by inflationary pressure and/or elevated value and services that Dominion Healthcare Realty, LLC management brings to its buildings. This approach helps anchor physicians to our clients’ hospital campuses, increasing utilization of our clients’ services.

- ***Third, Dominion Healthcare Realty, LLC is selective over the hospital systems that it chooses as partners to avoid conflicts of interest and protect our partners’ interests in markets they serve.***
Dominion Healthcare Realty, LLC chooses its hospital partners carefully to insure that either their initial building portfolio sale or their additional sale or development pipeline is sufficient to satisfy Dominion Healthcare Realty, LLC’s long-term expectations in that market.

Other developers and purchasers half-hazardly purchase facilities from a hospital to satisfy purchase quotas, assuming the flexibility to pursue competing medical facilities in the same market should the pipeline of future opportunities for that hospital not be sufficient to satisfy their investors desires.



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What Services Does Dominion Healthcare Realty, LLC Offer?

Dominion Healthcare Realty, LLC offers a full array of consulting, management, development, ownership and acquisition/disposition services to our hospital and physician clients. These include:

- ✓ Consulting in valuing, operating, selling and purchasing existing real estate assets
- ✓ Developing ground-up facilities to replace antiquated buildings or improve healthcare delivery
- ✓ Master planning hospital or medical office campuses to accommodate future growth and parking challenges
- ✓ Consulting hospitals on satellite ambulatory or ancillary service facilities/strategies
- ✓ Leasing and managing medical office buildings to attract and retain physician tenants
- ✓ Structuring off balance sheet medical office building and hospital facility developments
- ✓ Raising equity for hospitals and physicians for healthcare facility replacement or expansion
- ✓ Purchasing healthcare facilities from hospitals, while preserving protective use controls
- ✓ Establishing joint-venture real estate transactions with hospitals and physicians
- ✓ Offering ownership equity participation to physician tenants in medical office buildings
- ✓ Acquiring land for hospitals and physicians and bringing entitlements to such land
- ✓ Adding value to hospital and physician owned facilities through proactive and proven leasing and management services
- ✓ Representing hospitals and physicians in lease negotiations with third-party landlords



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Professional Affiliations

- Building Owners and Managers International (BOMI)
- Certified Commercial Investment Member (CCIM)
- American College of Healthcare Executives
- Greater San Antonio Chamber Of Commerce- Healthcare/Bioscience Committee
- Bexar County Medical Society
- San Antonio Real Estate Council
- Institute of Real Estate Management (IREM)

Team Experience (Including Hospitals and Hospital Systems)

- Texas Health Resources- Presbyterian (Dallas, TX)
- HCA (Plano, TX; Corpus Christi, TX; Brownsville, TX)
- Bon Secours Health System, Inc. (Marriottsville, Maryland)
- Methodist Healthcare System (San Antonio, TX)
- Vanguard/Baptist Healthcare System (San Antonio, TX)
- USAA

Current and Past Hospital Affiliations & Medical Office Projects

- HCA (Nashville, TN)
- Methodist Healthcare System (San Antonio, TX)
- Methodist Hospital
- Methodist Heart Hospital
- Methodist Children's Hospital
- Methodist Stone Oak Hospital
- Methodist Specialty and Transplant Hospital
- Gateway Medical Center – Building I (formerly South Texas Cardiovascular Center)
- Gateway Medical Center – Building II
- Physician's Plaza II
- Agora Palms- Phase I
- Agora Palms- Phase II