

CITRUS EQUITY FUND CAMPAIGN

BOCA RECOVERY CENTER

Citrus Equity Fund LLP (the “Sponsor”) has signed a definitive contract by its affiliate company to purchase 100% of the real estate located at 971 S Dixie Hwy, Pompano Beach, FL 33060, a Rehab facility known as Boca Recovery Center. This investment represents a lucrative opportunity to take part in one of the most sought-after asset class across the U.S. The experienced team managed to source this off-market opportunity through its reputation and extensive network. While recovery centers are a scarce asset class in the U.S. due to the rare zoning, and special approvals it requires from the municipalities, the demand for it is on a constant raise especially in a warm and friendly environment such as Florida. Additionally, this investment is a big hedge against global crisis, due to the number of people in need of rehabilitation increases in challenging times. For example, during COVID-19 period the occupancy level at this facility became very high.



CITRUS EQUITY FUND CAMPAIGN

PROPERTY OVERVIEW

Building Address	971 S.Dixie Highway, Pompano Beach, FL 33060
Year Built	1970
Year Renovated	2018
Gross SF	15,000
Lot SF	21,388
Stories	2
# Rooms	22
# of Beds	41
Operator/Tenant	Boca Recovery Center
Lease type/Rent	NNN/3%

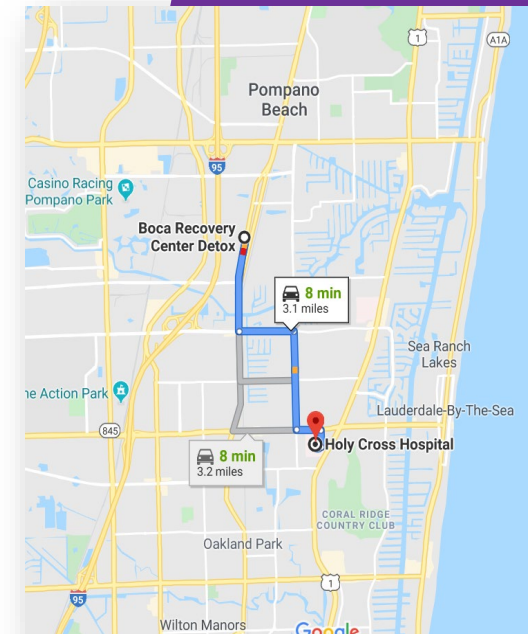
REASON TO INVEST: LOCATION

The property is located in Pompano Beach, Florida a city along the coast of the Atlantic Ocean, just 20 minutes car drive to Fort Lauderdale Airport, and next to several hospitals in the area.

Pompano Beach which underwent redevelopment process has been listed as one of the top real estate markets. The location together with the warm weather makes this a perfect destination for health-related treatments.

The close proximity to the hospitals guarantees a meaningful collaboration between the hospitals and the rehab center, which often are sent directly from the hospital.

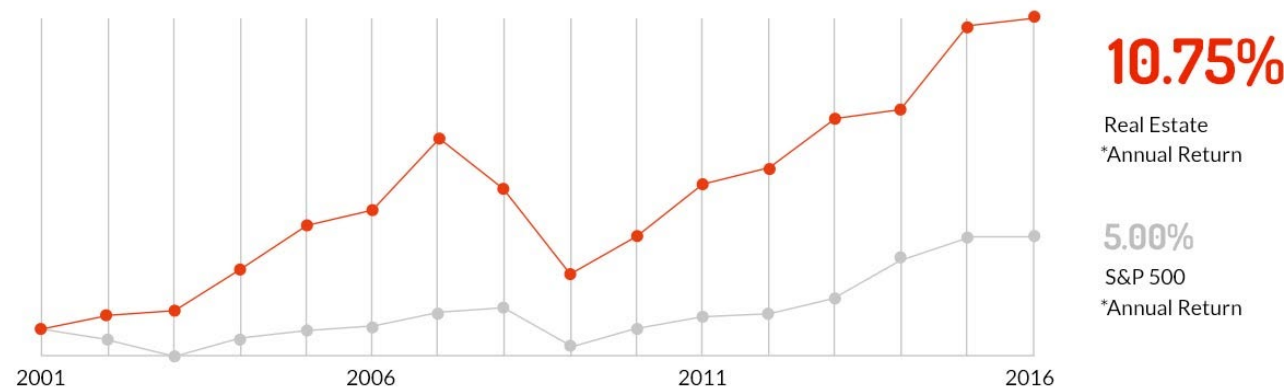
Additionally, in the recent years the real estate market in Florida went through a major shift in investors abandoning New York in favor of Florida due to lower tax rates and friendlier regulations toward investors.



REASON TO INVEST: HIGH YIELDS

Boca Recovery Center is an income-producing real estate property that is rented on an NNN lease for a long term period to an operator that runs it as a detox and rehabilitation center. This type of lease assures that all costs and expenses are paid by the operator and under his responsibility, thus limiting any unexpected operating costs and surprises. The property is functioning at a high occupancy and generates a strong monthly stream of revenues from day one.

The income-producing real estate market in the U.S. has been proven to be one of the best markets for investments, as it benefits from relative high returns, steady income and safe environment, especially in a major city such Pompano Beach, Florida.



Based on a \$10,000 Investment in 2001

Real estate return data is from FTSE NAREIT US Real Estate Index Series (All REITs), while S&P return data is from Yahoo Finance.
*Source Realtyshares.com September 2016

REASON TO INVEST: FULL OCCUPANCY

Since the beginning of the COVID-19 pandemic, there has been an increase in drug and alcohol abuse. While some real estate owners are having trouble attracting tenants or collecting rent, Boca Recovery Center is at full capacity and been preserving stable income with a timely payments. As this [article](#) points out, during these times people are finding it difficult to maintain sobriety with their routine uprooted, and many of them are relapsing and use more narcotics.

Additionally, according to a poll made by [KFF](#), “nearly half (45%) of adults in the United States reported that their mental health has been negatively impacted due to worry and stress over the virus.”

Rehab centers like Boca are extremely important to fight substance abuse and save lives especially during this global crisis.

REASON TO INVEST: CASH FLOW FROM DAY ONE

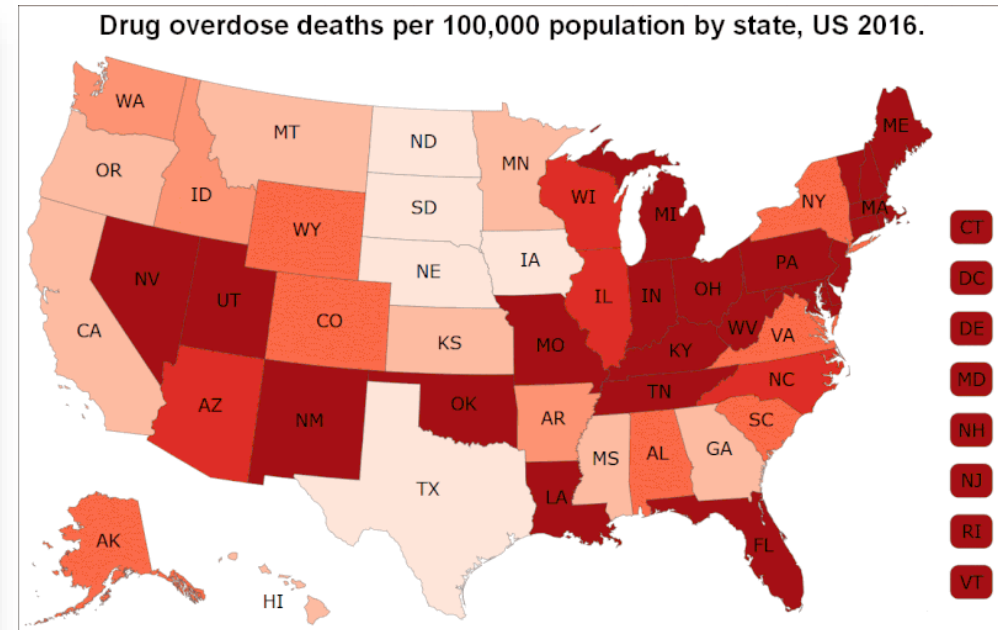
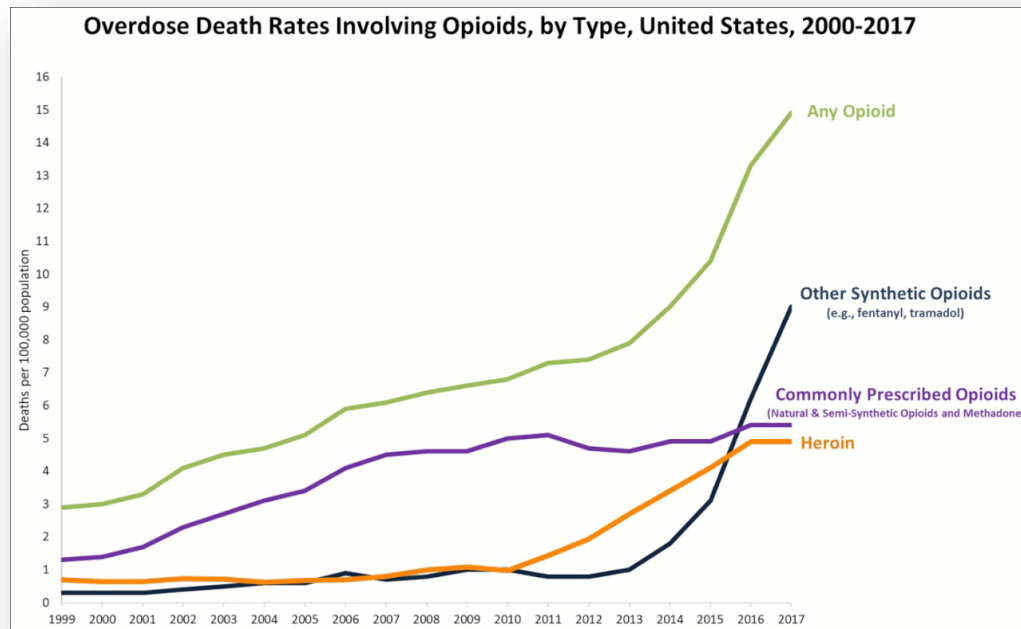
Boca Recovery Center is an income-producing real estate property that is rented on a NNN lease for a long terms period to an operator that runs it as a detox and rehabilitation center. Therefore, all costs and expenses are on the operator and under his responsibility, thus limiting any unexpected operating costs. The operator has vast experience in this field, and it owns several other rehab centers. The property is functioning at a high occupancy and generates a strong monthly stream of revenues from day one.

Furthermore, the detox and rehab center , which contains 1,500 sqm of high-quality facilities for in-house patients, has undergone complete gut renovations in 2018. The asset is in mint conditions, fully operating and at a constant high occupancy, thus generating a steady monthly income.

REASON TO INVEST: THE OPIOID PANDEMIC

The U.S. has been dealing with an unprecedented medical crisis in recent years. The opioid addiction is considered one of the greatest drug crises in American history. According to different estimations, the cost to the U.S. market stands on tens of billions of dollars, as it is one of the greatest causes of mortality nowadays in the U.S. The Federal government launched a program to eradicate this epidemic, including massive funding for rehab centers and referral of addicted people to them. The current cooperation with the government and insurance companies creates a constant flow of people interested in rehabilitation to the center, thus creates high capacity and constant revenues.

REASON TO INVEST: THE OPIOID PANDEMIC

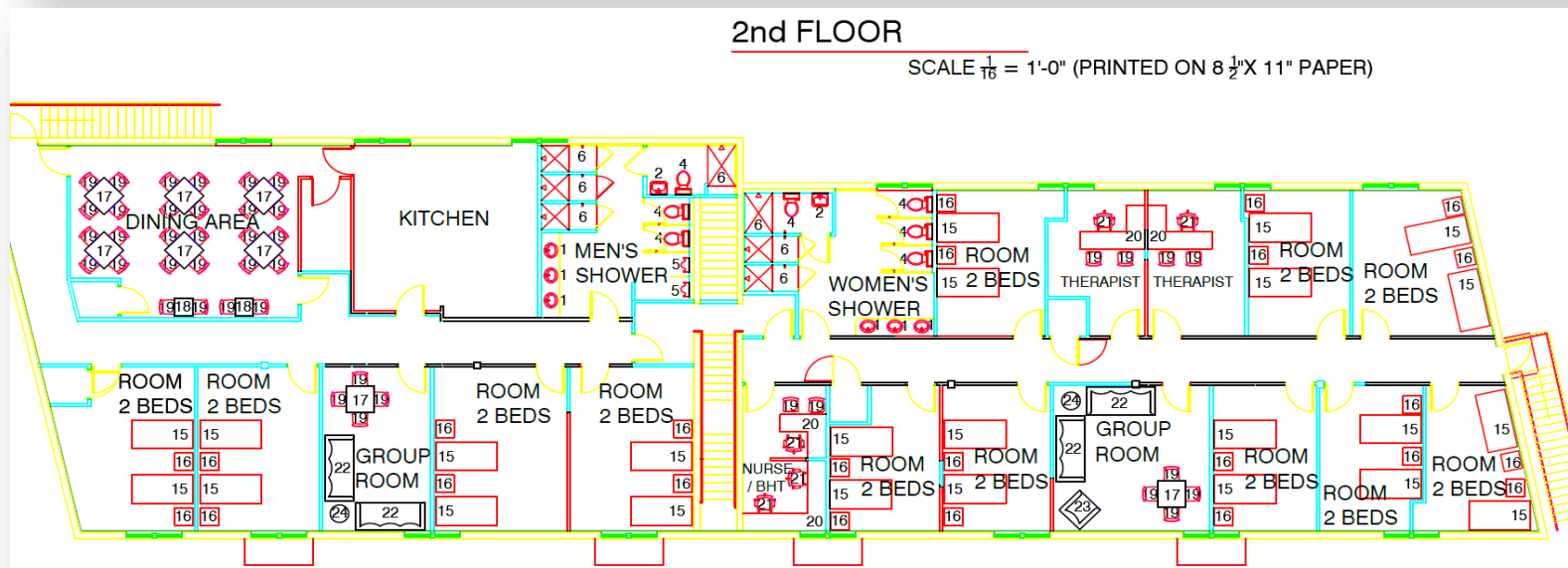
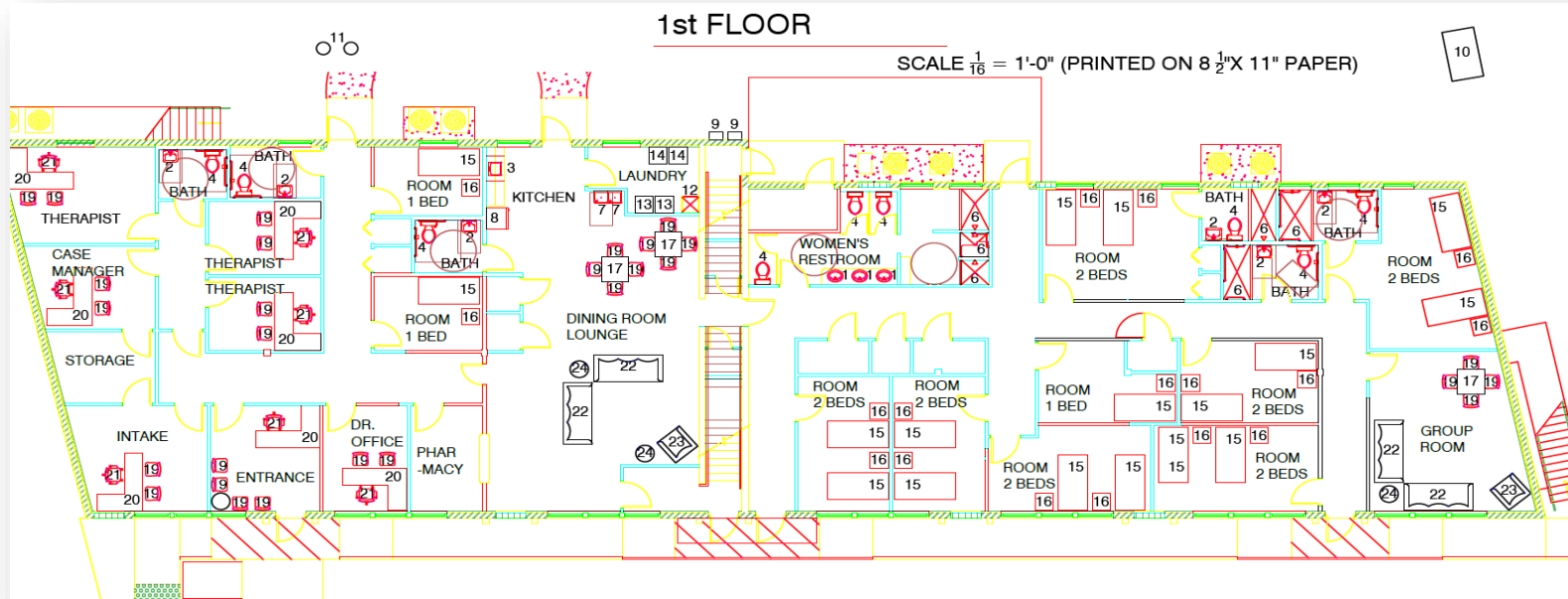


Source: cdc.gov

THE PROPERTY

Boca Recovery Center is a leading rehab center facility in Pompano Beach, Florida. The center operates since the 70s and went through extensive gut renovations in 2018. Today the center is in a mint condition. The property features two floors totaling approx.. 15,000 Sq. Ft, 22 Rooms, 41 beds, full kitchen catering the patients, gym, parking, outdoor courtyard, basketball court, lounge areas, and TV rooms. The first floor is used for providing primary care to patients on their first few days in need of more careful and supervised care (Detox), and the second floor is dedicated to a longer stay rehabilitation and recovery (Rehab).

This facility has two to four weeks programs, where first part is dedicated for treatment and second part for rehabilitation and recovery. Once they finish the program, the patient has few options in other types of facilities for longer-term support. Though statistically the relapse rate is approximately 80%. As effective as the initial treatment offered in the facility may be, some patients are in need for longer term and day to day support, supervision, mentoring, and healthy surrounding to help them cope with their addiction.



THE PROPERTY

The property contains:

- ▶ A two-story 1500 sqm building
- ▶ 41 beds spread over 22 rooms
- ▶ Fully equipped high-quality gym
- ▶ A room dedicated to therapy and group sessions
- ▶ Fully equipped TV room for relaxation
- ▶ Fully furnished kitchen and dining room
- ▶ Basketball Court
- ▶ Parking for the staff and visitors



THE PROPERTY

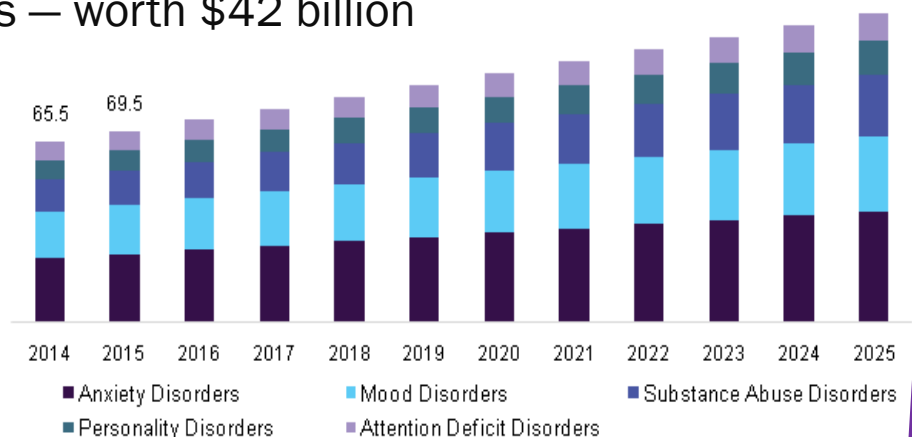
The property complies with all regulatory standards and is accredited by the department of children and families, as well as the Florida association of recovery residences (FARR). Moreover, the property has the option to contain **50 beds**, thus expanding current capacity and the ability for additional profit from the property, without harming the quality of care.



MARKET ANALYSIS

According to several resources, the cost of opioids epidemic to the U.S. economy stands on approximately \$70B per year, and it is considered as one of the greatest causes of mortality in the U.S., even more than car accidents or guns. As a result, the U.S. federal government has provided government mandates and subsidies, including treatment funding for those who wish to rehabilitate, in collaboration with insurance companies. Moreover, the relapse rates even after rehabilitation are quite high, which unfortunately ensures an ever-active market with many customers.

According to Marketdata LLC study on the U.S. Addiction Rehab Industry - drug and alcohol addiction rehab in the United States is big business – worth \$42 billion this year. The combination of increased insurance coverage under the ACA and Medicaid, coupled with the opioid epidemic, is fuelling demand for treatment. This growth should limit the effects of any recession. Moderate but steady 5.2% annual growth in revenues is forecast through 2025, reaching \$53 billion.



MARKET ANALYSIS

Boca Recovery Center is considered one of the top recovery centers in the country, offering best in class treatments, and highly trained staff, that made its focused on providing the highest level of mental health services that will ingrain patients with the tools, hope, and direction to give them the ability to change their lives towards an enduring stable recovery. Among services that they offer are: Detoxification, Partial Hospitalization Program and Intensive Outpatient Program.

Some of the substances they specialize in:



COCAINE ADDICTION

Cocaine is a stimulant that kills thousands of people each year. From powder to crack cocaine, the consequences can be fatal.



HEROIN ADDICTION

Heroin is one of the most dangerously addictive and fatal substances abused today.



PAINKILLER ADDICTION

The addiction to pain-killers often starts out due to an injury and a prescription.



MARIJUANA ADDICTION

Many people do not believe marijuana can be an addictive substance. It can become a problem when dependency occurs.



METH ADDICTION

Amphetamines have an intensely negative effect on the body. Dependency is established quickly along with tolerance.



BENZO ADDICTION

Benzodiazepines are prescribed for those who are experiencing anxiety. These medications are highly addictive and act as a tranquilizer.

THE AFFORDABLE CARE ACT

The Affordable Care Act, which was signed on March, 2010, states that all insurance companies must provide coverage to customers for mental health and addiction treatment services. Boca Recovery Center, is one of the facilities that is able to accept health insurance to cover for such treatments.

Some of the private insurances accepted:



FINANCIALS AND INVESTMENT MODEL

As of today, the center contains 41 beds that can be expanded to 50. The cost of stay per day stands on \$3,000 to \$4000 per person, thus generating an overall high monthly income. According to the lease agreement, the operator is responsible for all aspects related to the operations of the property, including real estate taxes, maintenance, and insurance. This NNN lease structure creates certainty over the predicted bottom line cash flow distributed to investor by eliminating any unknowns and additional operating expenses.

The going-in cap rate reflects 7.16% that grows each year by 3%, this profit is in addition to the profits generated from appreciation of the asset realized upon the sale as detailed ahead.

DEAL STRATEGY

The money raised will be used to purchase the property below current market price. The holding period is predicted to be 5 years with a profit upon realization of \$2.9M. Such sale will generate a 43% return on equity.

Investors will receive dividends quarterly, starting from end of the first quarter.

The deal is accompanied by the best team of legal and tax consultants.

INNOVATIVE OFFERING

Investors buy digital financial securities backed by tangible, income-producing real estate. Each security represents fractional ownership in the asset in the form of a token. These tokens offer multiple benefits compared to traditional real estate investments:

- ▶ With each token representing a fraction of a property, the minimum investment is significantly smaller.
- ▶ It is easy to adjust the size of investment.
- ▶ Reduced paperwork – the process is digital.
- ▶ Liquidity – tokens can be traded on secondary markets after the holding period or used as loan collateral at any time; restricted to the Operating Agreement, please refer to the OA for more details.
- ▶ Convenience – investors can buy tokens from the comfort of their own homes.

FINANCIALS

	Total	\$ / Bed	\$ / SF	%
Purchase Price	\$6,000,000	\$146,341	\$400	86.1%
Cap Ex (Reserves)	165,000	\$4,024	\$11	2.4%
Acq. Costs	\$703,000	\$17,146	\$47	10.1%
5 Years Escrow	\$100,000	\$2,439	\$7	1.4%
Total Cost	\$6,968,000	\$169,951	\$465	100.0%

Acq. Costs		
Transaction Legal		\$35,000
Partnership Legal		\$20,000
Owners Liability Title Policy	0.30%	\$18,000
Acq. Fee	6.00%	\$360,000
Reinno Fees	2.50%	\$150,000
Broker Fee		\$65,000
DD Items		\$10,000
LLC Formation		\$3,000
Transfer Tax		\$42,000
Total Acq. Costs		\$703,000

FINANCIALS

Investment Year		In Place	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
For Year Ending		Oct-20	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25	Jan-26	Jan-27	Jan-28	Jan-29	Jan-30
Operating Revenue			\$ 12,885									
Rental Income		\$ 71,683	\$ 429,510	\$ 442,395	\$ 455,667	\$ 469,337	\$ 483,417	\$ 497,920	\$ 512,857	\$ 528,243	\$ 544,090	\$ 560,413
Potential Gross Revenue		\$ 71,683	\$ 429,510	\$ 442,395	\$ 455,667	\$ 469,337	\$ 483,417	\$ 497,920	\$ 512,857	\$ 528,243	\$ 544,090	\$ 560,413
Vacancy												
NOI		\$ 71,683	\$ 429,510	\$ 442,395	\$ 455,667	\$ 469,337	\$ 483,417	\$ 497,920	\$ 512,857	\$ 528,243	\$ 544,090	\$ 560,413
<i>Value on Fwd 12 NOI</i>		<i>\$ 7,166,667</i>	<i>\$ 7,366,667</i>	<i>\$ 7,600,000</i>	<i>\$ 7,816,667</i>	<i>\$ 8,050,000</i>	<i>\$ 8,300,000</i>	<i>\$ 8,550,000</i>	<i>\$ 8,800,000</i>	<i>\$ 9,066,667</i>	<i>\$ 9,333,333</i>	<i>\$ -</i>
Partnership Expense												
Asset Management Fee	0.5%	\$ 5,815	\$ 34,840	\$ 34,840	\$ 34,840	\$ 34,840	\$ 34,840	\$ 34,840	\$ 34,840	\$ 34,840	\$ 34,840	\$ 34,840
Accounting		\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,250
CapEx Reserves	\$8,200	\$ 1,1369	\$ 8,200	\$ 8,446	\$ 8,699	\$ 8,960	\$ 9,229	\$ 9,506	\$ 9,791	\$ 10,085	\$ 10,388	\$ 10,699
Total Partnership Expenses		\$ 9,433	\$ 45,290	\$ 45,536	\$ 45,789	\$ 46,050	\$ 46,319	\$ 46,596	\$ 46,881	\$ 47,175	\$ 47,478	\$ 47,789
Cash Flow		\$ 62,250	\$ 384,220	\$ 396,859	\$ 409,878	\$ 423,287	\$ 437,098	\$ 451,324	\$ 465,976	\$ 481,068	\$ 496,613	\$ 512,624
<i>Operating Margin</i>		<i>87%</i>	<i>89%</i>	<i>90%</i>	<i>90%</i>	<i>90%</i>	<i>90%</i>	<i>91%</i>	<i>91%</i>	<i>91%</i>	<i>91%</i>	<i>91%</i>
<i>Cash on Cash Return</i>			<i>5.51%</i>	<i>5.70%</i>	<i>5.88%</i>	<i>6.07%</i>	<i>6.27%</i>	<i>6.48%</i>	<i>6.69%</i>	<i>6.90%</i>	<i>7.13%</i>	<i>7.36%</i>
Cap Rate		7.16%	7.16%	7.37%	7.59%	7.82%	8.06%	8.30%	8.55%	8.80%	9.07%	9.34%

FINANCIALS

Investment Year	In Place	Year 1	Year 2	Year 3	Year 4	Year 5
Year Ending	Oct-20	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25
Cash Flow Analysis						
<u>Project Costs</u>						
Acquisition Costs	\$6,703,000					
General CapEx & Soft Cost & Escrow	\$265,000					
Total Project Costs	\$6,968,000	-	-	-	-	-
NOI	\$71,683	\$429,510	\$442,395	\$455,667	\$469,337	\$483,417
Property Disposition						
Disposition Price	-	-	-	-	-	\$8,056,955
Sales Costs	-	-	-	-	-	(241,709)
Net Cash Flow from Property Sale	-	-	-	-	-	\$7,815,246
Partnership Expense	\$9,433	\$45,290	\$45,536	\$45,789	\$46,050	\$46,319
Cash Flow	\$62,250	\$384,220	\$396,859	\$409,878	\$423,287	\$437,098
Net Cash Flow to Equity	(\$6,905,750)	\$384,220	\$396,859	\$409,878	\$423,287	\$8,252,344

Unlevered Equity Profit	\$2,960,838
Unlevered Deal IRR	9.6%
Unlevered Equity Multiple	1.43x

RISKS RELATED TO THE INVESTMENT

Like any other deal, this deal is no different and contains a certain amount of risk. In this case, one potential risk is a major setback of the American economy and a financial crisis. However, in case of a financial crisis in the U.S, the demand for narcotics may rise and will lead to an increase of drug abuse and thus for rehab and detox facilities. Moreover, due to the demand for recovery facility centers, even in case of bankruptcy, several other operators will be glad to enter the facility and operate it.

THE MANAGEMENT

The property will be managed by Citrus Equity Fund.

CITRUS Equity Fund LLP is a fully integrated real estate owner/operator private equity firm based in New York and Florida that focuses on value-add residential and commercial projects. Citrus Equity Fund invests on its own balance sheet and in joint ventures with a selected number of partners, always striving for utmost transparency and full alignment of interests. The company enjoys exceptional industry recognition and has strong relationships with top tier operators, lenders, property owners, managers, brokers and equity partners. The principals of the company have a combined relevant experience of more than 30 year, where they have been involved in the acquisition, development and management of real estate properties in US and Asia totaling over \$600 Million.