



Own a piece of the dream!

White Paper Version 1

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Disclaimer

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1. Introduction

XDC EquitEdge's vision is to make real estate investment affordable and easily accessible to everyone by providing a global platform operating well within the defined regulatory framework. The global real estate market grew from \$3694.47 billion in 2022 to \$3976.18 billion in 2023 at a compound annual growth rate (CAGR) of 7.6% and is expected to grow up to \$5209.84 billion in 2027 at a CAGR of 7.0%. (Source: [Thebusinessresearchcompany.com](https://www.thebusinessresearchcompany.com)). EquitEdge enables its users to invest in this prospective real estate sector and get key benefits such as competitive risk-adjusted returns, high tangible asset value, and attractive and stable income returns in the form of rent and leasing fees. Although real estate is a safe and stable source of income, it is one of the most illiquid assets and requires more entailing and long transaction processes and significant capital commitments. High transaction costs, land use regulations and other barriers make one's entry into real estate different from various other asset classes. EquitEdge addresses these inefficiencies and inaccuracies in the real estate industry with the use of blockchain technology. XDC's EquitEdge specializes in offering fractional ownership of high-value real estate assets and provides its clients with a competitive edge in the market.

2. Blockchain in Real estate

The EquitEdge application combines the modern technology of blockchain with the traditional requirements of regulated securities markets to support liquidity of assets and wider availability of liquidated assets. Blockchain has taken over the digital world today with features that focus on giving power back to the user. Using blockchain technology, users may tokenize real world assets such as houses and apartments and represent them as digital assets or tokens on the blockchain. The use of blockchain technology in the real estate industry has the potential to increase efficiency, reduce costs, and improve transparency and security, which can benefit all parties involved in real estate transactions.

Some of the key benefits that blockchain brings to the real estate industry are

Increased transparency: Blockchain technology can help increase transparency in real estate transactions by creating an immutable, decentralized ledger that tracks the ownership and transfer of property. This can help reduce fraud and increase trust among parties involved in a real estate transaction.

Improved efficiency: Blockchain can streamline the real estate transaction process by reducing the need for intermediaries and enabling faster, more secure transactions. This can help reduce transaction costs and increase the speed at which transactions can be completed.

Reduced costs: By eliminating intermediaries and increasing efficiency, blockchain can help reduce the costs associated with real estate transactions. This can make real estate investments more accessible to a wider range of investors and buyers.

Increased security: Blockchain technology can provide a high level of security for real estate transactions, as the decentralized ledger is difficult to hack or manipulate. This can help reduce the risk of fraud and improve the security of sensitive data related to real estate transactions.

Increased liquidity: By enabling fractional ownership of real estate assets, blockchain technology can help increase the liquidity of real estate investments. This can make it easier for investors to buy and sell real estate assets and can also make real estate investments more accessible to smaller investors.

3. Real Estate Tokenization

Real estate tokenization is the process of converting a real estate asset into a blockchain Security token and selling it. Tokenized real estate investing is a relatively new way to invest in property, allowing investors to own fractions of a piece of real estate anywhere in the world. The “tokenized” part refers to the way the value of the property is divided into digital security tokens that represent the owner's stake in that property. Tokenization of assets facilitates the users to diversify the investment options and reduce risks and increase rewards with greater personalization and customization in investment.

The table below shows how tokenized real estate differs and simplifies the traditional real estate investment process.

Traditional Real Estate	Tokenized Real Estate
Buyer purchases the entire property	Buyer can purchase as few or as many fractions of the property as desired
Market usually only open to local buyers	Market is open to anyone in the world
Buyer usually holds a mortgage with a centralized bank	Buyer does not need to deal with a centralized bank
Less liquid — i.e. harder to purchase and sell	More liquid — i.e. easier to purchase and sell
Title for the property is held with local government	Title for the property is secured and shown on the blockchain
Usually must pay with fiat (traditional currency)	Option to pay with cryptocurrencies.

3.1 Benefits of real estate tokenization

Liquidity of Real Estate: Tokenization solves the biggest issue of real estate which is the liquidity of the asset. In the traditional way, various parties are involved in the legal transfer of assets,

while tokenization simplifies buying and selling properties. It omits the middle man and allows fractional ownership to be transferred directly from investor to investor.

Proof of Ownership: Legal ownership is displayed through legal documents that show the ownership right of the new investor. However, in tokenization, a distributed ledger is consensually shared and synchronized across multiple sites and accessible by multiple people. Any changes in the ledger are copied to all participants in a matter of seconds. Each transaction is sent and validated to mitigate any issue arising from various ownership claims.

Increased Transparency: The distributed ledger on which real estate tokens are stored, not only helps mitigate the issue with undeniable proof of ownership but also helps improve transparency in the real estate market. Along with high transparency, you will achieve full security by digitizing your asset. As discussed earlier, tokenization is backed by blockchain technology, so there is no doubt about security because blockchain is a proven technology regarding security.

Breaking the Entry Barrier for Small Investors: In traditional real estate, the marginal costs are sometimes higher than marginal revenue, resulting in economic loss. But in tokenization, as assets are divided into smaller amounts, and the transactions take place in a virtual environment, the barrier of entry to smaller investors has reduced. Along with that, real estate tokenization enables investors to invest in real estate without the headache of the daunting legal process of transferring ownership.

Decreasing Transaction Cost: Tokenization significantly lowers transaction costs because it uses blockchain technology for exchanging tokens. These real estate tokens enable investors to sell and buy property without cost much less than the traditional closing costs.

4. EquitEdge: Product structure and Process flow

EquitEdge leverages innovative and transformational blockchain technology that simplify the real estate value chain and provide growth opportunities for the entire sector. EquitEdge operates under four main phases listed below.

4.1 Property identification and Special Purpose Vehicle

4.1.1 Registration of Property Owner or Real Estate company

Listing of the property in EquitEdge platform happens in two steps. As a first step the owner of the property after completing their KYC and AML requirements proposes the property to be listed with complete details. Subsequently, the EquitEdge platform conducts thorough scrutiny of the properties. The properties to be fractionalized have to be legally approved by the governing authorities of the respective region and ensure that the property owner has submitted the required legal documents to list the property in EquitEdge marketplace for fractionalization.

4.1.1 Formation of the Special Purpose Vehicle

4.1.2 Special Purpose Vehicle

The reason for opting for a Special Purpose Vehicle instead of direct tokenization of an asset is that in most countries, directly tokenizing the underlying asset is not possible due to the lack of legal and technical frameworks for enabling the tokenization of property rights. The Special Purpose Vehicle acts as a distinct company with its own assets and liabilities, as well as its own legal status. The Special Purpose Vehicle would serve as the legal owner of real estate assets. EquitEdge tokenizes interests in a Limited Liability Company (LLC) that is the sole owner of the asset acquired into security tokens. The purchase and sale transaction and paperwork between seller and the LLC is conducted by attorneys. Property related documents will include the paperwork for the transfer of deed and a filing in the appropriate jurisdiction is made. The property owners fulfill the local regulations to form a SPV and obliges to pay the selling fees to the government for the transfer of ownership. The seller or the Real estate company completes the legal formalities to form the SPV and transforms the ownership of the property to the registered SPV(Special Purpose Vehicle) before listing the property in EquitEdge's marketplace.

Note: If individual property owners wish to utilize EquitEdge marketplace to fractionalize the property, they can reach out to listed Real estate agencies in our platform to help in the formation of the SPV. In such cases, the white paper of the property needs to capture the Details about the partnership with the Real estate.

4.1.2 Valuation of the Property

Once the property is verified for its legitimacy, the property owner provides details about the valuation of the property which includes

- Total value of the property to be fractionalized: Initial valuation of the property to decide the total number of fractions, cost of each fraction and future profit percentage based on appreciation of the property.
- Total number of fractions to be split: This number includes % of the fractions the owner wants to hold, % of shares the owner wants to put for market circulation and % of share for Plugin, as technology partner.
- Cost of each fraction: EquitEdge considers the value of each fraction in USDT and prescribes the minimum value of each token to be 100USDT to make investment affordable to anyone.
- Initial Lock-in period: This is the minimum number of months the investors need to hold before selling in EquitEdge's marketplace.
- Yield process of the property: A property can make returns in two ways, through rental income or through appreciation of the value of the property or both. Property owners are expected to provide the methods of returns from the property and guarantee the minimum return on investment for the investors.
- Estimated rental income: This indicates the estimated dividend for the investors and the frequency of dividend payment. This amount is derived from the net rental profit after deducting the maintenance and other charges.

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- Rental period begin date: Immediate for built properties and may begin in future, if the property is under construction.
- Buy-back guarantee: EquitEdge application expects the property owners to provide a buy back of 20% of total Tokens in circulation at the end of each year at the rate to be decided by the Governance Committee. Property owners will provide buy-back details during this phase to encourage investors by providing a guaranteed profit. Interested investors can utilize this opportunity to sell tokens and reinvest in other properties or they are allowed to retain, if they are happy with the returns of the existing property.

4.2 Property Listing in EquitEdge Marketplace

The evaluated properties are posted in EquitEdge marketplace with all the details about the property which includes legal documents, highlights of the property, details related to the property owner or the real estate company, value of the property, total number of fractions and value of each fraction in USDT. During the investment window period, EquitEdge platform maintains a decentralized ESCROW account which is not controlled by any centralized party. This escrow account will hold the funds collected and issue Governance tokens as an acknowledgement to the investment.

Governance Tokens: EquitEdge mints governance tokens equal to the total number of fractions for each property. Once an investor selects and invests in a property, the application will send governance tokens equal to the total number of fractions as acknowledgement to the investors wallet. These governance tokens are just an acknowledgement of investment and do not carry any value.

As soon as the expected fund value is reached, the purchase window is closed, the owner will transfer the ownership of the property to SPV and EquitEdge will start the distribution of security tokens and transfer the capital value to the seller's account. At the end of the window period, if the expected fund value is not reached, the seller has an option to extend the window period(if the investment reaches at least 75% of the fund value) or close the deal and return the money to the investors without any fees. EquitEdge leverages Plugin's decentralized oracle network to maintain the window period and automatically transfers the fund to the investors at the end of the window period if the fund value is not reached.

4.2 Security Token Offering

A Security Token Offering (STO) is a blockchain-enabled digital token representing a stake of ownership or a future benefit in an asset. Security tokens are financial instruments that represent ownership interest in a real asset. Security tokens derive their value from an external asset that can be traded. As these tokens are deemed a security, they are subjected to federal securities and regulations and cannot be traded on typical exchanges. Security tokens might be used to represent ownership of a fraction or any valuable thing, such as a car, a house, or company stock.

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EquitEdge offers Asset-Backed Security tokens which are backed by tangible real assets such as real estate or art work. These tokens leverage the blockchain to keep a secure ledger of these assets. In addition to providing a specific audit record of transactions, these tokens may also maintain value, allowing them to function as digital assets. After evaluating the property, Plugin mints the security tokens equivalent to the total number of fractions of the property and the price of the token is derived from the price of each fraction mentioned during property valuation. The total amount of tokens outstanding will be equivalent to the exact value of the underlying asset. Tokens are minted/issued when there is an equivalent amount of assets added into the pool. EquitEdge ensures the funds backing the tokens are redeemable according to the terms of service communicated to users, either on the basis of bilateral contracts or via rules that are imputed into the smart contract and are publicly auditable by the users.

Security Token Distribution: Once the property is fractionalized into security tokens, investors can buy the security tokens and the tokens are held under the custodian account or Escrow account until the closure of the window period. Once the window period is over and the property is fully funded, the tokens will be distributed to the token holders. The security tokens will have the details about the property invested and the value of the fractional tokens. The security tokens are financial instruments and cannot be traded in exchanges.

Security Tokens transfer and redeem: EquitEdge also provides an option for the investors to transfer the security tokens to other users in the EquitEdge application provided they are verified users and have an EquitEdge wallet. The transfer of ownership details are captured in the blockchain and the new user will start getting the dividends effective the ownership transfer date. EquitEdge provides an option to sell the security tokens and the property owner is directly accountable for the maintenance of the fund's capital table and issuance/redemption of tokenized funds.

4.3 Distribution and Marketing

After the SPV is formed, the shares of the SPV are converted into security tokens and these token holders have a stake in the ownership of the shares in the LLC which in turn represent the stake in the ownership of the real estate property.

4.4 Facility Management and Dividend Distribution

Final phase of the lifecycle is to maintain the property by appointing a dedicated facility manager for maintenance of the property and dividend distribution which is a key highlight of investing in blockchain based fractional real estate.

4.4.1 Facility Management

Post fractionalization of the property and distributing the security tokens, Property Owner or the Real Estate company takes care of the property by appointing a facility manager. Facility manager is responsible for maintenance of the property, collecting the rent, paying fees for the government as per the local regulations and solving any property related issues. Facility manager updates the

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EquitEdge platform with the rent details and profit earnings EquitEdge smart contract programs automatically distributes the dividends to the token holders.

4.4.2 Dividend Distribution

A main advantage of tokenized fractional real estate is the secondary market available to trade on the profits earned. EquitEdge provides the dividends in the form of its own native utility "Eedge" to the investors. Eedge is listed in the crypto exchanges and allows trading which makes real estate investment highly flexible. Being hosted in the XDC network, EquitEdge offers the investors the benefit of secondary trading and earning profit out of the fractional real estate returns.

4.4.3 Exit Process

EquitEdge has an initial lock-in period for the token holders which in general is one year and may vary based on the real estate builder/property owners. Exit process is simple and fast in EquitEdge, the investors can sell the tokens in our marketplace and get money back to their wallet in a few minutes. Property owners also offer a buy back guarantee (up to 20%) at the end of each year which the investors can utilize to sell their tokens. Once the investor sells the token, EquitEdge application takes care of the recall of voting rights, settlement of prorated rental income distribution (if mentioned in the white paper of the respective investment) and other settlements to provide a hassle-free exit process to the investors.

5. Eedge Tokenomics and XDC's Marketplace

Plugin introduces a new utility token EEG, exclusive for the growth and expansion of EquitEdge marketplace which will be listed in exchanges. Users can buy these utility tokens from listed exchanges and start trading on XDC's ecosystem and other blockchain networks. EquitEdge also encourages users who are not part of the fractional real estate marketplace but willing to trade on this unique idea and improve the platform. This will help Plugin to improve the EquitEdge platform and bring more new features in the real estate investment portfolio.

Initial tokenomics of the Eedge token is as follows:

Name: Eedge Token

Ticker: EEG

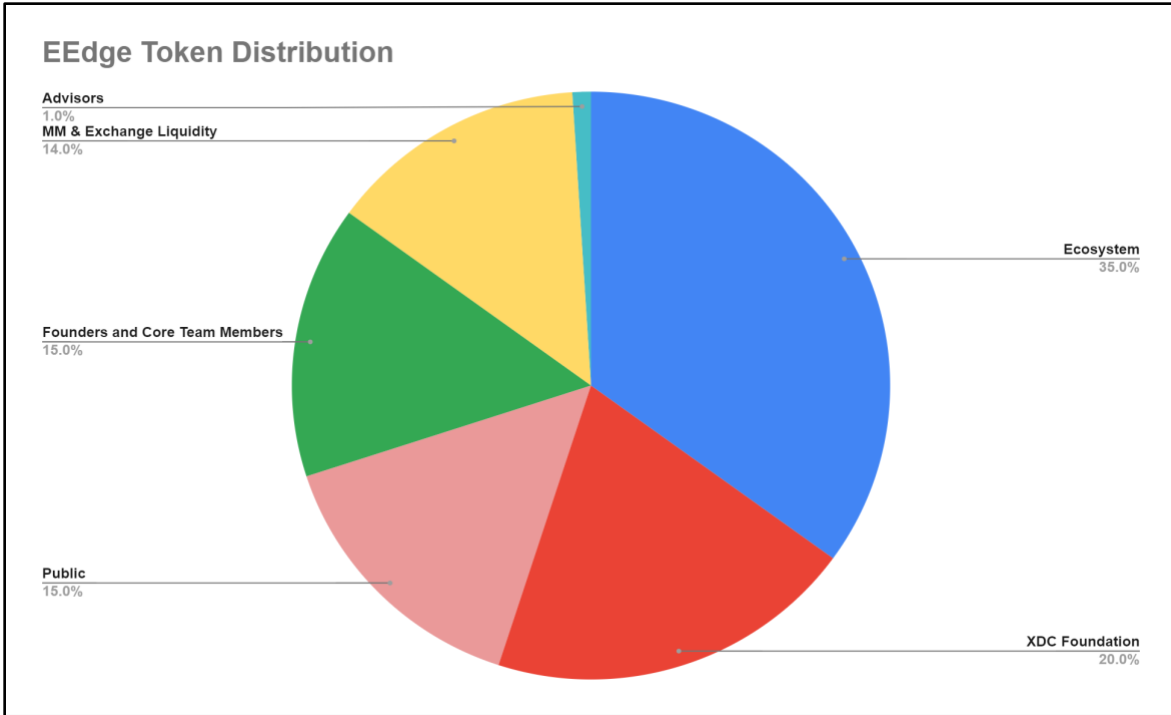
Blockchain: XDC Network

Total Supply: 100 Million

Price per token: 0.22 USD

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EEG Token Distribution



Stakeholder	Token Allocation %
Ecosystem	35.00%
XDC Foundation	20.00%
Public	15.00%
Founders and Core Team Members.	15.00%
MM & Exchange Liquidity	14.00%
Advisors	1.00%
Total	100%

6. Eedge Token Utility

EEG utility token holders get specialized services and privileges in the EquitEdge Marketplace.

Real Estate Companies and Property Owners:

EquitEdge conducts due diligence while onboarding the real estate companies and the property owners. Along with the required documents to onboard, the Property owners and real estate

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companies need to stake EEG tokens worth 1% of the value of the property to subscribe as an authorized seller and list properties in the EquitEdge Marketplace.

Investors:

EquitEdge's objective is to provide a simple yet satisfying experience to investors in selecting and investing in fractions of their dream properties. To maintain and enhance the EquitEdge Marketplace, investors are expected to pay a membership fee in the form of EEG token to subscribe to a list of exclusive properties across the world.

All the investors will be onboarded on the Market place under the Subscription Model and renew their subscription by staking EEG tokens as decided by the EquitEdge governance team.

Facility Management Companies and other service providers:

Fractional real estate investments include various third parties' services such as facility management companies that take care of the property after the sale and Auditing firms to verify the authenticity of the property and the property owners. These third-party agencies subscribe to EquitEdge marketplace by staking EEG and are rewarded according to their roles and responsibilities.

EquitEdge marketplace hosts investors and property owners across the globe and it provides a better place for various Corporates, entities to give their sponsored advertisements and increase visibility of their products and services. To advertise in the EquitEdge application, these providers will be required to stake prescribed EEG tokens based on the type of services.

6.1 Token Purchaser's Responsibility

EEG token holders are expected to **first use the EEG tokens to subscribe to the EquitEdge marketplace** before trading on these utility tokens.

The Purchasers are required to use the Tokens only for the purpose of using the Services exclusively offered by the Token Issuer through the EquitEdge Market Place or any other digital platform or channel, so designated by the token issuer. Furthermore, the Token issuers shall not be held liable for any speculative intentions from the end of the Purchaser or from any third parties who attempt to hold the Tokens for any other reason.

7. Stakeholders and responsibilities

EquitEdge's fractional real estate platform has many activities and brings in multiple stakeholders. Below table is to describe the activities involved and stakeholder responsible for the activity.

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Activity	Owner(s)
Identification of the property and legalities of local regulations	Property Owner or Real Estate Company
KYC for investor and Sellers	Plugin
Terms and Conditions for local regulations	Plugin in consultation with Property Owner or Real Estate Company
White Paper for legal requirements	Plugin in consultation with Property Owner or Real Estate Company
Value of the property and value of the security Token	Property Owner or Real Estate Company
Formation of Special Purpose Vehicle (SPV)	Property Owner or Real Estate Company
Digitalization of property documents	Property Owner or Real Estate Company using EquitEdge
Price of the token	Property Owner or Real Estate Company following EquitEdge standard
Maintenance of escrow account	Plugin using the SPV account
Market place for buy and sell of security tokens	Plugin
Creation of Security Tokens	Plugin
Security Token Offering	Plugin
Buy Back guarantee	Property Owner or Real Estate Company
Yield or Return on investment guarantee	Property Owner or Real Estate Company

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Dividend calculation and distribution	Property Owner or Real Estate Company using EquitEdge Smart contracts
Immediate settlement on resale of tokens	Property Owner or Real Estate Company
Property maintenance and support	Property Owner or Real Estate Company
Post deployment, technology support	Plugin
Blockchain infrastructure	XDC

8. EquitEdge Marketplace and growth opportunities

EquitEdge is a fractional real estate platform created to break the barriers in traditional real estate investment and utilize blockchain technology to allow anyone to grow and expand their investment portfolio. Real estate investment provides ample opportunities with different types of properties such as High valued commercial properties, Residential properties, Tourism etc., and invites various entities such as Institutional Investors and Individual Investors to utilize this platform. Few interesting facts that proves real estate to be a solid and stable investment platform and EquitEdge is on top of these opportunities to provide users the cutting edge advantage in real estate investment.

1. The real estate industry in the emirate of Dubai accounts for 8.2 percent of its gross domestic product which is around \$519.5 billion([Statista.com](https://www.statista.com))
2. The global real estate market size is expected to reach \$5.85 trillion by 2030, registering a compound yearly growth rate (CAGR) of 5.2 per cent from 2022 to 2030. Middle East & Africa is expected to witness a CAGR of 6.3% from 2022 to 2030([Guardian.ng](https://www.guardian.ng)).
3. Dubai real estate set for 46% growth in 2023*. For instance, as the average price in Palm Jumeirah is around Dh3.95 million, Realiste AI data predicts that prices in the area will increase by 5 per cent in 2023.([Khaleejtimes.com](https://www.khaleejtimes.com))
4. Real estate in Palm Jumeirah grew by 59 per cent, and Trade Center First by 210 per cent in the last 12 months([Hymproperties.ae](https://www.hymproperties.ae))
5. US: And with mortgage rates stabilizing near 6%, we expect the housing market to turn around in 2023 and rebound in 2024([Forbes.com](https://www.forbes.com))

Fractional real estate is an emerging concept in the real estate industry and leading builders and regulation authorities throughout the world have started accepting this mode of investment to encourage retail investors in the real estate industry. A quote from a Global CEO of a leading real estate builder on fractional real estate is as follows.

- The Dar Global CEO said, *“security tokenization has the potential to shake up this aspect of realty. A one-of-a-kind invention that will aid the UAE real estate market in maintaining its allure and glamour as it prepares to assume the guise of a digital economy. With blockchain becoming the operational term in the convergence of technology and real estate, applying it creatively to real estate investing can help the sector scale new heights.”* Dar Global is the international real estate arm of Dar Al Arkan, a 28-year-old real estate development company(Source: Alarabia.net)

9. Conclusion

Real estate investment remains a staple investment option for its solid returns and reliability. Blockchain technology and cryptocurrencies have expanded the horizon of investors to the real estate industry allowing small scale investors to include real estate in their investment portfolio. EquitEdge's vision is to allow everyone to own a piece of their dream and make real estate investment affordable to everyone and provide a secure and transparent blockchain platform to invest and track the profits. EquitEdge provides options to property owners and real estate companies to have a curated marketplace to reach global investors and allows investors to choose different sectors in the real estate industry and create a more stable source of passive income. The future of fractional real estate is distributed in decentralized blockchain technology and EquitEdge welcomes sellers and the investors to utilize the technology and earn profit out of real estate investments.