



BLOCKESTATE

WHITEPAPER





TABLE OF CONTENTS

Legal Disclaimer.....	3
Overview.....	4
Additional Highlights.....	5
Target Markets.....	6-9
Team Track Record.....	10-12
Investment Strategy.....	13
Investment Strategy Example.....	14
BlockEstate Fund.....	15
Expenses & Capital Reserves.....	16
Fund Model Outline.....	17
Price Stabilization Plan.....	18
Leveraged Blocker Structure.....	19
Security Tokens.....	20
Security Token Offering.....	21
Trading & Liquidity.....	22
What Separates Us From Other Token Offerings.....	23
Partnerships.....	24
Roadmap.....	25
Team.....	26-29
Advisors.....	30-33



LEGAL DISCLAIMER

This document may contain forward-looking statements, subject to risks and uncertainties that could cause actual results to differ materially. Information contained herein is subject to completion or amendment.

This document is for informational purposes only and does not constitute an offer or solicitation to sell shares or securities in BlockEstate or any related or associated companies. Any such offer or solicitation will be made only by means of confidential offering memorandum and in accordance with the terms of all applicable securities and other laws.

This document does not constitute a prospectus of any sort, neither do we intend to represent the sale of this token as being an Initial Public Offering, Share Offering or Equity Offering. This token sale does not involve the exchange of cryptocurrencies for any form of Ordinary Shares in BlockEstate neither does the BlockEstate token purchaser receive any form of dividend or return that is guaranteed.



OVERVIEW

BlockEstate is a private real estate fund which provides international investors an opportunity to benefit from the U.S. real estate market. Our team members have over \$650 million in combined property management and development experience and have planned an aggressive investment strategy. BlockEstate is taking the best elements of a traditional fund structure and are merging them with blockchain technology.

- **Capital Raise:** BlockEstate is raising capital from non-US persons (under SEC Regulation S), for one of the world's first tokenized funds focused on U.S. real estate.
- **Tokenized Fund:** For almost all purposes, BlockEstate will operate like a traditional private real estate fund, however, its shares have been "tokenized", which means that its ownership is represented by digital assets (tokens), each representing a share of the fund. By tokenizing the fund, BlockEstate token holders can take advantage of blockchain technology to lower transaction fees, have faster deal execution and potentially access liquidity through trading on regulated secondary markets.
- **Team & Investment Strategy:** BlockEstate's real estate team consist of experts who together have \$650 million combined property management and development experience, and more than 70 years experience in real estate. The team will focus its investments on the Carolinas, specifically the cities of Asheville, Charlotte, Raleigh and Greenville - areas which have shown phenomenal growth over the last 10 years and which have proven historically resilient to market fluctuations. The team will take advantage of its extensive network of local real estate relationships, builders, and contractors to develop lucrative projects and access off-market deals. BlockEstate's investment strategy involves a two-phased plan, which is first focused on acquiring stable, long-term income producing properties (multi-family, long-term commercial & industrial properties - target: 6-9% annually*), and then leveraging 40-50% of those assets to acquire more aggressive, high-yield investments (new construction & short term rentals - target: 15-30% annually*).
- **Target Returns:** BlockEstate aims to build a portfolio whose target net IRR is between 12%-20%*.
- **Buyback & Burn Model:** Once a quarter, the revenues generated from BlockEstate's investments will be used to invest in additional properties *and* to buyback tokens from the token holders at NAV (net asset value) on the open market. Repurchased tokens do not go to the BlockEstate team. Instead, repurchased tokens will be "burned" and removed from circulation. This continually shrinks the total supply of tokens, causing each remaining token to represent a progressively greater percentage share of the fund's assets.
- **Token Value Drivers:** Between the profit potential of the properties the fund purchases, the ever increasing revenue potential of the additional properties the fund adds, and the ever diminishing number of tokens in supply as the buybacks are implemented, each token's value should proportionally increase over time, driving returns for investors.



ADDITIONAL HIGHLIGHTS



Tax Friendly International Opportunity to Access US Real Estate Market

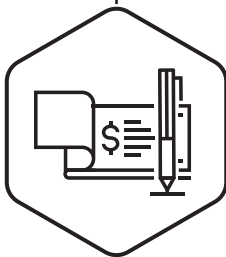
We've endeavored to make this offering attractive to international investors who would like to access the U.S. real estate market by using a Leveraged Blocker Structure, diminishing FIRPTA burdens (Foreign Investment in Real Property Tax Act) and eliminating the need for international investors to complete a W-8BEN and obtain a U.S. Tax ID. This significantly reduces the tax burden non-treaty international investors would have ordinarily faced when engaging with the U.S. real estate market. For more information on the leveraged blocker structure, see page 19.



Fund Termination Event & Payout

There are 2 scenarios in which the fund managers might close the fund:

- After a certain period (5-10 years), the fund could be closed and liquidated. At that time, all proceeds from the properties will be split proportionally amongst all token holders.
- After a certain period of sustained profitability, the portfolio could be sold to a family office or to a larger fund. In this scenario, the portfolio's forward earning potential would be taken into account for its evaluation, which could result in a considerable premium. All proceeds from the sell would be split proportionally amongst all token holders.



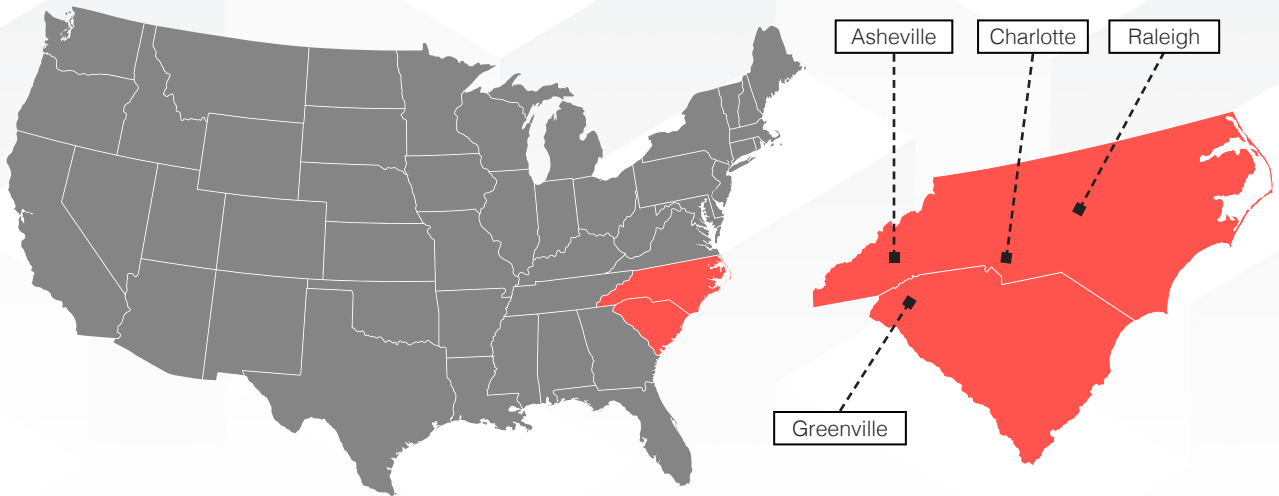
Tax Advantages of Buybacks vs Dividends

Dividends are seen as a definite return in a specific time period and, for investors, would be taxed as such in that time period. For buybacks, gains are uncertain, and are unrealized until repurchased by the issuer. If an investor doesn't choose to participate in the buybacks, their gains/losses on those tokens won't be realized until they are sold.



TARGET MARKETS

BlockEstate is targeting the Carolinas for capital investment, with a specific focus on the Asheville, Charlotte, Raleigh and Greenville metropolitan areas. The team has decades of investment experience and success in this region, and can easily leverage its vast network of contractors, builders, community leaders, banking relationships and government contacts to access and develop promising deals. The team's unique relationships and status within the community also afford it access to off-market properties not otherwise available to the general public.



#1 Best State for Doing Business^[1]



#2 For Cost of Doing Business^[1]



Labor Cost 10% Below National Avg.



Top Performing Foreign Trade Zones



#5 Net Migration Into State



Leader in Aggressive Tax Incentives

North Carolina

North Carolina is an extremely promising market for real estate. It currently holds Forbes' "Best State for Business" title, and has enjoyed a place amongst the top 5 positions for the last 13 years^[1]. As a result, the state enjoys one of the highest migration rates in the country, and has been attracting continuous streams of new talent and business for more than a decade. This has helped foster a strong real estate market whose growth has outpaced the national average and continues to flourish.

South Carolina

Like its neighbor, South Carolina has experienced a massive influx of migration into the state over the last 5 years (ranking fifth in the nation for net migration). The state government has enacted numerous incentives to attract foreign investors ("foreign trade zones") which have also proven to be a major driver of development. The BlockEstate team has experience and connections in this state, particularly with the city of Greenville, which it will leverage for making investments.

1. <https://www.forbes.com/best-states-for-business/list/>



TARGET MARKETS



Asheville, NC

- #15 Best City in the U.S. for Doing Business^[1]
- 43.67% Population Growth Since 2000
- Immediate Access to Off-Market Deals and Extensive Real Estate Network

Asheville is a budding hub for innovation and high-growth startups. Since 2000, its population has grown by 43.67%. Forbes names it as among the best U.S. cities for business, careers, and job growth, calling it the “Next Silicon Valley”^[1]. A recent study by the University of Vermont ranks Asheville as the “Happiest City on the East Coast”^[2]. Asheville enjoys a strong tourist economy, and in 2017 it generated another \$3.1 billion in business sales for the area, attracting about 30,000 visitors each day. Asheville is the home and the historic investment area of the BlockEstate team, which allows the fund to tap into the team’s considerable real estate network and take advantage of potentially lucrative off-market deals.



Charlotte, NC

- #5 Best City in the U.S. for Doing Business^[1]
- #20 Best Performing U.S. GMP between 2012-2017^[3]
- 108% Population Growth Since 2000

Charlotte has a large industrial and commercial economy centered around a substantial financial footprint, containing more banking headquarters than any other city in the country besides New York. Since the year 2000, its population has grown by 108%, and its job growth remains steady. Forbes ranks the city the 5th “Best Place for Business & Careers”^[1]. Charlotte’s gross metropolitan product has been steadily increasing, and between 2012-2017 it rose by 31.9%, causing the area to be ranked 20th in the country^[3].



TARGET MARKETS



Raleigh, NC

- #2 Best City in the U.S. for Doing Business^[1]
- #13 Most Educated City in U.S.^[2]
- 116.91% Population Growth Since 2000

Raleigh has become one of the country's leading centers for high-tech and biotech research and start-ups. It ranks second as Forbes "Best Place for Business & Careers"^[1]. Its strong economy and jobs market have grown the city's population by 116.91% since 2000. The city's connections to Duke University and the neighboring University of North Carolina provide it with a stable base of highly educated talent (contributing to its rank as the 13th most Educated City in the U.S.^[2]), which helps it continue to attract high-profile business development.



Greenville, SC

- #4 Fastest Growing City in the U.S. in 2017^[1]
- Historic Recession Resilience and Recovery^[5]
- Model of Manufacturing^[4]

Greenville was the fourth fastest growing city in the country according to the 2017 Census Bureau^[3]. The Harvard Business Review identifies the Greenville Metropolitan area as a "model of manufacturing"^[4], and the city hosts numerous manufacturing plants like Michelin North America, GE Power, Lockheed Martin, Honeywell, Magna/Drive Automotive, Bosch Rexroth, Nutra Mfg USA, Mitsubishi Polyester Film, Hartness International, Kemet Electronics, Confluence and Bausch & Lomb. After the 2008 recession, Greenville was one of only 33 cities that had managed to restore its unemployment rate by 2015^[5].

1. <https://www.forbes.com/best-places-for-business/list/>

2. <https://wallethub.com/edu/most-and-least-educated-cities/6656/>

3. U.S. Bureau of Economic Analysis

4. <https://hbr.org/2003/08/thriving-locally-in-the-global-economy>

5. <https://blogs.wsj.com/economics/2015/06/03/here-are-the-u-s-cities-where-wage-growth-has-lagged-job-growth/>



TARGET MARKETS

Recession Resistant Markets

The possibility of a recession, however remote, must be taken into account when considering a real estate investment strategy. Although it may be impossible to entirely negate a recession's effects, it is possible to target markets which are positioned well to weather a market downturn. Recent research^[1] suggests that the cities which fair the best during a recession are:

- Cities with “lower housing price elasticities” - that is, those whose economies are less dependent on housing. This can mean that cities with a lower relative home price index in general fair better.
- Cities whose economies are less dependent on major neighboring cities (the “spillover” effect)
- Cities who have an educated/talent-based work force

The metropolitan areas that BlockEstate is targeting compare favorably to other markets according to these metrics. Our target markets have a lower cost of living index than most other major urban areas, especially in regards to housing costs, which means a recession may effect our markets less severely than other markets.

Cost of Living Index*: 259 Major Urban Areas - Q2 2018^[2]

Target Markets	Overall	Housing	Food	Utilities	Transport	Health	Misc.
Asheville, NC	96.4	94.2	102.4	97.1	92.5	101.2	96.1
Charlotte, NC	95.5	84.9	96.8	90.7	96.2	105.3	103.3
Raleigh, NC	93.8	85.1	99.5	92.6	99.3	99.6	96.9
Greenville, SC	94	77.1	98.3	94.3	96.1	107.5	103.5
Other Markets	Overall	Housing	Food	Utilities	Transport	Health	Misc.
New York (Queens)	150.0	232.7	122.6	119	108.3	111	121.2
Atlanta, GA	102.6	108.4	100.2	86.9	101.8	109.9	102.5
San Diego, CA	144.5	228.2	113.3	134.2	112	106.7	105.4
Austin, TX	98	99.1	88.7	96.5	90.4	101.8	102.7
Washington, D.C.	140.8	230.5	116.2	91.8	98.9	105.9	107.3

**Index measures relative levels of consumer goods and services. The average for all participating areas is 100 (scoring more than a 100 in any value means the costs for that good/service is higher than the national average).*

BlockEstate's target cities have less dependencies on its geographic neighbors than other U.S. markets (in contrast to the Northeast, Upper Midwest and West Coast metropolitan areas). This means that there are fewer significant risks that our markets face from regional externalities. As for education, three of our target cities are among the most highly educated cities in the country^[3] (Raleigh 13th, Asheville 30th, and Charlotte 54th), which give their workforces greater economic flexibility and resilience.

These dynamics played out during the aftermath of the 2008 recession. By 2012, Asheville ranked 11th for “Most Improved City Since the Recession”^[4]. Greenville experienced one of the nation's fastest recoveries, being among only 33 metropolitan areas that's unemployment rate and job growth had recovered by 2015^[5]. By 2017 Raleigh and Charlotte were ranked 2nd and 5th respectively for “Best Places for Business & Careers”^[6] in part thanks to their booming economies.

1. Journal of Urban Economics, Volume 94, July 2016, Pages 90-108
2. Data from Council for Community and Economic Research: Q2, 2018 Cost of Living Index, Vol. 51, No. 2.
3. <https://wallethub.com/edu/most-and-least-educated-cities/6656/>
4. <https://www.nerdwallet.com/blog/mortgages/home-search/recession-recovery-cities-improved/>
5. <https://blogs.wsj.com/economics/2015/06/03/here-are-the-u-s-cities-where-wage-growth-has-lagged-job-growth/>
6. <https://www.forbes.com/best-places-for-business/list/>



SELECTED TEAM TRACK RECORD

The performance history of the properties outlined herein are a sampling of investments made by certain members of the management team and not that of the BlockEstate Fund. This sampling does not purport to be representative of the entirety of the management teams' prior real estate investments. Some of the properties listed have not been sold and the investment returns ultimately realized may differ materially from current returns.



Fletcher Business Park

Industrial Property

- Location: Fletcher, NC
- Owner: Pulliam Properties
- Sq Ft: 900,000
- Lot size: 46 acres
- Property Type: Industrial
- Purchase price: \$7.2 million
- Price Per Sq Ft: \$2.75/sf
- Net Operating Income: \$1,389,600
- Cap Rate: **19.3%****



Short Term Rental Homes

Rental Property

- Location: Asheville, NC
- Owner: Dreamland, Inc.
- Units: 6 homes
- Unit Type: 2 bedrooms / 2 bathrooms
- Average Unit Size: 1100/sf
- Lot sizes: 0.32 acres per unit
- Property Type: Short Term Rentals
- Purchase price: \$845,000
- Net Operating Income: \$214,630
- Cap Rate: **25.4%**



Weirbridge Village Apartments

Multi-Family Housing

- Location: Asheville, NC
- Developer: Pulliam Properties
- Capacity: 280 Units (1-3 bedroom apartments)
- Property Type: Multi-Family Housing
- Tenants: 99% Occupancy Rate
- Cost to Build: \$20,210,000
- Rental Price: \$1,110-\$1735
- Net Operating Income: \$1,960,370 yearly
- Cap Rate: **9.7%**

*The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of return on investment can greatly fluctuate as a result of the fund's investment policy and is not guaranteed.

**These return figures are unaudited calculations after net fees and achieved since 2008.



SELECTED TEAM TRACK RECORD

The performance history of the properties outlined herein are a sampling of investments made by certain members of the management team and not that of the BlockEstate Fund. This sampling does not purport to be representative of the entirety of the management teams' prior real estate investments. Some of the properties listed have not been sold and the investment returns ultimately realized may differ materially from current returns.



South Creek Cottages

New Home Construction Community

- Location: Fletcher, NC
- Units: 21 homes

Home Example:

- Bed/Bath: 3 bedrooms, 2 bathrooms
- Sq Ft: 1877/sf
- Lot Size: 34,412/sf
- Cost to Build: \$319,000
- Sales Price: \$384,900
- Profit after broker fees: \$50,504
- ROI: **13.12%**



Walgreens

Property Lease

- Location: Asheville, NC
- Owner: Dreamland, Inc.
- Lot size: 1.29 acres
- Building Size: 13,488/sf
- Property Type: Property Lease
- Tenants: Walgreens Pharmacy
- Lease Term: 20 Years
- Purchase price: \$2,650,000
- Net Operating Income: \$216,000 yearly
- Cap Rate: **8.2%****



Lowe's Commercial Leasehold

Transitional Property

- Location: Asheville, NC
- Owner: Dreamland, Inc.
- Building Size: 140,000/sf
- Lot size: 12.07 Acres
- Property Type: Commercial (Transitional)
- Occupancy: 100%
- Purchase price: \$6,350,000
- Net Operating Income: \$457,200
- Cap Rate: **7.2%****

*The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of return on investment can greatly fluctuate as a result of the fund's investment policy and is not guaranteed.
**These return figures are unaudited calculations after net fees and achieved since 2008.



SELECTED TEAM TRACK RECORD

The performance history of the properties outlined herein are a sampling of investments made by certain members of the management team and not that of the BlockEstate Fund. This sampling does not purport to be representative of the entirety of the management teams' prior real estate investments. Some of the properties listed have not been sold and the investment returns ultimately realized may differ materially from current returns.



Cottages at Glen Oaks

New Home Construction Community

- Location: Asheville, NC
- Units: 44 homes

Home Example:

- Bed/Bath: 4 bedrooms/2 bathrooms
- Sq. Ft.: 2435
- Lot size: .52 acres
- Cost to build: \$384,730
- Sales Price: \$494,305
- Profit after broker fees: \$89,803
- ROI: **23.34%**



Publix Supermarket

Commercial Anchor Store

- Location: Asheville, NC
- Developer: Pulliam Properties
- Property Type: Anchor Store
- Building size: 50,353 sq. ft.
- Cost to build: \$4,531,770
- NOI: \$302,118
- Cap rate: 6.67%
- Sell at 5.75% cap rate: \$5,254,226
- ROI after sale: **15.9%****



Retail Center

Commercial Retail Property

- Location: Asheville NC
- Owner: Dreamland Inc.
- Lot size: .77 acres
- Building Total Square footage: 10,000
- Units: 7 units – 1,428 square feet each
- Average daily traffic: 25,000-40,000
- Occupancy: 100%
- Purchase price: \$1,495,000
- NOI: \$150,000
- Cap rate: **10.0%****

*The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of return on investment can greatly fluctuate as a result of the fund's investment policy and is not guaranteed.

**These return figures are unaudited calculations after net fees and achieved since 2008.



INVESTMENT STRATEGY

BlockEstate's goal is to create a real estate portfolio whose net IRR is between **12-20%**. The fund will execute a two-phased strategy to achieve this result. First, the fund will invest its capital into stable, long-term, income-producing real estate. It will then leverage these assets and use that capital to target more aggressive investments with higher potential returns.*

Phase 1: Stable Investments

- Investment Allocation: **93-99%**
- Target Annual Return: **6-9%**

Over the course of the first 12-18 months after the capital raise, BlockEstate aims to invest 93-99% of its capital into stable, long-term income producing assets. The remaining 1-7% will be kept as cash on hand and held in a money market fund for a ~2.5% average return.

During this phase, the assets that the fund will be focused on are:

- Multi-family residential properties - target annual return: **7-12%**
- Long-term commercial properties - target annual return: **6-9%**
- Industrial Properties with steady income streams - target annual return: **6-9%**

The goal will be to produce a consistent cash flow from these properties of **6-9%** annually.

Phase 2: High-Yield Investments

- Leveraged Stable Assets: **~50%**
- Target Annual Return: **15-30%**

BlockEstate aims to leverage ~50% of its stable assets through a longterm loan at ~6.5% interest. BlockEstate expects the cash flows from the stable investments to more than cover the annual debt from these loans, which allows the fund to invest the leveraged capital into more aggressive investments with lower overall risk to the fund.

During this phase, BlockEstate intends to focus its capital investments primarily on:

- New construction - target annual return: **25-35%**
- Short-term rentals - target annual return: **20-25%**
- Mixed use - target annual return: **12-18%**

The target annual return for these properties is **15-30%**.

Fund Target Performance Goal:

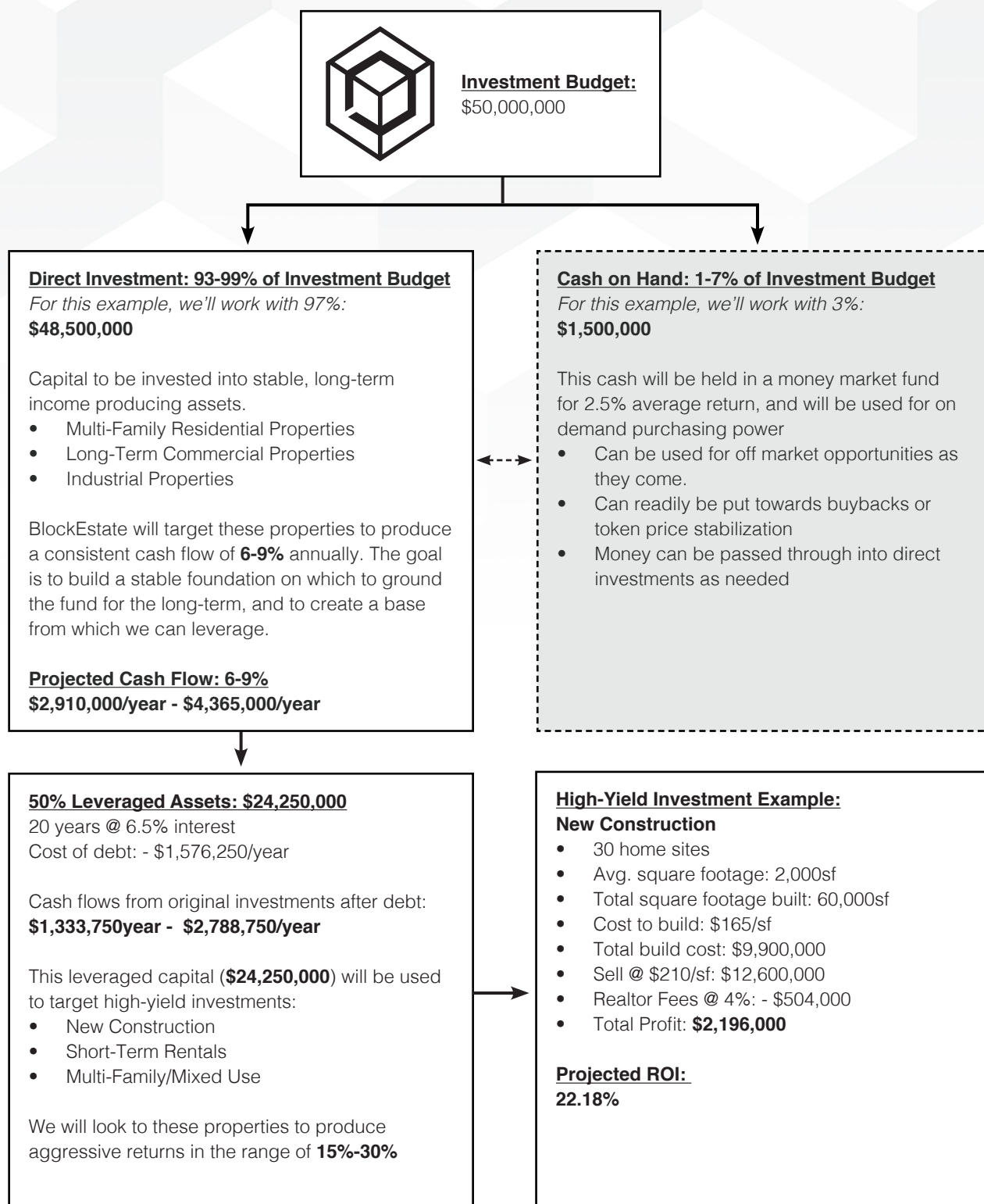
BlockEstate is aiming at building a real estate portfolio which expects to achieve a net IRR between **12%-20%**.

*The performance values represented are only a projected strategy; future projected performance is not a reliable indicator of future results and investors may not recover the full amount invested. These values can greatly fluctuate as a result of the fund's capital raised and the performance of its investments; these values are not guaranteed.



INVESTMENT STRATEGY: EXAMPLE

The following example outlines BlockEstate's general investment strategy. For the sake of simplicity, the example will work with a \$50 million capital investment budget*.





BLOCKESTATE FUND

BlockEstate is raising capital from non-US persons (under SEC Regulation S), for a tokenized U.S. real estate fund. The capital raised will be invested into income producing real estate. The fund will invest in a blend of properties, some that produce a steady ongoing income and others that are purchased for the purpose of resale appreciation. The overall goal of the fund is to produce maximum annual returns on assets under management, and to use those returns to reward token holders.

BlockEstate Tokens

BlockEstate tokens represent an indirect proportional share of the BlockEstate Alpha Fund. Tokens will be issued as a Polymath based ST-20 (Security Token) built on the Ethereum network, which will be sold to investors during BlockEstate's token sale event. After initial expenses (legal, technology, marketing, broker dealer) the remaining proceeds will go towards effectuating BlockEstate's real estate strategy of acquiring U.S. real estate properties that will generate income streams.

BlockEstate will take the net profits produced by BlockEstate owned assets and use, on average, anywhere from 50-100%* of those profits to repurchase tokens at NAV from the token holders through our buyback program. Each token bought this way will be "burned" and permanently removed from circulation. This method will reduce the total token supply and increase each remaining token's percentage share of the market cap. BlockEstate will use the remaining net profits to strategically re-invest into additional properties, with the goal of increasing the fund's overall profitability.

In the event of complete liquidation of all assets, BlockEstate will take 100% of the net proceeds to repurchase all available tokens.

*The exact percent of the profits used each quarter for the buyback process are at BlockEstate's discretion. If tokens are being sold on the open market below NAV, BlockEstate reserves the right to purchase those tokens at those prices.



EXPENSES & CAPITAL RESERVES

Fund Management

BlockEstate will have a reasonable amount of operational costs. These costs will include costs to perform an independent audit and a property management fee. We've decided to keep our quarterly management fee to a very reasonable level of 0.5% of Net Asset Value.

Team Token Allocation And Fund Management Performance Fee

Most real estate fund managers have an arrangement that, after a certain “hurdle rate” is reached, the fund manager is able to participate in the income and capital gains of the fund, typically at 20-25% of its yearly profits (this is called “carried interest”). To keep more of BlockEstate's capital invested into profit generating real estate, our fund will only receive a 10% carried interest fee only once aggregate buybacks have exceeded the amount raised in the Offering. The rest of BlockEstate's compensation will be deferred in the form of a 10% token allocation, contingently locked for 5 years, and dependent on the fund achieving a “high water mark” of at least a 25% increase in the fund's value (based on opening NAV).

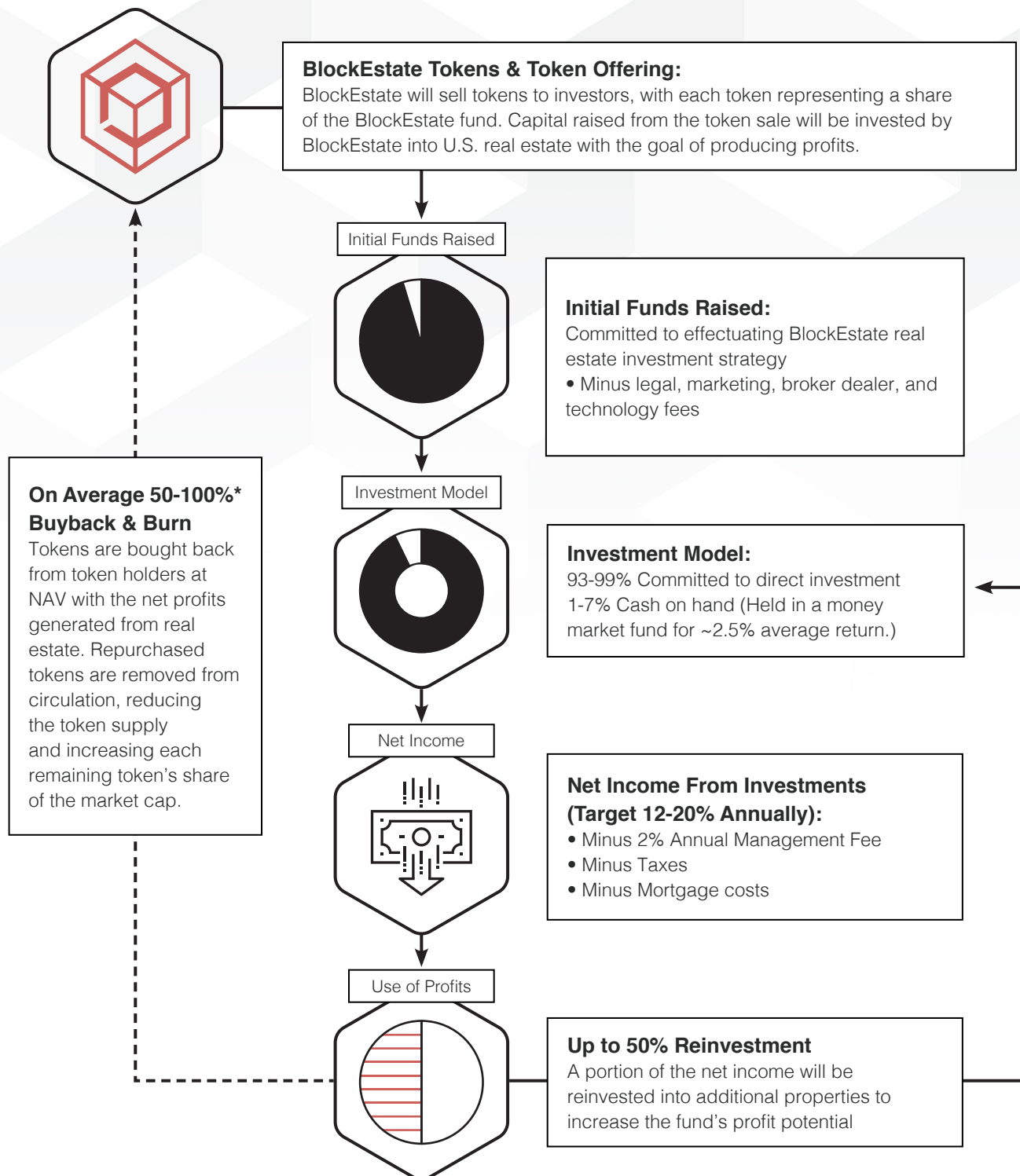
This model is in line with traditional fund management compensation structures, and keeps the team highly incentivized to maximally perform.

Reserve Capital

BlockEstate will also maintain reserve capital, as well as a collateralized line of credit. Once the portfolio is fully invested, it is management's target to provide free cash flow to the company of around 1-7% annually. Any uninvested capital will be held in USD denominated short-term money markets.



FUND MODEL OUTLINE



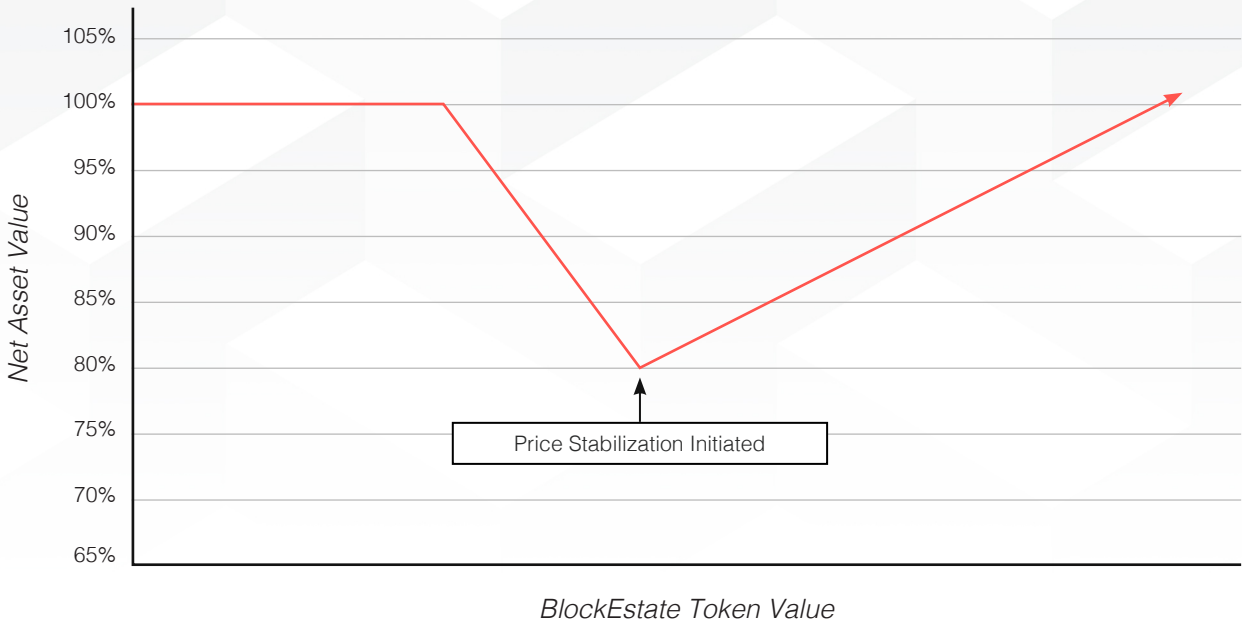
*The exact percent of the profits used each quarter for the buyback process are at BlockEstate's discretion. If tokens are being sold on the open market below NAV, BlockEstate reserves the right to purchase those tokens at those prices.



PRICE STABILIZATION PLAN

In the event that the value of BlockEstate tokens fall to 80% of NAV or lower, BlockEstate can potentially offer to repurchase as many tokens as there is available capital to do so. This, combined with the buyback and burn model, should help to keep the price of BlockEstate tokens from disconnecting from the value of the assets under management.

EXAMPLE: PRICE STABILIZATION PLAN ENACTED



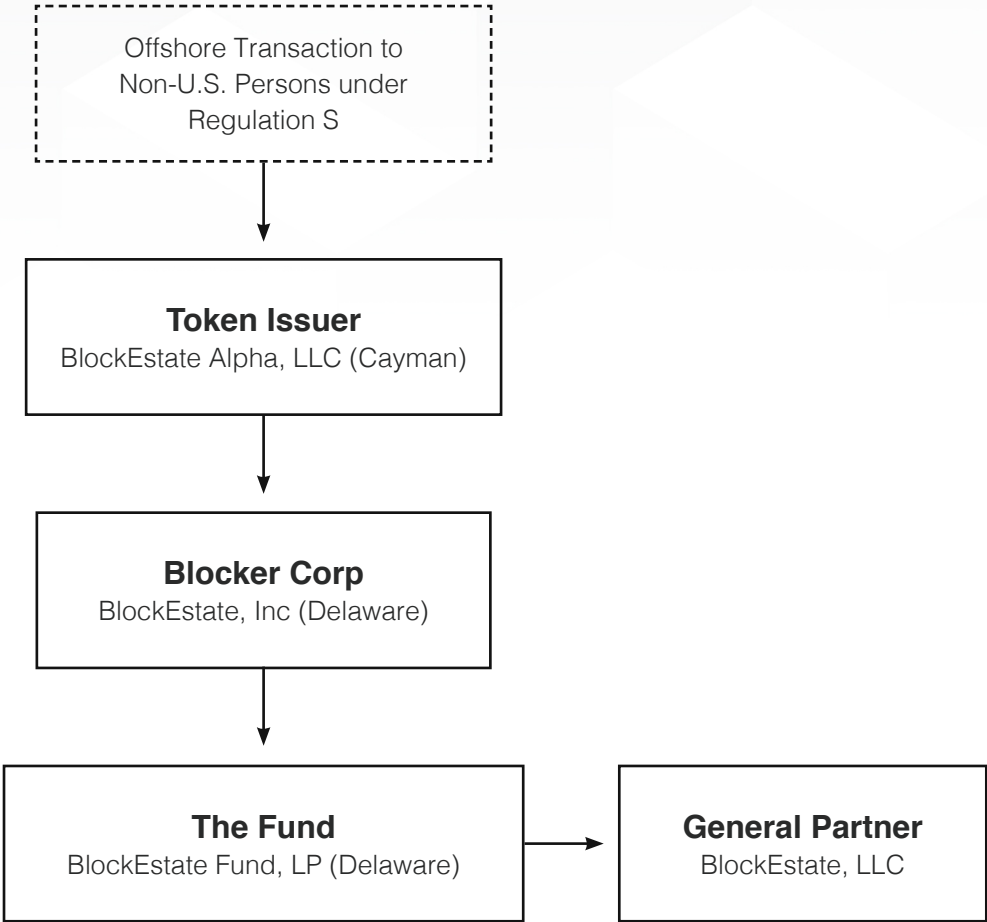


LEVERAGED BLOCKER STRUCTURE

One of the largest impediments for international investors to invest in U.S. real estate assets (even through a fund structure) is the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA). FIRPTA taxes international investors on gains from U.S. real estate investments at effective rates up to 54.5%. Foreign investors are also often required to file a W-8BEN and obtain a U.S. Tax ID when investing in a real estate fund.

To alleviate these burdens, BlockEstate is employing a Leveraged Blocker Structure, which, when compared to REITS and other standard blocker structures, has significant advantages. Our Leveraged Blocker is a Delaware corporation that is capitalized with equity from investors. The goal of this structure is to reduce the effective rate of U.S. tax that international investors pay on their investments and eliminate their filing burdens and need to obtain a U.S. Tax ID.

BLOCKESTATE FUND STRUCTURE DIAGRAMED





SECURITY TOKENS

What are Security Tokens?

Security Tokens are digital assets that constitute an investment contract, and are subject to federal security regulations. If cryptocurrencies are considered “programmable money” then Security Tokens can be considered a version of “programmable ownership.” This means that any asset with ownership could eventually be tokenized (public & private equities, debt, real estate, etc).

Security Tokens utilize blockchain technology. Blockchain is a digital ledger that can be programmed to record transactions between all permitted parties. It is “decentralized” - instead of information being held in one place, it’s shared (and continually updated) across the entire network. This means that the transactional record between all parties is easily verifiable and public - instead of consulting with a particular record keeper or intermediary, any member of the database can view the complete record of all transactions at any time. It’s also virtually incorruptible - no centralized version of the information exist for a hacker to target.

Because security tokens use blockchain technology, they’re afforded the power of decentralization. This means that middlemen can be removed from the transactional process, which greatly increases the speed of deal execution, substantially lowers fees, and automates service functions. Because Security tokens enjoy blockchain’s publicly verifiable record, it also reduces the probability of unnoticed manipulation by financial institutions.



Increased Liquidity: Security Tokens are tradeable on secondary markets with qualified users. Trading times are no longer restricted to trading house hours and are open 24/7.



Lower Fees: Many of the transactional fees associated with middlemen are bypassed.



Faster Deal Execution: Security tokens enable immediate settlement on trading exchanges, allowing investors to act quickly and efficiently.



Transparent & Verifiable: The digital ledger is recorded across the entire network - all trades are verifiable and public.

Why Tokenize BlockEstate?

The improvements that blockchain brings to asset ownership are similar to the improvements that the car brought to the horse and buggy. While traditional share structures obviously work (and could easily work for BlockEstate), there are so many self evident advantages to blockchain and Security Tokens (from security, increased efficiency, and costs savings), that the technology will eventually find widespread adoption. BlockEstate firmly believes in these technological advantages and their progressive utilization, and has decided to be an early adopter and advocate of security tokenization.



STO: A NEW MODEL

In a traditional Initial Coin Offering (ICO), tokens or coins are offered by companies for purchase as a form of crowdfunding. Purchasers can exchange their Ether or Bitcoin for a specified quantity of the ICO tokens being offered - similar to buying shares in an IPO - but instead of the coins conferring ownership or profit sharing dividends, the tokens instead grant a special function to the token holder, called a “utility”. These utility tokens allow the purchasers access to a specific network, platform, or service connected to the ICO.

A Security Token Offering (STO) is very similar to an ICO. Buyers can purchase tokens during the offering that can then be traded, sold, or held onto. However, unlike ICOs, these tokens are financial securities.

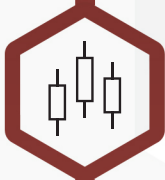
What is an ST-20?

An ST-20 token is an Ethereum-based token implemented on top of the ERC-20 protocol that adds the ability for an issuer to control transfers based on specific rules. ST-20 tokens rely on Transfer Managers to determine the ruleset the token should apply in order to allow or deny a transfer, be it between the issuer and investors, in a peer to peer exchange, or a transaction with an exchange. This means that a ST-20 token can ensure that only the “right” people (those who meet regulatory compliance) should be able to hold and transfer it.



Polymath - BlockEstate's Technology Partnership

BlockEstate is performing its Security Token Offering on the Polymath platform. BlockEstate will utilize Polymath's platform and advisory arm, Matador Advisory, to guide BlockEstate through the complex legal and technological processes before token issuance. BlockEstate tokens are intended to be compliant with all KYC/AML requirements and securities laws in all jurisdictions they're tradeable in.



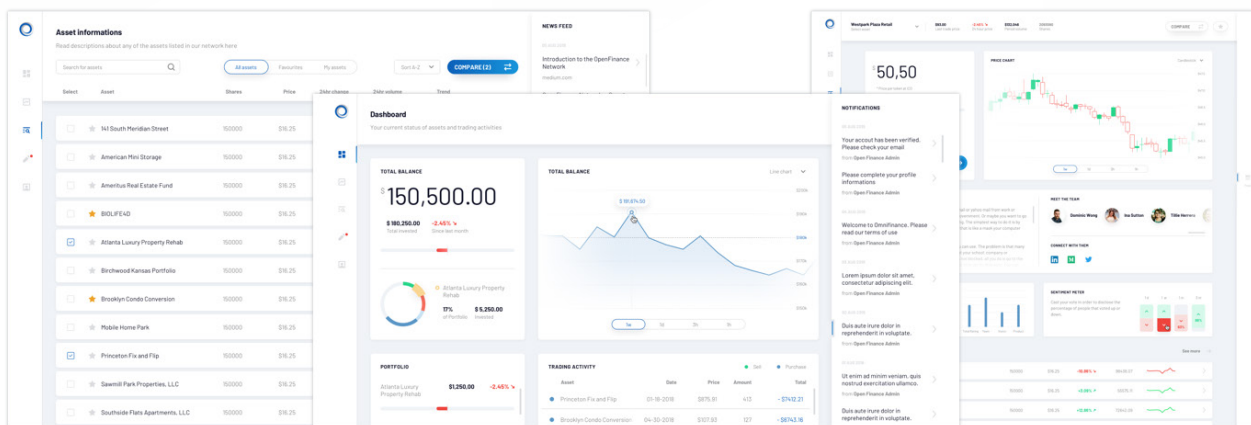
TRADING & LIQUIDITY

BlockEstate tokens, based on the Polymath ST-20 model, will have access for listing on any number of the upcoming ATS Exchanges (Alternative Trading System Exchanges). BlockEstate has already executed a listing agreement with the OpenFinance Network.



About OpenFinance Network

The OpenFinance Network (OFN) is a trading and settlement platform for the alternative asset industry. The platform serves as a conduit between issuers, investors, and industry stakeholders, offering streamlined access to liquidity and asset transfer efficiencies. The team has over fifty years of combined experience in financial markets, exchange technology, and finance law, and has operated together since 2014. Securities offered through Sageworks Capital, LLC, an affiliated entity, a registered broker-dealer and a member of FINRA & SIPC.



Screen shots of OpenFinance Network trading platform



WHAT SEPARATES BLOCKESTATE FROM OTHER TOKEN OFFERINGS



Regulatory Compliance

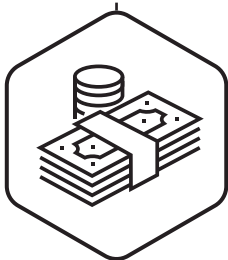
Unlike some other blockchain based offerings, BlockEstate is committed to regulatory compliance. Some real estate and asset based token offerings are still stuck in the ICO “Wild West” concept of issuing securities on a standard ERC-20 token model, which, without modification, will most likely fail to meet regulatory requirements. BlockEstate security tokens created using Polymath’s ST-20 standard are able to prevent trades between excluded persons through the use of robust smart contracts and address whitelisting technology. BlockEstate tokens will have built in KYC/AML requirements and compliance with securities laws in all jurisdictions they touch. This protects the fund and its investors.



Fund Backed Tokens

Many token offerings are promising tokens backed by assets, but have no actual repurchase plan or explanation of how their token connects to the underlying asset. These tokens offer no real path to liquidity for investors.

BlockEstate, on the other hand, will use, on average, anywhere between 50% to 100% of the net profits generated from its real estate holdings each quarter to buyback and burn tokens* from token holders. This buyback and burn model is intended to reduce the circulating supply of tokens, which can be a potential long-term value driver for investors. The remaining profits will be used to reinvest into existing and new properties that should create additional income over time.



Profit Sharing & Fees

BlockEstate's profit sharing model and management fees structure are in line with traditional financial industry standards. Many other token offerings have little experience in the space they are entering and are taking 50% or more of the profits, which is extremely unusual when compared to traditional investment agreements, and is often unfair to investors.

*The exact percent of the profits used each quarter for the buyback process are at BlockEstate's discretion. If tokens are being sold on the open market below NAV, BlockEstate reserves the right to purchase those tokens at those prices.

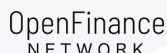


PARTNERSHIPS



Polymath / Matador - Security Token Issuance

Polymath and Matador, leaders in the security token space, are facilitating BlockEstate's token issuance. They're integrating the tokens with KYC and legal compliance parameters so that the tokens can be bought, sold and transferred within regulatory compliance based on the owner's jurisdiction.



OpenFinance Network - ATS / Trading Platform

BlockEstate tokens will be listed and tradeable on the OpenFinance Network. OpenFinance already has listing agreements with some of the most notable names in the space (like Spice, Blockchain Capital, and Protos Asset Management) and has partnerships with Polymath, Harbor and Securitize among others.



Issuance / Crowdfund X - Fundraising

BlockEstate has partnered with Issuance/CrowdfundX, a financial marketing firm that specializes in marketing security token offerings to crypto hedge funds and accredited investors. Through Crowdfund X, they've helped bring the right type of investors to tZERO, KODAKOne, and other security token deals.



CoinList / Comply API - Funding Platform

CoinList, and their whitelabel solution Comply API, will be responsible for qualifying and processing investors in regards to accreditation, KYC, AML, and compliance due diligence. CoinList's infrastructure has supported over \$400M in accredited investments for over 20 token sales since August 2017.



Riveles Wahab LLP - Legal & Tax Structure

BlockEstate has partnered with Riveles Wahab LLP, a New York based law firm specializing in hedge funds, private equity funds, investment management, technology and venture capital, to put together its legal framework, fund structure and tax structure.



SYNEVA Economics - Economic Research and Consultancy

BlockEstate has partnered with SYNEVA Economics LLC, a private consultancy firm whose expertise is assisting with local and regional economic analysis. SYNEVA will provide BlockEstate with clear, insightful information to help the team make knowledgeable, efficient and effective investment decisions.



AmaZix - Investor Relations

BlockEstate is working with AmaZix, the world's leading community management and engagement firms for blockchain projects, to help engage with a multi-lingual and technically proficient investor base. AmaZix offers 24/7 community management and has assisted some of history's largest blockchain projects.



ROADMAP



Q1 2018: Project Conception & Core Team Formation

BlockEstate fund structure proposed, buyback & burn model explored as reward model.



Q2 2018: Legal & Regulatory Research & Technology Partnerships Established

BlockEstate begins working with Riveles Wahab LLP to explore the legal, tax and regulatory structure for the fund. Partnerships with Polymath and Matador secured to provide security token issuance and guidance.



Q3 2018: BlockEstate Site and Whitepaper Launch

BlockEstate website and whitepaper are published publicly.



Q4 2018: Private Seed Round Opens

BlockEstate begins accepting investments from strategic partners and select investors.



Q1 2019: Main STO Sale

Token sale opens to non-US persons.



Q2-Q4 2019: Portfolio Development

Real estate investment strategy is enacted.



Q2 2019: Exchange Listing & Open Trading

Tokens will be authorized for open trading on secondary markets.



Q4 2019: First Buybacks Initiated

Quarterly token buyback and burn model begins



BLOCKESTATE TEAM



BRAD GALBRAITH CHIEF ADVISOR | MARKET CONNECTION

- VP of Biltmore Farms
- Manages \$125 million in assets, with \$50 million per year in revenue
- Serves on the Board of Directors for the Asheville-Buncombe County Economic Development Coalition, and previously as President of Asheville Board of Realtors
- 30+ years experience in real estate development and marketing

Brad Galbraith manages \$125 million in assets with \$50 million per year in revenue. Galbraith joined the Biltmore Farms team in 2010 after serving as the Chief Operating Officer for Beverly-Hanks & Associates and as the Chief Development Officer for Kimmel Development Group. Before acquiring more than 30 years of experience in real estate development and marketing, Galbraith earned a Bachelor of Business Administration degree from the University of Texas. Galbraith has held numerous leadership roles within the local community, including serving as the past President of the Asheville Board of Realtors and serving on the City of Asheville's Downtown Commission. He currently serves on the Board of Directors for the Asheville-Buncombe County Economic Development Coalition.



RUSTY PULLIAM PROPERTY DEVELOPMENT | REAL ESTATE ACQUISITION

- President & CEO of Pulliam Properties
- Has managed over \$500 million in property development
- 30+ years experience in real estate brokerage, development and management

Rusty Pulliam, as president and CEO of Pulliam Properties, has managed over \$500 million in property development since 1985. Pulliam Properties is a full-service commercial real estate firm specializing in brokerage, development and management. Rusty Pulliam has developed, owns and manages 62 commercial properties in the Western North Carolina area.



BLOCKESTATE TEAM



STEVE SKINNER SENIOR MANAGEMENT | LEADERSHIP

- CEO of Dream Think Imagine
- Former COO of MPG Futures and Commodities Group
- 20 years experience in C-level positions, compliance, portfolio management, and contract negotiations

Steven Skinner currently serves as the Chief Executive Officer at Dream Think Imagine, Inc. a Global provider for enhancing the Patient Experience in the healthcare industry. Currently Skinner oversees the global operations of DTI in over 15 countries within 50 of the world's leading healthcare facilities. Skinner's previous qualifications are COO of MPG Futures and Commodities Group where he handled the opening of Regional offices and worked with compliance efforts with various Operators, Pools and Funds to help optimize clients' portfolios through these structures. Skinner also has a vast knowledge of contract negotiations and manufacturing working with clients and partnerships such as Microsoft, Siemens, Neusoft and many other corporations on a domestic and global level. With almost 20 years at the C-level position Skinner brings insight, leadership and negotiating skills needed at a high level view for the BlockEstate team.



COLBY HARRIS INDUSTRY CONNECTIONS | REAL ESTATE ACQUISITION

- Private wealth manager, who helps oversee over \$20 million worth of assets
- 2+ years experience in residential & commercial real estate

Harris is an equity partner and manager in a real estate investment group with over \$20 million worth of assets. He brings over 12 years of experience in business development, residential & commercial real estate, and long-term commercial leasing projects to the BlockEstate team. As a private wealth manager, he has focused on high net-worth individuals, specializing in commercial real estate investment opportunities for clients of the firm.



BLOCKESTATE TEAM



BRANDON HUDSON MARKET ANALYST

- Masters and undergraduate degrees in leadership and construction engineering and management
- Extensive leadership experience, coordinating multiple teams across the country
- 10+ years experience in executive leadership

As one of the co-founders of BlockEstate, Hudson oversees the day-to-day activities of BlockEstate. He has been involved in executive leadership for nearly 10 years, leading teams of people and putting plans in place to bring visions and ideas into reality. Before joining the BlockEstate team, he managed a team of 80 people across 8 regions. His masters and undergraduate degrees are in leadership and construction engineering and management.



JON ROBERTS MARKET RESEARCH | REAL ESTATE CONSULTANT

- Member of one of the highest performing real estate groups in North Carolina, which sold over \$60 million worth of real estate last year alone
- 10+ years experience in residential and commercial real estate

Roberts brings over 10 years of experience in buying, selling, and construction of both residential and commercial real estate. He is a member of the best performing real estate team in the Western North Carolina area, and, along with his team, has sold over \$60 million worth of real estate last year alone. His has extensive experience in finding, negotiating, and closing deals for clients all across the United States. Roberts has a deep pool of contacts and resources in the field who can be called on to assist and to uncover deals not readily found on the market. Roberts has also worked to build and manage a personal real estate portfolio. His portfolio includes residential properties and short term rentals.



BLOCKESTATE TEAM



MATTHEW SKINNER SOLUTION ARCHITECT | BLOCKCHAIN ADVISOR

- President of SolutionBase & ESZPlay
- Early adopter and advocate of crypto, with deep connections in the space
- Critical advisor for Gochain, helped facilitate their successful \$15 million raise
- 10+ years experience with tech startups

Skinner's career has focused on business process improvement and optimization with a highlight on developing technology that intelligently empowers the end user. Over the last decade, Skinner has been part of numerous successful tech start-ups and entrepreneurial ventures. For his most recent startup, ESZPlay, he's currently overseeing the development of a skills based online matchmaking tournament platform for popular PC games. Skinner was an early adopter of cryptocurrency, and was even a provider of bitcoin mining hardware on the US East Coast. He's an expert in the crypto world, and has recently served as an advisor for GoChain, where he provided crucial guidance for their ICO that raised over \$15,000,000.



JOSH LAMONT SOLUTION DESIGNER | BLOCKCHAIN ADVISOR

- Marketing & branding expert for numerous successful international & national capital raises, both in and out of the crypto space
- Clients include the DOD, YMCA, Big 12 Conference, Discovery, Chick-fil-a, Energizer, DataBridge, and Bigcloud
- 15+ years experience in design and development

Lamont has been involved in the design and development field for over 15 years. He's worked for clients like the Department of Defense, YMCA, Chickfila, and Discovery, in addition to developing a major educational platform and being instrumental in several large national marketing campaigns and fundraising efforts. As a founding member of ESZPlay, Lamont is instrumental in the platform's day to day development. Lamont has worked alongside several ICOs as a private advisor.



ADVISORY TEAM



SIMON RIVELES LEGAL | PARTNER AT RIVELES WAHAB LLP

- Simon represents alternative investment funds, venture capital funds and their sponsors
- Clients include the SEC and state registered advisers, commodity pool operators, broker dealers, and managers based in foreign jurisdictions
- 17 years of legal experience

Simon represents alternative investment funds, including hedge, private equity and venture capital funds and their sponsors, managers and investors in a broad range of matters relating to their structuring, formation, corporate governance, operations and regulatory compliance. His clients include SEC and state registered investment advisers, commodity pool operators, broker dealers, and managers based in foreign jurisdictions.



KAISER WAHAB ATTORNEY AND PARTNER AT RIVELES WAHAB LLP

- Experienced corporate and securities attorney, who represents hedge and private equity funds, investment manager startups, and technology companies
- Advisor on corporate, commercial, investment management, cryptocurrency and securities law
- 18 years of legal experience

Kaiser Wahab is an experienced corporate and securities attorney based in New York. Kaiser is a founding member of a boutique law firm that represents hedge and private equity funds, investment managers, startups, creative businesses, technology companies, and other ventures. Located in the heart of New York City's financial district, Kaiser provides insight and advice on all aspects of commercial, corporate, investment management, cryptocurrency, and securities law to clients in the United States and abroad. Kaiser has been practicing for 18 years, and earned his law degree from Columbia University.



ADVISORY TEAM



LUKASZ WICHER ISSUANCE LEAD AT MATADOR ADVISORY

- Provides guidance for successful token offerings at Matador
- Investment banking background at leading independent focusing on capital raising initiatives (successfully raising over \$500M) and M&A

Lukasz leads the issuance team at Polymath, responsible for guiding issuers through the various steps of a successful token offering. He brings 3 years of investment banking experience from a leading Canadian boutique bank, INFOR Financial. Lukasz has successfully advised companies to raise over \$300M and has advised on over \$500M in M&A transactions.



IGOR DENISOV HEAD OF STRATEGY & BUSINESS DEVELOPMENT AT POLYMATH

- Leader of strategic partnerships for Polymath
- Background in bank GMP Securities and bulge bracket BMO
- 7+ years experience in investment banking and M&A

Igor leads strategic partnerships for Polymath. He brings 7 years of investment banking experience, with specific expertise in M&A. Prior to Polymath, he worked with leading Canadian boutique bank GMP Securities and bulge bracket BMO. Igor holds a degree in Engineering Science from the University of Toronto.



JONAS SEVEL KARLBERG CEO AMAZIX CO-FOUNDER NORDIC BLOCKCHAIN ASSOCIATION

- Instrumental in hundreds of successful token sales, including Bancor, HDAC, BANKEX and Sharpe Capital
- As CEO of AmaZix, leads global team of over 100 multilingual, fintech experts
- 20 years commercial management experience working with some of the world's largest brands

Jonas is a co-founder of the Nordic Blockchain Association, and the founder of AmaZix, the world's leading community management and engagement firm instrumental in more than 100 major successful token sales, including Bancor, HDAC (by Hyundai), BANKEX and Sharpe Capital. Jonas has more than 20 years of commercial management experience working with some of the world's largest brands. Jonas leads a global team of more than people as CEO of AmaZix and also sits on the advisory board of several prominent projects.



ADVISORY TEAM



TOM TVEIDT PRESIDENT & LEAD ECONOMIST AT SYNEVA ECONOMICS LLC

- Expert in regional economic assessment, economic impact analyses, industry targeting and industrial site selection
- Regular featured instructor for the Council for Community and Economic Research and the International Economic Development Council
- 19 years experience as an economist

Tom Tveidt is president of SYNEVA Economics. Mr. Tveidt is a research economist who has more than 19 years experience in providing objective and clear regional analysis for public and private decision makers. He is an actively practicing consultant with expertise in regional economic assessment, economic impact analyses, industry targeting and industrial site selection. Tom regularly speaks before business groups, government organizations and public groups, detailing regional economic trends and issues. Mr. Tveidt is frequently quoted in newspapers, business journals, and TV news programs.

Mr Tveidt has been an invited instructor for the Council for Community and Economic Research (C2ER), and the International Economic Development Council (IEDC). Tom is a past-chair of C2ER. Tom has a BA in Economics from the University of California, Santa Barbara, California and an MBA in Finance from California Lutheran University in Thousand Oaks, California.



ADVISORY TEAM



SAM BUXTON CEO AT DIGITAL ASSET MANAGEMENT LTD

- Chartered Banker in the UK, entrepreneur, and investor. Extensive experience in Equities, Fixed Income, Structured Products, Commodities, FX and Digital Assets
- As an Equity Analyst on the Investment Challenge Team at TVA, outperformed the S&P 500 in 2013 with a return of 44.15%
- Sam's research on venture creation and crowdfunding has been officially recognized and published by Bangor

Sam is Chartered Banker in the UK, an entrepreneur and an investor. He has worked for multiple fintech startups and is passionate about venture creation and blockchain. Sam has experience managing portfolios of a range of asset classes including Equities, Fixed Income, Structured Products, Commodities, FX and Digital Assets. In 2012, Sam joined the Investment Challenge Team at Tennessee Valley Authority (TVA) as an Equity Analyst, where his team outperformed the S&P 500 in 2013 with a return of 44.15%. In 2013, Sam also completed his CFA (Chartered Financial Analyst) investment research course where he was awarded a CFA certificate for outstanding investment research. From August 2014 to May 2016, Sam joined Plurimi Wealth in Gibraltar as an Equity Analyst and direct support for the head of portfolio management. Sam's research on new venture creation and crowdfunding has been officially published by Bangor and available to read in Bangor University Library.