

ASX ANNOUNCEMENT 20 FEBRUARY 2023 DIGITALX COMMENCES RWAT JOURNEY WITH INITIAL PARTNERSHIP WITH BRICKLET

Highlights

- Binding Partnership Agreement signed between DigitalX and Bricklet
- Bricklet matches equity capital providers with residential property buyers
- DigitalX to source “deposit gap” equity funding to assist everyday Australians to purchase their own property with AMP Bank providing the debt capital funding
- New **“DigitalX Real World Asset Tokenisation Fund”** to be launched to manage the tokenised, blockchain-supported equity investments in the properties
- Returns are generated through the monthly rental income stream and the capital return upon the sale of the property
- DigitalX seeking to show example of real world asset tokenisation in practice

DigitalX Limited (ASX: DCC) (“DigitalX”, “the Company”) is pleased to announce it has entered into a binding strategic partnership agreement (“Agreement”) with property tech company Bricklet Limited (“Bricklet”) through which the parties will combine their respective technology, expertise and resources to lower barriers to home ownership for everyday Australians.

Bricklet has an innovative, blockchain-supported Homeowner Equity Share (“ES”) program seeking to enable buyers that have been unable to save the standard 20% home deposit – but have an appropriate income to service their loan – to purchase residential property as an owner-occupier.

DigitalX considers that residential property provides a good case for the introduction of fractionalised ownership and real world asset tokenisation.

Under the Agreement, DigitalX will help to accelerate commercialisation of the Bricklet program by seeking to provide equity funding directly, indirectly (via introductions) or through dedicated investment vehicles to support property purchases made by Bricklet customers. Eligible buyers will pay a small deposit to set up the transaction, with equity funding sourced by DigitalX filling the ‘deposit gap’ required to purchase the property. The first ranking mortgage home loan will be provided by another Bricklet partner, AMP Bank, who will conduct the serviceability checks prior to finance approval.

The partnership means buyers get all the benefits of living in their own home, and the financial gains from price growth on their share of the house. Equity funders that provide the deposit gap will be entitled to receive a monthly income stream of 'rent' on its investment in each property, as well as the proportional capital return upon the sale of the property by the homeowner.

Under the Agreement, DigitalX's initial commitment is to secure, on a best endeavours basis, funding of up to \$5.0m for proposed property investments which DigitalX chooses to participate in. As part of the seed capital to launch its new fund, DigitalX will contribute up to \$500k of balance sheet funds into Bricklet's property deals until its newly formed investment fund, named the **DigitalX Real World Asset Tokenisation Fund ("RWAT Fund")** is established specifically for this purpose. Once the RWAT Fund is established, balance sheet investments will be transferred to the new fund.

Bricklet will co-fund transactions alongside DigitalX's balance sheet investments, with future equity funding to be sourced by investors investing via the RWAT Fund or via introduction to Bricklet. DigitalX will generate revenue through management fees based on the assets under management as well as commission and settlement fees, as detailed in the Partnership Commercials section below.

DigitalX CEO Lisa Wade said: *"DigitalX is excited to work with Bricklet to further the cause of housing affordability for all Australians. We believe our Real World Asset Tokenisation Fund can solve real world problems whilst at the same time achieve quality and sustainable investor returns. We see partnering with Digital asset firms such as Bricklet the perfect way to bring our real world asset token fund to life."*

Darren Younger, Bricklet CEO, said: *"It is exciting to have DigitalX join us on the Bricklet journey. This is an excellent example of two innovators in different industries joining forces to achieve an important outcome for everyday people."*

"Bricklet's pursuit to make it possible for mums and dads to get on the property ladder has now been brought together with DigitalX's funding structures. Together, we have used cutting-edge technology to solve the real world problem."

Real World Asset Tokenisation Strategy

DigitalX's intention is to tokenise its investments in select Bricklet properties. The RWAT Fund is innovative in the world of programmable assets. It offers multiple pools of real-world asset tokens. Each token is a digital representation of the investment characteristics of a real-world asset. The RWAT Fund uses asset tokenisation to make its investment process more transparent, efficient, and cost-effective.

The RWAT Fund is our solution to real world problems by allowing for instant settlements and fractional ownership of assets. Tokens in the Bricklet pool are backed by shared ownership in a particular property. The equity share in each property is recorded in the Australian Property Co-Ownership Register, a blockchain database managed by Bricklet and connected to State Land Registry.

The RWAT Fund will invest in a diversified range of digital assets across the traditional asset classes. All digital assets will be validated and assessed by DigitalX using our proprietary smart contracts and investment criteria. The RWAT Fund will only be available to wholesale investors.

How Bricklet Works

Bricklet provides the platform that enables property funds such as DigitalX to finance the deposit on a home purchase and receive an equity stake aligned to their contribution. The buyer makes mortgage repayments, in addition to paying an occupancy fee to the investor as part owner of the property. At any time, the homeowner can buy out the investor portion of the equity, or the homeowner can choose to sell the property.

Bricklet's equity share program is a co-ownership solution that allows people to purchase their own home, with a deposit of as little as \$20,000. Bricklet breaks property into smaller pieces to enable everyone to buy into Australia's housing market.

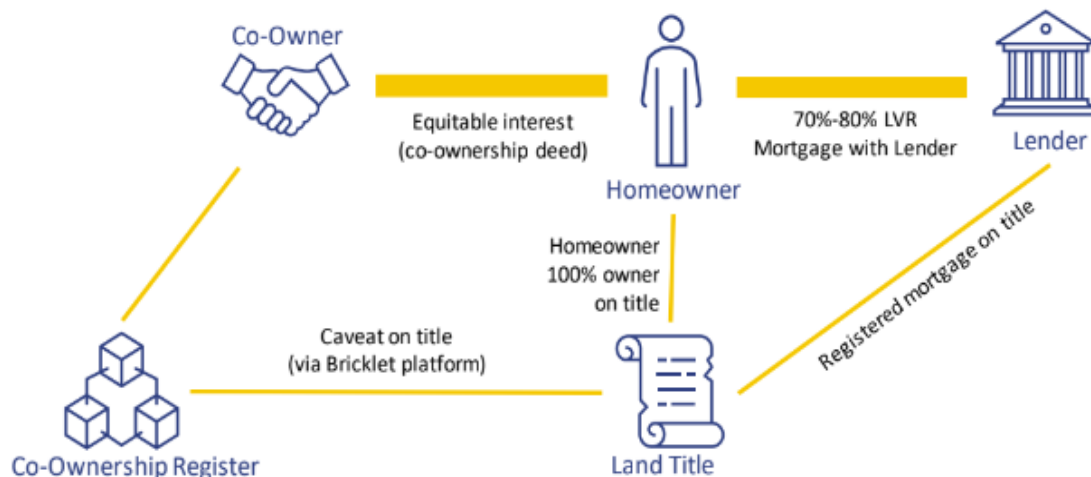


Figure 1. Bricklet Homeowner Structure (Source: Bricklet)

Bricklet has also launched the Australian Property Co-Ownership Register (APCOR). The APCOR uses blockchain technology to speed up and reduce the cost of registering a change in property co-ownership. It provides a direct link between the land title and the co-owners, with the first transactions appearing on New South Wales Land Registry in 2022. In real-time, it registers a secure, immutable record of ownership of the buyer's share in the property.

About Bricklet

Majority owned by public unlisted investment company Lakeba, Bricklet has developed a revolutionary and scalable technology-led marketplace for property buyers and sellers (the "Property Platform").

Bricklet's Property Platform brings together property developers, consultants, legal specialists, property managers and advisors in one easy to access platform, making a property purchaser's journey as simple and easy as possible.

Partnership Commercials

In exchange for funding provided by DigitalX (directly, indirectly, or through a dedicated investment vehicle), DigitalX will be entitled to the following fees:

1. Commission Fee:

Payable on each completed funding threshold as follows:

- (a) \$1m after \$50m deployed; and
- (b) a \$2m after total \$150m deployed; and
- (c) a \$2m after total \$250m deployed.

The commission fee will be paid by Bricklet once each threshold of capital is deployed and will be settled in nil price options. Each option is convertible into Bricklet Limited shares within 60 days from capital deployment at an exercise price equal to Bricklet's last traded price.

Table 1 demonstrates this arrangement described above, whereby for every \$1m in commission fees generated by DigitalX, Bricklet will issue to DigitalX 131,061 options convertible into 131,061 Bricklet shares. If each funding threshold is achieved, DigitalX will own 6.09% of Bricklet (assuming no change in Bricklet's current capital structure).

Table 1 - Commission fee conversion into Bricklet shares

Item	Unit	After First \$50m	After Next \$100m	After Next \$100m	Total
DCC commission fee	A\$	1,000,000	2,000,000	2,000,000	5,000,000
Number of Bricklet shares issued to DCC	No	131,061	262,123	262,123	655,308
DCC Ownership in Bricklet	%	1.25	2.44	2.41	6.09

2. Settlement Fee:

DigitalX is entitled to a fee of up to 20% of Bricklet's Platform fee (\$10k) arising from the successful settlement of a property in which it contributes equity. The fee is paid by the equity share program applicant to DigitalX in cash at the time of settlement.

The term of the Partnership Agreement is 5 years. There are no conditions that need to be satisfied prior to this contract becoming legally binding on the counterparties.

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Authorised by the Board of DigitalX Limited.

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About DigitalX Limited (ASX:DCC)

DigitalX is a technology and investment company focused on growing the blockchain economy through its digital asset funds management business, digital fintech and regtech products, and blockchain ventures.

DigitalX's product team designs and develops blockchain technology applications for business and enterprise organisations.

Through its asset management division, DigitalX provides low-cost traditional asset management products for qualified investors looking to gain exposure to the growing alternative asset class of digital assets, including Bitcoin.

DigitalX is currently commercialising Drawbridge, the Company's first regtech solution which is supporting listed companies to better manage their compliance and corporate governance policies. With Drawbridge, companies can manage employee and director share trading approvals in order to safeguard their reputations.

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