



BuyByBlock White Paper

July 2022

PropTech & DeFi Profit meet Reactivity

Combining the profitability potential of the real estate market with the flexibility of decentralized systems

Situation

With macro-economic indicators deteriorating sharply, the real estate market is increasingly under pressure.

In comparison, markets are showing a growing interest in decentralized finance applications. The latter, based on the architecture of various blockchains, are exploring new models and innovating continuously.

However, the extreme fragility of the underlying assets - or more precisely, their absence - makes them highly volatile products, sometimes causing investors to lose money.

Conclusion

By combining these two sectors in a concept that takes into account the expectations of real estate investors and the fluidity of digital transactions, the resulting solution is economically sound.

With Tokens based on tangible value, acceptance by users far from cryptocurrencies will be higher.

Overview



**Fractional Real Estate,
shares are transformed in
Security Tokens**



**Full legal compliant, one
joint stock company for
each property**



**Fluid, international and
secured market, no delay in
purchase and resale**



**Professional rental
management, maximizing
revenues**

Make Real Estate affordable for everyone

To benefit from the advantages of real estate, you generally need at least a relevant amount of capital - even more because of inflation and the tightening of banking conditions. The profitability, including rental income and capital gains, is generally much higher than that of so-called "traditional" investments. If he is not an expert, the real estate investor can be confronted with many potential setbacks (hidden defects, unpaid bills, poor workmanship, ...). To buy or sale a real estate, generally you will wait months (including of course the research of an adequate property or that of a buyer).

On the other hand, many investments offer a much greater liquidity and the possibility of acquiring or selling these products in a few hours or even minutes, they are however much more volatile and present for some a real risk of complete loss of the invested capital.

Based on this observation and the technical applications offered by the Blockchain, BuyByBlock has developed its offer - fractional real estate in the form of a token (ST - Security Token). Combining the profitability and stability of real estate with the fluidity and tamper-proofness of blockchain, BuyByBlock offers a simple, understandable and affordable product for almost the majority of people.

« Key point is a very liquid second market»

«Token as digital share of the company had a similar legal value»

Users can transfer their funds to bank account or crypto wallet

Users can exchange Tokens on P2P platform (second market)

Monthly payout of the rental profit to each token holder

Initial Security Token offering (First market),

Minting of Security Tokens, each share is transformed and written Onchain

One Company for one Property, individual and specific performance

Identification and purchase of Real Estate

Roadmap

Q2 2022

Market research
Audit and drafting of concepts
Technical and legal contacts



Q3 2022

Disclosure of White Paper
Marketing launch
Research and development
Seed financing
Structures registration

Q4 2022

Active customer acquisition
Real estate purchase
Implementation of smart contracts
Rental management contracts
Launching of website



Q1 2023

Series A funding
Recruitment of specialists
Start of the second country
Metavers

Q2 and Q3 2023

Wider recruitment
Launch of other countries
Scale up
Securing infrastructures



2024/25

Scale up to all markets
Series B and C funding
New financial products

What others think about it

....**EBSI** - the european union invests 300 million euros for the implementation of blockchain solutions

....**CoinDesk** - average ICO level by 30 million \$

....**Natixis, IBM and Trafigura** still tokenize the oil market

....**The Notaries** of Greater Paris signed a "Notary Blockchain Trust Policy" in 2020

....**World Economic Finance** - discussion "Remittances for Recovery: A New Era of Digital Money"



A more transparent and liquid market, two valuable directions

"A major flaw in the real estate market remains its lack of liquidity.

Samantha Kempe, co-founder and CIO, IMMO Capital

Interview cms.law

The effortless mortgage is possible

"The one-click mortgage, the integrated financial component of PropTech, is not here yet, but in three to five years, I think it will be."

Radboud Vlaar, partner, Finch Capital

Interview WallStreet Lab

The rise of shared ownership seems inevitable

"I'm pretty sure it won't be uncommon to have co-investors in your home in the years to come."

Robin Rivaton, investment director, Eurazeo

Interview La Tribune

Still not convinced?

Is my investment safe?

Unlike "paper" transactions that can be altered a posteriori (voluntarily or not), the blockchain offers an uneven level of traceability and transparency. For more than 10 years, the historical blockchain has never been caught out.

How to buy and store Security Tokens?

Quite simply, from the Buy By Block platform. You can store your Token on any wallet (we recommend Metamask) or keep it on our platform.

How are the properties managed?

We use recognized rental management companies, the Token holder just received the monthly payout.

What will it cost?

You can invest in increments of 100€, the initial unit price of a Token. There is no threshold, limit or obligation to your purchases.

How are the rents/dividends paid?

It is simply deposited into your platform account - you can transfer it to a bank account of your choice, a crypto wallet or just buy further Tokens.

When and how can I resell my Security Tokens?

Simply when you decide to do so via the exchange platform to other demanding users. Please note that BuyByBlock guarantees automatic buying back after seven days within the limit of 10% of all the tokens in circulation.

The Team



Emmanuel

Business Development
International
Real Estate Acquisition



Delphine

Sales&Marketing
Recruitment



Sylvain

Legals
Accounting



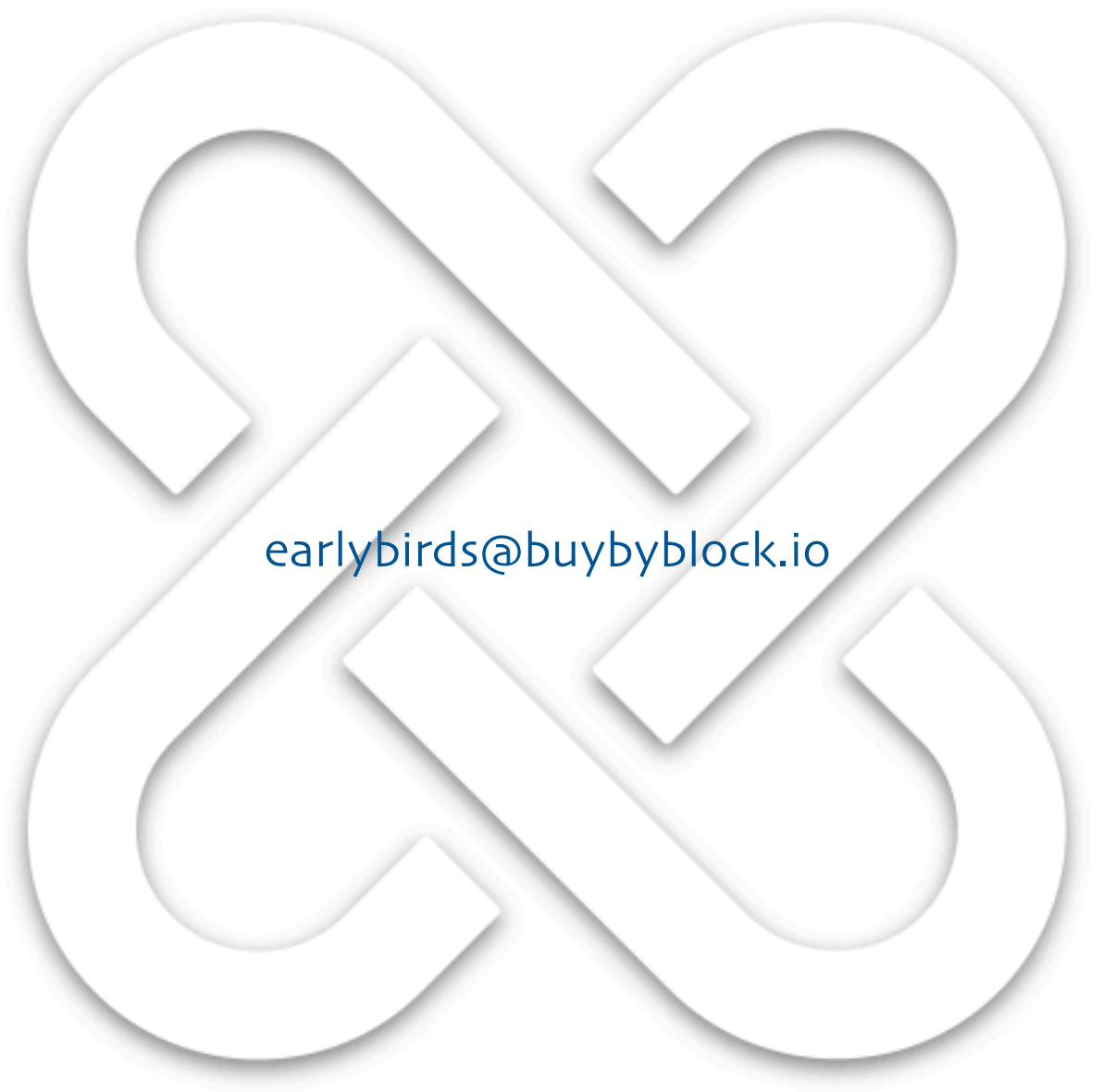
Assan

Product Development
Customer Experience



Guillaume

Public Relations
Partnerships



White Paper Annexes

Legal Framework

Technical Framework

Properties Selection, Acquisition and Management

Turnover and Expenses

Structure and Functions of the Platform

Company Location

Staff

Legal Framework

The direct tokenization of Real Estate property is actually not possible legally. To avoid risk for the user, and gave him a tangible asset value, BuyByBlock create for each property a SPV - basically a company who buy the real estate.

The shares of this company are transformed into a digital asset, under French law (Article L211 - modified by ordinance n°2017-1674 of December 8, 2017 - and R211 - modified by decree n°2018-1226 of December 24, 2018) .

The process involves the registration of shares on the Blockchain by generating (minting) a token meeting the ERC1400 standard - at the rate of 1 token for one share.

This implies that the holding of a token allows the same rights and obligations as the company share - in this case a right of governance and the payment of dividends.

A specific reporting for each Token holder will be issuing every year for tax declaration - the user had to fulfill to his local tax obligations for his own.

Technical Framework

Although the Blockchain usage part represents the most disruptive element of the BuyByBlock company, it is also the easiest to manage and implement. With thousands of accessible tests and histories, constant evaluation of technical progress, and global knowledge sharing, Blockchain offers an explained method for building applications. Contrary to the corporate world where secrecy is the rule, in the technical field sharing is the rule.

A second part requiring computer resources is the management tool and the website allowing purchases and exchanges of NFT.

These are designed and developed in-house by a team of specialized technicians.

Here are the technical specifications on which BuyByBlock will develop its activity.

IT Infrastructure

For the implementation and use of a website (frontend) and a management tool (backend), dedicated servers will be rented from European service providers - thus ensuring maximum stability of the applications and the possibility of a power increase according to the needs.

These servers benefit from the best maintenance and operating conditions - something that is impossible to match with own equipment.

For the interface with the Blockchain, the company will create its own access (node) to ensure the best possible security against possible misuse and abuse. This computer equipment will be physically installed in BuyByBlock's offices and protected against any kind of manipulation.

Implemented Technology

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The software used by both customers and employees is known and developed in-house to ensure maximum security in the processing and hosting of personal data and funds.

The software, which involves reading and writing access to the databases, will also be subjected to stress tests on an extremely regular basis by us - intrusion attempts, load pushes, SQL injection attacks and the like. This should allow us to anticipate as much as possible a critical failure of the infrastructure.

For the interface with the Blockchain, the company will create its own access (node) in order to ensure the best possible security against possible misuse and abuse attempts. This computer equipment will be physically installed in BuyByBlock's offices and protected against any kind of manipulation. The intervention on this node will be limited to a very small number of people, always with a double control system at least. The physical possession of a node also allows for constant access to the history of transactions and registrations, so that in case of inconsistencies in accounts, these can be directly clarified.

Storage, backups and continuity plan

In addition to the backups provided by the technical service provider managing the servers, it is planned to ensure a regular cycle of physical backups of the various information and sites. This will be done internally, in order to guarantee that the data is not altered or manipulated.

In addition, a backup server will remain permanently supplied with an updated version of all tools to allow a recovery within minutes.

Properties Selection, Acquisition and Management

The key to a good investment lies in the selection of properties prior to purchase. To offer the best guarantees and a purchase in a consistent price range, BuyByBlock uses specific algorithms to identify opportunities and then calls on real estate market professionals for their role of local expertise. Finally, a valuation report will validate the differentiating aspects of each property, setting a reference value that will serve as the basis for calculating the number of Token to be released.

This combination between the technique to identify among a mass of potentialities and the human to finalize the transaction offers the best efficiency and security.

The physical part of this activity, i.e. the purchase and holding of real estate, is therefore subject to the well-established legislation of the country in which the property is located.

The digital part is subject to the legislation of the country of residence of the Token holder. The legal obligations of operation are in fact further facilitated in terms of transparency and control by the massive use of blockchain for all current aspects of property management (rent, works, various charges ...). Similarly, decisions relating to real estate will be subject to consultation with the holders of the corresponding Token - in proportion to their shares. These consultations will relate to decisions on works and sale options. Participation in these consultations will be optional.

Structure and functions of the Platform

The frontend - the user part of the website - allows to see the different goods for sale and the whole marketplace between users. Access to the frontend is basically free, some information and options are of course subject to registration and prior validation.

Depending on the investment choices and after having read the legal information, the user is offered a selection of Token corresponding to his profile.

The user must credit his account before making any purchase, to do this he has various means (credit card, transfer, cryptocurrencies). Conversely, the sums collected (either from a sale or a rental payment) are credited to this same account. A transfer from this account to a bank account or a crypto address is possible from a balance of 50€. The transfer fees are paid by the platform.

Depending on the selected period, the user can generate a statement of these movements and assets held/transferred. This statement is formatted to be used to fill in the user's tax returns, however it does not take into account the particular wealth situation of each user.

The user can place buy and sell orders on the NFTs, determining for each the requested/desired price. The market place system then manages the execution (even partial) of these orders according to availability.

Users have a possibility to contact each other within the platform in order to request/propose NFTs. The communication must be approved by the recipient of the message, otherwise the sender will not be able to send him new messages.

A feature in the user account settings allows you to accept/reject messages in bulk or to keep it as default setting. Platform communications related to account maintenance and notifications of deposits and transactions are excluded from this setting.

Various performance indicators are available to the user to help him make his choice. The price per square meter and its evolution are a determining aspect, as well as the rent per square meter and the rental vacancy. Finally, a supply/demand indicator shows the desirability of the property.

When a user bring a new one (recommandation), he will be rewarded with lower transactions fees (down to 0,5%) for a 30 days period.

A user can make a proposal for a property, in order to be sell on the platform. This require a precise protocol with an audit and estimation of value.

If a user had more than 30% of the Token from one object, he have the option to use this property for living, the rent will be lowered from the % of Token he detain.

If a user have 100% of the Token from one object, he have the right to close the contract for selling the property to or by his own, he can also just pause the rent.

If a user live in a property without having all the Token, he have a priority option when the Token are sale. He can contact the other holders by activate a special button.

Company Location

It is obvious that this type of structure requires different companies to spread the risks and take advantage of the advantages specific to the activity of a favorable legislation in a place. One of the key elements is the evolution of legal constraints in a still unregulated market (digital assets). The second consideration is the ability to raise funding and sell all or part of the business. In order to attract talent, the location of the workplace will have to be considered and allow to tap into a favorable environment. As much as possible, it would be good to have geographical proximity (or at least good accessibility) in order to promote the emulation of teams.

A solution mixing remote and physical presence mean that the need of office is reduced - we will use during the first 2 year flexible office structures in order to have a presence in several countries at a lower cost.

Staff

In order to speed up the implementation of the company, we will externalize the first step of technical development.

After this first step, we will increase constantly the staff in correlation with the activities.

	6 months	12 months	24 months	36 months
Overhead	5	5	6	6
Web 2	2	5	7	8
Web 3	1	3	5	8
IT Security	1	2	5	5
Sales & Marketing - support	5	11	18	23
Real Estate Analyst	1	2	2	3
Human Ressources	1	2	3	3
Accounting	1	2	5	5
Legal	1	2	3	3
	18	34	54	64



July 2022

Subject to changes

information is indicative and not
contractual