



An Introduction to Altafin

White Paper • By Jeremy Crane

Version 1.0

August 2020

Abstract

In the paper we introduce a real estate collateralized stable token, that pays out an annual dividend, thus democratizing the ownership of real estate.

1 Cover Letter	2
2 Real Estate Collateralized Token	2
3 The Altafin Token	3
3.1 Basics	3
3.2 Key Product Features and Benefits	4
3.3 Technology	4
3.4 Altafin Token Economics	4
3.5 Altafin Platform	5
4 Economics and the Altafin Reserve	5
4.1 Professionally Managed Real Estate	5
4.2 Altafin Reserve Model	5
4.2.1 Annual Dividend	5
4.2.2 On-Chain Financials	6
4.3 Past Attempts to Digitize Real Estate	6
5 The Altafin Association	6
5.1 Governance	6
5.2 Funds at FDIC Insured Depository	6
5.3 Financial Audit	6
5.4 Smart Contract Audit	6
5.5 Transaction Monitoring	7
References	7

1 Cover Letter

The Altafin Association's mission is to lower the barriers of entry to participating in the stability and income of professionally managed real estate.

Historically, real estate ownership has been a driver of wealth and income for the individuals that own them. This privilege has been reserved for those in a position to acquire and maintain ownership of the underlying assets. Globally real estate is more valuable than all stocks, shares and securitized debt combined at \$226 trillion dollars [1].

Real estate value transfer is difficult, time consuming, costly, and has not historically been available as a share, or pool, until the relatively recent advent of REIT's, and even more recently shared ownership investment platforms, like Fundrise® or Cadre®. Even with these models, the barrier to entry is still high.

At Altafin, we are on a mission to digitize the world's real estate and collateralize ownership by issuing the Altafin Token. Our vision will drive the growth of the pool of real estate assets in the Altafin Reserve, which will increase the annual dividend and drive Altafin token value. We see professionally managed multi-dwelling real estate as the asset best positioned for digital transformation; it's world wide market value is more than \$9.6 trillion [2].

In this paper, we introduce Altafin, a tokenized version of a pool of real estate that is collateralized by real, physical assets. It gives token-holders the rights to earn dividends, is backed by real estate assets, and has the benefits of the portability of a digital asset. We provide some context to demonstrate the opportunity of having a digital approach to professionally managed real estate and the Altafin Reserve.

We have created the easiest way for people to affordably own, hold, trade, lend or move professionally managed real estate – without any access to the deal flow and underlying assets and the headaches of management and oversight. Altafin democratizes access to real estate globally.

2 Real Estate Collateralized Token

The market for cryptocurrencies and digital blockchain assets has grown into a \$350 billion economy over the past decade [3]. With this growth, there have been innovative applications of blockchain technology and coins/tokens across banking, reserve currencies, gold, decentralized finance, and more. But, the market lacks a viable, long-term, real estate application on blockchain technology.

Current real estate assets come in many types: office, warehouse, retail, residential home, residential multi-dwelling (apartment), and more. At the Altafin Association, we will specifically

focus on the residential multi-dwelling class. This specific class of real estate assets are stable, as they provide housing for a large portion of the world's population.

Today's professionally managed multi-dwelling real estate market has a fundamental problem: the assets are not represented digitally via blockchain tokens. The advent of blockchain technology, specifically the tokenization of real world assets, has provided a fortuitous opportunity to specifically tackle this problem.

Now is the time to create a new kind of real estate token built on the foundation of blockchain technology.

3 The Altafin Token

The Altafin Association provides a unique and innovative solution to this problem with the Altafin Token (ALTA). This digitized blockchain token is backed by a reserve of professionally managed multi-dwelling real estate assets, giving it intrinsic value. In addition, these assets produce income giving Altafin token holders profit participation in the form of an annual dividend.

1. It is built on the secure, scalable, and reliable Ethereum blockchain;
2. It is backed by a reserve of real estate assets designed to give it intrinsic value;
3. It is income generating through an annual dividend;
4. It is governed by the Altafin Association tasked with growing the asset values;

3.1 Basics

Altafin is designed to be a stable digital crypto asset that will be fully backed by a reserve of real estate assets - the Altafin Reserve – and supported by our platform and a network of exchanges listing Altafin. Each token holder reserves the right to participate in the cash flow profits of the real estate assets held by the Altafin Association. As the Altafin Association sells more tokens, more income producing professionally managed multi-dwelling real estate assets are purchased, and the subsequent annual dividends increase. The value of Altafin therefore increases as the combined underlying pool of real estate assets increase in value with the annual dividend increase.

Altafin is an Ethereum token built with the ERC-20 protocol, making it easily compatible with any Ethereum wallet that accepts ERC-20 tokens. All transactions operate according to the rules of the smart contract. Because of this smart contract, transactions eliminate human error and the system operates only as programmed.

Unlike real estate ownership, which is not easily divisible nor transferable, Altafin Tokens can move anywhere, anytime and are divisible down to 18 decimal points.

3.2 Key Product Features and Benefits

- **Collateralized.** Altafin Tokens will be collateralized by the Altafin Reserve real estate assets held by the Altafin Association.
- **Annual dividend.** Due to the nature of multi-dwelling real estate assets producing regular income, the Altafin Association will pay an Annual Dividend equal to 30% of the Net Profits after expenses, such as: Operations, Management, Legal, Technical, Advisory, and Administrative.
- **Decentralized.** Due to the standards built around the Ethereum ERC-20 protocol, Altafin will have easy transferability and divisibility based on the underlying smart contract.
- **Low fees.** Due to the standards built around the ERC-20 protocol, Altafin will have low costs to move. Unlike other stable coins, Altafin will have zero transfer fees built into the smart contract.
- **DeFi services.** Due to the standards built around the ERC-20 protocol, the Altafin Association will work to make Altafin available to the growing market of defi services, such as liquidity pools and lending platforms. This will allow the token holders greater liquidity, flexibility and the ability to loan, or take loans, on the token.
- **Transparent.** Altafin smart contract code is auditable. In addition, Altafin Association will publish relevant financial metrics on-chain for immutable record keeping.
- **Open to anyone.** To comply with the stringest security regulations in the United States, the Altafin Association will anticipate getting Altafin approved as a Regulation A+ security within the first 6-12 months of the private sale. This will allow any legally allowed individual worldwide to be in possession of the token and allow for exchanges to list the tokens, thus providing greater liquidity and movement.

3.3 Technology

Altafin is an ERC-20 token on the Ethereum blockchain issued by the Altafin Association. An ERC-20 token is an Ethereum smart contract that follows a standard protocol for representing custom tokens on the blockchain.

3.4 Altafin Token Economics

The Altafin Association will use the smart contract to create a total supply of 100 billion Altafin tokens. These tokens will be held in the Altafin Association token reserve. Periodically, the Altafin Association will make reserve tokens available for purchase on the Altafin Association software platform and through exchanges for the express purpose of purchasing professionally managed multi-dwelling real estate assets. These sales may occur publicly or privately, and we will follow all applicable US Securities laws and regulations.

3.5 Altafin Platform

The Altafin Association will build and launch a proprietary platform, called the Altafin Platform. In this platform users can: manage wallets & user accounts, purchase Altafin tokens using a variety of sources, manage staking, and receive dividends.

4 Economics and the Altafin Reserve

4.1 Professionally Managed Real Estate

For Altafin, the Altafin Association will invest in professionally managed multi-dwelling real estate in the United States. Professionally managed multi-dwelling real estate is stable, appreciates in value, and produces monthly income. Our team has extensive experience in purchasing and managing real estate, and understands how to maximize income from the available capital from token sales.

4.2 Altafin Reserve Model

There are multiple methods of acquiring professionally managed multi-dwelling real estate assets. Broken down into simple strategic buckets, the strategies are:

1. All-cash purchase and outright ownership
2. Leveraged cash purchase with limited- and general-partners
3. Publicly traded REIT shares

Altafin Association will use a blended mix of the three strategies defined above to purchase professionally managed multi-dwelling real estate assets to own as part of the Altafin Reserve. We have identified the leveraged cash purchase strategy for the majority of the pool of assets. This strategy best utilizes capital from token sales while providing liability paydown, asset appreciation, and greater income and dividend payout. Over a longer period of time, this strategy will greatly benefit the Altafin token holders.

4.2.1 Quarterly Dividend

On a quarterly basis, the Altafin Platform will calculate the share of dividends rewarded for each wallet based on the wallets percentage of ownership against the total circulating supply. To qualify, users must stake the required amount of Altafin Tokens for the 15-day period prior to the dividend announcement.

Q1

Date Range:	January - March
Stake Cut-off:	April 01 00:00:00 GMT

Announcement: April 15 00:00:00 GMT
Payout: April 15 00:00:00 GMT

Q2

Date Range: April - June
Stake Cut-off: July 01 00:00:00 GMT
Announcement: July 15 00:00:00 GMT
Payout: July 15 00:00:00 GMT

Q3

Date Range: July - September
Stake Cut-off: October 01 00:00:00 GMT
Announcement: October 15 00:00:00 GMT
Payout: October 15 00:00:00 GMT

Q4

Date Range: October - December
Stake Cut-off: January 01 00:00:00 GMT
Announcement: January 15 00:00:00 GMT
Payout: January 15 00:00:00 GMT

4.2.2 On-Chain Financials

Some key metrics we anticipate publishing, but are not limited to: Assets Under Management (AUM), Annual Dividend (AD), Annual Dividend Rate (ADR).

4.3 Past Attempts to Digitize Real Estate

There have been multiple attempts to create a digital representation of real estate on a blockchain, but none have achieved any major level of success. Many focused on the digital representation of a single real estate asset or a project that has a fixed life-cycle (for example, a single real estate development). Token sales were private or the vision and long term viability was lacking. In addition, most of these assets did not produce dividends.

5 The Altafin Association

From inception, the Altafin Association aims to be transparent regarding the management and use of funds toward purchasing the core Altafin Reserve assets and paying out annual dividends.

5.1 Governance

The Altafin Association is founded and managed by a seasoned team of tech and real-estate entrepreneurs. The executive team will provide hands-on governance over the Altafin Reserve

assets, maintenance and improvements to the Altafin Platform, and the distribution of the annual dividend, and over time, will transition to additional community and stakeholder control. The following rights in the protocol are controlled by the admin:

- The ability to set the annual net profit dividend rate
- The ability to set which token(s) to utilize for dividend distributions
- The ability to set the staking requirement for dividend distribution participation

5.2 Funds at FDIC Insured Depository

All funds will be held at the FDIC-insured depository, First Republic. All minted token keys will be insured and stored by services provided by Gemini Trust and Bitgo.

5.3 Financial Audit

Altafin Association will conduct regular accounting and Altafin Reserve asset valuation audits through a prominent and respected accounting firm.

5.4 Smart Contract Audit

Altafin Association will engage with prominent smart contract auditors (such as, but not limited to: ChainSecurity, CertiK, OpenZeppelin, or Trail of Bits) to conduct an audit on our smart contract code prior to publication on the blockchain.

5.5 Transaction Monitoring

Altafin Association will work with Chainalysis and ComplyAdvantage to provide transaction monitoring necessary for law enforcement and anti-money laundering regulations.

References

- [1] "Global Real Estate." HSBC, https://internationalservices.hsbc.com/content/dam/hsbcis/pdf/HSBC_Global_Real_Estate_Report_July2017.pdf. Accessed August 7, 2020.
- [2] "Real Estate Market Size 2019." MSCI, <https://www.msci.com/documents/10199/035f2439-e28e-09c8-2a78-4c096e92e622>. Accessed August 7, 2020.
- [3] "Market Cap." CoinMarketCap, <https://coinmarketcap.com/>. Accessed on August 11, 2020.