

INVESTMENT  
ACRON WINDCREST  
VILLAGE SENIOR LIVING AG  
THE VILLAGES OF  
WINDCREST  
FREDERICKSBURG



IRR: 16.2% p.a.

MULTIPLE: 2.2x

ESTIMATED

INVESTMENT: State-of-the-art, private pay, class-A Senior Housing development with 84 units on two stories

ASSET CLASS: Assisted Living & Alzheimer's Memory Care

LOCATION: Hill Country of Central Texas

TEXAS: 2nd most popular retirement destination in the US

COMPLETION: 3rd quarter, 2018

OPERATOR: Solvere Senior Living, Princeton, New Jersey

STRUCTURE: Optimized for investors with residence in Switzerland



A state-of-the-art, private-pay, Class-A Seniors housing development “The Villages of Windcrest”: The property location is extraordinary in the beautiful Hill Country of Central Texas, close to the Hill Country Memorial Hospital. The Hill Country, known also for its tourism, has made Texas second to Florida as the most popular retirement destination in the US. The region has attracted a number of Baby Boomers and early retirees as they start to reach retirement age. The property is located in the southwest area of Greater Fredericksburg – in an area of new growth and development. While the Hill Country area, including Fredericksburg, is growing with new upscale developments, there is a need for new, state-of-the-art Senior housing.



### REASONS TO INVEST

- Closing occurred on June 22, 2017
- Short term investment period
- One of the BridgeView programmatic series of senior residential development
- Completion Guaranty and Limited Recourse Carve-Out Guaranty provided by developer
- Loan Guaranty
- The primary market area exhibits particularly high potential relating to the number of net potential age-, income- and health-qualified prospects and area development
- Significant under supply of Senior housing, especially in Alzheimer’s/Memory care
- The world is going gray - there will always be a demand on senior residential
- State-of-the-art Senior housing
- Attractive Exit Options

### INVESTING TOGETHER – ALIGNED FINANCIAL INTEREST WITH OUR INVESTORS

ACRON anticipates that the investment will provide for a “Preferred Return” to all equity invested; followed by a waterfall requirement allowing the investor to realize an interim IRR Hurdle; then a subsequent waterfall structure with the ultimate objective of achieving an upper tens to twenty percent IRR for the investor. ACRON as General Partner will participate in a waterfall above the preferred returns; however all cash invested will share pari passu in returns.

### INVESTMENT SCHEDULE (PRELIMINARY)

SOURCES	(rounded) USD
Equity	7,950,000
Equity Investors	6,230,000
Equity BridgeView	1,720,000
Construction loan	14,050,000
<b>Total Sources</b>	<b>22,000,000</b>

USES	USD
Land	450,000
Construction costs	14,110,000
Project development costs	4,430,000
Project financing costs	890,000
Working capital & reserve	2,120,000
<b>Total Uses</b>	<b>22,000,000</b>

### TIMELINE

Start of construction	3rd quarter 2017
Construction finish date	3rd quarter 2018
Exit of investment	July 2022
Investment term	5 years

RETURN EXPECTATIONS	USD
Distributions in % of Equity p.a.	
2020	6.9%
2021	9.7%
2022	199.0%
<b>Internal rate of return (IRR) p.a.</b>	<b>16.2%</b>
<b>Equity multiple</b>	<b>2.2x</b>

Equity investment 2017	6,230,000
Cumulated distributions from operations (2017 to 2022)	1,738,000
Distribution of sales proceeds (2022)	11,700,000
<b>Total profit</b>	<b>7,208,000</b>



Assisted living	Units	SF	Yr 1 \$ Rental
<b>Living units</b>			
One bedroom studio	22	425	3,450
One bedroom deluxe	34	550	4,200
Two bedroom standard	4	850	5,000
		31,450	
Other amenities*		28,520	
<b>Total</b>	<b>60</b>	<b>59,970</b>	

Memory care	Units	SF	Yr 1 \$ Rental
<b>Living units</b>			
Private suite	24	280	5,500
		6,720	
Other amenities*		6,090	
<b>Total</b>	<b>24</b>	<b>12,810</b>	

<b>Total units</b>	<b>84</b>		
<b>Total gross square footage</b>		<b>72,780</b>	

\*support (wellness, salon, library etc.), administration, ancillary/activity services, food services (kitchen, dining), building services (laundry, maintenance)

## THE VILLAGES OF WINDCREST, Fredericksburg, Texas, USA

Asset class	Assisted living & Alzheimer's/Memory care
Legal form	Swiss Corporation (AG/S.A.)
Investment volume	USD 22,000,000
Total equity	USD 7,950,000 (Investors: USD 6,230,000, BridgeView: USD 1,720,000)
Year issued	2017
Location	West Windcrest Drive & Post Oak Road, Fredericksburg, Texas 78624
Land	4.38 acres (190,793 sq ft)
Units	84 on two stories
Total sq feet	72,780 sq ft

### THE VILLAGES OF WINDCREST

- 84 unit Seniors housing community on two stories
  - 60 licensed Assisted living
  - 24 Alzheimer's/Memory care
- Fully licensed
- Located approx. 78 miles from Austin, Texas and 70 miles from San Antonio northwest
- Intersection of West Windcrest Drive and Post Oak Road in the southwest area of Fredericksburg
- Hill Country Memorial Hospital, one of the top 100 hospitals in the country, is just two blocks west of the property
- Shopping, health care amenities and resources are available within close proximity to the site
- #1 attraction: National Museum of the Pacific War, home of the Admiral Nimitz Foundation
- This Senior housing be the highest end and newest community in both Fredericksburg and Gillespie County

### PRICING

1. **MOVE-IN-FEE:** one-time community assessment fee of USD 2,500 required upon move-in

2. **BASE MONTHLY:** base monthly service fee pricing will allow for priority access to all of the living arrangements and common area amenities in the building and will include the following menu of congregate services:

- Three daily meals plus snacks
- All utilities except telephone
- Basic cable TV service
- Weekly housekeeping service
- Weekly flat linen laundry services
- Supervised exercise and fitness programs
- Scheduled transportation services
- Social, recreational and wellness programs
- 24-hour emergency call system
- 24-hour staffing/health care monitoring
- Interior/exterior maintenance
- Real estate taxes and insurance for the building

### 3. AS-NEEDED BASIS

- There will be three levels of care for personal care services in Assisted living that would be determined based on an individual assessment of the residents. The incremental cost (per month) for each of these levels of care is as follows: Level I - USD 500, Level II - USD 750, Level III - USD 1,000
- Assistance with activities of daily living (ADLs) such as dining, dressing bathing, medication scheduling/management, etc. on an as-needed basis
- Additional housekeeping services, guest meals, meal tray service, beauty and barber shop services, case management by health care professionals, rehabilitation services



„The U.S. Cities Going Gray The Fastest:  
For years we have been warned about the  
looming, profound impacts that the aging of  
the U.S. population will have on the country.  
Well, the gray wave has arrived.“

Forbes Magazine, 2014

#### THE NEXT GENERATION – AMERICA IS GOING GRAY

- The baby boom generation (born 1946–1964) is reaching 65 years of age, while the U.S. fertility rate has fallen markedly in recent decades, despite immigration, and now hovers around the replacement rate
- 10,000 Baby Boomers a day will turn 65 – every single day between now and the year 2030
- The number of Americans ages 65 and over is expected to reach 88 million by 2050, up from 48 million in 2015

#### SOLUTION: SENIOR HOUSING

According to CBRE the seven-year total return on investment (ROI) for Senior housing is 10.5% and the index for the prior four quarters was 15.2% (2015). These returns are considerably higher than that of other major real estate property types (2015). Seniors housing occupancy in the fourth quarter of 2015 was 90.1%, according to the National Investment Center for Senior housing & care. Demand for Seniors housing will continue in 2016.

Senior housing can be classified according to the frailty of the residents and the level of healthcare services provided: Senior Apartments, Independent Living, Assisted living, Alzheimer’s/Memory care and Nursing care:

- **Assisted living facility** is the senior living option that combines housing, support services, and health care, as needed. Assisted living communities provide more personal care services than independent living retirement communities.
- **Alzheimer’s/Memory care facility** is a long-term residential care arrangement specially designed for residents with Alzheimer’s disease, dementia, and other cognitive impairments. The care provides more carefully monitored on a 24-hour basis including help with activities of daily living.

On average, the oldest resident in an Assisted living facility designed for the elderly is 94 years old, while the youngest is 66 years old.

Hill Country Memorial outperformed every hospital in the nation on the Patient Experience of Care Domain based on quality data reported 2<sup>nd</sup> quarter 2013, and continues to consistently perform in the top ten each quarter.





“We envision Fredericksburg as a community with a distinctive historical German character, a high quality of life and a steady, sustainable economy – assets that encourage and enable people to live here at all stages of their lives.”

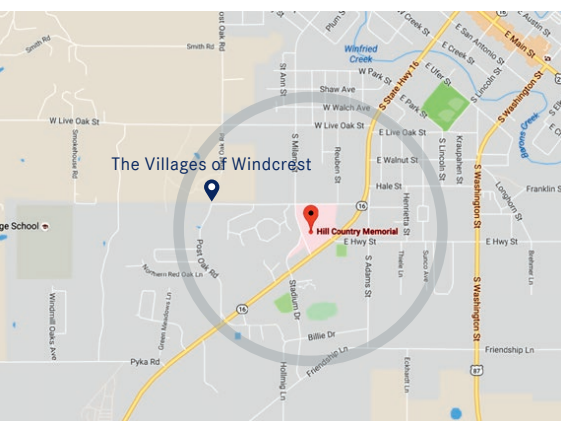
City of Fredericksburg

## TEXAS

Texas is the **second largest state** in the United States by both area and population (27,469,114) with deserts, pine forests and the Rio Grande, a river that forms it’s border with Mexico. **The USD 1.65 trillion Texas economy is the second biggest in the U.S.**, behind only California. Texas ranks first for current economic climate thanks to the second fastest job and economic growth over the past five years.

## FREDERICKSBURG

Fredericksburg is the county seat for Gillespie County (primary market area), which is located in the “Texas Hill Country”. The Texas Hill Country is a twenty-five county region of south central Texas. The city of Fredericksburg remains a vibrant place to live with some of the best city services available anywhere. The property is adjacent to a recently developed single family residential housing subdivision in Fredericksburg called “The Oaks of Windcrest”. When the subdivision is completely developed, it is planned to have over 350 homes in a gated, upscale community.



The Health Focus Area should include residential settings for Assisted living, lifecycle housing (where a person can receive increasing medical care as his needs increase), and housing for persons with long-term treatment needs.

A high standard of living comes easily to the Hill Country; the hills and natural wildlife portray picturesque imagery, the rich culture stemming from generations of German heritage along with amazing food, wine and music all contribute to what make the Hill Country “the easy life.”

In addition to the small town lifestyle in Fredericksburg, reasons for moving/relocating to this area include the following:

- Low cost of living (8% below national avg.)
- Climate/warm weather
- Above average air quality
- Low unemployment
- Low crime rate
- Low student to teacher ratios
- Home prices
- Close proximity to larger cities

	United States	primary market
Population currently	322,431,073	25,962
Population growth in 2021	3.7%	4.8%
Median age in 2021	39.0	50.2
Households currently	122,265,437	11,179
Households growth in 2021	3.9%	5.7%
Household Income	USD 77,135	USD 81,400
Household Income in 2021	USD 83,619	USD 91,815
Employment	91.1%	93.6%
Healthcare Support	2.6%	4.1%
Healthcare Practitioners and Technicians	5.6%	6.8%
Educ. Bachelor’s Degree	18.3%	20.3%

Source: The Nielsen Company, 2016

The primary market area (PMA) exhibits particularly high potential relating to the number of net potential age-, income- and health-qualified prospects residing.

## COMPETITIVE AND DEMAND ANALYSIS IN THE MARKET AREA

COMPETITIVE	no. of projects surveyed	total existing units/beds	planned units/beds	occupied units/beds	vacant units/beds	current occupancy
<b>Primary market area</b>						
Assisted living	4	186	0	123	15	89.1%
Alzheimer's/Special care within an Assisted living setting	1	16	0	14	2	87.5%
<b>Secondary market area</b>						
Assisted living	5	156	0	134	22	85.9%
Alzheimer's/Special care within an Assisted living setting	2	71	0	67	4	94.4%

Source: MDS Field Survey, May, 2016

### DEMAND IN PRIMARY MARKET

	2016	2018	2021
Age 75+ population	3,376	3,469	3,609
Age 75+ seniors estimated to require assistance with ADLs*	1,122	1,155	1,203
Age 75+ seniors estimated with Alzheimer's/Dementia	950	978	1,019

ADL - activities of daily living

Source: U.S. Bureau of the Census, Alzheimer's Association Claritas, 2016

The competitive and demand analysis shows a great potential in the market area. Already now the demand cannot be covered in consideration of the number of senior citizens and the further growth, as well as the supply. The Villages of Windcrest has a strong prospects for success.

## EXIT OPTIONS

### 1. REIT Buyers

REITs that purchase tertiary and secondary market properties in Texas, including those that already own property in Fredericksburg, but also in communities such as Dripping Springs, Marble Falls, Kerrville, Boerne, etc. (generally 20 to 60 miles from Fredericksburg). ACRON also has a relationship with LTCREIT which has an interest in tertiary market properties.

### 2. Fannie Mae/Freddie Mac, or HUD refinancing

Upon stabilization these lenders will refinance the property at 85-90% of Market Value. This is a fairly simple process and is commonly used in the senior

living industry, as an initial "capital event", wherein the equity partner recoups his capital, plus some profits and then continues to be in the deal and then eventually sells to a REIT or other Institutional Buyer.

### 3. Owner/Operator Buyer

Many larger national senior living owner/operators are also buyers of stabilized properties. The institutional money that is often behind them, continually rolls up stabilized properties into the portfolio. This is usually an EBITDA Multiple M&A strategy. 9x - 11x EBITDA is common for valuations of the Operating Companies.



## PROJECT PARTNERS

### ■ BridgeView Development Group (Developer)

BridgeView has assembled some of the most experienced and accomplished professionals in the Seniors housing and commercial real estate sectors in the nation. BridgeView's team brings over 100 years of collective experience to the table in virtually all product types across the nation and internationally. Collectively, the team has successfully developed, financed and delivered over USD 3 Billion in commercial real estate in the last 30 years.

### ■ Solvere Senior Living (Operator)

Solvere Senior Living combines all of the Senior Living expertise – operations, marketing, finance, clinical – to bring both quality and profitability to a project. Therefore Solvere provides a platform of service brands: Service by Solvere (customer service), Solutions by Solvere (Marketing and Sales), Masterpiece Living (Research) and Salus by Solvere (Wellness). The portfolio of Managed Communities includes 1,473 units (528 Assisted living, 683 Independent living and 262 Memory care), in locations such as Gainesville, Hamilton and Princeton.

### ■ ICI Construction (General Constructor)

Since 1981, ICI Construction, Inc. has been providing superior commercial general construction services. With over USD 100 million in annual sales, the expertise includes construction and interior finish of office buildings, retail centers, multi-family communities, tilt-wall buildings, healthcare facilities, restaurants and hotels. The reputation of the company rests on millions of square feet and hundreds of success stories, as the Assisted living residence "Hamptons at Pine Forest" in Tyler, Texas (125 units).

### ■ REES Associates (Architect & Interior Design)

Since its founding in 1975, the multiple award-winning firm completed projects in 42 states and 38 countries. REES diversified practice spans 40 years with services of architecture, interior design, landscape design through to feasibility studies. Successfully completed over 300 senior living projects representing more than \$1 Billion in construction.

### ■ AMZ Equity Partner (Sponsor)

Along with their partner diversified metroplex investors, offers a well-rounded portfolio of non-stock correlated investments including Real Estate, Life Settlements, Annuities, and E.I. Universal Life insurance policies.

### ■ ACRON

Founded in 1981, ACRON is headquartered in Switzerland, with subsidiaries in Luxembourg, Germany, the United States and Brazil, ACRON focuses on real estate investments for wealthy private clients. ACRON's assets are first-class properties and prime projects in the world's safe havens.





ACRON  
REAL ESTATE INVESTMENTS  
SINCE 1981

**Disclaimer**

The information contained in this document serves only as non-binding information and should be viewed as a conceptual plan. No commitment can be made regarding actual implementation and set-up at the moment. This may depend on negotiation success, adequate demand for financing and regulatory requirements for marketing and distribution. ACRON AG reserves the right to change, amend or limit the information at any time and the right to abandon the set-up without assuming liability for losses, costs, or expenses of the recipient or other third parties. Any distribution or offering of this investment may be restricted in certain jurisdictions. Any persons in possession of this document and any persons being interested to make an investment are responsible to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Any persons in possession of this document should not treat the content of this document as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisers concerning the acquisition, holding or disposal of the investment referred to in this document. This document does not constitute an offer to anyone or solicitation by anyone in any country or jurisdiction (i) in which such an offer or solicitation is not authorised, (ii) in which the person making such an offer or solicitation is not qualified to do so or (iii) in which such an offer or solicitation would otherwise be unlawful. No action has been taken that would, or is intended to, permit a public offer of shares in any country or jurisdiction where any such action for that purpose is required. Accordingly, shares, if any, may not be offered or sold, directly or indirectly, and neither this document nor any other information, form of application, advertisement, or other document may be distributed or published, in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. ACRON AG is not making any representation or warranty to any prospective investor regarding the legality of an investment by such person under appropriate securities or similar laws. This document was produced by ACRON AG and/or its affiliates with the greatest of care and to the best of its knowledge and belief. This document is based on the information and data made available to ACRON AG. Some information has also been taken from accessible sources, which have not been separately verified by ACRON AG. ACRON AG provides no guarantee with regard to the content and completeness of this document and does not accept any liability for losses that might arise from making use of this information. This document may not be transmitted or reproduced either in part or in full without the prior written permission of ACRON AG and shall be treated strictly confidential. © 2017; ACRON AG, Splügenstrasse 14, 8002 Zurich, Commercial Register of the Canton of Zurich, CHE-105.266.385

**ZÜRICH, SWITZERLAND**

Klaus W. Bender, Chairman  
phone: +41 (0)44 204 34 93  
klaus.bender@acron.ch

André N. Lagler,  
Managing Director, Head of Sales  
phone: +41 (0)44 204 34 94  
mobile: +41 (0)78 754 91 61  
andre.lagler@acron.ch

Peer Bender, CEO  
phone: +41 (0)44 204 34 00  
mobile: +41 (0)79 662 48 75  
peer.bender@acron.ch

**DÜSSELDORF, GERMANY**

Kai Bender, Managing Director  
phone: +49 (0)211 91 24 100  
kai.bender@acron.de

**TULSA, USA**

Greg W. Wilson, President  
phone: +1 918 587 9901  
gw@acronusa.com

**LUXEMBOURG**

Ertan Isen, Managing Director  
phone: +352 278 583 88  
ertan.isen@acron.lu

[www.acron.ch](http://www.acron.ch)