




CESTATES

TOKENIZED REAL ESTATE PLATFORM

MAKING REAL ESTATE EASY FOR EVERYONE

BUY | EARN | SELL

Version as of October 2019



To make real estate easy and accessible for everyone.

Executive Summary

Residential real estate has the highest reward over risk ratio among investment options such as bonds, equities, and treasury bills. Residential real estate offers slightly better returns compared to equities but with much fewer risks from the fluctuation of value. Additionally, there is a high interest in real estate investment coming from the Chinese population.

The Real estate industry is characterized by **high barriers to investing, illiquidity, slow transaction processes and difficulty in making cross-border investments.**

C ESTATES aims to make investing in real estate as easy as trading stocks and financial instruments over the internet through their platform. The platform creates and trades Real Estate-backed Tokens using blockchain technology to provide **fast, low-cost and secure transactions.**

Key features of the platform:

- Buy fractional shares in various properties
- Earn rental income based on the proportionate share of the tokens they own
- Sell these tokens later at a higher price when property appreciates in value
- Choose a variety of property tokens (sale, rent, crowdfunding, timesharing or landbanking)
- Team comprised of leaders from the real estate industry

- Partnerships with Philippine real estate key players.
- Security and compliance is the top most priority.
- Fiat onramps and asset-backed tokens

C ESTATES plans on starting the platform by offering Property Tokens backed with Philippine real estate properties.

C ESTATES developed the business model and is planning to have revenues from four streams: **listing fee, transaction fee, property management fee, margin selling and marketing & advertisement fee.**

With the help of blockchain technology, the C ESTATES team could leverage this experience and existing network of property developers, foreign property investors and tenants to create attractive investment instruments in Philippine Real Estate that will enable investors anywhere to buy them at a lower minimum investment, liquidate them anytime, and only pay minimal transaction fees. The platform could also be used in the future to create and trade fractional shares in properties outside Metro Manila and the Philippines.

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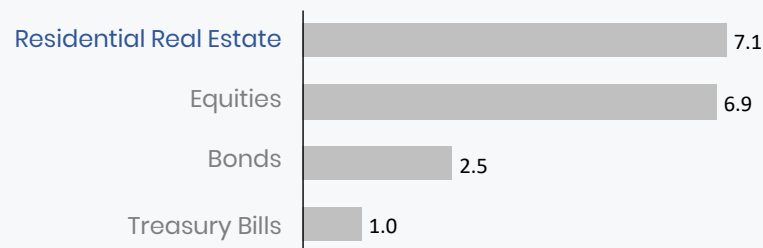
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1. Global Real Estate Industry

“Residential real estate, not equity, has been the best long-run investment over the course of modern history.”

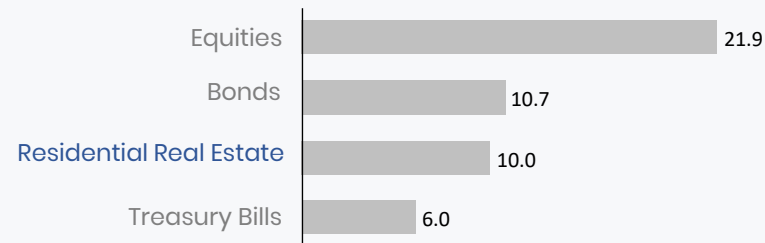
A team of researchers from the University of California Davis, University of Bonn and the German Central Bank concluded in a study titled: The Rate of Return on Everything. Wherein they analyzed returns on equities, residential real estate, short-term treasury bills, and long-term Treasury bonds using data gathered from different countries for the period 1870–2015 (See Figure 1) and found that residential real estate has been the best long-run investment.³

Figure 1: Average Annual Return adjusted for Inflation 1870–2015 percent



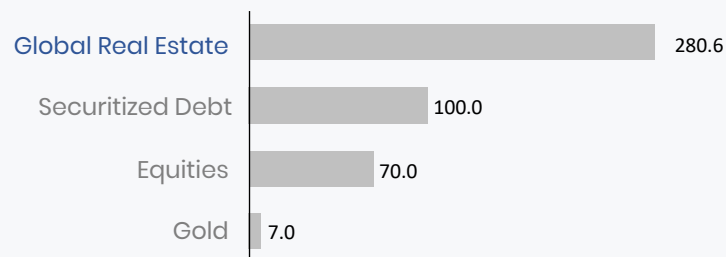
The data in Figure 1 shows that Residential Real Estate has average annual returns of **7.05%**, slightly higher than equities at **6.89%**. Although the difference in returns is not significant, when you measure the average annual standard deviation, it shows that real estate values have fluctuated less in that period compared to equities (See Figure 2).

Figure 2: Average Standard Deviation 1870–2015 percent



In 2017, the Global Real Estate Market was estimated to be worth \$280 Trillion making it the largest among all asset classes (See Figure 3).⁴

Figure 3: Global Real Estate as Compared to other Asset Classes percent



³ Jorda, O., K. Knoll, D. Kuvshinov, M. Schularick, and A. Taylor (2017): “The Rate of Return on Everything, 1870–2015,” National Bureau of Economic Research Working Paper

⁴ Jones Lang LaSalle



1. Global Real Estate Industry

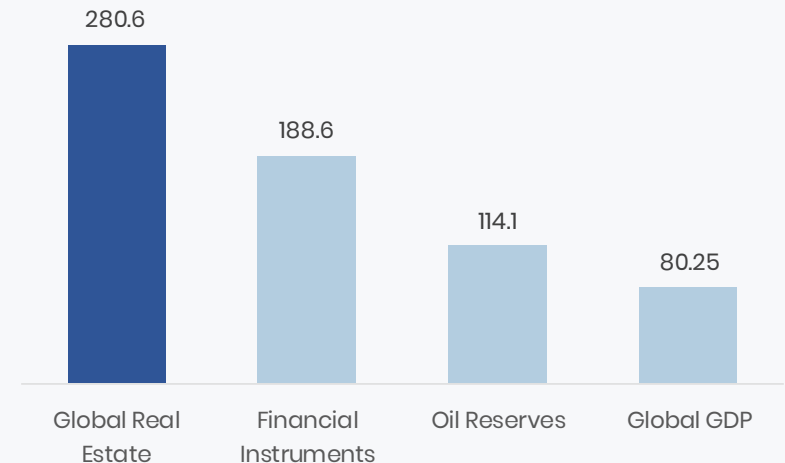
79% of global real estate is contained in residential properties at around 220.2 Trillion⁵

Real estate asset to GDP ratio is 3.5x, which means global real estate value is growing faster than global income⁴

Figure 4: Global real estate asset value
In Trillion USD



Figure 5: Global real estate as compared to other asset class
In Trillion USD



4 Jones Lang LaSalle
5 Savills World Research

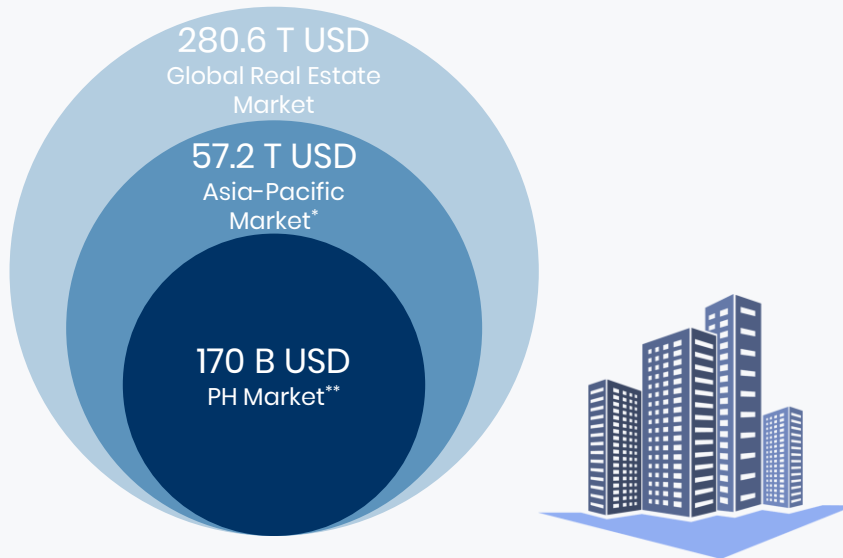
2. Growth Drivers

C ESTATES' growth will be driven by these things:

- First ever tokenized real estate platform in the Philippines that will enable real estate retail investment (buying properties as a whole or in fractions of its price)
- Philippine real estate market is still immature and still on the first market cycle

Figure 6: Philippine Real Estate is still known to be underpenetrated⁸

In Trillion USD



4 Jones Lang LaSalle

6 Global Property Guide

*excluding HK and China (HK and China represents ~55% of APAC market)

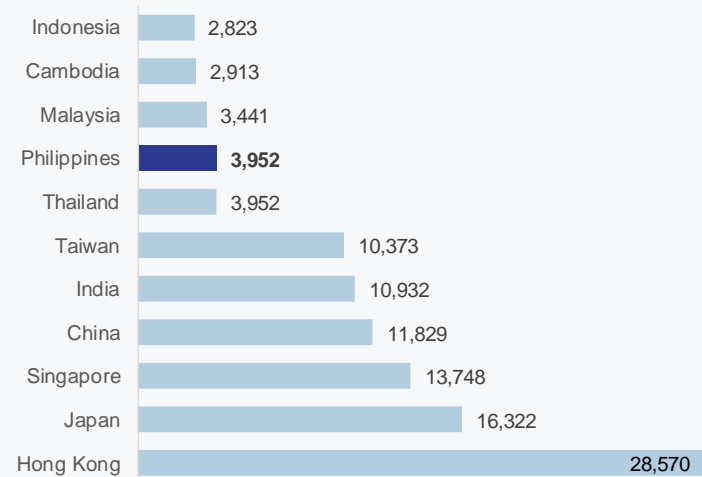
8 LPC Research and HLURB

** Limited to condominiums, including pipeline supply of condo until 2023e

- Philippine property prices is still one of the cheapest in SEA⁴⁶

Figure 7: Properties in the Philippines have lower prices than most of its neighbors

Average property prices
USD/sqm

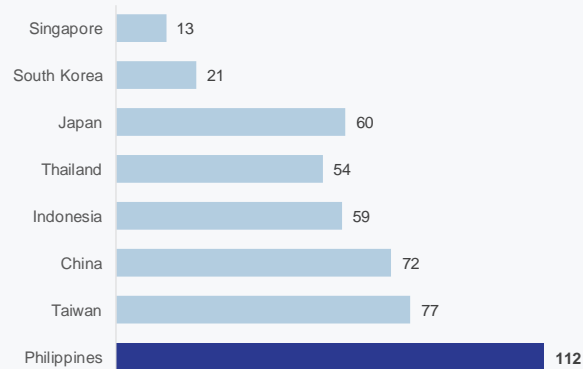


Investing in SEA Real Estate continues to be attractive

- Philippines is #1 in SEA in terms of price appreciation

Figure 8: Prices of properties in the Philippines have increased in value faster than its neighbors⁶

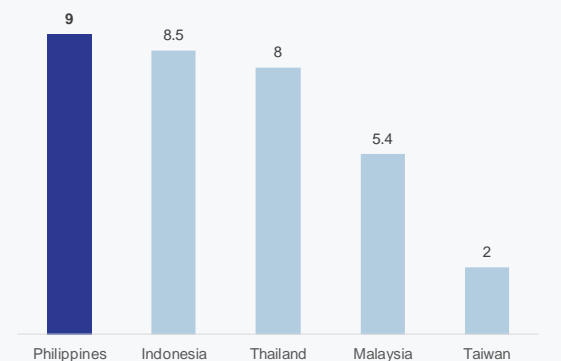
Property Value Growth 2007-2017
% percent



- Philippines remains #1 in terms of rental yield in SEA

Figure 9: Rental Yields in the Philippines are higher than its neighbors⁶

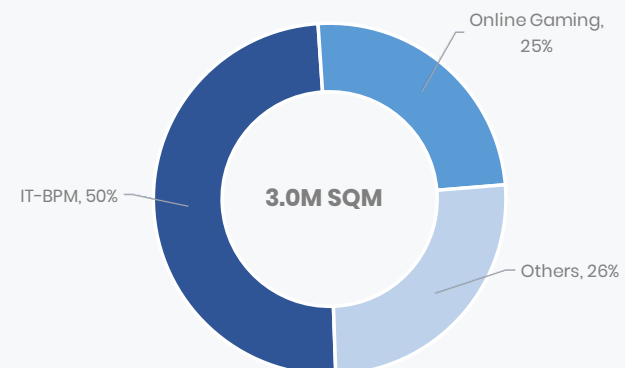
Rental Yield
% percent



- Philippine Offshore Gaming Operations are expected to sustain demand for residential housing for their staff.
- Strong Growth in the BPO Sector is expected to sustain demand for expatriate and middle-income housing

Figure 10: Metro Manila Demand Activity 2016-2018⁸

By Industry, Net Office Take-up
% percent



6 Global Property Guide
8 LPC Research

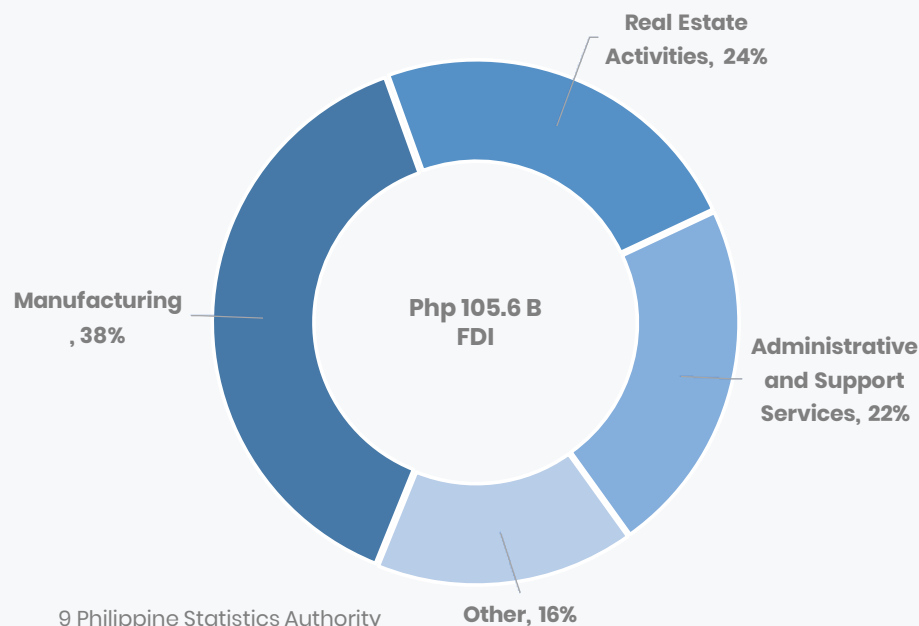
Philippines has seen an increasing trend in foreign investments wherein real estate activities has the 2nd largest share;

Foreign investment in the Philippines

Foreign Investments amount to 14.2 B PHP in Q1 2018 and 105.6 B PHP in 2017 wherein Real Estate activities have 2nd largest share of the pie at 23.5%.⁹

Figure 11: Foreign Direct Investments

By Industry,
% percent



9 Philippine Statistics Authority
10 Forbes
11 APREA

Modes of Investment in Real Estate¹⁰

	Debt	Equity
Active	Loan origination; construction lending, permanent loans Loan purchases on secondary mortgage market	Direct ownership of rental property; purchase or development
Passive	Mortgage REITs Mortgage Backed Securities; Residential or Commercial	Shares in real estate corporation Limited partnership Equity REITs

- From 1977 – 2010, REITs have returned more than 12% annually compared to 6–8% of private real estate funds.¹¹
- From 2012–2015, REITs have returned 9% on average compared to below 8% of direct real estate investing.

Real Estate Investment Trust (REIT) market in Asia is growing.

However, PH REIT may take a back seat as the PH's tax reform program is recently passed and slowly adapted.¹²¹³¹⁴

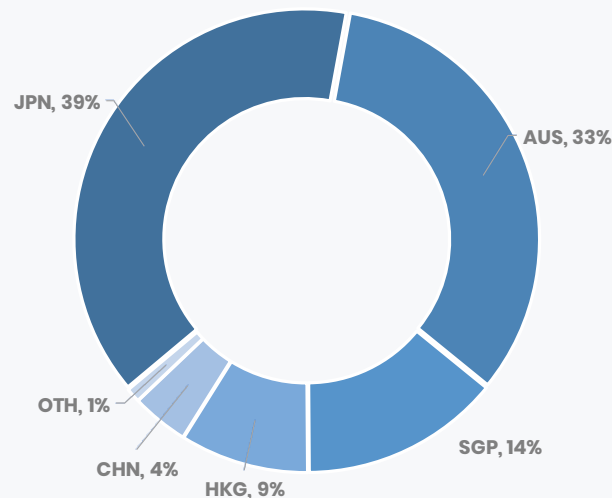
- REITs in Asia Pacific has seen a major transformation in the listed real estate market space and a stronger focus on high quality commercial real estate investment portfolios delivering attractive yields to retail investors.
- Japan, Australia and Singapore are the top REIT market in Asia-Pacific by market Capitalization.
- Asia-Pacific REIT market accounts for over **12%** of the global REIT market.¹²
- In the Philippines, although a law about REIT has been passed since 2009, no one is operating REITs in the Philippines.¹³
 - There are (3) requirements that delay the full implementation of REIT Law.
 - Minimum Public Ownership Requirement
 - Imposition of VAT
 - Escrow Requirement
- These issues do not pertain to the REIT Law, but emanate from the administrative regulations, resulting in stringent and onerous implementation of the requirements.

Governments, however, are waking up to the advantages of having a REIT market.

The further development of REIT Law in the Philippines will also give further growth to C ESTATES as more investors will be able to participate in the Philippine real estate market

Figure 12: APAC REIT market

By Country
% percent



¹² EY
¹³ National Tax Research Journal



3. CHALLENGES

Despite the attractiveness of investing in Philippine Real Estate, it also has its fair share of challenges and limitations.

Investing in Real Estate in the Philippines entails the following issues:

- **Illiquidity** – Real Estate Investments are very hard to turn back into cash. In some cross-border transactions, capital restrictions make it hard for investors to repatriate their investment.
- **High barrier to entry** – the minimum investment for Real Estate is very high requiring most people to take time to save up or borrow money. It also restricts Real Estate Investing for most people. It also takes up a lot of resources to be able to diversify your portfolio especially in the Philippines where there are no Real Estate Investment Trusts due to the current state of the law legislated for the industry.
- **Time-consuming process** – in the Philippines, it takes 3-4 months to transfer property ownership according to myproperty.ph
- **High taxes and fees** – transferring ownership in the Philippines requires paying almost 9% of the Selling Price in taxes. This is on top of processing fees and commission for agents.

These problems had paved the way to the growth of PropTech industry

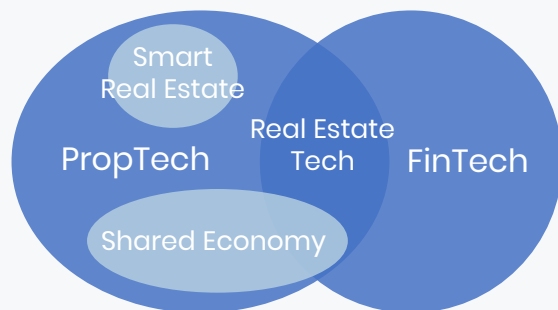
4. Rise of PropTech

Real estate is the largest – asset type and one of the last to adopt technological change and the innovation that tech can bring..

In current times we are witnessing a battle for market share between traditional advisors and a discernible second wave of technology-based innovation.

The bridge between 1st Gen and 2nd Gen PropTech appears to be the on-line residential market sector. For example, in the UK Rightmove was started in 2000 by the top four UK estate agencies at the time (Countrywide, Connells, Halifax and Royal and Sun Alliance). Zoopla launched in 2007, followed by OnTheMarket in 2015. In the US, Trulia was founded in 2005 and Zillow launched in 2006; Trulia was acquired (for \$2.5bn) by Zillow in 2015.¹⁴

Figure 15: PropTech Industry Verticals



14 Said Business School
15 CB Insights

Real estate tech presents an overlap between FinTech and PropTech. Shared economy is a third sub-category of PropTech, with some possible overlap with Fintech (as transactions may take place under this vertical).

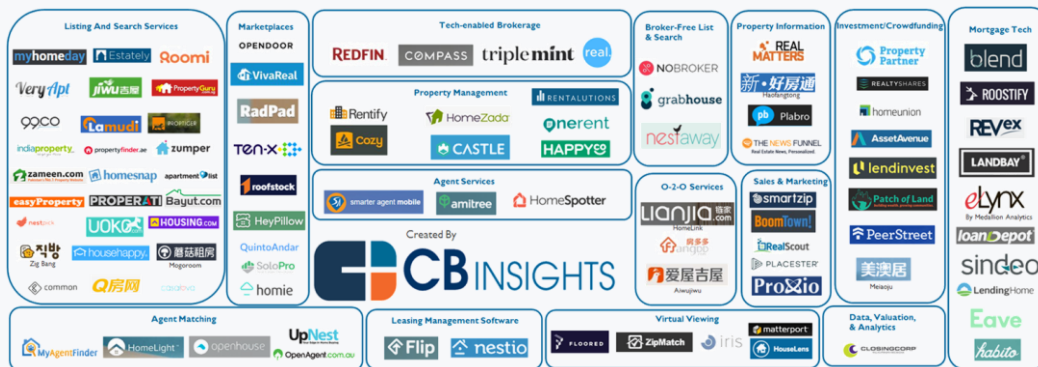
Figure 16: Residential Real Estate Tech Map¹⁵

Figure 17: Commercial Real Estate Tech Map¹⁵



PropTech in Philippine Market

With the spread of technology usage in the Philippines, real estate market is gradually adapting digital landscape to ease and broaden every transactions

- **Ayala Land Inc. (ALI)** - recently showed interest in pushing REIT
- **Lamudi** - listing and ads only, you still have to do the traditional real estate process in the Philippines
- **OLX/Property24** - almost the same as Lamudi, which also provide property listings
- **Property developers** - traditional real estate (1:1 property to owner), mostly focused in Primary Market (pre-selling, development)
- **Brokerage firm** - traditional real estate, has listings from property developers and individual property owners
- **Banks** - traditional real estate at a lower price (foreclosed properties)

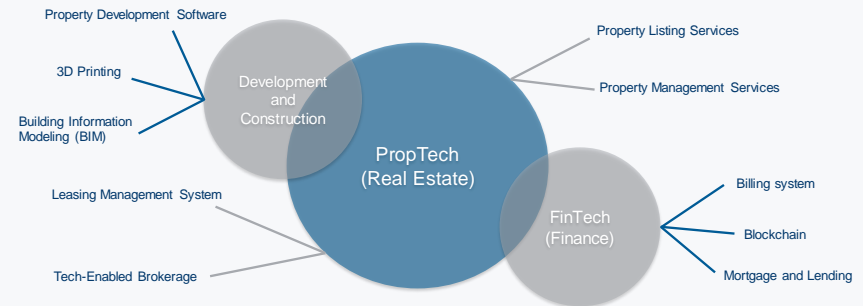
Figure 14: Real Estate Tech Landscape



Team Analysis

- The real estate tech landscape in the Philippines is categorized by: Property Listing and Search Services, Tech-enabled Brokerage, Leasing Management System, Property Management and Virtual Viewing.

Figure 15: PropTech market Overview



While REITs and PropTech are having challenges in the Philippines, real estate investors are looking for alternative modes; such as Blockchain

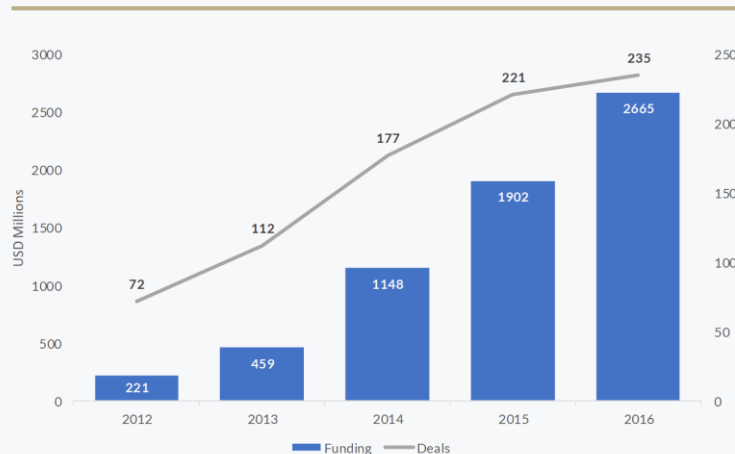
- Blockchain is attractive for the real estate industry because of less bureaucratic process, sachet investing, easier cross border transfer and less fees.
- Blockchain has the potential to: (1) reduce onboarding friction by easier KYC, digitize legal agreements; (2) decentralize transaction and title records and storing it in the blockchain; (3) Fractionalize ownership in real estate enables more accessibility to shareholders.

Venture capitalists and asset management firms remain optimistic with real estate technology;

Venture capitalists are flocking to real estate tech companies in search for the next unicorn.

Real estate tech global financing history

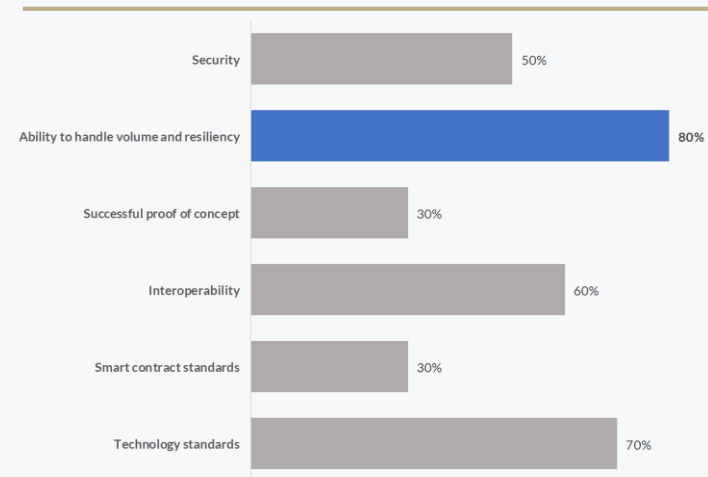
Figure 15: VC deals in real estate tech 2012–2016¹⁶



- Commercial and residential real estate tech companies raised record funds.
- Real estate tech start-ups raised **\$2.6B** in 2016 across **235 deals**, setting a new record since 2012.

Hindrance for adoption of blockchain

Figure 16: Survey of firms regarding adoption of blockchain in their firms.¹⁷



- Exploration of blockchain technology for real estate services is still in its early stages. Firms cite blockchain's limitation to handle transaction volume as a primary hindrance for organization wide adoption.

“Business case should drive technology solutions and not the other way around”

16 CB Insights
17 EY



5. BUSINESS MODEL

C ESTATES aims to make real estate investing easier

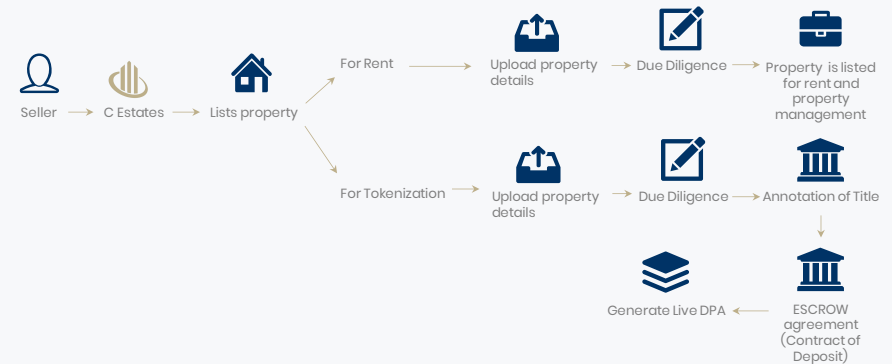
Investing in properties through C ESTATES will be as easy as trading in financial markets

C ESTATES offers a complete ecosystem solution that includes listing, tokenization of real estate properties and marketplace for property investors, brokers, buyers, and sellers. Through digital ledgers from blockchain technology, transactions are recorded permanently together with its activities and, all the changes are traced through digital footprints.

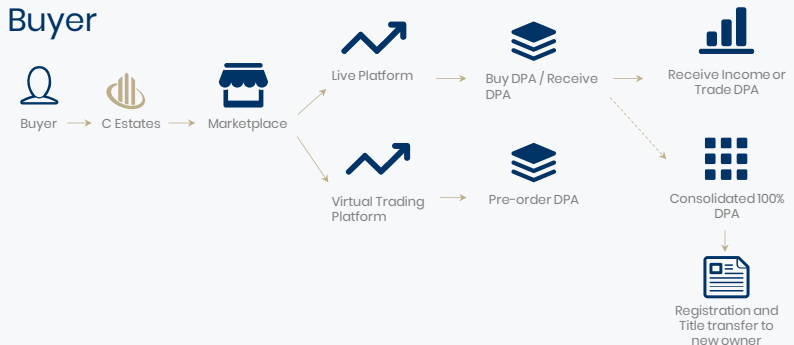


Figure 17: C ESTATES Buy and Sell Process flow

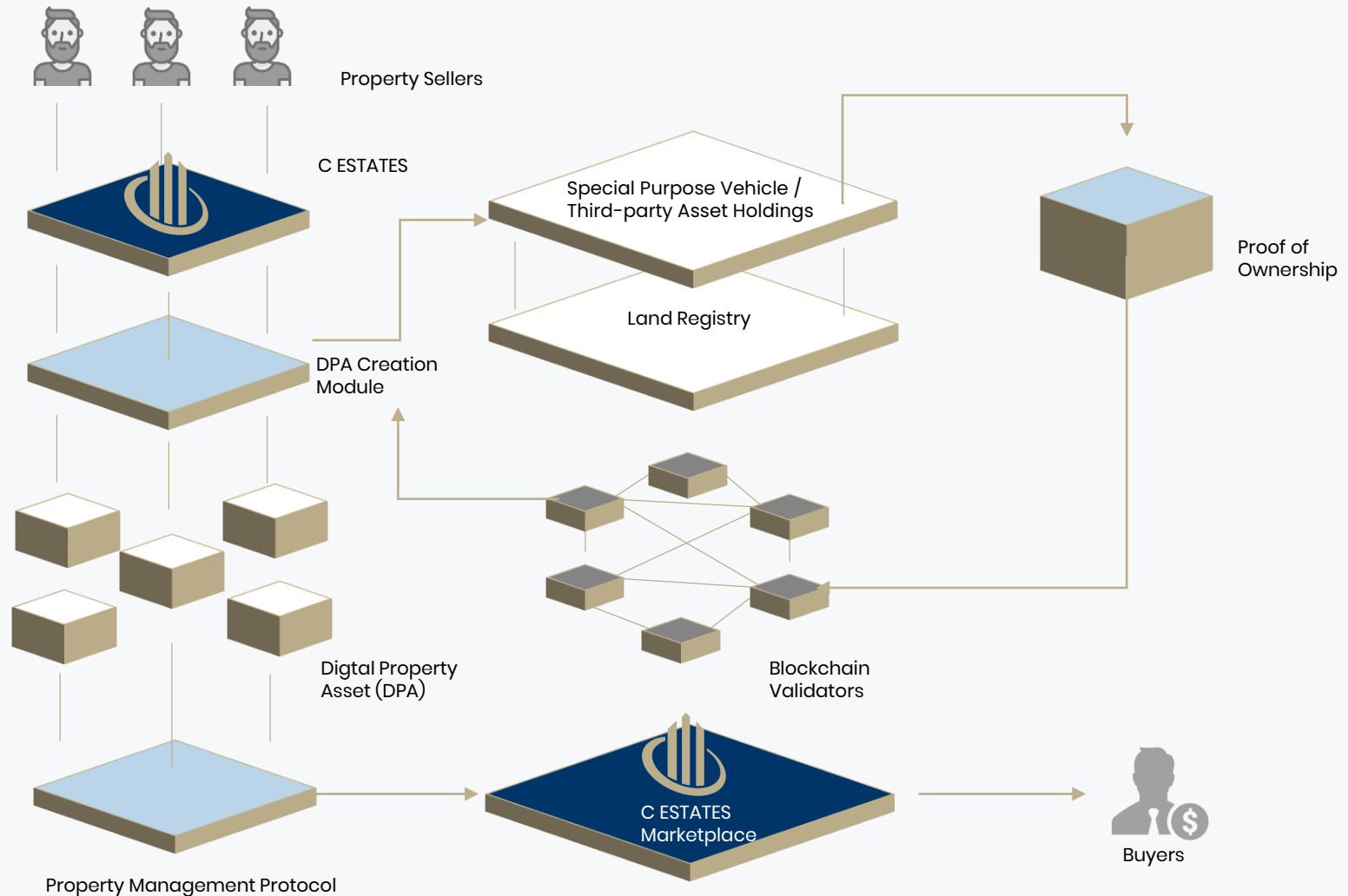
Seller



Buyer



C ESTATES will enable a market of tokenised real estate properties to anyone with an internet connection.



6. Platform Ready

C ESTATES had just finished the full platform and is on track on its 1st phase and generating traction.

C ESTATES Phase One

Initially, C ESTATES' plan is to focus in the Philippine real estate market targeting properties that are under Condominium Certificate of Title (CCTs), these are properties that can be owned by foreign investors. In the short term, we will have these properties listed and marketed to the global real estate investors interested in the Philippines.

The initial phase will enable C ESTATES to establish itself as one of the key players in the Philippine real estate. Once our audience reach competitors of traditional services, we will then be positioned to offer additional services such as crowdfunding, time sharing and land banking.

The next phase is to be able to cater Transfer Certificate of Title (TCTs), these are properties that can only be owned by locals (Filipino), provide mortgage and home loan financing services and eventually expand the business to other Southeast Asian countries (Malaysia, Indonesia, Thailand, Cambodia and Vietnam)

Platform Features



BUYING

Select a wide array of properties from different owners and contact them directly.



SELLING

List your property for sale in the marketplace once offline verification and validation has been completed.



RENTAL

Announce your property for rent or receive your rental fees with XCET coins.



LISTING

Showcase your property ready for bidding or for sale.



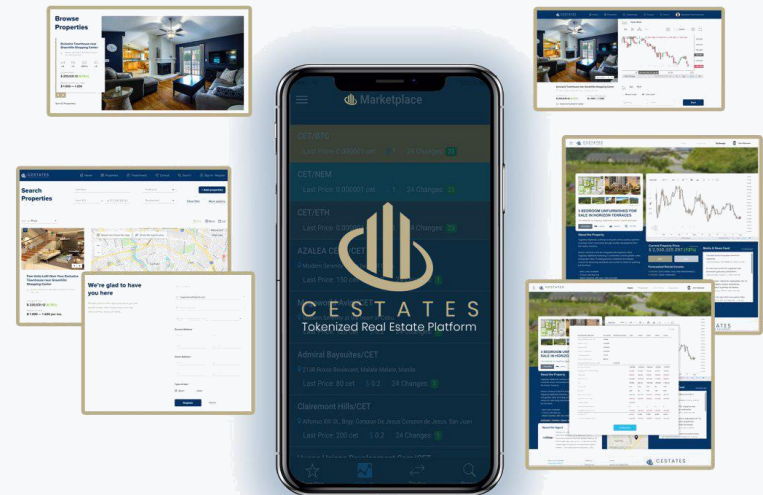
LAND BANKING

Provides online marketing tools for landowners to showcase their undeveloped land to attract more audience and investors from the crypto world.




TIME SHARING





Provides online marketing tools for property owners who need to offer their time sharing properties in our marketplace.





C Estates Platform Registration

C Estates Platform Homepage

 **CESTATES**
Tokenized Real Estate Platform

 Properties  Add properties  Portfolio  Wallet

 99 Live Trading  Juan dela Cruz

Wallet


BALANCE:
vUSD 144,455.60

Deposit






Withdraw

Transaction history

Currency	Date	Time	Transaction ID	Amount	Status
vUSD	2019-06-07	06:40	default	10,000	completed
vUSD	2019-06-07	06:40	default	10,000	completed

 **CESTATES**
Tokenized Real Estate Platform

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C Estates Platform User's Wallet

[illegible]

Buy ABC

Price

xCET

Amount

ABC

25%

50%

75%

100%

Total

xCET

BUY

Sell ABC

Price

xCET

Amount

ABC

25%

50%

75%

100%


Total

xCET

SELL

OPEN ORDERS

TIME		TYPE	VDP4 QTY	VDP4 QTY	PRICE (USD)	USD TOTAL	CANCEL ORDERS
2019-07-30	03:26:55 PM	BUY	1.00	1.00	1.00	1.00	<button>CANCEL</button>
2019-07-30	03:26:55 PM	BUY	1.00	1.00	1.00	1.00	<button>CANCEL</button>
2019-07-30	03:26:55 PM	BUY	1.00	1.00	1.00	1.00	<button>CANCEL</button>
2019-07-30	03:26:55 PM	BUY	1.00	1.00	1.00	1.00	<button>CANCEL</button>
2019-07-30	03:26:55 PM	BUY	1.00	1.00	1.00	1.00	<button>CANCEL</button>




Vacant

Magnolia Residences

2 3 1

Floor area: 75.50 sqm
 99

The Magnolia Town Center, N. Domingo Street, corner Doha Hemady St, New Manila.

Rental Yield	Rental Rate
0%	\$ 0.00
Property Price	DPA Market Price
\$ 0.00	0
Total DPA	On Sale
0	0
Owner	Property Graph
0	

Trading Value	
MY HOLDINGS vDPA 00.00	LAST PRICE vUSD 00.00
24H VOLUME 0	24H HIGH vUSD 00.00
24H LOW vDPA 00.00	24H TRADE COUNT 0

C Estates Platform Trading Page

Top 3 Key Features of C Estates for Regulatory Compliance



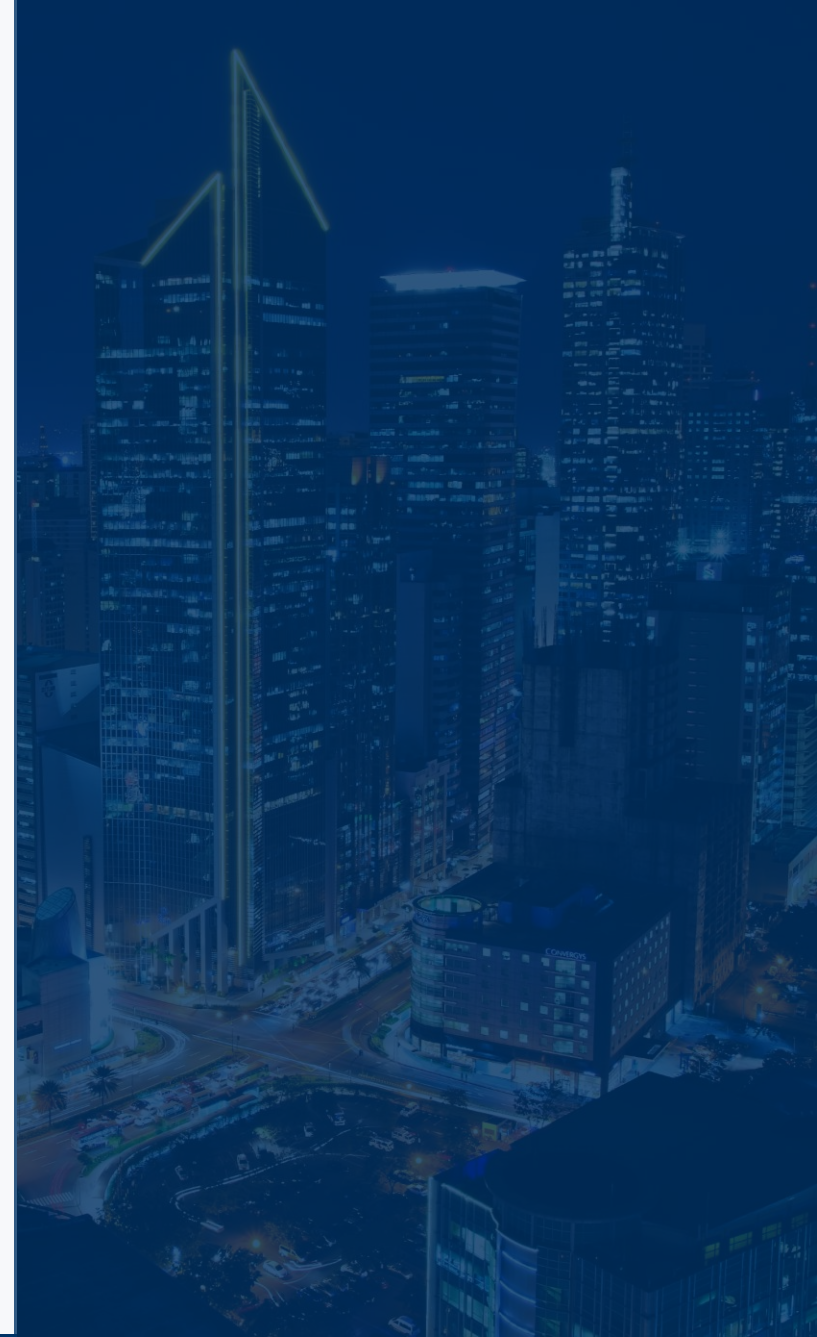
Identifiable deposit and withdraw address



Multi signature accounts



Recovery mechanism for lost account



Revenue Model

Income for C ESTATES will be coming from different channels:

Recurring fees

- Asset/Property management fees for short/long term lease or short stay such as Airbnb type of service (from B2B & accredited partners)
- Ads - properties will be featured on the homepage, marketplace, trading platform and property management portal for X number of days depending on the subscription

Transaction fee

- Pay per use platform
 - Buying, selling, managing/co-hosting and/or renting of properties (Back margin and Front margin)

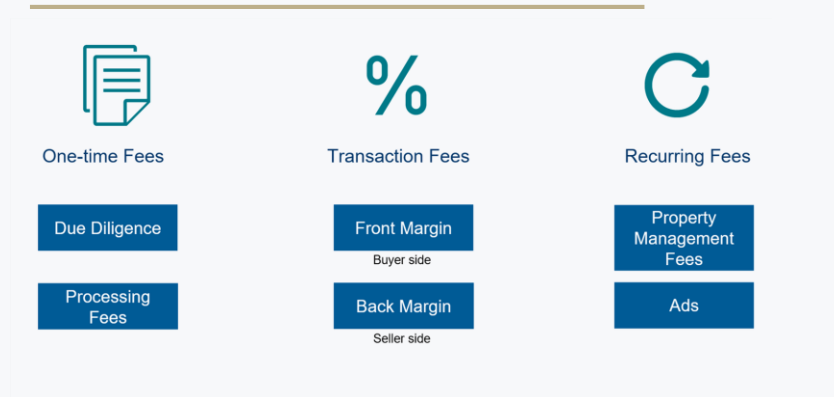
Service revenue

- Due diligence
- Processing fees (Transfer of title)

Project based

- Buying foreclosed properties, below market value and selling it on the platform with price margin
- Buy-renovate-sell model

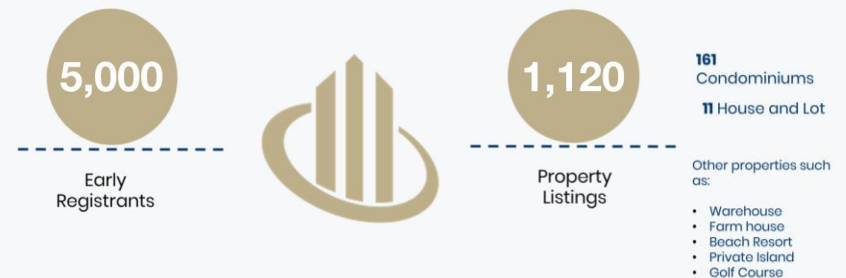
Figure 18: Platform Fees



Traction

C ESTATES' potential is shown by the number of traction before its official launch

C ESTATES is gaining a significant traction from early registrants and sellers who are willing to onboard their properties once they go live.



7. TEAM

The C ESTATES Team consists of experts in Real Estate, Derivatives Trading and Blockchain Technology



Teruo Sumida

Founder, Chairman & CEO

- 15 years of real estate and online gaming experience (Japan and Philippines)
- Chairman and CEO of Capitalise



Gary Hablero

Business Development Director

- Director for Commercial Investments; RE/Max Capital
- Realtor and Investor
- 14 years of real estate experience



Neva Talladen

Managing Partner & CSO

- More than 10 years experience as an entrepreneur
- Former pioneer batch and Operations Manager for TaskUs
- Former founder of real estate portal and brokerage Swoop.ph



Elixes Becislao

Co-Founder & COO

- Tech and E-commerce experience from Amazon and Google
- 5 years in the crypto industry. Investor and early trader of cryptocurrencies.



Gerald Blondel

CTO

- 25 Years in Financial Services and Capital Markets as Program Director
- Agile Coach



Donnabel Millado

CAO

- 15 years of real estate and online gaming experience
- 10 years administrative and HR tasks



Daryl Naidoo

Advisor

- Founder of Promethean Dynamics
- Member of the Blockchain Advisory Council
- Business.com Expert Contributor



Atty. Mark Gorriceta

Advisor

- Managing Partner and Head of Corporate Business Group at Gorriceta Africa Cauton Saavedra
- Expert in Capital Markets, Securities Law, Merger and Acquisition and Real Estate
- Considered as one of the pioneering lawyers in the Philippines on the law on blockchain, virtual currencies, e-commerce, fintech, data privacy and artificial intelligence.

A low-angle, upward-looking photograph of several modern skyscrapers. The buildings are silhouetted against a bright, warm sky with a gradient from orange to blue, suggesting a sunset or sunrise. The perspective creates a sense of height and scale. A dark blue rectangular box is overlaid on the left side of the image, containing the section header text.

8. TOKEN INFORMATION

Token Structure and Economics

C ESTATES will issue its own utility token called **XCET**, which is an ERC-20 token, and a separate real estate-backed token called **Digital Property Assets (DPA)** which is an ERC-721 token. These will be used to transact exclusively within the C Estates platform.

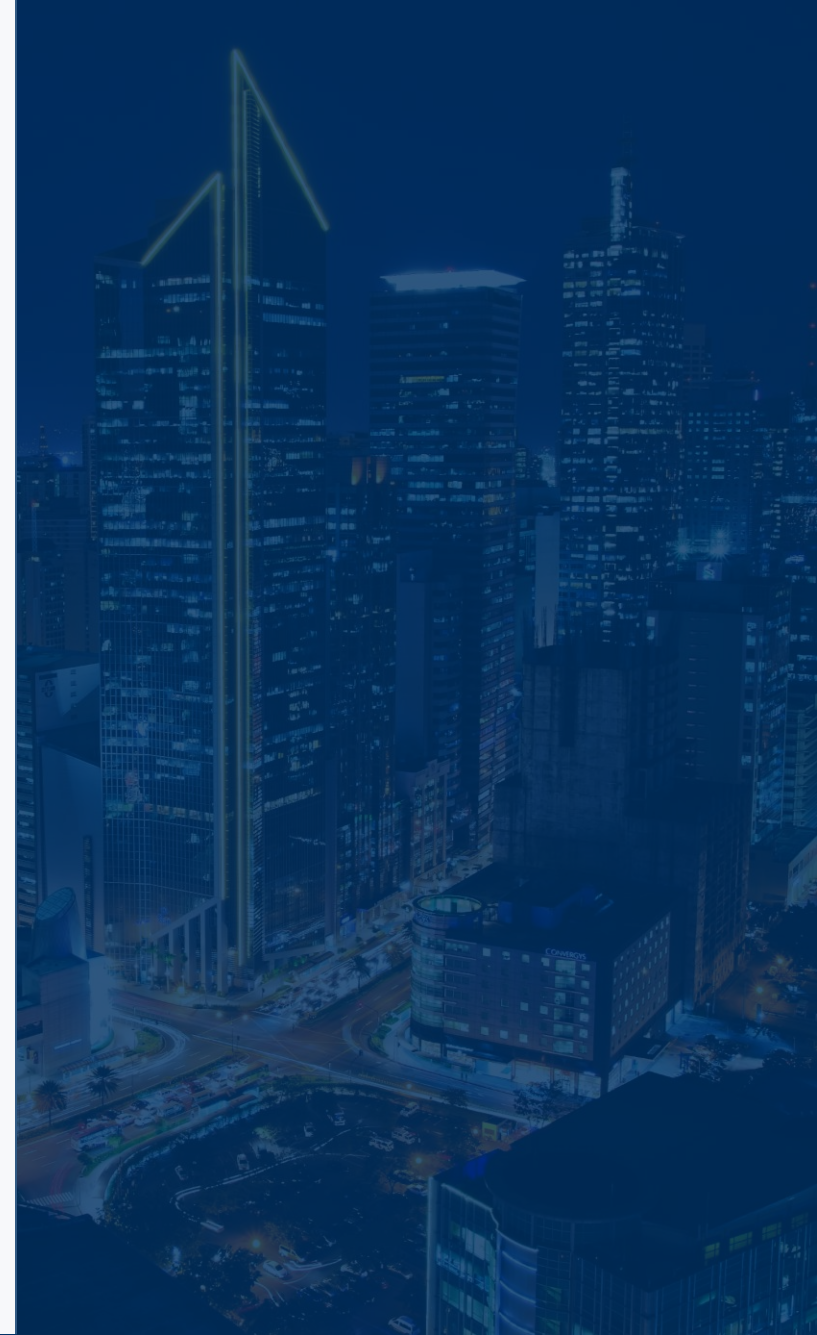
Digital Property Assets (DPA) and XCET

Digital Property Assets (DPA)

The DPA are the asset-backed digital representation of physical properties within the C Estates platform. The DPA doesn't represent physical ownership of the physical asset but rather the rights to earn future revenue from the property.

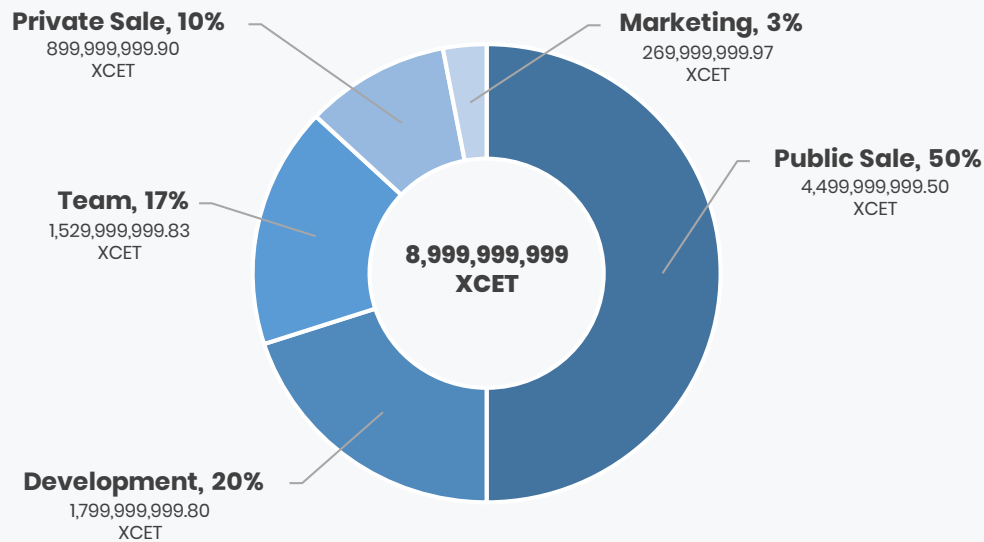
XCET

XCET is the native utility token that will be used for any transactions within the C Estates platform. There will only be 8,999,999,999 XCET to be created, never to be increased.



Token Structure and Economics

Figure 19: Allocation





Token Value, Use Case, and Burning of Supply

XCET Use Cases and C ESTATES Revenue

The XCET may only be used exclusively within the C Estates platform to purchase DPA and other use cases:

Transaction Fee	C ESTATES will initially charge 1.5% fee per transaction. Other variations will be subsequently introduced including portfolio management, volume based tiering and zero-fee promotions.
Withdrawal Fee	C ESTATES may charge a fee for withdrawal.
Tokenization Fee	C ESTATES will be conducting due diligence for properties before they get listed into the platform. There may be fees associated with those listings.
Escrow Fee	C ESTATES will be charging an escrow fee for the properties that gets tokenized for security purposes: .25% of the selling price or \$1,999US, whichever is higher.
Other Fees	There may be other fees the platform may collect for facilitating various services such as ads placement, rentals or property management, etc.

Note: In the first year C Estates will be accepting fiat currencies as well. After that, C Estates will be exclusive for XCET only.



Token Value, Use Case, and Burning of Supply

After IEO

After the IEO is done, we will incentivize usage of XCET by giving users a significant discount rate tiered when they use it to pay for transaction fee, with the following tiering:

	1 st Yr	2 nd Yr	3 rd Yr	4 th Yr	5 th Yr
Discount Rate	50%	25%	12.5%	6.75%	No discount

XCET Coin Burn

XCET is a native utility and is bound to be consumed. Every quarter, we will burn XCET based on the transaction volume in our platform until we completely destroy 50% of the total supply. We will have all these transactions verifiable on the blockchain, and will eventually leave 4,499,999,999.5 XCET as the final total supply.

XCET Internal Team Vesting Period

To show the commitment and confidence of the team for the C ESTATES project, the release of XCET for the internal team will be completely done after the initial vesting period after 2 years from the initial distribution of XCET.

Funds Usage and Allocation

Funds raised through the public sale of XCET (50% of total token supply) will be used to bring C ESTATES to greater heights

Product Development

40% of funds will be used for tech infrastructure building and perform upgrades to the system, which will include adding to and training the talent pool, and the development budget.

Operations and Marketing

25% of funds will be used for operations and marketing which will include targeted campaigns for both customer acquisition for C ESTATES, and greater awareness for smart property investments and tokenization. We will use both on-the ground and targeted digital marketing efforts, including native advertising, to become more popular among investors and to be able to attract more active users to the platform.

Corporate Affairs

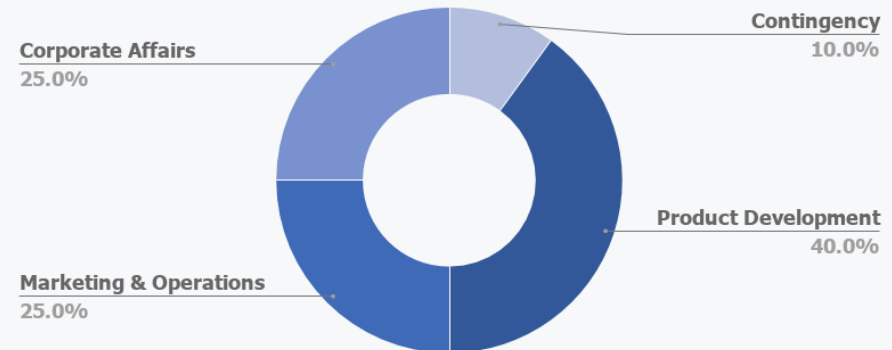
25% of funds will be dedicated to acquiring necessary licenses, dedicating effort to corporate affairs and lobbying facilitated by our legal department to ensure proper

compliance, and a good relationship with the necessary government agencies, and regulatory bodies.

Contingency Fund

10% of funds will be kept as a contingency fund to cope with any emergency or unexpected situations that may arise.

Figure 20: Fund Usage



Token Details

C ESTATES is preparing the Token Generation Event and will be using IEO Platforms in order to manage token sale including on-boarding and KYC procedures.

IEO Hard Cap	38,000,000 USD
Total Token Supply	8,999,999,999 XCET
Initial Circulating Supply	35% of total token supply
IEO Token Price	0.012 USD
IEO Allocation	3,149,999,999.65 XCET (35% of Total Token Supply)
IEO Vesting Period	No lockup
Seed Sale Token Price	1 XCET = 0.006 USD
Seed Sale Allocation	2% of total token supply
Seed Sale Vesting Period	$\frac{1}{5}$ unlocked in the fourth month after Token Generation Event. Remaining $\frac{4}{5}$ unlocks $\frac{1}{5}$ every quarter over 15 months.
Token Type	ERC-20 Token
Token Distribution	Within 30 days after end of token sale

After the IEO, 25% reserve of XCET will be available to the public outside of the exchange platform.



Roadmap and Timeline

PHASE 1



On-board properties under CCTs
(available for foreign investors)

Partnership with key players in the
Philippine Real Estate industry

Beta Product Launch for Property
Tokenization, Listing and Trading
(Virtual & Live)

Establish C ESTATES Escrow and
Private Registry

Acquire license to be the first Digital
Asset Exchange in the Philippines

PHASE 2



Launch Property Management
Platform

Rollout property rental services

On-board properties under TCTs
(available for locals only)

Launch Acquire-Renovate-Sell
model under brokerage company

Rollout additional features and
services such as crowdfunding,
timesharing and landbanking

More B2B partnerships

PHASE 3

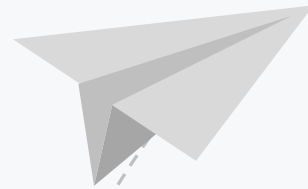


Provide home loan and
mortgage financing services

Initial expansion to
neighboring Southeast Asian
countries

Expansion to Middle East,
Europe and North America

More B2B partnerships
internationally





CESTATES

TOKENIZED REAL ESTATE PLATFORM



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