

Equipment Financing Case Study



AA-Rated Academic Medical Center

Mesirow structured and arranged financing in the amount of ~\$32,000,000 for the buildout and acquisition of equipment for a new approximately 14,000 square foot cancer radiology center located within a 127,000 square foot Class A multi-tenant office building.

Overview

The academic medical center ("tenant") is located within an independently owned +/-127,000 square foot Class A multi-tenant office building. The radiology center space was controlled (via building lease) by an independent operator of radiology centers, who provided all capital needed to build-out the radiology center and purchase the radiology equipment through an equipment / tenant improvement lease.

The equipment lease was structured as a 10-year capital lease (lease-to-own construct) whereby at the end of the lease term, ownership of the equipment and corresponding personal property reverted to the ownership of the tenant. The structure allowed tenant to secure a mission-critical radiology and oncology practice without having to utilize any equity capital as well as secure an efficient lease constant while retaining eventual control of all the encumbered assets.

Transaction Highlights

Leverage: Mesirow procured a buildout and acquisition debt package in the amount of 100% of the equipment and facility build-out costs.

Efficiency: The facility operator and tenant (under the equipment lease) were able to lock in attractive long-term financing/lease obligation.

Construction/Installation Risk: The debt was fully funded at transaction close and utilized to cover project costs as incurred throughout the build-out period, which was approximately 9 months. The debt instrument carried the typical mitigants and mechanics to accommodate the most efficient funding structure, e.g. date certain rent commencement under the lease, interest reserves throughout the build-out period, completion guaranty from the facility operator, and fixed purchase contracts for all the major equipment purchases.

Equipment Ownership: The Financing was able to provide 100% funding of the equipment and space build-out on a lease-to-own basis, enabling delivery of a fully built, state-of-the-art radiology center without the need for upfront equity or traditional/direct balance sheet indebtedness. This allows tenant and its health system to preserve capital for core academic and healthcare initiatives while retaining long-term control and ultimate ownership of mission-critical clinical assets.

Strategic, mission-critical outpatient facility: The facility complements tenant's existing/growing oncology presence in the market.

Equipment and Tenant Improvement Financing Overview

Mesirow has recognized the growing demand for Equipment and Tenant Improvement (TI) financing, especially in light of the recent pullback from traditional market participants, such as regional banks. We have developed a unique platform to fill this gap, offering up to 100% financing for investment-grade users and approximately 75% financing based on the valuation of high-value collateral assets.

Products and Contract Types

- Equipment financing and leasing
- Tenant improvement and furniture / fixtures financing
- Sale-leasebacks and lease purchase agreements
- Installment sales contracts
- Municipal leases (taxable / tax-exempt)
- Energy savings and services agreements
- Facility agreements

Asset and Collateral Types

- Healthcare and medical equipment
- Manufacturing and industrial equipment
- Sports and park district facilities
- General tenant improvements (real estate)
- Furniture, fixtures, and technology
- HVAC and lighting systems
- Public sector assets (e.g., vehicles, aircraft)
- Chillers, boilers, and central utility plants

Sector Concentrations

- Corporate
- Healthcare
- Higher-education (public and private)
- Not-for-Profit
- Government (federal, state, local, special districts, component units of government)
- Public private partnership (P3)
- Hospitality
- Retail
- Professional and amateur sports

Mesirow Advantage

- Distribution and depth of market coverage
- Complimentary business units within the firm
- Residual Note capabilities
- Ability to provide liquidity / Balance Sheet access when needed
- Access to in-house research, sales, trading

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About Mesirow

Mesirow is an independent, employee-owned financial services firm founded in 1937. Headquartered in Chicago, with offices around the world, we serve clients through a personal, custom approach to reaching financial goals and acting as a force for social good. With capabilities spanning Private Capital & Currency, Capital Markets & Investment Banking, and Advisory Services, we invest in what matters: our clients, our communities and our culture. To learn more, visit [mesirow.com](https://www.mesirow.com), follow us on [LinkedIn](#) and subscribe to [Spark](#), our quarterly newsletter.

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