

YEAR END REVIEW

December, 2007

Health Care Real Estate Advisors

2007 was an active year for HSA PrimeCare with exciting new advisory, acquisition and development projects involving our healthcare clients and partners. Below are some of the highlights from our 2007 projects.

Ambulatory Development: Advocate Good Samaritan South Campus

HSA partnered with Advocate Good Samaritan Hospital to locate, develop, lease and manage a new 35,000 square foot medical office building in Advocate's southern market. After an extensive market search and selection process, HSA identified an existing 38,000 square foot medical office building and adjacent 2 acres of vacant land at 6800 Main Street in Downers Grove, Ill. HSA acquired the property in the Spring of 2007 and broke ground this past Fall on a new outpatient facility adjacent to the existing building. Scheduled to open in Summer 2008, the new building will feature urgent care and diagnostic services provided by Good Samaritan Hospital and first class medical office space for physicians on staff at the hospital.



The Advocate Good Samaritan South Campus being developed by HSA PrimeCare

HSA PrimeCare Development Program



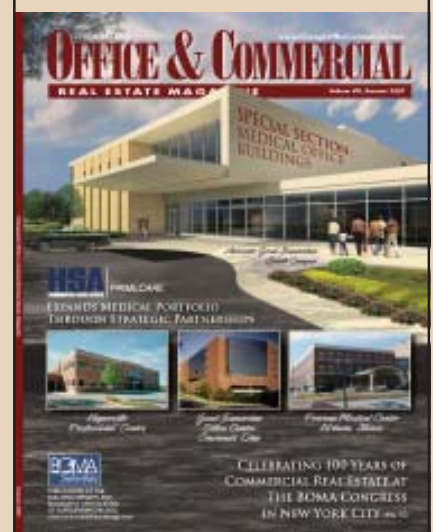
This 38,883 square foot medical office building at 15900 W. 127th Street in Lemont, Illinois was developed by HSA PrimeCare

For over a decade, HSA PrimeCare has provided hospitals and physicians with real estate advisory, acquisition, development and management services. The HSA team brings a full platform of service capabilities to the development process including site selection, capital structuring, value engineering, physician ownership, development, leasing and management. HSA takes a long-term partnership approach to the development process, working closely with hospitals and physicians to devise a development plan and capital structure that best achieves its goals. Throughout the process, hospitals and physicians retain decision making power over critical elements of the project.

In 2007, we executed a lease to bring the 34,953 square foot Naperville Professional Centre to 100% occupancy.



IN THE NEWS...



HSA PrimeCare's new medical office building at Advocate Good Samaritan South Campus was featured on the cover of BOMA's Office & Commercial magazine last summer along with a feature article by Jon Boley, assistant vice president at HSA.

Ambulatory Development: Village Point Medical Office Building

HSA recently celebrated the grand opening of the Village Point Medical Office Building, a 32,000 square foot facility located on the beautiful Coffee Creek Healthcare Campus in Chesterton, Indiana. Duneland Dialysis and Duneland Nephrology, a state-of-the-art dialysis center and nephrology office, has opened on the first floor of the building, featuring a 100-gallon saltwater aquarium and upgraded homelike interiors -- all efforts to create a therapeutic environment that promotes patient well-being. The facility offers superior accessibility to neighboring communities as well as to Chicago, via the Indiana Toll Road. The Coffee Creek Healthcare Campus is designed as a pedestrian-oriented community, featuring miles of brick paved walking paths, preserved green space, parks, an open-air pavilion and restored ecosystems.



Village Point Medical Office Building



Master Planned Healthcare Campus: Coffee Creek Healthcare Campus

HSA PrimeCare is pursuing the development of a healthcare and research campus located at the intersection of Route 49 and the Indiana Toll Road in Chesterton, Indiana. Coffee Creek Healthcare Campus is designed as a pedestrian-oriented community featuring natural landscapes, sustainable design and a high level of amenities that create the highest quality environment for medical, academic and research facilities. The campus offers superior accessibility to neighboring communities and a natural therapeutic environment that promotes health and wellbeing for hospitals and physicians, patients, clients and customers. The park is part of Coffee Creek Center, an award winning 640-acre master planned community designed using innovative sustainability concepts.

When completed, Coffee Creek Center will contain up to 2,000 residential units, over 3 million square feet of commercial, office and retail space, and 250 acres of preserved greenspace, parks and constructed wetlands. The Healthcare and Research Park is a master planned development suitable for healthcare, academic, research and technology facilities. The master plan calls for a regional hospital, ancillary medical office buildings and related academic and research facilities. HSA is working with hospitals, physicians, healthcare systems and healthcare technology companies to create the premier healthcare and technology campus in the region.

Healthcare facilities currently located at the Coffee Creek Healthcare and Research Park include Lakeshore Bone and Joint Institute, Lakeshore Surgicare (an ambulatory surgery center) and Village Point Medical Office Building, a 32,000 square foot medical office building featuring a state-of-the-art dialysis center and nephrology office.



Building Retrofit: Advocate Health Center 1357 W. 103rd Street, Chicago, IL



HSA identified and redeveloped a former bank facility into first class medical space for Advocate Healthcare. Advocate selected HSA PrimeCare to develop a 20,000 square foot replacement medical office building for an established medical practice group being displaced by

opment. After an extensive market-search for alternative locations in an urban market with limited available land sites, HSA identified an existing 35,000 square foot bank building partially occupied by Charter One Bank. Under tight time constraints, HSA acquired the property, restructured the existing lease and crafted an intricate redevelopment plan to retrofit building systems, construct first class medical space and bring the building exterior up to date. HSA completed the construction in the Fall of 2007 and delivered the building to Advocate for occupancy prior to expiration of their former lease.



HSA PrimeCare Services...

We possess a unique understanding of health care, its cultures and challenges. HSA PrimeCare project leaders bring years of experience managing and operating large hospital real estate portfolios and providing solutions that meet a client's needs and provide specific real estate needs in an ever-changing healthcare environment. A partial list of our services includes:

- Portfolio Lease Administration
- Development
- Transaction Management
- Acquisitions/Dispositions
- Facility/Property Management
- Capital Processes
- Valuations/Taxation
- Strategic Planning

Good Samaritan Office Center, Cincinnati, Ohio



The on-campus medical office building in Cincinnati underwent a major reshuffling of tenants during 2007 with 7 leases expiring representing 43% of the building. HSA PrimeCare, along with the management of Good Samaritan Hospital, moved forward with a proactive multi-phased leasing program. The hospital made a decision to develop a Mature Women's Center in the building. To accommodate the hospital's initiative, an early termination was negotiated with an existing tenant to free up a portion of the space required for the Women's Center.

Queen City General and Vascular Surgical Group was relocated, a new lease with the Good Samaritan OB/GYN along with several other expiring leases were renewed or relocated within the building. In all, the Mature Women's Center now occupies approximately 15% of the building. Along with the renewal of several leases, the building is now at a 92% occupancy level

Ingalls Calumet City Medical Office Building



HSA/PrimeCare has been retained as property manager and leasing agent for the Ingalls Calumet City Medical Office Building at 167th and Torrence in Calumet City, Illinois. Previously a commercial office building, this 30,000 square foot building is being converted by Ingalls for medical office use.

It is adjacent to and will share a campus with the Ingalls Family Care Center at that location. Plans for the complex include a newly reconfigured and landscaped campus with a covered walkway connecting the buildings, new covered patient dropoff and all new medical office interiors.



Key Factors for a Successful Ambulatory Development

With recent changes in the healthcare environment, hospitals and physicians are looking beyond the main hospital campus for opportunities to provide convenient services to patients and reach out to new markets. Many of these outpatient facilities are the result of partnerships between hospitals and physicians and specialized healthcare developers such as HSA PrimeCare. Outpatient facilities can take many different forms, however there are some key elements to successful facilities.

One important factor for a successful off-campus development is to clearly define the objectives and goals of the project at an early stage. Is the objective to bring more convenient services to established market areas or reach out to new markets? What are the key services planned for the new facilities, and who will provide those services - hospital, physician or JV? What are the key traffic generators to the new facility (primary care, wellness/fitness facility, surgery center, etc.)? How would the new facility fit within the overall service platform for the sponsoring hospital or physician group? Where are competitive facilities located in the targeted market area and what are the potential competitive advantages of a new facility?

A targeted marketing and leasing program can be another key element for a successful multi-tenant ambulatory development. Leasing may be less important for specialized single tenant facilities such as a cancer center, however if the facility is built as a larger multi-tenant building a strong leasing program is key. The marketing and leasing program should be built around the goals and objectives of the particular facility. Important elements such as building amenities, supporting or complimentary healthcare services in the building and physician ownership should be factored into the leasing program. Targeted leasing prospects should be contacted early in the process to help facilitate efficient building design.

HSA PrimeCare offers a full range of development services and can partner with hospitals and physicians in locating, developing, leasing and managing healthcare facilities. HSA takes a process driven approach to development that defines objectives and focuses resources for a result that meets or exceeds expectations.

By Jon Boley,
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