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Multi-family Housing Digital Financial Instrument¹: The Cape at Savona

- Investment History**
- *Promissory Note Date:* On February 15, 2018, Inveniam Principal Investing Mezzanine 1 Limited Partnership (“Inveniam”, “Lender”, “LP”) made a loan to Savona Parkway Apartments LLC (“Roers” or “Borrower”). An Inveniam affiliate serves as general partner (“GP”) of the LP.
 - *Use of Proceeds:* Roers utilized proceeds from the loan to acquire a 10-acre parcel which later was combined with a 10-acre parcel contributed by Roers’ financial partner, with each party owning 50% interest in a to-be-developed 320-unit multifamily project. Roers also utilized proceeds to fund typical developer expenditures including architectural, legal, governmental and planning expenses.
 - *Payment History:* Roers has made all scheduled monthly payments as agreed. Payments are based on amounts disbursed by Inveniam under the note, which now totals a balance of approximately \$3.3 million.
 - *New Capital to be Raised:* a minimum of \$4.5 million and a maximum of \$7.5 million. Closing of the investment is targeted for July 2019 in advance of the closing of the construction loan with Lake Michigan Credit Union, which has issued a final loan commitment calling for closing at the end of July. Inveniam will consider allowing a new investor to refinance the \$3.3 million Inveniam has advanced thus far.
 - *GP Compensation:* the GP is paid a monthly management fee of 15 basis points on payments made by Roers. Additionally, the GP will earn a fee of 2.5% on the successful refinance or repayment of the new capital invested.
- Asset Overview**
- *Project:* to-be-built 320-unit multifamily complex located at 1730 and 1822 Savona Parkway in Cape Coral on Florida’s Gulf Coast.
 - *Market Demand:* feasibility study estimates a need for 1,000 multifamily units per year for the next 5+ years.
 - *Developer:* Roers Development². Roers owns 50% of the project and has a financial partner that owns the other 50% of the project.
 - *Investment:* subordinated mezzanine note with 15% interest-only payments. 12-month maturity with 6-months of guaranteed interest. Secured by Roers’ equity in the project and personal guarantees by Roers’ principals until such time as a certificate of occupancy is issued. Lender is entitled to a 1x invested capital preference before any proceeds are distributed to Roers from any project refinancing, liquidation, or recapitalization. Lender will invest as a limited partner in a limited partnership (“LP”) in which Inveniam serves as general partner. The LP has loaned \$3.3 million to Roers and all documents are available for review upon request. Inveniam will earn a fee of 4% on the new capital loaned to Roers.

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.***

² <https://roers.com/>

Capital Stack

Construction Loan	33,530,000
Equity - Roers (50% Owner)	7,500,000
Equity – Financial Partner (50% Owner)	7,500,000
Roers Developer Fee / Cash from Operations during Ramp-Up	3,870,000
Total Sources	52,400,000

December 2018 Appraisal Summary:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	December 4, 2018	\$3,520,000
Prospective Market Value at Completion	Fee Simple	January 1, 2021	\$59,600,000
Prospective Market Value at Stabilization	Fee Simple	May 1, 2021	\$60,500,000



Investment Drivers

The investment is a tool for generating income from crypto holdings. For those who wish to remain long their crypto holdings, Inveniam will introduce potential sources of liquidity with borrowing rates expected to be significantly below the expected yield on this investment. For those looking to reduce crypto exposure in exchange for a more stable expected return, Inveniam will accept crypto investment into the LP. For traditional real estate and crypto investors, the market demand and developer expertise provide an attractive risk / return profile. Additionally, Inveniam seeks to provide secondary liquidity for this tokenized investment, creating potential flexibility in a traditionally illiquid market.

LP Formation

The loan is being made by the LP in which Inveniam Capital Partners will serve as General Partner (GP). Limited partnership interests will be sold via tokens purchased with cryptocurrency or traditional fiat currency. Proceeds from the sale of tokens will be exchanged over a period of time into US dollars and provided to the borrower.

Token Denomination

Each Token will represent \$50,000. The minimum investment is ten units of the Interests for \$500,000, subject to the General Partner's right to accept a lesser amount in its sole discretion.



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 own the Asset. QIB's will become limited partners in 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. 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:* the GP Origination Fee will be shared between Inveniam and any Broker Dealer bringing investors to the transaction.