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Relex (RLX)

Q3 Report 2019

Update up to Nov 2019 - DT Primer

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What is Relex?

Relex began as a blockchain based real estate crowdfunding platform in 2017, and has expanded to offer complete Digital Transformation of the real estate sector of the economy. Relex possesses an existing contract bank of projects with active investors and project owners around the world. Over 30% of Relex monetary supply (over 600 million RLX tokens of a total supply of 2 billion) has been invested into partner projects around the world in areas such as hospitality, commercial real estate, industrial real estate, industrial infrastructure, and more. Relex and its partner projects currently operate in Belarus, Vietnam, Myanmar, Canada, and the United States. Relex stands ready to carry out Digital Transformation via crowdfunding, having possessed government approval in terms of:

- a) A \$220 million USD crowdfunding ceiling for individual real estate and infrastructure projects
- b) Special Regulatory Zone (SRZ, or Sandbox) in Belarus to carry out transactions via methodology of new digital economy
- c) Authority to carry out Digital Transformation of the real sector of the economy within the Republic of Belarus

Relex has a Global Vision, Starting from Belarus

Bitcoin, Ethereum and other blockchain based cryptocurrencies have been a valuable experiment for humanity, but they are only used by a small number of people and have a number of drawbacks as a payment system. For the user base to increase significantly on any token, the technology must be simple, easy to use, and be tied to a stable coin function. These features are also critical to facilitate crowdfunding of real estate and other investments which are promoted on the Relex platform.

When the global financial crisis occurred in 2008, Satoshi Nakamoto came up with the idea of a Peer to Peer money transfer system (called Bitcoin). With the creation of Bitcoin, people began to question the legacy financial systems which have been operating for over a thousand years. The new blockchain technologies, could after all be used to transfer value quickly and cheaply around the world. However, Bitcoin and other blockchain based payment systems have not been widely used to purchase goods, services or invest in projects (like real estate). There are many reasons for this, including volatile fluctuations, limited daily use cases, security, complexity of transactions and short-term speculation (which has caused rapid spikes and crashes in token value).

Relex is establishing a platform where real investments can be made and where price fluctuations are minimized once the token stabilization function is introduced. The financial algorithm upon which this will be based also has many other unique features, which make it a very efficient and inexpensive way to transact compared to other digital and fiat currencies which are currently operating in the world today.

It is worth noting on this subject in regards to the transition of Relex from the Ethereum Blockchain to the National Blockchain of the Republic of Belarus, in the event that the token transition to the National Blockchain would result in a value less than the historical value of the token, the token would then remain on the Ethereum blockchain.

Please note that along the trajectory of step-coin, the token supply will only increase when new projects become successfully funded. The increase of token supply into the system is, therefore, not emitted on an arbitrary basis, it is on the basis of projects being successfully funded. This ties real value to the token as a byproduct of the token successfully funding projects.

Relex expects that many countries will seek to adopt our “digital transformation ecosystem” which can be adapted to their own particular requirements.

Relex ultimately envisions the Relex Capital Platform and Relex token as a key pillar of the new digital economy ecosystem, a blueprint for small states to leapfrog via adoption of the paradigms afforded via new digital economy. Real estate development will be the first facet of digital economy in Belarus, followed by other elements of the economy. Furthermore, Relex envisions the Relex Capital platform as being the first major step towards establishing Belarus as a global capital hub for facilitating FDI investments around the world. This will assist Belarus as well as other countries towards achieving higher national scores as well, such as the Ease of Doing Business report put out annually by the World Bank, as well as assisting in terms of metrics of GDP and FDI performance.

Accordingly, in line with these goals and statements, Relex is embracing an educational approach for individuals, corporations, and governments that wish to start and replicate the System into their own countries to effect Digital Transformation via Stream Funding and other DT tools.

In Q4, Preparation to Affect DT via Stream Funding for Systemic Partners

During most of Q3, focus was primarily upon affecting the shift of the company to integrate its existing crowdfunding activities and strategy with digital transformation. The company continues to see crowdfunding as a vital component, and set the goal of crowdfunding to be achieved as a fait accompli of having achieved said digital transformation.

Q4 will see the beginning of digital transformation via stream funding. Some components necessary to achieve this, such as the approval of the Special Regulation Zone (Sandbox) of the Republic of Belarus for the purpose of investment via Digital Transformation, has been achieved as of November 2019. Relex connecting to the National Blockchain of the Republic of Belarus, another pre-requisite for Digital Transformation, was also achieved (see link [HERE](#))

Other components, such as the first DT stream-funding algorithm, will enter beta stage by the end of Q4.

Relex's approach, which was largely low-profile and non-interactive in Q2 and Q3, will shift to a more interactive approach, as it becomes important to a wide range of people across different industries and backgrounds to understand the changes that come via Digital Transformation. Stream funding, will become an educational focus for its community (investors, academics, and various participants of the real sector of the economy (Main Street economy) in various industries starting in Q4.

Real Estate Development Crowdfunding

Founded in 2017, Relex was originally established as a platform to leverage their investment portfolio offerings to a wider investor base.

Relex offered real estate development opportunities previously only available to a small subset of people and turned it on its head to make these opportunities available to a global population. This has started the dynamic of a more diversified investor pool, and is acting as a building block to accelerate the time between funding and building, resulting in high quality real estate projects being funded more quickly and efficiently than that of the old way – particularly via stream funding.

Relex allows investors to have a library of real estate developments at their fingertips, allowing rapid deployment of capital into real estate projects that most deserve it. Real estate developers are freed from recycling the same investor contacts over and over, and instead dealing with new investors with fresh ideas

not only for optimizing profit, but also for better ideas regarding project design and implementation at early-stage development periods. Stream funding rather than lump sum funding is a solution that allows these funding goals and solutions to be realized.

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Stream Funding Explained

Stream funding is the process of which projects, instruments, and other elements of the system get funded. This is a conceptual departure from traditional lump-sum funding, which was not possible before the technological advances of trust-less blockchain infrastructure at our fingertips. However, to unlock the full economic benefits of this blockchain infrastructure requires a greater approach than simply utilizing a passive vehicle concept of cryptocurrency. Indeed, the cryptocurrency needs a supercharging effect in order to render a force multiplier in the real sector of the economy via algorithmic interactions of cryptocurrency, by bringing the following effects.

First, an increased money velocity within the real sector of the economy; less hoarding. By fully utilizing every economic unit of the real sector of the economy, each economic unit is utilized to its full potential. Therefore, via an optimized algorithmic system geared for the purpose of investments, the amount of wealth changing hands per monetary unit released increases dramatically.

Second, multiple benefits per investor are possible via stream funding. This is because algorithmic interactions with monetary units via cryptocurrency allows for funds to be released one large block at a time. These blocks get distributed then on in the form of smaller cubes, which then in a stream function interact with the projects and participants within the Systems. Therefore, one block of funds not only interacts with multiple projects, but through algorithmic enrollment of the investment process (passive management) it also results in many benefits for an investor per block transaction. This is because the algorithm cycles funds into projects via stream funding on an as-needed basis rather than a lump-sum basis.

Third, it allows for the investment process to be optimized by way of stream funding directing funds on the following basis: i) funds that are needed by the project at a given time, and ii) funds disbursed based on the need of each investors' personally set ROI target. The algorithm acts in such a way that it essentially sets certain contractual goals before the funds are streamed out to the specific project.

Fourth, algorithmic interactions with cryptocurrency-based systems allows for a shorter timeline to achieve a desired level of return on investment, because of the aforementioned concepts of increased money velocity along with the efficiency of the investment process being maximized because of algorithmic interactions with monetary units. This is because there is less monetary 'slack' inherent in a monetary system wherein each economic unit released is utilized to its maximum potential. This allows a greater level of wealth creation for participants within the higher money-velocity System.

Fifth, stream funding aids in cutting down on corruption and waste. Rather than a large amount of money sent from investors directly to project, stream funding runs on the basis of the algorithm detecting and releasing

capital based on need. Need is not only defined on an economic basis, but also on the basis of qualifying through a process that scans and detects potential fraud or corruption throughout the system. By sending investment funds in streams rather than lump-sum, the System assisted by the algorithm is better able to not only increase wealth of participants by way of increased money velocity, a shorter timeline to receive investment returns, and more diversified investments, but the System is also able to capture and redistribute the huge economic gains lost by corruption, fraud, and waste. In so doing, the System will be able to contribute to global standards by way of ensuring a more equitable economic system for international investments. Over \$1 trillion dollars on an annual basis is lost to these factors, and the blockchain-based algorithm-driven crowdfunding system will be a contributing factor towards mitigating such conditions.

Digital Transformation via Algorithmic-based Digital Asset Crowdfunding

In summary, by utilizing blockchain, the investment process is enhanced to fit the complexities of the modern, global digital economy. Funds are easily traceable while retaining investor privacy, paperwork hassles are reduced by upgrading them to immutable smart contracts, and investor capital is secured through contractual agreements on the blockchain. Relex provides simple, safe, and secure investments in an ever-expanding world.

Holders of the Relex token have the opportunity to invest in projects during the development phase, which results in exciting opportunities such as passive income, equity stakes, or proxy ownership of property. Relex gives institutional benefits of world-class real estate Foreign Direct Investment (FDI) development to the people and acts as a gateway to streamline FDI into developing economies. Relex is bringing its offerings onto the blockchain and opening up the world to investments they could never have imagined before.

In Q1 2019, Relex Real Estate JSC (aka Relex Belarus) received approval from Belarus authorities to be able to crowdfund projects up to \$220 million USD. This ushered in a world's first- in both the fiat and cryptocurrency world alike. Belarus has thus led the way, becoming the first government to allow a project size of this magnitude to be funded via crowdfunding methodology and algorithmic-based Digital Transformation.

Digital Transformation Initiatives

The Belarus government permits crowdfunding of large-size projects, up to \$220 million USD. This is a world first, which has paved the way for high-value crowdfunding to be linked to the digital transformation of the real sector of the economy. During 2019, preparations were made for the setup of some Digital Transformation initiatives, which would in turn link and interact with the National Blockchain of the Republic of Belarus. Work also began on the development of algorithms that would interact with the National Blockchain of the Republic of Belarus, as well as an active/passive asset management system for Relex participants. In this way, Relex would not only more efficiently facilitate international investments in and out of Belarus, but also would allow more efficiency via real-time funding of assets in the Relex system via the financial innovations which are embedded into the Relex token, the allocator algorithms, and the passive/active management system inherent to the national blockchain and the algorithms present on the National Blockchain of the Republic of Belarus.

Algorithmic-Based Investing on Blockchain

In order for the digital transformation of the investment process (Stream Funding) to have the result of effect upon the real sector of the economy, Relex's algorithmic-based investing based on an opt-in/opt-out system of passive vs. active investing can be had on the Relex platform. This is one of the components of a digital repeatable system necessary to affect the real sector of the economy, and to bridge the divide between the digital world and the real economy. Participants in the Relex system can opt towards passive management of their assets via the Relex algorithm, which will operate on the National Blockchain of the Republic of Belarus. The Relex system aims to allocate investment capital on a real-time basis as according to the needs of the project and other supporting metrics such as ROI, geospatial data metric inputs, and other supporting data and information on each project are fed into the algorithm to render more optimal investment decisions. This will in turn play a role in the digital transformation of the Belarus Currency and Stock Exchange, among other entities in the Belarus economy. Partner countries such as Vietnam, Canada, and the United States will also benefit from these changes.

In terms of details regarding the blockchain, Relex is currently transitioning from the Ethereum blockchain to the National Blockchain of the Republic of Belarus, and is assisting with the development of technical, operating, and regulatory standards regarding digital assets in the Republic of Belarus. Such cooperation is through direct collaboration with the Belarus Currency and Stock Exchange, as well as via Relex's representation on the Council of Nodes and running a Certification Node. In addition to Relex running its own node as approved by the Government of the Republic of Belarus, Relex will also have custodial duties over the issuance of sub-nodes within the National Blockchain of the Republic of Belarus.

In summary, paired with the National Blockchain of the Republic of Belarus, the algorithms work to automate investing across the entire ecosystem, as well as maintaining the transparency offered by an accessible blockchain ledger, while the inclusion on the national blockchain ensures high standards of operations for algorithmic-based investment into global projects to affect the real estate sector of economies in partner countries. Finally, Relex's globally compliant investment platform allows for a global investor base to participate in the digital transformation of the investment process, while maintaining the gold standard for data-retention and KYC practices to ensure proper use of the platform.

One of Relex's mid-term goals is to showcase a proof of concept that FDI metrics in the Republic of Belarus and other partner countries can be increased by way of adoption of Relex digital transformation tools.

Details of the Certification of Nodes & Council of Nodes

The owners of the certification nodes of the National Blockchain of the Republic of Belarus ensure the operability of the technical platform, acting as custodians of the chain of generated blocks and data authentication. One representative from each owner of the certification node of the information network of the blockchain is a member of the Council of Nodes, who is responsible for determining the standards for the operation of the blockchain, connecting application tasks, technical requirements, and regulatory standards.

Sub-nodes

Relex has the unique position on the National Blockchain of the Republic of Belarus to offer sub-nodes to its partners (individuals, corporations or governments). Sub-nodes give Relex partners the opportunity to run their own special certified node, allowing them to have complete faith in information on the blockchain by keeping their own node of the network. The partner does not have to put their trust completely in the hands of other individuals and will thus help protect the immutability of the blockchain.

Current Projects Available

My Thuy International Port

The My Thuy International Port is the first privately owned seaport in Vietnam. It will shorten the distance for cargo transportation to major Pacific markets, creating favorable development conditions for major areas on the East-West Economic Corridor. While also enhancing and facilitating import and export activities in Quang Tri Province. The project occupies a 685 hectare site, which will include 10 ports that will be built in 3 phases. The Port will be situated within the Quang Tri Southeast Special Economic Zone. Other large developers that will be developing projects in this zone close to the My Thuy port include FLC Group and Vietnam-Singapore Industrial Park "VSIP", Vietnam's largest industrial park group.

Woodfine Capital

Woodfine Professional Centers LP units (Canada) are available on the Relex Capital platform. The Woodfine LP structure is not a typical passive real estate investment. Unlike JVs, REITs, and MICs, which offer yield and perhaps some capital appreciation, the Woodfine LP gives investors a direct stake in the developer's profit. This creates perpetual equity, (stake in the profits for the life of the building) and does not require traditional bank financing; the LP's ability to issue debt with the purpose of reinvesting in more buildings distinguishes it from conventional real estate offerings. The funds are public non-listed reporting issuers, so everything is above board and completely transparent.

Investment highlights:

- Equity is invested by the limited partners, and the debt is self-issued by the funds, resulting in 3x capital appreciation with 20% annual distributions. The debt cannot be issued unless an interest coverage ratio of 1.2 is achieved.
- Investors are paid first. Unlike some private equity funds that have been criticized for charging high fees and generating low returns, Woodfine LPs pay a single fee: 1% per year of the gross funded value.
- Each partnership currently develops up to four distinct institutional-grade asset classes, and each qualified investment is funded through a separate nominee company, enabling the partnerships to select the class of real estate, or combination of classes, that meets the needs of each development site.

Zayar Properties

Zayar Properties currently has two project offerings on the RelexCapital.com platform. Carlton East, a housing and neighborhood development project in Yangon, Myanmar and Grumman Holdings, a digital modern financial institution.

Carlton East is located on the banks of Yangon's largest river (Bago River), with easy access to the Yangon CBD, the Inner City of Yangon, the Thilawar SEZ, and is within close proximity to future developments of private marina berths with vast open green spaces in the local area. The project area is overlooking the Shwedagon Pagoda (Yangon's Landmark), Yangon Rivers, Yangon CBD, and Thilawar International Ports. On the 22 available acres Zayar will develop residential apartments and a retail mall, in which the government will grant condominium ownership title for each unit. Due to new legislation in Myanmar, Carlton East is one of the first projects to provide titles of Condominium Ownerships in Myanmar, and it will create a whole new market in the Yangon Region.

Grumman holdings is a digital modern financial institution looking to offer those in Myanmar access to modern financial technologies and opportunities. They aim to combine conventional banking institutions and Fintech

Industries into one complete and comprehensive financial institution. With an ultimate goal to deliver financial services with the convenience of modern electronic banking, yet with the heritage of conventional banking.

Existing Contract Bank – Future Sub-Node Pipeline

Relex is currently able to provide digital asset services to the following companies, through its active and dormant contract bank:

- Woodfine Capital Projects – Canada – industrial and commercial real estate
Approx. Project size: \$300 million USD
- My Thuy International Port – Vietnam – seaport, industrial infrastructure
Approx. Project size: \$220 million USD
- Zayar Properties Carlton East - Mixed Use Development - Yangon, Myanmar
Approx. Project size: \$45 million USD
- Zayar Properties – Grumman Holdings (Digital Bank) – Phase 1, Myanmar
Approx. Project Size: \$1.5 million USD
- Entobel – Vietnam – agriculture
Approx. Project size: \$20 million USD
- Kingdom Brewery – Cambodia – FMCG (beer)
Approx. Project size: \$5 million USD
- Aura Inhale – United States – pharmaceutical, production cooperation opportunity in Belarus
Approx. Project size: \$2 million USD
- Vostok Projects – Russian Federation – hospitality and residential real estate
Approx. Project size: EUR 150 million (approx. \$168 million USD)
- Sacomreal – Vietnam – commercial and residential projects
Approx. Project size: \$40 million USD
- FLC Group – Vietnam – commercial and residential projects, airline group
Approx. Project size: \$85 million USD
- Long Hau Industrial Park – Vietnam – industrial land for factory lease
Approx. Project size: variable amount, approximately under \$1 million per project
- Cantavil Department Store – Vietnam – department store, F&B, cinema
Approx. Project size: \$40 million

Estimated approximation of total projects on sub-nodes: **\$927.5 Million USD***

*This estimate excludes prospective projects to be added within Belarus.

Participation in the Relex ‘Stepcoin’ System

System Functionality at a Glance

Participation in the System in the future will consist of a Multi-Tiered approach of different investment options that can be selected via registered capital through a designated escrow account.

Participation in the System allows participants to gain rights to undertake investments within the Relex ecosystem, via RLX, to invest their funds into the following:

- Infrastructure
 - Revenue flows stemming from Relex node, sub nodes, etc. on national blockchain, regulatory organizations, etc.
- Token
 - The RLX token is the instrument that is the digital monetary unit which underpins all transactions on the platform. The RLX token is used to transact and acquire digital rights to investments, obtain revenue relating to infrastructure, the Global Bank for Digital Transformation, tools, instruments, company, and other products.
- Global Bank for Digital Transformation (GDT)

- The funding vehicle for the entire ecosystem of projects, which collects funds from sources of both public and private capital.
- Instruments
 - Relex creates an algorithm for the client to be able to use to optimize their own future capital raising activities in a more efficient way. This can be used on the Relex platform, or on other finance platforms. Instruments are available in two different categories: one for corporations, and one for institutions. Individuals looking to start corporations are also eligible for instruments.
- Company
 - Share ownership in Relex Real Estate JSC (Relex Belarus)
 - These rights are accessed by way of the user selecting passive vs. active management. Active management is defined as the investor directly controlling where their funds are invested on the platform. However, investors that select active management will not be able to benefit from the allocation-algorithm that runs within the System to better allocate the efficiency of investments within the System.

Interaction Within the System: Active vs. Passive Management

All participants within the system can operate an account where they can choose active or passive investment options to manage their Tokens. When the funds are deposited via escrow into an account representing registered capital, this capital is disbursed over a period of time into various aspects of the System, granting the users different digital rights in the form of infrastructure, the Global Bank for Digital Transformation, instruments (both for corporates and institutions), and the Relex company.

Active management is characterized by investors being able to direct their registered capital, and disburse this capital into digital rights of their choosing. By contrast, passive management is characterized by automatic control via Relex's own proprietary algorithm technology, which allows capital to be allocated based on

- a) the users' needs and desired return on investment, and
- b) the forecasted profitability of the asset.

While all participants are free to choose active vs. passive management, the returns on investment via passive management and the utilization of the investment-based algorithm (Digital Transformation of the investment process) may be significantly greater, and are designed to increase the return on investment, the efficiency of investment, an increased level of money velocity, and an increased amount of investments possible within a given timeline.

Both active vs. passive management of funds operates within the Three Pillars of Digital Transformation (DT) for investments.

The 3 Pillars of Digital Transformation via Stream Funding

Pillar I)

The Relex platform is the user interaction point in which digital rights can be obtained and exchanged. It also functions as the hub where investors can purchase additional assets and manage their funds (active management) or monitor the algorithm (via passive management).

Pillar II)

The Special Regulation Zone (SRZ; the Sandbox) as granted by the Government of the Republic of Belarus, is the zone in which transactions are executed. Along the way, the SRZ interacts with entities such as the National Bank of the Republic of Belarus as well as the Belarus Currency and Stock Exchange. For international investments, an account is made either at

- i) the project's native country, or
- ii) a designated Relex account, registered with the National Bank, of which the funds are withdrawn and transferred in form to the project's home country.

As transactions are released in blocks in cooperation with the National Bank of the Republic of Belarus, the algorithm interacts with that released block of funds, and distributes cubes of those larger blocks to investment projects, assets, and digital rights to achieve the dual objectives of:

- i) level of need by the project, asset, and digital rights; and
- ii) by the basis of the need of the investor (e.g. desired goal of return on investment).

Pillar III)

Instruments where the algorithm or set of algorithms as defined for the project or digital assets interacts with the transaction in order to achieve the most efficient allocation of funds for investment. This ensures that maximal transactional efficiency is achieved, while drastically increasing the level of money velocity within the System. These instruments interact with the block, distributing cubes within the block to various projects within the System in a mathematically efficient manner that speculation-based human trading cannot equal.

All algorithms designed for individuals, corporations, and institutions are open-source, and are owned by the investor who purchases them. They can be used on the Relex platform to optimize one's projects for more efficient capital raising, and can also be used as global platforms for other parties who seek to participate in DT. Relex thus provides a service to corporations, institutions, and individuals as an "algorithm factory", that can be used for integration into the System.

Relex algorithms are open-source, yet digitally licensed and exist within a 'closed' System. However, this 'closed' System we intend to grow quickly, resulting in more and more sectors of the real economy being positively affected by Digital Transformation, and DT Tools such as Stream Funding.

As we also wish to replicate the System outside of Belarus, we are proceeding with the education process to show others (individuals, corporations, governments) how they may effect Digital Transformation of their own country through Stream Funding and other DT tools, and to provide these tools, instruments, and knowledge to effect widespread Digital Transformation in their own countries. Those who wish to become national partners of the System may reach out to us accordingly.

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