

# 2020

## YEAR END REPORT



### A WORD FROM OUR TEAM

Happy New Year from Bauman and Co.! Wishing everyone a safe and prosperous 2021.  
**Read an attached letter from Billy Bauman, Senior Partner**

### PROJECTS

Take a closer look at some of our projects:



North Fulton Professional Building  
Roswell, GA



Vero Beach Physicians Building  
Vero Beach, FL



Lake Lurna Physicians Center  
Orlando, FL



Spring Creek Physicians Building  
Chattanooga, TN



Coliseum Drive Physicians Building  
Macon, GA

### INDUSTRY TRENDS

- In 2020, the medical office market was more resilient in comparison to the retail, hospitality and senior housing sectors.
- Financing remains very attractive with historically low interest rates but lenders have lowered their LTV to accommodate for the economic environment.
- The overall dollar acquisition amounts are slightly below 2019 levels, however, Cap Rates have actually compressed and the average price per square foot has increased according to Real Capital Analytics (RCA).
- Other nontraditional medical owners are actively pursuing the space as it is seen as a safer investment when compared with their typical investment product type.

### 2020 STATS

**6** total number of states with Bauman and Co. properties.

**50,000** square feet of new leases and renewals were signed.

**420,000** total square footage owned.

**900,000** dollars in building upgrades and tenant improvements.



### PROJECTS

Take a closer look at some of our projects:



High Point Physicians Building  
High Point, NC



Capital City Physicians Building  
Richmond, VA



Aurora 1315 Physicians Building  
Aurora, IL



Elgin 87 Physicians Building  
Elgin, IL



Elgin 1975 Physicians Building  
Elgin, IL

### NEWS/VENDORS

- Acquired three medical offices on Amita Health Campuses in Aurora and Elgin, Illinois
- Implemented immediate response to COVID-19 pandemic with janitorial updates such as frequent cleaning of high touch-point surfaces, new cleaning solutions and PPE for all janitorial staff.
- Implementation of new software, including...
  - new accounting software system
  - new property management software systems for our tenants
  - investment management software for our investors
- Virginia has experienced the tightest regulations in our portfolio. Please follow [this link](#) to Virginia COVID Guidelines and Frequently Asked Questions. This link provides great insight into how this state is responding.

### LEASING

Leasing activity at each property has been an outcome of the various levels of restrictions and stay-at-home measures enforced by each state. While all buildings have seen a drop in new activity, we have been able to retain valued tenants and found success through increasing rental rates during each renewal opportunity.

2021 appears promising. Vaccines are rolling out and since January 2021, we have seen increased leasing activity at all properties.

### ACQUISITIONS

In 2021, we will continue to identify properties that fit our criteria and actively pursue acquisitions for these assets. To find these properties, we will continue our “grass roots” efforts of direct calls and emails to healthcare brokers, REITs, private owners, lenders and hospital systems, along with attending industry conferences for critical networking.



Dear Valued Partner,

Certainly, 2020 has been a year to remember or, for many, a time to forget. For our company, it has been a very productive year, and by far, the best of this century. First and foremost the month of December, 2020 marks the anniversary of our 40th year in business. I formed the predecessor company, Intersouth Properties, Inc., in December of 1980 committed to the idea of serving institutional and private property owners with a comprehensive management and leasing organization that would provide large company methods in a boutique company setting with the highest level of standards and integrity. It was my objective that, in time, we would be able to develop and acquire our own properties and apply those same fundamentals. Until the time of the sale of the company in 2001, the company had accumulated a management portfolio of over 20,000 residential units and 4 million Square Feet of commercial space with forty three associates. To date we have developed and acquired shopping centers, single family subdivisions and multifamily housing in several southeastern states. For the past eight years, Bauman & Company, LLC has focused on two areas of the real estate industry. For our own accounts and those of our valued investors, we are acquiring strategically located medical office buildings (MOB's) while adhering to a strict acquisition criteria. This this year we completed our tenth acquisition in this market segment and now that portfolio is approximately 500,000 Square Feet of properties located on or adjacent to financially healthy hospital systems. The other area of our concentration has been in the facilities management of industrial distribution facilities which now totals over one million Square Feet.

A change of major importance occurred in July of 2013 when Howard Feinsand and I spoke about him sharing space in our offices. Howard had been an investor and was retiring from his senior position at Duke Realty. Partners are difficult in the best of situations, but joining up with Howard has been incredible for me and our company. Howard's amazing attention to detail and absolute commitment to the highest standards of integrity are all you would want in a partner, but as they say in the late night commercials..."but wait there's more"... Howard and I have become dear friends and the office really does function as extended family for both of us and all that work here.

This past year, notwithstanding the time and effort expended on the acquisitions in our medical office portfolio, we completed the replacement and upgrade to our accounting systems and software. This was spearheaded by our new controller, Susan Renager, CPA, Ryan Gotlieb, our Director of Acquisitions and Jeff Burnstine, our Financial Analyst. This was all completed under the eyes of my incredible partner, Howard Feinsand. Additionally, we just launched in December, our new Investor Management software that will provide each of our investors with real time access to the status, performance and tax information of each of their investments. This, too, was made possible by the efforts of the same team that contributed to the installation of our new accounting software. A few of the highlights of 2020 include:

- \* Approximately 50,000 Square Feet of new leases and renewals were signed in 2020. This effort was overseen by Bradley Bauman, our Director of Leasing.
- \* Over \$900,000 of building upgrades and tenant improvements were completed on our Medical Office properties in 2020. This was administered by our Property Manager Jared Gairhan.

You cannot mention 2020 without the consideration of the impact of the COVID Pandemic. We as a Company and our investment properties have been largely spared by this economic distress. It is not to say, however, that we did not confront the safety issues caused by the disease such as higher levels and frequency of cleaning and the additional assistance to our tenants. As a company, we did not experience any layoffs, but did expand job descriptions to meet the new safety protocols and higher cleaning standards required by the buildings whose very nature is health. Of the over 100 tenants we have, only four accepted the plan for rent deferral that Howard and I offered. Of the four, three have completely repaid us for the deferred rents and one, a pharmacy, is continuing to repay the deferred amounts as scheduled. We have tried to come to grips with the new "work from home" program and have had to continually adjust our personnel hours to meet the ebb and flow of the pandemic impact on our state while still paying the same attention to detail that we have become known for. We are extremely fortunate and grateful to be able to say that even though we serve the health care community, no one in our office has been diagnosed with the virus. We did learn this last week of the year that we lost a very dear and valuable coworker. Willie Brown was the owner of North Fulton Janitorial, the company that has maintained North Fulton Physicians Center since the day that it opened in 1989 and has been the ex officio "Mayor" of that property for over 31 years. Willie Brown was a true gentleman and always there to assist. Willie passed away from cardiac complications caused by his having tested positive for COVID. We will miss him dearly.

Along with all of the really good things that we have to be glad about this year, there is one situation that we will have to face in 2021. Vicki Sasser, a loyal and dedicated associate for over twenty eight years will be retiring early in 2021. Vicki has served in almost every capacity and always been of great help and support to anyone in need. Starting in 1993 as my personal assistant, Vicki has worked in management and HR and now is totally responsible for the Facilities Management of the five distribution facilities we serve in Georgia and Alabama. Vicki will be moving to Chateau Elan where she will continue to enjoy her world travels (as soon as COVID is over), her beach time on the coast and her time with her family in Canada. We will all miss her greatly as she has been the one who remembers all of the birthdays and spearheads our efforts each Christmas for taking gifts and dinners to less fortunate families.

All in, what could have been a disastrous year has been remarkably good. I am so appreciative and so very proud all of the nine people on our staff – Ryan Gotlieb, Bradley Bauman, Vicki Sasser, Jeff Burnstine, Susan Renager, Gina Baza-Stanford and Jared Gairhan. I can honestly say that I have never enjoyed work as much as I have this year. I am confident that the coming year will be equally as great as we work through Year 41. I hope that you all have had a wonderful 2020 Holiday season and I wish you the very best for the New Year.

Sincerely,

Billy Bauman