



Advanced Dermatology & Cosmetic Surgery

4170 Cedar Bluff Dr | Petoskey, MI 49770

Medical Office Investment Opportunity

Offering Memorandum



MATTHEWS™

NNN Lease | 150+ Unit Operator | 7.50% Cap Rate >> 8.45% Blended



**ADVANCED
DERMATOLOGY**
and Cosmetic Surgery

Exclusively Listed By

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EXECUTIVE OVERVIEW



Executive Summary



Offering Summary

Matthews™ is pleased to offer the opportunity to acquire a state-of-the-art, single-tenant medical outpatient facility operated by Advanced Dermatology & Cosmetic Surgery (“ADCs”). Located in Petoskey, Michigan, the property represents a 100% fee simple interest investment within one of only thirteen “Pure Luxury” markets in the United States, placing it alongside some of the nation’s most distinguished luxury destinations, including Nantucket, Napa Valley, and Jackson Hole.

This ±19,200 SF purpose-built dermatology facility supports a comprehensive range of medical, surgical, and cosmetic dermatology services, including skin cancer treatment, Mohs surgery, injectables, laser therapies, and aesthetic procedures. Constructed in 2015, the facility benefits from modern infrastructure and specialized improvements tailored to long-term outpatient healthcare operations. The property is positioned within an established regional medical corridor serving communities throughout Northern Michigan, benefiting from strong demographics, increasing healthcare demand, and continued residential and commercial appreciation throughout the market.

Advanced Dermatology & Cosmetic Surgery is one of the nation’s largest dermatology practice platforms, operating more than 150 locations nationwide with approximately 2,000 employees and hundreds of providers across its network. Founded in 1989, the company is backed by Harvest Partners, a New York-based private equity firm with approximately \$20 billion in assets under management. The dermatology sector continues to benefit from favorable long-term demand drivers, including an aging population, increased awareness surrounding skin cancer prevention, and growing utilization of cosmetic and aesthetic procedures.

The recently renewed, 7-year NNN lease features 2% annual rent increases and minimal landlord responsibilities. Coupled with modern construction and long-term medical tenancy, the property’s positioning within one of the Midwest’s most affluent and supply-constrained markets creates a compelling opportunity for investors seeking durable cash flow backed by a nationally recognized healthcare operator.

Name

Advanced Dermatology & Cosmetic Surgery

Property Address

4170 Cedar Bluff Dr, Petoskey, MI 49770

Price

\$5,275,846

Price/SF

\$274.78

Cap Rate

7.50%

Expense Structure

NNN

Building GLA

±19,200 SF

Lot Size

±1.12 AC



Investment Highlights

Long-Term Lease, Annual Rent Growth

- The tenant recently executed a new 7-year lease extension, demonstrating long-term commitment to the location and providing investors with stable contractual cash flow. The NNN lease features 2% annual rent increases, minimizing landlord responsibilities while offering built-in income growth to hedge against inflation and resulting in a 8.45% blended cap rate over the base term.

Modern Purpose-Built Medical Asset

- The ±19,200 SF facility was constructed in 2015 specifically for medical use and is designed to support a wide range of dermatology, cosmetic, and surgical procedures. The property's modern construction and specialized buildout support operational continuity and tenant stickiness, while the upscale environment further enhances patient retention.

Leading Operator in a Growing Industry

- Advanced Dermatology & Cosmetic Surgery (“ADCS”) is one of the nation’s largest dermatology platforms, with over 150 locations across 14 states. Backed by Harvest Partners, a private equity firm with approximately \$20 billion in assets under management, the network continues to expand through strategic acquisitions. The global dermatology market is projected to reach \$70 billion by 2027, supported by an aging population, increased awareness surrounding skin cancer prevention, and rising popularity of cosmetic and aesthetic treatments.

Rapidly Appreciating, Supply-Constrained Market

- Located in Petoskey, the anchor of Northern Michigan’s “Gold Coast,” the site is positioned within one of the Midwest’s most rapidly appreciating communities, where median home list prices have tripled since 2020 to more than \$1.1 million (Realtor.com Research, 2026). The local commercial market has also seen consistent rent growth, with medical office rents averaging a 4.0% annual increase over the past five years and 2.9% annually over the past decade. Benefiting from strong visibility and accessibility, the property is positioned within an established medical corridor and is further supported by limited supply and strong long-term real estate fundamentals.

Recession-Resistant Asset Class

- The medical office sector, particularly facilities serving specialized practices like dermatology, continues to experience strong growth. The non-discretionary nature of medical care and its resilience during economic uncertainty have made the asset class a strategic focus for both institutional and private investors nationwide.

Established Regional Medical Corridor

- Petoskey has long served as a healthcare hub for the surrounding region and nearby communities. The area draws patients from across Northern Michigan for specialty medical care, supported by the presence of established hospital systems, physician networks, and outpatient providers throughout the market. The region also benefits from strong economic fundamentals, including a low 1.6% unemployment rate and a workforce anchored by the healthcare and social assistance sector, reinforcing sustained demand for medical services throughout the area.





Village Suites Bay Harbor
±46 Rooms/Units

INN AT BAY HARBOR

The Northview Center
Retail | Medical | Professional
±60,000 SF Mixed-Use Complex

Crooked Tree Golf Course

Harborview Ridge
±36 Condos

GREAT LAKES CENTER FOR THE ARTS

Bay Area Pet Resort

Bay Harbor Yacht Club

JENSEN'S ANIMAL HOSPITAL

manthei wood products

Ashley Rossman Eye Care
Board Certified Ophthalmologist

Exceptional Smiles Dental Office

Subject Property

Charlevoix Ave ± 10,700 VPD

NORTHERN MICHIGAN SPORTS MEDICINE CENTER

Lake Grove Rd

ARC ASSOCIATED RETINAL CONSULTANTS EYECARE PARTNERS



+ McLaren Northern Michigan
±202 Bed Hospital



McLaren Northern Michigan Hospital Expansion

Expansion includes new patient wings and medical facilities. Expected to increase employment in the immediate vicinity, drawing more people to the area. Medical-related retail is expected to directly benefit.

Source: McLaren Northern Michigan



Downtown Petoskey
±4 Miles Away



Bay Harbor Yacht Club



Lincoln Elementary
±237 Students

Charlevoix Ave ± 10,700 VPD



Bay Mall



Villa at the Bay
Nursing Home

HOBBY LOBBY

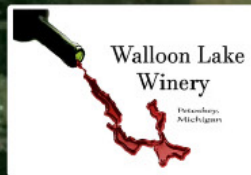
Subject Property



±1,600 Students | 4.6 Miles Away



Crooked Tree
Golf Course



Bear Creek Meadows Apartments
±240 Units

±23,200 VPD



Property Photos



FINANCIAL OVERVIEW



Financial Summary



List Price \$5,275,846	Price/SF \$274.78	NOI \$395,688	Cap Rate 7.50%
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Lease Abstract

Tenant Name	Advanced Dermatology and Cosmetic Surgery
Ownership Type	Fee Simple
Tenant Entity	ADCS Clinics, LLC
SF Leased	±19,200 SF
Occupancy	100%
Expense Structure	NNN
Rent Commencement	January 1, 2015
Lease Expiration	January 20, 2033
Rental Increases	2% Annually
Renewal Options	One, 3-Year Option
Landlord Responsibilities	Roof, Structure, Parking Lot, Building Systems
HVAC	Tenant Responsible for Maintenance; Landlord Responsible for Repairs/Replacement

Property Overview

Address	4170 Cedar Bluff Dr, Petoskey, MI 49770
Year Built	2015
Building GLA	±19,200 SF
Lot Size	±1.12 AC

Soft Quote — 5 Year Fixed

LTV	Up to 65%
Index	5Y U.S. Treasury
Spread	2.11%
Term	10 Years
Amortization	30 Years
Prepayment Penalty	None

For Financing Inquiries, Contact Gregory Kavoklis
(805) 630-8143 | gregory.kavoklis@matthews.com

Annualized Operating Data



Lease Year	Lease Period	Annual Rent	Monthly Rent	Rent/SF	Rental Increases	Increase Date	Cap Rate
Year 1	Jan 21, 2026 — Jan 20, 2027	\$395,688	\$32,974	\$20.61	2.00%	Jan. 1, 2027	7.50%
Year 2	Jan 21, 2027 — Jan 20, 2028	\$403,602	\$33,634	\$21.02	2.00%	Jan. 1, 2028	7.65%
Year 3	Jan 21, 2028 — Jan 20, 2029	\$411,674	\$34,306	\$21.44	2.00%	Jan. 1, 2029	7.80%
Year 4	Jan 21, 2029 — Jan 20, 2030	\$419,908	\$34,992	\$21.87	2.00%	Jan. 1, 2030	7.96%
Year 5	Jan 21, 2030 — Jan 20, 2031	\$428,306	\$35,692	\$22.31	2.00%	Jan. 1, 2031	8.12%
Year 6	Jan 21, 2031 — Jan 20, 2032	\$436,872	\$36,406	\$22.75	2.00%	Jan. 1, 2032	8.28%
Year 7	Jan 21, 2032 — Jan 20, 2033	\$445,609	\$37,134	\$23.21	2.00%	Jan. 1, 2033	8.45%
Option 1	Jan 21, 2033 — Jan 20, 2034	\$454,521	\$37,877	\$23.67	2.00%	Jan. 1, 2034	8.62%
Option 2	Jan 21, 2034 — Jan 20, 2035	\$463,612	\$38,634	\$24.15	2.00%	Jan. 1, 2035	8.79%
Option 3	Jan 21, 2035 — Jan 20, 2036	\$472,884	\$39,407	\$24.63	—	—	8.96%

***Lease years commence on January 21, while rental increases occur annually each January 1. Rent figures shown represent contractual scheduled rent and are not blended or prorated to reflect partial-year increase periods.*



Cost Segregation Analysis

Straight Line

Rent	\$395,688
Purchase Price	\$5,275,846
Cap Rate	7.50%
Depreciable Basis for Improvements	80%
Depreciable Basis	\$4,220,677
Useful Life (Years)	39
Bonus Depreciation Rate	N/A
Federal Tax Rate	37%
Year 1 Depreciation	\$108,222
Potential Tax Savings	\$40,042

Cost Segregation

Rent	\$395,688
Purchase Price	\$5,275,846
Cap Rate	7.50%
Depreciable Basis for Improvements	80%
Depreciable Basis	\$4,220,677
Useful Life (Years)	1
Bonus Depreciation Rate	0.35
Federal Tax Rate	37%
Year 1 Depreciation	\$1,477,237
Potential Tax Savings	\$546,578

The Numbers Provided Are Only Estimates. Please Contact A Qualified CPA To Verify The Tax Benefits For Your Specific Scenario.



Tenant Overview

Advanced Dermatology & Cosmetic Surgery is *one of the largest dermatology practice management platforms in the United States*, providing comprehensive medical, surgical, and cosmetic dermatology services through a broad network of physician-led clinics. The company has established a *strong regional and national presence* by combining *traditional dermatologic care with high-growth cosmetic and aesthetic treatment offerings*, positioning the platform to benefit from *increasing consumer demand for skin health, preventative care, and elective cosmetic procedures*. ADCS is recognized for its integrated service model, which includes skin cancer treatment, Mohs surgery, cosmetic injectables, laser procedures, and aesthetic skincare services, helping drive recurring patient traffic and diversified revenue streams.



Year Founded
1989

Headquarters
Maitland, FL

Locations
150+

Private Equity Sponsor
Harvest Partners

MARKET OVERVIEW



PETOSKEY, MI

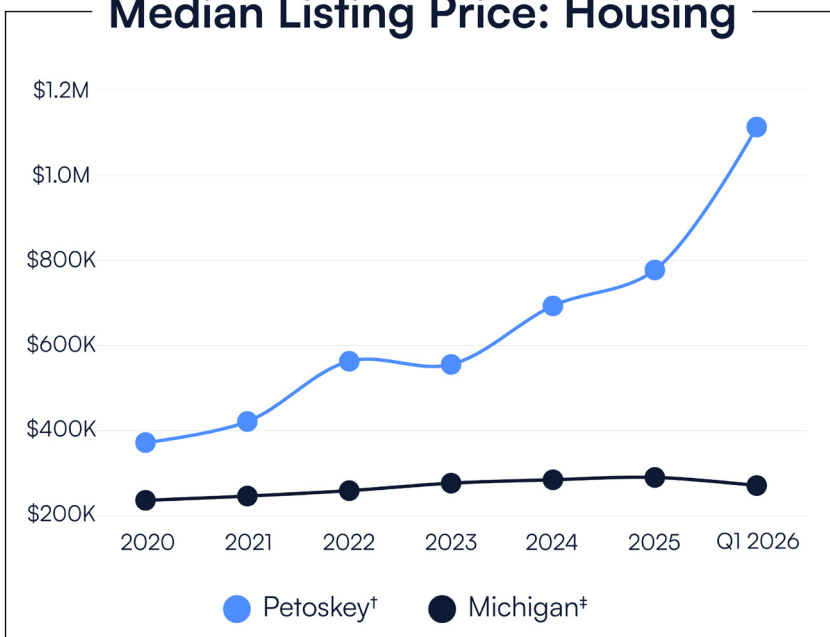
The Anchor of Northern Michigan's "Gold Coast"

Situated along the shores of Little Traverse Bay in northern Michigan, Petoskey is known for its scenic waterfront, historic charm, and strong tourism-driven economy. The city offers a blend of small-town character and year-round recreational appeal, attracting visitors and seasonal residents from across the Midwest. During the summer months, Petoskey's population increases an estimated 9x, while the area also experiences substantial tourism and day-trip traffic. The city's downtown district features a walkable collection of boutique shops, restaurants, galleries, and preserved Victorian architecture, while the surrounding region provides access to boating, golf, hiking, and renowned ski destinations.

Nearby communities including Harbor Springs, Bay Harbor, and Charlevoix further support the area's economic activity and long-term demand across retail, hospitality, and service-oriented businesses. Despite rising home values, the overall cost of living in Petoskey remains approximately 5% below the national average, while the city maintains a low 1.6% unemployment rate and a workforce anchored by the healthcare and social assistance sector.



Median Listing Price: Housing



† Realtor.com Research, Petoskey, MI Market Trends, April 2026.
 ‡ FRED, MEDLISPRIMI, Federal Reserve Bank of St. Louis.

Petoskey, MI | Area Statistics

50,000+ Seasonal Population
 Driven by Part-Time Residents & Tourism

1.6% Local Unemployment Rate
 Well Below the U.S. Average

4.0% Medical Rent Growth
 Annual Five-Year Average

1 of 13 U.S. "Pure Luxury" Markets
 Over 50% of Homes Listed Above \$1M

Property Demographics | 5-Mile Radius

24,580
 Population

11,182
 Households

\$102,275
 Avg. HH Income

EMMET COUNTY, MI

Northern Michigan Living, Tourism & Economic Opportunity

Emmet County's economy is supported by a diverse mix of tourism, healthcare, retail, hospitality, and luxury second-home ownership, anchored by the communities of Petoskey, Harbor Springs, and Mackinaw City. The region benefits from *year-round visitation*, *a growing retiree population*, and *affluent seasonal residents* drawn to Northern Michigan's waterfront lifestyle, golf resorts, ski destinations, and outdoor recreation amenities.

Strong household incomes, *high homeownership rates*, and *an aging demographic* continue to drive healthcare utilization and wellness-oriented spending throughout the market. These economic and demographic fundamentals create a *highly favorable environment for a dermatology and cosmetic surgery center*, particularly one focused on medical dermatology, skin cancer treatment, cosmetic injectables, laser procedures, and anti-aging services. The area's combination of affluent retirees, image-conscious seasonal residents, and outdoor lifestyle exposure supports sustained demand for both elective cosmetic procedures and preventative dermatologic care.

34,000+

Total Population

1.2M+

Annual Visitors

26.6%

Residents Age 65+

\$611.9M

Annual Healthcare
Generated Revenue

Disclaimer & Confidentiality Agreement

This Offering Memorandum contains select information pertaining to the business and affairs of the property owner and its tenant for real property located at **4170 Cedar Bluff Dr, Petoskey, MI 49770** (“Property”). The Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews™. The material and information in the Offering Memorandum is unverified. Matthews™ has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants’ plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Neither owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner.

Matthews™ is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee in the Offering Memorandum. The presence of any entity’s name or logo, including any commercial tenant’s name or logo, is informational only and does not indicate or suggest any affiliation and/or endorsement of Matthews™, the property, or the seller by such entity.

Owner and Matthews™ expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Owner or Matthews™ or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date of this Offering Memorandum.

Net Lease Disclaimer: There are many different types of leases, including gross, net, single net (“N”), double net (“NN”), and triple net (“NNN”) leases. The distinctions between different types of leases or within the same type of leases, such as “Bondable NNN,” “Absolute NNN,” “True NNN,” or other NNN leases, are not always clear. Labels given to different leases may mean different things to different people and are not defined legal terms. Buyers cannot rely on the labels or marketing descriptions given to any lease when making their purchasing decisions. Buyers must closely review all lease terms and are advised to seek legal counsel to determine the landlord and tenant’s respective rights and duties under the lease to ensure the lease, regardless of how labeled or described, meets the buyers’ particular needs.



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