



## USA Digital Technology Center 150,000 sf Class A Office Tower

**\$12,750,000**

### Series A, B, C Mortgage Notes due 2026

with

### Right to Exchange for Equity of the American Cryptocurrency Exchange (ACE)

Series	Rate	Amount (\$)	LTV ^	Priority	Exchange Right
A	1m USD Libor +40-50 bp Cap at 7.50%	6,250,000	46%	First	None
B	7y UST + 150-250 bp	3,250,000	70%	Second	1% of ACEx
C	7y UST + 250-400 bp	3,250,000	94%	Third	3% of ACEx

Note: 7y UST is 2.60% as of Jan. 11, 2019. ^ LTV is based on Pro Forma NOI using 8 cap rate.

HUTN, Inc. (the "Issuer") is contemplating offering \$12,750,000 principal amount of Exchangeable Mortgage Notes due 2026 (the "2026 Notes") in three series: \$6,250,000 Series A (the "Series A Notes"), \$3,250,000 Series B (the "Series B Notes") and \$3,250,000 Series C (the "Series C Notes"). The Series B Notes and Series C Notes, are exchangeable for an equity interest in the American Cryptocurrency Exchange (ACE). All 2026 Notes mature on February 1, 2026. Each of the 2026 Notes varies by rate, priority of payment, and exchangeability, as indicated in the chart above.

#### HIGHLIGHTS

- High and Low LTV investments / Tailored to Risk Appetite
- Exchange right for equity upside
- Low LTV Series A with Floater for Inflation-Protection
- Capital Improvements potential catalyst for value

#### TRANSACTION OVERVIEW

Total Amount	\$12,750,000	
Issuer	HUTN Inc.	
Mortgage Note Series	A. First priority and floating rate. Not exchangeable. B. Second priority and fixed rate. Exchangeable for 1% of ACE. C. Third priority and fixed rate. Exchangeable for 3% of ACE.	
Issue Price	To Be Determined; Minimum purchase \$20,000.	Purchase can be made with USD or Bitcoin.
Maturity	7 years.	
Call	Starting in 2 years at 102.50% and declining annually by .5%	
Coupon	Paid monthly on a 30/360 basis. Principal paid at maturity.	All interest and principal are paid in USD.
Yield	To Be Determined.	
Rating	Unrated.	
Collateral	First mortgage interest in property (described below)	
Equity Exchange	The Series B and C are available with an exchange feature that gives the holder a right to exchange for ACE.	
Registration	The securities are to be issued subject to an exemption from registration under Reg D or Reg S.	
Resale of Notes	Unless registered or sold per an exemption, the 2026 Notes and any common issued upon conversion may be sold only according to the resale provisions of Rule 144.	

#### USE OF PROCEEDS

The Issuer will receive \$12,750,000 proceeds from this offering. Proceeds will be used as follows:

- \$ 4,650,000 to redeem the prior mortgage
- \$ 5,465,000 for company marketing, operating and general corporate expenses
- \$ 2,500,000 for capital improvements to the property pledged as collateral
- \$ 100,000 interest reserve
- \$ 35,000 for expenses of the offering (the issuer plans to directly place the Mortgage Notes)
- \$ 12,750,000 total

#### RISK FACTORS

Investment in the 2026 Notes involves risk and is not suitable for all investors. It is important to review risk factors described in the offering memorandum.



## THE PROPERTY

Name:	USA Digital Technology Center
Type:	Class A Office
Gross Building Area (SF):	156,468
Rentable Area (SF):	147,115 SF
	Plus 2,300 SF on roof
Floorplates (SF):	15,000 SF
Construction:	Black glass and steel
Year Built/Renovated:	1980/2000
Pro Forma Gross Annual Revenue:	\$ 1,372,000 / NNN Master Lessee
	\$ 1,645,440 / From Sub-Tenants
	\$ 2,331,440 / Total
	\$ 1,700,000 NOI
Using 8 cap rate on Pro Forma NOI	\$13,600,000
2018 Appraised Value "As Is":	\$15,250,000 leased fee
	\$10,020,000 fee simple*
Replacement Cost:	\$18,000,000+
Tenant:	NNN Master Lease to HUTN, Inc.
Key Sub-Tenants:	Verizon, T-Mobile, Sirius XM Radio.
	EF Hutton, Vyrat Media



USA Digital Technology Center  
Springfield Ohio USA

\*MAI appraisal conducted by Jones Lang LaSalle, dated February 2018. Includes estimated value of all furnishings and fixtures of \$280,000. Appraised values are grossed up by \$2 million due to reflect the \$2 million reserve fund for capital improvements. Pro Forma Gross Annual Revenue is based on completed capital improvements.

The building is like a mini-Sear's Tower (Chicago). It is located in the center of the city and is the tallest and best-quality building for 50 miles NWE. It was constructed in 1980 by the same builder as the Sear's Tower and the Liberty Tower (New York). It was built by Skidmore Owings & Merrill (SOM) (See: [https://www.som.com/expertise/markets/commercial\\_office](https://www.som.com/expertise/markets/commercial_office)). It was used as headquarters of a Life Insurance company, which was later acquired by AON Corporation, a Fortune 500 company. The Issuer acquired the property in September 2016, when it was mostly vacant, for a price of \$8.2 million. The purchase was paid for with a combination of cash, a note and preferred stock. The building mortgage refinanced in February 2018 and the balance is \$4,650,000. The existing mortgage will be paid down from the proceeds of the offering.

The building is leased on a master lease at \$9.15 psf to HUTN Group Inc., parent of EF Hutton Inc. The building is sub-leased to high quality tenants. There is a 4,500 sf raised floor data center with uninterruptible power supply in the basement and rack space for over 1,500 tech company servers. With capital improvements of \$2.5 million, the Issuer intends to attract specialty users/sub-tenants as follows: (a) 2 Floors for multi-tenant turnkey offices ("Regus-like" space) – nothing like it for 30+ miles; (b) 3 Floors for disaster recovery offices – nothing like it for 60+ miles; (c) ground floor for specialty retail. These specialty uses will result in higher than market rents – estimated to average \$20 psf. A Bitcoin ATM is to be placed in the lobby. The goal is for fintech companies to make up 60% of subleased space and for 80% of local businesses to accept Bitcoin and other crypto currencies.

## MARKET FOR THE PROPERTY

The property is being marketed to financial technology companies that deploy modern tech such as blockchain. The property will include "turnkey" multi-tenant office space. This will be the first US property focused on cryptocurrency and other fintech business, a growing sector in the US.

- **Best Value in America.** The Digital Tech Center provides tenants the lowest cost to operate in high-quality space. By comparison New York rents are 10x higher; \$90 psf vs \$ 9 psf; Silicon Valley rents are over \$100 psf. Also, NYC taxes are more than twice the Ohio corporate tax rate; most other expenses are also higher by orders of magnitude. <https://www.statista.com/statistics/605986/average-class-a-asking-rent-manchattan-by-submarket/> <https://sanfrancisco.cbslocal.com/2016/09/19/silicon-valley-office-rent-menio-palo-alto-manchattan/>
- **Seed Money.** An affiliate of the Issuer, EF Hutton, will provide seed money to technology companies that qualify and move into the building.
- **Ohio Taxes Payable in Bitcoin.** 6 weeks ago, Ohio became the first state in the USA to accept Bitcoin for tax payments.

## EQUITY EXCHANGE RIGHT

The Series B Notes and the Series C Notes are exchangeable for equity of ACE. The Issuer's subsidiary, EF Hutton, is sponsor and 100% owner of a development-stage cryptocurrency exchange, described below.

**American Cryptocurrency Exchange ACEx** (<https://acex.us>). ACEExchange is a new development stage digital assets exchange. ACE that allows regulated entities to be members. The first brokers and advisors who become members receive equity interest in the exchange. The idea is that no one broker or advisor can succeed alone – but by joining together all members can create and benefit from key infrastructure for the digital economy. If not, the big global firms will monopolize the bulk of the economic opportunity leaving little for other firms. The target date for first trade is March 15<sup>th</sup>. This is the first exchange in the USA that is supported by a government entity. The State of Arizona has committed a package of economic incentives that are designed to help ACE grow. The US will be a big market for digital assets. In a foundational time like this, you should be holding ACEs.

## THE ISSUER

The Issuer and its subsidiaries are a holding company that owns HUTN Group Inc., the parent company of EF Hutton Inc., Vyrat Media Inc., Vibrant Mobility Inc., and Megga Inc. The holding company is a special purpose entity that exists only to hold ownership of the property and of its subsidiaries. HUTN shares are quoted OTC under the symbol "HUTN."

## CONTACT

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