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HEALTHCARE REAL ESTATE BULLETIN

Q2 2017

INTRODUCING: CAROMONT PROFESSIONAL OFFICE BUILDING

Two years of careful planning and development have come to fruition with the completion of the CaroMont Professional Office Building, located on the corner of New Hope Road and Court Drive near CaroMont Regional Medical Center in Gastonia, North Carolina.

The 2-story, ± 48,000 square foot project is owned by CaroMont Health and 100% occupied by 10 corporate departments, including: Accounting, Medical Records, Human Resources, and Public Affairs. Occupants will begin moving into the space on July 19, 2017.

In 2015, Flagship Healthcare Properties was selected by CaroMont Health to provide land acquisition and entitlement support, space planning, and construction management services for a new professional office building. Among other objectives, including improved operational efficiency and a better work environment, CaroMont sought to free up valuable space on their growing hospital campus to allow for clinical expansion.

Early in the engagement, Flagship interviewed and assessed 10 separate departments in multiple locations on and off of the hospital's campus to understand each group's optimal use of space, growth expectations, and interdepartmental synergies. The resulting design was an efficient and



flexible office environment with low operational costs and an eye towards improving the work environment and employee satisfaction.

"Flagship understands working in an efficient and collaborative setting generates happy employees, which translates downstream towards overall improved care outcomes. We are honored to have partnered with CaroMont Health on a project that raises the bar for flexible and operationally efficient corporate office space within the health system." states Thorn Baccich, VP of Development for Flagship Healthcare Properties.

Flagship is proud to have delivered CaroMont its new office building on-time and under budget. Credit for another successful Flagship development project goes in large part

to the strong design and construction teams selected for the job. Throughout the process Flagship and CaroMont worked in close collaboration with Edifice Construction, FMK Architects, and American Engineering to bring the team's vision to life.

"It's been a great experience working with Flagship to help us navigate the process of developing a professional office building. Flagship's highly skilled project team provided invaluable guidance and professionalism throughout the entirety of the project. It's been an honor, and we are excited to move into our new location - an efficient and effective, high-quality office building CaroMont Health can be proud of for many years to come." states Lee Nester, Director of Property Management for CaroMont Health.

HARRISBURG MEDICAL PARK: BUILDING I IS FULLY LEASED, NOW PRE-LEASING FOR BUILDING II

Flagship Healthcare Properties is pleased to announce that Harrisburg Medical Park - Building I has been fully leased. We extend a warm welcome to the property's newest tenants, Novant Medical Group and Compleat Rehab, who join Charlotte Dermatology and McNeely Family Dentistry to bring the building to 100% occupancy.

"We are very excited with the recent leasing activity in Harrisburg Medical Park and continue to be bullish on this submarket for future healthcare development," says Reed Griffith, Partner and Director of Leasing & Brokerage for Flagship Healthcare Properties.

At ± 14,000 square foot, Building I is the first of the 3-building, ± 42,000 square foot, master-planned Harrisburg Medical Park



Harrisburg Medical Park - Building I

development project located near the intersection of I-485 and Rocky River Road. Building II is also planned to be ± 14,000 square foot. Nearby amenities, on-building signage opportunities, convenient patient parking, and walkable accessibility to the CMC Harrisburg Healthplex combine to make

Harrisburg Medical Park a desirable location for physicians. Additionally, the nearby Farmington mixed-use development, opening in late 2018, is expected to be retail-heavy and to bring more vibrancy to the area. It will be similar to Baxter Village in Fort Mill, Birkdale Village in Huntersville, and Arsley in South West Charlotte – only bigger.

FLAGSHIP CONTINUES GROWTH IN SOUTHEAST, PLANTS FLAG IN 2 NEW STATES

Flagship closes the 2nd quarter with 2 more acquisitions, the company's first in both Georgia and Louisiana.

Riverbend Medical Center is a Class A, 41,000 square foot medical office building located at 15 Riverbend Drive in Rome, Georgia.

A sale-leaseback acquisition, the property is master-leased by Northwest Georgia Medical Clinic and is conveniently situated less than 1.5 miles from Floyd Medical Center where the physicians



Riverbend Drive - Rome, GA

of The Clinic perform inpatient procedures, newborn deliveries and maternity care.

Dixon Freeman, M.D. of Northwest Georgia Medical Clinic says, "We are excited to enter into this strategic relationship with Flagship Healthcare Properties as the organization expands for the first time into Georgia."

Flagship will provide asset management services for the property.

Covington Medical Arts Pavilion is located in Covington, Louisiana - in the New Orleans MSA. The Class A, 55,000 square foot medical office building is located at 5025 Keystone Boulevard and certified LEED Silver. With 72% occupancy, the property



5025 Keystone Blvd - Covington, LA

represents an uncommon on-campus, value-add opportunity.

Covington Medical Arts Pavilion is located on the campus of Lakeview Regional Medical Center, which has recently joined the venture between Hospital Corporation of America ("HCA") and New Orleans-based Tulane University. Lakeview Regional Medical Center is a full-service, acute-care hospital, providing inpatient and outpatient healthcare services for St Tammany Parrish.

NEW HIRES, PROMOTIONS, AND PROFESSIONAL RECOGNITIONS



RICH WARREN serves as an Associate on the firm's Leasing & Brokerage team. His responsibilities include supporting executive team members and assisting with projects in support of FHP's portfolio of properties and the firm's brokerage activities.



RAYMOND HAYNES comes to Flagship as Lead Portfolio Engineer. Raymond is responsible for the daily operations and maintenance of our growing portfolio of properties in the Coastal Region. His focus is primarily on properties from Wilmington to Pawley's Island.



CURTIS OTTO joins the firm as Maintenance Technician. Curtis is responsible for the daily operations and maintenance of Lee's Hill Medical Plaza in Fredericksburg, Virginia.



KIM SMITH joins Flagship Healthcare Properties as Lease Administrator. Her primary responsibilities include acting as official liaison between FHP's legal counsel and asset management, leasing and brokerage staff handling lease preparation for tenants, lease abstraction, occupancy reporting, and ensuring the financial correctness of lease data.



MEREDITH COX serves as Facility Services Coordinator. She serves as a liaison between tenants, engineering staff, the management office, and vendors, which are managed through a web and mobile property management software.

RUSSELL BROWN has joined the Management Team of Flagship Healthcare Properties.

DAN MAPLES has been promoted to Director of Engineering.

JOLI BLANKS has been promoted to Director of Marketing.

LAUREN TUCKER has been promoted to Facility Services Manager.

JENNI BROER has moved to the role of Lease Analyst.

COSBY QUINLAN completed her CPM designation.

NEWS FROM THE OFFICE

INTERFACE HEALTHCARE REAL ESTATE

CAROLINAS 2017 Flagship participated as a Platinum Sponsor at the annual healthcare real estate conference held in Charlotte. Additionally, Flagship team members Gordon Soderlund and Reed Griffith served as panelists at the conference.



BEDS FOR KIDS / ELON HOMES The Flagship team spent a June morning donating their time to help Beds for Kids move furniture into Elon Homes' Foster Care Village, a new program supporting individuals ages 18-21 who have been in foster care at some point in their lives. This new program provides dormitory housing, seminars on life skills, support for entry and success in college, community college and trade schools and support for entry into the workforce. We are thrilled to have been able to contribute to this worthwhile cause!

CONGRATULATIONS to Lisa Thomas and family on their newest addition, Weston Chase Thomas, born June 15, 2017 at 7.2 pounds and 19 inches long.



WE WISH A WARM-HEARTED FAREWELL to Barry & Gale Ward of Valerie Wilson Travel. We have loved having you as part of our Flagship extended family (and moving with us multiple times along the way)! We wish you all the best as you relocate and embark on your new adventure.

CONGRATULATIONS CLASS OF 2017!

Will Campbell, Providence Day School; Flynn Stover, Myers Park High School; Paige Stover, Furman University; Sarah Spearman, Porter Ridge High School; Mandy Felsberg, Providence High School; William Jones, Mallard Creek High School; Aaron McEwen, Metrolina Christian Academy; Caroline Thomas, Charlotte Country Day; Jack Thomas, Penn Foster; and Jonathan Soderlund, University of Illinois.

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DEAL CHICKEN AWARD

COIRE STEINE

joined the firm as Maintenance Engineer in early 2017. In the short time he has been here Coire has exemplified the highest levels of



customer service that Flagship strives to deliver to both our internal and external clients. In his communications to both external clients and internal colleagues, Coire has consistently outlined the issues and any underlying causes, corrective steps to be taken (including an estimated timeline), and provided follow-up to ensure complete and successful resolution.

Clear, timely, professional communication is a critical key to successful relationships and to delivering outstanding customer service, and we are pleased to acknowledge and thank Coire for exemplifying this skill.

PARTNERING TO PROMOTE WELLNESS

Flagship Healthcare Properties is proud to be a sponsor of, and provide a location for, the Cotswold Farmers Market for the 2nd year running.



Held on Saturdays at 309 S. Sharon Amity Rd, a property owned by the Flagship/USAA joint venture and managed by Flagship, the Cotswold Farmers Market is a 100% volunteer organization run by Charlotte's Providence Rotary Club providing locally sourced and produced (within 100 mile radius) meats, cheeses, produce, and goods from 20+ vendors.

The market is open Saturday mornings from 8 am to noon, May 6th through October 28th and has many family friendly activities, including face painting, games, Kids Yoga, cooking demonstrations, food trucks and live music.

Learn more at www.cotswoldfarmersmarket.com