

# PHAST TOKENOMICS



2TeamNFT, Inc.

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Additional information on PHAST is available upon request.

**2TeamNFT Inc.**

**PHAST token**

**Physical Asset Tokenization**

**Tokenomics Paper Version 1.2**

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# Index

1. Introduction.....	5
1.1. Why a blockchain? .....	5
1.2. Why PHAST?.....	6
2. Environment and functionality.....	7
2.1. Token activities.....	8
2.2. Participants .....	9
3. Token distribution .....	10
3.1. Supply and generation.....	10
3.2. Token burning.....	12
4. Flow of assets.....	13
5. Token governance .....	14

# 1. Introduction

Since its incorporation, the mission of 2TeamNFT, Inc. (2TeamNFT from this moment) has been to respond to the demand of customers and consumers to access to tokenized assets investment, democratizing and universalizing that access to them, maintaining constant quality in the offered services, ensuring maximum security of their transactions. All that through a fast and personalized service in a system where the end buyer participates in making all decisions relating to such assets. All this while promoting environmental sustainability.

2TeamNFT aims to break down entry barriers that prevent investors and buyers (general public or for certain generations) from acquiring assets that offer high returns. These barriers are of three types:

- *Economic*: access to high-priced assets such as housing and artworks is limited to a relatively small percentage of society.
- *Generational and technological*: The qualitative advantage that NFTs offer in providing this type of service is undeniable, but they pose a generational gap, as the average user is under 45 years old. This means that the majority of potential buyers over that age do not have the opportunity to participate in current systems. Moreover, the same happens with the intellectual property creators such as writers, painters, sculptures... The vast majority of them, with an impressive cultural and artistic background, cannot offer their artworks to the public due to a lack of knowledge in the blockchain field.
- *Geographical*: Nowadays, all you need is a mobile phone with internet access to create and market a NFT. 2TeamNFT is ready to offer sales and marketing services to users in countries where these services are scarce in order to bring its products to the whole world.

## 1.1. Why a blockchain?

Blockchain technology's arrival and its benefits of decentralization and security have meant a disruption of such a caliber that the current moment can be compared to the dawn of the First Industrial Revolution. Currently, most technological projects are aimed at improving, even more, if possible, security, efficiency, and reducing transaction costs within them, facilitating access to products that were not accessible to a huge number of people (today they only need a phone with an

internet connection) and making it possible to obtain very high returns. This democratization makes more and more people part of the blockchain and crypto world.

However, what has been achieved so far is only a preliminary step in terms of what this new disruption means. The applications that will benefit most from them will be all those related to supply chains thanks to their immutability and traceability, the internet of things, thanks to the possibility of interconnection and multiplication of transactions, the trusted third parties elimination when carrying out a transaction, whether financial, legal, notary, registry, etc. and, above all, the tokenization of assets.

Tokenization is the process by which assets (or liabilities) are converted into tokens that can be recorded (even fractionally), stored, and exchanged on a blockchain. Such a process is performed by a smart contract, a software designed to perform all these operations automatically.

Real estate asset tokenization platforms, in addition to improving security, reduce the operation costs by more than 10% and multiply the potentially interested customers by millions. Both by facilitating an investor's access to a small part of the sale rights and by the fact that the market is extended globally.

Such democratization in access to real estate assets is further multiplied in the art markets. In 2021, some projects have already emerged that, while allowing tokenization of some artworks, focus almost entirely on digital art.

There are no limits to tokenization beyond the purely regulatory ones in each country, so the expertise of 2TeamNFT is an added value. The tokenization of any kind of intellectual property, copyrights, trademarks, staking, and mining rights... There are endless possibilities provided by blockchains, in an environment where there is no room for fraud, and security and transparency are taken to the maximum.

## 1.2. Why PHAST?

In a traditional tokenization system, the generation of NFT tokens would be sufficient to run the system, but 2TeamNFT's desire for democratization, as well as the belief that the best way to benefit the investor is to make him a participant in the governance.

The need for a proprietary token is determined by four fundamental characteristics.

- Partial collateralization of the token to offer our investors and token holders maximum economic security and reduce volatility.

- Staking to provide our holders with diversification in their investments.
- Token repurchase and burning to maximize token value.
- Need for a governance token that allows investors to participate in company decisions.
- Token as utility offering discounts on the asset purchase prices.

In the system devised by 2TeamNFT, the PHAST token not only allows the purchase of assets within the system, obtain benefits by investing in liquidity pools, or receive rewards for the performance of certain tasks that generate value for our customers but also empowers its holders to have a say in some of the company's purchasing and investment decisions.

The scope of these features is difficult to understand without reading our whitepaper. Therefore we strongly recommend reading it, but in any case, it is presented for ease of understanding.

In addition, since NextAgeGallery boasts of being an exclusive art marketplace, it only allows access to a reduced number of consolidated artists selected by our validators. Once the maximum number of artists has been reached, when the number of works for sale is reduced and it is feasible to add a new one, it will be decided by consensus from among the artists selected by our validators.

Besides, purchases in the marketplace using the PHAST token will receive a 2% discount.

## **2. Environment and functionality**

The ecosystem created by 2TeamNFT aims to carry out the physical assets tokenization, mainly real estate assets, artworks, and intellectual property, but without prejudice to open new lines of tokenization if preliminary studies determine that they are sufficiently profitable.

The PHAST token was created to support the asset tokenization system. A layer 3, partially collateralized utility token, allows its holders to participate in the system's decision-making. Initially, it will be deployed on the Polygon network, but in the future gateways will be created to allow deployment on BSC and Ethereum.

## 2.1. Token activities

There are eight main components of the PHAST token economy:

- *Payment to collaborators:* Of the total supply, 70,000 tokens will be used to bonus the external collaborators who participate in the project by lending their support. That amount will be released over 5 years, which will be monthly released in proportion to the contributions of each collaborator. The tokens will have a lock-in period of one year from the date after the tokens are transferred or the date of listing.
- *Bonus to users:* Of the total supply, 30,000 tokens will be dedicated to rewarding users for their participation in the system and the execution of certain tasks that benefit the project. That amount will be released over 4 years, which will be monthly released in proportion to the contributions of each user. The tokens will have a lock-in period of one year from the date after the tokens are transferred or the date of listing.
- *Obtaining discounts:* To reward PHAST token holders and their use within the system, discounts will be offered within the platform. For example, 2% on the purchase of art on [www.NextAgeGallery.com](http://www.NextAgeGallery.com). These types of bonuses will be replicated across all existing products on the platform.
- *Purchase of assets for 2TeamNFT treasury:* Selected assets within our platform will be purchased to become part of 2TeamNFT's treasury stock.
- *Collateralization:* 10% of 2TeamNFT's annual profits could go towards the purchase of assets that serve as collateral for the PHAST token (if holders decide so). That way, each year the collateral for the token could be greater. Holders could also decide to use that profit to repurchase and burn PHAST tokens. Partially collateralizing the token at a higher and higher percentage each year helps to limit volatility and increase the price of the token year after year.
- *Participation in decision making:* In our effort to maintain transparency and democratize processes at 2TeamNFT, a large number of decisions will be made by consensus of PHAST token holders. Such decisions will be related to the purchase and sale of collateral assets, token burning, and the acceptance of new vendors as in the case of new artists in the NextAgeGallery, among others. PHAST holders will be able to connect their wallets to a smart contract and choose for each issue from several predefined answers included by 2TeamNFT management. Decisions to purchase collateralization assets will always be made jointly with

the token holders. The decision to sell assets and the consequent burning of tokens will be consulted once a year.

- *Token burning*: The burning of tokens will take place in two ways:
  - 20% of yearly profits will be used to repurchase and burn PHAST tokens.
  - 10% of yearly profits could be designated to repurchase and burning but holders could decide to buy any other type of assets to include in the Treasury. Every year, holders will decide what to do with those assets:
    - Sell to buy and burn PHAST
    - Hold them
    - Sell to buy another type of asset
- *Liquidity pools*: Incentivized liquidity pools with additional returns on PHAST tokens will be created to encourage the holding of those who do not move tokens within the system.



Figure 1. Token Activities

## 2.2. Participants

There are nine types of participant roles in the system. It should be noted that the same individual may have several roles at the same time:

- *Vendors (asset sellers)*: They are the original asset owners that enable asset tokenization. Once tokenized, they will be offered for sale on our platform. They will receive PHAST tokens in exchange for their assets, although in certain cases, as in the NextAgeGallery marketplace, they may also receive other types of cryptocurrency or fiat money.
- *Treasury*: It is a smart contract that will store assets in the form of NFTs belonging to all PHAST holders. Once a year holders will be allowed to vote on the sale of assets and subsequent burning of PHAST tokens. The tokens burned will be those belonging to the project.
- *Project wallets*: These are the wallets from which tokens will be sent to collaborators and community members following a holders' asset sale.
- *Holders*: Individuals holding PHAST tokens in their wallets.
- *Stakers*: They are a special type of holder who deposits their PHAST tokens in a smart contract that allows them to earn an annual return in PHAST tokens.
- *Users (clients)*: These are the individuals who are registered on our platforms to be able to purchase the assets offered for sale. They can become holders if they keep a certain number of PHAST tokens in the user wallets registered in the system. This way, they will obtain discounts and benefits for each project.
- *Asset buyers (new owners)*: Once a registered customer makes a purchase, he becomes a new owner.
- *Community members*: Members of our social networks who perform simple tasks to help the project such as RT, referrals, airdrop participation, etc.
- *Collaborators*: They are external assistants or community members that perform tasks like group administration that get PHAST tokens to reward their selfless support.

## 3. Token distribution

### 3.1. Supply and generation

The PHAST Total Supply is 7.500.000 tokens. The distribution will be made as follows:

- *Team*: 5,333% (400,000 tokens) for the founder team. The tokens will have a lock-in period of one year from the date after the tokens are transferred or the date of listing.
- *Project*: 1,333% (100,000) for listing, partners, etc. The tokens will have a lock-in period of one year from the date after the tokens are transferred or the date of listing.

- Community: 30,000 tokens. The tokens will have a lock-in period of one year from the date after the tokens are transferred or the date of listing.
- Collaborators: 70,000 tokens. The tokens will have a lock-in period of one year from the date after the tokens are transferred or the date of listing.
- *Investors*: 93,334% (7,000,000 tokens) divided as following:
  - *ILO*: 66,667% (5,000,000 tokens) or what is the same 90% of the amount to fund the project minus the amount set aside to finance the future metaverse project. These tokens will be used for two purposes:
    - *Locked liquidity*: 70% (3,500,000 tokens).
    - *Operative cost and investments*: 30% (1,500,000 tokens).
  - *Reservation*: 26,667% (2,000,000 tokens) to fund the metaverse if holders agree with that investment. The holders could decide to burn those tokens instead fund the Art metaverse, which would be owned by them since PHAST will be the token used in it. Holders, in such case, will have access to a pre-sale under advantageous conditions to reward their support to the project.

After ILO, seventy percent of PHAST token sales (ILO) will be used for blocked liquidity, while the remaining 30 percent will be used for operational tasks such as development, marketing, etc.

In addition, 45% of the profits from our marketplace will be dedicated exclusively to the repurchase of tokens and they will be destined to stake. 25% will be dedicated to the team as a form of remuneration, 20% to the repurchase of tokens and their subsequent burning, and the last 10% will be destined either to the repurchase of tokens and burning or to the purchase of assets considered by 2TeamNFT as high yielding. That last item will be decided annually by the holders of our PHAST token through a smart contract vote. Likewise, also on an annual basis, it will be decided by a vote of the holders, whether the assets purchased in the previous year, if any, are to be kept, to be sold for the repurchase and burning of tokens or for the acquisition of other assets of greater interest.

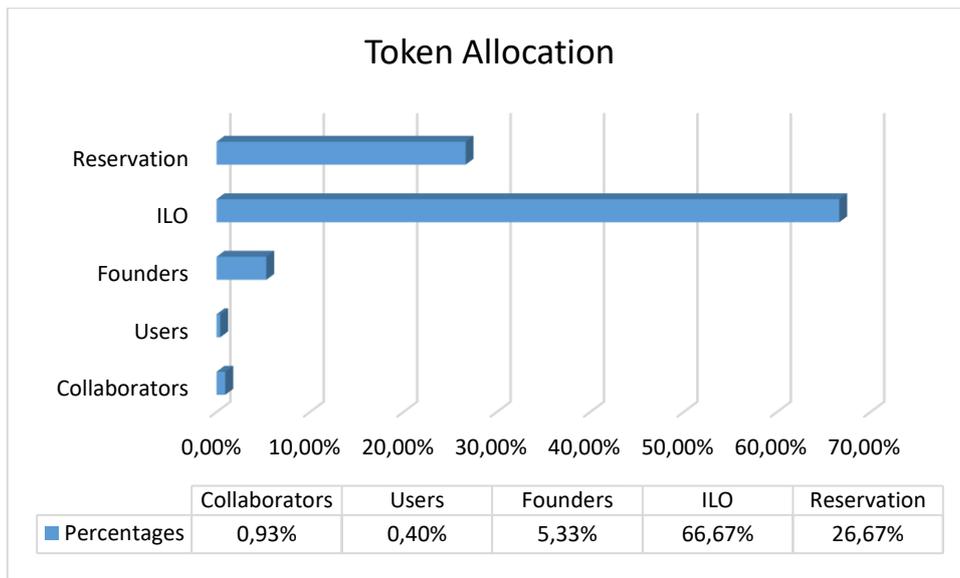


Figure 2. Token Allocation. Percentages

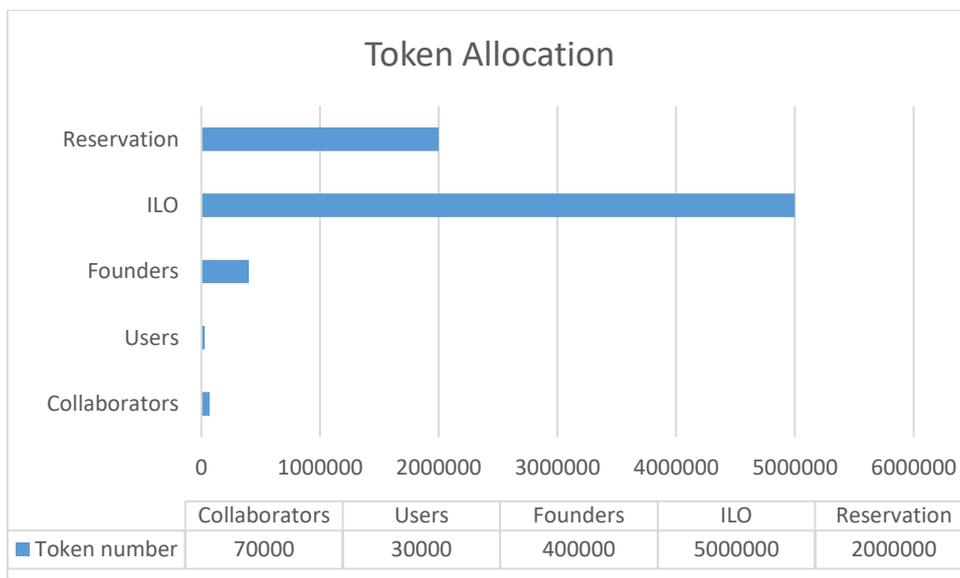


Figure 3. Token Allocation. Tokens

### 3.2. Token burning

The procedure to be followed has been explained in section 2.1. It will never be allowed to burn more than 5% of the Market Cap in a single procedure to avoid volatility due to speculative movements. Additional burning outs could be scheduled if the objectives to be met with any of the previous token shipments have been achieved. In such a case, it will be decided what to do in a vote together with the token holders.

## 4. Flow of assets

Figure 4 shows the different use cases of PHAST token transfer and NFTs representing tokenized assets.

The pillars of the system are the customers and vendors. The former become the holders when they store PHAST tokens in their wallets included in the platforms to receive benefits. The latter receive and hold PHAST tokens after the sale of an asset. It should be said that in NextAgeGallery, because one of the objectives is to integrate established artists from the physical art world, and most of them do not have crypto wallets, the amount of their sales may be received in another type of currency. At the same time, a client will become the owner of an asset, after purchasing it on one of our platforms.

The pillars of our system will be built on a base of collaborators and members of our communities, who will receive PHAST tokens as a reward for certain tasks beneficial to the project, thus becoming holders.

Holders of PHAST tokens will be able to participate in liquidity pools to obtain an additional return on their tokens, participate in voting on project decisions, and purchase and sales decisions for the treasury, as defined in the previous paragraphs.

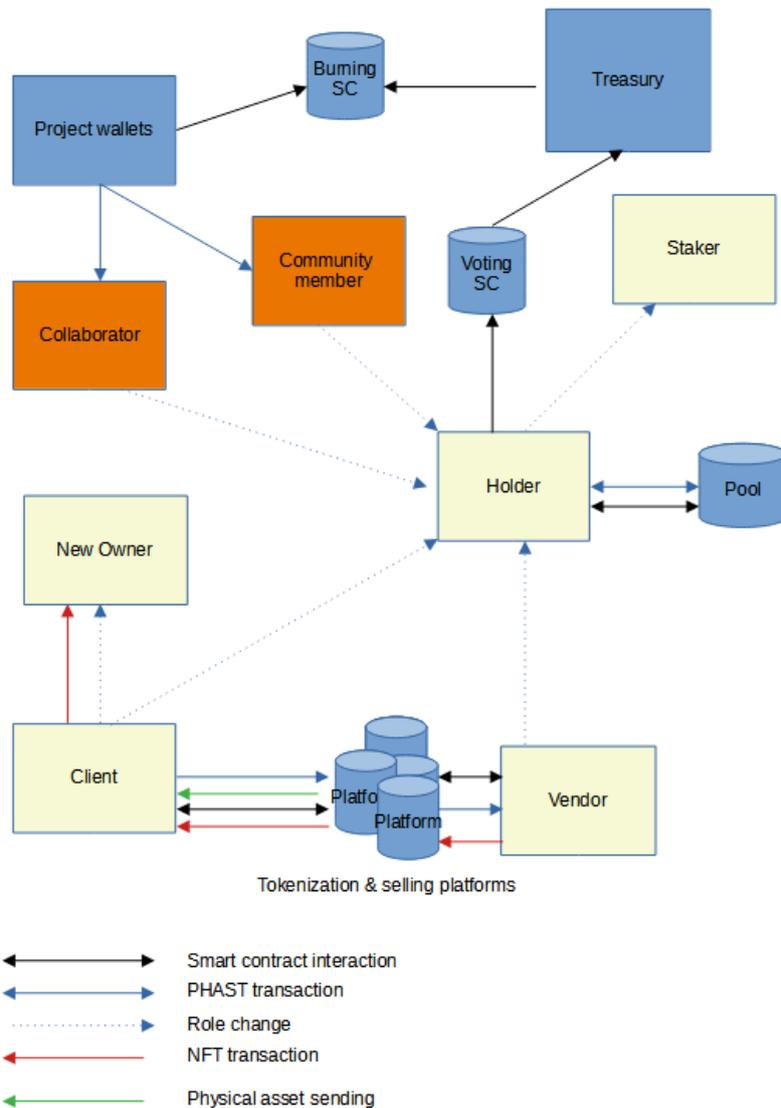


Figure 4. PHAST & Asset Flow

## 5. Token governance

As previously mentioned, co-governance plays a fundamental role in 2TeamNFT's business model, with the objective that the token holder, in addition to being rewarded for his or her acquisition, is an active part of the company's management.

Co-governance is carried out at two levels:

- *At company level:* To participate in voting, the holder will need to have a minimum number of PHAST tokens, which will be communicated annually, stored in any wallet. Voting for

purchases and sales of collateralization assets, with subsequent burning of PHAST tokens, are contemplated at this level.

- *At project level.* To participate in voting, the holder will need to have a minimum of PHAST tokens, defined for each project, at least 3 months old stored in a user wallet within the project environment. I.e. A Marketplace user will be able to choose a new vendor between the options that NextAgeGallery offers. Which artworks to include in a collection or what artwork could be selected to participate in an airdrop, or which benefits could receivers the holders who maintain PHAST in the user marketplace wallets.

In any of the cases, the minimum number of tokens will not be a very high economic amount but it will be intended to ensure that the voter is committed to the project.

The voting process will be carried out as follows:

- a) 2TeamNFT enables a website associated with a smart contract in which it will be possible to decide between 2 or more options.
- b) Any token holder who meets the requirements will be able to connect to the contract and vote for their preferred option.
- c) Votes will be weighted according to the percentage of tokens held by the user in relation to the other PHAST token holders have.
- d) Once the decision is made, 2TeamNFT will execute it in the shortest possible time.