

**CROWDLITOKEN**  
THE DIGITAL REAL ESTATE ASSET



# REAL ESTATE STRATEGY

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# INDEX

<b>1</b>	<b>INTRODUCTION</b> .....	<b>3</b>
<b>2</b>	<b>CROWDLITOKEN AG REAL ESTATE COMMITTEE</b> .....	<b>3</b>
2.1	Tasks .....	3
2.2	Organisational chart.....	4
2.3	Composition.....	4
2.4	Decision-making process .....	4
2.5	Schedule of meetings/dates/deadlines.....	5
<b>3</b>	<b>COUNTRY STRATEGIES</b> .....	<b>5</b>
3.1	Switzerland.....	5
3.2	Germany.....	6
3.3	Austria.....	6
3.4	Benelux.....	6
3.5	Northern Europe .....	6
3.6	Eastern Europe.....	6
<b>4</b>	<b>ACQUISITION PROCESS</b> .....	<b>7</b>
4.1	Search profiles.....	7
4.2	Network contacts .....	7
4.3	Real estate offers.....	7
4.4	Interactions with brokers.....	8
4.5	Formation of local teams.....	8
<b>5</b>	<b>DUE DILIGENCE PROCESS</b> .....	<b>8</b>
5.1	External appraisals .....	8
5.2	Financing.....	8
<b>6</b>	<b>PURCHASE DECISIONS</b> .....	<b>8</b>
6.1	Review of the purchase contract.....	9
6.2	Purchase contract.....	9
6.3	Acquisition and transfer of ownership.....	9
<b>7</b>	<b>PORTFOLIO MANAGEMENT / ASSET MANAGEMENT</b> .....	<b>9</b>
7.1	Management-Software.....	9
7.2	Appointment of property managers.....	9
7.3	Liquidity risk management of rental accounts.....	9
7.4	Operating budget of the property (normal operation).....	9
7.5	Reporting .....	10
7.6	Appraisals.....	10
<b>8</b>	<b>SALE OF PROPERTIES</b> .....	<b>10</b>
8.1	Sale proposals .....	10
8.2	Selecting the broker .....	10
8.3	Bidding process .....	10
8.4	Contract of sale.....	10
8.5	Dissolution of the portfolio - repayment of bonds .....	11
<b>9</b>	<b>ORGANISATIONAL STRUCTURE OF THE REAL ESTATE TEAM</b> .....	<b>12</b>
9.1	Formation of country teams .....	12
9.2	Organisational chart of the real estate department .....	12
9.3	Head of Real Estate .....	12
9.4	Management / responsibilities of the country teams.....	12
9.5	Authority to sign .....	12
9.6	Organisational rules.....	12
<b>10</b>	<b>RISKS</b> .....	<b>13</b>
10.1	Real estate risks .....	13
10.2	Natural hazards.....	13
10.3	Communications.....	13

## 1 INTRODUCTION

The real estate strategy is an overarching document that has been drawn up by the Real Estate Committee and approved by the Board of Directors of CROWDLITOKEN AG. The real estate strategy is a complementary document to the white paper and to the prospectus that has been approved by the Financial Market Authority (FMA).

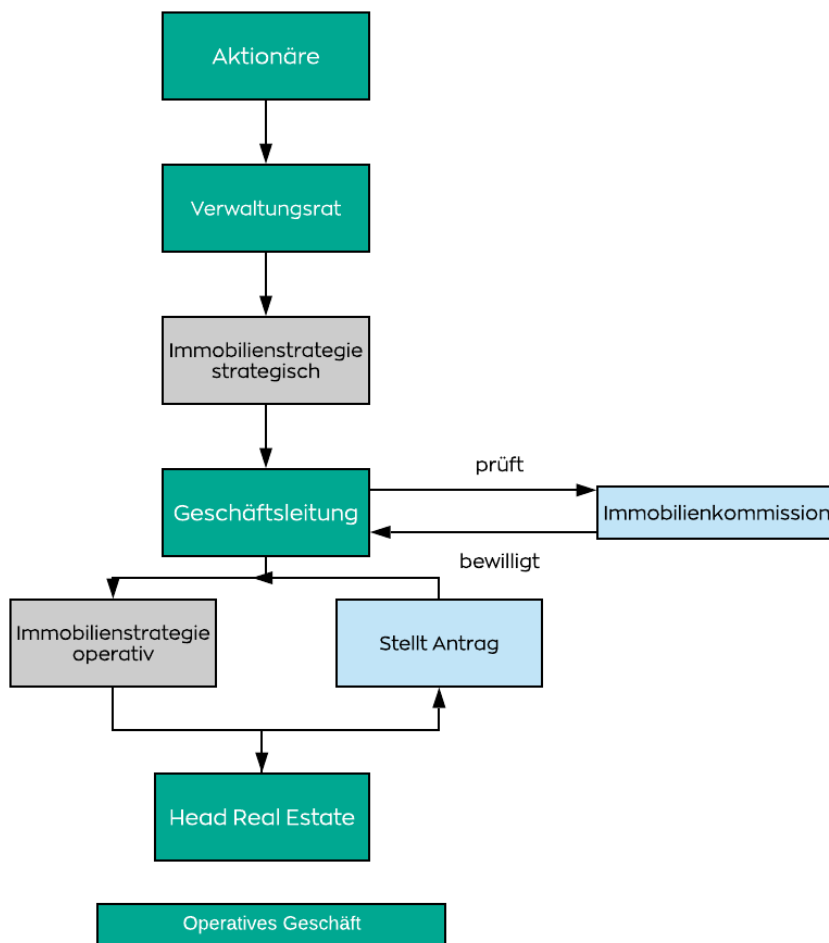
## 2 CROWDLITOKEN AG REAL ESTATE COMMITTEE

The Real Estate Committee of CROWDLITOKEN AG is responsible for the supervision of the company's real estate activities and acts as the higher-level decision-making body for the development of the real estate portfolio.

### 2.1 Tasks

- The Real Estate Committee shall define the criteria for purchasing and holding real estate.
- The Real Estate Committee shall monitor and ensure compliance with the criteria that it has set.
- Should any deviations from the specifications in the real estate strategy as drawn up by the Real Estate Committee become necessary in the course of market participation, these shall be considered and approved separately by the Real Estate Committee.
- The Real Estate Committee shall define the long-term real estate strategy including refinancing via the portfolios.
- The Real Estate Committee shall continuously monitor the earnings performance and the value of the real estate holdings and shall take decisions regarding impairment losses, as required. The corresponding performance indicators and benchmarks shall be defined by the Head of Real Estate and the Real Estate Committee.

## 2.2 Organisational chart



## 2.3 Composition

The Real Estate Committee consists mainly of experts from the real estate and financial sectors. These can be shareholders of CROWDLI AG or CROWDLITOKEN AG, as well as external persons.

The Real Estate Committee consists of a minimum of four and a maximum of five persons, who are appointed by the Board of Directors of CROWDLITOKEN AG. At least three Committee members shall be members of the Board of Directors of CROWDLI AG and CROWDLITOKEN AG. The Chairman of the Real Estate Committee shall also be a member of the Board of Directors of CROWDLI AG or CROWDLITOKEN AG.

## 2.4 Decision-making process

Proposals shall be submitted to the members of the Real Estate Committee in electronic form five working days before the scheduled Committee meeting. The company management shall ensure that all proposals are complete (for the process manual, see the operational real estate strategy). The individual in whose name the proposal is submitted (acquisition manager, asset manager or the Head of Real Estate) shall be invited to the meeting by the Real Estate Committee.



Each Committee member shall have one vote. Decisions may also be taken by circular vote. The Real Estate Committee shall have a quorum of three votes. In the event of a tied vote, the Committee chairman shall have the casting vote.

Regular reporting on all properties in the portfolio, including the property valuations prepared by the appraiser, shall be submitted to the Real Estate Committee every six months.

## 2.5 Schedule of meetings/dates/deadlines

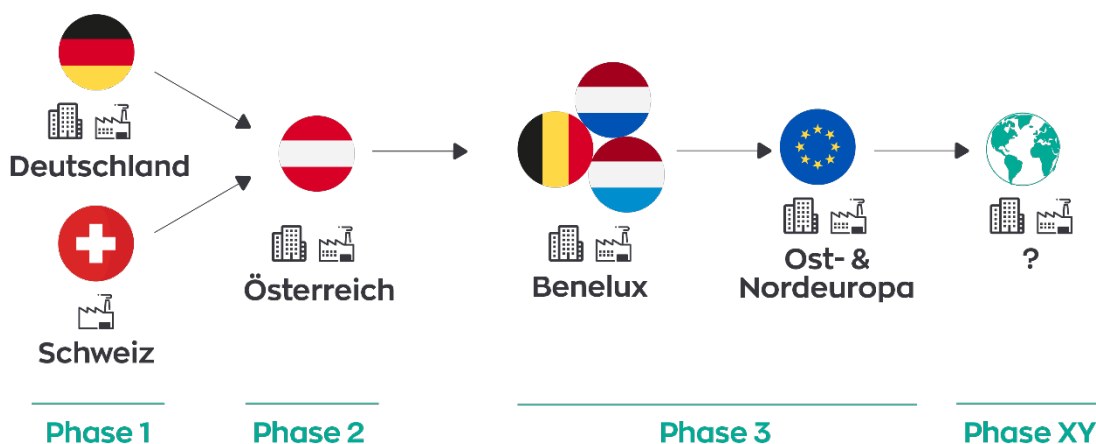
The Chairman shall determine the schedule of meetings and shall be responsible for taking the minutes (based on the minutes template) and for dissemination thereof.

The minutes shall be disseminated to the members of the Real Estate Committee and the management of CROWDLITOKEN within five working days of the meeting.

The members of the Real Estate Committee shall be entitled to an attendance fee, the amount of which shall be determined by the Board of Directors of CROWDLITOKEN.

## 3 COUNTRY STRATEGIES

CROWDLITOKEN AG will acquire land and real estate in several countries of the European Union and Switzerland. Initially, the portfolio will focus on Switzerland and Germany. The country-specific criteria for portfolio development and the associated acquisition of properties shall be defined by the Real Estate Committee. The aim is to build up a stable portfolio of high-quality assets that will retain their value and offer opportunities for value creation.



### 3.1 Switzerland

The real estate portfolio will focus on office and commercial properties, existing properties, new developments and projects with building permits (Lex Koller). At the macro level, properties in Class A, B and C locations will be targeted. A detailed assessment of the micro-location, as defined in the operational investment profiles, will be a decisive factor. The standard volume per transaction should normally exceed CHF 5 million.



### **3.2 Germany**

In Germany, the focus of the portfolio will extend to residential properties and hotels. At the macro level, properties in Class A, B and C locations will be targeted. A detailed assessment of the micro-location, as defined in the investment profiles, will be a critical factor. The standard volume per transaction should normally exceed CHF 5 million.

### **3.3 Austria**

The strategy in Austria is analogous to the strategy in Germany.

### **3.4 Benelux**

After completion of the initial acquisition phase in the DACH region (Germany, Austria, Switzerland), the portfolio will be expanded to include properties in the Benelux countries. At the macro level, properties in Class A, B and C locations will be targeted. A detailed assessment of the micro-location, as defined in the investment profiles, will be a critical factor. The standard volume per transaction should normally exceed CHF 5 million.

### **3.5 Northern Europe**

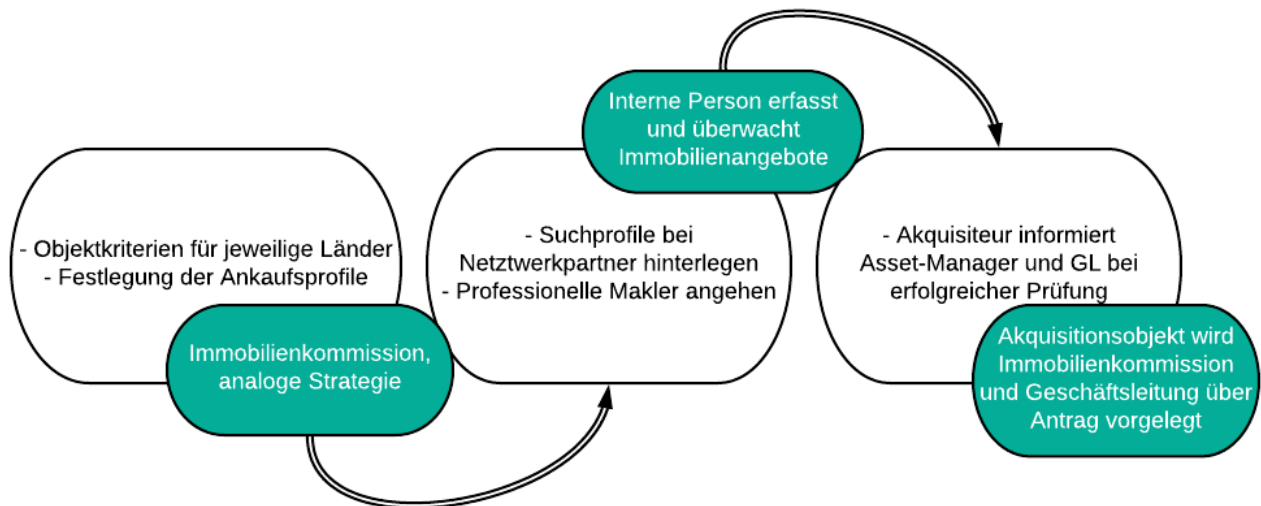
After completion of the initial acquisition phase in the DACH region (Germany, Austria, Switzerland), the portfolio will be expanded to include properties in Northern Europe. At the macro level, properties in Class A, B and C locations will be targeted. A detailed assessment of the micro-location, as defined in the investment profiles, will be an important factor. The standard volume per transaction should normally exceed CHF 5 million.

### **3.6 Eastern Europe**

After completion of the initial acquisition phase in the DACH region (Germany, Austria, Switzerland), the portfolio will be expanded to include properties in Eastern Europe. In particular, the portfolio will focus on countries such as Poland, Czechia, Latvia, Lithuania, Estonia and Hungary. At the macro level, properties in Class A, B and C locations will be targeted. A detailed assessment of the micro-location, as defined in the investment profiles, will be an important factor. The standard volume per transaction should normally exceed CHF 5 million.

## 4 ACQUISITION PROCESS

The acquisition process shall be determined by the Real Estate Committee on the basis of a pre-defined template, in line with a comparable ISO certification (see the operational real estate strategy).



### 4.1 Search profiles

The search profiles define the most important purchase criteria according to property type and country. The aim is to convey a clear message of who we are, what we are looking for and how to contact us.

The search profiles will be communicated to network partners and professional brokers to ensure that we receive the right type of real estate offers.

### 4.2 Network contacts

Network contacts are indispensable for the acquisition of real estate. The aim is to acquire properties before they are listed on the real estate market.

### 4.3 Real estate offers

The data on real estate offers are stored centrally and processed by the acquisition team. The acquisition or asset manager responsible shall then conduct a detailed review of the property. Should the result of the review be positive and an agreement has been reached with the seller, the acquisition or asset manager responsible shall then submit a complete proposal to the company management. The latter shall check the proposal for completeness before submitting it to the Real Estate Committee for a decision.

Negative decisions shall be communicated in writing by the Head of Real Estate.



#### 4.4 Interactions with brokers

A specific process governs all interactions with brokers. CROWDLITOKEN shall only pay brokerage fees that are in line with standard market rates and in proportion to the investment to be made.

Employees, advisory board members, external members of the Real Estate Committee and members of the Boards of Directors of CROWDLI AG and CROWDLITOKEN AG may not accept gifts in excess of CHF 50. Any exceptions must be approved by the Board of Directors. All members of the Boards of Directors, members of the Executive Board and employees are subject to a duty of disclosure.

#### 4.5 Formation of local teams

In order to strengthen the market presence in the individual countries and to facilitate the acquisition process, dedicated teams will be set up for each of the defined market segments.

### 5 DUE DILIGENCE PROCESS

All properties shall be examined in detail with the necessary care to identify and eliminate any hazards and risks.

1. Due diligence is carried out at the following levels:
2. At the legal level (leases, service agreements, etc.)
3. At the technical level (the building's condition, age, wear, etc.)
4. At the financial level (returns, financing, tenants' rental history, etc.)
5. At the level of building codes and planning permits (land registry, building regulations, zoning plans, etc.)
6. At the geographic level (micro- and macro-location)

The implementation will be governed by an operational process manual created in accordance with the qualitative requirements of ISO certification (see the operational real estate strategy).

#### 5.1 External appraisals

Prior to acquisition, each property shall be subject to an external appraisal by an independent appraiser/construction expert. The appraisals form part of the acquisition proposals that are to be submitted to the Real Estate Committee.

#### 5.2 Financing

The portfolio is to be financed at normal market conditions. The debt ratio of a property shall not exceed 50-70%. The aim is to win a financial partner at European level (based on a framework credit agreement). The Head of Real Estate shall be responsible for monitoring interest rate developments and fixed-interest period on a continuous basis.

### 6 PURCHASE DECISIONS

The decision to purchase shall be made by the Real Estate Committee (see the organisational chart of the real estate department).



## **6.1 Review of the purchase contract**

Each purchase contract shall first be reviewed by the acquisition team, and in a second phase by a specialist lawyer.

## **6.2 Purchase contract**

Each purchase contract shall be co-signed by a representative of the company management and the Head of Real Estate.

## **6.3 Acquisition and transfer of ownership**

Once the transfer of ownership has been completed, the property shall be assigned to an asset manager and shall be integrated into the company's reporting structure.

# **7 PORTFOLIO MANAGEMENT / ASSET MANAGEMENT**

CROWDLITOKEN needs to have the right portfolio management / asset management in place in order to ensure that the real estate portfolio retains its value and to identify the appreciation potential of each asset.

## **7.1 Management-Software**

The higher-level administration of the properties in each country is based on a proven and functional management software that provides an interface to each property manager.

## **7.2 Appointment of property managers**

The evaluation of the local property managers shall be the responsibility of the respective asset manager. After the evaluation has been completed, a proposal (including references, responsibilities and the compatibility of the management software) shall be submitted to the company management.

The asset manager responsible shall personally visit the property manager and the property itself at least once a year.

## **7.3 Liquidity risk management of rental accounts**

The balances of the rental accounts shall be monitored on a monthly basis. The asset manager shall determine a minimum account balance for each property, which shall be monitored and approved by the Head of Real Estate.

## **7.4 Operating budget of the property (normal operation)**

In December of each year, the asset manager, together with the property manager, shall determine the budget of the property for the following year. In principle, the budget must always be approved by the company management. The Head of Real Estate shall then sign off on the budget.

Any exceptional investments or renovations are subject to the provisions of the long-term real estate strategy and must be approved by the Real Estate Commission.

## 7.5 Reporting

Für jede Liegenschaft wird alle sechs Monate eine Liegenschaftsabrechnung und eine externe Bewertung erstellt. Die Liegenschaftsabrechnung muss bis zum letzten Kalendertag des Folgemonats in das Dashboard/Datenraum der jeweiligen Liegenschaft hochgeladen werden.

## 7.6 Appraisals

An independent appraiser shall assess each property prior to acquisition. In addition, every six months, the independent appraiser shall carry out a desktop analysis (evaluating the current rent schedule via an appraisal software) of each property. The Real Estate Committee shall define the data to be included in and collected via the dashboard. The appraisal contracts shall be re-tendered every three years.

PriceWaterhouseCoopers (PwC) is the appointed appraisal partner for the initial three-year period.

# 8 SALE OF PROPERTIES

The sale of properties shall be governed by a process manual (see the operational real estate strategy) that meets all the requirements of a comparable ISO certification.

## 8.1 Sale proposals

The asset manager shall submit a proposal for the sale of a property to the company management. The company management shall then examine this proposal before forwarding the complete request to the Real Estate Committee.

Once the Real Estate Committee has approved the proposal, it will be put to a vote in the community (token holders). If approved, the sale is then carried out in a process-oriented manner (for the process, see the operational real estate strategy).

Should the community reject the proposal, a new sales process for the property can only be initiated after a period of 12 months. As a general rule, the aim is to hold a property for a period of 7 to 12 years.

## 8.2 Selecting the broker

Only one broker shall be appointed for the sale of each property. Three offers from local brokers shall be obtained in advance. These offers shall be reviewed and approved by the company management.

## 8.3 Bidding process

Depending on the market situation, the process shall involve a two- to three-stage bidding process. The two highest binding offers shall be submitted to the Real Estate Committee for review and decision.

## 8.4 Contract of sale

The appointed broker or a qualified lawyer shall be responsible for drawing up the contract of sale with the local notary public or the land registry office, as applicable.

The contract of sale must be checked by a legal expert.

The contract of sale shall always be co-signed by two authorised signatories (Head of Real Estate and the company management).

### **8.5 Dissolution of the portfolio – repayment of bonds**

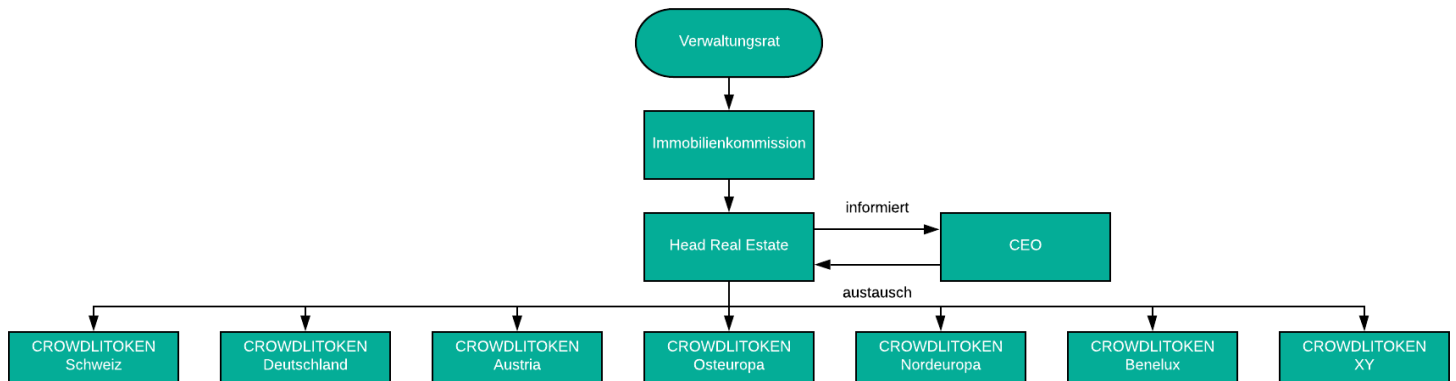
After a period of 25 or 30 years, but at the latest after a period of 35 years, the bonds shall be repaid. The exact terms for repayment and liquidation of the portfolio are set out in the securities prospectus as well as in the white paper.

## 9 ORGANISATIONAL STRUCTURE OF THE REAL ESTATE TEAM

### 9.1 Formation of country teams

For tax reasons, it is necessary to establish local subsidiaries.

### 9.2 Organisational chart of the real estate department



### 9.3 Head of Real Estate

The Head of Real Estate shall represent the company in all matters relating to real estate, determine the areas of responsibility of each employee, allocate tasks accordingly, and report to the Managing Director and the Real Estate Committee. The local subsidiaries shall report to the CEO.

### 9.4 Management / responsibilities of the country teams

The Head of Real Estate shall visit each of the local subsidiaries at least once a year. In accordance with his role, the CEO shall assume responsibility for supervising the local subsidiaries.

### 9.5 Authority to sign

All contracts and transactions shall be co-signed by two signatories. The authority to sign is governed by a decision matrix that applies to all members of the organisation (see the operational real estate strategy).

### 9.6 Organisational rules

Each local subsidiary shall have its own organisational rules, which shall be drawn up by the management of CROWDLITOKEN AG. The company management shall be responsible for monitoring implementation.



## 10 RISKS

All risks shall be monitored regularly via a risk matrix (for the matrix, see the operational strategy).

### 10.1 Real estate risks

The greatest risks relate to a property's loss in value, impairment losses, as well as rent default risks and the associated reduction in the return on a property. Should any of these risks materialise, the company management and the Real Estate Committee shall be informed immediately.

### 10.2 Natural hazards

In order to be prepared for any natural hazards (fires, floods, earthquakes, etc.), the risk matrix shall include a corresponding contingency plan.

### 10.3 Communications

Any communications with legal and natural persons who do not have an internal relationship with CROWDLI or CROWDLITOKEN, as well as the drafting of public statements, are governed by the communications policy. No company entity shall make any public statements without prior consultation.

Location: FL, Triesen

Date: 30.07.2019

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Reto Fierz  
Chairman of the Board

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Martin Züger  
Member of the Board



**CROWDLITOKEN**  
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