aShareX

The aShareX Kairos Solution for Alternative Assets



Our predecessor article details the challenges investors face with typical alternative asset offering structures today and the need for better solutions. [Jumpin' Jehoshaphat, alternative asset deal structures – ugh!] The Greeks had two words to describe the essence of time and the speed of change: Chronos, the relentless progression of history and Kairos, the profound, unfolding moment that breathes life into the present. Please judge whether the aShareX solution embodies Kairos. Is it perfect, nope, but just may be a leap forward for investors:

1. **Asset Pricing** – true price discovery is offered from the first and only fractional auction platform. Market pricing is determined upon investment based upon conditions at the time of purchase and the participation of many objective bidders, come one, come all. Fractional bidders compete with each other and 100% bidders in a patent pending, full-on trading system offering pre-bidding, market and limit orders, in-person/telephone/computer bidding, auctioneer or computer order acceptance and, most importantly, it works after several auctions with rigorous testing to 5,000 concurrent bidders.

2. **Regulatory Oversight** – If fractional bidders win an auction, their proportional ownership is manifest in a Regulation A, Tier 2 security, which offering has been qualified by the Securities and Exchange Commission (SEC) through a filed offering memorandum. This was no easy task, but done. The SEC review is rigorous and provides third party oversight for the investor plus the carefully wrought information contained in the offering memorandum.

If a 100% bidder wins, they purchase the asset with delivery directly to them.

Our regulatorily compliant platform includes Know Your Customer ("KYC"), Anti Money Laundering (AML), credit scoring of bidders, payment rails for money collection, a broker-dealer for share issuance, a broker-dealer for any secondary trading, an escrow agent and cash custodian.

3. **Investor Qualification** – There are significant benefits to the sponsor/manager: unlimited investor count, open to advertising/promotion, limited state securities filings and relaxed accreditation standards (less than 10% of income or net worth excluding primary residence and any related loans).

4. **Offering Size** – Regulation A+ Tier 2 permits offering up to $75 million annually of similar deals, less than Regulation D, but substantial.

5. **Liquidity** – Unlike Regulation D structures, investors receive a tradable security which may have a secondary market when there is sufficient size to the offering to create a reasonable market. For collectibles, there is a tax advantage. Selling the total asset at a profit means a direct 28% capital gains tax, whereas selling the stock means 20% (of course, check with your own tax advisor).

6. **Investor Control** – The investor is in the driver's seat. Either sell stock in any secondary market or vote with other shareholders to sell the asset by simple majority triggered by an annual vote starting in the second year. If there is no vote to sell in the first seven years, aShareX will sell the asset in the eighth year and distribute the proceeds.

7. **Costs** – There is a one-time 6% sourcing fee when fractional bidders win which covers the expenses of annual reporting, tax returns, insurance, storage costs of the assets, and annual appraisals. Upon sale of the asset(s), there is a 10% profit participation fee. There is a commission on the purchase and sell side for transactions in secondary trading of 2.5%. There are no annual fees. For either fractional or 100% winners, standard Buyer's Premium auction fees apply, as would be the case for auction buyers on any platform.

In sum, these fees compare quite favorably to typical Regulation D offerings and other fractional competitors that act as money managers. Lower costs create the opportunity for higher returns.

Conclusion

Holy moly and gee willikers, we believe this Kairos solution from aShareX provides real benefits to investors. Yes, a bit more work, but manageable. While we would welcome instant adoption by the markets, and existing offerors to work with us, we know Athens (given our Greek metaphor) was not built overnight.

TYPICAL ALTERNATIVE ASSETS VS ASHAREX

	Typical	Current aShareX
1. Asset pricing	Sponsor/Manager determined	Market pricing
2. Regulatory oversight	Modest	High
3. Investor qualification	High	Low
4. Offering size	Unlimited	Modest
5. Liquidity	Low	High
6. Investor control	Low	High
7. Costs	Historically, high	Modest

A short note cannot cover every particular of our strategy – please make sure to review our full Offering Memorandum before investing.

*The SEC does not pass upon the merits of or give its approval to any securities offered or the terms, nor does it pass upon the accuracy or completeness.