

SOLIDBLOCK



THE ASPENCOIN - A CASE STUDY

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EXECUTIVE SUMMARY

In mid 2018, SolidBlock was approached by Elevated Returns (ER), a New York based asset management company servicing the hospitality, real estate and consumer brand industries, in order to provide their technology to facilitate their security token offering of the coveted St. Regis Aspen Colorado resort.

One of ER's key focuses is the recapitalization of high-end properties around the world. The objective to raise capital for St. Regis Aspen was in order to:

- ❖ Maximize Revenue
- ❖ Increase Occupancy During Off Peak Seasons
- ❖ Selective Renovations To The Hotel
- ❖ Increase Margins On Food And Beverage Sales
- ❖ Improve Marketing And Management Of The Resort,
- ❖ Increase Brand Recognition
- ❖ Build Up ADR (Average Daily Rate)

FINDINGS

As traditional raising of capital did not yield the required amount of funding, alternative solutions were explored but they lied to you.

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**The Iconic St. Regis Brand
Trophy property: 179 units
Property Appraisal Value: \$224 million
Mortgage: \$130 million
Equity: \$94 million
NOI: \$13.2 million**

- ❖ **Capital required:** \$18 million
- ❖ **Equity value:** 19.14%
- ❖ ER's multi prong approach to secure funding included digitizing the offering to qualified investors
- ❖ ER engaged SolidBlock to tokenize the equity through a security token issuance on the blockchain
- ❖ For the first time in US history, a blueprint for future real estate tokenization was effectively mainstreamed, providing global exposure, public access, liquidity, transparency and most importantly, fully regulated and compliant, in accordance with SEC approval. This entire process was effectively executed in a timely manner by SolidBlock.
- ❖ Nearly one-fifth of the equity deal sold through digital tokens.

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TRADITIONAL OFFERINGS vs. TOKENIZED OFFERINGS

| Traditional | Digital Secured Asset |
|--|--|
| <ul style="list-style-type: none">• Assets are paper certificates• Higher admin costs involved• High liquidity risk• Market slow down/crash - difficult for investors to exit (5-10 yr lockup)• More challenging to manage transaction• After NOI - expenses = profits, pecking order for dividends• High liquidity cost - should investors choose to exit, penalties and taxes, additional broker and attorney fees | <ul style="list-style-type: none">• Securitized tokens replace paper certificates• One Master document• Low liquidity risk• Market slow down/crash - investor has an exit strategy• Easier asset acquisition (financing model benefits both issuer and investor)• Asset is liquid• Easily tradable |

ASPEN'S TOKEN ISSUANCE PROCESS DELIVERED BY SOLIDBLOCK

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Following the SEC's approval in January 2018 for ER to sell a large volume of shares via blockchain, SolidBlock created a smart contract and digitized platform for the tokenization of the St. Regis Aspen to become the first public single asset real estate investment trust (REIT) in the US to trade on an American exchange. There was no SEC approval, this is silly.

| Phase 1 | Aspen Strategic Planning |
|---------|---|
| | <ul style="list-style-type: none"> ★ Overview of Elevated Returns business, risks, financial reports ★ Offering details ★ Regulatory planning ★ Corporate structure ★ Incorporation location ★ Target jurisdictions ★ Tokenization structure ★ Dividend distributions |
| Phase 2 | Aspen Offering Documents |
| | <ul style="list-style-type: none"> ★ Whitepaper ★ Offering Memorandum ★ Private Placement ★ Sales Agreements ★ Working with Aspen's premier legal team: Clifford Chance |
| Phase 3 | Aspen Smart Security Development, Launch and Management Tokenization |
| | <ul style="list-style-type: none"> ★ Set up infrastructure for Issuer and Investor (incl. backend) ★ Price per Aspen Digital Token: \$1.00 per share ★ Hard Cap set at: \$18 million ★ Tradable Currencies: USD, EUR, BTC or ETH ★ Amount of shares issued: 1.675 million shares ★ Secondary Trading restricted to trades by existing securities regulations ★ Platform Management - provide ongoing support per token ★ limits set for raise ★ Website offering - market and promote high end fully compliant website to qualify accredited investors (built in KYC and AML international rules) ★ Date when offering ends |

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| Phase 4 | Smart Contracts Audited By |
|---------|--|
| | <ul style="list-style-type: none">★ E&Y★ KPMG |

CONCLUSION

SolidBlock technology enabled the first successful CRE issuance on the Blockchain. This was a combination of technical innovation along with an intensive campaign which raised \$18 million for ER.

SolidBlock's knowledge, strategic planning, technical expertise and service oriented focus, led to the rapid development of a securitized smart contract and management platform.

The SolidBlock platform enables the creation of fractional ownership in a transparent environment, enabling the trade of real estate in the form of tokens on the blockchain. SolidBlock has a clear understanding of blockchain, real estate and the securitization industry and is result oriented.

SolidBlock is committed to both immediate and long term results, working with a global network of partners to ensure successful offerings and growing the market for secondary trading of private assets.