



SwissRealCoin
THE SWISS REAL ESTATE TOKEN

WHITEPAPER 2.0

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| WHAT IS SWISSREALCOIN?

Game changing: The real estate market is one of the globally largest, but to our experience still very intransparent and inefficient industries. SwissRealCoin (SRC) commits to bringing real estate assets onto the Blockchain to revolutionize the real estate asset management and old-world transaction system by introducing transparency, data integrity and cost efficiency. We believe that the SRC is the most important use-case for real-estate on the Blockchain.

Solid Environment: The SRC shall be grounded on the solid economic and political environment in Switzerland. Swiss real estate has proven to be one of the globally most crisis resistant values. The SRC is directly linked to Swiss real estate assets, professionally set up by real estate and PropTech experts, and is compliant with the relevant regulatory requirements.

Growth Potential and Downside Protection: We believe that the the market price and the inner value of a SRC (which is based on the SRC real estate portfolio) should be closely linked to avoid volatility. If the market price of the SRC exceeds the inner value of the SRC by two times, the SRC smart contract therefore will issue additional SRCs at market price to increase the inner value (see below for details). With this mechanism, the SRC shall allow for high growth potential while limiting volatility and protecting downside. In addition, the reinvestment of the majority of the net rental income shall also continuously increase the inner value of the SRC.

***SRC aims to become the world's safe-haven
cryptocurrency and enables a technological
disruption in the real estate asset management***



| OUR MISSION: REAL ESTATE GOES BLOCKCHAIN

Benefit from the Blockchain Technology to increase transparency, data integrity and efficiency

It is our technological vision to bring real estate onto the Blockchain and to build intellectual property (IP) around it. In our view, due diligence costs due to asymmetric information during the transfer of ownership of real estate assets can be drastically reduced as the Blockchain technology provides permanent, non-corruptible and complete access to all information about the properties. Data integrity can massively increase efficiency for transactions.

Full transparency on the underlying properties

Each SRC holder shall benefit from the advantage of an improved asset management on the Blockchain. The mobile/internet dashboard will allow ready and permanent access to property data of the portfolio. Tenancy and vacancy, income and expenses as well as asset management achievements are trackable immediately and at all times.

PropTech 2.0

We introduce new standards by disrupting the real estate market using the Blockchain. A complete ecosystem, powered by programmable business processes in form of smart contracts, creates game-changing market opportunities for the real estate industry and modern proptech trends to follow.

| WHO ISSUES SWISSREALCOIN?

The SRC was initiated by a team of real estate and PropTech professionals in Switzerland. To revolutionize the real estate market, the team founded Crypto Real Estate Ltd in Zug, Switzerland. This company not only emits the SRC, but also develops intellectual property (IP) on operating and managing real estate on the Blockchain. The SRC portfolio shall allow for a disruptive showcase and paves the way to manage all real assets on the Blockchain in the near future. The Crypto Real Estate Ltd aims to generate profit by licensing the IP to other real estate owners and managers. In order to maintain a solid alignment of interest with SRC holders, 50% of the net profits produced via IP¹ will be reinvested in the SRC real estate portfolio, allowing SRC holders to profit of an additionally increased net asset value of the holdings.

¹ After proportional overhead costs



| IS THE CRYPTO REAL ESTATE TEAM ALIGNED WITH THE INTEREST OF SRC HOLDERS?

The distribution of profits ensures, in our view, a perfect alignment of interests between the management team and the SRC holders: 80% of the annual net rental income resulting from the real estate portfolio, which shall be acquired with the net proceeds from the ICO, shall be reinvested into additional real estate. This means that 20% of the annual net rental income will be allocated to the the Company and the Management Team: if the SRC holders profit, then the Company does, and vice-versa. The alignment is further cemented since 50% of net profits resulting from Prop Tech income will be assigned to the SRC portfolio and will increase the inner value of a SRC. There shall be no management fee and the compensation arrangements with the management will be fully transparent.

| WHAT DOES A SWISSREALCOIN LEGALLY REPRESENT?

A SRC represents a Swiss Law governed bond (German: "Anleihe") structured to fund the activities of Crypto Real Estate Ltd and the acquisition of the real estate. Most importantly, every SRC is directly linked to the SRC real estate portfolio via the exit mechanism (see below).

| THE 5 VALUE PROPOSITIONS OF SRC

1. Direct asset link, crypto decorrelation & exposure management

SRC allows participants a) access to Swiss commercial property which is known for its stability and resilience in times of crisis and b) to the PropTech developed by Crypto Real Estate Ltd. Crypto Real Estate Ltd plans to invest the net proceeds from the ICO in Swiss commercial real-estate. The exit mechanism (see below) shall ensure that the SRC is "asset linked".

The SRC smart contract (see below) shall ensure that the inner value of the SRC does not deviate too much from the market capitalization. This shall stabilize the market price of the SRC and prevent speculation. In particular, this shall ensure that value of the SRC is decorrelated



from other cryptocurrencies and a less volatile way to store crypto value without conversion back to FIAT currency.

2. Efficient and fully liquid investment in Swiss Real Estate

Classic direct investments in real estate are burdensome and often prone not only to intransparency but to high transaction costs of up to 4%² as well. Additionally, they often involve lengthy lead time to the exchange of title. Furthermore, direct investments often require large size holdings and bank funding and are illiquid by nature. Unlike traditional indirect real estate instruments, SRC shall offer full liquidity on the relevant market places and grant real time access to key information about the real estate (e.g. clear overview of occupancy rates, rent-free months, etc.). This is one of the key features of real-estate management on the Blockchain.

3. Access to the world's safe-haven

Switzerland stands out for its solid economic fundamentals in international comparison. Positive GDP growth, very low unemployment, a stable and liberal government, and a very low debt-to-GDP ratio ensure a prosperous environment. The strong and continuous Swiss hub for innovation in the FinTech sector provides the right pool of talent. The historic stability of Switzerland and its real estate is driven by prudent local regulators creating the basis for trust and integrity which help protecting market participants' interests. Switzerland is the right place for the SRC because

- A. The Swiss real estate market is one of the most stable markets worldwide (see also section in the appendix)
- B. Switzerland with its Crypto Valley provides the perfect innovative and legal setting
- C. Switzerland offers access to one of Europe's top talent pools

4. Disruptive technical vision: Real Estate belongs onto the Blockchain

Crypto Real Estate Ltd. is an innovation lab determined to disrupt real estate transparency, data integrity and efficiency standards with a real-life case study and future IP revenue streams. Most importantly, we believe that the SRC real estate portfolio will be a positive show-case and will lead to a disruption in real estate management. SRCs features are fully transparent for participants and shall ensure an alignment of interest between asset manager and SRC holder. SRC will enable a fully remote self-managed and decentralized platform to run and manage real

² Source: JLL



estate portfolios on the Blockchain. This will be achieved by using the right combination of cutting edge technologies that have recently emerged and are transforming financial and real estate reality.

“Mia* will revolutionize real estate asset management.”

– Yauhen Yakimovich, CTO and Co-Founder

**Mia is Crypto Real Estate Ltd's Blockchain real estate robot and stands for "Monitoring and Investment Assistant and shall provide investment recommendations and automated valuation models with data-driven (explained) insights into the market value of managed assets as well as monitoring, prediction of yield performance, sustainability and amortization of managed assets. Further insights into our vision of a technological disruption is available later in the paper but also published in a separate documentation.*

5. Professional team with top track-record and a strong network; fully compliant with Swiss law

As the traditional type of economy is reshaping its form, money will flow into crypto, for speculative purposes or investing in new business models. SRC aims to become the first real estate linked cryptocurrency that is fully compliant with Swiss law and regulations. We intend to follow a prudent and sophisticated real estate strategy and command over an extensive network of relevant market players with direct access to decision makers, superior operating partners and service providers. A brief factsheet of the real estate strategy is provided in the appendix. The team behind SRC stands for the highest standards, integrity and professionalism and has the necessary real estate and PropTech track-record to deliver success.

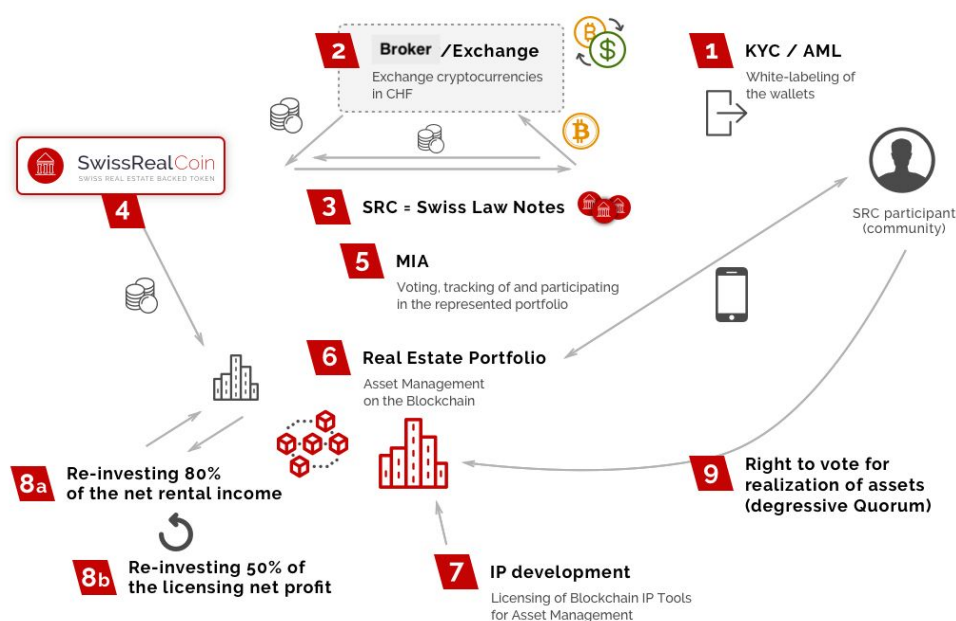
| HOW DOES SRC WORK?

Note: This is indicative only and can be changed by Crypto Real Estate Ltd for any reason without notice. The final structure will be described in a prospectus to be published in connection with the sale of the SRC.

- SRC will be an on Ethereum based crypto token (ERC20) and shall allow distributed primary investment, as well as secondary investments through presence on international coin exchanges.
- The proceeds of the SRC ICO shall be allocated to Swiss commercial real estate assets (c. 92% of the net proceeds) and be used for the development of the IP (c. 5% of the net proceeds). The remaining c. 3% of net proceeds shall be used to cover expenses and for general corporate purposes. Potential investors should note that the investments in real estate may be leveraged by bank loans (which will rank senior to the SRC and will likely be secured by e.g. mortgages).



- 80% of the net rental income and 50% of net profit from intellectual property (IP) licensing will be re-invested into further real estate; therefore, the inner value of the SRC shall grow steadily.
- SRC shall be issued as a perpetual subordinated non-interest-bearing bond.
- The SRC shall give token holders the right to vote on proposals for the acquisition of real estate (via a veto right) and vote on a disposal of the real estate portfolio.



1. KYC/AML	- Guarantee of compliance with applicable regulations - Providing state-of-the-art KYC/AML	6. Real Estate Portfolio	- Swiss commercial properties (no residential due to 'Lex Koller') - Value add strategy - Asset management on the Blockchain
2. Brokerage FX Risk Management	- Exchange of cryptocurrencies from Pre-ICO into CHF at start day of ICO, if at least the equivalent of CHF 30m has been committed, afterwards (or whenever CHF 30m commitment level has been reached) on a daily basis until end day of ICO - Mitigation of FX risk with appropriate hedging strategies at a later stage	7. Development	- Development of Blockchain, PropTech tools and software for a more transparent and efficient real estate management - Licensing of Blockchain IP tools for asset management to 3rd parties
3. SRC Issuance (ICO)	- Creation and distribution of SRC tokens at ICO for public, resp. for shareholders, friends/family and family offices at preferred terms - Participants buy SRC, pay with crypto or FIAT - SRC as Swiss Law Note	8a. Reinvestment of Rental Net Income	- Reinvestment of 80% of the net rental income - Portfolio shall constantly grow, hence the inner value of every SRC token shall increase as well
4. Acquisition	- Identification and acquisition of real	8b.	- Reinvestment of net profits from IP licensing



of Real Estate	estate to build a profitable use-case for Blockchain real estate management - Alignment of incentives via reinvestment of net rental income and net profits; no fixed fee or change	Reinvestment of IP Licensing Income	(50%) into real estate
5. Dashboard (MIA)	Meritocracy/Democracy with Acquisition Voting Right: The community has the right to reject acquisition opportunities - Display of key property data and performance measurements - Tracking and participating in the represented portfolio	9. Termination Voting Right	- Right to vote for realization of real estate assets with initially 80% majority - De-vesting period of 12 months in case of positive vote

Tokenomics: Voting right for the community and less volatility

The SRC token implements two properties for the SRC community (“tokenomics”):

➤ Voting rights give decision power to the community

Providing decision power leads to a strong involvement of the SRC holder community by giving them a) voting rights for the acquisition process of the properties and b) the right to vote for a full termination (“exit”) of the assets of Crypto Real Estate Ltd. 100% disposal of the real estate assets; exact repartition according to final terms and conditions of the SRC).

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a) Acquisition Decision Right

Each SRC holder receives the Acquisition Decision Right to vote whether a certain property shall be added to the portfolio or not. The Head of Real Estate together with its future real estate team presents suitable acquisition opportunities to the Real Estate Experts Committee (short “REEC”, please also refer to the section “Team” in this document) and prepares an acquisition proposal. Upon preliminary positive approval by the REEC, the opportunity will be published on the MIA whereon the community can exercise their voting right. The community has the decision power to actively decline/reject the allocation of funds into the object during 5 business days after the publication. If a majority of the votes (>50%) are either positive or non-partaking, the acquisition process is triggered (i.e. a majority of one or more SRC holders holding more than 50% of the SRC is required to reject a proposal). Note that by defining non-partaking in the vote as tacit approval, we want to incentivize the community to exercise their rights diligently, since contribution is a vital part of a democracy.



b) Termination Voting Right

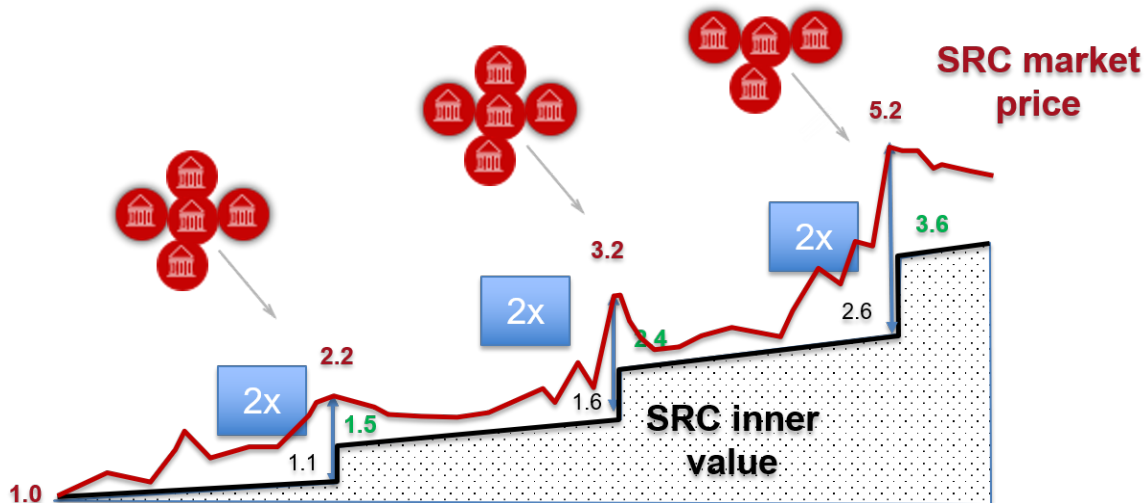
The Termination Voting Right comes into effect once the proceeds of the first ICO are allocated to at least 80%. The decision requires at beginning a majority of 80% of all participants ("Quorum"). The Quorum is degressive by 2.0 percentage points with every completed year after initial vote and remains from the 8th year at 66% (each SRC grants one vote). The SRC smart contract will allow for a vote each year between the 1st and the 23rd of December, but only if at least 10% of SRC tokens asked for a vote.

➤ Less volatility by increasing inner value at rising prices

We assume that the inner value of the SRC forms a natural lower barrier for the SRC market price. The basic assumption is that any price correction with the SRC falling below its inner value will correct itself, as this represents a chance to acquire a right to participate in the liquidation proceeds at a discount once the inner value is realized in a Termination. Rational SRC holders are expected to use their voting rights to realize the inner value of the SRC, should the SRC for a long time be traded below its inner value.

While there is no price growth limitation, the following mechanism shall ensure that the inner value grows in line with the market price: An independent accredited appraiser (which is expected to be one of the big four audit firms) shall determine the inner value of the SRC on a semi-annual basis. In addition, an external algorithm shall permanently monitor the market price of the SRC on major exchanges and compare the market capitalization with the inner value. If the market capitalization of the SRC exceeds the inner value by two times (i.e. when a "Gate" opens), Crypto Real Estate Ltd. will issue additional SRC at the market price either (a) for a period of 72 hours or (b) (if earlier) until the amount of SRC outstanding as at the beginning of such offering has been doubled. This is intended to increase the inner value of the SRC. The proceeds from issuing additional SRC shall be invested in additional real estate.





WHAT IS OUR TECHNOLOGICAL VISION?

Crypto Real Estate Ltd. is an innovation lab determined to disrupt real estate efficiency standards. SRC is a very important Blockchain use-case and real-life case study and will generate future IP revenue streams. Building a professional real estate portfolio on the Blockchain is the most central component to attain SRC's goal of positively disrupting the real estate industry. Our vision is to:

- **Create radical transparency**

The real estate sector often lacks transparency. Commissions and fees as well as other relevant information, in some cases even the transaction prices, remain undisclosed. JLL's transparency index (www.jll.com/GRETI) ranks Switzerland with regards to market fundamentals as semi-transparent. Out of this in-transparency costly disincentives are born, one example being that with increasing volume, fees increase thus incentivizing overestimates of the real estate values and misaligning interests of management and shareholders. If company managers buy overpriced real estate, impairments at the expense of its shareholders need to be made.

We believe that "Mia" will bring transparency into the opacity.

- **Ensure data integrity**

Quality data is a scarce good in the real estate sector – incomplete and incorrect data not only hinders accurate valuations but renders them, in our view, best guesses. The importance of data-based decision taking cannot be emphasized enough when stakes and costs are as high as in the real estate sector. Informational asymmetries are



prevalent in transactions and interactions, giving rise to a market for Lemons in Akerlof's sense which in turn creates the need for trusted third parties (the market for lemon describes the situation where the selling party has an informational advantage and that in this situation the buyer will always overpay for the good he gets.)

If data integrity and data readiness was ensured, fair transactions can be reached. We believe that "Mia" will allow for exactly this by ensuring the quality, integrity and availability of real estate data.

- **Realize efficiency gains**

IN our view, the reality in the real estate sector today is inefficient in two different ways. During transfers, due diligence is time consuming, since all the data needs to be collected and examined manually. If data integrity and availability are ensured, A.I. and Big Data procedures will be used to automate the process. Another time-consuming activity are valuations, which usually suffer from inaccuracy due to lack of complete information. Given data integrity, they will be automated and data-driven, thus be more accurate, saving time as well as eliminating human bias in the process.

"Mia" shall realize unseen efficiency gains by providing these tools with the data required.

- **Enable access to Blockchain real estate technology combined with an investment in a Swiss real estate portfolio**

Real estate investments come with heavy obstacles for small investment sums, i.e. are infeasible without a lot of capital, due to the fact that transaction sums are high and information on property is not available for the retail investor. Fractional ownership of a property difficult and complex, and the next-to-kin investment is a traditional REIT which usually have high entry barriers as well. Once the coin is tradeable, SRC and "Mia" will enable everyone to take data-driven investment decisions and participate in the returns on real estate only subject to their own economic constraints.

| HOW DO WE REALIZE OUR TECHNOLOGICAL VISION?

IN SHORT

To see our vision become reality, we will:

- **Disrupt real estate asset management standards with "Mia"**



Real time monitoring of key performance indicators (KPIs) of the commercial real estate can be performed using analytical dashboards. “Mia” (Monitoring & investment assistant) is an example of such a dashboard built on top of a successful real estate asset management system and proposed to provide a high degree of real-time transparency. The way “Mia” operates and adds value is twofold and driven by the different types of data we collect, i.e. maintenance and market data. On the one hand, Crypto Real Estate Ltd’s properties shall be ‘Smart Properties’, that is, they will be equipped with sensors to continuously measure maintenance data, such as energy consumption, environmental parameters (air, water) and infrastructure parameters i.e. heating data. Machine learning-based predictions and applications of AI (convolutional neural, recurrent and deep belief networks) trained on our smart data will replace simple probabilistic “Expectation of Failure” approaches to yield vastly improved forecasts. The automated micro-management of all the components shall reduce costs significantly, while informing the management consistently and offering slice-and-dice data illustrations for strategic decisions. Valuations can be based on these exact intrinsic properties of the real estate and “Mia” thereby offers an alternative to the more market based, extrinsic, models.

On the other hand, we intend to collect market data such as anonymous customer flows through retail properties to combine it with third party data in order to provide businesses with valuable insights. An example is exact customer paths through the retail store with a high time resolution for the company to combine it with their sales data, enabling them to optimize.

- **Create/be the real estate data trading platform**

By storing the data on the Blockchain, for some data formats IPFS addresses, we will create a holistic real estate information platform whereupon third party contributors can offer their services or buy information with SRC and thereby further increase the SRC’s liquidity in the market.

- **Disrupt real estate data standards with our partner elea lab**

Data can be extremely costly, when it comes to data availability and integrity. Together with our technological partner **elea labs Ltd.** we are developing a distributed real estate ledger for a full history of transactions, occupancy rates, rental income, building repairs etc. We intend to revolutionize the data availability and integrity for real estate transaction management and lower significantly the due diligence costs for both seller and buyer.



More in-depth explanations and information can be found in our separate technical whitepaper (soon to be published on our webpage).

Licensing of the IP to other real estate companies and businesses as well as the access fees for third parties shall generate revenue. Based on our current projections, we believe that we can expand globally by the year 2020.

Where is PropTech 2.0 going to?

Effective functioning of commercial real estate depends on how it is managed. Good management uplifts the real estate value and its long-term performance significantly. The complexity of the business processes involved in the full value chain of real estate (like acquisition and management) require multiple parties, each providing costly human expertise and expensive IT solutions. Unfortunately, in our view, such business processes and the real estate industry as a whole often still stick to either archaic pre-digital practices or remain as largely disconnected islands of data and APIs.

We see a huge market opportunity to create a new ecosystem powered by programmable business processes in form of smart contracts on the Blockchain. An ecosystem that allows the development of a fully remote self-managed decentralized platform for real estate on the Blockchain. Such a challenging task involves using the right combination of cutting edge technologies that have recently emerged and are transforming financial (#fintech) and real estate (#proptech) realities.

Among other these are:

1. **Machine learning-based predictions and applications** of AI (convolutional neural, recurrent and deep belief networks) trained on GIS-, Smart- and Big datasets for learning of:
 - a. **Automated valuation and appraisal models** with data-driven (explained) insights into the market value of managed assets
 - b. **Monitoring and prediction of yield performance** as well as sustainability and amortization of the managed assets
2. **Algorithmic and social investment**
3. **Applications of computer vision (CV)** using data from photogrammetry and 360 degree video capturing for scanning and modelling of buildings into smart 3D “blueprints” of corporate, retail, business and community spaces in form of tangible visualizations for augmented and virtual “walkable” spaces, as well as interaction with high-quality imagery and video data.
4. **Internet of Things (IoT)**: Network of smart devices and sensors (like locks, elevators or heating systems) providing data for digital “passport” of the building.
5. **Exploration and visualization of data:**



- a. Natural language interface to databases (e.g. [“friendly data”](#))
- b. Advances in human-machine interaction as speech recognition, text-to-speech synthesis and modelling of natural language semantics.
- 6. **Projection of real estate portfolio into virtual reality (VR)**, such as planetary maps and programming of mixed-reality infrastructures.
- 7. **Blockchain ecosystem of smart contracts** with intrinsic utility value such as:
 - a. Automated and fee-free payments between tenant and landlord
 - b. Automated/indexed rental contracts (e.g. “Referenzzinsanpassung” in Switzerland)
 - c. Automated and instant data-room provision for a potential real-estate transaction safety due to impossibility to alter data.

Any technical vision that benefits from integrating of the above into PropTech is clearly demanding. The implementation requires careful planning, diligent execution by a top-talent team and well-secured strategic partnerships.

Which Blockchain is used by SRC?

While names as Bitcoin and other cryptocurrencies have become active topics of mainstream financial interest, the foundation for these technologies are laid in cryptographic algorithms implemented as open source code and inheritably auditable. Elegant mathematical proofs, the open design of the system and fair incentivization of the participants has led to a safer and secure ecosystem called Blockchain.

Blockchain is a technology based on an open public ledger, where chains of transaction blocks are linked cryptographically. This creates logical structures, referred to as Merkle trees, sensitive to minute attempts to modify them. A ledger built on Merkle trees is extremely secure. Blockchain must remain fairly distributed in order to stay fraud-tolerant. And it should be relatively costly to do something harmful on the network. The system is not centrally owned by anyone and is maintained by the wide community of stakeholders as developers, miners and users, i.e. scaled up by people that benefit from it in exchange for service or payment. Arguably, the Blockchain can enhance, replace, but most importantly, improve work of existing institutions of trust if properly implemented and accepted by the society or business.

Multiple competing Blockchain systems and solutions favoring some aspects of the design and features over others are being continuously researched and developed. A smart contract represents a convenient way of generalizing some of those features into programs that have the ability to interact on the Blockchain. While systems like Bitcoin have minor scripting abilities, Ethereum offers one of the most sophisticated frameworks to run smart contracts as distributed applications. Therefore, SRC runs on the Ethereum Blockchain.



Due to its properties, such smart contracts on distributed ledgers can be used for a wide variety of applications, such as:

- tracking ownership or the provenance of documents,
- digital assets,
- for financial services (e.g. ICO),
- physical assets,
- voting rights,
- secure encrypted Big Data processing.

The ability of Ethereum Blockchain to support smart contracts makes it a platform of platforms or an ecosystem with its own sustainable economy, also called “tokenomics”.

SwissRealCoin: Smart contracts for the management of commercial real estate on the Blockchain

Automation of business expertise

Transparency and efficiency are the founding principles of communication with the SwissRealCoin community of token holders, which are the clients and primary participants of the economic process. For that reason, the project is set up in a fashion where token holders, Research & Development (R&D) and Real Estate (RE) experts can work closely together.

We are convinced that bringing real estate onto the Blockchain will start with giving a broader public access to investment opportunities into real estate. Our entrepreneurial and engineering commitment is focused on using clever combinations of existing off-chain and new on-chain technologies to provide management and investment services to SwissRealCoin holders as of today. The ultimate goal is to automate the provision of such services by means of AI, which is developed by the Crypto Real Estate Ltd.

Operational portfolio and acquisition pipeline

Crypto Real Estate Ltd's team of experts is responsible for preparing listings of potentially attractive properties before they become part of operational portfolio. The outlines of acquisition



plans for potentially interesting commercial real estate properties can be browsed by the token holders using the Mia portal (see Mia: management & investment assistant). Such a carefully selected and curated proposition list forms what is called the “acquisition pipeline”.

Real estate property is purchased and operated by in-house specialists which have first-hand access to apply the developed software for their needs. Our real estate experts can reach out to IT operations (also in-house) and help with development of software products. This allows the company to organize the in-house communication as a fast and direct process, which is an essential component of any technological innovation. All operations are fully monitored by the token holders that can provide valuable feedback to real estate and proptech teams.

Management before ownership

Today, commercial real estate ownership and governance is mostly the domain of big corporations and institutional investors. Distributed ownership and governance require a distributed technological platform and it starts with opportunities for decentralized investment.

On the one hand, regulation and interaction with institutions governing real estate ownership is slow and complex. Ownership or tokenization of the real estate like changing of the title (i.e. selling a house on the Blockchain) is an intuitive and easy to imagine use-case of Blockchain applications, but without wider acceptance and the necessary legal framework (e.g. without having land registry fully on the Blockchain) this practice remains an experimental part of ongoing development limited to special cases. On the other hand, smart asset management of real estate with the goal to achieve efficient income yields is a PropTech relevant technology that belongs onto the Blockchain and can be used already today.

“What gets measured gets managed”

Peter Drucker (2010)

Mia: management & investment assistant

A drop in effectiveness of commercial real estate operation, which will ultimately lead to the inevitable loss of value, is easy to miss. Real time monitoring of key performance indicators (KPIs) of commercial real estate can be performed by using analytical dashboards. Mia is an example of such a dashboard. It builds on top of a successful real estate asset management system and is purposed to provide a high degree of real-time transparency. It depends both on a multidimensional data profile as well as the ability to analyze, visualize and browse data details in form of a rich user experience application.



Lean Canvas		Monitoring and Investment Assistant (MIA)		29-Jan-2018
				Iteration #3
Problem <i>Top 3 problems</i> (1) Investment into real estate is not transparent and relies on intermediaries and experts. It is a largely archaic and disconnected marketplace that requires a lot of trust. (2) Decisions on real estate asset management have to be delegated - lack of mechanism of direct control or insightful decision making for investors. (3) Decentralized autonomous AI investment management on the blockchain can be a solution but requires access to reliable data sources for decision support that are mostly offchain or very unique.	Solution <i>Top 3 features</i> (1) Social investment and management is decentralized on the blockchain using smart contracts and require less trust. (2) Investment can be delegated to AI recommendations. Explanation and visualization of data is unique and rich enough to allow human reinterpretation. (3) Marketplace of information services by third-parties.	Unique Value Proposition Mia is not just another analytical dashboard but an ultimate marketplace for commercial real estate with real-time virtual "gamification" of the investment experience	Unfair Advantage (1) Unique data and intelligence (D&I) (2) Self-managing prescripting AI ("Recommendations on what to do") (3) Ecosystem of smart contracts as a marketplace	Customer Segments <i>Target customers</i> (1) Holders of SwissRealCoin (SRC) tokens (2) Third-party players like RE experts and agencies that offer their information services on the marketplace of smart contracts (3) RealEstate funds that either seek for capital or consume services on the marketplace through Mia
Cost Structure <i>Customer Acquisition costs, Software development costs, Cloud Hosting, Blockchain gas, etc.</i>		Revenue Streams (1) SRC holders spend tokens to pay for information or to commit to group investment decisions (2) Third-parties spend SRC to publish their services (Smart contracts and decentralized apps).		
PRODUCT		MARKET		

As a piece of typical software for asset management of real estate portfolios, Mia shares some similar functionalities in terms of which operational data is shown to the holder of the SwissRealCoin (see Table 1: Mia's main activities and functionalities).

Core Activity	Assets & Providers	Functionalities & Services
Import Data	Accounting/Bookkeeping	Accounting Data Financial data (Valuation) Operating Costs
Export Data	Asset Management	Asset history & analysis Asset planning & proposals structural component micro management Timeseries
Property management	Controlling	Vacancy & Tenancy Management Budget planning Cash Flow Analysis Debit & Credit Account comparison
Prognosis & Cashflow	External Partners	Asset Performance Reports Asset structure information (Renovation Costs) Ratings
Rating	External Property Management	Asset Data Contract Data
Planning	Market Data	Credit development Interest rate development Market Development
Asset management	Portfolio management	Investor Information Management Information Performance & Investment Proposal Reports with arbitrary aggregation Reports with arbitrary time Resolution
Reporting	Property management	Invoices Market rents comparisons

Table 1: Mia's main activities and functionalities



Mia is run and maintained by IT and real estate experts from Crypto Real Estate Ltd. For every SRC holder, the SRC token is required to gain access to Mia (user role “investor”). This user role can browse through most of the key reports and has access to all the data that is required to evaluate efficiency of the management at three levels: portfolio, asset and single property. There is also access to relevant market data or other analytical data. Each data component has a traceable fingerprint on the Blockchain, published by Crypto Real Estate Ltd.

Based on portfolio management software tools (and equipped with all the important functionalities for that) Mia 1.0 is also a portal for crypto investors which distinguishes it from the traditional products. Mia does provide browsing and map search functionalities where one can, with a few clicks, review properties that are already operated by Crypto Real Estate Ltd., which is informative for token holders not only from a governance perspective. In future versions, we intend that SRC token holders can support Crypto Real Estate Ltd. operations with managing activities by interacting with RE properties, e.g. if the holder commits his token to boost the performance of individual properties (see “*Rewards and risks of social investment and Early insights into the platform “blueprint”*” in the soon published SRC Technical Whitepaper).

SwissRealCoin token and CryptoRealEstate protocol

SwissRealCoin follows into Ethereum’s footsteps to become another decentralized platform or tokenomics in its own right. Our goal is to bridge the virtual economy of the Blockchain with the real-world property management and investment opportunities.

The on-chain part of the project is built on Ethereum. It consists of a family of smart contracts coded in the [Solidity](#) programming language and is deployed on the Blockchain to run on the Ethereum network.

One of the contracts implements [ERC20 standard](#) and is called SwissRealCoin (SRC) token. Among other functionalities, this token will work as a special form of smart settlement or credit points that can be used to pay for services and operate within the ecosystem of other smart contracts. Smart contracts of the CryptoRealEstate (CRE) protocol are programs that constitute the utility ecosystem, which essentially binds the SRC token to the tokenomics rules of the protocol. Although features of an ownership transfer (for non-fungible tokens [ERC721](#)) and an identity management ([ERC725](#) and [ERC735](#)) are currently in early stage, they can also be potentially included into the developed Blockchain platform. The envisioned primary goal of the



ecosystem is to allow SRC token holders to manage, vote, access property data for asset management and perform investments. It is expected that the SRC token rarely acts as medium of settlement outside of the protocol, which renders it to some extent an utility token.

The **CRE protocol** can grow and openly evolve over time with other smart contracts being added into it to provide additional relevant information services for token holders or to trade relevant data.

The off-chain part is initially implemented as hybrid between client to web-services on centralized SaaS cloud infrastructure and decentralized App interacting with the Ethereum Blockchain. The main purpose of this part of the project is to enable monitoring of the underlying managed assets in a fully transparent manner as well as to allow holders of the SRC token interacting with the protocol (see Mia: management & investment assistant).

Finally, Crypto Real Estate Ltd. pro-actively reports the relevant signals of the performance of the underlying managed assets directly to the Blockchain by calling respective methods of the contract.

| SWISSREALCOIN TOKENOMICS

Managing by investing

One of the excellent examples of Ethereum being a platform of platforms is the possibility to run ICO campaigns (“Initial Coin Offering”).

The Ethereum foundation is known for applying the logic of how a typical software engineer would solve the problem. This is a new kind of thinking that may, at first glance, seem strange. As everything revolutionary it may take time until its benefits will reach wider acceptance. The Blockchain is built by principles of software engineering which makes it very different from existing financial systems. The smart contract revolution has been propelled by the need to “reuse what already works” (read - [How to vote safely with ERC20 token](#)) or by “[being pragmatic following the trial and error path](#)” until things are engineered to work in robust and scalable manner”. We believe that the concept of distributed autonomous organization (DAO) is extremely powerful, but it remains an abstraction without carefully selected business processes programmed into the protocol of the tokenomics ecosystem. Diligent execution by a team of



experts and a disruptive transparency by means of data integrity are the key elements for radical competitiveness in efficient market.

And that is what is truly exciting about progress. Smart contracts are a programmable form of “smart money” and more, as long as the “more” part of the additional functionality acts integral within the code of the contract. Crypto Real Estate Ltd. applies the Blockchain concept and the smart contract technology to devise a new kind of property management protocol. The goal of the SRC token is to become integral to every managing activity of the CRE protocol.

Expectations for the token properties

Just like the Blockchain, the tokenomics is not an entirely new concept. There are good examples of community driven economies that have been proven as both useful and successful business models (e.g. [WIR Bank](#) in Switzerland - economical concept since 1934). The major difference with any tokenomics on the Blockchain is the great challenge to bridge real world services and assets with digital precision of the virtual world management.

One of the obvious solutions is to simplify interactions with real world services and assets by digitizing or (in the Blockchain relevant terms) by “tokenizing” them. As the result, every asset or service can be mathematically mapped to a corresponding digital counterpart inside the CRE protocol. This allows the SRC token holders to interact with such projected counterparts using trustless computation process. For convenience, some of the automated business processes involving settlements or legally binding obligations are programmed within smart contracts. In that sense, the definition of tokenization of real estate properties is very different from the case of other Blockchain platforms where token holders can e.g. retain fractional ownership.³

The smart contract of SRC token is responsible to act as the currency of the economics within the CRE protocol. SRC can be transferred between other token holders or deposited within the contracts of tokenized properties (i.e. commercial properties and complexes in Switzerland) depending on the needs of the programmed business process.

Tokenization: Every operated real estate property (i.e. commercial building or complex in Switzerland) undergoes a form of standard digitization process. The result of such process is as follows:

- Every property gets a corresponding unique token ID, which is mapped to the land registry⁴.
- Each property token refers to basic property information such as location, construction year, etc.

³SwissRealCoin does not support [ERC721](#), since it is not practically feasible yet, but each RE property does have a unique [uint256 _tokenId](#).

⁴ In Switzerland this can differ per Canton, so we define a one-to-one map to EGID



- Each property token refers extended property information that can be interpreted within the developed Blockchain platform: tenant IDs, performance stats (KPIs), operational strategies and related business documents.

As soon as a property is successfully tokenized, SRC holders can interact with it on the platform.

Tokenomics: The smart contract of the SRC token is responsible to act as a voucher scheme of the economics within the CRE protocol. Tokens can be used for voting or be deposited within contracts of tokenized properties depending on the needs of the programmed business process. Going forward, we can imagine that the functionality of a SRC can be complemented by various functionalities. Subject to compliance with applicable laws and regulations, such functionalities might include:

- SRC tokens can be accepted by Crypto Real Estate Ltd. as a form of voucher for rental services (using smart contract address of the tenant)⁵
- The Crypto Real Estate Ltd. can use SRC as a form of voucher for renovation maintenance costs to providers of such services (using smart contract address of the service provider).
- SRC tokens can be accepted by Crypto Real Estate Ltd. as a voucher for smart settlement (using a smart contract address of a new owner) to complete the execution of the liquidation plan of the portfolio (confirmed by the majority of token holders - also see [Voting rights gives decision power to the community](#)).
- In addition to the basic data subscription, which comes with the SRC token ownership, holders can perform optional data purchases from Crypto Real Estate Ltd. or other providers to perform the relevant market insights and predictions using Mia - a client application financed by SRC holders and developed by Crypto Real Estate Ltd. to access the decentralized platform of the CRE protocol (see - *Mia: management & investment assistant*).

This list of business processes is illustrative only and can be continued. It shows that, in our view, the CRE protocol can function as an efficient ecosystem.

Voting rights provide decision power to the community

Another important feature that provides decision power is designed to lead to a strong involvement of the SRC holder community by giving them a) voting rights for the acquisition

⁵ The CRE protocol's smart contract enables SRC token to act as rent vouchers and be accepted as "credit points".



process of the properties and b) the right to vote for a full termination (“exit”) of the assets of the SRC portfolio (100% disposal of the real estate assets⁶). Both functionalities are legally bound community rights. See above for details on the needed quorum etc.

The Termination right by voting of token holders is designed as follows:

- Voting is only possible after a 80% of initial funds are invested. The notary must then enable voting.
- The Termination Voting Right comes into effect once the proceeds of the first ICO are allocated to at least 80%. The decision requires at beginning a majority of 80% of all participants (“Quorum”).
- The Quorum is degressive by 2.0 percentage points with every completed year after initial vote and remains from the 8th year at 66% (each SRC grants one vote).
- The SRC smart contract will allow for a vote each year between the 1st and the 23rd of December, but only if at least 10% of SRC tokens asked for a vote.

The very first version of the developed smart contracts of the SRC token comes with full support of the vote functionalities governing community voting on the level of the SRC portfolio.

| HOW DOES THE VALUE OF AN SRC INCREASE?

• Added value by active asset management

The SRC real estate portfolio focuses on commercial properties located at central locations in Switzerland. The team of SRC aims to add value by active asset management (value add strategy includes repositioning of a property, re-letting or refurbishment). Targeted yield is min. at 4.5% by p.a. incl. leverage on asset level. In the appendix, a description of our real estate strategy is provided.

• Re-investment of net rental income

80% of net rental income after all operational cost are paid will be re-invested in Swiss commercial real estate which will have a growth impact on the inner value of the SRC portfolio. The inner value will be calculated at least bi-annually by an external independent appraiser and will be published on the SRC Website and in the SRC Cockpit.

⁶ exact formulation according to prospectus



- **Participation in IP licensing and software fee**

The initiators of SRC commit to increase the transparency and efficiency of real estate asset management by using Blockchain technology. The company behind SRC, Crypto Real Estate Ltd, strives to develop valuable intellectual property and generate income by consulting third party real estate owners and asset managers and by licensing out the generated intellectual property to other real estate asset owners.

To let the SRC community participate in the income, 50% of the net profits of software licensing and IP fees of Crypto Real Estate Ltd are re-invested in Swiss commercial real estate for the SRC portfolio.

- **Higher market demand**

Higher market demand, as shown above, can raise the market price of SRC and might lead to a market price which is no longer in line with the inner value of a SRC, which is linked to the SRC real estate portfolio. However, the issuance of additional SRC when a Gate opens (see above) shall ensure that the inner value of each SRC grows if market prices increase: the issuance of new SRC tokens raises new capital and allows for additional real estate acquisitions for the SRC portfolio.

The inner value of a SRC shall grow thanks to value creation by asset management as well as reinvestment of the profits from rental income and IP licensing & software development.

| HOW CAN I BUY SRC?

Note: This is indicative only and can be changed by Crypto Real Estate Ltd. for any reason without notice. The final structure will be described in a prospectus to be published in connection with the sale of the SRC. No tokens will be available for purchase before a prospectus has been published.

SRC Pre-ICO / ICO amounts and discounts

Pre-Reservations: SRC tokens will be privately sold to shareholders, “friends & family”, partners and early SRC community members at a **discount of 25% (for up to 25'000'000 SRC)**, of **15% (for up to 50'000'000 SRC)** and of **7% (for up to 75'000'000 SRC)**.



ICO: SRC will be sold to all participants during the official ICO period (for up to max. 150'000'000 SRC).

Further Tokens: Up to additional 7% of the SRC sold in the ICO (i.e. 7% of up to 150'000'000 SRC) can be allocated to Crypto Real Estate Ltd. team partners, advisors and to individuals or companies referring others to invest in SRCs.

“Gates”: Should the SRC market price reach 2 times the inner value of a SRC, the smart contract will open a “gate” and additional SRCs are issued (matching maximally the number of already issued SRCs)

When is the Pre-ICO / ICO taking place?

We announced SRC at the Crypto Finance Conference in St. Moritz, Switzerland, on the 19th of January 2018. From end of February 2018 we accept non-binding and indicative reservations for SRC at preferred conditions. The public ICO is scheduled to start in May 2018, subject to the receipt of letter of no action of FINMA, the Swiss market authority.

Where can I subscribe for / buy SRC?

For the subscription and reservation, you can register on our official website (www.swissrealcoin.ch). The instructions with regards to the ICO will be published on our website.

The (reservation) payments will be made via an escrow account of a registered Swiss notary on a cold storage of the Escrow agent for cryptocurrency and on an account at Graubündner Kantonalbank bank for FIAT money. Soon the FIAT money will be deposited at the Swiss bank Neue Helvetische Bank.

What is the soft cap?

The soft cap is set at the equivalent of CHF 30 million. Should this minimum threshold not be reached in the ICO, you will be reimbursed with your investment (after transaction costs, incl. any potential negative interest). Reimbursements will be made in the same currency as the investment has been made.



Is there a hard-cap?

Yes, at the first SRC ICO **maximally 160'500'000 SRC** (150'000'00 plus max. 7%) are issued. However, new tokens can be released at future SRC Offerings if a "Gate" opens (see above) or once 80% of the via the ICO generated capital has been invested. Note that there shall be no capital dilution when additional SRCs are created after the ICO due to the fact that the via additional SRC generated new capital resources are invested into more real estate, which should increase the inner value per SRC.

SRC token price

The issue price of one SRC is foreseen to correspond to CHF 1. SRC will be sold at a discount to early participants that made a reservation during pre-ICO period.

SRC supply and SRC repartition

A maximum of 150'000'000 SRC will come onto the market during the ICO. More tokens are created for future SRC offerings e.g. when Gates open. From the initial ICO proceeds, c. 5% of the total SRC sale will be used for the development of the software and Blockchain tools and 92% will be allocated into real estate. The remaining c. 3% of net proceeds shall be used to cover expenses and for general corporate purposes.

Trading

After the ICO, SRC is intended to be traded on trusted centralized or decentralized platforms (such as Binance, the 0x ecosystem, etc.) and Etherdelta. Frequent updates will be announced.



| WHAT IS OUR ROADMAP?

Q2 2017	Idea Creation & Concept
Q3 2017	Founders & Team Search
Q4 2017	Business Plan / Legal
January 19	Public Announcement & Start Registration Phase
March 1	\$SRC Reservation Phase
March	Start Roadshow
May 23	Start ICO
June 13	End ICO
June	Start IP Development & Sourcing + Acquisition RE
October	Investor Dashboard 1.0 Live
2019	GermanRealCoin
2020	EuropeanRealCoin
2021	UK, Japan, Russia, South Korea
2022	Middle East
2023	Brasil, China, Venezuela
2024	Global Real Estate (+ US, CAN)



WHO IS STANDING BEHIND SRC AND THE CRYPTO REAL ESTATE LTD?

The SRC is issued by Crypto Real Estate Ltd:

SRC Core Team



Brigitte Luginbühl | CEO & Head Real Estate

- Swiss Real Estate Expert
- Former Vice President of Jones Lang LaSalle Ltd Switzerland with a strong track record of >10 years in real estate corporate finance and real estate M&A
- Excellent market knowledge and real estate network; strong skills in valuation and transaction management
- BA and MA in Economics Business Administration from University of Zurich, Switzerland



Yauhen Yakimovich | CTO & Head Blockchain and PropTech

- Highly-qualified tech entrepreneur and software developer with a strong track record of more than 18 years of experience.
- Strong PropTech background (CTO at PriceHubble Ltd)
- 2011-2016: University of Zurich research specialist in explorative data mining (BigData analysis, machine learning, statistical and mathematical modeling)
- Degree in software engineering (Dipl. Eng.), computer science (MSc.) and mathematics (Jacobs Bremen University)



Sarah Jordi | CMO & Head PR, Communication & Marketing

- Previously Senior Marketing Manager at Uber Switzerland & Europe for 4.5 years
- Launched Uber in Switzerland and supported city launches in DACH the rest of Europe
- Acquired over 500k Uber users and over 10k drivers in Switzerland
- BA in Journalism and Corporate Communications





Andrea Stöhr | CLO & Head Legal

- Partner of law firm Nievergelt & Partner in St. Moritz, previously at Homburger in Zurich
- Strong expertise in real estate transactions and real estate based litigation
- Executed first bitcoin transaction for real estate in St. Moritz, Switzerland
- Attorney-at-law with degrees both from the University of Lucerne and Columbia Law School of New York
- Co-Founder of the Crypto Finance Conference in St. Moritz, Switzerland



Yannick Gutierrez | Digital Marketing & Social Media Manager

- Previously online community manager and Migros
- Launched social media & digital marketing strategy at Edamama
- BA in social sciences, MSc in communication science
- Crypto finance enthusiast & investor



David Haab | Analyst

- 4 semesters Physics, B.A. Economics UZH
- Ongoing MA. Banking & Finance
- Previously research assistant at the Swiss National Bank, working student at Credit Suisse
- Blockchain enthusiast



Board of Directors & Advisors



Prof. Dr. Thorsten Hens | Member of the Board Crypto Real Estate AG

- Director of Institute of Banking and Finance at University of Zurich
- Professor of Financial Economics and lecturer at Master of Advanced Studies in Real Estate CUREM at University of Zurich
- Founder of the UZH spin-off firm Behavioral Finance Solutions, which assists financial firms in developing and implementing investor profiling methods
- Habilitation, PhD (European Doctoral Programme) and Diploma in Economics all from Bonn University



Dr. Christoph Caviezel | Member of the Board of Crypto Real Estate AG

- Attorney-at-Law, has been CEO of the Mobimo Group since 1 October 2008 and directly manages the Purchase and Divestment
- Dr. Caviezel has worked in the real estate sector since 1986.
- He spent several successful years as CEO and member of the Board of Directors of a listed Swiss real estate company and sits on the Investment Committee of the Investment Foundation for Overseas Real Estate in Zurich
- Member of the Board of Graubündner Kantonalbank, Chur



Dr. Alexander Reichhuber | Member of the Board of Crypto Real Estate AG

- Tech-Investor and entrepreneur
- Co-founder and managing partner of BAUWENS digital, an investment company in the property and real estate technology sector
- Partner of Berlin Technologie Holding (BTH), a German based Holding and Private Equity firm. BTH focuses exclusively on investments in technology and technology-enabled businesses
- Vice President of Sevenval, a frontend expert since 1999
- Doctor of Philosophy (PhD) and Business Administration





Dr. Tobias Reichmuth | Member of the Board of Crypto Real Estate AG

- Co-Founder and Chairman of Crypto Finance AG
- Initiator/President of the Board at Crypto Finance Conference St. Moritz
- CEO and Founder of SUSI Partners AG, a EUR 800mn FINMA regulated asset manager in Zug/Zürich
- Director of Sustainable Sarl, a Luxembourg based infrastructure investment manager which is CSSF regulated
- Former Strategy Consultant at Boston Consulting Group
- MSc in Business Administration from University of St. Gallen HSG and dissertation at European Business School EBS



Yury Melnichek | Technology & Software Development Advisor

- Angel Investor & Tech Entrepreneur
- Founder and investor of several Tech Companies focusing on neural networks and computer vision
- Former software engineer at Google and system architect at Ebay.
- Founder of maps.me – a free mapping app that currently has more than 90M of users. Sold to Mail.Ru.
- Founder of AIMATTER, a company specialized in neural networks and computer vision, sold to Google.
- Born in Belarus, living in Zürich, working in Zürich and Minsk.
- M.S., Computer Science from Belarusian State University
- Mathematics and Computer Science at BSU Lyceum



Marc P. Bernegger | Investor & Advisor

- Crypto (2012), Fintech (2010) and Serial Web (1999) Entrepreneur
- Founding shareholder and Board Member at Crypto Finance AG
- Co-Founder of Crypto Finance Conference in St. Moritz
- Co-founder at Finance 2.0
- Advisory board at FinLeap, general partner at Next Generation Finance Invest (Ayondo, Oanda, ...)
- Aged 20, Marc founded usgang.ch (trade member of the board at Falcon Private Bank sale to Axel Springer) and he is a founder of amiando (awarded by the World Economic Forum as 'Global Technology Pioneer'; trade sale to XING).
- Marc was awarded as '100 most successful people under 40 in Switzerland' by BILANZ





Olga Vorobyeva | ICO Marketing Advisor

- Founder and CEO of Iconised Ltd, an integrated Blockchain marketing agency
- Decentralised Autonomous Organisation Association (DAOA) Vice President
- Swiss Blockchain and FinTech Ecosystem builder
- SwissBorg Head of Marketing, PR and Community Management
- Co-founder and CMO of Zash, a fintech start-up
- Master of Science (MSc), Economics, Moscow State University of Economics, Statistics and Informatics (MESI)

Real Estate Expert Committee



Dr. Patrick Adenauer | Member of the Real Estate Expert Committee

- Co-owner and Managing Partner of Bauwens GmbH & Co. KG
- Co-founder and Managing Partner of German American Realty Partners
- Member of the Supervisory Board of DuMont Mediengruppe GmbH & Co. KG and other companies
- Doctor of Philosophy (PhD), University of Cologne
- Executive Program 2018 at Singularity University



Dr. Christoph Caviezel | Member of the Board, Crypto Real Estate Ltd

- Attorney-at-Law, has been CEO of the Mobimo Group since 1 October 2008 and directly manages the Purchase and Divestment
- Dr. Caviezel has worked in the real estate sector since 1986.
- He spent several successful years as CEO and member of the Board of Directors of a listed Swiss real estate company and sits on the Investment Committee of the Investment Foundation for Overseas Real Estate in Zurich
- Member of the Board of Graubündner Kantonalbank, Chur



We are proud to work with trusted partners

- Validity Labs** for technical partner: implementation token mechanics
 Trusted and renowned Swiss Blockchain technology consulting and development firm with highest quality and security standards based in Zug with best-in-class Blockchain developers and software engineers.
- Reamis Ltd** for technical partner: asset management
 reamis® is the first “Digital Real Estate Platform” for Asset- and Portfolio Management. Complex Real Estate processes are simplified, and properties are enriched with important context-sensitive data. reamis offers unlimited reports, reliable valuations, extensive benchmarking, predictive real time planning and advanced analytics. Up-to-date and available at your fingertips.
- elea labs Ltd** for technological partner Blockchain software development
 elea is the first digital property dna® in the world. The owner of a property will be able to transform the property dna into a digital token. The property token® lays the foundation for emerging Blockchain based ecosystems that will offer new business opportunities like smart contract-based insurances, peer 2 peer transactions and other services.
- SUSI Partners Ltd** as sustainability advisor
 An EUR 800mn FINMA regulated asset manager in Zug/Zürich, specializing in infrastructure investments. It seeks to invest in sustainable energy infrastructure with a focus on renewable energy, energy efficiency, energy storage, and grid infrastructure. Energy efficiency upgrades can have a very positive effect on the value of real estate assets.
- On the legal side, the legal compliance is coordinated by **Nievergelt & Partner**, a renowned law and notary firm in Grisons, Switzerland. They operate as escrow agent for the crypto transactions. Additionally, we are advised by a **large Swiss law** firm with more than 150 lawyers in Zurich, Geneva, Lugano and Zug.
- Neue Helvetische Bank** is our trusted **Swiss bank**. In Liechtenstein, we have with Bank Frick a second banking partner.
- Our **strong real estate and proptech shareholder: BAUWENS digital** - our lead investor - is an investment company in the property and real estate technology sector. They back exceptional founders with a strong



execution-oriented mindset and a great ambition to build sustainable champions. They empower with capital, entrepreneurial support, industry know-how and access to top-tier clients. **Swiss Finance & Property AG** is a specialised Swiss investment and advisory property company, founded in 2001, with a focus on asset management. They are one of our major shareholders and leverage their broad network and deep expertise in the Swiss real estate market.

- **Independent appraiser** and real estate advisor will be one of the Big 4 (e.g. **EY**, **Deloitte** or **KPMG**) and announced soon.
- **Iconised Ltd** an integrated marketing agency. Have proven success providing marketing and PR services to 7 ICOs, helped to raise over \$ 100 mln.

We are part of the relevant networks in proptech and crypto

- Member of **Bitcoin Association Switzerland**, an active community of enthusiasts with regular events, try to resolve open legal questions, and educate the public by providing a contact point for media inquiries.
www.bitcoinassociation.ch
- Member of **SwissPropTech** - Innovation in Real Estate. The association bridges the established real estate industry with innovative real estate startups in and around Switzerland. www.swissproptech.ch



| WHAT ELSE?

Eager to get more information?

Please send us your questions – we are looking forward to answering them all. In the meantime, please find below some of the main FAQ:

QUESTION

ANSWER

Why do you need tokens? Where is the advantage compared to traditional REIT assets?

- Higher tradability and liquidity than traditional (often non-listed) real estate instruments
- Counterparty tradability on decentralized trade platforms with much lower transaction costs
- token investors are familiar with Blockchain and support moving real estate portfolio on the Blockchain

Why are you reinvesting into the funds instead of paying dividends?

- By re-investment, the inner value of the token increases. The goal is to create a stable token which increases in value. Additionally, in our experience, in many jurisdictions, dividend payments trigger taxes, capital gains don't. However, potential investors are urged to consult their own tax advisors as to the tax consequences of acquiring, owning and disposing of SRC.
- While some ICOs on ERC20 plan to distribute to wallets connected to a token, we believe that this brings complexities. It's more straight-forward to re-invest (and likely also more tax-efficient).



Crowdfunding platforms provide choice of projects and regular dividends, you obviously do not provide this. Why should I invest in SRC then?

Rather than paying out dividends, the proceeds of rental income is re-invested. Additional efficiencies are expected to be materialized by bringing real estate assets onto the Blockchain. Most importantly, with SRC you have full transparency and no counterparty risk and - that's an informed guess - lower fees and additional income via the IP licensing. Finally, liquidity and tradability is likely higher with SRC than with crowdfunding. You can also vote if a certain property shall be added to the portfolio or not. Furthermore, the token holders have the voting right for liquidation.

How are the assets linked to Blockchain real estate tools, are there any specific initiatives for efficiency gains?

In the coming years, real estate asset management will be massively impacted by the use of the Blockchain. For transactions, a Blockchain based application as a Property DNS, that records and safely stores all relevant financial information of the rental, vacancy, capex etc., can massively increase the efficiency by reducing the DD effort and/or lowering the insecurity. The real estate sector is typically very traditional i.e. not an early adaptor for new technologies. Crypto investors are ready and accept the usage of the Blockchain. This is why we strive to innovate and implement an innovation lab for the real estate asset management for our portfolio. We start with a dashboard where SRC holders can monitor the performance of the portfolio at all times.



The Blockchain Technology

Introduced in 2008-2009, Blockchain is a concept of an open distributed ledger allowing secure decentralized transactions. It consists of blocks linked by applying a cryptographic function to each one of them consecutively creating a verified chain of ledger modifications. Use of cryptography in the links ensures that each ledger modification is unique and secure. The Ethereum platform builds upon Blockchain technology to create a transactions ecosystem based on smart contracts. Smart contracts are programs executed autonomously in the Ethereum decentralized ecosystem ensuring compliance of all parties involved. It is an environment allowing for complex predefined interactions between users exchanging value for custom crypto tokens.

Switzerland has a strong Blockchain community and ecosystem, known as Crypto Valley. In fact, the Ethereum software project itself started in early 2014 as part of a company based in Switzerland - Ethereum Switzerland GmbH. The Ethereum foundation - currently governing Ethereum technology development has its legal base in Switzerland. Beyond Blockchain, Switzerland is a solid and continuous hub for innovation in the FinTech sector and provides the right pool of talent.

Our Real Estate Strategy in Short

- **Core+ and value-added strategy:** buy impaired asset, rapidly turn the asset by active asset management
- **Moderate risk** – existing assets at A-locations with a single correctable impairment
- **Repositioning** of property, re-letting, refurbishment
- The property portfolio is valued with **DCF methodology**
- **Active asset management** to ‘manufacture’ core, stabilized assets
- **Diversified portfolio** of mid-market, pan-Swiss real estate assets with defensive institutional qualities
- **Focus on commercial sectors** (office, logistics and disruption-proof retail such as F&B)
- **Significant value creation** and capital appreciation

Key Attributes

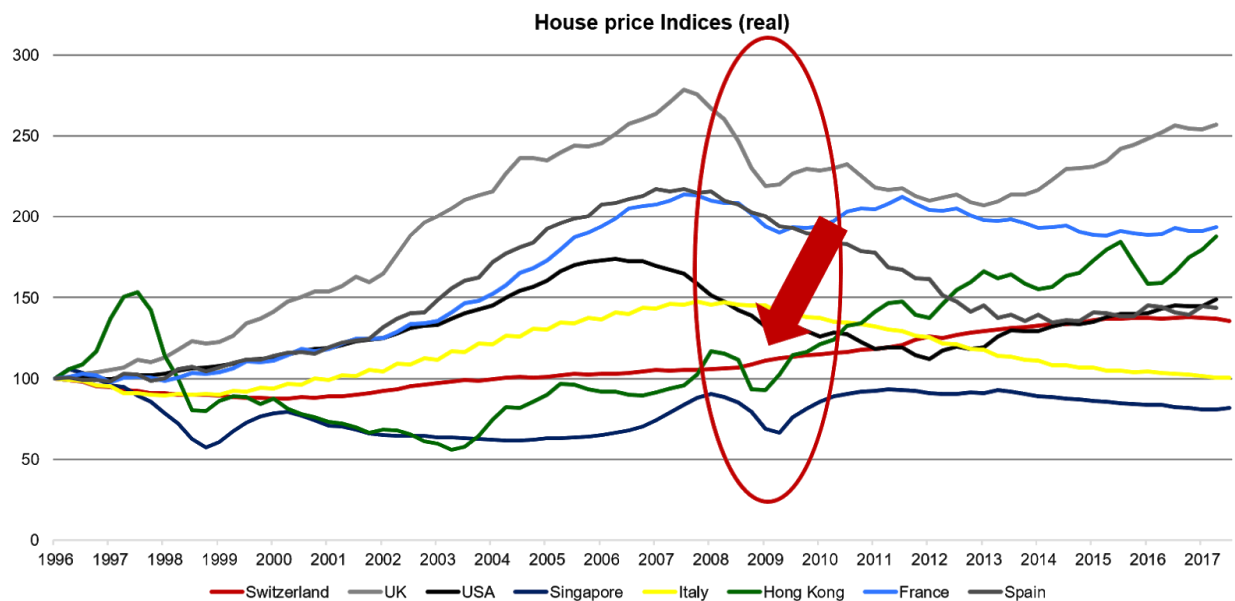
- Initial target size of CHF150m; up to 50% leverage on asset level
- Deal sizes of CHF 10m-20m per asset
- Projected yield: 4-5% p.a. (net to token)
- Perpetual structure with multiple liquidity features
- A flexible structure to allow the re-investment of capital efficiently within the same vehicle



Why Real Estate in Switzerland? Because it's a Stable Market.

One country stands out as exceptionally stable in real estate market dynamics - Switzerland. For decades, the Swiss property market has shown continual resilience through economic downturns making it a unique asset class and ideal for de-correlating portfolio returns. We believe that the stability of Switzerland and its real estate is driven by prudent local regulators creating the fundamentals for trust and integrity protecting market participants. Positive GDP growth, moderate unemployment and a very low debt-to-GDP ratio ensure a prosperous environment.

Swiss property has shown continual resilience even through economic downturns making it a unique asset class ideal for de-correlating portfolio returns



Source: Datastream, JLL

Brokers, lawyers, and banks have long been part of the real estate ecosystem. In the near future, cutting out the intermediaries will, in our view, result in buyers and sellers save on commissions and fees charged. This also makes the process much quicker as the back-and-forth between the middlemen gets cut. Blockchain may soon shift their roles and involvement in real estate transactions. We see the following possible future shifts in real estate management and investments: New platforms could assume functions such as listings, payments, and legal documentation. Through the Blockchain, participants would simply have to access a trading app to buy and sell even fractions of tokens. Typically, investments would



require significant money upfront in order to acquire property. As tokens, real estate can be readily traded. The transparency can also trim down all associated costs with real estate transactions.

Legal Considerations

Regulatory Framework

It is envisaged that the Crypto Real Estate Ltd. qualifies as an operating company engaged in business activities within the meaning of Art. 2(2) lit. d. of the Swiss Collective Investment Schemes Act ("CISA"). As mentioned, the Company will primarily engage in generating know-how and intellectual property on how to manage real estate on the Blockchain. The Company intends to confirm the final structure of the SRC and the non-applicability of the CISA with the Swiss Financial Market Supervisory Authority (FINMA).

The SRC will be sold by way of a public offering in Switzerland and private placements to qualified investors outside of Switzerland and the United States of America in each case in compliance with any applicable securities laws. In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (Directive 2003/71/EC (as amended)), no offering of the SRC may be made which would result in a requirement for the publication of a prospectus pursuant to the Prospectus Directive.

No Application of Lex Koller

"Lex Koller" is a Swiss federal act on the acquisition of residential housing owned by foreign persons. As Crypto Real Estate Ltd. is focusing on Swiss commercial properties only, Lex Koller does not apply.

KYC and AML

The Company will conduct customary know your customer and anti money-laundering proceeding for each potential investor in the SRC before they are permitted to purchase any SRC.

Tax Implications

Potential investors are urged to consult their own tax advisors as to the tax consequences of acquiring, owning and disposing of SRC.



Disclaimer

This paper is a draft and the information set out herein is of a preliminary nature. Consequently, the Company does not assume any responsibility that the information set out herein is final or correct and disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise in respect of this paper. Neither this paper nor anything contained herein shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or commitment whatsoever. Potential investors should note that the final structuring of the SRC is subject to ongoing legal, regulatory and tax considerations and is, therefore, subject to material changes. In particular, the non-applicability of the CISA has not been confirmed by FINMA. The Company reserves the right to not issue the SRC or change the structure of the SRC for any reason at its sole discretion.

This paper contains forward-looking statements, e.g. statements including terms like "believe", "assume", "expect", "forecast", "project", "may", "could", "might", "can", "will" or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of the company and those explicitly or implicitly presumed in these statements. Against the background of these uncertainties, readers should not rely on forward-looking statements. Crypto Real Estate Ltd. assumes no responsibility to update forward-looking statements or to adapt them to future events or developments.

This paper is not a prospectus within the meaning of articles 1156 and 652a of the Swiss Code of Obligations or a prospectus under any other applicable laws. If the SRC is being issued, potential investors should carefully assess the final structure of the SRC as it would be set out in the final prospectus published by the Company. Such a prospectus would also set out risk factors which should be considered by investors before making an investment decision.

Furthermore, each participant (the "Party") understands the inherent risks associated with the Blockchain technology and cryptocurrencies in general and the SRC in particular, including, but not limited to, those listed hereinafter. More comprehensive risk factors describing risks associated with investing in the SRC will be set out in the prospectus published in connection with the sale of the SRC.

§ Each Party is aware that Crypto Real Estate Ltd. is a start-up company and an investment in the SRC entails financial risks. Investors may lose part or all of their investment. Potential investors are urged to carefully review a final prospectus and in particular the section on risk factors before making an investment decision.

§ Risks associated with (intellectual) property rights: the Party understands and accepts that, due to a lack of originality of the software and to the immaterial character of the SRC, there may be no title of ownership in and to the SRC.

§ Risks associated with the Blockchain: the Party understands and accepts that the Smart Contract, the underlying software application and software platform (i.e. the Ethereum Blockchain) is still in an early development stage and unproven. The Party understands and accepts that there is no warranty that the process for creating SRC and/or the Ethereum Blockchain will be uninterrupted or error-free and acknowledges that there is an inherent risk that the software could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of ETH, other (financial) support of the Project and/or SRC. The Party understands and accepts that the Smart Contract and/or underlying protocols and/or any other software involved may either delay and/or not execute a contribution due to the overall contribution volume, mining attacks and/or similar events.

§ Regulatory risks: the Party understands and accepts that it is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, Blockchain technology based applications, which may be contrary to the current setup of the Smart Contract or the SRC Project and which may, inter alia, result in substantial modifications of the Smart Contract and/or the SRC Project, including its termination and the loss of SRC for the Party.

§ Risks associated with abandonment / lack of success: the Party understands and accepts that the creation of the SRC and the development of the SRC Project may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects (e.g. caused by competing projects) and legal, tax or regulatory considerations. The Party therefore understands that there is no assurance that, even if the SRC Project is partially or fully developed and launched, the Party will receive any benefits through the SRC held by him/her/it.



§ Risks associated with a loss of private key: the Party understands and accepts that SRC can only be accessed by using an Ethereum wallet with a combination of the Party's account information (address) and private key or password. The Party understands and accepts that if his/her/its private key or password gets lost or stolen, the SRC associated with the Party's account (address) will be unrecoverable and will be permanently lost.

§ Risks associated with your wallet: the Party understands and accepts that Crypto Real Estate Ltd. or any of their affiliates, employees, partners or advisors is in no way responsible of the wallet on which the SRC are transferred. You understand and agree that you are solely responsible for the access and security of your wallet, for any security breach of your wallet and/ with any loss of SRC resulting from your wallet service provider, including any termination of the service by the wallet provider and/or bankruptcy of the wallet provider. The Party understands and accepts that the wallet or wallet service provider used for the participation in the SRC, has to be technically compatible with the SRC. The failure to assure this may have the result that Party will not gain access to his/her/its SRC.

§ Risks associated with theft/hacks: the Party understands and accepts that the Smart Contract, the Website, the underlying software application and software platform (i.e. the Ethereum Blockchain) may be exposed to attacks by hackers or other individuals that could result in theft or loss of SRC, other (financial) support of the SRC Project, or ETH, impacting the ability to develop the SRC Project.

§ Risks associated with Ethereum mining attacks: the Party understands and accepts that, as with other cryptocurrencies, the Blockchain used for the Smart Contract is susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks. Any successful attacks present a risk to the Smart Contract, expected proper execution and sequencing of transactions, and expected proper execution and sequencing of contract computations.

§ Risks associated with a lack of consensus: the Party understands and accepts that the network of miners will be ultimately in control of the Smart Contract and that there is no warranty or assurance that the network of miners will allocate the SRC to the Parties as proposed by any terms. The Party further understands that a majority of the miners could agree at any point to make changes to the Smart Contract and to run the new version of the Smart Contract. Such a scenario could lead to SRC losing intrinsic value.

§ Risks associated with depreciation: the Party understands and accepts that with regard to SRC no market liquidity may be guaranteed and that the value of SRC tokens over time may experience extreme volatility or depreciate in full (including to zero) resulting in loss that will be borne exclusively by the Party, even in case of a price stability of the real estate portfolio.

§ Risks associated with forking: the Party understands and accepts that a group of people may take our software and modify it to accept a different set of tokens, or no tokens at all ("Fork"). The creation of a Fork could devalue the SRC substantially.

