



HFB Benchmark, Inc. (HFBB)

Democratising Student Property Ownership

HFB Digital Student Property Marketplace White Paper

JUNE 2017

Forward

Online Marketplace and Collaborative Funding on the Blockchain...

"Coming together is a beginning, staying together is progress, working together is success." - Henry Ford

Industry and Market Trends

Online marketplaces are hot. The success of platforms like Airbnb, Etsy and Fiverr has proven that the marketplace model is very scalable and can be applied to pretty much any area of business. As one of the top VC firms, Andreessen Horowitz, put it: "This is just the beginning".

Funding for projects that are part of the Collaborative Economy Industry is already almost five times what the most successful social networks (including Facebook, Twitter, LinkedIn and YouTube) have raised. Since then, the gap has grown even further.

PwC did a study on the global market size of the collaborative economy. They found that the size of the industry is currently at around \$15 billion, and expect it to grow to \$335 billion by 2025.

The Collaborative Economy

The collaborative economy is defined as initiatives based on horizontal networks and participation of a community. It is built on "distributed power and trust within communities as opposed to centralized institutions", blurring the lines between producer and consumer.

Crowdfunding and Person-to-Person Banking

Crowdfunding and person-to-person banking enable the circulation of capital between individuals to fund creative, social and entrepreneurial projects.

Open Knowledge

Open Knowledge enables anyone to freely use, reuse, and redistribute knowledge such as content, data, code or designs. This principle is the foundation of commons-based peer production (such as free software, the creative commons, open science) as well as open education, open data, open management and open governance.

Peer-to-Peer Economy

A Peer-to-Peer, or P2P, Economy is a decentralized model whereby two individuals interact to buy or sell goods and services directly with each other, without intermediation by a third-party, or without the use of a company of business.

Homage to REIDAO

Although we focus on a different market, we strongly believe in the many benefits of property on the blockchain. This paper includes sections that show how their platform can be applied to different markets.

We strongly suggest you visit <http://www.reidao.io/> and check out the [REIDAO White Paper](#) available in both English and Chinese to learn more about their blockchain real estate project.

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HFBB Digital Student Property Marketplace

Implementation of Student Property on the Block

Why Implement a Digital Student Property Marketplace?

This paper will address some of the main issues concerning the Student Housing Market and Student Property Ownership and explore solutions to the main problems in the current industry through use of current technologies, primarily blockchain technology, by creating an easier and more fair marketplace for both property owners and future investors.

BenchCoin by HFBB; Democratising Student Property Ownership

About Student Pods and Student Properties

The Student Property Market has been the top asset class producer in the U.K. and U.S.A. for the past 7 years. It is an "armchair" investment which provides a steady, and usually guaranteed, return. However there are also many pitfalls for investors and the market is currently limited to high wealth investors due to high minimum capital requirements.

Student "Pods" are like tiny hotel rooms. They are not bank certified which means the property cannot obtain a mortgage and prices are set by the developer, not by a fair market. The "pods" are single use and cannot be sold to anyone other than another investor, making it an extremely low liquid investment. The price of the pod must be paid in full which means it is currently a capital intensive investment with very high minimums. This creates a barrier for average investors to access the market and in turn creates a barrier for current owners to sell and liquidate their assets.

Student Housing Market Pitfalls

The Student Housing Market is the top asset class producer over the last 5-7 years in the U.K. and U.S. however there are many pitfalls to Student "Pod" investments.

3 main issues with student pods;

1. Capital growth
2. Resale options
3. Pricing

A more detailed look at each of the three pitfalls:

Capital Growth

On average a UK property will double in value every ten years. Will student pods enjoy the same growth? No chance. The value of a student pod will only rise if the yield significantly increases, because only an investor will buy it from you.

Resale options

With a normal buy-to-let, you can sell the property at any time on the open market, through a reputable estate agent and expect a reasonable capital appreciation. You can sell to the whole of the market, first time buyers, families, pensioners, students, investors, etc. Your exit options are vast if you're prepared to price competitively. However, selling a student pod will encounter problems. For example, who decides the market value? As a piece of real estate per sqm it is very expensive, double the average market value and there is currently no established resale market. In addition, who will sell it? Is it an investment, or is it a piece of real estate? Unfortunately you are limited if you want to sell a student pod, your only chance of selling

would be to another investor. Even then, how would you market it? Who is going to buy without a mortgage? High minimum investment limits the market significantly. Student Pod holders who wish to sell struggle more often than not.

Pricing

Student pods are over-priced. Banks don't lend on student pods, there are no mortgage products available. The reason they won't lend is that if they had to repossess a student pod they wouldn't be able to sell it. Banks lend on buy to lets as they have a strong asset to fall back on if needed.

Also the commission paid to property investment companies is staggering, 10%-20%. If the developer pays out such large margins and still makes a profit then you have to question the investment. As traditional letting agents are rarely used to manage purpose-built student accommodation, this presents investors with a leap of faith.

Another concern is the rental guarantee' offered by developers. This can often be an overstatement. The guaranteed rents are attractive to investors, but often they fail to materialise. In many cases, if not all, investors are actually subsidising the guaranteed rent by paying an inflated price for the unit they secure.

The Digital Student Property Marketplace Solution

Creating a Digital Student Property Marketplace (DSPM) will solve some of the most pressing issues by providing unprecedented access and liquidity to the Student Property Market.

Benefits of a Digital Student Property Marketplace

- Low Minimum Investment (eliminate high minimum, capital intensive investment)
- Added Liquidity (adds significant liquidity to a low liquidity property investment)
- Cross-border Investment (easy, secure, geographical access from virtually anywhere)
- Wealth Transference
- Fractional Purchase/Sales
- Social Benefits (Students deserve better conditions)

BenchCoin Token Advantage

- First to Market (first Student Property backed token)
- Asset Backed (backed by assets with inherent values)
- Healthy Payout % (35% of profits distributed yearly)
- Development of Student Pod Platform and Property Token Exchange*

*Student Pods carry many pitfalls and Tokenising this industry could be a game changer.

PropTech Benefits

- Greater Efficiency (less time, less paper, higher profits)
- Smart Buildings (accurate building and user info, higher profits)

The Blockchain Solution

How will blockchain technology improve the industry? Take, for example, the verification of title deeds. Holding title data on the blockchain would allow them to be checked and transferred quickly with less opportunity for fraud or error, which could possibly also lead

to reduced insurance costs. Secondly, it could allow funds to be transferred instantly and securely around the world, taking many of the issues around calculating exchange rates and taxes out of the equation, and minimising the potential for theft or fraud.

In terms of property management, rental payments tracked on the blockchain will be fully traceable, simplifying the auditing process and minimising the risk of errors. Likewise, service charges can be automatically calculated, invoiced and paid. There is even the possibility of setting up full contracts via the blockchain, which are digitally signed and whose terms are automatically enacted – for example, rent payments taken or deposits refunded – via the blockchain.

Blockchain may be the new kid on the block, and is still being tested, but it is increasingly being looked at as a potential solution to some of the most frustrating issues property professionals face.

Excerpt from How blockchain could change the property industry

By Steven Lang, Savills UK

<http://www.savills.co.uk/blog/article/209060/commercial-property/how-blockchain-could-change-the-property-industry.aspx>

Blockchain makes real estate transactions cheaper, faster ... and safer

Properties that exist in the blockchain are termed ‘smart property’. Transactions of property are conducted via ‘smart contracts’ – digital rules in the blockchain that process the agreement and any specified conditions. Buying and selling could still take place via agents, or the smart contract can be advanced to incorporate sale rules and make this decision automatically. The blockchain for each property grows as transaction blocks are added.

A housing market without agents, conveyancers and a land-titles office may seem decades away, but a handful of countries have already piloted a blockchain land registration system. Sweden became the first Western country to explore the use of blockchain for real estate in July last year. At the time, the Swedish Land Registry tested how parties to a real estate transaction – the buyer, seller, lender, government – could track the deal’s progress on a blockchain.

The trial was so successful it is rumoured that a full-scale blockchain system could be up and running in Sweden by the end of 2017

Custom Property Token Blockchain Solution

Creating a decentralised platform where currently owned properties can be bought and sold through custom tokens, allowing for full sales, fractional sales and leasing options in a crowdsale type auction.

This would provide;

- Fair Pricing, Fair Access, Transparent Management and Distribution of Profits
- Much Needed Liquidity
- Partial/Fractional Sales
- Increased Resales Options
- Student Pod Investment Lease Option - Lease part of the pod for short term liquidity with option to recover full ownership
- Eliminate Agent Commissions
- More Fair Pricing
- Easy Access for Investors
- Eliminate High Minimums
- Facilitate Cross Border Transactions
- One-Stop-Shop Student Property Marketplace

Digital Student Property Marketplace Platform Components

Our platform can be easily implemented using current technologies. Apart from simple implementation of the website (domain, hosting, etc.) all blockchain technology implementation including custom tokens, smart contracts and property tokenisation ("smart property") will be achieved through the Ethereum Platform.

Key Platform Components:

- Student Pods and Properties
- Property Crowdsale Platform
- Tokenisation of Properties (Smart Property)
- Custom Tokens/Blockchain/Smart Contracts
- Custom Token Trading Exchange Platform
- Flexible Payment System

Components in Practice

Components and examples of successful suppliers of the necessary technologies;

Property Crowdsale Platform

Crowdfund Your Idea from Ethereum

Sometimes a good idea takes a lot of funds and collective effort. You could ask for donations, but donors prefer to give to projects they are more certain will get traction and proper funding. This is an example where a crowdfunding would be ideal: you set up a goal and a deadline for reaching it. If you miss your goal, the donations are returned, therefore reducing the risk for donors. Since the code is open and auditable, there is no need for a centralized, trusted platform and therefore the only fees everyone will pay are just the gas fees.

<https://www.ethereum.org/crowdsale>

Tokenisation of the Properties

Example from REIDAO

“The blockchain allows for the ‘tokenisation’ of the real estate into tokens, which can be distributed to practically anyone and anywhere in the world to participate in the ownership of the real estate. The tokens are backed with the physical real estate. Hence the values are maintained by the underlying asset. It also involves the process of securely storing pertinent asset information onto an immutable distributed ledger. These tokens can then be traded in trustless peer-to-peer markets,” - REIDAO

<http://www.reidao.io/>

Custom Tokens/Blockchain/Smart Contracts

Custom Tokens from Ethereum

The platform’s roadmap includes far-reaching functionality for Custom Property Tokens and a P2P Custom Property Token Exchange.

Tokens and DAOs from Ethereum

Tokens from Ethereum

In this example we will make a better crowdfunding by solving two important problems: how rewards are managed and kept, and how the money is spent after the funds are raised.

Rewards in crowdfunding are usually handled by a central unchangeable database that keeps track of all donors: anyone who missed the deadline for the campaign cannot get in anymore and any donor who changed their mind can't get out. Instead we are going to do

this the decentralized way and just create a token to keep track of rewards, anyone who contributes gets a token that they can trade, sell or keep for later. When the time comes to give the physical reward the producer only needs to exchange the tokens for real products. Donors get to keep their tokens, even if the project doesn't achieve its goals, as a souvenir.

Also, generally those who are funding can't have any say on how the money is spent after the funds are raised and mismanagement often causes projects never to deliver anything at all. In this project we will use a Democratic Organization that will have to approve any money coming out of the system. This is often called a crowdsale or crowd equity and is so fundamental that in some cases the token can be the reward itself, especially in projects where a group of people gather together to build a common public good.

<https://www.ethereum.org/crowdsale>

Decentralised P2P Token Trading Exchange Platform

To be configured on the Ethereum blockchain with ERC20 compliant tokens.

Flexible Payment System

Asset Versatility

Many student property owners are of an older nature, retired and well off financially. They are not the typical cryptocurrency target market so it is important the payment system and platform are very user friendly.

Digital Student Property Marketplace Platform Implementation

Problem Statements

Below are the problems and limitations identified in the current student property ownerships preventing most people from realising the benefits of the student housing market, which HFBB's Digital Student Property Platform aim to solve:

Affordability

Owning a student pod (or any piece of real estate) has a relatively high barrier of entry. Real estate ownership usually requires big financial commitments, which are out of reach for many people. This is especially true for student pods because the investor is not able to obtain a mortgage or any traditional financing for the pod. Likewise for pod owners, their sales market is limited.

Wealth Diversification

Given that student property ownership is capital intensive, an individual with limited funds will have limited ability to diversify his/her wealth allocation if a large proportion is allocated to a single student property.

Liquidity

Buying and selling physical real estate have not been very liquid. This is even more true of student pods in which the pod has limited use and may only be sold to other investors.

Global Reach

Many of the student property investment opportunities are currently contained within the home jurisdictions, and overseas property ownerships have been limited to simple aspirations.

Simplicity and Convenience

The paperwork and administration involved in a student property ownership may not be straightforward. As there is currently no open market, developers set the pod prices and investment terms with little transparency. Many people claim the guaranteed returns offered by the developers are actually subsidised by the investor. There is added complexity of co-ownerships which is nearly impossible with the current structure, hence prohibiting collaboration in mass co-ownership in the student property market. A simpler and convenient way to participate in the property co-ownership is required.

Trust

When two or more people are involved in the property co-ownership, trust would always be a concern, and may lead to potential conflicts.

Solution: Real Estate Tokenisation on the Blockchain

With the advancement of the blockchain technology and the rapid adoption rate, HFBB aims to provide solutions to the current problems faced by many and create new opportunities in student property ownership by employing custom tokens and smart contracts capabilities utilising the Ethereum blockchain.

Blockchain allows for the 'tokenisation' of the physical property into digital tokens, which can be distributed to practically anyone and anywhere in the world to participate in the ownership of the real estate. The tokens are backed with the physical property, typically with a guaranteed return rate, hence the values are maintained by the underlying asset. It also involves the process of securely storing pertinent asset information onto an immutable distributed ledger. These tokens can then be traded in a trustless peer-to-peer (P2P)

market.

These tokens are crypto assets which follow the Ethereum ERC 20 Token standards and will be compatible with the standard Ethereum wallets.

Platform Scalability

HFBB's BenchCoin Digital Student Property Marketplace platform will be built to scale to handle real estate tokenisation at various level:

Currently: Tokenisation of a single unit of property (single Student Pod).

HFBB is tokenising property at the smallest level - one single unit (single student pod or student apartment or property). i.e. tokens that are backed by a single property.

At this point we are imposing some arbitrary conditions:

- Maximum property value of 1,000,000 EUR.
- Property to be tokenised is not currently under mortgage.
- Each property will be broken up in 1.00 EUR tokens, based on the property value.

In the Future: Tokenisation of Retail Property and Commercial Real Estate.

The platform is scalable to include tokenisation of many property types using custom tokens. i.e. a token for each type of property.

Potential Use Cases

With the property broken into fractional ownerships, represented by tokens on the platform, this in turn opens up other possibilities and

uses cases of the property tokens, some of which are:

Store of wealth and inheritance

Where a property can be converted and broken into multiple fractional digital assets on the blockchain, and can be transferred as inheritance to multiple parties in the form of tokens, where each owner has the liberty over the tokens independent from one another such as the ability to dispose or transfer the ownerships on the blockchain. This solves real world problem whereby a legal ownership of a single property is very fragmented (usually caused by inheritance scenario) so much so that it creates a deadlock situation among the owners. This is especially true with student pods and student properties wherein the owners are typically of older age and retired due to the nature of the student housing market being an "armchair" investment.

Collateral services

Where the tokens representing fractional ownership of a physical property can be efficiently used as collateral with other services on the blockchain (or even off the blockchain).

Secondary transactions

Where the physical property appreciates in value, which in turn make the tokens more valuable and can be sold for a profit. HFBB will develop an exchange platform on the Ethereum platform where token buyers and sellers can meet and transact their property tokens.

Key Business Processes

HFBB as a platform allows current student pod and student property owners and other student property suppliers to list their properties on the platform to be converted to digital assets, where the property will

be broken down into many tokens on the blockchain representing the fractional ownerships of the physical property. HFBB is a platform consisting both on and off the chain business processes which will allow us to accomplish this feat.

HFBB's Digital Student Property Marketplace platform will utilise the Ethereum blockchain to employ custom tokens and smart contracts in order to digitise listed property into small fractions for group ownership through crowdsale type auctions. HFBB's platform facilitates transactions but is not directly involved in the creation of such groups. Through the blockchain platform, such groups may be given the ability to self govern as a Decentralised Autonomous Organisation (DAO).

Off the chain, HFBB will collaborate with third party registered trust companies as well as registered property management agencies in order to hold and manage the property. The registered trust company will provide escrow services to hold the legal title of the property on behalf of HFBB platform users, while the property management agent will handle the day-to-day operations and maintenance of the property.

Any net income arising from the property will be distributed back to the token holders as the rightful owner of the benefits from the property ownership, while any cost borne to maintain the property will be the responsibility of the management company. Token holders will be limited to the risk of the investment in the token and will not be responsible for further costs, unless there is a special circumstance in which the majority of the token holders find this to be beneficial to their investment.

Property Price and Platform

Prior to listing a property on the platform, a property price must be determined in order to determine the amount of tokens to be

distributed at the end of the crowdsale. Custom property tokens will be pre-set at a price of 1.00 EUR per token and any initial campaign fees must be paid to the platform.

Property Price Determination, Tokens and Fees

Actual Property Value

This is the price of the property based on the 1) valuation report, 2) the listing price from the developer in the case of primary sale, 3) the price that a seller is willing to sell in the case of secondary sale, or 4) the average transacted price for similar properties for the past 12 months, whichever is higher.

Acquisition Cost

The listing price of a property on the platform will be inclusive of any relevant stamp duty and transactions related cost (lawyer fees, valuation cost, broker/agent fee, etc) as per traditional real estate transactions. Note that transaction cost, tax, and other related cost in acquiring property will vary by jurisdictions. These acquisition costs are internalised and will be part of the total value that will be tokenised.

Token Price

Each custom token will be set at a price of 1 Token = 1.00 EUR. To arrive at the pricing of a particular property listing the following components are considered:

Amount of Property Tokens

The number of tokens available for subscription for a particular

property would be fixed at the beginning of the offering based on the asking price. Each custom token will be set at a price of 1.00 EUR. For example, an asking price of 100,000 EUR would have a fixed amount of 100,000 tokens and no further tokens would ever be created.

Paying Platform Fees

All fees including the fee for the campaign from the property seller and fees charged for the property investors will be paid in BenchCoin Token (BCT). HFBB will make this process as easy as possible to the users in order to reduce unnecessary friction including an auto-exchange system from Fiat/Credit Card payment to BCT. As these fees may vary by jurisdiction, all fees will be detailed in the initial offerings documentation for each property to be assessed by interested participants.

Platform Process Steps

The Digital Student Property Marketplace will include the following 4 steps:

1. Digitising the Property
2. Property Tokens Lifecycle Events
3. Delisting of Tokenised Property
4. HFBB Custom Property Token Exchange

Each of the 4 steps is laid out in detail as follows:

1. Digitising the Property

Converting the physical property into digital asset on blockchain involves; Campaign listing of properties, Listing price determination, User subscriptions to custom property token ownership (initial sale period), The acquisition of the physical property and Tokenisation of

the property.

Property Listing

HFBB allows current property owners, developers or sellers to sell their properties on the platform digitally. HFBB will work with these property owners and developers, and agencies to identify the potential properties to be digitised on the platform. The sourcing of the prospective property and the relevant due diligence to confirm the listing on the platform will happen off the blockchain. Once this process has been completed, property owners will prepare a crowdsale campaign with relevant details for the property sale.

Property Token Crowdsale Offering

Once the property to be listed has been identified and due diligence has been completed, the crowdsale campaign process will then be initiated for investors to participate in the purchase of tokens which are backed by the identified property.

HFBB will provide a process for property owners to prepare a fact sheet and documentation for each property to be listed containing information such as the details of the property, the trust company handling the legal title ownership, return guarantees and the pricing of the property. This documentation should be used by the users in making a decision relating to the token offering.

Subscription will be done through a custom token including a dedicated smart contract for the specified property. The smart contract will hold the pooled fund for the property until the tokens are fully subscribed for or until the subscription expiry time in which case the subscription is considered unsuccessful and the pooled fund refunded to the participants. The smart contract may allow for a partial sale (or lower

price agreement) which will be at the option of the seller. This option will be set forth prior to the commencement of the crowdsale.

Important note: HFBB will NOT have access to the pooled fund.

Once the crowdsale is completed, the fund (as programmed) will only be accessible by the authorised registered trust company for the specified property, to be used to purchase the physical real estate and to pay any cost associated to the purchase.

Depending on the jurisdiction, the property transaction off chain may take some time to be finalised, where upon receiving confirmation of transaction completion, HFBB will distribute the associated property tokens to the subscribers wallets and list the tokens on the platforms internal market.

Acquisition of Physical Property

Once the crowdsale offering period is completed and all the tokens have been subscribed to, the property acquisition will take place off the blockchain. The amount collected will be transferred to an account controlled by the trust company and will be converted into the local currency of the physical asset to complete the real estate purchase. A single purpose local bank account (reserve fund account) will be created specifically for the said property.

The sales and purchase agreement will be executed with all the necessary paperwork, as per traditional real estate transaction and the relevant acquisition costs will be paid through the reserve fund account, with the remaining amount collected kept in the reserve fund.

The reserve fund will also be used for drawdown to pay property management fees, trust fees, and any other relevant expenses incurred by the property. (e.g. regular maintenance fees and other incidental

charges, etc). The amount of the expenses will vary depending on the jurisdiction of the property location as well as charges imposed by various trust company and property management company.

Tokenisation of the Property

Every physical property will have a documentation of purchase such as title deed or similar agreements which is a legal proof of ownership of the physical property. This documentation, obtained as part of the property acquisition will be held by the trust company on behalf of HFBB Digital Student Property Marketplace users.

Upon receiving this documentation, the trust company will upload the scanned copy to the specific blockchain as a proof that the property has been acquired. The platform will then enable the redeem process of the property tokens for the said property.

Note: Property tokens are not divisible. It will always be a whole number of 1.00 EUR.

2. Property Token Lifecycle Events

Upon successful creation of the property digital assets, all the token holders are the rightful owners of the property and will be entitled to any income generated from the use of the property, while any cost incurred as part of the ownership will also be borne by the token holders. On top of that, BenchCoin aims to create value for the token holders such as allowing secondary transactions to occur where the property token ownership can be transferred to another person or any other potential usage of the property tokens, managed through the smart contracts.

Rental Income Distribution from the Physical Property

As the owners of the property through tokens holding, the token owners will be entitled to any revenue generated by the physical property, after deducting any applicable taxes, fees, and cost.

The main recurring income source of the property will be through rental, where the property manager will secure tenants and collect the periodic rental incomes. The income received will be distributed on a quarterly, biannual or yearly basis (depending on the specific property conditions) through the HFBB Digital Student Property Marketplace platform via the smart contracts, where all the token holders recorded as at the payment date, will then be entitled to the income distribution, and will receive the amount of ETH tokens according to their fractional ownerships.

The income received from the property will first be channeled to the reserve fund held by the trust company. Similarly any expense incurred will also be paid out from the reserve fund. This is done to ensure that the reserve fund stays above its maintenance level which will be set forth for each individual property prior to the crowdsale process.

The applicable distribution will be the amount above the maintenance level as of the distribution declaration date. The balance of the reserve funds will be made transparent to the token holders on a regular basis, and this is one of the key elements to be considered when tokens ownerships are being transferred prior to the income distribution.

Prior to the payment date, the property manager will perform all the necessary collection and administration to determine the amount to be distributed and the entitlement for each token holder, where the final detail will be made known on the distribution declaration date which is earlier than the payment date. The payment date will also be announced on the distribution declaration date.

The amount to be distributed will be transferred from the reserve fund account held by the trust company and converted into Gold Tokens to be distributed to all the token holders proportionately through the smart contract.

HFBB will also build functionality within the platform to validate and perform customer due diligence (KYC) screening prior to the distribution.

Circumstances Where No Income Distribution Apply

There will time periods where no income is generated from the physical property, or case where the income generated is less than or only cover the cost incurred for the property, which caused the reserve fund level to drop below the maintenance level.

The scenario could include, but not limited to:

Token holders subscribing to a new student property launch, where the property is not ready to be rented out. In such case, the property will not generate rental income, but token holders will still be able to participate the potential capital gain of the property.

When this scenario occurs, the property will generate no income and there is a possibility that the reserve fund balance may fall below its maintenance level at the point of distribution, and hence no distribution will take place for that period.

Ownership Transfer of HFBB Property Tokens

Once issued, each HFBB platform property token represents a fractional ownership of a physical property which open up many other possible use cases. Many other applications can be built on top of the property digitisation service provided by HFBB. These applications will likely to

add value to the token holders and may involve transfer of ownerships from one holder to another.

Any transfer of property tokens from one owner to another will incur transfer fee paid in BCT based on the amount of the transferred property tokens (with a minimum transfer of 1 property token). This is akin to the traditional way of property transactions where the property seller will need to pay commissions to the agents involved in the transaction yet much more cost effective.

3. Delisting of Tokenised Property

The listing of properties under their tokenised forms on the platform has no time limit, where token holders will continue to receive applicable income distribution from the property and ownership transfers of the tokens can occur any time if the conditions are met.

There are however, a few other scenarios that may result in the delisting of the properties from the HFBB Digital Student Property Marketplace platform, and the property and tokens specific smart contracts and business processes will provide the functionalities for the property tokens to be redeemed back into the physical property where certain conditions have been met, and will result in the property to be delisted from the platform.

When this occurs, all the associated tokens of the redeemed property will be destroyed and the relationships with various parties involved in maintaining the property on the platform and related business processes will be terminated.

This section aims to describe the scenarios, while not exhaustive, they are generic and may occur during the life of the property.

Redeeming Property Tokens into Physical Property

This scenarios occur when all the property tokens are accumulated and redeemed into physical property. For example, one entity/person may be purchasing all tokens associated to a particular property, and decides to redeem all the tokens and delist the property from the platform.

The process starts by the redeemer invoking a process through the smart contract and transferring all the property tokens to the associated contract address. Once verified, the Property Title Smart Contract of the redeemed property will be updated with the redeemer's details, and all the property tokens for this property will be destroyed. Off the blockchain the redeemer can claim the physical property from the registered trust company which will check the identity of the redeemer to match it with what is recorded on the smart contract.

HFBB will charge platform exit fee of 0.5% of the property value, which is based on the latest independent 3rd party valuation taken or the average transacted price for similar properties for the past 12 months, whichever is higher, and the fee will be deducted from the reserve fund. The remaining outstanding balance of the fund will also be transferred to the redeemer and the reserve fund account will also be closed.

All the contractual agreements with the registered trust and property management company while the property is listed on the HFBB Digital Student Property Marketplace platform will also be terminated.

The title deed transfer to the redeemer will also take place off the blockchain, and various administration cost and fees may apply as part

of this transfer.

Sale of Physical Property Off The Blockchain

Where the whole physical property being sold to another owner, the property will then need to be delisted from the platform, and the tokens redeemed and destroyed.

The physical property could attract buyer and the sale could take place off the blockchain, in which case agreements among the token holders will be required for the sale.

In consideration that there will be multiple owners of the tokens on the platform for the property and not all token holders may agree to the sale decision, a governance will be required to manage a consensus of such decision. This decision will be required whenever there is a “ready” buyer with a concrete offer or when a consensus required to find the buyer of the property off the chain.

As a future functionality, HFBB aims to introduce the governance functionality where token holders can reach consensus/vote on decisions involving the going concern of the property on the platform. A token holder can pass motion for the sale to be considered by all the token holders with minimum price defined, and a 75% quorum will be required to vote for the decision, where a vote tally of at least 75% from the quorum will be required to confirm the sale decision. Minimum 10% ownership of the total tokens will be required to pass the motion.

The sale of the property will be managed by the property manager, who will be instructed to complete the transaction off the chain working with the other parties, such as property brokers. When there is no ready buyer, the property manager will work with the broker to

identify. Off the blockchain fees and charges may apply to complete the transactions which will be deducted from the reserve fund.

Once the buyer identified and the price agreed, the transaction will be completed off the chain. The proceeds from the sale will be deposited to the reserve fund account held with the registered trust. Upon completion of the transaction, the title deed will also need to be transferred to the new owner, and when this happens the property smart contract will be deregistered. An HFBB smart contract will be invoked to distribute the balance of the reserve fund to all the token holders according to their proportionate ownerships. The balance should then include the remaining balance of the reserve fund prior to the sale plus the nett proceeds from the sale. There will also be platform exit fee of 0.5% of the property value, which is based on the latest independent 3rd party valuation or the average transacted price for similar properties for the past 12 months, whichever is higher, and the fee will be deducted from the reserve fund.

Once distribution is completed, all tokens associated with the property will be destroyed and the property is delisted from the platform. All the contractual agreements with the registered trust and property management company while the property is listed on the HFBB Digital Student Property Marketplace platform will also be terminated.

The title deed transfer to the new owner will also take place off the blockchain, and transfer fee may be applicable.

Expiration of Property Lease

Some properties have a limited lease period, besides those that are classified as freehold. The property approaching its lease period could either be sold, have the lease period being extended, or returned to the

government when the lease period expired.

When a property listed on the platform has its lease period expired, the property will need to be delisted from the platform, and the balance of the reserve fund will then be distributed to all the token holders, where upon completion all the property tokens associated with the property will be destroyed.

Forced Disposal

When a property listed on the platform is forced to be disposed of for any reason, the property will need to be delisted from the platform, and the balance of the reserve fund will then be distributed to all the token holders, where upon completion all the property tokens associated with the property will be destroyed.

4. HFBB Custom Property Token Exchange

In order to ensure liquidity of HFBB Digital Student Property Marketplace custom property tokens, HFBB will also be building a Custom Property Token Exchange platform to facilitate the buying and selling of listed property tokens.

Token holders who wish to sell their property token, can indicate the type of the property token, the quantity, and the price on the platform, where any potential buyers can view and purchase. Similarly, any potential buyers, can also indicate the type of token, quantity, and price on the platforms. The platform will match buyers and sellers and facilitate the transaction. A standard transaction fee will apply and will be paid in BenchCoin Token. Fees will be listed for each custom property token.

Token buyer and seller would need to exercise due diligence and own research to determine the real property value which in turn defines the

property token value, such that the transaction to transfer the ownership of the token is fair and based on willing parties to transact. Some factors to consider include:

The market value of the property, based on the available valuation report or the average transacted price for similar properties for the past 12 months.

The guaranteed return percentage and length of the period of guaranteed return left on the contract by the developer.

The developer's reputation and additional variables such as profit share offered by the developer.

HFBB will provide any information from the owner of the property online to help potential investors and token holders assess the real fair value of their tokens. Periodical report and update will also be provided whenever applicable.

Resources and Contacts

Additional Resources

Waves: <https://wavesplatform.com/>, <http://www.wavesgo.com/>

Ethereum: <https://www.ethereum.org/>

REIDAO: <http://www.reidao.io/>

Contacts

Email: support@hfbbenchmarkico.com

ICO Website: <http://hfbbenchmarkico.com/>

Corporate Web: <http://hfbbenchmark.com/>