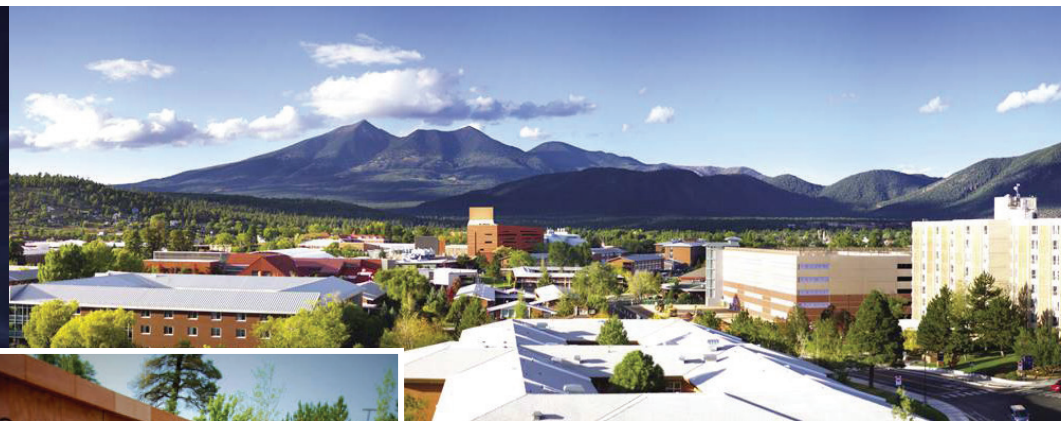
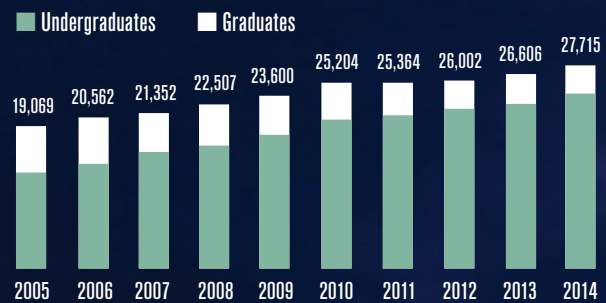


NORTHERN ARIZONA UNIVERSITY



FOUNDED 1899
 ENDOWMENT: \$136 MILLION
 TOTAL ENROLLMENT: 27,396
 UNDERGRADUATE: 22,322
 GRADUATE: 5,076
 IN-STATE TUITION: \$10,358
 OUT-OF-STATE TUITION: \$23,340

Fall enrollment yearly figures



ARIZONA Daily Sun

Board of Regents finalizes NAU 2025 goals

CORINA VANEK Sun Staff Reporter • Nov 26, 2015

The Arizona Board of Regents finalized the goals for the three Arizona public universities, including an enrollment increase for Northern Arizona University, at its meeting in Tucson last week.

In the list of goals highlighted by board vice president Chad Sampson, NAU's enrollment of graduate and undergraduate students would increase to 34,909 by 2025, which represents a 27.4 percent increase from the current total of 27,396 undergraduate and graduate students...

Read full article:
http://azdailysun.com/news/local/board-of-regents-finalizes-nau-goals/article_2a3d0b55-c4e2-54e7-8240-9227b1590594.html

ABOUT NELSON BROTHERS

Current Management Portfolio At-A-Glance:

Over \$300 million in Real Estate under Management
 24 Properties, Across 11 States
 19 Student Housing Properties
 More than 500 Investors

Nelson Brothers

STUDENT HOUSING AND ASSISTED LIVING INVESTMENTS

STUDENT HOUSING NEAR



COMMONS AT SAWMILL

901 S. O'Leary • Flagstaff, AZ 86001



TARGETED BENEFITS

- 7% 1ST YEAR CASH-ON-CASH RETURN
- ADJACENT TO NORTHERN ARIZONA UNIVERSITY CAMPUS
- NAU CURRENT ENROLLMENT: 27,390
- 99% CURRENT OCCUPANCY (PRIMARY COMPETITORS' OCCUPANCY: 99%)
- VALUE-ADD RENOVATION PLANS:
 - \$1.7M - \$2M Planned for Renovation (Lender Funded) for Amenity Upgrades, New Unit Development, Interior Renovation, New Clubhouse Development

ANCHORED BY THE HISTORICAL STABILITY OF NORTHERN ARIZONA UNIVERSITY

TIC STRUCTURE - 1031 ELIGIBLE



NEWLY RENOVATED EXTERIORS



CONTEMPORARY INTERIORS



BRAND NEW FINISHES & APPLIANCES

Nelson Brothers

STUDENT HOUSING AND ASSISTED LIVING INVESTMENTS

16B Journey, Suite 200 | Aliso Viejo, CA 92656
 (800) 580-1031



Nelson Brothers recently purchased and renovated 16-B Journey, a 10,000 sf office building in Aliso Viejo (South Orange County) to serve as company headquarters.

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Nelson Brothers and Emerson Equity LLC are not affiliated.

#SM1



WARM, INVITING EXTERIORS



DOWNTOWN FLAGSTAFF



STUDENT HOUSING

Nelson Brothers believes that students will pursue degrees from major universities regardless of the economic climate. The company's strategy is based upon that belief and contends that well-positioned properties can stay well-occupied and profitable even during an economic downturn. For investors, the target of this strategy is to help provide stable cash flow and diversification to assets that may be less correlated to the economy.



CLEAN, SPACIOUS LIVING AREAS



LAUNDRY IN UNIT



BEAUTIFUL, CONVENIENT LOCATION

PROPERTY SUMMARY

Commons at Sawmill is a garden-style student housing apartment in the heart of Flagstaff, AZ and within true walking distance to the NAU campus. Built in 1992 and extensively renovated in 2015, Commons at Sawmill is the closest privately owned student housing community to NAU. The property occupies 392 residents and 194 units.

Currently, 71% of NAU's 27,390 students live off-campus.

NAU recently received approval from the Arizona Board of Regents to increase enrollment to 34,909 students by 2025.

LOCATION

Nelson Brothers believes the key to past and future stability of Commons at Sawmill can be tied to the property's location; less than a block from campus. As the closest private housing community to campus, Nelson Brothers feels the property has a sustainable advantage that can help keep the property well-occupied, in high demand and well-positioned to capitalize on continued enrollment growth at NAU.

Also, due to the scarcity of develop-able near campus (there is a large cemetery between the North campus and Commons at Sawmill) Nelson Brothers believes the location allows us to potentially grow rents at a faster pace through planned renovations.

TARGET STRATEGY

With what Nelson Brothers believes to be an irreplaceable location in a strong and fast-growing market, that with the right strategic renovations and amenity upgrades, the property can offer a wide variety of potential benefits; stable occupancy, monthly cash flow, tax efficiency through depreciation and appreciation – all in one.

PROPERTY PROFILE

- Year Built: 1992, Renovated 2015
- Number of Units: 194
- Number of Beds: 392
- Net Rent Per Unit: \$1,829
- Building Structure: Garden-style, Three-story
- Parking: 392 slots, 1:1 ratio

OFFERING DETAILS

- Total Offering Price: \$42,085,544
- Total Loan Amount: \$28,300,000
- Investor Equity: \$10,085,544
- Loan-to-Value: 67.24%

LOAN DETAILS

(May be subject to change prior to close)
Acquisition and refurbishment loan. Non-recourse. 2 years with 2 one-year extensions. 615 plus labor. Interest only. 1 point origination fee. TIC structure.

TARGETED CASH-ON-CASH RETURN

ACTUAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
7.00%	7.00%	7.00%	7.10%	7.10%	7.20%



FLOOR PLANS

Bed x Bath	SF	Units	Beds	Total SF
Studio	405	52	52	21,060
2 x 2	810	86	172	69,660
3 x 2	1,200	56	168	67,200
TOTAL	814	194	392	157,920

VALUE-ADD STRATEGY

The growth strategy is three-fold. Further optimize and benefit from the new renovations completed in 2015 and the continued growth in demand for student housing. Nelson Brothers believes many of these renovations were added following the prime leasing period and see a potential opportunity to raise rents, just with the existing infrastructure.

Second, there is wide open space in the center of the site. Nelson Brothers expects the city to approve an all-new residential clubhouse. The goals would be to construct a state-of-the-art, best-in-market clubhouse complete with large Flat screen TVs, Xbox, pool table, modern lounging space, hot tub and leasing office. Further, Nelson Brothers is looking to add new townhome style units in the second and third stories above the new clubhouse.

Third, Nelson Brothers plans to re-purpose the current leasing office and clubhouse into revenue producing units.

In total, the current goal is to potentially add up to 30 new beds with 10 new units. Overall, Nelson Brothers is aiming to add close to \$500,000 in new revenue.



RECENT RENOVATIONS COMPLETED

- | Unit Interiors | Exterior |
|---|--|
| <ul style="list-style-type: none"> All new flooring New upgraded kitchen appliances New cabinet finishes | <ul style="list-style-type: none"> New exterior paint Brand new roof New stone veneer Upgraded landscaping New vinyl windows throughout |

PLANNED IMPROVEMENTS

- (Currently the property offers no amenities)
- 1 New clubhouse: Leasing office, flat screen TVs, Xbox, movie seating, pool table
 - 2 Re-purpose old leasing office into 2 revenue producing units
 - 3 Potentially add hot tub and social hang out space on vacant ground
 - 4 Potentially add new revenue producing units or fitness center on top of clubhouse
- Current Renovation Budget: \$1.7M to \$2.1M

Targeted Pro Forma Analysis*

Investor Equity	\$10,085,544
Revenue Growth Rate	3.00%
Expense Growth Rate	2.50%
Total Beds	392

	ACTUAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Operating Income	\$2,712,099	\$3,075,900	\$3,346,300	\$3,585,500	\$3,690,600	\$3,798,800
Total Expenses	\$656,496	\$657,400	\$788,770	\$810,859	\$833,569	\$857,198
Net Operating Income	\$2,055,603	\$2,418,500	\$2,557,530	\$2,774,641	\$2,857,031	\$2,941,602
Debt Service		(\$922,580)	(\$922,580)	(\$1,479,825)	(\$1,479,825)	(\$1,479,825)
Cash Flow After Debt Service	\$2,055,603	\$977,920	\$1,116,950	\$776,815	\$859,206	\$943,777
Projected Cash Return	7.00%	7.00%	7.10%	7.10%	7.10%	7.20%

*There is no guarantee the property will achieve these results. Actual results will vary, based on assumptions from historical performances and estimates of 3% annual revenue growth and 2% annual expense growth, which management believes are reasonable. Please review the Private Placement Memorandum for detailed risk factors to be considered and for details on financial targets.

For more information on the future events and circumstances that may cause actual results to materially differ from our assumptions, please review the section of the PPM under the caption "Risk Factors," including "Forward-Looking Statements."