



Complex Challenges, Smart Solutions
For Healthcare Real Estate



PORTFOLIO SALE-LEASEBACK TRANSACTION



West Tennessee
HEALTHCARE™

WEST TENNESSEE HEALTHCARE JACKSON, TN

CASE STUDY

HIGHLIGHTS

Project Type
Portfolio Sale-Leaseback
Transaction

Portfolio
187,409 square feet

Total Transaction Value
\$35M

Realty Trust Group (RTG) has a long-standing real estate advisory and portfolio management relationship with West Tennessee Healthcare (WTH). Following the COVID-19 pandemic, WTH encountered multiple financial and operational challenges. WTH leadership sought to evaluate potential opportunities to access and redeploy financial capital without procuring bond financing—a tedious and lengthy process. The health system intended to use the additional capital to fund capital projects at their main hospital campus in Jackson, TN, including replacing and modernizing medical equipment and space renovations to meet evolving clinical space needs.

RTG worked collectively with WTH leadership to strategically review the existing owned real estate portfolio and identify properties that could potentially be monetized in a portfolio sale-leaseback transaction. RTG identified 10 “non-core” outpatient facilities for potential disposition, performed internal underwriting to estimate potential market pricing, and evaluated other transaction considerations. Of the 10 properties identified, RTG and WTH selected five “non-strategic” administrative buildings to sell and leaseback on 10-year leases and five “strategic” medical buildings to sell and leaseback on 20-year leases with future repurchase rights.

Client Reference

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Once the transaction strategy was vetted and approved by WTH leadership, RTG coordinated all transaction activities, including developing an offering memorandum, identifying potential buyer/investor candidates, coordinating a competitive bid process, evaluating proposals, and presenting a final recommendation to WTH leadership. Once a buyer was selected, RTG coordinated all transaction documents, due diligence activities, and the closing. The overall transaction was completed in approximately five months and netted over \$35 million in transaction proceeds for WTH to reinvest in other mission-critical initiatives.