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Executive Summary

CRESTO.IO is a **blockchain based platform for real estate investments markets.** This project splits into two major phases. The proposed presentation covers primarily phase one.

<u>Phase One</u> (addressing today's market's demand and pains): introducing security token offering (STO) backed by real estate assets. The platform for STO will provide to the market players:

- An alternative capital raising tool for real estate trusts/PE firms/developers;
- An opportunity for retail and small institutional investors to **get access to asset classes, earlier unavailable** for them.

<u>Phase Two</u> (addressing further reaching opportunity, currently explored on both governmental and business levels): building ecosystem for all involved real estate market players, aimed at financial and operational optimization, creating more trust and efficiency in asset due diligence, leasing, ownership transfer, and title registration.

The main differentiation points of CRESTO.IO:

- **Organic and seamless integration** of proposed solution into existing financial ecosystem; providing real estate investors and sponsors with additional opportunities rather than "disrupting" current financial institutions;
- Cooperating with legal and financial authorities of respective countries to guarantee safeness and legal compliance of the provided solution;
- Tokens issued through STO are backed up by tangible real estate assets -> safe collateral;
- Assets' value will be reflected by tokens' price -> low volatility;
- Collateral for STO is always a commercial real estate asset (not an individual's residence), backed by sensible business plan and financial projections, meeting all asset's criteria expected in traditional off-chain investment industry;
- Sponsors (asset managers and developers) are **experienced financial institutions** with a proven track record of success in the real estate industry. Sponsors raise equity/debt in traditional ways and go for STO as an additional financial tool;
- Every sponsor **invests own capital** into an asset presented for STO, thus eliminating the conflict of interests, creating correct incentives for all parties involved and guaranteeing unbiased due diligence of investment targets;
- Partnering with those sponsors who look not only for immediate profits through STO but also for **first mover advantage** by putting effort into creating more efficient ecosystem according to Phase Two.

CRESTO.IO Timeline: Immediate and Long-Term Opportunities in Two Phases

Phase 1: Security Token Offering addresses today's pains of investors and sponsors:

Phase 2: Creating a blockchain based ecosystem for real estate market jointly with all players

CONCEPT (today)

- Building the Team. Core competencies to be covered by the founding team:
 - Industry experience
 - Financial expertise
 - Legal expertise
 - Technical expertise
- Developing the concept of STO in the real estate market
- Validating the concept with potential sponsors: REITs, PEs, RE developers
- MVP creating and validating

LAUNCH (till end of 2018)

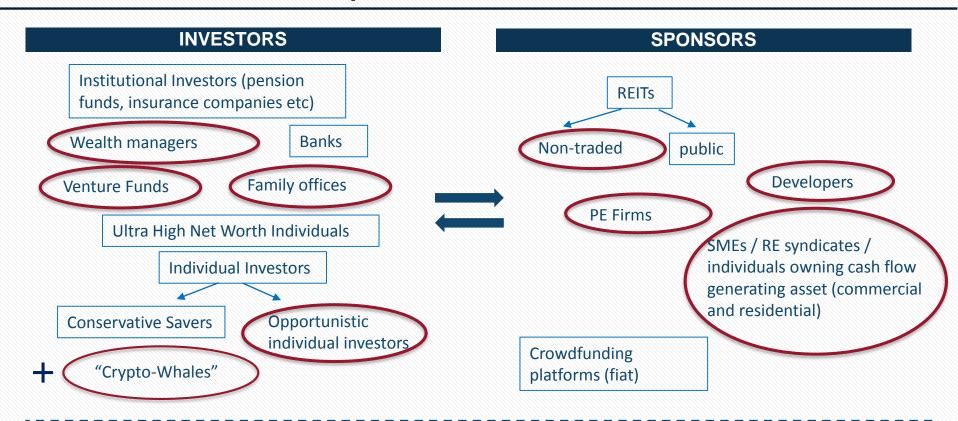
- Coming into an agreement with the first sponsor
- Identifying asset/portfolio suitable for tokenization
- Choosing public blockchain and creating alpha-version of the platform for STO
- Reaching agreements with crypto exchanges for tokens trading
- Launching first investment campaign: token pre-sale and public sale

EXPANDING (Jan - Sep 2019)

- Scaling the model by entering more markets
- Bringing onboard more sponsors: REITs, PEs, RE developers
- Increasing the number of exchanges for tokens trading
- Marketing campaign aiming to create more trust in the new concept
- Agreeing with sponsors on next steps of integrating blockchain solutions in their everyday operations

- FIRST ELEMENTS
 OF ECOSYSTEM
 (starting Oct 2019)
- Develop applications for blockchain mass adoption with joint partnerships::
 - Data storage: ownership and leasing history, maintenance track etc.
 - Automated leasing contracts
 - Listing platform for a direct search of tenants/buyers
- Involving more parties into a blockchain based consortium

Phase 1 – Security Token Offering Real Estate Market Snapshot

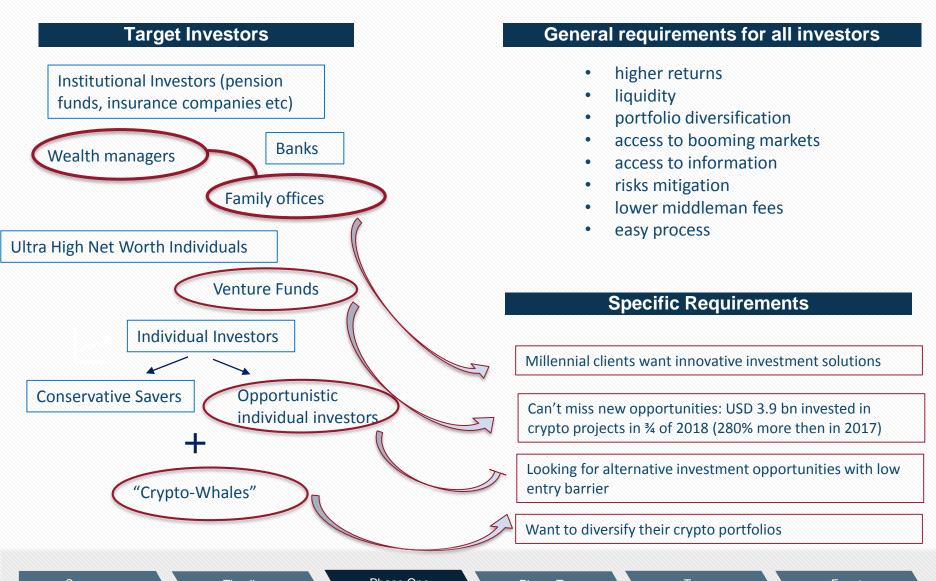




Residential and commercial properties owned by individuals and enterprises for own use are out of interest:

- These properties are not designed to generate value for external investors and do not generate cash flow;
- The current legal framework is such, that in any arbitrary case it will be close to impossible to liquidate a residential property (e.g. where a family lives) in order to cover investor's loss.

Target Investors and Their Pain Points



Target Sponsors and Their Pain Points

General requirements for all sponsors

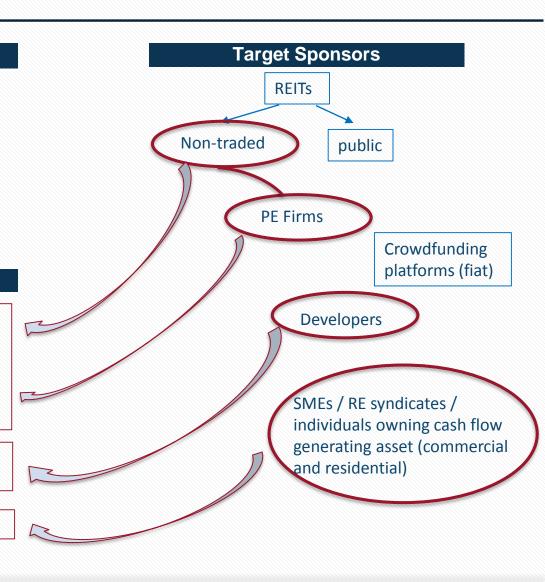
- More retail investors -> more flexibility and bargaining power
- Attracting investors from countries with little opportunities for high returns (e.g. Europe)
- Alternative exit opportunity

Specific Requirements

- Solving liquidity problem for their investors without going for IPO
- · Enhancing flexibility on fee structuring
- Addressing the problem of information asymmetry among investors on different stages of capital rising process

Alternative way of raising bridge financing for new developments

Opportunity to scale portfolio for small asset holders



Criteria Of Our Target Sponsors and Assets

Criteria of our target sponsors

- Real estate investment entities (private REITs and private equity firms) with extensive experience of managing funds, investing in a similar asset class.
- Sponsors having a clear vision of how raising capital through STO can be seamlessly integrated with their existing capital raising models

- Real estate developers with a proven track record of completed projects, which generated returns for their lenders/investors
- SMEs and individuals with a proven record of successfully managing income-generating properties, who have a sensible business plan for scaling their portfolio through co-investing
- Sponsors looking to be first adopters of blockchain technology to create a more efficient real estate ecosystem

Criteria of our target real estate assets



Examples of target assets:

- New residential developments in growing cities with undersupply of affordable housing
- Flagship business and trade centers in prime locations with a stable pool of tenants
- Properties in prime locations in need of renovation
- Properties with sensible reconstruction plans (e.g., 3-star hotels -> co-living spaces business centers -> co-working spaces), etc.

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Existing Solutions and Their Drawbacks

	Direct Investments	Public REITs	Private REITs PE firms Syndicates	Crowd- funding (fiat)
Returns	\checkmark	<u></u>	\checkmark	✓
Entry barrier	0	✓	<u>:</u>	✓
Liquidity	<u></u>	✓	0	0
Diversification	0	(1)	<u>(i)</u>	✓
Access to booming markets	<u></u>	()	0	0
Access to information	<u> </u>	✓	<u>(1)</u>	✓
Risks	\checkmark	✓	<u></u>	0
Middleman fees	0	0	<u></u>	√
Easy transaction process	<u></u>	✓	√	√

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How CRESTO.IO Addresses Existing Drawbacks

Existing Drawbacks

Solutions by CRESTO.IO

INVESTORS

- Illiquidity: no secondary market for private REITs / PE / SMEs and individuals owning real estate assets → investors can cash out only with huge haircuts
 - Cross-border investment restrictions: in most cases, retail investors can invest into assets within their country of residence





Once real estate portfolio is tokenized, tokens can be traded on public exchanges



√

An Investor from almost any country can purchase tokens backed by assets portfolio in any other country

Our Customers

Illiquidity: no flexible exit opportunities for partners. The only current alternative is IPO which is an option only for large players





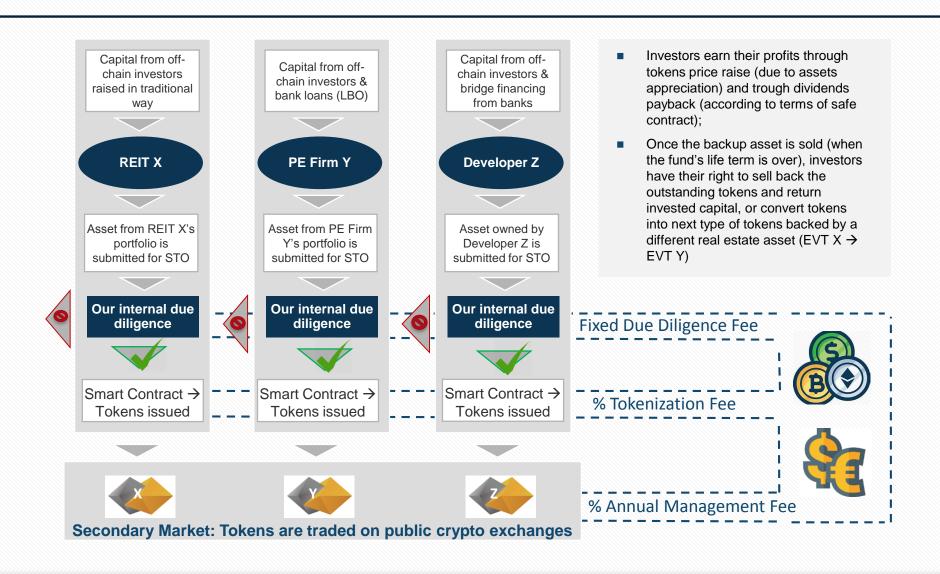
STO creates an alternative exit option and liquidity to partners, allowing the entity to stay private

Limited range of investors: high dependence on institutional investors and HNWI, lack of access to retail investors from markets with low return rates



- **√**
- Access to a large range of retail investors from ✓ different regions → more opportunities for sponsors to scale and gain higher bargaining power

Business Model of Phase One



Examples of Industry Strengths and Weaknesses

Platform

Strengths

Weaknesses

Results



- Accredited by SEC and FINRA in the US;
- "Regulations put first."
- Attractive asset St. Regis Aspen Resort in Colorado
- Reputable asset manager Elevated Returns & marketing through Indiegogo
- Only accredited investors can participate.
- STO successfully closed in October 2018 and raised USD 18 million.
- Traded only on their own Markets Exchange system



- Involve financial institutions as underwriters → try to avoid conflict of interests
- Much attention to legal compliance;
- Clear 3 stage development plan;
- "IHTPay" payment tool

- Raise capital in the form of ICO;
- Unstable team
- No capital co-investment from asset managers' side
- Value and financial projections on assets are not clear
- Raised above USD 160 million for a resort in Japan & launched projects in the US, Thailand, Philippines
- Listed on KuCoin, Gate.io, Coinw, LBank, HitBTC, CoinBene, CoinTiger, Bittrex, UPbit



- One of the pioneers in the industry
- Created own exchange

- Raise capital in the form of ICO
- The whitepaper covers a mix of targets unviable for implementation at this stage
- Value and financial projections on assets are not clear
- Raised USD 6.5 million
- Tokens are traded on Atlant Dex platform and a few public exchanges



- Jointly with "Seccurency" developing EQRE a globally compliant stable-coin and cryptocurrency ecosystem tied to real estate assets
- Raise capital in the form of ICO
- Aim to tokenize every residential unit, which is not an income generating asset
- No token offering so far
- Raised seed investments from VC

Phase 2

Creating Blockchain Based Ecosystem for Real Estate Market

The true value of blockchain technology for real estate markets goes well beyond STO, which is only the first and most logical step on the way of adopting it. Those players who participate in STO today, gain a tremendous competitive advantage in the long run. These first adopters are going to launch the inception of the ecosystem and win most progressive partners among other real estate market players. Looking even further, successful technology pioneers have the best chance to win authorities' trust and support and move forward to working jointly with governments on blockchain based title registration system.

The details of the second phase of this project are currently under development. They require the cooperation of all parties involved. The second phase will have much stronger chances to come live once the industry witnesses first successful STOs and generates more trust among business and public communities.

MARKET PLAYER

- Individual investors (accredited and non-accredited)
- Institutional investors (pension funds, endowments, insurance companies, etc.)
- Asset managers and real estate funds
- Property developers
- Brokerage companies
- Maintenance and management companies
- Public authorities related to urban development
- Authorities registering titles, notaries
- Banks providing mortgages
- Auditors and accountants
- Insurance companies
- Tax authorities etc

POTENTIAL VALUES CREATED

- Asset management through using automated contract would create more seamless and reliable transaction process (transfer of committed capital and fees, paying back dividends, etc.)
- Transparent information on market opportunities, which would eliminate intermediaries providing low-quality services, and create more market opportunities for brokers adding true value through unique market expertise
- More efficient deal transaction due to automated process among all parties involved (seller, buyer, bank, insurance company, title registration, etc.)
- Minimum due diligence cost and time, as all scattered data points into a formulated network
- Decentralized open data storage will help to minimize default, operational and credit risks, etc.

CRESTO.IO Team Onboard



Mariia Kutkina

Above 10 years of experience in commercial real estate markets in UAE, Spain & Russia

Above 8 years of entrepreneurial experience, 2 startups successfully launched

IESE / CEIBS MBA

Business Strategy





Brian Bian

Above 7 years of experience in real estate investments, development projects & asset management

Co-founder of Vnet blockchain project for real estate

CEIBS MBA & CFA level 3

Finance (due diligence)





Otto Kafka

Above 10 years of entrepreneurial experience in the tech industry

Full stack developer with mastery of React, Node JS, Express. JS, and MongoDB

Successfully launched projects in California, Beijing, Shanghai, & Shenzhen

Technology

in



Sky I

Serial entrepreneur, founded 2 startups during 2014-2018

Experience of orchestration from product development to operation

Prior startup life, had 9 years of talent function across digital media, tech & startup spaces

Product & operation





Joe Santiago

Serial entrepreneur & marketer with more than 10 years experiences in Asian & international market

CMO/COO of Laplace network, Cofounder AGE Blockchain Art Appraisal

Former COO of Tian Yuan Fang Real Estate & Resorts

Marketing





Mark Perry

London CASS MSc in Economics and Finance

7 years experience in Private Equity & Asset Management offshore oil & gas, logistic & trading

Cofounder of AGE Blockchain art appraisal

Partnership





Jon Ruzikulov

Co-Founder & CTO at OBORCHAIN

2011 & 2012 - Best Web Developer of the Year in Uzbekistan

Mastery of JavaScript, Pyhon, MongoDB, NodeJS, TypeScript etc

PhD Candidate at Huazhong University of Science and Technology

Technology





Mobin Arablou

8 years of experiences in software development (Machine learning, Blockchain, App development)

White Hat Hacker

Holds degrees in computer engineering, computer science and electronics & biotechnology

Technology





Amiad Gul

2 years plus experience in software technology industry

Backend developer with experience in frontend as well

Technology

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Competences Required



Lawyer

Legal expertise in fields of fintech/blockchain and securities



Business Developer

Experience of scaling tech startups on international level



Advisor

Private Equity / Investment banking in Real Estate



Advisor

Blockchain expertise and connections to community

Events Schedule for October – November 2018 (Tentative)



Event



Requirements



Key Dates



Perks & Judges

everi**Token**

https://www.everitoken .io/hackathon2018/ Working demo developed on Everi blockchain

Recorded pitch

October 28 (extended till November 7) – demos due

Grand Prize: \$20,000 & 20,000EVTsc





e shanghaiBIM

Architecture, Engineering, Construction Hackathon No preliminary actions required, but better to participate as a team

Nov 23 (Friday): 6 - 10 pm Nov 24: 9 am -10 pm Nov 25: 9 am - 19.30 pm (Shanghai)

Gold Prize – RPM 8000; judges from IT and real estate sectors



http://www.mipim-asia.com

For application – detailed form with info on business model, team, stage etc

October 28 – application submitted Nov 27-28 – pitches for selected (Hong Kong) March 12-15 – pitches in Cannes for finalists Massive network (top real estate event in Asia) – potential investors and sponsors

CV

COMPETITION

https://blockchaincomp etition.ch/events/realestate-2018

- Application –
 description of business
 idea
- Personal interview for selected teams

October 31 – application deadline
March 27 – pitch & awards ceremony (Zug)

1st prize:

- 100,000 USD
- 1 year office Zug
- 1 year of coaching from C-level executives/investors