



Replace Your For-Profit Landlords with a

Charitable Foundation Lease Solution

Hall Render Advisory Services, The Centurion Foundation, and Newmark Corporate Capital Markets are excited to share with you information about a dynamic new approach to third-party real estate ownership and occupancy within the non-profit health care sector.

Opportunity: Significant Savings, Maximum Control, Mission Alignment and Value Capture

The goal of a charitable foundation landlord is to help non-profit or public health systems execute on their mission. To that end, the charitable foundation is motivated to provide cost savings, property control and long-term value to the nonprofit or public health system tenant. On the other hand, the goals of most for-profit landlords such as real estate developers and REITs are naturally misaligned with those of their non-profit tenants, particularly regarding properties the tenants consider core to their mission and operations. The **Charitable Foundation Lease** structure replaces these for-profit landlords and provides non-profit and public health system tenants with several critical benefits, including:

- Charitable Foundation mission alignment for health care cost savings
- Full operational and economic control of leased assets
- Rent levels significantly lower than traditional for-profit owners
- Lease liabilities that are a fraction of traditional leases
- Leases that may be structured as operating or finance leases to meet the health system's objectives – all major accounting firms agree

Charitable Foundation Lease Structure Overview

- The Centurion Foundation, a national 501(c)(3) organization, serves as the owner of the facilities
- 100% of Centurion's funding is provided through the foundation's debt financing, priced primarily on the credit strength of the health system tenant
- The Charitable Foundation owner will be exempt from property taxes in most states – offering additional savings to the health system
- Rent and tax savings can reduce occupancy expense by 30-60% vs. traditional landlord leases

- Lease liabilities on the balance sheet can be reduced by up to 60% vs. traditional landlord leases or direct ownership
- End of term lease options and favorable purchase options allow the health system tenant to retain 100% of property value appreciation and value



Recent Case Study:

- Closed December 2021
- **\$63 million** acquisition and buildout of 100,000sf administrative office facility
- Baa1 rated urban safety net health system
- Lease rate of 3.76% of total cost
- **\$2.5 million annual rent and tax savings vs. developer/landlord lease**
- **\$30.2 million reduction in lease liability vs. developer/landlord lease**

For more information, please don't hesitate to contact any of the professionals listed below and/or to download additional information regarding the Charitable Foundation Lease structure and savings opportunity.

[Click Here to Download Information](#)

Thanks for your time and consideration. We look forward to connecting with you soon!

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