



HOLDUN

# HOLDUN FUNDS REAL ESTATE SEGREGATED PORTFOLIO 01

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# HOLDUN AT A GLANCE

## Diversify your portfolio with our Innovative investment's solutions

Holdun is an award winning, experienced and independent, 5<sup>th</sup> Generation Family Office with over 30 years experience. Our innovative solutions, help families and businesses overcome the shortcomings of traditional assets by providing Alternative Investment opportunities that build wealth and security for generations.



**30+**

Years of Experience



**\$500+**

Assets Under Management



**3**

Global Locations



**6**

Unique and Alternative investment Funds

At Holdun, we ensure that our goals are aligned with yours. We manage our family's money alongside that of our clients and we invest our clients' money as we do our own

*As a family, we recognised some years ago that traditional fixed income and equity strategies alone were unlikely to deliver acceptable returns in a period of sustained low interest rates and muted economic growth.*

As a result, we created new and innovative Funds that offer a broader range of exposure across the risk and illiquidity spectrum. These new asset classes including private equity, venture capital and real estate, have provided us greater portfolio diversification, reduced portfolio volatility and higher returns.

## HOLDUN WEALTH MANAGEMENT

### HOLDUN FUNDS

Holdun  
Income Fund

Holdun  
Opportunity Fund

Holdun  
Funds Real Estate

Holdun  
Falcon 5

### GINNIE MAE DIRECT

DISCRETIONARY  
WEALTH  
MANAGEMENT

PORTFOLIO ANALYSIS

## HOLDUN TRUST & CORPORATE SERVICES (CAYMAN)

CAYMAN TRUSTEE SERVICES

CAYMAN REGISTERED OFFICE & CORPORATE SERVICES

## HOLDUN CORPORATE SERVICES (BAHAMAS)

BAHAMAS REGISTERED OFFICE & CORPORATE SERVICES

BAHAMAS PRIVATE TRUST COMPANY FORMATION & MANAGEMENT

## HOLT FINTECH ACCELERATOR

### HOLT FUND

Providing more capital to the best performing startups in our ecosystem

### HOLT PLATFORM

Positioning the world's best Early-stage startups into our ecosystem

## HOLDUN CONCIERGE SERVICES (BAHAMAS)

IMMIGRATION SERVICES

BAHAMAS GOVERNMENT SERVICES

PROPERTY MANAGEMENT

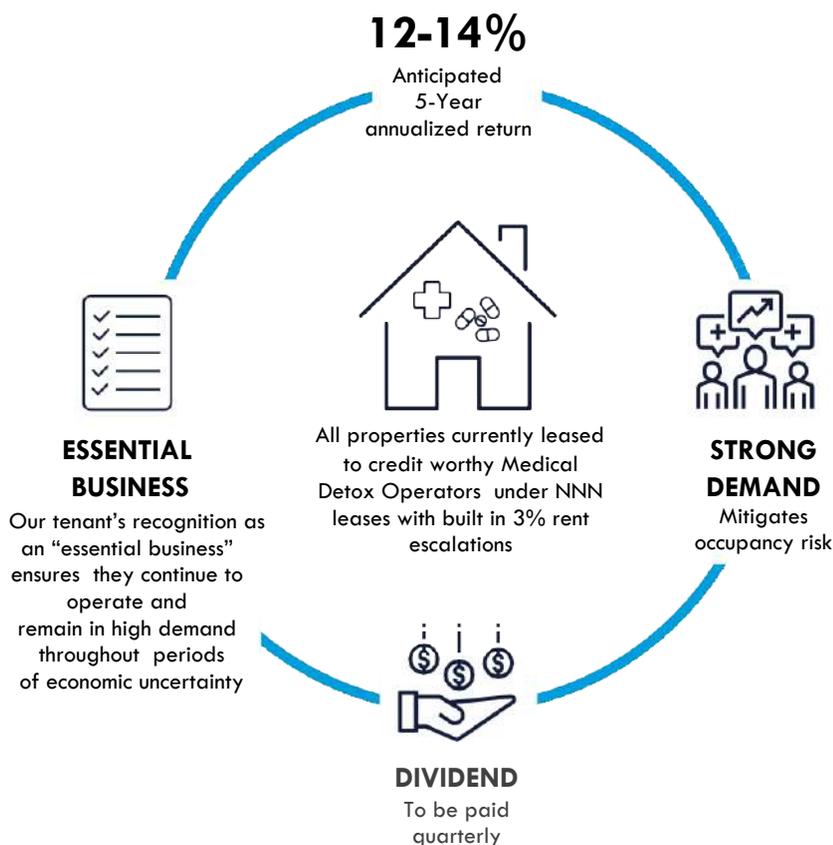
# ABOUT HOLDUN FUNDS REAL ESTATE SP01

## Segregated Portfolio 01

Holdun Funds Real Estate Segregated Portfolio 01 (SP01) specifically invests in real estate within the United States that is utilized to increase the number of drug treatment programs available for those seeking a solution to opioid dependency.

SP01 initially acquired several locations and anticipates acquiring and converting a total of 10 - 15 locations that have been specifically zoned and refurbished to provide drug and alcohol medical treatment. The portfolio will firstly purchase properties with proceeds from the Initial and Secondary Offerings. The Investment Manager then intends to finance the properties purchased at 65% LTV. The proceeds from financing, approx. \$14,200,000.00, will be used to purchase up to an additional \$41,000,000.00 of fully leased medical detox properties with an anticipated 65% LTV financing agreement.

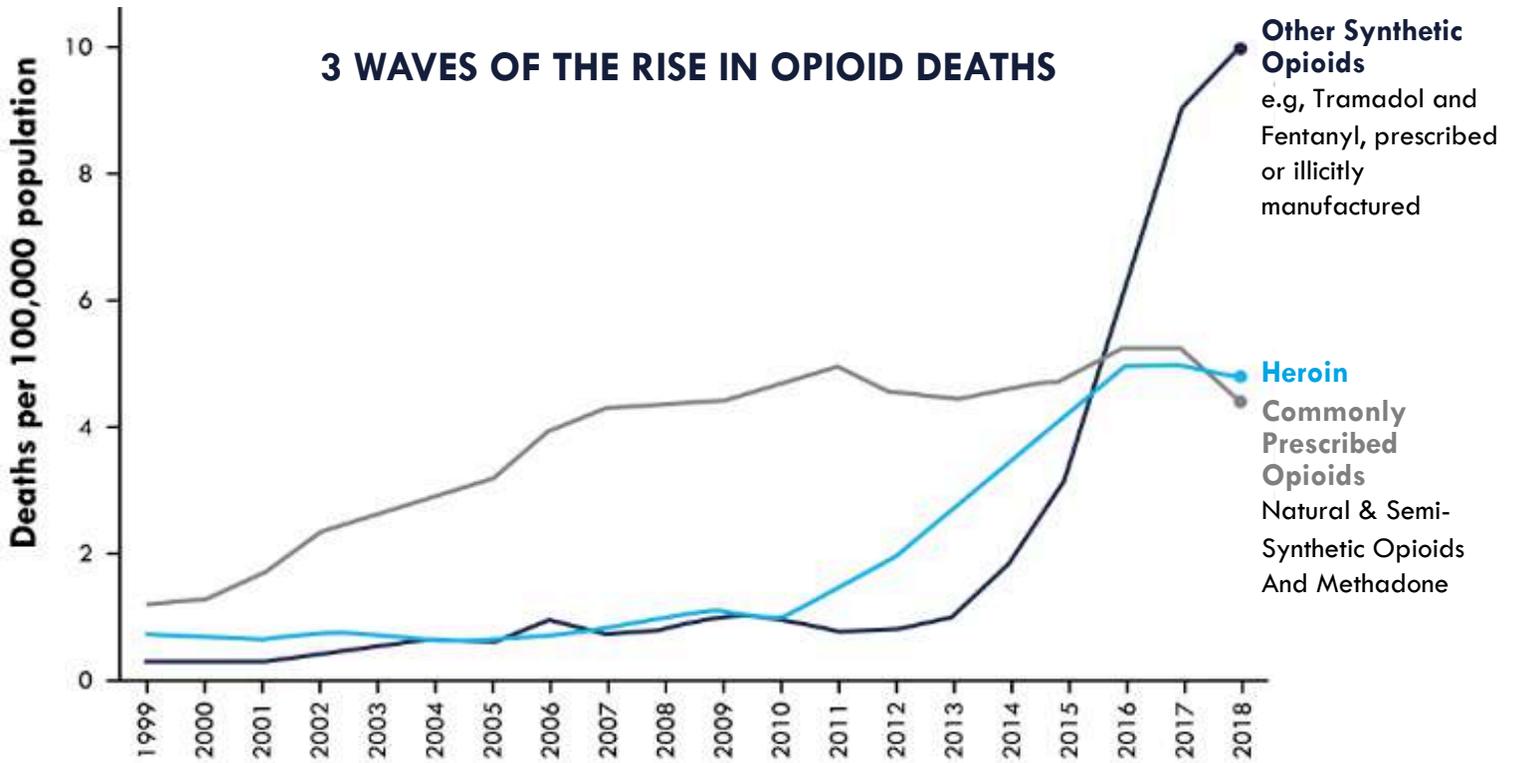
Investors in the SP01 receive attractive returns while providing equity necessary to acquire additional optimal locations for drug medical detox operators adding needed beds for treatment. With the average stay for treatment being one week, the potential impact is that thousands of people per month are offered solution.



# THE HISTORY

## OPIOID EPIDEMIC

From 1999–2018, almost 450,000 people died from an overdose involving any opioid, including prescription and illicit opioids.<sup>1</sup>



Source: National Vital Statistics System Mortality File

### 1990 WAVE 1

The first wave began with increased prescribing of opioids in the 1990s, with overdose deaths involving prescription opioids (natural and semi-synthetic opioids and methadone) increasing since at least 1999.

### 2010 WAVE 2

Rapid increases in overdose deaths involving heroin.

### 2013 WAVE 3

The third, and most severe wave began in 2013, with significant increases in overdose deaths involving synthetic opioids, particularly those involving illicitly manufactured fentanyl.

# SOCIAL IMPACT

## THE PROBLEM

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### Opioid Addiction

Almost 70,000 deaths in Year 2018



### Drug Detoxification

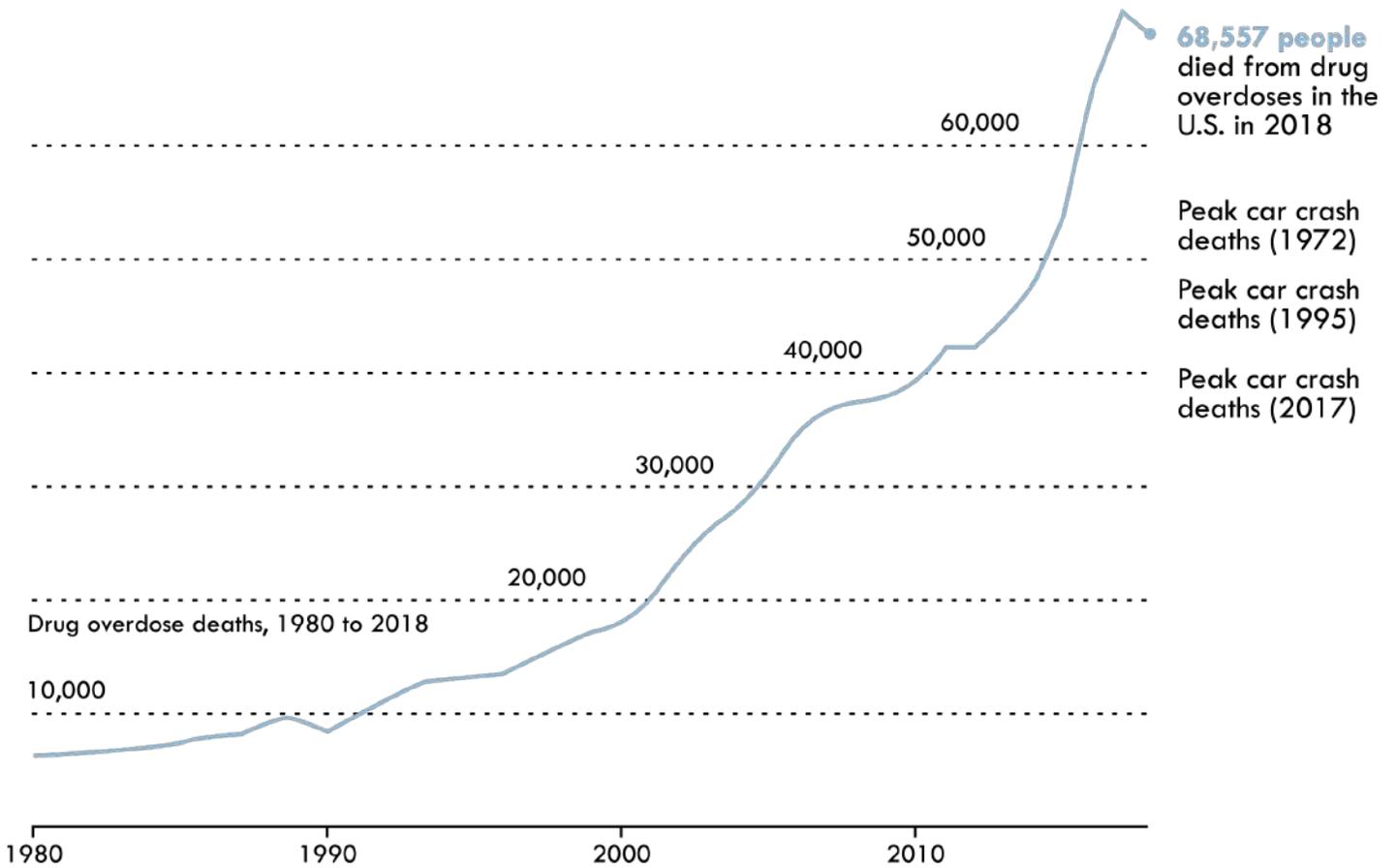
Outpacing the availability of beds

Every day, more than 130 people of every walk of life in the United States die after overdosing on opioids. Opioid addiction does not discriminate among occupations, socioeconomic status, or ethnicities. The misuse of and addiction to opioids— including prescription pain relievers, heroin, and synthetic opioids such as fentanyl, is a serious national crisis that affects public health as well as social and economic welfare.

SOURCE: CDC/NCHS, National Vital Statistics System, Mortality. CDC WONDER, Atlanta, GA: US Department of Health and Human Services, CDC; 2018. <https://wonder.cdc.gov/>.

# SOCIAL IMPACT

## THE PROBLEM



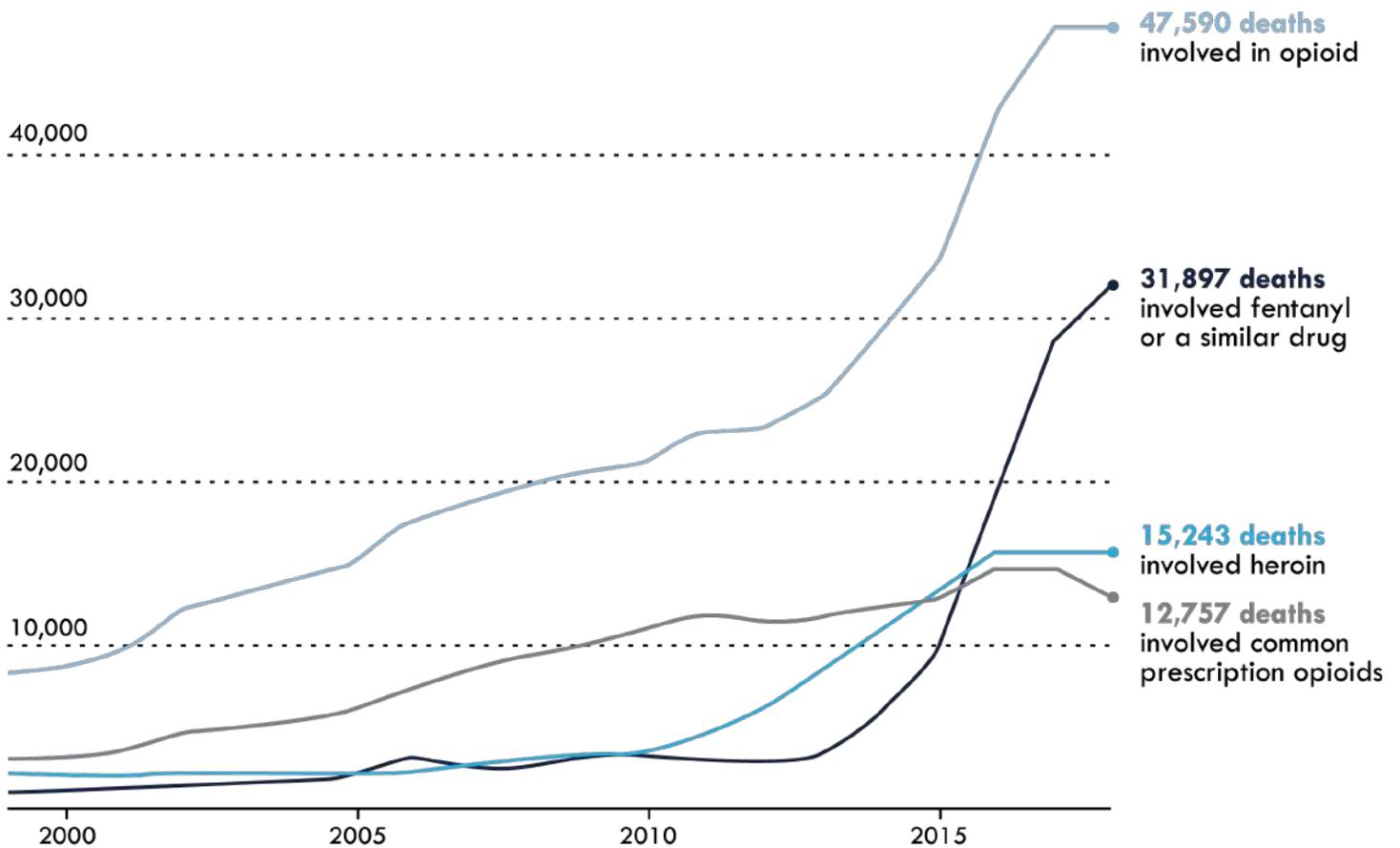
Data through 2017 is based on final reported mortality totals. Data for 2018 is provisional and adjusted to account for delays in drug-death reporting.

Source: National Center for Health Statistics, Centers for Disease Control and Prevention.

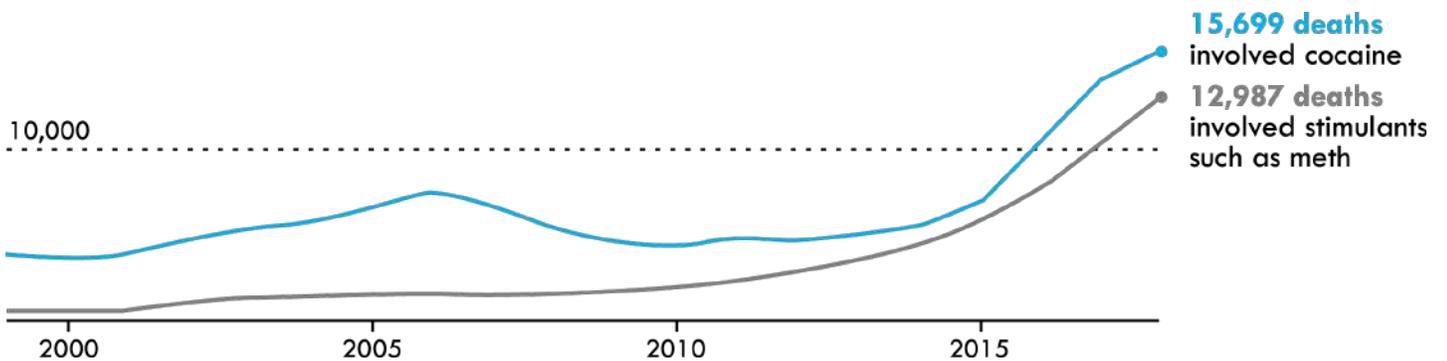
Abby Goodnough, Josh Katz and Margot Sanger-Katz, 'Drug Overdose Deaths Drop in US for First Time Since 1990' (The Upshot, July 17, 2019) <<https://www.nytimes.com/interactive/2019/07/17/upshot/drug-overdose-deaths-fall.html>> accessed 15 January 2020

# SOCIAL IMPACT

## THE PROBLEM



Categories are not mutually exclusive. Deaths often involve multiple drugs. A small portion of the increase in deaths attributable to a specific drug may be due to improved cause-of-death reporting.



Abby Goodnough, Josh Katz and Margot Sanger-Katz, 'Drug Overdose Deaths Drop in US for First Time Since 1990' (The Upshot, July 17, 2019) <<https://www.nytimes.com/interactive/2019/07/17/upshot/drug-overdose-deaths-fall.html>> accessed 15 January 2020

# SOCIAL IMPACT

## FAMILY, ECONOMIC, HEALTHCARE

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### Family Impact

Opioid addiction often breaks family bonds. Much of this is due to individuals with an opioid addiction who may lie to a loved one, steal from them, or become verbally or physically abusive to get what they need to support their addiction. Children of addicts are often exposed to neglect, witnessing verbal abuse or even watching parents overdose, children often are exposed to these life-altering events that can adversely impact their lives, including leaving them wondering what they could have done to avoid the situation or keep it from happening.



### Economic Impact

The Centers for Disease Control and Prevention estimates that the total "economic burden" of prescription opioid misuse alone in the United States is \$78.5 billion a year, including the costs of healthcare, lost productivity, addiction treatment, and criminal justice involvement.



### Healthcare Impact

The impact of this epidemic on the medical community is dramatic. Emergency system resources, already on overload, are further taxed and drained by the increased 911 calls for overdose incidents. This means that instead of responding to heart attacks, strokes, or other emergencies, first responders are spending time stabilizing overdose patients and taking them to hospitals. This resource drain spreads to emergency rooms and hospitals as they treat these patients. Eventually, the epidemic results in higher insurance costs to cover the impact on medical resources.

# THE PORTFOLIO

## THE RECOVERY OPPORTUNITY

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### The Investment Opportunity

The explosion in Opioid addiction is no secret. Over 70,000 deaths in 2018 were directly related to Opioid addiction. The crisis has been compounded by the need for drug detoxification greatly outpacing the availability of drug detox beds. **The major factor contributing to the imbalance of supply is the arduous process of obtaining zoning variances from local building and zoning boards.** In fact, many zoning boards have all but discontinued issuing zoning variances for drug detoxification citing the potential for undesirable elements introduced into their communities. Whether valid or not, existing properties with appropriate zoning for drug detox facilities presents a significant investment opportunity.

- High Profit Industry
- Long Term viability for the DETOX industry is strong
- Strong demand mitigates exposure to vacancies
- All properties are in highly desirable locations for Medical Detox Operators

### Investment Highlights



- 12-14% Anticipated 5-Year Annualized Return
- 5-Year Term. Single 3-year optional extension
- A U.S. Withholding Tax exempt Fund structure
- Target Dividend of 3% per annum
- All properties currently leased to credit worthy Medical Detox Operators and Sober Living Operators
- Long-term NNN Leases
- 3% rent escalations provide annual increases in revenue

# THE PORTFOLIO

## THE RECOVERY OPPORTUNITY

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### Anticipated Short Vacancy Exposure

The Portfolio philosophy recognizes that **properties with the proper zoning for Medical Drug Detox Centres have a significantly reduced risk of long-term vacancy** because many city and county governments have imposed moratoriums on granting zoning variances for drug rehab and/or sober living use. As a result, properties with the appropriate city or county Medical Drug Detox zoning designations are highly marketable properties.

- All properties are zoned for residential Medical Detox or provide residential housing to the medical detox industry.
- All properties are fully built-out to accommodate Medical Detox or residential housing for medical detox operators.
- All properties have long-term NNN leases to established Medical Detox Operators or sober living operators.
- The Real Estate Partner has established relationships and experience with national Medical Detox Operators.
- All properties are in highly desirable locations for Medical Detox Operators.

### Anticipated Performance



Total Segregated Portfolio Shares Cost	\$25,000,000.00
Total Shares	\$2,500,000.00
<b>5 Year Projected Total Return</b>	<b>79.31</b>
<b>Annualized 5 Year Return</b>	<b>12-14%</b>

# THE PORTFOLIO

## THE RECOVERY OPPORTUNITY

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Relationships

### Extensive Relationship within the Recovery Industry

Our Real Estate Partner has established relationships throughout the Recovery Space created through multiple transactions including CRE sale transactions, lease negotiations, Tenant Improvements and new construction.



Properties

### Property Acquisitions

All properties are identified and renovated.



Leases

### 10 Year NNN Leases

All properties are currently leased to creditworthy single tenant occupants under 10-Year NNN lease agreements.

Under NNN lease agreements, the tenant will be responsible for the operational expenses of the property, such as

- Taxes
- Insurance
- Maintenance

# THE PROPERTIES

## INITIAL OFFERING

### Acquisition



The real estate partner and investment manager have acquired properties consistent with the investment philosophy of the Fund.

The portfolio currently consists of four U.S. “C” corporations owning 100% interest in pass-through entities holding the following properties:

#### THE PROPERTY

3163 Canada Court, Lake Worth, Florida

3150 Prince Drive, Lake Worth, Florida

4461 Medical Center Way, West Palm Beach, Florida

900 54th Street, West Palm Beach, Florida

#### THE TENANT

Recovery Unplugged Holdings, LLC

Palm Royal Behavioral Health, LLC

Holistix by the Sea, LLC

Allure Detox

#### LOAN TERMS:

- 65% LTV
- 4.35% Interest Rate
- 10- Year Term
- 300 Month full amortization

### Initial Capital Raise



Acquisition Price	\$14,397,262.34
Closing Costs and Fees	\$536,737.66
Project Costs	\$14,934,000.00
Loan Amount	\$9,334,000.00
<b>Initial Equity Raised</b>	<b>\$5,600,000.00</b>
Initial Shares Issue	560,000
Anticipated Annualized Return	12.14%

# THE PROPERTIES

## ADDITIONAL ACQUISITIONS



### Additional Property Acquisition Candidates

The Real Estate Partner and Investment Manager have financing in place for the identified additional two acquisitions with the following terms:

- 65% LTV
- 4.35% Interest Rate
- 10 Year Term
- 300 Month full amortization

In addition to the above mentioned two properties, The Real Estate Partner and Investment Manager will work in conjunction to identify additional properties that meet the investment criteria set forth in the Holdun Funds Real Estate Segregated Portfolio 01 Supplement - Medical Detox Centers fully leased to credit worthy tenants.

### Valuation Process

All property values are assessed using a combination of the three valuation approaches mentioned below.

#### SALES COMPARISON APPROACH

Compares recently-sold local properties, similar to the subject property. Price adjustments are made for differences in the comparable and subject property

**There is often few comparable properties given the niche nature of the portfolio**

#### CAPITALIZATION APPROACH

The NOI (net Operating Income: the annual amount you expect to make in income on the property, less expenses) is divided by the cap rate (yield) of the underlying property.

#### **NOI/Cap Rate = Property Value**

As part of the investment criteria, all properties within SP01 have a cap rate of 7.5% or lower.

#### COST APPROACH

Price paid should be equal to the cost to build a similar property.

**Cost of Land + Cost of Construction - Depreciation**

# THE PROPERTIES

3163 CANADA COURT LAKE WORTH, FLORIDA



## Property Overview

Purchase Price: \$6,024,554.88

NOI: \$420,065.52

Net Cap: 7.25%



## Domestic Financing

LTV: 65.00%

Loan Amount: \$ 3,867,500.00

Rate: 4.35%

Term in Months: 300

Monthly Payment: \$ 21,168.87

Debt Coverage Ratio: 1.65x



## The Tenant

### Recovery Unplugged Holdings, LLC

Recovery Unplugged® a national addiction care organization blazing a trail in the treatment of chemical and alcohol dependency, using the power of music to help patients heal from drug and alcohol addiction. Staff is made up of experienced and qualified addiction care professionals, as well as acclaimed songwriters and creative staff. Professionals such as Aerosmith's Stephen Tyler have come together to lend their expertise to a truly unique and effective recovery program.

# THE PROPERTIES

## PRO-FORMA & FEE STRUCTURE

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### The Offering

- In connection with this Offering, Holdun is seeking contributions for the Portfolio from Investors an aggregate amount of US\$17,000,000.00 (the “Second Offering Amount”)
- Prior to the Initial Closing Date of July 31, 2020, the 1,700,000.00 Shares are being offered at a price of US\$10.00 per Share.
- The Portfolio will purchase ownership interests in U.S. “C” corporations which will in turn own interests in multiple properties zoned and built-out to cater directly to the drug detoxification industry.
- The minimum initial subscription from any investor is US\$100,000.00 (or its foreign currency equivalent).
- The Portfolio will terminate on the 5th anniversary of the Initial Closing Date unless extended once only, at the discretion of the Directors in consultation with the Investment Manager, for an additional 3-year period.

# CoVID-19

## FUND UPDATE

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### Our Tenants

As market uncertainty spreads as a result of CoVID-19, traditional assets have experienced unprecedented volatility. Despite this volatility, the Fund has not experienced any negative impact from the Coronavirus pandemic and anticipates that any future impact as a result of social distancing protocols will be negligible.

Our tenants are currently near capacity across all Detox Centres, and there has been an uptick in demand for services over the last 30 days.

- All of our tenants' operations are recognised as "essential business" in the eyes of the Federal and State Governments. Therefore, they will remain in operation during state-imposed lockdowns.
- If staff members or clients within these facilities contract the virus, as a licensed healthcare facility, with an emergency order in place, our tenants can avail of federal funding, supplies, and additional staffing support.
- Current patient occupancy is at **97%**, which is an **18%** increase over the past month.

The bottom line, addiction certainly has not gone away. In fact, there may be an increase in demand for detox services as factors such as depression, financial stress, emotional stress, and most significantly isolation escalate as a result of the virus.

# CoVID-19

## FUND UPDATE

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### CoVID-19 Protocols for Tenants

Each of our facilities has implemented protocols for both **intake** and **continuing care** during the Covid-19 pandemic.

#### **Intake protocol**

- Offsite screening for Covid-19 along with a screening questionnaire in an effort to reduce the chance of introducing the virus into a facility.

#### **Continuing care protocol**

- Restricting non-resident entrance including suspension of family visitations
- Restricting vendor visitations
- Maintaining appropriate social distancing include 6-foot personal space observance, implementing a maximum of 10 residents per therapy group and stressing proper personal hygiene by all residents
- Thorough cleaning and sanitation of facilities and supplies on a regular basis
- Continued monitoring of all residents and staff's health for signs of Covid-19 symptoms
- Readily available cleaning supplies and hand sanitizer

In the unlikely event that a resident was to test positive, appropriate quarantine measures would be instituted, and medical treatment would be pursued as needed. Lastly, all facilities are located within 1 mile of a hospital if hospital care would be required. Remember, these facilities are staffed by medical professionals who are trained to respond to crisis situations.

# PORTFOLIO FEES

## MANAGEMENT & PERFORMANCE

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### Performance Fees

20% of capital gains on sale of properties above hurdle rate of 5% (the "Performance Fee"). The Performance Fee will be due only when the Portfolio exceeds its previous maximum Net Asset Value per Share, or what is known as its "high water mark".

Performance Fees are only due upon liquidation of properties in arms-length transactions to third parties.

The Performance Fee is divided equally between the Investment Manager and the Real Estate Partner. Incentive Fees will not be paid until Shareholders have received 100% of their invested capital.

### Management Fees

The Portfolio will pay the Investment Manager a management fee equal to 2% per annum of the Net Asset Value of the Shares of the Portfolio (the "Management Fee").

The Management Fee will be calculated on a quarterly basis (based on the Net Asset Value of the relevant Shares of the Portfolio as determined by the Administrator on the last Business Day of the relevant quarter) and will be payable quarterly. The Management Fee (as applicable) will be allocated pro-rata for partial periods.

Any new or existing Shareholder that subscribes for Shares at any time other than the start of a quarter will be assessed a pro-rated portion of the Management Fee (as applicable) with respect to such subscription.

# PORTFOLIO STRUCTURE

## FUND & TAX STRUCTURE

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### The Fund Structure

- The HOLT Funds SPC is a Segregated Portfolio Company (the “Fund”) intended to have multiple segregated portfolios each of which, constitutes a separate segregated portfolio of the Fund
- It is an open-ended exempted company registered as a Segregated Portfolio Company under the Laws of the Cayman Islands on April 2019
- The Holdun Funds Real Estate Segregated Portfolio 01 (the “Portfolio”) is a Segregated Portfolio within the Fund
- The principal advantage of a Segregated Portfolio Company is that it protects the assets of one Segregated Portfolio from the liabilities of other Segregated Portfolios under the Law of the Cayman Islands
- Each Segregated Portfolio will be separately valued and will have its own investment objectives and investment strategies
- The Fund may establish and offer an unlimited number of Segregated Portfolios
- Each Segregated Portfolio may incorporate a corporate structure specifically designed to avoid exposure to the 30% U.S. withholding tax

# ABOUT HOLDUN

## FIVE GENERATIONS

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### 5<sup>th</sup> Generation Business

Holdun, a 5th generation family business is comprised of Holdun Family Office, an award-winning international and independent Multi-Family Office, Holdun Wealth, Holdun Trust, Holt Accelerator, Holdun Corporate Services, Holdun Financial Services, Holdun Concierge Services and Holt Financial.

With a proud heritage that can be traced back 5 generations to industrialist and financier Sir Herbert Holt, Holdun is a company, bringing together 100+ years of combined expertise in the areas of family office services, wealth management, trust services and financial services

Founded in Canada by the Holt-Dunn family, growing over the past decade into a Multi-Family Office. Holdun has expanded its presence into the Bahamas, Grand Cayman and the United States and is controlled and managed by the Dunn family.

Holdun's mission is to assist all their clients, like they do their own family, in growing their assets, protecting existing wealth and preparing the next generation for the responsibilities they will assume in the future.

Today, Holdun is an international, independent, Multi-Family Office that helps your family, like they do their own, build wealth and security for generations. Holdun's heritage may be Canadian, but their outlook and approach are distinctly international.

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## HOLDUN

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