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Tokenized Transaction: Student Housing Projects in Fargo, ND¹

Acquisition Overview

Roers Development LLC (Seller) is marketing a portfolio of 3 student housing development (Project) in Fargo, North Dakota. The Project consists of 488 units and 917 beds and is expected to reach stabilized revenue of \$7.3 million in 2020 with \$4.5 million in net income. Seller has the right to accept or refuse an offer to purchase the Project, which primarily serves students at North Dakota State University (NDSU) for which Moody's has assigned Aa3 ratings to NDSU's Series2017A and 2017B bonds. Inveniam is raising approximately \$80 million to complete the acquisition of the Project, which Seller will continue to manage.

Project Overview

Project	Units	Beds	2020 NOI
TLofts	180	359	\$1,553,799
U32	233	420	\$1,764,863
SGC	75	138	\$1,155,086
Total	488	917	\$4,473,747

Project URL's

<http://www.roerspm.reslisting.com/t-lofts/index.aspx>
<http://u32apartments.com/>
<https://roers.com/project/sgc-apartments/>

		2019 Avg. Rent	Units	Beds
TLofts				
t1br1ba	1 bedroom 1 bath	\$ 90.4	43	43
t2br2ba	2 bedroom 2 bath	\$ 1,194	48	96
t3br3ba	3 bedroom 3 bath	\$ 1,498	40	120
t4br4ba	4 bedroom 4 bath	\$ 2,010	17	68
teff	efficiency	\$ 748	32	32
Total		\$ 1,183	180	359
U32				
U321br	1 Bedroom 1 Bathroom	\$ 885	31	31
U322br	2 Bedroom 2 Bath	\$ 1,199	39	78
U323br	3 Bedroom 2 Bath	\$ 1,594	15	45
U324br	4 Bedroom 2 Bath	\$ 2,175	8	32
U32eff	Efficiency	\$ 708	22	22
U321br	1 Bedroom 1 Bathroom	\$ 885	26	26
U322br	2 Bedroom 2 Bath	\$ 1,199	49	98
U323br	3 Bedroom 2 Bath	\$ 1,594	15	45
U324br	4 Bedroom 2 Bath	\$ 2,175	5	20
U32eff	Efficiency	\$ 708	23	23
Total		\$ 1,133	233	420
SGC				
sg1br1ba	1 bedroom 1 bath	\$ 855	16	16
sg2br1ba	2 bedroom 1 bath	\$ 1,056	37	74
sg2br2ba	2 bedroom 2 bath	\$ 1,191	18	36
sg3br2ba	3 bedroom 2 bath	\$ 1,585	4	12
Total		\$ 1,074	75	138
Total			488	917

Project Photos



U32



T Lofts



SGC

¹ This deal sheet is for informational purposes only. It is not an offer to sell partnership interest and is not a solicitation of an offer to buy partnership interest. Any such offer will be made only pursuant to an exemption from registration under the securities act of 1933 to "qualified purchasers" and "qualified institutional buyers" and only pursuant to final investment memorandum and subscription documents. If Inveniam determines in its sole, absolute discretion to offer partnership interests in the future, it reserves the absolute right to do so on terms and conditions it deems appropriate at that time which terms may be substantially different than those set forth herein.

Moody's on NDSU

"NDSU's Aa3 rating reflects the university's strong growth of flexible reserves providing sound coverage of debt and sound flexibility to absorb declines in state operating support. The Aa3 is further supported by NDSU's recognition as top research institution within its 5-state region with growing STEM programming and projections for continued solid student demand due to favorable demographics in the Fargo area." Source: https://www.moodys.com/research/Moodys-assigns-Aa3-to-NDSUs-Series-2017A-and-2017B-Bonds--PR_904089306

Cap Rates / Sales Comps

5.9% Cap Rates Q4 2017: "Cap rates on sales of student housing properties averaged 5.9 percent in the fourth quarter of 2017, close to the levels where they have hovered over the last year. That's down from 7.0 percent at the end of 2011, according to RCA." Source: <https://www.nreionline.com/student-housing/buyers-return-student-housing-sector>

Mid-Year 2018 Cap Rate and Prices per Unit / Bed: "Throughout the first two quarters of 2018, cap rates averaged 5.7%, in line with the historical lows observed in 2017 with several portfolio and core assets trading at sub 5%... 2Q18 saw record per unit pricing at \$226,490. Additionally, the price per bed average increased to \$76,773, a 13.8% increase over the same time last year." Source: http://www.aranewmark.com/assets/pdf/ARA_2q18-student%20housing-market-overview.pdf

\$108,747 / Bed Acquisition Cost: 5/31/18 Greystar acquisition of Education Realty Trust Inc. (NYSE: EDR) (\$4.6 billion price and 42,300 beds) Source: <http://www.studenthousingbusiness.com/latest-news/greystar-to-acquire-edr-in-4-6-billion-transaction>.

Implied value range for Roers portfolio based on the preceding bed / unit metrics is:

- 917 beds at \$108,747 / bed = \$99.8 million
- 917 beds at \$76,773 / bed = \$70.4 million
- 488 units at \$226,940 / unit = \$110.5 million

The value range, by asset based on various cap rates is:

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Operation Income									
Tlofts	1,401,611	1,463,555	1,553,799	1,610,123	1,618,928	1,678,105	1,739,884	1,803,124	1,869,116
U32	572,180	1,181,484	1,764,863	1,922,302	1,980,738	2,040,584	2,102,599	2,166,121	2,231,935
SGC	1,004,967	1,041,140	1,155,086	1,195,833	1,238,100	1,281,596	1,326,684	1,373,085	1,421,196
Total Operation Income	2,978,758	3,795,684	4,473,747	4,728,258	4,837,767	5,000,274	5,169,167	5,342,330	5,522,247
Value at Cap of: 5.90%									
Tlofts			26,335,573	27,290,220	27,439,466	28,442,456	29,489,662	30,561,425	31,679,931
U32			29,912,931	32,581,394	33,571,833	34,586,162	35,637,270	36,713,916	37,829,402
SGC			19,577,724	20,288,353	20,984,746	21,721,789	22,488,162	23,272,622	24,088,074
Total			75,826,228	80,139,966	81,996,044	84,750,407	87,612,994	90,547,963	93,597,407
Value at Cap of: 5.70%									
Tlofts			27,259,629	28,247,771	28,402,254	29,440,437	30,524,283	31,633,756	32,791,507
U32			30,962,508	33,724,600	34,749,792	35,799,712	36,887,700	38,002,123	39,156,749
SGC			20,284,661	20,979,523	21,721,053	22,483,957	23,275,150	24,089,205	24,933,270
Total			78,486,798	82,951,895	84,873,099	87,724,106	90,687,134	93,725,084	96,881,527
Value at Cap of: 5.50%									
Tlofts			28,250,888	29,274,963	29,435,063	30,510,998	31,634,257	32,784,074	33,983,926
U32			32,088,417	34,950,950	36,013,421	37,101,520	38,229,071	39,384,019	40,580,631
SGC			21,001,558	21,742,415	22,510,909	23,301,555	24,121,519	24,965,176	25,839,934
Total			81,340,863	85,968,327	87,959,393	90,914,073	93,984,848	97,133,269	100,404,491

Market Demand

This trade is **the first of its kind**: a large, multi-offering placement of real financial instruments in tokenized form, sold to crypto holders via Dutch auction. With crypto **markets currently on a downtrend**, this transaction offers crypto owners a **safe-haven instrument** that backed is by real assets like none other in the market today. In this time of **cryptocurrency volatility**, large crypto holders are **hungry for stable returns** from instruments that allow them to remain in the crypto asset ecosystem.



Dutch Auction

Tokens will be sold via Dutch auction, with crypto investors placing bids in terms of desired quantity, price, and fiat-to-crypto conversion rate. We believe that this three-dimensional auction structure—as opposed to the standard two-dimensional (quantity and price) format—will be perceived as novel in and suitable for the crypto market.

LP Formation

Inveniam Capital Partners will serve as General Partner (GP) and limited partnership interests will be sold via tokens purchased with cryptocurrency. Proceeds from the sale of tokens will be exchanged over a period of time into US dollars and provided to the seller.

Token Offering

In accordance with SEC Rules 144A and 506c, a private placement of digital tokens will be offered to a small number of Qualified Institutional Buyers and Qualified Purchasers (together referred to as “QIB”). Highlights of the offering include:

- *Ownership Entity:* Inveniam will serve as the General Partner (GP) of the LP that will make a loan to Roers. QIB's will become limited partners in the LP.
- *Token Custody:* initially, tokens will be held in a digital wallet owned by the LP.
- *Token Sale:* QIB's will purchase tokens Over the Counter (OTC) from the LP and hold them in digital wallets. Purchase may be made using fiat currency or cryptocurrency (BTC, BCH, or ETH). To be eligible to purchase tokens, QIB's must hold a pre-determined minimum of cryptocurrency and the minimum purchase amount will be \$500,000.
- *Due Diligence:* Standard AML / KYC due diligence will be required.
- *Cryptocurrency Liquidity:* Inveniam's partnership with leading crypto liquidity provider Grapefruit Trading will allow the LP to convert to US dollars and avoid cryptocurrency exposure.
- *Returns:* The underlying transaction and returns will be calculated in US dollars. QIB's may receive principal and interest return in fiat currency transferred to a bank account or in a digital wallet in the same cryptocurrency used to fund the initial token purchase. For cryptocurrency denominated payouts, the fiat/crypto ratio will be calculated at the prevailing exchange rate over a 10-day time period to reduce the potential for market disruption.
- *Reporting:* For the entire lifecycle of the tokens, information regarding the instrument construction, underlying assets and performance will be journaled in a distributed ledger in a cryptographically secure manner.
- *Liquidity:* With performance, title and documentation embedded in the token, the instrument will have portable and liquidity for the QIB, which will have the right to sell the tokens subject to GP approval and right of first refusal.
- *Fees:* Full fee disclosure is available on the [Token Trade Overview](#). On page two, the GP Origination Fee will be shared between Inveniam and any Broker Dealer bringing investors to the transaction.

Calendar / Working Group / Legend

<u>Date</u>	<u>Responsibility</u>	<u>Action</u>	<u>Notes</u>
February 2019	GP	Begin drafting LP documents	Work with Counsel to form LP.
February 2019	GP	LP Marketing	Present analysis and tokenization plan to potential QIB limited partners.
February / March 2019	GP / GT / Counsel / QIB	Tokenization Structuring / Marketing	Finalize LP and tokenization structure; solicit indications of interest from QIB's.
March 2019	GP / GT / Counsel / QIB	Complete Tokenization	