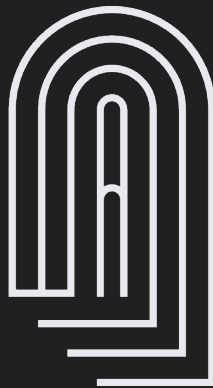


ARCANUM



VENTURES

Futurent

Fundamental Analysis Report

January 2023

Executive Summary

Overall Impressions

Putting aside the obvious risk of launching a product that is surrounded by a cloud of questions regarding compliance, Futurent has a unique approach to asset tokenization. Led by a team of experienced blockchain startup founders and advisors, Futurent has a talented roster of professionals especially in the technical department. That being said, they are in dire need of more marketing and business development professionals to help network and market the product they are working hard to build.

Futurent is also growing a modest ecosystem of partners thus far, but could definitely work harder to create more collaborations with companies outside of blockchain and within. The current investor and advisory backing are impressive, but they will likely need more VCs to come on board to push them across the fundraising finish line and help with marketing and networking.

As the Q1 2023 token launch planned with some of the affiliate launchpads inches closer, it is a bit worrying to see the current state of marketing. The community and social media pages have stellar engagement compared to most, but the size of these communities harkens back to the lack of marketing personnel and content.

From a technical and ideological perspective, Futurent is the sort of platform we look to invest in. There is a lot of potential for Futurent to be a disruptive and beneficial force for the blockchain and finance industries.

Overall, more clarity is needed not only on the legal front but also on some concerns regarding token distributions that are heavily skewed towards company-control immediately following the token launch. The analysis merits further discussion with Futurent prior to considering making an investment.

Evaluation Category	Weight (0-100%)	Score (0-10)	Radar Chart
A Business Model and Financial Viability	15%	6.6	
B Token Economy and Financial Management	20%	6.6	
C Marketing and Community	20%	5.0	
D Team and Advisors	20%	6.0	
E Competitor Analysis	15%	6.1	
F Investors, Backers, and Partners	5%	7.0	
G Product, Technology, and Security Review	5%	8.0	
Investment Evaluation	100%	6.15	

Summary of Recommendations

The following are a list of recommendations for the project to undertake:

- Put investors and potential product users' minds at ease with more information about compliance and regulation of securities and tokenized products, especially with respect to promised yields of revenue.
- Hire more marketing personnel and become a content machine. There is no good excuse why Futurent shouldn't be leading the discussion on compliance and regulation with regard to tokenization and securities on chain.
- Founders should be more public-facing with more interviews, video content, explainer videos, and conference appearances to get more recognition within the industry while talking about what will likely be the next great blockchain trend.
- Provide a clear roadmap on the website, fix broken links to Telegram community, make a concerted effort to forge more partnerships, and leverage advisors for marketing and community growth.
- Move blog onto the main website for SEO
- Bring on more VCs to invest and leverage the large communities of existing investors to do AMAs, cross promote, and build a network.
- Address concerns regarding early company token releases and lack of clarity behind vesting schedules for Liquidity and Treasury tranches.

Highlights and Lowlights

PROJECT HIGHLIGHTS & GREEN FLAGS

Team Experience	Most of the core team executives have worked in blockchain or founded a blockchain project before working with Futurent.
Community Engagement	While the social media following is small, Futurent at least has discussion and engagement taking place in their communities while other companies' communities lay dormant.
Advisory	Futurent has a strong group of advisors covering different areas of expertise.
Investors	Futurent has managed to bring on some impressive investors despite not filling the entire fundraising yet.
Technical Acumen	The tech team is the most impressive subset of the core team, with experienced blockchain developers and a beautiful-looking platform.
Concept / Narrative	This is going to be one of the major talking points of 2023 in blockchain, and Futurent is well-positioned to lead the charge if they can create more content and a larger following.

PROJECT LOWLIGHTS & RED FLAGS

Lack of Clarity	The roadmap on the website needs updating along with some of the information behind the core team, leaving questions about current status of development and who is involved.
Lack of Content	Taking content more seriously can greatly improve the marketing for Futurent and establish the company as an industry leader.
Team Size	There doesn't appear to be any employees outside of the core team, and perhaps they are waiting on funding to hire more team members in marketing and operational support.
Regulation and Oversight	This is the single biggest issue facing Futurent in the eyes of investors. If concerns can be alleviated, investor trust will grow exponentially and Futurent will appear to be a more promising venture.
Token Distribution	The team retains very high token-control within the first six months following TGE. This is a result of early releases of company-owned tranches including 100% of the Liquidity bucket.

A. Business Model and Financial Viability

Product Overview

Futurent tokenizes real estate assets through decentralized digital asset collections that grant fractional ownership of the asset to the token holders. Its platform is gearing up to be an holistic real estate ecosystem that will provide a number of tools and products that both cater to its community and real estate professionals. The investor documentation alludes to a number of different software products and services that are focused on generating revenue to acquire rental properties and manage them through its DAO.

Business Model Viability

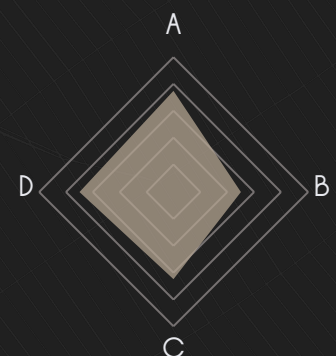
- Futurent appeals to both yield-farming cryptocurrency-savvy individuals, and others wanting some portfolio exposure to liquid, yield-generating, real estate properties. It may see a lot of interest in offering digital asset analogs to brick-and-mortar considering the volatility in major-mover cryptocurrencies over the last year.
- Futurent appears to be categorically agnostic for rental properties - parking lots, billboards, apartments, houses, commercial buildings, and small businesses all appear to be in the focus. The foundation accepts custodial and management responsibilities for real estate assets. The diversity of these real estate assets poses a significant challenge in property and business management, especially in small businesses that the foundation may acquire.
- The investor documentation hints at leveraging operational lift into revenue-generating verticals. For example, its analytical research team will be double-worked into a consulting firm, and its platform will include a number of tools and products geared toward the real estate industry. This resourcefulness will help bridge the gap between the traditional market and Futurent's web3 offerings.
- A major issue in yield-generating asset tokenization is the unavoidable classification of the asset as a security. This hurdle forces many startups to rework business models or target accredited investors.
- Another major point of concern is the disconnect between the information on the ground and a decentralized group of decision-makers. There are many avenues for individuals to force a purchase, sale, contract, etc. via conflict of interest. The lack of a social reputation system to hold DAO participants accountable may be the missing key.
- The final concern surrounds oversight and authority. There is no legal framework for digital asset ownership and existing contractual processes to grant true custody of assets to decentralized parties. Therefore, there is no legal enforcement in the event of a dispute, and there is no true accountability for Futurent in the event of performing unsanctioned actions with the properties outside of DAO decision-making.

Revenue Generation Mechanisms

The following revenue streams are listed in order of anticipated revenue volume

- **[CONFIRMED]** Primary sales of digital assets
- **[CONFIRMED]** Platform trading fees
- **[CONFIRMED]** Industry-centric service and product offerings

	Evaluation Category	Weight (0 - 100%)	Score (0 - 10)
A	Business Viability	35%	7.5
B	Revenue Stream Quality	25%	5.0
C	Market Dominance	15%	6.5
D	Business Development	25%	7.0
	Business Model and Financial Viability	100%	6.6



B. Token Economy and Financial Management

Token Sale Model Overview

- The total fundraise is marked at **\$4.45MM**. Given the size of the team, the current state of development, roadmap and marketed product offerings, we deem this target to realistically align with the development and operations budget that will allow the team to reach their milestones without heavy token supply liquidations.
- The fundraise is segmented into five separate rounds, with earlier rounds likely used to attract big-name ecosystem backers. The discounts from public round to the strategic and private rounds are small enough to question the ability for the team to fill these targets in the current market climate.
- Fully-Diluted Valuation (FDV) of **\$25MM** at token launch - a fair valuation for the product suite and current market climate which is further supported by a Total Token Sale (TTS) of **25%** which is a higher investor equity amount.
- The token sale model indicates a micro-cap launch with initial MCap w/o liquidity under **\$500,000**. Contrary to prior belief, this is an unsuccessful strategy to generate sustained buy-pressure via "price discovery." Creating fairer valuations and a higher initial MCap backed by solid fundamentals will help buffer token price after launch and resist sensitivity to speculative trading momentum.
- **RED FLAG:** Public documents indicate the entire Liquidity tranche is released at launch, giving the founding team over **80%** of token control within the first six months. This creates concerns around the team funneling these tokens to a centralized exchange for "valid reasons" while masking liquidations.
- **RED FLAG:** The Treasury tranche holding **10%** of the token supply is an added concern. With no clarity on the use of these tokens and vesting decided on an "as needed" basis, the team has added ammunition for aggressive liquidations following month three after TGE.

Primary Token Utility Overview

The token economy appears to be designed with some strong utilities that may draw attention to the native token. Many of these utilities appear to be non-essential to platform function, however, meaning the primary focus of the token economy should be value appreciation with increased ecosystem activity. This appears to be the case.

The primary token utility appears to be revenue and rewards distributions for YieldBrick holders. This is technically a circular utility where fiat revenue will be transferred into the native token to later be transferred to and liquidated by the YieldBrick holders. Investor equity value will only reliably appreciate if there is proper demand for the other utilities tied to platform features. If the demand for these products and services fails to gain traction, early financial backers may see a flatlined investment. Still, this circular utility may be necessary to isolate the business model from security regulations.

- **Revenue Redistribution:** Although this appears to be a barrier since revenues are likely being generated in fiat currency, this may be the strategy to isolate this distribution from classification as a dividend. This may be workable in the short-term but security regulations may address this gap and render this an issue in the future.
- **YieldBrick Purchases:** Since YieldBricks are technically a decentralized asset that's readily transacted on exchanges or NFT platforms, this utility only serves as a barrier drawing a use-case as an inconvenience.
- **Platform Dashboard:** Access is granted through token holdings, although this is not explicitly clarified but we assume through staking, as we see this business model often in startups. It would be more sensible for the team to go with a traditional SaaS model using a native token spend or burn for a monthly subscription fee to generate revenue.
- **Escrow Services and Platform Fee:** Investor documentation does not elaborate on this utility, but we assume that this refers to transactions being performed in the native token. This utility also forces use-case through an alt-coin versus a stablecoin or major-mover like Ethereum, creating an additional barrier or inconvenience.

Non-Fungible Token Overview (YieldBricks)

Real Estate assets are tokenized via YieldBricks, NFT collections that correspond to a real estate property in the Futurent portfolio. YieldBricks are non-fungible tokens that can be easily transferred or traded and are offered at a minimum value of 50USD for each real estate property acquired and tokenized by the foundation.

YieldBricks also denote decentralized ownership of the property where investment appreciation on the digital asset is dependent on the value appreciation of the property itself. The token supply also allows DAO governance that may be geared towards property management, upgrades, etc., although no specifics are offered for this mechanism yet.

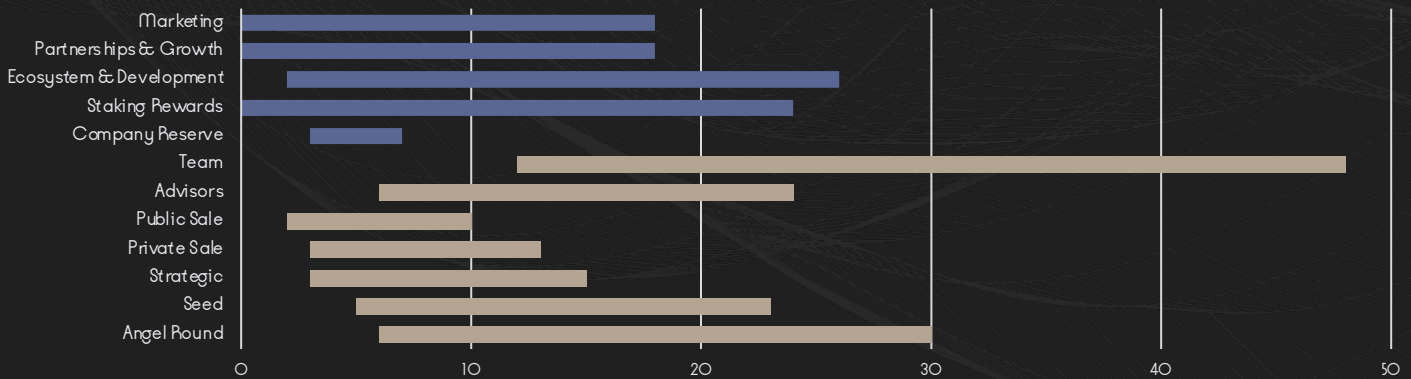
- **Real Estate Asset Ownership:** This asset grants partial ownership of the corresponding brick and mortar properties from which the supply was minted for.
- **Revenue Redistribution:** YieldBrick token holders receive revenues generated from real estate asset rentals. We assume YieldBrick holders receive distributions in the native token.

B. Token Economy and Financial Management

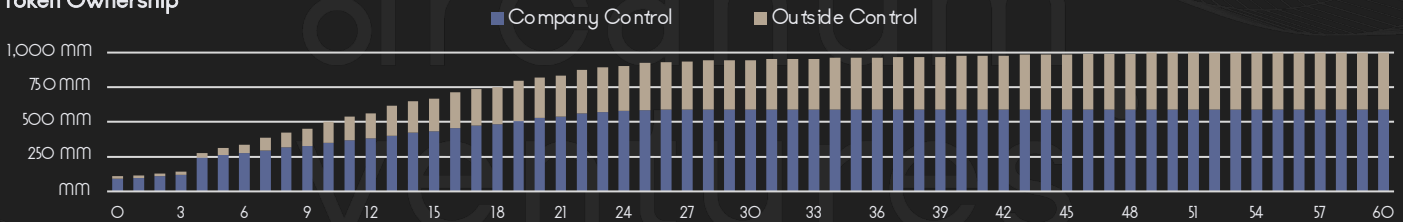
Deducted Token Sale Metrics

- **Total Fundraise:** Estimated to be \$4,455,000 based on investor equity and industry average valuations
- **Earliest Round Discount to Public:** 66% is assumed, given industry averages and current investor sentiment
- **Total Token Sale (TTS):** 25% is slightly higher than average total investor equity offered in the current market climate
- **Company Owned Supply (6mo AVG):** 81% of circulating tokens - very high company-owned supply following TGE
- **Final Company Owned Supply:** 59% total supply is slightly below average indicating a fair final distribution

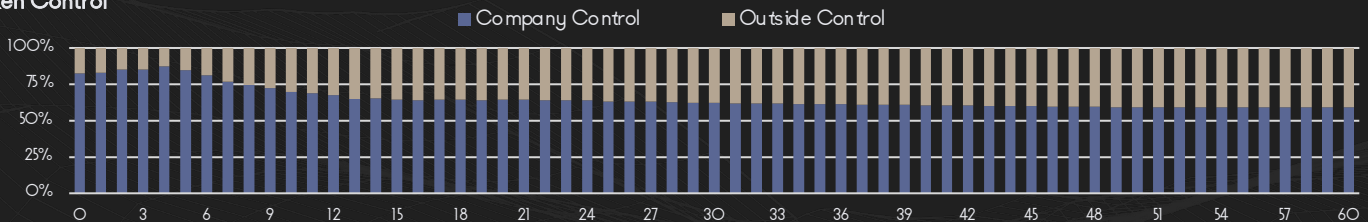
Vesting Timeline



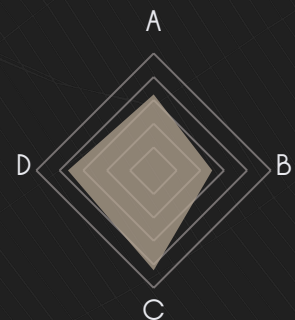
Token Ownership



Token Control



	Evaluation Category	Weight (0-100%)	Score (1-5)
A	Token Sale Model Overview	20%	6.5
B	Token Economy Overview	40%	5.0
C	Value Transition from Revenue	30%	8.5
D	Token Sale and Fundraising	10%	7.3
Token Economy and Financial Management		100%	6.6



C. Marketing and Community Review

Marketing and Content Strategy

- Futurent's marketing machine is anchored by its website. Despite missing some components and features that would otherwise help make navigation easier for potential users and customers, the website has great calls to action, a nice graphic to show fundraising progress, links to investor documents, and social media communities all in view.
- Futurent leaves a lot to be desired regarding content. In addition to hosting content solely on Medium as opposed to the website, hurting SEO, Futurent has only published a small handful of articles. This is inexcusable for a project operating in a niche that is expected to become the biggest trend in blockchain over the course of 2023.
- Futurent has great PR partners and guidance, but should better leverage these connections to amplify their own content. It's important for the company to establish itself as a securitization and tokenization expert as it becomes more and more apparent that this trend is going to be hotly debated and critical to the future of digital assets.
- The roadmap needs updating, along with founder profiles since it is difficult to gather the information required to conduct thorough research as an investor. Partnership details can be expounded upon and more partnerships could help boost marketing and brand awareness.
- More video content and a YouTube channel could better serve to help explain difficult concepts to new users and interested retail investors.

Community Evaluation

- Futurent is currently utilizing four main social media platforms to build a community, not including Github. This early-stage audience segmentation is an effective marketing strategy, but the company should consider targeting new audiences on platforms like YouTube or even Discord.
- Social media following is quite small, and honestly, not nearly big or engaging enough to gain launch attention from potential partners and investors in Q1 of 2023.
- The social media channels for Futurent consistently release content, unlike long-form content on their blog. The content still struggles to connect or build Futurent up to be a major-mover and authority in the emerging tokenization/securitization niche within blockchain and web3.
- Medium has not published an article since September, which is worrying, to say the least. Publishing content shows investors and the community that things are happening. Silence shows the opposite and can be alarming.

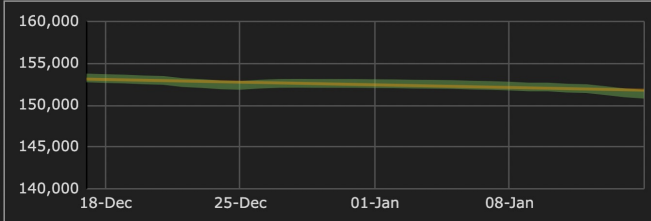
Platform or Channel	Target Audience	Channel Size	Comments or Observations	Summary Score (0-10)
Medium	Longform content on Medium for people curious about blockchain	72	Solid articles for what little they have. Needs to be more consistent with more tech and partnership updates and especially more thought-provoking pieces to bring discussion.	3.5
LinkedIn	Professionals, major venture capital, partnerships, potential B2B clients	109	One or two posts per week. Moderate engagement in the forms of reactions and some reposts. Not as much engagement via comments or thought-provoking discussion. More questions and polls could help with that.	5.0
Telegram	Community members, retail investors, and people looking for allocations	1,159	Link not working on the website. Decent engagement compared to other Futurent channels, although it is quite small. Nice announcement channel to accompany it.	6.5
Twitter	Mouth of the awareness funnel. Retail investors, institutional investors, and people new to blockchain	3,148	Consistent content which is reassuring. The channel is smaller than it should be but has better engagement than other Twitter accounts with much larger follower counts.	6.0

C. Marketing and Community Review

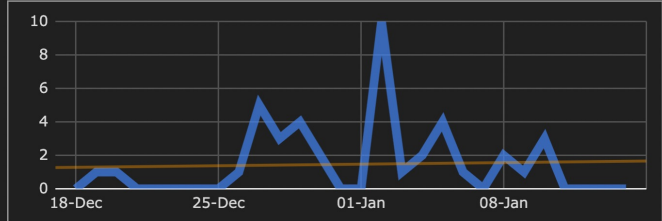
Arcanum's Proprietary Twitter Community Evaluation

Twitter Activity and Engagement

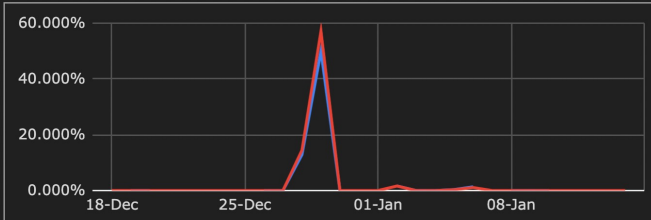
Trend 1: Number of Twitter Followers



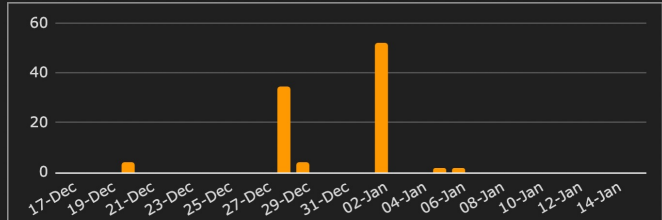
Trend 2: Number of Twitter Mentions



Trend 3: Average Community Engagement (Raw in Blue / Market Adjusted in Red)



Trend 4: Daily Total Engagement Points



ACCOUNT METRICS AND CALCULATIONS

	All Tweets	Native Tweets	Keyword Filtered	Native & Filtered
Retweet Ratio	3.8%	n/a	3.8%	n/a
Average Mentions/Tweet	2.2	2.1	2.2	2.1
Average # Tweets/Day	0.9	0.2	0.9	0.1
Timezone Score	72	50	69	50
Raw Engagement	0.03%	0.07%	0.03%	0.07%
Market Sentiment Buffer	-46	-46	-46	-46
Tweets/Day Score	17	5	17	3
Retweet Ratio Score	19	n/a	19	n/a
Timezone Score	72	50	69	50
ENGAGEMENT SCORE (0-100)	1	4	1	4
Summary Account Score	13	6	13	6

- The analysis shows very inconsistent posting on the company's Twitter account with one post a day on average.
- There is no evidence of artificial engagement or guerilla marketing and the size of the organic community is small
- Over 65% of Tweets are replies - the account may benefit from a higher percentage of native content.

Evaluation Category	Weight (0 - 100%)	Score (0 - 10)
A Marketing and Content Strategy	40%	5.5
B Community Evaluation	50%	4.0
C Engagement Evaluation	10%	7.5
Marketing and Community	100%	5.0



D. Team and Advisors

Team Overview

A core team of eight members is displayed on the Futurent website, with a handful of this team not listed on LinkedIn or other channels to verify their full-time status or involvement. Instead, we get the impression they are involved in what looks to be advisory roles. While it is encouraging to see there is a Head of Legal on the team, it is a bit worrying to see no team members outside of tech and core executives.

The Futurent team will likely need to onboard more operations, marketing, business development, and even executive team members to fill gaps and ensure that the company has all the needed tools to become a viable business.

Core Team Experience and Skillset

- **Alen Dolsak:** Studied marketing and design before starting what appears to be a design studio. The now CEO and founder of Futurent is also a co-founder of NFraction, an NFT marketplace specializing in fractionalized NFTs and cross-chain bridging of assets. It is unclear what role, if any, he still retains at NFraction.
- **Musya Anas:** A highly skilled and competent blockchain developer and engineer. Musya has worked on a variety of blockchain applications and projects, such as DEX aggregators, NFT marketplaces, and more. He was the lead blockchain engineer on Futurent before ascending to the CTO position.
- **Peter Merc:** Peter is a Slovenian lawyer specializing in the fintech and blockchain industries and regulation. This is critical for a tokenization-centric startup to stay compliant, although it's unclear if he is an advisor or a core team member.

Advisor Experience and Skillset

- **Paweł Łaskarzewski:** Before working with Synapse, Paweł founded Niftables, an NFT marketplace. Before that, he advised, founded, and acted as COO for a variety of blockchain and tech companies.
- **Nikolay Shkilev:** Nikolay is a founder at Zelwin, a launchpad for IDOs and INOs since 2019. He has a long list of advisory roles on LinkedIn, but the extent of those relationships is unclear. This causes some concern about his capacity to actively advise for so many obligations, despite having enough experience in the space.
- **Sundeep Krishna Siripurapu:** After spending years in academia as a graduate student and teaching assistant, Sundeep branched out and started building token economies for layer 1 blockchains, games, and DeFi platforms while also serving as an advisor. He is now a director for TrustSwap, which one can assume will be a launch partner for Futurent.

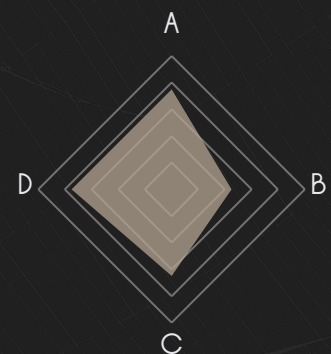
Overall Team and Advisor Impression

While it's encouraging to see most of the team has worked in the web3 realm and with NFT marketplaces for several years, there still appear to be questions left unanswered, such as "Who is running marketing?" On the technical side, Futurent appears to be in good hands with CTO Musya Anas at the helm.

On the advisory front, there are six advisors featured on the website including an anonymous real estate expert who is assumedly lending experience with the real estate tokenization side of things. It could never hurt to have this individual publicly acknowledge their working relationship with Futurent or to have more legal counsel brought on board to navigate the turbulent and confusing regulatory space with regard to tokenization and securities.

The Futurent team and advisors all have a solid understanding of blockchain and the NFT niche, but there are concerns around the founders and some of the advisors giving this project the full attention and resources it needs to succeed.

	Evaluation Category	Weight (0 - 100%)	Score (0 - 10)
A	C-Suite Background and Prior Experience	20%	7.5
B	Core Team Background and Prior Experience	40%	4.5
C	Talent and Experience Gap Evaluation	30%	6.5
D	Advisory Evaluation	10%	7.5
	Team and Advisors	100%	6.0



E. Competitor Analysis

Current Competitor Landscape

All four platforms included in this report utilize blockchain technology to allow for fractional ownership of real estate assets through digital tokens, but have different focuses and approaches to the real estate market.

Futurent aims to create a comprehensive real estate ecosystem emphasizing revenue generation via Yieldbricks and fee structures to acquire and manage rental properties through a DAO. At the same time, Parcl is a noncustodial AMM designed for perpetual synthetic assets and offers exposure to the residential real estate market through digital assets. Another competitor, RealT, simplifies investments in real estate and claims to have experienced industry and blockchain executives. The final competitor, SolidBlock, aims to bring tokenization into the mainstream through regulatory compliance and tools for liquidity and record-keeping, offering universal access to premium property investments through security issuance, growth, and yielding assets.

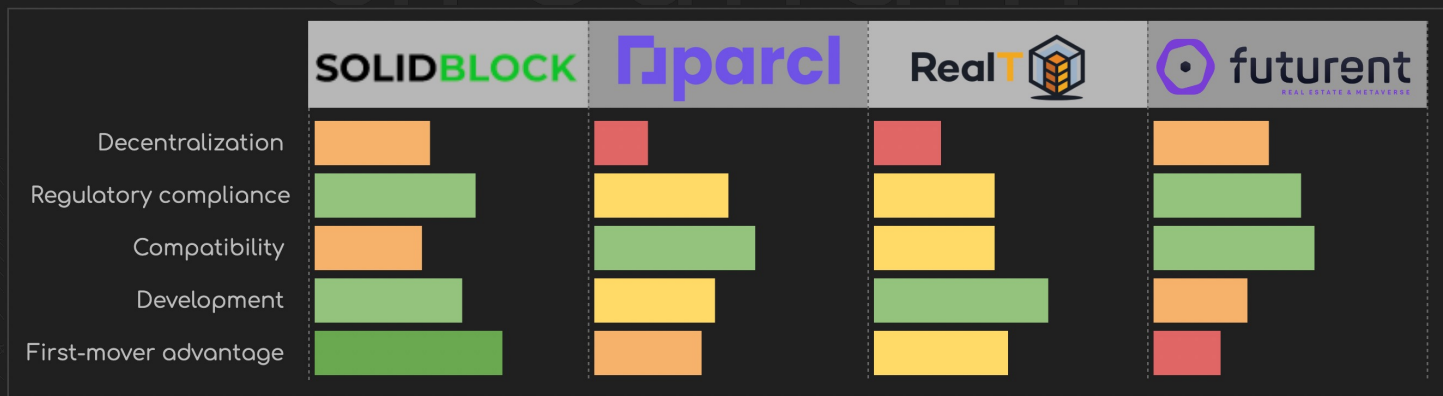
Technology and Game Development Progress

It's important to consider each platform's development progress, complexity, and risks involved. Futurent's token vesting schedule shows early investor releases within the first year. This may create early sell-pressure without clarification of how successful Futurent's revenue-generating strategies will be in acquiring and managing rental properties.

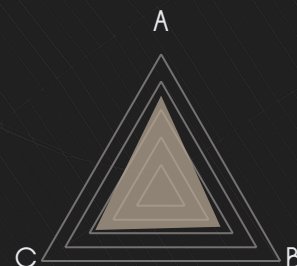
Parcl's approach as a noncustodial automated market maker for perpetual synthetic assets may be less familiar to some investors and may be a higher-risk investment. While RealT has a relatively simple approach, it needs to be clarified whether their team of real estate professionals can effectively curate investment opportunities.

SolidBlock's approach of mainstreaming tokenization through regulatory compliance and liquidity tools may be more favorable for investors looking for a more established and compliant platform.

Furthermore, as with any investment, it's important to be aware of the risks and to invest only in what you understand.



Evaluation Category	Weight (0 - 100%)	Score (0 - 10)
A Current Competitor Landscape	50%	7.0
B Development Progress	40%	5.0
C Traction and Market Share	10%	5.5
Competitor Advantage	100%	6.1



F. Investors, Backers, and Partners

Financial Backers

- **Sheesha Finance:** Potentially the lead investor for Futurent. Sheesha Finance is a renowned incubator, advisor, marketing service provider, and investor in the blockchain space.
- **Dutch Crypto Investors:** Professional and dedicated community of investors with a solid portfolio and impressive reach. They are slowly emerging as a top-tier cryptocurrency community and VC.
- **MH Ventures:** Active investors even in current market conditions. MH Ventures has a large social media following and provides support beyond financing for portfolio companies.

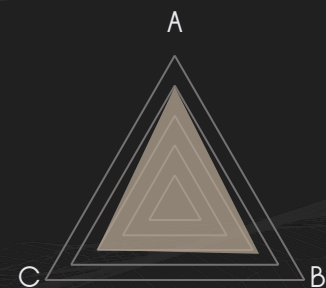
Futurent still appears to be in the fundraising stage but has garnered some support and attention from the industry at a time when it is harder than ever to raise funds. Although the cap table is a bit light, they have some well-known major VCs and investors lending them the recognition and credibility they need to raise more funds and launch.

Ecosystem Partners

- **Polygon Studios:** Polygon Studios is a major name but the level of support they are providing Futurent is not specified. Arcanum is therefore unsure of what to make of this partnership outside of building on their network.
- **Chainlink:** Listed as a DeFi partner on the pitch deck. It is unclear what the nature of this partnership is, as it might just be as simple as them utilizing Chainlink data oracle services.
- **XP Network:** Listed as the official bridging service for Futurent.

Based on a surface glance, the names listed on the website and investor documents are impressive. Polygon Studios, Chainlink, Investing.com, Hacken, and Synaps are some of the best service providers, media outlets, and studios in blockchain. The extent of major partnerships is unknown at this point in time, but Futurent could elaborate on the nature of these partnerships with articles or more information while also reaching out to partner up with other companies, especially outside the blockchain niche.

	Evaluation Category	Weight (0 - 100%)	Score (0 - 10)
A	Financial Backers Evaluation	40%	7.9
B	Ecosystem Partners Evaluation	45%	6.5
C	Business Development Vision	15%	6.0
	Product and Technology	100%	7.0



G. Product, Technology, and Security Review

Product and Meta-Trend Observations

- As far as narrative goes, tokenization and securitization of both real estate and other real-world assets on chain is likely to be the most talked about trend of 2023.
- Futurent is operating in Europe, but it is impossible to know in which direction regulation and compliance measures will go in respective jurisdictions. Lots of questions remain about staying compliant and inviting people to invest in tokenized products as investment vehicles.
- Futurent has some interesting ideas, and can position themselves as thought-leaders in both the NFT and DAO spaces. The team's adherence to decentralization measures and its interesting use cases for NFTs are exactly what VCs and knowledgeable investors look for as opposed to more centralized exchanges or low-effort NFT art projects.
- Metaverse property will also become more and more profitable to invest in as time goes on, and Futurent is leveraging that popularity for their narrative as well.

Technology Observations

- YieldBrick NFTs and the \$FUTR tokens will serve as a thread to connect and unite the entire Futurent on-chain ecosystem.
- They are building on Polygon network which has low transaction fees, high throughput, and solid security.
- The platform is well-built and looks impressive. The technical know-how of the developer team and CTO is on full display.

Security Observations

- Futurent has had its smart contracts and platform audited by Hacken, an industry-leading auditor that has widescale recognition. It is impossible to guarantee anything is 100% secure but Hacken's name does lend a good deal of credibility and trust.
- With XP Network bridges used for NFT bridging, this external provider serves as a potential failure point with bridges remaining one of the most commonly exploited components of DeFi.
- NFT marketplaces are also targets for malicious entities, whether they seek to steal data of customers, KYC information, or engage in shady listing or buying activities. This is always something to watch for, especially when dealing with expensive properties in the six figures range.

	Evaluation Category	Weight (0 - 100%)	Score (0 - 10)
A	Product and Meta-Trend Overview	35%	8.5
B	Technology Overview	40%	7.5
C	Security Overview	25%	8.0
	Product Technology and Security	100%	8.0

