WHAT NO ONE EVER TOLD YOU ABOUT CREATING WEALTH AS A DENTIST

THE DENTIST WHO FUNDED HIS RETIREMENT

WITHOUT SELLING HIS PRACTICE

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The Dentist Who Funded His Retirement *Without* Selling His Practice

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Years ago, when I stepped out of the daily grind of dentistry, I started seeing opportunities for making money as a dentist that had been invisible to me. These were generally opportunities that DON'T require any more time holding a handpiece.

This short booklet is about about one of those opportunities. It's for dentists who own their building.

We know that DSOs make a ton of money. They sometimes do some sleazy things to make that happen, but the model has been proven. It is a money printing machine for the people at the top.

The consolidation of dental practices can create a ton of value if you know what you are doing. But the exact same thing can happen when you apply their strategy to the building you own for your practice. If you do it right, you can grow the value of that asset without doing much. In fact, it's the only way I know for a single dentist to increase the value of their building.

What can this mean? It can mean getting $1.6 million for a building that is valued at $900K. This is something I just helped one of your colleagues achieve.

Depending on your priorities however, the potential return from this strategy can be much better than that. **<u>In fact, it's entirely possible that a dentist could fund his entire retirement from this single strategy.</u>** That means you could create financial security before you even sell your practice.

If you own your building and you want to investigate an opportunity to "mine" some hidden value from it, value that is just sitting there waiting for the right strategy to extract it, that's what this booklet is about.

There are two things you need to know right at the beginning:

1. This strategy requires that you have an active tenant in the building you own (could be your practice, of course.)
2. AND that any debt you owe on the building is not more than 60% of the total value.

If that's you, then this is something worth investigating.

No dentist buys a building because they want to be a landlord. Most buy their building without much thought or understanding about how best to use that purchase to get closer to their goals. They just buy them, hold them, and sell them when they sell the practice.

This is what I did. This is what most dentists do. Very few dentists understand just how much they can increase the value of their building. No one ever tells them what is possible.

That's why I'm a founding member of Integrion Realty Partners, where we help dentists leverage this strategy by partnering with other like-minded dentists to build wealth.

I'm going to list some basic information about this opportunity below. To get a more detailed explanation of what this is about (including a walk through of the example projections included in this document,) make sure you visit the page below, watch the short presentation I did with one of my partners, Dr. Alex A. Giannini, a veteran of the dental and real estate industries, and follow the instructions on that page should what you hear pique your interest.

Here's where you'll find the presentation:

https://integrionrealty.com/presentation

Estimated Time Horizon:

3-5 years. (While this is not designed to create immediate returns, it *does* allow for some immediate cash if that is desired.)

Pre-Qualification Requirements:

1. LTV of your building must be 60% or lower.
2. Your building must have an active tenant (can be your practice.)

Example:

The detailed example below uses a property valued at $1 million with existing debt of $400,000 and net equity of $600,000.

Sample Seller/LP Example

Gross_Scheduled_Rent		$ 75,000	100.0%
NNN_Reimbursements		$ 25,000	33.3%
Vacancy_Factor_5Pct	2.5%	$ (1,875)	-2.5%
Management_Fee_1.5Pct	1.5%	$ (1,125)	-1.5%
CapEx_Reserve_5Pct	5.0%	$ (3,750)	-5.0%
Total_Operating_Exp		$ (13,250)	-17.7%

NOI		$ 80,000

Market Value	8.0%	$ 1,000,000
Existing Debt		$ 400,000
Net Equity		$ 600,000
LTV		40.00%
Debt_Service		$ 30,488
Distributable_Cash_Flow		$ 49,512
Existing Return on Equity		8.25%

New Loan-to-Market Value Debt	75.0%	$ 750,000
Equity	25.0%	$ 250,000
New Annual Debt Service		$ (57,165)
Free CashFlow		$ 22,835

After Refinance

Sources		
New Loan	$ 750,000.00	75.0%
Equity	$ 250,000.00	25.0%
Total	$ 1,000,000.00	100.0%
Uses		
Payoff Mortgage	$ 400,000.00	40.0%
Tx Exp and GP/Closing Fees	$ 50,000	5.0%
Cash to Seller/LP	$ 150,000.00	15.0%
Working Capital	$ 150,000.00	15.0%
Sliver Roll_over	$ 250,000.00	25.0%
Total	$ 1,000,000.00	100.0%

Available Cash Post Refinance	$ 350,000	
Tx Exp and GP/Closing Fees	$ (50,000)	5.0%
Net Capital Event Cash	$ 300,000	
Cash to Seller/LP	$ 150,000	
Working Capital to GP	$ 150,000	
Total	$ 300,000	

Annual Cashflow	1	2	3	4	5
NOI	$ 80,000	$ 82,400	$ 84,872	$ 87,418	$ 90,041
New Annual Debt Service	$ (57,165)	$ (57,165)	$ (57,165)	$ (57,165)	$ (57,165)
Distributable Cash Flow	$ 22,835	$ 25,235	$ 27,707	$ 30,253	$ 32,876
Pref Return	$ (20,000)	$ (20,000)	$ (20,000)	$ (20,000)	$ (20,000)
Free CashFlow	$ 2,835	$ 5,235	$ 7,707	$ 10,253	$ 12,876
Working Capital to GP	$ 150,000	$ 152,835	$ 158,071	$ 165,778	$ 176,031
Net Cash	$ 152,835	$ 158,071	$ 165,778	$ 176,031	$ 188,907

Sliver Roll over (LP)	25.00%	$	250,000
Pref Return	8.00%	$	(20,000)
CF after Return			
LP Split	70.00%		
GP Split	30.00%		
Tier 1 Hurdle (Pref IRR)	8.00%		
Tier 2 Hurdle	12.00%		
Promote Split (LP)	70.00%		
Promote Split (GP)	30.00%		
GP Commitment	5.00%		
Equity Roll - Class B Units	2,500		
Equity - Class A Units	500		
Total Units	3,000		
Unit Price (Total Net Equity/Total Units)	$ 83.33		

Portfolio Value Year 5 CAP Rate	6.25%
Exit NOI	$ 90,041
Exit Value	$ 1,440,651
Debt Payoff	$ (744,408)
LP Equity	$ (250,000)
LP PUT or Seller Note	$ (200,000)
Net Sale Proceeds	$ 246,243

What Seller LP Gets	
Cash at Closing	$ 150,000
Equity	$ 250,000
Put Option or Seller Note	$ 200,000
Annual Preferred return 5 Years	$ 100,000
Profit Split of Portfolio (waterfall)	$ 304,605
Total	$ 1,004,605
Original Equity	$ 600,000
Return	67.4%
MOIC	1.67
IRR	20.8%

What GP gets	
Tx Fees/GP Equity	$ 50,000
Working Capital	$ 150,000
Profit Split of Portfolio (waterfall)	$ 130,545
Total	$ 330,545
Original Equity	$ 50,000
Return	561.1%
MOIC	6.61
IRR	22.4%

Joining Integrion Provides 11 Unique Benefits:

1. **Unlock Value Without Triggering Immediate Taxes:** A traditional sale can create substantial capital gains and depreciation recapture taxes. A 721 Exchange may allow you to defer those taxes while maintaining an ownership interest in the real estate platform.
2. **Turn One Building Into Ownership of an Entire Portfolio:** Instead of being dependent on a single property, you gain exposure to a growing portfolio of dental real estate across multiple locations.
3. **Keep the Upside While Eliminating Landlord Headaches:** No more dealing with roofs, parking lots, property management, lease administration, building compliance. You continue to participate in appreciation while the platform handles the day-to-day management.
4. **Effective Estate Planning:** A 721 Exchange can be used to pass assets to designated heirs. Upon death, the shares can be equally split between designees, and either held or liquidated by the IRP beneficiaries. Because the shares are passed through a trust, beneficiaries receive a step-up in basis and can avoid capital gains taxes and depreciation recapture.
5. **Portfolio Management:** Synergies in properties offers portfolio management which includes financial lift through administrative synergy with increased purchasing power, administrative centralization and compliance. There is additional institutional-grade “sticky” cash flow with risk mitigation and lease standardization.
6. **Institutional Valuation Arbitrage:** This is the "Multiple Expansion" proposition. Individual property valued by a local appraiser at come in significantly less than being part of a larger portfolio. Equity is automatically repriced at that better institutional cap rate and valuation as sellers participate in the "lift" that they could never achieve selling their building as a standalone asset.
7. **More Liquidity:** Real estate is typically a very illiquid asset, meaning assets are tied up for a substantial amount of time and can’t be readily converted to cash. Moving a property through a 721 Exchange provides OP units, which can be converted into REIT shares to sell. Do keep in mind, however, that selling these shares can trigger a taxable event and that there is no guarantee for a liquidity event.
8. **Portfolio Diversification:** Acquiring REIT shares through an UPREIT exchange means interests aren’t tied up in just one asset. Investors have the option of trading into several REITs, if desired. Furthermore, even single REITs are

diversified; they generally have properties in different locations as well as potentially offer industry, tenant, and asset class variations.

9. **Potential Cash Flow:** Depending on cash flow from a rental property can be dicey. Fluctuations in the market and tenant occupancy can mean a loss of rental income. But using an UPREIT transaction to transfer that property into a REIT can help stabilize cash flow, as many REITs pay shareholder dividends.
10. **Passive Investing:** REIT shareholders don't need to worry about hands-on property management duties. Instead, REIT managers oversee operations and management, while shareholders are kept informed about acquisitions, dispositions, and distributions. Here are other advantages to UPREIT-driven exchanges into real estate investment trusts:
    a. If the REIT increases in value, investors can exchange units in the trust for shares, which can then be sold and cashed out.
    b. Many REITs are publicly traded, making them more accessible to investors.
    c. When shares are sold (assuming the REIT experiences a profit), investors can earn the difference between the value of the original shares, and the market values of the sold shares.
11. **Better Recruitment & Retention Leverage:** If the selling dentist partner is staying on to work for the practice (OpCo), they want the office to remain competitive. By joining our platform, they get access to the professionalized MgmtCo services (HR, billing, IT) that you provide. This takes the operational "noise" off their plate, allowing them to focus purely on clinical production while the real estate asset (which they still have a stake in) continues to appreciate.

Next Steps:

We are currently accepting Founding Members for this opportunity. The next step is to view the presentation at the link below. All of the instructions for moving forward are found on that page. If you have questions, please contact us.

VIEW THE PRESENTATION HERE:

https://integrionrealty.com/presentation

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