

INVESTBAY

White paper 2023

19.06.2023 (v 1.0)

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1.Contents

1.Contents	3
2. Executive Summary	4
3. Company Description	6
3.1 Vision	6
3.2 Mission	6
3.3 Legal Structure	7
4. The Product	8
4.1 The Product and Solution	9
4.2 Operational Models and Key Features	9
4.3 The User Journey	10
4.4 IP and Patents	11
4.5 The Technology	11
4.6 Tokenomics	12
4.7 Participation in the management of the Property	16
5. Fees and Costs	20
5.1 Overview	20
5.2 Acquisition Costs & Fees	20
5.3 Operational Costs & Fees	21
5.4 Sales Costs & Fees	21
6. Operations and Logistics	22
6.1 Procurement & Production	22
6.2 Quality Control	29
6.3 Payment Methods and Terms	29
6.4 Key Technology Suppliers	30
6.5 Legal & Regulatory Requirements	30
6.6 RI Security / Token Collateral	31
6.7 Currency	32
7. Management and Organisation	33
7.1 Core Team	33
7.2 Core Team CV's	33
8. Risk Analysis	36

2. Executive Summary

- InvestBay is a platform that allows non-professional/retail investors (“retail investors” or “RI’s”) to invest directly into real assets, specifically the real estate investment market, but without the capital requirements, knowledge, time and management hurdles that typically prevent RI’s from investing into direct real estate investment.
- InvestBay allows RI’s to invest directly in a selected tokenized asset while enjoying quick access to their invested funds if required, without the lock-up periods, gates and penalties that are typically associated with direct real estate investments.
- InvestBay currently operates a B-2-C model where InvestBay selects the property and then tokenizes and markets the tokenized property to the RI’s, purchasing the property when the funds are raised.
- InvestBay initially expected to focus on tokenizing apartments (and apartment buildings) which are primarily used as vacation properties in established vacation locations in Europe such as the Costa del Sol in Spain and similar markets where there is more than one season.
- InvestBay will also consider tokenizing standard residential apartments used for “standard” mid-long-term residential use situated in urban markets with strong economic fundamentals.
- InvestBay expects to build an active and loyal investment community amongst the RI’s through education, experience and by providing opportunities and motivating the RI’s to stay in the (vacation) properties owned or controlled by InvestBay for discounted costs.
- InvestBay is based on established, secure blockchain technology.
- InvestBay’s technology provides significant benefits to RI’s (and the platform) which include the ability to manage smaller lot sizes (RI investments), greater security of the RI’s investment, reduced transaction costs (automated transaction processing without the need for a 3rd party) and speed of transactions.
- InvestBay will tokenize the properties (conceptually split the building into small pieces against which tokens are created) via an established, EU-authorized tokenization platform - DigiShares.
- RI’s will be able in the future to sell their tokens on any whitelisted token exchange including one provided within the InvestBay / DigiShares integrated platform.
- Whilst almost anyone (over 18) is welcome to invest through the InvestBay platform (provided the necessary AML/KYC requirements are met), InvestBay anticipates that the core target market is a mid-high earning employees and families who are saving more than they are spending.
- InvestBay is the trading name of Bit & Block Venture s.r.o., a company formed and headquartered in Prague in the Czech Republic in 2022 by 4 Co-founders, experienced in their respective fields

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including; marketing, project management, technology, real estate, management and entrepreneurship.

- The InvestBay platform is a European platform and its working currency is planned as the Euro (€) and as such all investments, distributions and payments will be made in EUR in the future albeit the first opportunities in the Czech Republic will be managed in the Czech crown
- Parameters of specific investments are described in the relevant offering document, referenced by the ordering form and available online at investbay.com.
- Token-holders will have a right of participation in the management of the invested properties.
- To provide the RIs with an additional level of security, each property will benefit from a Collateral Agent who is appointed specifically to ensure the performance of the Securities in the RI's best interests.

3. Company Description

3.1 Vision

InvestBay has built a safe harbour for RI's who seek to secure greater financial freedom by getting their hard-earned savings to work for them – while also having quick access to those funds if needed.

The company provides an opportunity for anyone to acquire wealth by investing into real assets, specifically real estate assets, a market that, to date for RI's, has tended to be limited to opportunities only available to qualified or high net worth investors or investments in funds.

InvestBay also expects to help educate RI's on the world of investing, contribute to a changing understanding of ownership – starting with the real estate market – and build a loyal, active and growing investment community.

Finally, the InvestBay platform allows for a unique opportunity to offer token-holders further utility in the form of discounted accommodation costs for vacation properties owned or controlled by the InvestBay platform, providing further opportunities to build and leverage a growing InvestBay community.

3.2 Mission

InvestBay believes that people can make better use of their hard-earned resources than just putting them into a current or savings account.

The InvestBay investment platform is website-based, and investments are enabled and secured by established blockchain technology, known for its security and efficiency characteristics. RI's can invest small amounts - from as little as €500 (11,500 CZK for the initial investments in the Czech Republic)- relatively simply and can take out invested and earned capital in two ways: either through selling the tokens on a secondary exchange via the same platform or via similar token exchanges.

3.3 Legal Structure

InvestBay is the trading name for Bit & Block Venture s.r.o. which is in the consumer proptech and fintech sector.

Bit & Block Venture s.r.o. was incorporated as a limited liability company, company identification number 17140307, in May 2022. Its registered address is Na příkopě 583/15, Staré Město, 110 00 Prague 1, Czech Republic.

The registered subject of business: Provision of services related to the virtual asset.

The company has one executive registered director:

- Daniel Rajnoch, Vodičkova 681/18, Nové Město, 110 00 Prague 1, Czech Republic

The company currently has five shareholders:

Name	Shareholding
Daniel Rajnoch (Founder)	6,500 (65%)
Jiri Brych (Co-founder)	1,000 (10%)
Lukas Prikryl (Co-founder)	1,000 (10%)
Andrew Thompson (Co-founder)	500 (5%)
ESOP (held by Daniel Rajnoch)	1,000 (10%)

The company has qualified for the TATUM BlockChain Accelerator and has signed convertible loans within these parameters.

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	Principal	Date of Issuance	Interest Rate	Discount	Cap
Tatum Blockchain Accelerator	€40,000	12. January 2023	12.0%	20.0%	€9,000,000
Tatum Blockchain Accelerator	€20,000	6. April 2023	12.0%	20.0%	€9,000,000

4. The Product

4.1 The Product and Solution

InvestBay's online investment platform enables ordinary domestic savers to buy "units" of real estate that are fractions of an overall property, that have been "tokenized" – that is, recorded to a blockchain. The tokens can be easily sold on the same platform, without penalties or restrictions.

InvestBay will allow RI's to invest without the typical capital requirements, knowledge, time and management hurdles associated with standard direct real estate investment. InvestBay allows RI's to invest directly into a selected tokenized asset from as little as €500 (11,500 CZK for the initial Czech investment opportunities) while enjoying quick access to their invested funds if required, without the lock-up periods, gates and penalties that are typically associated with direct real estate investments.

Increases in asset value are credited to the user's account and when an asset – such as a property is sold, the RI shares in their proportional proceeds from the sale price minus costs and fees.

The core benefit of InvestBay is that it offers users the opportunity to use earnings or available resources – that would otherwise sit in a low-interest deposit account – to invest in potentially higher-earning assets such as real estate, while maintaining safety and still ensuring quick and easy access to their funds when they need them.

Additionally, the platform will allow for the potential to offer RI's further benefits in the form of opportunities for discounted accommodation costs for vacation properties.

4.2 Operational Models and Key Features

InvestBay will work with a B2C model under which InvestBay selects and either purchases properties outright or otherwise secures the properties for a limited period through e.g. paying the seller an initial deposit or by other agreement with the seller. These properties are then marketed to the RI's and the transaction, if not already closed from an outright purchase, will be progressed and closed with the seller when the funds are raised.

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InvestBay is obliged under the subscription agreements with the RI's, to deliver on the obligations to the RI's (specifically to return rental income and sales proceeds (after costs and fees) to the RI's).

The following principles apply :

- The company fractionalizes the properties into small units of €500 (or 11,500 CZK for the initial investments in the Czech Republic)_ and tokenizes them.
- InvestBay sells these tokens to RI's who benefit from their rights as a token-holder.

4.3 The User Journey

If the RI decides to invest in a property, they will be forwarded to a platform to register for the service, including mandatory KYC/AML (customer identification) processes and the signing of the terms and conditions (T&Cs) and Privacy Policy.

The RI can choose an available property and the number of tokens they wish to purchase – and is offered the white paper and a more detailed offering document about the business plan and opportunity connected to that offered property.

The RI digitally signs a subscription agreement, which is a legally binding document, and clicks to proceed. After the operation is processed, the RI receives an email confirmation of the purchased token(s) and will also see these tokens in their administration account.

In respect of the transfer of funds from the RI, initially InvestBay will utilize a direct payment method under which the RI selects the token, signs the subscription agreement and then is directed to the Payout payment gateway for the wire transfer of the funds.

In the future, InvestBay expects to incorporate a wallet-based solution, under which the RI sends funds to the wallet via the Payment gateway and then the RI selects the token and the transaction is completed.

The RI receives dividends on their internal wallet or directly on their bank account (depending on which of the two systems above are applicable) arising from the rental income related to that property (minus applicable fees, costs and taxes) each month or quarter depending on the asset (*Note: InvestBay anticipates that for the first year of operations that earnings will be distributed only after the initial 12 months of operation and directly into the bank accounts*). Dividends are equal to

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the total rental income received minus all applicable fees, costs and estimated taxes multiplied by the percentage of the tokens held by the RI.

Every year the RI can verify how much money they have earned and the performance of the property which the RI has invested into. When the property is sold at the exit, the RI will also receive their corresponding percentage from the sale proceeds minus all applicable expenses, fees and taxes.

The platform distributes returns in two ways. The RI can withdraw their funds by sending the funds directly from their internal wallet to their own personal account.

4.4 IP and Patents

Once the investment is complete, InvestBay plans to register its intellectual property and, where appropriate, apply for trademarks and software patents. It is currently finalizing patent applications with a specialist company for territories in Europe and the US.

4.5 The Technology

InvestBay platform utilizes key proven technologies:

- **Real estate tokenization service** provided by **DigiShares** (digishares.io) – a white-label solution that enables InvestBay to tokenize property without the need for in-house development.

DigiShares is among the first in Europe to provide a white-label software platform that can be used for investment funds, real estate funds, and later stage startups to raise funding by issuing shares as tokens on the blockchain and offering them for sale. These tokens represent securities and are fully regulated under the issuer's jurisdiction. Tokens can represent equity, bonds or other types of customized securities with revenue-sharing rights, voting rights, and others.

DigiShares helps design the tokens and smart contracts to correctly represent these securities and the platform and manages the entire process related to the registration and verification of investors, distribution and signing of subscriptions forms and shareholder agreements, continuously updated shareholder registers, as well as the distribution of dividends, voting, and others.

DigiShares partners with international exchanges for the listing and trading of security tokens as well as investor networks to help ensure that issuers can sell their tokens and

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provide investors with future liquidity. DigiShares also partners with legal advisors across many jurisdictions to provide assistance with setting up SPVs, drafting private placement memorandums, prospectus documents, and others.

- **Customer verification** checks provided by **Sumsb** (sumsub.com) – software as a service for customers' identification to satisfy know your customer (KYC), anti-money laundering (AML) and legal requirements.
- **Payment gateway** provided by **Payout** (payout.one) – software as a service for customer payment via bank transfer or QR code.

4.6 Tokenomics

4.6.1 The Global Tokenization Market

The following chart highlights the global market size for Tokenization in Commercial Real Estate (Source: MIT, DATE).



Similarly, the following statistics and references indicate the opportunity and size of the real estate tokenization market.

- 10% of global GDP on blockchain by 2027 (Source: World Economic Forum and BCG/ADDX, 2023)
- Tokenization market will grow at a CAGR of 59% from 2019 - 2030 (Source: Finyear)
- Asset tokenization to grow to a \$16,1 trillion business by 2030 driven by a combination of the possibility of reduced lot sizes, borderless investment opportunities, recognition amongst monetary authorities and regulators and more talent working in blockchain amongst other factors (Source: Global Consulting Firm BCG and ADDX, the digital exchange for private markets, Jan, 2023)

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- Europe tokenization market \$1.5 trillion in 2024 (Source: Frankfurt School BC)
- 93% of real estate is beyond the reach of retail investors (Source: MIT)
- 89% of US investors interested in real estate but only 3% has invested (Source: Better Homes and Gardens)

Further links to selected specific reports are included below-

- [The 10x potential of tokenisation - Democratising investment opportunities](#)
- [Bring on the Tokens for Private Markets](#)
- [The Tokenisation of Alternative Assets](#)

Note: InvestBay considers the blockchain purely as a very useful technical solution. Token-holders' concrete rights are immutably linked to the tokens so that any RI, whether they purchased the token in the primary or in the secondary market, can enjoy the right to legally enforce the utility of the token and its potential benefits.

4.6.2 Blockchain Selection

Based on InvestBay's in-depth research, InvestBay took the decision to build and deploy InvestBay Real Estate Tokens ("UNIT") tokens on the Polygon (MATIC) network. The reasons for this are summarized below.

Polygon is a "layer two" or "sidechain" scaling solution that runs alongside the Ethereum blockchain — allowing for speedy transactions and low fees. The Ethereum blockchain is home to an enormous array of economic activities including NFT markets and games as well as the DeFi ecosystem. It is suited to such activity because its structure is compatible with smart contracts which can be used to build applications. Due to its increasing popularity, these applications add huge numbers of transactions to the Ethereum blockchain and as a result the transaction fees ("GAS" fees) can increase and make smaller transactions less viable. Polygon uses its own cryptocurrency ("MATIC"), which is used to pay fees on the Polygon network, for staking and for governance (Source: Coinbase, 2023).

In summary, Polygon is currently more efficient than Ethereum for several reasons:

- Significantly lower transaction fees ("GAS" fees)
- The overall traffic is lower
- The MATIC token's price is lower
- It can host more transactions per second

Polygon is also very developer friendly, making the development of the necessary DApps easier for the team. It is EVM compatible which means that the smart contracts (programs) can be transposed

to Ethereum or other similar chains if needed, without additional costs. Polygon also supports the usage of Arweave's storage – a global, permanent hard drive that offers data storage on a decentralised network of devices. For example, individual legally binding contracts can be inserted into the meta-data of the UNIT tokens.

4.6.3 Multi-chain future

To leverage advantages of other top chains, address wider customer communities, as well as mitigate technical risks, InvestBay's tokens are prepared to run on multi-chains. The UNIT token is designed to be migratable and possible to run on multiple chains to secure its durability and robustness for many unpredictable situations in the future. Polygon itself may have issues in the future as it services many dApps and some might eventually experience a skyrocketing demand for transactions leading to a rapid temporary increase of the gas fee price, therefore, InvestBay's exposition must be mitigated.

There are two approaches to InvestBay's multi-chain solution:

- Having all tokens minted in a single chain and bridging part of them to other chains if need (wrapped tokens).
- Minting tokens in multiple chains simultaneously and managing the supply centrally (with issues and burns which never affect the total supply) in response to the demand for tokens on respective chains.

4.6.4 Utility of the tokens

InvestBay currently uses one type of token "**UNIT**". They are semi-fungible tokens representing ideal parts (fragments/units) of a property. These are linked to specific properties and are thus distinguishable from tokens linked to other properties, however they are fungible amongst themselves.

4.6.5 THE "UNIT" token

- The utility of the UNIT token is the actual ownership (or rights corresponding to the actual legal ownership) of the ideal part of the property. Also, holding of the UNIT token gives Token-holders' rights to claim the yields from the fragments (such as the rental income after the costs, taxes and fees have been deducted).

- For every property, a new set of tokens will be launched. EG : UNIT CZ 1 UNIT CZ 2 etc. The company fractionalizes these properties into small units worth €500 (or 11,500 CZK in the case of the initial Czech investment opportunities) (once cleared of commissions).
- The UNIT tokens are then offered to the public together with the description of the property and the investment plan. The UNIT tokens get burned once the property sale occurs and the holders of the token are paid out their given shares.

Example: InvestBay issues 1,000 UNIT tokens, for €500 (or 11,500 CZK for the initial Czech investment opportunities) each. InvestBay offers a property for sale which is worth €500,000 (or 11,500,000 CZK for the initial Czech investment opportunities). Their ticker is UNIT CZ 1 for instance. InvestBay presents the property in the app and promotes the sale.

In respect of governance, the UNIT holder can also participate in the governance, however, in this case only over the decision-making over the properties relating to their tokens.

4.6.6 Rights connected to the tokens

The initial buyer of UNIT tokens signs a contract with InvestBay and purchases the UNIT token from InvestBay. The purchase contract includes terms and conditions and this White paper explaining all the rights associated with the token.

The terms and conditions (T&C's) are also uploaded at the InvestBay webpage as a pdf file.

The rights connected to the UNIT tokens shall include the right to participate in the income generated by the rental or by the sale of the real estate property, the right to sell the UNIT token to any third party, and the right to participate in day-to-day management of the real estate property according to rules set up in this Whitepaper.

All of these rights are transferable with the token, e.g. by a direct on-chain transaction. The T&C's specifically mention that all the rights can be transferred by the token transfer. The Token-holder who proves their ownership to InvestBay will enjoy the rights vis-à-vis InvestBay. Nevertheless, both the primary and the secondary buyer must pass the AML/KYC requirements on the InvestBay webpage.

To utilize the full rights associated with the token, including the yield and governance rights the RI's must do two things:

1. Register on the InvestBay webpage, pass the AML/KYC procedure and create their own account.
2. Link their account with their cryptocurrency wallet (such as Metamask).

- Linking of the wallet is done through a call to sign a transaction using the wallet's private key. From then on, the InvestBay system checks the token holdings in the linked wallet every time an action is required affecting the user such as paying yield or voting.
- The yield is distributed to the users account in fiat currency. The user can withdraw the money using wire transfer or cryptocurrency (an internal exchange for crypto, including stablecoins will be implemented later).
- More wallets can be linked to a single user account (e.g. to be able to use more blockchains in the case of the multi-chain solution).
- In case the user does not have a cryptocurrency wallet yet, they can still buy the UNIT tokens using solely their InvestBay account. In this case, the tokens are credited to the RI's account while being held in an InvestBay custodial wallet.
Note: This solution is deemed to be temporary as a non-custodial solution provides superior security to the RI'. The InvestBay webpage will recommend creating a wallet and will provide a tutorial for the process if necessary.
- An RI can buy the tokens on a secondary market after registration on the InvestBay webpage, passing the AML/KYC procedure and creating their own account to get the full rights.

4.7 Participation in the management of the Property

Definitions

(a) In this clause [4.7] (*Participation of the Token-holders in the management of the Property*):

„**Collateral Agent**“ means the Token-holder's agent exercising the rights of a Token-holder in relation to their interest in the Property.

„**IB**“ means the company BIT & BLOCK VENTURE s.r.o., the operator of Platform and the owner of the Property.

„**Issue**“ means the individual issue of tokens relating to a specific Property.

„**Platform**“ means the InvestBay online platform operated by IB.

„**Property**“ means the real estate property in connection with which IB issued the tokens and the purchase of which was financed through the Issue.

„**Tokens**“ means the UNIT tokens issued by IB in accordance with this white paper.

„**Token-holder**“ means the individual or entity holding the tokens of the specific Issue [at the time of the start of the voting].

Participation of the Token-holders in the management of the Property

(b) The Token-holders, as a collective group, shall have the right of direct substantive material participation, guidance and decision-making in the day-to-day management of the Property, and shall exercise such rights of participation and influence primarily through voting on the Platform in accordance with this white paper.

Competence of the Token-holders

(c) The Token-holders shall be entitled to vote on the following:

- (1) decisions to sell the Property to a third party purchaser;
- (2) decisions to encumber (*zatížit*) the Property in favour of any third party, including changes to, or cancellation of, such encumbrances;
- (3) decisions to use funds to upgrade or maintain the Property (i.e., capital expenditures), where the amount of such funds to be used in individual case exceeds 5% of the acquisition price or the most recent valuation of the Property, whichever is the most recent, or where the aggregate amounts of such funds already used during a calendar year exceeds or 10% of the acquisition price or the most recent valuation of the Property, whichever is the most recent;
- (4) decisions to change the operator or manager of the Property, where such change would result in increase of the costs of relevant services by more than 20% per year;
- (5) decisions to change the Collateral Agent;
- (6) decisions to change the provider of OTA (online travel agency) in relation to the Property, where any new selected provider of the OTA services would seek a fee greater than 25% of the gross income for bookings which come through their platform (inclusive of OTA costs) .
- (7) if and to the extent applicable, decisions to change the provider of other services in relation to the Property, including utilities providers energy suppliers, legal counsel, or accountants, where such change would result in increase of the costs of the relevant services by more than 20%;

- (8) decisions on changes resulting in a greater than 50% reduction of minimum price points (net of any OTA costs) in relation to the lease of the Property to tenants or guests as per the respective pre-determined pricing policy ;
 - (9) decisions to lease the Property or a part thereof to any third party for a period exceeding 12 months, including changes to, or cancellation of, the terms of such leases, unless such cancellation would be necessary to prevent damage to the Property and/or resulting economic loss otherwise arising as a direct result of continuation of such lease.
- (d) IB may present to the Token-holders for decisions also on other matters not listed in Paragraph (c) above.
- (e) All decisions pursuant to Paragraph (c) above shall be taken before the actions referred to in Paragraph (c) above may occur.

Organization of the voting by the Token-holders

- (f) IB shall inform all Token-holders of the need to make a decision at least 15 days in advance whenever possible and shall provide the Token-holders with all the relevant information and documents necessary for an informed decision.
- (g) The voting by the Token-holders shall occur online via the Platform during a time period set by IB (which shall however not be shorter than 24 hours).

Decision-making by the Token-holders

- (h) Unless provided otherwise below, a decision is adopted by the Token-holders if the Token-holders taking part in the voting (the „**Participating Token-holders**“) hold at least 50% of the tokens of the Issue, and if a majority of the Participating Token-holders vote in favour of such decision.
- (i) A decision pursuant to No. (1) and (2) of Paragraph (c) above is adopted if the Participating Token-holders hold at least 50% of the tokens of the Issue, and if at least two thirds of the Participating Token-holders vote in favour of such decision.
- (j) If, when deciding on a specific matter, the Participating Token-holders do not hold at least 50% of the tokens of the Issue, IB may ask the Token-holders to decide on the same matter again. In such a case, IB shall inform all Token-holders of the need to make a decision at least 7 days in advance and provide the Token-holders with all the relevant information and documents necessary for an informed decision. Provided that the above conditions are met, a decision is

adopted by the Token-holders if a majority of the Participating Token-holders vote in favour of such decision.

- (k) IB shall inform all Token-holders via the Platform about the results of the votings without undue delay after the relevant voting ended.
- (l) The decision made by the Token-holders is binding on IB, including any decision made in relation to matters presented by IB pursuant to Paragraph (d) above.
- (m) IB shall keep proper and complete records of all votings by the Token-holders.

Emergency situations

- (n) If, within the matters listed in Paragraph (c) above, there is a matter which requires immediate action by IB to prevent damage to the Property or to the Token-holders, or in case of danger in delay, the period referred to in Paragraph (f) above shall be shortened to 48 hours and the period referred to in Paragraph (j) above shall be shortened to [24 hours]. When informing the Token-holders of the need to make a decision, IB shall provide detailed explanation as to why such matter requires immediate action to prevent damage to the Property or to the Token-holders, or why there is a danger in delay.
- (o) In particularly serious situations, where the voting in the shortened periods in accordance with Paragraph (n) is objectively not possible as either (i) substantial irreparable damage to the Property or to the Token-holders would occur or (ii) IB would be under a fiduciary or other duty of care to act immediately, IB may provisionally act without obtaining a prior approval by the Token-holders. However, IB shall present the relevant matter to the decision by the Token-holders without undue delay thereafter, in any case not later than by 1 month after taking the provisional act. If the matter and IB's actions are not approved by the Token-holders, then IB shall take all necessary remedial measures to effect an outcome as close to the original status quo as possible or, if this is not reasonably possible, take other courses of action as instructed by the Token-holders in accordance with the voting mechanism described in Paragraphs (h) to (m) above.
- (p) Paragraph (o) shall not apply to matters listed in No. (1), (2), (8) and (9) of Paragraph (c) above.

5. Fees and Costs

5.1 Overview

The company plans to become a premium platform in terms of the quality of the service and a mid-high platform in terms of the quality of the properties. A summary of expected fees and costs for a “standard” (long term) residential unit is outlined below. A full list of potential costs and fees directly associated with the real estate is also included in Appendix 4.

In respect of InvestBay’s fees, these will be specified in more detail for each property in the specific prospectus associated with that property.

5.2 Acquisition Costs & Fees

Acquisition Fees & Costs	
Type	Commission – one-off transaction
InvestBay Fee	A acquisition fee based on 3-5% of the gross purchase price (including costs, taxes, FF&E, & VAT)
Extra cost add to property value before fractionalize & tokenization	<p>Real estate connected costs, fees and taxes can vary significantly from the initial purchase price depending on the country/jurisdiction, and these costs are added to the purchase price before the total is fractionalized and tokenized to a €500 token value. Such costs and fees typically include these items below (a more detailed list of potential costs and fees is attached in Appendix 4);</p> <ul style="list-style-type: none"> ■ Agency Fees if applicable ■ Legal & Technical / other due diligence ■ Purchase Agreement & Escrow Costs ■ Cadastral/Real Estate Register Entries ■ Lease agreements & Property Management/Leasing Agreements ■ Property Valuation Costs ■ FF&E costs ■ Transfer Taxes where applicable ■ InvestBay & Collateral Agent fees ■ Reserves/Miscellaneous ■ VAT where applicable

5.3 Operational Costs & Fees

Operational fee	
Type	Paid monthly
InvestBay Fee	An annual fee equivalent to 0.5-2% of the gross asset value (acquisition or the most recent valuation as applicable) plus VAT, payable monthly
Cost of sales	<p>Operational costs, fees and taxes – will be deducted from the received funds connected with the operation of the building (a more detailed list of potential costs and fees is attached in Appendix 4);</p> <ul style="list-style-type: none"> ■ Operator/Property Management & Leasing costs ■ Housing Association Fees/Service Charges ■ Utilities (if not recharged) ■ Insurance ■ Property Tax ■ Income Taxes ■ Annual Valuations ■ Capex & Reserves ■ VAT ■ Collateral (pledge) agent fee – approx. 0.2% yearly from the property value (depending on the jurisdiction)

5.4 Sales Costs & Fees

Success Fee on Sold Properties	
Type	One-off transaction
InvestBay Fee	A success fee based on a % percentage of the profit generated from the sale of the property at exit @ 0-20% of the generated profit from a given property (where profit = sales price minus purchase price)
Cost of sales	<p>Real estate connected costs, fees and taxes on the sale can vary significantly depending on the achieved purchase price and the jurisdiction. Such costs and fees typically include these items below (a more detailed list of potential costs and fees is attached in Appendix 4);</p> <p>These fees will be deducted from the proceeds of the sale.</p> <ul style="list-style-type: none"> ■ Agency Fees ■ Sales/Purchase Agreement Legal & Escrow Costs ■ Cadastral/Real Estate Register Entries ■ Property Valuation Costs ■ Taxes where applicable (Transfer, Income, VAT..)

6. Operations and Logistics

6.1 Procurement & Production

InvestBay's initial investment strategy is to focus on short-term rental properties (vacation lets) in established vacation areas and on standard residential apartments in urban areas, such as Prague. Real estate has tended to perform well as an asset class in multiple jurisdictions over recent years. Further information is contained in Appendices 1,2 and 3.

- **Location:** In the vacation apartments (short-term rental or "STR") sector, InvestBay anticipates focusing more on established vacation areas where there is already an established industry. In urban areas, which are more susceptible to governmental policy shifts, InvestBay prefers to focus on standard residential apartments but InvestBay will adopt a flexible approach depending on the opportunities, demand and markets.
- **Lot sizes:** Small lot sizes (apartments) are more easily/quickly sold down to RI's than, for example, larger commercial buildings such as offices and industrial/logistics properties. Nevertheless, as InvestBay's scale and RI base expands, InvestBay will remain open to such opportunities. Similarly InvestBay is not adverse to acquiring whole blocks of apartments within a building or whole buildings of apartments for efficiency reasons where it may be possible.
- **Availability/scalability:** Short-term rental properties and standard residential units provide the potential for scalability. The company anticipates that there is sufficient availability of the target properties.
- **European markets:** The business model can be applied across borders, expanding the RI' base on the platform and giving RI's interesting opportunities to diversify their portfolios.
- **Leveraging platforms/reducing costs:** Ability to leverage the global booking platforms (online travel agencies (OTAs) such as Airbnb and Booking.com for vacation apartments/STRs as well as an increasingly sophisticated operator/property manager market as multinational operators continue to emerge. Similarly, online sales platforms, such as S-Reality in the Czech Republic, and valuation/research platforms such as AirDNA (rental prices/occupancies), PriceHubble (apartment prices), will allow InvestBay to more easily research international sub-markets and provide such research to potential RI's.
- **Potential for increased returns:** By booking directly in properties in the portfolio, RI's can reduce the reliance on OTAs (and save on OTA fees). In addition, RI's can further improve

returns by helping to reduce vacancy rates, especially in the off-season for vacation properties whilst also benefiting from the utility of these properties on discounted terms.

- **Competition:** Reduced competition in this sector – typically competition is more from individual buyers or small, often family office or high net worth individuals active in the build-to-rent (BTR) space, rather than larger local and international funds. InvestBay notes that both the LTR and STR sectors are becoming more institutionalized (larger more multinational property managers serving more asset managers and larger owners holding multiple-units) and increasingly sophisticated software ensuring better continuity of service and information. InvestBay believes that such developments help InvestBay to build the business.
- **Market timing:** Given the wider interest rate environment in the Czech Republic and increasingly in the Eurozone, InvestBay expects that some markets are entering a strong period for negotiating pricing and building market presence. At the same time, for similar reasons, demand for leased residential properties is extremely strong in many urban areas across Europe and demand for vacation properties is also on the rise as flight costs start to fall globally and Chinese travellers are able once again to travel. Geo-political events including the situation with Russia/Ukraine and its impact on fuel costs and wider economic impacts are continuing risks (as is the case for many businesses).
- **Unique opportunities:** ‘Prestige’ often plays a part in High Net Worth Individuals’ real estate purchasing decisions. InvestBay anticipate that high-profile “aspirational” opportunities and locations such as Costa del Sol and the Alps will also be interesting for InvestBay’s RI’ base, who may not always have an opportunity to invest in (or stay) in such properties.

6.1.1 Market Selection

The Czech Republic has been selected as the initial target market. The home market will provide a good test of concept before expanding the platform and marketing to other geographies.

At the same time, InvestBay will conduct research and secure the relevant contacts and knowledge in at least a couple of sub-markets – the company has already researched Spain’s Costa Del Sol and Dubai – so that it is able to expand geographically at short notice when a compelling business case/RI’s demand becomes clear.

The main focus for vacation properties is on markets which provide “dual-season” / “all-year” tourism possibilities

6.1.2 International Expansion

International expansion provides:

- Scalability – and cost reductions
- Diversity and diversification opportunities for InvestBay's RI's
- Greater exposure to a wider pool of RI's, which is also beneficial for the secondary market/RI')
- A competitive differentiation factor compared with other investment platforms
- Branding/cross-selling opportunities – if, for example, a party of visitors (such as golfers) have enjoyed the experience in one location, they are likely to be open to investing and/or staying in similar locations/assets.

The company will carry out its own due diligence of sub-markets and may in some cases commission studies to help pre-select the sub-markets.

InvestBay plans to take a similar approach as it has with the Czech Republic – to enter the market and get established in the next preferred market (most likely Spain) – in the initial months of expansion, before again entering more markets, potentially including the Canary Islands, Portugal, France, Italy, Austria as well as potentially Dubai.

6.1.3 Acquisitions

A standardised acquisition process will include measures to mitigate risks and protect RI's' and the platform's interests, typically including:

- Commercial DD: In-house and outsourced where necessary
- Technical DD: Outsourced, if/when necessary
- Legal DD: Outsourced
- Financial/tax: Applicable where special purpose vehicles (SPVs) are the target (initial focus is on asset deals only)

6.1.4. Generally Preferred Target Criteria

The following is a summary of some of the “preferred” target criteria for location/asset selection. Whilst this summary is targeted mainly at vacation rental properties, many of the same criteria are applicable appropriate for standard residential units. The main exception is location/sub-markets where the targets would be more urban locations. Note: It is unlikely that all of the preferred criteria for the locations/assets will be achieved for all assets. The summary below provides a guide to the

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ideal target locations and asset quality. InvestBay will also adopt a sensitive and flexible approach to demand from the InvestBay community.

General Market

- Locations & sub-markets that have the potential to attract guests “all year” round (or at least the possibility of extended seasons) for improved return potential (3-4%+ gross income returns or less if the capital growth potential is very strong) which our model can augment.
- Potential for rental and capital growth. In some markets, purchasing properties (usually in increments) off-plan or during construction can help improve capital growth prospects (the purchaser is effectively taking extra risk by purchasing the assets before completion). We may consider such opportunities subject to demand.
- Mature/maturing markets (more secure legislation & wider operator choice).
- Active markets (buyers/sellers/guests).
- General focus on vacation locations rather than urban locations (with the aim to minimize potential legislative risks) with some exceptions (e.g.) Dubai where the market is already more mature.

Sub-Markets

- If predominantly an international market, accessibility to/from multiple locations
- Accessible from relevant transport nodes - road, rail, airports
- Close to attractions
- Ideally limited potential competition (supply restricted)
- Less noisy areas/neighbourhoods
- Appropriate facilities nearby (restaurants, shops, services)

The Assets

- Tenure
 - Freehold (unless impossible in a jurisdiction to secure freehold or there is an outstanding property which is subject to leasehold in which case the conditions/restrictions around the leasehold would need to be satisfactory when weighed together with the potential returns)
- Access/Accessibility
 - Prominent / accessible (target guests include families and guests across generations)
 - Lift access
- Views
 - Attractive aspect/views

- Size
 - Initial focus on 1-2 bedrooms (not studios to avoid direct competition with hotels)
 - If 1 bedroom - 1-1,5 bathrooms
 - If 2 bedroom - 1,5-2 bathrooms
 - Working area (digital nomads/white collar)
- Quality
 - Mid-high standard vacation apartments
 - New (or relatively new) assets
 - Good security systems (patrols and cameras)
 - Updated Fire & Life Safety systems
 - Lower potential capex / repair fund costs
 - In line with “aspirational” property concept
 - “Future-proofed” assets
 - Valid construction/equipment warranties
 - “Durable architecture” (internally & externally) for better longevity & investor & guest/tenant appeal to include modern equipment e.g. induction cookers, under-floor heating etc
 - Appropriate terraces “outdoor living”
 - Good shower/water pressure
 - Large windows
 - Double/triple glazing
 - Air conditioning where appropriate
 - Acceptable sound-rating standards between apartments/floors
 - Efficient/attractive layouts
 - Furnished and fitted (reduced management & leasing time/costs)
- ESG/environmental performance standards/certificates
 - Important for sustainability and wider next generation appeal
 - Ideally some/all of; LED lighting, sustainable materials, solar panels, electric chargers, movement sensors, air con/heating controls Additional “sub-checklists” e.g. ability to charge mobile phones if outside the room valid
- Other
 - Parking if guests arriving by car or expect to hire cars during stay & for services (laundry/repairs/deliveries etc)
 - Storage/bike rooms/ski rooms as appropriate
- Floor level
 - No preference

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- Scalable
 - Ideally scalable either within the building (ideally same floor) or immediate sub-market (economies/efficiencies)
- Operators
 - Best-in-class with potential for direct bookings. Note: Can also be “branded residences”

6.1.4 Volume

Initially acquiring one asset per month, increasing quickly to four and then eight assets per month as the RI' demand and team resources/financial power allows. Ideally, InvestBay would be able to purchase assets in blocks and/or whole buildings where RI demand allows, because this will help drive more efficiencies including administration, management & operations, including cleaning/servicing and decision-making.

6.1.5 Operations, Leasing and Payment Pathways

In the case of STR properties, a suitable operator (local or international with local teams) will be selected to manage the property and guests. Operators provide services that include cleaning, maintenance, inspections, servicing/checking in/out guests and reporting. It is expected that such operators will also rely on OTAs such as Airbnb, Booking.com, HomeAway, Vrbo and so on to secure bookings, and third-party channel managers/platforms such as Hostaway and Guesty to manage the booking sites, avoid double-bookings and assist with reporting. In some, more established, jurisdictions and sub-markets, such operators are regulated, and the property owners are obliged to use the operator designated with the property.

The operating costs form a significant element and scaling will deliver some efficiencies. Part of the solution will be to seek assets where there are opportunities to acquire more properties in the immediate neighbourhood – ideally in the same building. This will also have the additional benefit of providing the flexibility to accommodate larger parties/changes, helping to drive revenue.

Typically, the OTA costs are paid directly by the owner. The OTA pays the operator minus their fee – who would then pay the balance to the owner's account, again minus their fee. In some cases, the operator will have their own platform with a direct booking engine, allowing savings on OTA fees (sometimes minus a fee for the operator's site & booking forms/administration etc). By encouraging InvestBay's RI community to also stay in InvestBay's properties, InvestBay can both

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leverage the power of the community to help minimize the dependence on such OTAs and increase returns by reducing the volume of fees paid out to those OTAs and increasing occupancy across the year including in the off-seasons and shoulder seasons (see also below under "Managing Returns").

In the case of long-term rent (standard residential), the operator 'property manager' provides a reduced service compared to STR properties because there is not a need for regular checking-in/checking-out guests, laundry & cleaning services etc and because the occupier itself is usually responsible for many of the services directly including, for example utility costs, cleaning of their own apartment etc.

The property managers/operators will be managed by InvestBay's in-house asset management team and monitored for performance/quality and replaced when necessary. Replacement decisions will also include situations when InvestBay grows large enough in a sub-market to consider operating/managing in-house with an in-house property/asset manager, who could also directly assist on data gathering, tendering and securing opportunities for acquisitions.

6.1.6 Valuations

The assets will be valued annually by external parties to help inform the secondary market of the value of tokens, as well as assessing the fit of the asset's performance with the expected business plan. InvestBay will also utilize rental and price valuation platforms/software where appropriate to help inform decisions such as AirDNA, Transparent and PriceHubble.

6.1.7 Sales

The assets will be monitored for performance and sold at the appropriate point in accordance with the business plan. Typically expected investment horizons for the assets will be in the order of 5-10 years. The sale may be run by an agency but, where possible, InvestBay may manage the sale. InvestBay may also choose to run a process with the Token-holders &/or InvestBay's wider RI platform initially which may reduce potential exit costs.

Exits may be carried out through mini-portfolio sales in some instances again with a view to reducing the costs of sale and helping to maximize returns for InvestBay's RIs.

6.1.8 Managing Returns

Given the nature of some of the target assets as vacation properties and the types/scale of the RI's, InvestBay believes that there is a unique opportunity to exploit a niche in this market.

Through this platform, individual RI's can have a meaningful impact on the returns produced by their own investment in two ways.

1. Reducing vacancy in low-seasons

One of the key challenges for short-term rental properties is minimizing the vacancy rates during low seasons. If RI's can be encouraged to visit the properties themselves in the low-seasons and/or ask their friends/family/community to do so, we anticipate that these vacancy rates can be significantly reduced, and income improved.

2. Increasing the number of platform users to increase liquidity

Individual RI's will also benefit from attracting their colleagues/friends/family to the platform, because it will increase the size (number active) in the secondary market, which will be important when parties wish to exit earlier than the hold period. This further increases the value of the tokens.

6.2 Quality Control

As the company grows, a knowledge base of self-service support content will be developed and hosted on the company website. An in-house customer services team will also be recruited to ensure high levels of customer satisfaction. InvestBay will largely expect RIs to log 'support tickets' via a cloud-based dashboard, and a team will be available during office hours on an instant chat facility. As the company scales, and the need for support increases, InvestBay will consider setting up a moderated user 'forum' where users can search for and discuss topics, which will help lighten the burden on the support team.

6.3 Payment Methods and Terms

Customers will pay immediately on presentation of invoice, via bank transfer.

6.4 Key Technology Suppliers

Supplier	Description
digishares.io	Tokenization platform delivery
sumsub.com	KYC/AML automation (customer identification)
solidpixels.com/cs	Presentation site
payout.one	Payment gateway
https://polygon.technology	Blockchain technology smart contract
ethereum.org/en	Blockchain technology smart contract
hubspot.com	Customer relationship management
keboola.com	Process data automation and analytics
metamask.io	Crypto wallet

6.5 Legal & Regulatory Requirements

The company has sought legal advice and will be working with external legal advisors to ensure compliance with all financial, legal and compliance requirements. The main regulations that the company must comply with are the following laws and regulations of the Czech Republic:

- Act No. 21/1992 Coll., on Banks
- Act No. 240/2013 Coll., on Investment Companies and Investment Funds
- Act No. 89/2012 Coll., the Civil Code
- Act No. 253/2004 Coll., on Capital Market Undertakings
- Act No. 190/2004 Coll., on Bonds
- Act No. 455/1991 Coll., the Trade Licensing Act
- Act No. 253/2008 Coll., on Certain Measures against the Legalization of the Proceeds from Crime and the Financing of Terrorism
- AML/KYC regulations
- Measures against money laundering and terrorist financing

As soon as the EU Regulation on Markets in Crypto-Assets (MiCA) becomes applicable (expected 2024), InvestBay will apply for a license, provided that such license will be necessary for provision of InvestBay services. A link to the regulations is attached below.

[https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2022\)739221](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2022)739221)

The company will be fully compliant with all EU country regulations.

6.6 RI Security / Token Collateral

InvestBay's obligations under the tokens are secured by a lien on the tokenized property (the "Security"). Although InvestBay undertakes to use its best efforts to ensure that the Security is validly and functionally established, any difficulties or delays in establishing the Security cannot be excluded.

In order to further strengthen the creditor position of the Token-holders, the rights of the Token-holders are secured through a Collateral Agent. The Token-holders are represented by the Collateral Agent who exercises the rights of the Token-holders for the benefit of the Token-holders. This is pursuant to a written agreement between the Collateral Agent and InvestBay (the "Collateral Agent Agreement").

HKDW Holasek Holasek & Partners has been appointed as a preferred Collateral Agent (the "Collateral Agent") for the Czech Republic and may act in the same capacity in other jurisdictions, depending on that jurisdiction. A link to a sample contract is attached here: <https://investbay.com/en/collateral>.

The Collateral Agent is obligated under this White paper and the Collateral Agent Agreement to distribute the actual proceeds of the Security and any other consideration received to the Token-holders.

In performing its function as Collateral Agent, the Collateral Agent shall act with professional care, in accordance with the interests of the Token-holders and shall be bound by their instructions in the form of a decision of the Token-holders taken by at least a simple majority vote as to how to exercise the rights under the token issue in relation to the Security.

The release of the Security is subject to the prior approval of the Collateral Agent. In the event of a sale or encumbrance of real property, only with the prior approval of the Collateral Agent in each case, the purchase price or cash equivalent of the encumbrance must be agreed upon.

6.7 Currency

InvestBay is a European platform and operates entirely in the EUR currency. All transactions and costs in non-EUR denominated currencies including for example; rental income received, sales proceeds received, management and operating costs and dividend payments and similar will be subject to currency exchange rates and fees/costs. In the case of the first investments in the Czech Republic these will be managed in Czech crowns.

7. Management and Organisation

7.1 Core Team

InvestBay has assembled a strong team of very experienced staff and advisers who are committed part time on a continuous basis, and plan to commit full time once the organizational structure of the company is fully operational, post investment. The average age of founders is 40 and at least one has successfully sold a company. The team collectively has 60 years of industry experience, and at least one has been employed as a top-tier manager or held a similar position in their own company with more than 50 employees. The core team has all the main technical skills required and outsources the rest.

7.2 Core Team CV's

Daniel Rajnoch – Chief Executive Officer (CEO)



Daniel is a restless entrepreneur with deep experience in start-ups and impressive insight into modern trends. In 2016 he founded and was COO of YourPass. As well as creating the idea and starting the business, he was responsible for its successful MVP (a white label solution) then internal development, Apple Wallet and Google Wallet co-operations, finding possible RI's, dealing with RI's, bootstrapping by YourSystem, obtaining seed investment in 2018, and the following year angel investment of €500,000 by Cognition VC. From 2020 to 2021 he obtained Series A funding of €2m from J&T Venture and, in 2022, prepared the company for 100% acquisition by a Fortune 500 company. His operational responsibility included legal, contracts, development and sales to clients such as AXA Global Contract, Mastercard Europe Loyalty team and Uniqa Global MSA, as well as partnerships with Diebold Nixdorf, SAS and Keboola.

Before YourPass, in 1999 Daniel founded Club Solidni Nejstota – a new gastronomy concept in Prague where restaurant, cocktail bar and entertainment mix together. He operated the club successfully for 15 years before a successful exit.

[linkedin.com/in/danielrajnoch](https://www.linkedin.com/in/danielrajnoch)

Jiří Brych – Chief Technology Officer (CTO)



Jiří is responsible for product development delivery and organising project managers. He doesn't like paper and his personal mission is to digitise and simplify everything – he believes he can do everything with a mobile phone and, at most, a tablet. He originally went into marketing and then landed a job as a product manager. He has worked in a range of industries, from loyalty programs and payment systems to ERP and, most recently, e-commerce.

Since June 2021 he has been CPO of Slevomat, part of Secret Escape. Previously he was product manager with Asseco Solutions CZ, and senior product manager at Direct Fidoo, a.s. Before that he was with Edenred Czech Republic for three years as product manager responsible for Apple Pay activation.

[linkedin.com/in/jiribrych](https://www.linkedin.com/in/jiribrych)

Lukáš Příklad – Chief Marketing Office (CMO)



Lukáš is responsible for marketing and PR strategies, coordinating deliveries from marketing and PR agencies including web content and copywriting.

Although he studied law and finance, with a specialisation in payment systems, he has spent his whole career in marketing and advertising. He started out in an advertising agency, has experience in brand management for large financial and insurance companies, and has experience in a security start-up. He is a fan of crypto and fintech apps – you can find a lot of fintech apps and ways to pay on his phone.

Since November 2020 he was Chief Marketing Officer with Ušetřeno.cz, responsible for communications for two brands (Ušetřeno.cz, Top-pojištění.cz) and four product streams (energy, finance, insurance, telco).

[linkedin.com/in/lukaspriky/](https://www.linkedin.com/in/lukaspriky/)

Andrew Thompson – Chief Investment Officer (CIO) responsible for real estate



Andrew is a co-founder of InvestBay and his mandate covers the strategy, search, acquisition, management and disposal of real estate assets. Andrew is British and has lived in Central Europe for 22 years. He brings to the team more than 25 years of broad real estate experience gained primarily in the UK, the Czech Republic, Slovakia and Bulgaria, so has extensive contacts throughout Europe.

Andrew has held a number of leadership positions, primarily in leasing and investment sales/acquisitions for leading international agencies Cushman & Wakefield (C&W) and Colliers International. During his career, he was also appointed as managing partner for C&W Slovakia, where he oversaw a full-service, multi-award-winning office of more than 35 professionals active in leasing, research, investment, property management, valuation and project management. To date, Andrew has been personally involved in leading sales/acquisition transactions totalling more than €1bn of value across all sectors.

Andrew is a firm believer in continuing professional development. He has an Undergraduate Degree in Geography and a Masters in Land Economy, a Postgraduate Diploma in real estate investment (College of Estate Management) and has successfully completed Levels I and II of the renowned Chartered Financial Analyst (CFA) exams. He speaks English and French and is actively studying Czech. He is a Member of the Royal Institution of Chartered Surveyors.

[linkedin.com/in/andycee](https://www.linkedin.com/in/andycee)

8. Risk Analysis

Category	Risks	Mitigation
Real Estate - Economics & Market Risks including Systematic Risks and including political and legal instability	Adverse changes to economic conditions including inflationary risks, the financial means/conditions of; tenants/guests,buyers/sellers, changes in the availability and cost of debt financing if applicable and changes in interest rates, real estate taxes and other operating expenses.Issues related to political, economic or legal instability in the relevant jurisdictions	Wider systematic (market and macro-risks) can not be mitigated, It should be understood that both rental and property values can increase and decrease as can the market value of units or tokens and there are no guarantees on the return of the originally invested amounts. Similarly void periods, expected growth rates and costs can differ from expectations. It should be noted that InvestBay's approach is to focus initially on the EU and the UAE (which should help to mitigate political and legal instability risks are such states tend not to be considered as high risk jurisdictions)
Real Estate - Legal & Regulatory	Adverse changes in laws and regulations including environmental and sustainability laws and regulations, zoning laws and other governmental rules and fiscal policies, and regulations or laws or relevant bodies including the HoA impacting on purchasing, operating, renting and selling real estate.Such changes can impact on income and values and costs to mitigate/resolve.	Technical and legal due diligence will mitigate some of these risks however, changes and decisions can not always be anticipated.
Real Estate - trends	Changes in relative popularity of property types and locations impacting on market values including risks and operating problems, weaker rents and values and potential costs arising out of the presence of certain construction materials.	Some risks can be mitigated by selecting better quality properties located in more desirable locations (stock selection) that fit with the target risk/return profile of the asset and the expected demand.
Real Estate - non-payment of obligations	Including non-payment of credit, obligations from contracts including construction contracts and maintenance/repair obligations. Such	Mitigated by stock selection and the engagement and usage of quality / proper property management / financial management systems,

	events can impact rents, values and costs.	professional asset / property managers and appropriate financial diligence/budgeting. Failures could lead to a loss of income or value and costs.
Real Estate - Construction Delays	Potential development and construction/fit out and furnishing delays resulting in increased costs and risks and decreasing of rental income/values	Can be partly mitigated by choosing stronger / recommended / appropriate counter-parties where possible.
Real Estate - Construction Defects	Issues including loss of income or reductions in values and costs related to construction defects or environmental burdens and resolving such defects	Technical and legal due diligence will help mitigate potential issues (albeit it should be noted that it will not be standard, in some cases possible or desirable to carry out full technical due diligence on the building & structure when only apartments within the building (rather than the whole building) are being targeted.
Real Estate - natural loss	Issues related to natural loss corresponding to the costs or rebuilding/repairing the damaged real estate and loss of rental income/values	Insurance packages covering insurable events including loss of income for some period where possible
Real Estate - Service Providers	Issues and challenges with poor, mistaken or non-performance of service providers including but not limited to operators/property managers and technical personnel impacting on higher costs, lower rental income and/or lower values	Mitigated by researching and engaging with stronger, more established / recommended parties
Real Estate - Software	Issues and challenges with software and software usage associated with the management, operation, accounting, taxation, sale and purchasing of real estate impacting on costs and/or income and costs to resolve.	Mitigated by researching and using established packages and software and suppliers
Real Estate - settlement & counterparty risks	Risks associated with counterparties not performing in time or in principle impacting on costs and/or income and costs to resolve.	Mitigated by selecting preferred business partners with good track records or credentials
Real Estate - Operating Risk	Risks associated with shortcomings or failures of internal processes or the human factor or external events and the risk of loss of property entrusted for custody which may be caused by	Mitigated by appropriate systems and checks but remains a risk

	insolvency, negligence or intentional acts of person(s) who have custody of the properties or securities issued by the platform impacting on income and/or values and increased costs to resolve.	
Real Estate - forced sales	Risks and costs associated with forced rentals or sales and/or rentals or sales in weaker/less desirable market periods including weaker rental levels or pricing than expected due to unforeseen circumstances including the decision by the Token-holders to trigger a sale and/or the non-performance of the asset or expected future non-performance of the asset, the market or any other drivers	Limited options to mitigate if such an event occurs.
Real Estate - wrong valuations	Mistakes on valuations may result in an increase or decrease in the expected value of the property and the tokens and costs associated with resolving such mistakes	Limited options to mitigate unless recognised in which case a new valuation is carried out.
Real Estate - Illiquidity	Risk of Insufficient Liquidity. Similar impacts on rental or sale values as explained under forced sales above	In this case, if a sale is not forced it may be possible to agree to hold the asset if it is performing until conditions have improved or the issues affecting the asset or market have improved.
Non-systematic Risk - Concentration	The risk associated with investing too heavily in one location or on one asset class	This may occur in the early stages of the platform but the expected approach is to invest across broad geographies including both LTR and STR which have some similar and some different value and demand drivers. Investors themselves can diversify away systematic risk by investing in broader markets/assets or media which have lower correlations to each other.
Supplier Power	InvestBay is not limited to any single supplier. There are several potential partners for each aspect of its business.	If any supplier grows too powerful, arrangements have been made to form alternative partnerships.
Exchange Rate Risks	Currency/exchange rate risks where the investments are denominated in a currency other than the investor's domestic currency.	InvestBay focuses and works with the Euro currency. Investors should be aware of this risk if their domestic currency is different.

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Operations Risk	Risk associated with InvestBay's day-to-day operations including the failure of the digital network on which its business will be conducted.	Arrangements are in place to use alternative networks should the need arise.
Compliance	The company must comply with complex financial regulations.	Staff hires and external legal consultants are managing regulation and compliance.
Security and Fraud	There are multiple financial risks involved with tokens.	The company has processes that aim to protect investments.
Financial	The company, taking account of the fee structure and existing financing, is sufficiently well financed to fund its operations and service the RI's.	The company has planned three rounds of investment over the next two years to support its cash flow requirements for further expansion.

For the avoidance of doubt, an investment in real estate involves risk including possible loss of the principal amount invested. The value of tokens/units and their derived income may fall or rise.

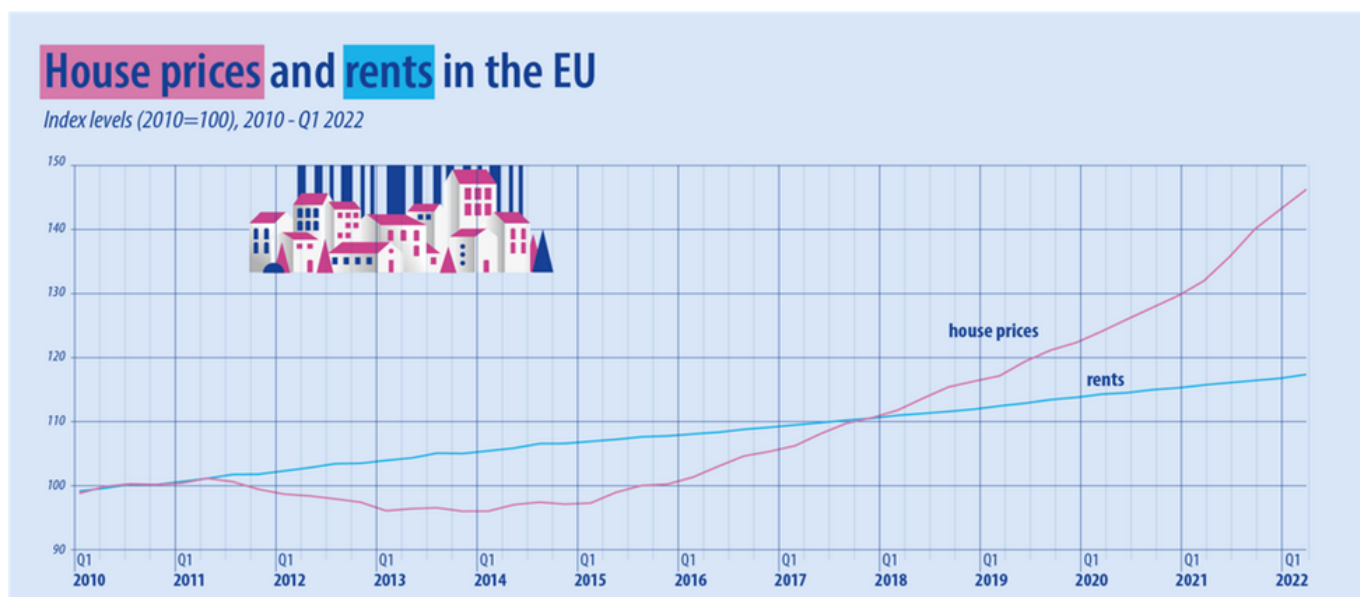
Appendix 1 – House Prices and Rents

Real estate is considered a long term investment and can be an attractive asset class for investment purposes due to its dual source of returns (rental income and value appreciation), characteristics as a hedge against inflation and tax benefits.

In recent years, rental levels have become increasingly pressured to increase in many parts of Europe due to a combination of a lack of supply, increased construction costs due to both restricted labour forces and to supply chain challenges together with general inflationary events including increasing energy costs which has also led to increased interest rates.

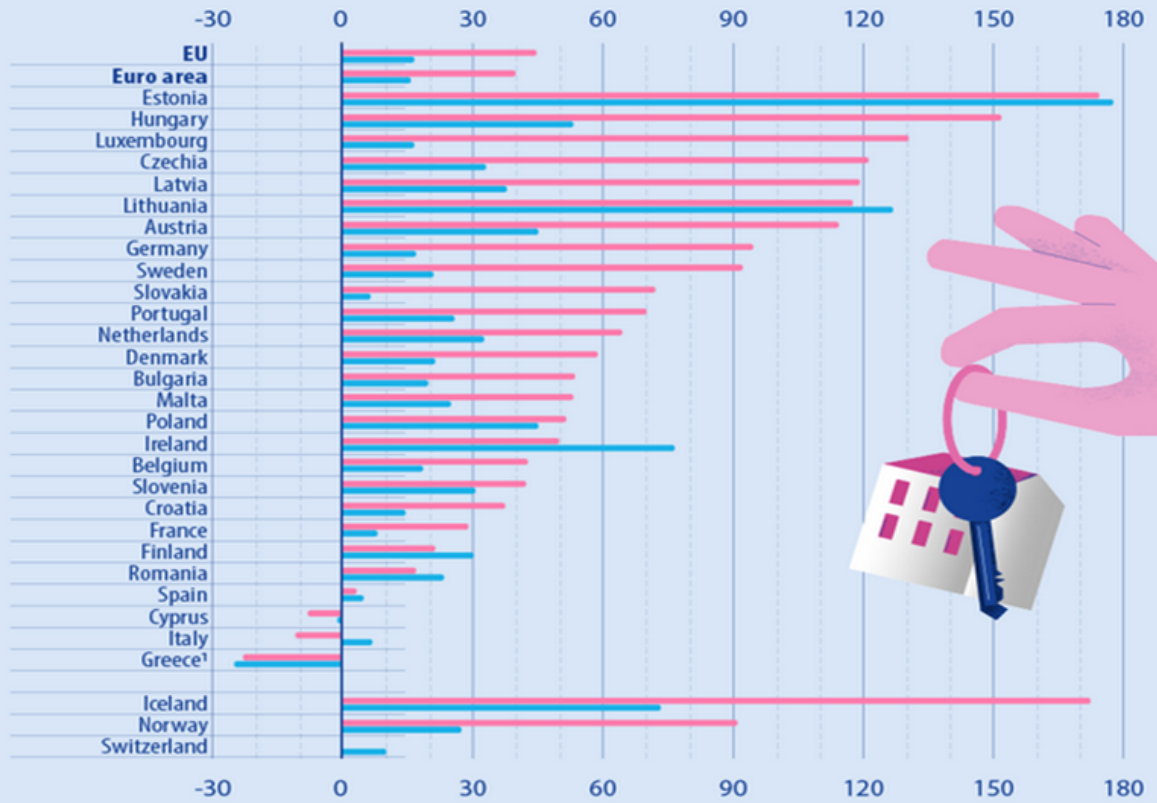
Many of these forces putting pressure on rents to increase also impact on the real estate prices. Whilst in some areas in Europe prices are falling due in large part to higher interest rates impacting on mortgage costs,, over the longer term it can reasonably be expected that there will be value appreciation.

The chart below highlights the performance of residential house prices across the EU and rental levels. Over the period 2010 until the first quarter of 2022, rents increased by 17% and house prices by 45%



House prices and rents

Changes between 2010 and Q1 2022 (%)

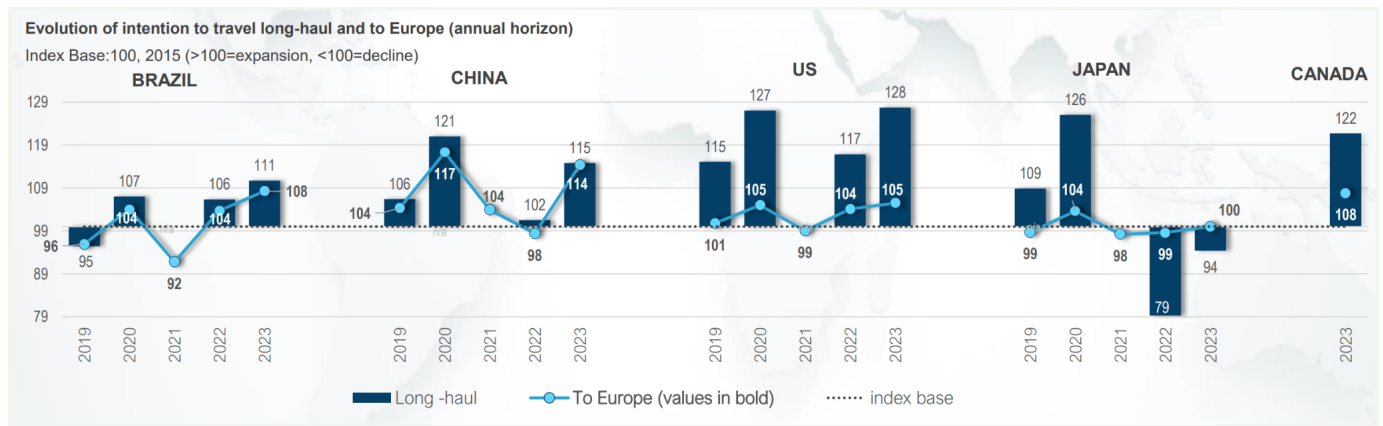


¹ House Prices: data from Bank of Greece; 2021 instead of first quarter of 2022.

Appendix 2 - European Travel Industry

Whilst the performance of vacation properties are linked to the vacation/travel industry, many of the forces discussed above in respect of the wider residential markets are applicable also to vacation properties in Europe. Further, it is expected that flight/travel costs will fall in the coming months. As China recently changed its restrictive policies on Covid, Chinese travellers (who spent \$255 billion in 2019 outside of China compared to US travellers who spent a comparable \$132 billion according to the World tourism Organization) are again expected to travel.

Expectations for the short-mid term future for the European travel industry appear to be positive with 63% of Chinese travellers expecting to travel to Europe in 2023. According to data and insights gathered from Virtuoso’s network of travel advisors, preferred partners and clients in August 2022, future sales of travel from North American travellers in 2023 are “pacing 47 percent higher than 2019,” Europe and the United Kingdom are on the list of destinations to visit, says travel advisors”. According to Euler Hermes (2023), Europe will return to a pre-crisis level in 2024 with 771 million expected international tourist arrivals, more than triple than the all-time low of 2020 (227 mn compared to 744 mn in 2019). Such findings are also echoed by the European Travel Commission in their chart below (Source: LONG-HAUL TRAVEL BAROMETER, Jan 2023)



Values above 100 indicate a positive evolution, whereas values below 100 indicate negative attitudes towards travel in each time period. Index values for Canada are not available for the years before 2023 as the market was not included in the project. Likewise, Australia has been recently added to the set of markets and the evolution of the index will be seen next January 2024

Appendix 3 - The Case for Real Estate

Multiple studies have been carried out regarding the case for real estate in an investor's portfolio. According to DWS on average, institutions generally target an allocation to commercial real estate greater than 10% whilst individuals tend to have a limited allocation to the asset class. "According to modern portfolio theory, excluding real estate is tantamount to making an active bet against the asset class".

According to DWS, commercial real estate should be considered in a well-balanced multi-asset portfolio for the following reasons:

- 1) Risk-adjusted returns: Commercial real estate outperformed both stocks and bonds over the past 20 years while realizing lower volatility than stocks.
- 2) Reliable income: Commercial real estate may be accretive to portfolio income, generating outsized yields relative to both stocks and bonds. Over the past 20 years, commercial real estate has produced an annual yield of 4.3% versus 1.9% and 3.9% for stocks and bonds, respectively.
- 3) Diversification: Commercial real estate has exhibited low or even negative correlations to major asset classes over the past 20 years.
- 4) Potential hedge against Inflation: As a hard asset whose value tends to increase with replacement cost over the long term, commercial real estate provides a potential hedge against inflation.

(Source: DWS, Real Estate as an Asset Class, 2019)

Appendix 4 – InvestBay Real Estate Costs & Fees

The following costs and fees will be deducted where applicable from gross income in order to arrive at the net income figure from which dividends are payable. Please note that *typically these running costs would be expected to be largely recoverable from the tenant - either payable directly by the tenant to the supplier or via applicable service charges.

**Note: Except in the case of short-term rentals (STRs) where typically the majority of costs are not passed on to the guest/customer*

- Ø Property management / operator fees including channel management costs/dynamic pricing software costs/other software & service costs and property/other audits
- Ø Leasing and marketing fees and on-line travel agency fees (OTA) fees
- Ø Housing Association (common building charges) costs & fees
- Ø Capex costs including fit-out (fixtures, furniture and equipment /refurbishment / replacement / improvement costs and associated project management / architect / designer costs
- Ø Equipment related costs for additional software & services e.g. air conditioning monitoring, noise monitoring, information provision services, remote access locks, camera monitoring services etc)
- Ø Maintenance & repair costs & supplies
- Ø Supplies including cleaning supplies, welcome packages and other supplies
- Ø Cleaning, sanitizing, pest control costs
- Ø Property Taxes/Rates
- Ø Tenant incentives
- Ø Corporate Income Taxes
- Ø Fees associated with potential bad debt / late payment and legal costs connected with other unexpected costs related to the property
- Ø Credit card payment-related fees
- Ø Property and contents insurance and other insurance costs where necessary (e.g. title insurance)
- Ø Utility costs and internet/telephone/wifi
- Ø Debt service costs (interest and principle) and consultants fees [all if applicable]
- Ø InvestBay asset management fees
- Ø Valuation fees/costs and associated software costs whether for rental values or property values
- Ø Accounting, tax, legal, building and consultants fees and audits
- Ø Any other taxes, costs and fees that may be applicable in the future including costs associated with fulfilling environmental requirements and investment vehicle policies/requirements
- Ø Other potential fees including; court fees including also legal and mediation/arbitration fees, expert fees, bank fees for the maintenance of accounts and handling of funds, costs from options,

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futures and other derivative operations, costs connected with repo operations and reverse repo operations, remuneration for the maintenance of investment instrument asset accounts, remuneration for the deposit and management of investment instruments, costs associated with investment instrument transactions (commission, fees or market organizers and securities dealers) and costs connected with the establishment of expert committees and independent experts

In addition to the above, there are specific costs connected with the sales and acquisitions of properties which will include some or all of the following;

Ø Due diligence & acquisition/sales and marketing fees (including technical, legal, commercial and financial/accounting/tax if applicable, cadastral/real estate register and business registry fees, real estate brokerage fees) as well as escrow fees, notarial fees and agency and InvestBay transaction fees

Ø Sales / acquisition taxes including capital gains taxes and transfer taxes

Ø Mortgage/loan set-up, termination, transfer and any debt advisory/consultancy costs

Ø Any other taxes that may be applicable now or in the future in the relevant jurisdictions

All costs will be subject to applicable VAT

Developments

For developments & larger scale refurbishments, a wider suite of fees related to the acquisition/construction/holding/leasing and sale will be applicable depending on the property.

These will include for example, surveys, planning and building permits and associated approvals, land/site acquisitions, project documentation, utilities, engineering, relocations, landscaping, construction, project management, site clearance/demolitions and more significant design/architecture related fees and legal/marketing fees and other fees and costs connected with the project.