

Hammes
Partners

Hammes Income & Growth Healthcare Fund

Investing in Healthcare Real Estate

Prepared For: Vermont Pension Investment Commission

MARCH 28, 2023

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An investment in the Fund will entail a high degree of risk and no assurance can be given that the Fund's objective will be achieved.

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Executive Summary: Fund Offering

Open-ended, core-plus fund dedicated to healthcare real estate

- **This offering provides access to the Hammes Partners pipeline and exposure to a diversified portfolio of long-term healthcare real estate assets that offer income and growth**
- **The healthcare real estate sector has a demonstrated history of producing durable cash flow and resilient, non-cyclical performance through market cycles¹**

Platform	Market Opportunity	Investment Strategy	Fund Offering
<ul style="list-style-type: none">✓ Experienced team within a vertically-integrated platform✓ Investment Committee members average 35 years of experience and 20 years of tenure✓ Team members average 14+ years of experience²✓ Historical roots as an operator & consultant provide for better investment insights	<ul style="list-style-type: none">✓ Aging U.S. population requires more frequent healthcare visits driving a continued increase in healthcare expenditures✓ Healthcare services are increasingly delivered via outpatient facilities✓ Outpatient care is a lower cost alternative for both providers & patients	<ul style="list-style-type: none">✓ Construct a diversified portfolio of stabilized, long-term hold assets in markets with strong demand for healthcare services✓ Utilize differentiated origination model to source assets that are integral to well-positioned, creditworthy healthcare providers' operating platforms✓ Target leases with contractual rent escalations that result in embedded growth and support durable quarterly current income distributions	<ul style="list-style-type: none">✓ Open-ended, core-plus fund that will invest in health-care related real estate assets✓ Quarterly current income distributions

1. *Revista, Colliers, IRE/CBRE*
2. *Excludes supporting professionals and administrative staff.*
3. *See "Important Notice – Performance Information" on Page 2.*

Hammes: Platform Overview

Vertically integrated, cycle-tested operator with 30+ years of healthcare facility experience

Hammes Healthcare

Hammes Partners

Hammes Realty Services

Consulting & Project Delivery

Real estate and market strategy, facility planning, project management and development capabilities

Real Estate Investment

Investment platform focused on the development and acquisition of healthcare real estate

Property Management

Property management, accounting and leasing

- ✓ Nationally recognized leader in healthcare real estate
- ✓ Consistently recognized as a leading national healthcare developer¹

- ✓ Investing in healthcare real estate since 2001
- ✓ Investment capital supports healthcare providers' strategic initiatives

- ✓ Providing best-in-class local oversight of facilities for over three decades
- ✓ Manages millions of square feet of healthcare properties across 24 states
- ✓ Focus on proactive on-site service and preventative maintenance resulting in high tenant satisfaction

1. Hammes has been ranked the #1 U.S. healthcare facility developer for 19 of the past 24 years and #2 the remaining years, per Modern Healthcare Magazine.

Hammes Healthcare: Nationally Recognized Leader

Operating company known for its strategic advisory & project delivery capabilities

Hammes Healthcare is a nationally recognized leader in the healthcare real estate sector, with extensive healthcare industry experience, relationships and knowledge

1993

25+ years of industry experience

Established HH, a leading healthcare real estate and strategic advisory firm. HH is nationally recognized for its ambulatory network planning, facility planning and project management capabilities

885

Healthcare Real Estate Engagements

Hammes has been engaged on over 885 healthcare real estate engagements since 1993

24

Leading Development Platform

Years of Hammes being ranked as the #1 or #2 U.S. healthcare real estate developer¹

HH Resources to the Fund

- ✓ Established National Brand and Footprint
- ✓ Extensive Healthcare Experience & Knowledge
- ✓ Healthcare Industry Relationships
- ✓ Due Diligence Insights and Capabilities
- ✓ Flow of Investment Opportunities
- ✓ Best-in-Class Real Estate Service Delivery

1. Hammes has been ranked the #1 U.S. healthcare facility developer for 19 of the past 24 years and #2 the remaining years, per Modern Healthcare Magazine.

Fund Summary

Overview

- ✓ Investment track record dating back to 2001
- ✓ Continuation of same proven investment strategy

Fund I ^{1,2}	Fund II ²	Fund III	Fund IV
2001-2014 Investment Dates	2014-2018 Investment Period	2018-2022 Investment Period	2023-2027 Investment Period
\$143.1M Fund Size	\$437.9M Fund Size	\$687.0M Fund Size	\$738.5M Fund Size

See "Important Notice, Performance Information" on page 2.

1. Fund I investments were made on a deal-by-deal basis.
2. Investments from 2013 to 2014 were initially made by Fund I, but subsequently transferred at cost to Fund II.

Market Opportunity: Healthcare Real Estate

We believe Fund offers focused exposure to stable industry and growing sector

Summary

- ✓ Dedicated fund guarantees identified exposure to a defensive, non-cyclical industry and growing outpatient sector
- ✓ Americans continue to age and older demographics require more healthcare services¹
- ✓ Outpatient healthcare real estate continues to capture increased market share as consumers want care closer to home and providers need to deliver more cost-effective care²
- ✓ Outpatient healthcare real estate has experienced low volatility across market cycles, including the Global Financial Crisis and COVID-19

1. U.S. Census Bureau, U.S. Centers for Disease Control & Prevention, Centers for Medicare & Medicaid Services
2. American Hospital Association, Deloitte, Becker's Hospital Review, McKinsey

Investment Strategy: Strategic Portfolio Construction

Diversified portfolio with sticky tenants, stable cash flows and growth potential

Within a sector known for its cash flow characteristics, Hammes has decades of experience selecting assets that are well-suited for strong, stable cash-on-cash returns given the following anticipated asset-level characteristics:

- ✓ Invest primarily in stabilized assets with high leased %
- ✓ Creditworthy tenancy (leading healthcare systems; established physician groups) enhancing the quality of cash flows
- ✓ Generally longer lease durations
- ✓ Income growth through regular contractual rental escalations
- ✓ Lower tenant turnover and sticky tenancy resulting in stable cash flows and reduced re-tenanting costs

Hammes Income & Growth Healthcare Fund

Open-Ended Fund Investment Offering

- ✓ Exclusive focus on healthcare related real estate in a perpetual life vehicle
- ✓ Core/core-plus exposure across a targeted large-scale, diversified portfolio of long-term hold healthcare real estate assets

Fund Summary
\$350M
Target Size Founders Round

Prepared for VPIC

Hammes Partners

Appendix



Team Biographies

Managing Principals & Investment Committee



JON HAMMES | Founder & Managing Principal

- A nationally recognized leader within the healthcare real estate industry with over 40 years of experience
- Founded Hammes Healthcare in 1993 to apply his management and real estate experience to the healthcare sector
- Previously a Managing Partner for Trammell Crow Company, where he developed and managed 16 million SF of commercial real estate throughout the Midwestern U.S. and was a member of its management board and investment arm
- Board Trustee, Treasurer and Past Chair, Medical College of Wisconsin; Director of University of Wisconsin Foundation
- Previously the Director and Chair of State of Wisconsin Investment Board (1996 to 2003)
- B.B.A. in Economics, University of Wisconsin-Milwaukee; M.S. Real Estate, University of Wisconsin-Madison



TODD KIBLER | Managing Principal

- Leads investment and financing activities for Hammes
- Over 30 years of transactional, managerial and consultative experience, including at The Mills Corporation, a public REIT, and Kenneth Leventhal & Company
- Previously a Principal with HH with responsibility for acquisition, development, management and leasing
- Serves on the Advisory Board for Healthcare Real Estate Insights, a publication platform that covers the healthcare real estate sector with notable news, projects, and trends
- B.A. in Political Science, UCLA; M.B.A. in Real Estate and Finance, University of Southern California; Certified Public Accountant



PATRICK HAMMES | Managing Principal

- Leads the operational and portfolio management activities for Hammes
- 17 years of industry experience
- Previously Vice President of Business Services & Healthcare Investment Banking at Robert W. Baird; previously an attorney at Strasburger & Price
- Serves on the Board of Directors, Children's Wisconsin (health system); Board of Directors and Executive Committee for the University of Wisconsin's Center for Corporate Finance & Investment Banking; Board of Directors, The Boys & Girls Clubs of Greater Milwaukee
- B.A. in Political Science and M.B.A., University of Wisconsin-Madison; J.D., Georgetown University