

Smart Contract

Hotel Residence Index (HR)

1. **Introduction and project presentation**
2. **Strengths**
 - 2.1 Archaeological report
 - 2.2 Tourist accommodation potential
 - 2.3 Buying a house in Tuscany, target markets
3. **Token and strategies**
 - 3.1 Breakdown and criteria of token allocation
 - 3.2 Exchange listing and management
 - 3.3 Conclusions

INTRODUCTION

The international landscape offered by IEO is constantly changing and defining, so are the jurisdictions suitable for the sale of tokens. Nowadays, there are few states considered 'trustworthy' that have not yet regulated the sale of digital currency, and each IEO has different needs.

In the specific case of IEO HR, it was decided to locate the strategic collection base in the Czech Republic. The Czech Republic considers cryptocurrencies not as a financial asset but as any commodity subject to free trade even in the absence of specific regulations. This operational freedom allows us to manage a token that in other jurisdictions would be considered a 'security' token and therefore subject to pre-issuance authorisations.

IEO HR is an ambitious project with considerable targets. The IEO world of real estate has never garnered much success due to realisation timeframes that often forced an audience, now accustomed to quick returns, into long waits. Besides the burden of the unbearable wait (the expectations of realisation of digital deals are extremely short) it is also threatened by the question of the actual realisation of the promised constructions and the actual conversion into income in the absence of real guarantees from the IEO promoter.

In light of these issues, it was decided to adopt an aggressive and extremely attractive strategy from a remuneration point of view.

HR's currency will be called Forin (FIO), the IEO collection phase will have a limited duration, not exceeding 3 months, and it will not be aimed to maximise the collection but to involve as many people as possible in order to prepare for the subsequent exchange placement. Rather than limiting the issuance of tokens to the amount actually bought and sold, the dedicated smart contract will generate the entire hard cap assets and the sale will proceed directly through the selected exchange platforms and the creation of a suitable office.

The attractiveness of HR will be supported by the recognition, in tokens, of the profit deriving from the increase in value of the final project in proportion to its progress (continuation of work, collaboration intentions and any useful element for increasing prestige) with a 100% guarantee achieved over the three-year period.

E.g.: The customer who buys 1 token today will be guaranteed that, by means of various increments communicated with updates and related profit distribution with the above criteria, the value will be at least doubled within the three-year period.

In this regard, it was decided to determine the current value of the project, as in investment funds, which we may call CVA, Crypto Value Asset, initially to establish the value of the initiative, and to update the CVA periodically either every six months or annually based on the development of the increase in value due to the works realised until the initiative is completed, so as to determine the value of the property once the works are completed. This annual valuation will generate the consequent valuation of the Token, since once issued there will be no further emissions but only increase in value to be distributed to the Token holders, while unsold Tokens will be valued according to the value determined by the CVA. It must be said that the initial calculation of the CVA must also take into

account the agricultural income that the Estate currently produces, i.e., the revenue from the sale of the Olive Oil, Chestnut, and Honey, these products will generate profits for the individual Token holders as of now with seasonal sales. The profit will be in FIO.

2 STRENGTHS

We will analyse the main strengths of the HOTEL RESIDENCE project in order to present it in the best possible way to our investors. We will emphasise the historical value of the property, its tourist-accommodation potential, and the advantages of acquiring a property at less than half its real commercial value.

2.1 Archaeological report

On August 2018, an inspection was carried out in BORGO e MOLINO, Fraz. di Stribugliano, municipality of Arcidosso, province of Grosseto, in order to assess, from an archaeological point of view, the structures in the property and the area pertaining to it, which consists of approximately 67 hectares of land.

The inspection, carried out by the archaeologist specialised in topography and aerophotogrammetry, highlighted the historic value of the mill but the absence of the village in the Leopold archives. However, this will allow a targeted marketing action to attribute the concept of historicity to the properties that will be restored in the future.

The BORGO (TR2) stands at the foot of Mount Aquilaia, from which it is protected from the winds coming from the North - East. Its exposure, opening towards the island of Elba in a south-westerly direction, facilitates the mitigation of a climate that would otherwise be almost mountainous, since we are at an altitude of 726 m above sea level, measured by telephone gps.

The main structure has been almost completely plastered on the outside and the visible masonry does not concede any significant elements that would help date it to a period prior to 1800, given that it is present in the Leopoldine cadastre of 1765, which did not mention the perimeter plans, nor does it mention the toponymy 'Focaioni', which was evidently adopted in more recent times. The present structures are located to the north (ascending from the provincial road on the left) of the unpaved road that today, as at the time of the Leopoldine land register, provides access to the property. On the same side of the track there are also two annexes, visible but partly in ruins today, not recorded in the grand ducal census and located one to the East - South - East of the main building and one to the North - North - West of it.

In the area to the South - West of the white road, there are two rectangular buildings that were not present in the Leopoldine Cadastre either. For these structures, one of which was recently restored, there are no reliable chronological indicators that place them in a contemporary chronological range with the entire area identifiable with the period between the early 1800s and the first half of the 1900s. No areas of fictile material or other indicators are noted that could help with dating, given that the area is heavily vegetated, especially in the vicinity of the SORGENTE that runs a few metres south of the central structure.

The Molino (TR1) is located approx. 800 m from the Podere in the direction of Stribugliano, reached by turning left onto a path.

Of the ancient structure, also present in the Leopoldine Cadastre in its entirety, only a 1.20 m thick remnant of masonry is visible today, probably forming part of the southern perimeter of the central body of the 'Molino', while the structure referable to a yeast oven, which is attached to what was once the western wall of the mill itself, is more recent than the mill itself, as it is not recorded in the Leopoldine Cadastre. In a possibly 19th-century use of the structure as a whole, the oven was used after the end of the baking process, for the heating of the dwelling above specifically for the family bed of the workers of the structure. Confirmation of this use of the crawl space above the oven, is the chimney of the oven itself, which is diverted to the right and brought outside the structure before reaching the height of the mezzanine floor, in order not to obstruct the floor above where the bed was located.

Mention must certainly be made of the small WATER BASIN located to the south-south-west of the ancient mill, which collects water from a stream descending from the north-east, probably fulfilling a utilitarian function related to the 'Molino' itself, which could make this

production structure fall within the typology of water mills. It is specified that this is only a supposition that can only be confirmed after the discovery of specific documents or the discovery of the milling management mechanism.

The altitude measured here by telephone GPS is 695 metres above sea level, and the landscape at this point is particularly valuable, allowing a 180° view of the Maremma and the Tyrrhenian coast in the direction of Follonica and the island of Elba.

The ETRUSCAN SITE consists of a fairly large settlement located on one of the highest points of Mount Aquilaia.

The PALADIN'S HOLE represents the somewhat fairy-tale part of the places that tell of the exploits and deeds of Paladins returning from the Crusades.

The TASSO TREE, there are actually three, the oldest of which seems to be 1,000 years old, collects and feeds some of the stories of witches and wizards of those times.

2.2 Tourist accommodation potential

The potential of the site is closely linked to the entire realisation of the complex and the related services, which are not to be considered as an accessory but as a backbone of the entire project, and to this end we have carried out surveys among the operators in the sector.

Surveys were carried out using a non-stratified methodology as the Borgo's target clientele is clearly identifiable as high/very high. In addition to the design of the Molino and the Borgo, it is strongly recommended by the operators that there should be independent real estate units located close to the golf holes with privacy and a private swimming pool. Under no circumstances should the golf course be less than 9 holes. Pricing in high season could vary from 280/320 euro per day to 1,500/1,800 euro for the villas on the golf course. The pricing of the 24 suites located in the Molino could approach 550 euro per night. The Tuscan tourist clientele consists of 55% Americans, 20% Russians and Canadians, an equal number of northern Europeans, and in constant growth we have the historically wealthy Australian tourist. Extremely demanding, in high-level accommodation facilities they demand the presence of a visitable and well-stocked wine cellar, they love wine tastings and often require a heliport and a chauffeur/shuttle service at all times. Excursions and walking tours are almost never required, except for mountain bike tours with assisted pedalling and a guide in the guest's own language. SPA and Club House also required to collect external subscriptions. Interaction with the environments and customs characteristic of the places narrating local traditions is welcome.

Below is a short list of the competitors analysed in the pricing:

www.castelfanfi.com

www.fonteverdespa.com

www.argentariogolfresortspa.it

www.termedisaturnia.it

www.versiliagolfresort.com

www.castigliondelbosco.com

www.ilborro.it

www.palazzodivarignana.com

2.3 Buying a house in Tuscany, target markets

From 2009 to today, foreign buyers interested in acquiring a valuable property in Tuscany has grown by 23%. The phenomenon is by no means localised, and the proof is that in 2017 11% of the demand market belongs to foreign buyers. The European markets of reference are driven by the English, who have now created a real community in Chianti, the Germans, who from the great Italian lakes in the north have been coming down to Tuscany for over 5 years now, and to a small extent the French, who

however continue to prefer the Ligurian Riviera. The Russian market buys mainly in Rome and on the Amalfi Coast, and only recently has it begun to approach the Tuscan market, just like the Greeks who, increasingly fearful of a possible exit from the euro, frequently invest in real estate with budgets never below 600,000 euro. The American market remains the region's main ally, with over 5,000 Americans residing in Tuscany with a turnover of over 200 million euro and an ever-increasing demand in a luxury market that, if well managed, knows no crisis. An uninteresting market is the Chinese and Oriental market in general, more interested in acquiring commercial activities than residential properties.

These premises will be useful in defining the market of interest in the sale of the Molino flats with a payment and delivery formula after 15 or 20 years, according to the buyer's choice. Whoever acquires a property in this way, will pay 70% / 50% of the real purchase value, will receive rental profits of up to 6.75% per year of the amounts invested, and will become the owner of the chosen flat at the due date with a regular notarial deed.

The purchase can be supplemented with a life membership card that will give access to all the services of the property, including the golf course. The future owners of the 24 Molino suites will have 1 week's free stay per year at their property, at any time they wish.

3 STRATEGIES AND TOKENS

3.1. Token Allocation and Criteria

Hotels and Residences will offer its investors the possibility of acquiring its tokens in 3 short steps, the option of purchasing a property at an extremely advantageous price will also be available with specific criteria that we will analyse below. The IEO will adopt an unusual strategy regarding the distribution of tokens but optimal for the specific needs of the project. The initial collection will have a limited duration, the sale will start on 15 December and end on 31 March.

In the pre-sale period FIOs can be subscribed at a 20% discount, while in the first month of subscription they will have a 10% discount, thereafter they can be subscribed at full price. Subscribed tokens cannot be sold before the completion of the first sale phase, however not earlier than 12 months after the completion of the IEO or listing.

At the end of the IEO, the full amount of the decided token assets will be automatically generated and the sale will continue on the Exchange through the assistance of a dedicated exchange office. The tokens issued will guarantee their purchasers, for the entire project realisation phase, quantified in 3 years, a profit generated by the increase in value obtained from the realisation of the planned works. It is envisaged for investors that the profit over the three-year period will not be less than 100%. The promised profit distribution will be recognised in FIO tokens.

The tokens issued will be 180 million, the final estimated value of the entire project, will have an allotment price of EUR 1.00 and will be distributed as follows:

30% will be allocated for fundraising to implement the project

30% will be allocated as profit to token holders

10% will be assigned as various contractual obligations

30% will remain at the disposal of the estate for the maintenance of the housekeeper.

Upon completion of the project, the distribution of profits in tokens will be suspended and replaced by the distribution of profits from the actual tourist and agricultural activity. The owners of the tokens will receive 70% of the profits, the remaining 30% will remain as of right with the owners of the estate.

IMPORTANT

What is even more UNIQUE is that from the 3rd month after the TOKEN placement is concluded, there will be profits, which will be shared, that the farm already generates from its productions, i.e. from the sale of DOC Olive Oil, the sale of BROWN Chestnuts, the

sale of wild Truffles harvested on the farm, the sale of Mushrooms harvested on the farm, and the sale of Honey. We will have a snail farm and the creation of a "Tartufaia". The first activity will produce income in the short term, while the Tartufaia only after 3/5 years.

Investors will be allowed to buy products directly by paying in FIO.

3.2. Exchange Listing and Management

The need for the total issue of tokens to maximise collection generates the need for the creation of a dedicated office. The section created may be internal or external, with or without remote control. If an in-house office is chosen, no less than 2 or 3 people with economic/financial skills will be needed at an early stage to facilitate the correct sequences generated by the buying and selling of FIO tokens.

Should the management be entrusted to an external office, the custom is the payment of a percentage of the transacted amount of no less than 3%.

3.3. Conclusions

The HR project is defining its features, the team is working enthusiastically to maintain the contracted services and to cope with decisions to create graphic animations on the site related to the construction of the complex. We will also install a web cam with an internet connection so that investors can get a glimpse of the view they might see from their flats. In the next few days, the pricing of the mill units to be put up for sale will be decided.