

PROPERO[®] SENIORS HOUSING EQUITY FUND

Propero fund is a private equity fund established by Lancaster Pollard to invest in seniors housing properties including independent living, assisted living, memory care and skilled nursing. The fund seeks to be the sole owner of each property and utilize a triple-net lease structure. Propero fund looks to partner with best-in-class operators of any scale to fund the new development as well as the acquisition of these property types.

The fund's flexibility and ability to incorporate near-term purchase options in the lease agreement is a key differentiating feature that can provide significant value to our operator clients. For new development projects, this allows an operator to realize value creation more quickly by having the ability to purchase the property as early as stabilization. In addition, the ability to establish predetermined and below market purchase prices provides greater certainty for the operator to participate in the value creation.

The acquisition of existing assets could result from either a sale-leaseback, the assignment of an existing purchase option or as a means of facilitating an eventual ownership transfer. In each of these instances, the near-term and predetermined purchase option provides a clear path for the operator client to gain ownership at some point in the future. This is particularly appealing if looking to monetize one or more properties while not losing complete control over the property. It could also allow an operator to exercise an attractive, but time dependent, purchase option while creating a longer term option to acquire.

GENERAL TERMS

Investment Characteristics:	New development (greenfield or replacement) as well as acquisition of stabilized properties.
Property Types:	Independent living, assisted living, Alzheimer's care and skilled nursing facilities with a strong preference towards higher acuity. Looking for "A" or "B" quality properties that are highly competitive within their markets.
Operator Requirements:	Experience with five or more similar property types. For new development, at least one property developed and successfully leased up in the last two to three years.
Market/Location:	MSAs and strong, secondary markets are preferred. Sites should be well located with good visibility and complimentary surrounding land uses.
Investment Structure:	Triple-net lease.
Lease Rate:	8.00% - 9.50% lease rates, depending on asset type, with annual escalators.
Lease Term:	10-15 year initial term with renewal option.
Purchase Option:	Operator will be given an opportunity to purchase the asset at a negotiated and predetermined purchase price schedule. The purchase option can begin as early as the second year.
Guarantees:	Corporate and/or personal financial and completion (for new development) guarantees.
Security:	Pledge of operating license, personal property and receivables, if not already pledged to an approved A/R lender.