



FEDERATED REALTY

Federated Realty Token White Paper



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Disclaimer of Liability

Purpose

The purpose of this White Paper is to present Federated Realty to potential token holders with the proposed Token sale. The information set forth in this White Paper does not imply any elements of a contractual relationship. Its sole purpose is to provide relevant information to potential token holders in order to provide for them a thorough analysis of the company with the intent of purchasing FRT Tokens. Nothing in this White Paper shall be deemed to constitute a prospectus of any sort or a solicitation for investment, nor does it in any way pertain to an offering or a solicitation of an offer to buy any securities in any jurisdiction. This document is not composed in accordance with, and is not subject to, laws or regulations of any jurisdiction, which are designed to protect investors.

Utility Token

FRT Token is a utility token. Unlike many other tokens, FRT has a true utility token that has real world usage today. This product is not a digital currency, security, commodity, or any other kind of financial instrument and has not been registered under the Securities Act, the securities laws of any state of the United States or the securities laws of any other country, including the securities laws of any jurisdiction in which a potential token holder is a resident. FRT Token cannot be used for any purposes other than those provided in this White Paper, including but not limited to, any investment or other financial purposes. FRT Token is not



intended for sale or use in any jurisdiction where sale or use of digital tokens may be prohibited.

Legal Rights

FRT Token confers no other rights in any form, including but not limited to any ownership, distribution (including but not limited to profit), redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights, other than those specifically described in this White Paper. Certain statements, estimates and financial information contained in this White Paper constitute forward-looking statements or information intended for Federated Realty. Such forward-looking statements or information involve known and unknown risks and uncertainties, which may cause actual events or results to differ materially from the estimates or the results implied or expressed in such forward-looking statements. This English language White Paper is the primary official source of information about the FRT Token. The information contained herein may from time to time be translated into other languages where translation or communication may be lost, corrupted, or misrepresented. The accuracy of such alternative communications cannot be guaranteed. In the event of any conflicts or inconsistencies between such translations and communications and this official English language White Paper, the provisions of this English language original document shall prevail.



Federated Realty Crowdsale

Problem

Every year sellers in real estate markets everywhere forfeit billions of dollars in homeowner value greasing the wheels of a commission-based business model that is as diehard as it is archaic. Whereas Taxi cartels worldwide have lost market share to ride-sharing apps that use mere technology to connect riders and drivers for a fee, real estate cartels have been comparatively resilient despite two fundamental flaws in the commission-based business model. First, agents are able to exploit the problem of incentive incompatibility by acting in ways that are not always in the best interest of their principals. Second, clients must effectively suspend disbelief as commission fees assume that the cost of selling property is proportional to its value. Yet modern technology enables market participants to gain instant market exposure at near-zero marginal cost, reducing matchmaking costs between them and increasing market efficiency. Meanwhile, however, the commission-based business model prevents sellers from realizing these savings since percentage-based commissions remain a function of market prices and not efficiency.

Solution

While the global residential real estate market remains too opaque to accurately estimate its value, in the United States, where Federated Realty operates today, its value has



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reached nearly \$30 trillion.¹ Meanwhile, existing home sales of 4.36 million in 2016 represent an estimated \$25 trillion in listing commissions that otherwise could have been returned to homeowners.² Alternatively, Federated Realty charges homeowners only a flat fee to sell their properties. At the current, all-inclusive rate of \$1,000 per listing, existing home sales in 2016 represent a potential \$4.26 billion market, excluding rentals and buyer conversions whereby Federated Realty helps sellers buy their next home. In sum, these figures otherwise amount to a market size in the dozens of billions of dollars, depending primarily on the assumed buyer conversion rate.

Market Overview

While the global residential real estate market remains too opaque to accurately estimate its value, in the United States, where Federated Realty operates today, its value has reached nearly \$30 trillion.³ Meanwhile, existing home sales of 4.36 million in 2016 represent an estimated \$25 trillion in listing commissions that otherwise could have been returned to homeowners.⁴ Alternatively, Federated Realty charges homeowners only a flat fee to sell their properties. At the current, all-inclusive rate of \$1,000 per listing, existing home sales in 2016 represent a potential \$4.26 billion market, excluding rentals and buyer conversions whereby Federated Realty helps sellers buy their next home. In sum, these figures otherwise amount to

¹ <https://www.housingwire.com/articles/38852-zillow-total-value-of-us-housing-reaches-all-time-high>

² Using a median value of \$233,800, an 80% agent participation rate, and a 3% listing commission.

³ <https://www.housingwire.com/articles/38852-zillow-total-value-of-us-housing-reaches-all-time-high>

⁴ Using a median value of \$233,800, an 80% agent participation rate, and a 3% listing commission.



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Business Model

Federated Realty was founded on the idea of using technology to cut waste and save homeowners money, and its business model reflects this founding principle. In exchange for assigning licensed agents, providing yard signs and lockboxes, and using technology to maximize properties' market exposure at near-zero marginal cost, Federated Realty charges clients an ultra-low, flat fee per listing. Federated Realty also charges agent referrals fees and will continue to charge market rates for buy-side transactions until such scale and market concentration enables Federated Realty to disrupt those as well. Meanwhile, Federated Realty remains focused on lean operations and stands in stark contrast to high-overhead, commission-based brokerages with multiple offices, numerous administrative employees, and expensive advertising campaigns.

Business Process

Federated Realty aims to refine a 100% digital business process using a combination of online marketing, software-as-a-service, and smart contract technologies. At the moment Federated Realty successfully and exclusively uses online marketing to advertise its services and generate leads, after which clients sign a fully refundable and 100% digital listing contract. Upon receiving completed listing agreements from its clients Federated Realty creates online



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listings using professional photography services and publishes them on over 200 marketing websites including regional Multiple Listing Services that are open only to licensed entities. Federated Realty also mails lockboxes and yard signs to its clients for them to securely market their properties. Federated Realty subsequently reviews offers from buyers' agents, advising clients and stewarding escrows as offers are accepted. Finally, Federated Realty receives its flat fee from clients only after transactions have been completed.

Purpose and Utility of Token

The purpose and utility of the Federated Realty Token (FRT) are straightforward: Federated Realty will use the sale proceeds to fund its expansion into new markets, while purchasers effectively acquire the right to list their property with Federated Realty in exchange for one FRT. Meanwhile, as Federated Realty continues to grow and disrupt the commission-based business model, FRTs are an opportunity for early adopters to resist the absurdity of the commission-based business model and participate in the process of reshaping the global real estate market.

Competitive Advantage

Unlike ICOs lacking in products, services, or validated transactions, Federated Realty has a proven track record of offering clients full-brokerage services while saving them thousands of dollars in listing commissions. Meanwhile, several competitive advantages have enabled Federated Realty's ability to do so successfully. First, by operating digitally Federated Realty is



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geared to achieve pole market position wherever it operates; in Maryland, Virginia, and the District of Columbia, Federated Realty is the fastest growing brokerage of its kind. Second, by digitally streamlining otherwise complicated administrative tasks Federated Realty is easy to use. Third, by operating leanly Federated Realty has only limited overhead, affording the company a nimble footing as it jockeys to capture market share. Fourth, by developing uniform processes Federated Realty is focused on building a globally scalable business model. Fifth, by working with ancillary partners to accelerate operational scale Federated Realty is able to quickly achieve market concentration. Sixth, by offering a blockchain-based utility token Federated Realty is the first brokerage of its kind to create a technologically consolidated real estate services platform.

Team

Federated Realty is led by an experienced group of entrepreneurs, technologists, and real estate experts. Artin Afsharjavan is the Founder, CEO, and Chairman of Federated Realty. As a serial entrepreneur and avid real estate investor, Artin brings with him a passion both for building successful digital businesses and for the real estate industry. Jacob Shvilly is Chief Operating Officer at Federated Realty, and as the former head of an elite international tutoring business he is a seasoned executive who brings with him a passion for detail and process improvement. Jeremy Domergue is Chief Data Officer at Federated Realty, and as a creative strategist and multi-disciplinary practitioner he brings with him a passion for solving multidimensional problems.



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Blockchain Technology and Real Estate Transaction Token Use

Smart Contract

A smart contract is not written – it is programmed. All of the rules and regulations pertaining to the contract are programmed, meaning that the software will execute each and every action that is specified in the contract. This eliminates the possibility of miscommunication or misinterpretation. Furthermore, because this code is written on top of the blockchain mechanism, it means that for execution purposes, the code of the contract is decentralized and immutable. Smart contracts are an exceedingly secure method of ensuring that all terms and conditions of a contract are fulfilled. In real-estate transactions this is a long drawn out process that costs time and money and money to both parties.

Model

Federated Realty, LLC has developed a new model to save transaction costs in real estate deals. Traditionally, there is a 2.5-3% brokerage commission fee when selling a home. Every year sellers in real estate markets everywhere forfeit billions of dollars in homeowner value due to listing commissions. Federated Realty offers low cost, flat fee listing services combined with a technology driven user experience to capture and facilitate interactions between market participants, generate scale economies based on digitally streamlined transactions, and ultimately return billions of dollars in homeowner value to sellers in real estate markets everywhere. Federated Realty will sell your home for a current flat fee of \$1,000, as opposed to a traditional 2.5-3% commission of the sale price of a home. The FRT



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token represents a sell side contract that can be redeemed when using Federated Realty as a brokerage to sell a home.

Token Facts

There is a hard cap of 10 million FRT Tokens. The Crowdsale will initially distribute 300,000 tokens, which represents 100,000 tokens for each state, within the United States that Federated Realty is currently registered in as a licensed brokerage firm. The remaining tokens represent the global growth rate Federated Realty expects to have. The crowdsale price of each token will be \$800. Any coin purchased using USD shall be manually paid out using Federated Realty's (FRT) personal wallet. All coins not sold of the 30,000 shall be sent to Federated Realty's token wallet and sold on the open market at Federated Realty's sole discretion. The system shall introduce 10,000 new coins for every new U.S state Federated Realty expands or opens into and will be an ERC 20 token that runs on the Ethereum network. Users and purchasers of the token will be able to let Federated Realty or their realtor that they would like to pay the brokerage fee using the token and confirmation of the transaction will be used upon the sale of the home.

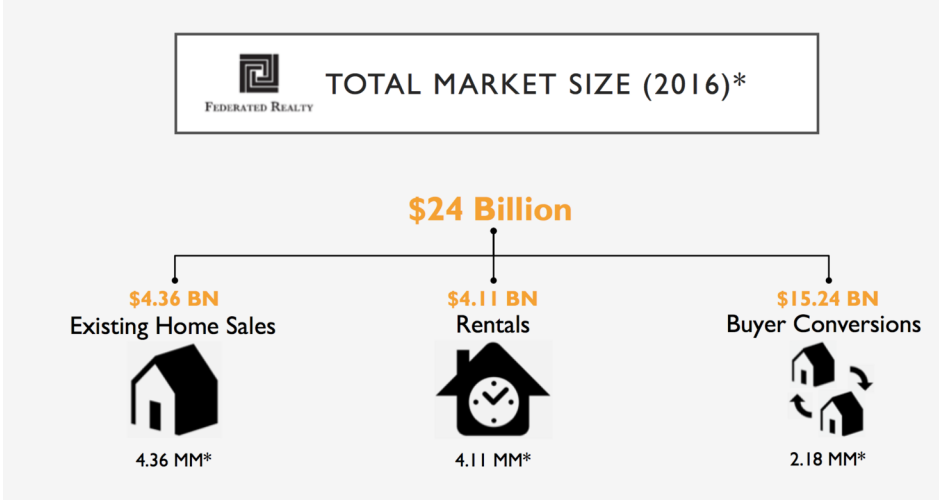
Expansion Plan

Federated Realty provides distinct advantages that allow the brokerage to stand out when compared to other companies in the real estate industry. Offering the same attention to detail that traditional brokerages provide for only a fraction of the cost, has provided Federated



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Realty the confidence to not require long-term commitments from customers. Furthermore, advancements in technology have paved the way for the model of simplicity that Federated Realty embodies. Unlike traditional brick and mortar brokerages that have high overhead expenses, Federated Realty is able to keep operating costs low. The business model can be scaled nationally due to the straightforward process and the technological advances that no other brokerage has. A consolidated technology and marketing platform has been implemented at Federated Realty that will allow real estate agents to communicate seamlessly with their clients that will increase conversion rates. As Federated Realty continues to grow, opportunities to create ancillary partners through the adoption of title and mortgage companies would provide Federated Realty with additional forms of revenue.



Management Team



Artin Afsharjavan
CEO & Chairman



Jeremy Domergue
Chief Data Officer



Michael Ahmadinejad
Principal Broker



Jake Shvilly
Chief Operating Officer



Auria Kharazmi
Lead Realtor



Advisors

Alexander Eatedali- Director Vonage

Peter Fleck- CEO BDD Holdings

Ramin Jahanbani- Manager ZoomData

Adherence to All Legal and Regulatory Standards

The purchase of any tokens involves a high degree of risk, including but not limited the risks mentioned in this White Paper. Before purchasing FRT Tokens, it is recommended that each participant carefully weigh all the information and possible risks before continuing.

Smart Contract Limitations

Smart contract technology is still in its early stages of development, and its application is of experimental nature. This may carry significant operational, technological, regulatory, and financial risks. Consequently, although the audit conducted by independent third party increases the level of security, reliability, and accuracy, this audit cannot serve as any form of warranty, including any expressed or implied warranty that the CRPT Smart Contract is fit for purpose or that it contains no flaws, vulnerabilities or issues which could cause technical problems or the complete loss of CRPT Tokens.



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Regulatory Risks

The Blockchain technology, including but not limited to the issue of tokens, may be a new concept in some jurisdictions, which may then apply existing regulations or introduce new regulations regarding Blockchain technology-based applications, and such regulations may conflict with the current FRT Smart Contract setup and FRT Token concept. This may result in substantial modifications of the FRT Smart Contract.

Taxes

Token holders may be required to pay taxes associated with the transactions involving FRT Tokens. It will be a sole responsibility of the token holders to comply with the tax laws of the relevant jurisdictions and pay all required taxes.

CIRCULAR 230 DISCLOSURE

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice in this communication is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein. You should not act upon the information contained in this publication without obtaining specific advice from a tax professional.

