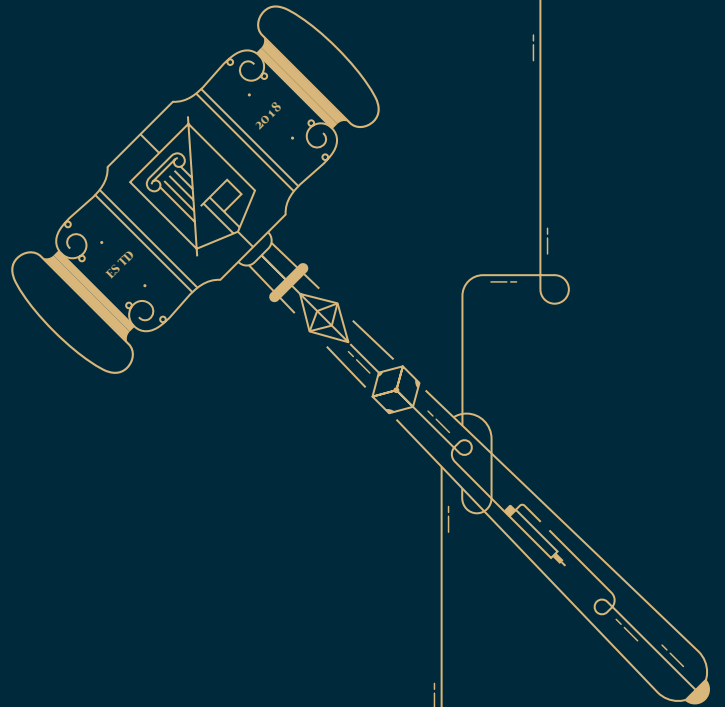




PORTION



Be a Collector.

WHITE PAPER

Sep	20	00
7	20	00

CONTENTS

Executive Summary



Background



**Technology Transforms
Art and Collectibles**



A Shift in the Chasm



The Platform



**Enterprise Ready
Blockchain Solutions**



Financial Services



The Technology



DISCOVER. APPRECIATE.
EXCHANGE.



EXECUTIVE SUMMARY



Portion is a platform and marketplace for digital and physical art and collectibles.



Portion bridges art, collectibles, and crypto. Through Portion's smart contracts and distributed technology, art and collectibles enters a new market.



Portion offers a suite of enterprise solutions including software licensing and financial services to enterprises and consumers.

The Ask

Built on the Ethereum Blockchain, Portion's value proposition is simple: provide a transparent and trusted means to track provenance and exchange authentic, high-value goods in exchange for cryptocurrency.

Portion is currently offering a live, public beta version of the platform accessible at: <https://portion.io/app>. Regular research is ongoing and updated versions of this whitepaper may be released at <http://portion.io>.

¹ The New York Stock Exchange. (n.d.). Retrieved from <https://www.nyse.com/regulation-a>

² Buterin, V. (n.d.). Ethereum Project. Retrieved February 08, 2018, from <https://www.ethereum.org/>

Portion's Three Pillars

1. THE MARKETPLACE FOR ARTISTS

Portion's marketplace empowers artists to participate in a decentralized platform using a live bid/ask format, similar to a stock exchange.

Sellers on the platform features artwork and collectibles catered to millennials and crypto-collectors. Portion's technology integrates resale royalties, patronage, and more into the buying and selling experience on the marketplace. Portion's market democratizes transparency and access to all who seek art and collectibles.

2. ENTERPRISE PARTNERSHIPS

Portion licenses its proprietary blockchain infrastructure to businesses in the art, collectibles, and luxury industries.

Blockchain Certificates of Authenticity bundle images and smart-tags with information originating from artists, galleries, manufacturers, and authorized retailers. Portion's blockchain technology secures provenance, guarantees authenticity, and improves commerce and collecting for creators and collectors alike.

3. FINANCIAL SERVICES

Subject to applicable regulatory compliance, Portion may offer loans and financing in crypto or fiat for users. Portion's users can collateralize authentic art and collectibles to receive secured loans. Portion offers loans to sellers as an advance on a sale, to individuals who have authenticated goods, or to those who purchased goods on Portion and never took physical possession of the object.

Problems And Portion's Solutions

The art and collectibles world and the burgeoning world of crypto are both elusive and esoteric lands without clear paths of navigation. The art and collectibles market is the largest unregulated industry in the world (after drugs). With this unregulated air of mystery, inherent barriers prevent artists and collectors from entering this art market entirely. A lack of transparency has made this industry ripe for bad actors and fraudulent activity. Portion's blockchain technology creates immutable records of authenticity and provenance mitigating risk with fraud and counterfeits.

Portion's marketplace democratizes these seemingly enigmatic worlds by using technology to eliminate the gatekeepers. The commission taken out of an artist's proceeds by a traditional dealer or e-commerce site can run upwards of 30-50% of a sale. Portion gives creators (artists, brands, retailers) direct access to collectors without bloated fees and intermediaries. Portion's marketplace enables these creators to sell works directly to collectors with minimal fees.



BACKGROUND

The Traditional Auction House

Auctions have been around since ancient times. And like other forms of commerce, they have evolved with societies and economies in conjunction to changing technological landscapes—from advancements in watches and home-building, to transformations in the world of art-making. The auction house we're familiar with—the large-scale luxury auction house—came into prominence in 1744³ with incumbent firms such as Sotheby's and Christie's leading the charge. By hosting live auctions available exclusively to the wealthy, the air of elitism around these institutions continues to be at the forefront of our cultural visage of the auction house.

Traditional Art and Collectibles

Like the auction house itself and the wealthy benefactors who frequent them, the objects of elitist desire are scarce, high-value goods: cars (\$533B), personal goods (\$303B), wines and spirits (\$80B),

fine art (\$47B), furniture (\$40B), and yachts (\$9B), for a total value of \$1T⁴. This market is one of steady growth with an expected global value of \$2.7T by the year 2026.⁵

Many players lord over this intimate, exclusive economy. Dealers, galleries, auction houses, art brokers, and private sellers serve as intermediaries centralizing the traditional art and collectibles market. In the position of gatekeeper, these players wield power over price discovery and transactions.⁶

Limitations of the Industry

Over time, as technology progressed, online auctions democratized the traditional auction house, increasing accessibility to consumers. However, the industry remains plagued with fundamental issues due to technological limitations. The issues with traditional auction houses are categorized as follows: transparency, payment, bidding, and goods.

³ Auction History. (n.d.). Retrieved February, from <http://www.auctioneers.org/consumers/auction-history>

⁴ D'Arpizio., Levato, F., Zito, D., Kamel, M., & De Montgolfier, J. (n.d.). Luxury Goods Worldwide Market Study, Fall-Winter 2016. Retrieved from <http://www.bain.com/publications/articles/luxury-goods-worldwide-market-study-fall-winter-2016.aspx/>

⁵ <https://www2.deloitte.com/lu/en/pages/art-finance/articles/art-collectibles-market-report-2018.html>

⁶ Duffy, Michael. (n.d.). The Art and Collectibles Market: A Primer For New Collectors, February 2018. Retrieved from https://pbigaem.fs.ml.com/content/dam/pbig/pdfs/pbig_Art-Collectibles-White-Paper.pdf

TRANSPARENCY

Portion's use of blockchain yields a decentralized network, guaranteeing transparency to users. Furthermore, Portion's Blockchain Certificate tracks the provenance of goods to ensure that items are authentic and properly represented. Blockchain facilitates every transaction on Portion's marketplace, allowing transparency of ownership and final prices paid for all goods. This data not only creates a more secure and transparent auction house, but also democratizes beneficial data for our network of authenticators, artists, creators, and users.

PAYMENT

Bidders at in-person auction houses are generally put through exhaustive processes to ensure an individual has sufficient funds to bid on high-value goods. Traditional auction houses will occasionally mandate earnest money during an auction. Earnest money is a deposit to demonstrate the bidder's commitment, which binds them to a contract.⁷ When auctions take place online, payments are generally dependent on credit cards or third party payment processors. These systems have inherent flaws and can be easily manipulated. Additionally, auction houses and online systems have been slow to adopt cryptocurrency, the emerging form of digital transactions. These issues have created problems validating proof of funds, streamlining payments securely, and enabling refunds.

BIDDING

Auction houses are inherently vulnerable to collusion and shill bidding. The ascending auction format—the

digital auction house—is still vulnerable to these practices. Shill bidding⁸ occurs when individuals associated with a seller artificially increase the price or desirability of a good being auctioned, or, when auctioneers collude with bidders to artificially raise the price of a good. These practices create an unfair environment in which the very principle of an auction house is undermined. The goal of an auction house is to create an equitable form of exchange where goods are sold to the highest bidder, creating a balance between supply and demand.

GOODS

Auction fraud has remained a top 20⁹ complaint on the Federal Trade Commission's consumer list, with over 30,000 complaints. Current processes rely on trusting the auction house or a seller's online review and history. While online auction houses have worked to rectify this concern, fraudulent and misrepresented goods remain a primary issue. Furthermore, auction houses that take a centralized approach by pre-approving every good, regardless of the value, hinder their ability to scale. The operational cost of inspecting lower valued goods impedes an auction house's ability to maintain ideal margins.

⁷ The Law of Auctions. (n.d.). Retrieved from <https://www.stimmel-law.com/index.php/en/articles/law-auctions>

⁸ Izmalkov, S. (2004, September 30). Shill Bidding and Optimal Auctions. Retrieved from <http://economics.mit.edu/files/1085>

⁹ Pavini, J. (2013, May 06). Online auctions: Don't get bitten when you bid.

Retrieved from <https://www.marketwatch.com/story/online-auctions-dont-get-bitten-when-you-bid-2013-05-06>

The Dwindling of the Traditions

Since 1744, a lot has changed, especially in this new millennium where technology constantly impedes on our reality. The limitations and difficulties facing the players in the art market as well as artists themselves can be solved by evolving with the technological times we find ourselves in.

Wealth managers, art professionals, and collectors alike feel modernization can help with business practices. Overall, this would make the art market meet contemporary expected standards of transparency, trust, and healthy development. Further, if this new vision for a modern market could be met with security, it would engender a self-regulated approach for art and collectibles professionals and collectors—an autonomy preferred by all parties.

Antithesis to this vision is the current lack of market transparency. From the old, opaque stance of the traditional auction house, the art and collectibles marketplace has inherited a serious challenge in developing clear relationships to artists, buyers, and the objects themselves. By safely decentralizing these old adages, a modern vision will rely heavily on transparency. To disrupt this opacity, pricing needs to be transparent instead of confidential, and the visibility of secondary market transactions cannot stay hidden.

An Industry Ripe For Innovation

Art-technology startups of today's moment have focused their energies on building new digital business models for existing traditional art houses. To progress the sector entirely, Portion plans to replace and advance traditional art businesses by using technological innovations to increase trust and transparency, support data-driven valuation methods, and build social capital. The end result of these changes is a huge transformation of the backbone of the art market ecosystem.

According to Hiscox¹⁰ Online Art Trade Report 2017, online art market sales continue to grow, and even reached an estimated \$3.75 billion in 2016, up 15% from 2015. This gave the online art market an estimated 8.4% share of the overall art market, up from 7.4% in 2015. And as art sales rise, art businesses are moving online. Sotheby's grew its online business with \$155 million in online bidding (an increase of 19% in 2016), while Christie's increased its online activities—bidding and online-only auctions grew by 34% from \$162 million in 2015 to \$217 million in 2016.

This increasing competition forces online art platforms to embrace new strategies to expand their business and diversify their income streams. We are starting to see the emergence of new art market data and analytics addressing both risk and return in the art market. These developments could contribute to improving transparency, valuation accuracy, and risk management of art-related wealth.

¹⁰ <https://www2.deloitte.com/content/dam/Deloitte/at/Documents/finance/art-and-finance-report-2017.pdf>



TECHNOLOGY TRANSFORMS ART & COLLECTIBLES

Technology Transforms Art And Collectibles

Bitcoin was originally developed to disrupt centralized financial institutions. This disruption is an inspiration and opportunity to impact how the art and collectibles industry will change in this increasingly digital era. The Portion marketplace transforms and disrupts the traditional art and collectibles market with decentralized technology. Ownership, provenance, and other critical details to authenticate physical goods are recorded on the blockchain. Blockchain technology ensures seamless transactions and fraud mitigation on an immutable ledger.

The advent of blockchain has paved the way for new forms of art and collectibles—digital art and collectibles, the world’s first provably scarce digital assets. This application of blockchain has created additional means for artists to express themselves, as well as a new format for collectors to store their goods. An entirely new market has emerged where individuals can sell pieces of scarce digital art and collectibles.

DIGITAL ART AND COLLECTIBLES

Of the many benefits and applications of blockchain to the art world, none have the potential to be more disruptive than blockchain’s unique capacity to democratize the art making process, while simultaneously engendering secure online markets which stand to replace the traditional auction house entirely.

Regarding digital art, its very digital nature makes the process of creating available to all who have access to a computer. More prudently, the nature of this scarce form of digital art allows artists to swiftly participate in their *curation* process. While the traditional model lauds exclusivity with limited galleries, the rarity of auctions, and other industry politics, those engaging in digital art can easily showcase their work in secure, online environments. Emerging artists, especially, can advance their presence to an online audience with far more ease than traditional forums allow or desire.

Furthermore, as digital technologies advance, the power of artificial intelligence and blockchain will only grow stronger and broader. Programmers, designers, and creatives of various fields will be able to use technology artistically. Complex computational



algorithms will become the new brushstroke. Portion views this burgeoning form of expression as a natural evolution of the art market, especially when paired with blockchain technology.

Attaching a unique blockchain token with pieces of digital media is not limited to art. The industry has demonstrated that the community places high value on a myriad of assets and forms of media. In an effort to flatten out the ecosystem of various forms of crypto assets, Portion offers an agnostic platform that can accommodate all forms of digital collectibles.

Portion's accommodating technology and view of the industry enables any creator, regardless of media type, to partake in the growing industry of digital collectibles. The trading industry of digital collectibles and art is only at its beginning. Future expansion may cater to musicians, writers, poets, and filmmakers. Portion is helping facilitate the creation, auction, and exchange of these new forms of content through this new medium.

PHYSICAL ART AND COLLECTIBLES

Blockchain technology has important applications regarding physical art and collectibles, too. With Portion, artists and collectors can irrefutably verify the authenticity of each object, store important documents (certificate of authenticity, title, ownership records, etc.), and track an object's provenance.

More than just replacing the formalities of the traditional auction house, blockchain advances the security of the entire process. While it's all fun and games in *The Thomas Crown Affair*, when it comes to beloved objects, art, or money (fiat or crypto), no one wants the pitfalls of the industry to get the best of them. Because of the opaque nature of the traditional auction house, artists and bidders are susceptible to fakes, illegitimate transfers of works (i.e., where seller doesn't hold the title or has a lien on the title from a bank due to loan taken out against it, etc.), and flaws in financial services among other issues.

Portion connects to living artists and reputable sources to initiate the chain of provenance at the point of creation and initial sale. Facilitated with blockchain technology, the security of any given work of art or collectible can be guaranteed, including all of the necessary documentations of proof and appraisal.

A SHIFT IN THE CHASM

A New Class of Collectibles

The luxury industry, more specifically art and collectibles, has long been defined by numerous factors including: artist clout, scarcity, provenance, authenticity, condition, technique, and market dynamics. These principles in the art and collectibles space have created a market of extreme wealth and desirability. Historically, items such as fine art and antiques have dominated the art and collectibles space.

Lower-cost consumer goods with relative scarcity act as the segue into the collectibles space for younger individuals. For example, this shift is evidenced by the secondary market for sneakers (\$1B+)¹¹ and watches (\$5B+).¹² Sneakers and watches aren't the only asset classes of collectibles that speak to this generation. There is an ever-increasing array of entry points for art and collectibles.

The worth of art goes beyond the object for collectors. Art is a lifestyle product. Time and again, surveys show that buying art is primarily motivated by social value among collectors.¹³

A New Generation of Collectors

The dawn of a new economy is upon us as the purchasing power of millennials and Generation Z have begun to surpass any other generational demographic. About 80 million millennials, currently in their 20s and 30s, live in the United States. This generation has already made significant impacts in the economy and will account for over \$1.4T¹⁴ in national retail sales by the year 2020.

The millennial cohort largely discovers art online, even through social media. And more than half of them would buy art online (compared to the measly 19% of baby boomers). Between all of the statistics on these realities lies an important hurdle: *would*.¹⁵

Art e-commerce has been around for a decade without making a real dent in the state of art dealing. For the past ten years, the art market has still very much been dominated by traditional art dealers, face-to-face meetings, and handshake deals. However, as Artsy just noted this July, "millennials are settling down, finding financial footing, and beginning to collect."¹⁶

¹¹ Weinswig, Deborah. (n.d.). Sneaker Culture Fuels \$1 Billion Secondary Market, March 2018
Retrieved from <https://www.forbes.com/sites/deborahweinswig/2016/03/18/sneaker-culture-fuels-1-billion-secondary-market/#41f4a0257911>

¹² Secondhand Luxury Watch Sales Boom, Outpacing New Watch Sales (n.d.). February 2018.
Retrieved from <https://www.digitalcommerce360.com/2018/02/19/trade-luxury-watch-like-bmw-booming-business/>

¹³ <https://www2.deloitte.com/content/dam/Deloitte/at/Documents/finance/art-and-finance-report-2017.pdf>

The younger cohort, Generation Z, has accumulated close to \$153B in spending power. While this group of individuals holds significantly less spending power than millennials, they will soon control more than millennials and consumption preferences will continue to evolve. Over 43%¹⁷ surveyed noted trust and authenticity as key factors when engaging in a transaction. With the growing economic prominence of millennials and Generation Z, it is crucial for legacy means of exchange, such as auctions, to evolve to cater to the desires of these generations.

The value of the cryptocurrency market has increased to well over \$200B, which has given rise to a young class of wealthy individuals. There are limited channels for these individuals to purchase high-value luxury goods and rare collectibles for cryptocurrency. Likewise, luxury good owners who want to sell in exchange for cryptocurrencies have no efficient means of doing so.

Digital assets and cryptocurrencies prove to be a natural investment extension for this generation. Inherently, these provably scarce pieces of digital art and collectibles have appreciable properties that solidify their place as an alternative asset class.

A VIEW TOWARD INVESTMENT

These young collectors view art and collectibles as an investment¹⁸ first. While this discourages the ideals inherent in art—to be moved—it does come from the rippling impact of the economic turmoil that these generations have faced thus far. Accounting

for the extrinsic value, it's important to consider what else will shift when moving from a traditional auction house to a digital space: the emotional experience of art will become digitized too.

Further, millennials and younger generations are more visually literate than any preceding generation. Millennials are voracious consumers of digital, visual content and experience—documenting, sharing, and peeking into a *desired* lifestyle has become ubiquitous among these adults and younger generations.

Exposure to the market at every level is only magnified through social media. As Forbes¹⁹ reported, “Instagram has emerged as a more democratic platform for art, offering unparalleled access to those whose pockets are not as deep as their enthusiasm for art. It also allows serious collectors and critics to discover and evaluate art without bias. . . . Instagram provides a way for art-hungry millennials to get an art education and make that emotional connection with individual artists.” And fostering an emotional connection is key to securing sales. Millennials enjoy the patronage aspect of art collecting, under the broader ambition of impact investing,²⁰ and getting to know the artists from whom they collect is easily done through social media.

¹⁴ Donnelly, Christopher, Scaf, Renato. (n.d.). Who Are The Millennial Shoppers? And What Do They Really Want?

Retrieved from <https://www.accenture.com/us-en/insight-outlook-who-are-millennial-shoppers-what-do-they-really-want-retail>

¹⁵ <https://www.tefaf.com/about/art-market-report>

¹⁶ <https://www.artsy.net/article/artsy-editorial-rapid-rise-millennial-collectors-will-change-art-bought-sold>

¹⁷ Tebaka, Marla. (n.d.). Forget Millennial Purchasing Power. Gen Z Is Where It's At.

Retrieved from <https://www.inc.com/marla-tabaka/forget-millennial-purchasing-power-gen-z-is-where-its-at.html>

¹⁸ <https://www2.deloitte.com/content/dam/Deloitte/at/Documents/finance/art-and-finance-report-2017.pdf>

¹⁹ <https://www.forbes.com/sites/deborahweinswig/2016/05/13/art-market-cooling-but-online-sales-booming/#63ac22ef6ec9>

²⁰ <https://www.artsy.net/article/artsy-editorial-rapid-rise-millennial-collectors-will-change-art-bought-sold>



THE PLATFORM

Featured Drops

Portion taps into the cultural phenomena of ‘drops’ set by the likes of Nike, Supreme, and others by offering limited quantities of highly sought after goods. Portion partners with notable cultural figures and brands to curate select featured drops. These goods are selected from both existing partners of Portion as well as those within the curator’s network. Featured drops will include highly anticipated goods with a measure of gamification and rewards for collectors.

Partners

Portion partners with living artists, galleries, brands, and retailers to initiate the chain of provenance at the point of creation and initial sale of a good. Using blockchain technology, the security of any given work of art or collectible can be guaranteed—including all of the necessary documentations of proof. Partners will host their unique storefront allowing collectors to follow, bid, and acquire their goods. Partners are held to the highest standard for authenticity, business practices, and trust.

The Marketplace

Portion is uniquely positioned to address the limitations of the traditional auction house by combining blockchain technology with innovative processes and operations. The Portion Marketplace is a market where users can freely trade digital and physical goods. The bid/ask model will function like a typical stock exchange. Portion’s technological savvy will ensure that all sellers and artists are approved before any transactions take place.

DIGITAL (ART AND COLLECTIBLES)

Portion allows creators to tokenize any media format using a drag-and-drop web portal. Portion obfuscates the blockchain backend and eliminates the need for plug-ins or third party applications, making Portion uniquely inclusive to traditional artists and crypto-enthusiasts alike.

Using Portion, the seller sets the price they wish to obtain for a particular piece, while collectors offer their hopeful price to the seller. When a seller agrees to a collector’s offer, the transaction is complete. Portion’s marketplace model helps creators receive the best price for their work. And further, this model serves to illuminate the market desire and valuation

of artwork to the artist. Portion's marketplace model also highlights digital assets as a new means of expression with appraisable audiences and values.

PHYSICAL (ART AND COLLECTIBLES)

Physical art, collectibles, and luxury goods on Portion's marketplace will be directly accessible to consumers. All posted goods are accompanied by a blockchain certificate, which documents the initiation of provenance directly from the originating source (artist, brand, etc.). The certificate and documentation serve as a certificate of authenticity, as well as the record of title and ownership.

When an item sells, a digital representation of the good will be held in escrow along with the purchasing funds. When the transaction is complete, funds are transferred in exchange for the physical good, accompanied by the blockchain certificate.

SECONDARY SALES: IN-NETWORK (FUTURES)

Just like any stock market, Portion enables futures trading of art and collectibles. Buyers can either have physical goods sent to themselves, Portion's storage facility, or a preferred storage partner. Buyers can choose to forgo physically obtaining the good and instead purchase it for economic appreciation, as the blockchain certificate signifies the transfer of ownership.

This model allows buyers to hold the right of possession on a good without worrying about maintaining the item's condition. Further, this model eliminates the need to re-authenticate the good. Buyers can watch the market and relist the right to ownership of a good at any time. If the subsequent buyer wants physical possession of the good, Portion will simply ship it to them. Transactions can be made in Ether, Porti (to mitigate fees), Gemini Dollar, or even fiat.

SECONDARY SALES: OUT-OF-NETWORK

Portion hosts a constantly growing global network of carefully vetted, reputable appraisers and authenticators to assist with consignment auctions. In

each region, sellers will have access to authenticate, appraise, and receive a Blockchain Certificate for their item(s). All partners undergo an interview, provide references, and demonstrate credibility based on their credentials and associations. Portion continually tracks the accuracy and validity of Blockchain Certificates distributed by the network of partners to ensure ethical and high-quality practices. Furthermore, Portion intends to have contracts with each partner of the network mitigating fraudulent goods and liability for all parties. This approach allows Portion to maintain a level of decentralization and scale. Ultimately, this practice will help build trust and convenience for Portion's user base while reducing overhead for the organization.

Portion intends to build direct relationships with living artists. All artists and creators are given the ability to create a Blockchain Certificate at the point of creation of their work. After creating the Blockchain Certificate, the artist will be able to seamlessly auction or sell their work on Portion.

Portion has created a three-step process to ensure goods are authentic and appropriately represented:

First, the appraisers and authenticators identify and create listings for high-value goods. Then, following authentication, the partner distributes a Blockchain Certificate via Portion's administrative dashboard. Finally, upon receiving the Blockchain Certificate, the seller can list their good(s) on Portion, bypassing any centralized, lengthy inspection period.



SECTION



ENTERPRISE READY BLOCKCHAIN SOLUTION

BACK TO TOP →

Portion's proprietary blockchain technology and easy-to-use application have created the foundation for businesses to ensure and track authenticity of their products, gaining valuable insights into collector trends and the life cycle of their goods.

To ensure customers of authenticity of a particular product, Portion's software clients (brands) create blockchain certificates for the goods they sell. Clients can either manually create these certificates or leverage Portion's API infrastructure to integrate the technology into pre-existing systems. Clients also have a dashboard to better understand their market, customers, and goods.

Portion partners with brands, retailers, and insurance firms to give users the option to store critical documents on the blockchain. This helps provide an additional layer of security and convenience for all parties involved.

Portion's enterprise solution addresses issues of fraud and counterfeits in the arts, collectibles, and luxury industries. This collaborative, participatory

environment will help drive strong partnerships between Portion and its users, while also creating supply for secondary sales on the exchange.

Estate Planning

Wealth managers, art professionals, and collectors agree that estate planning is the most important service offered by art and wealth managers. Art and estate planning will become increasingly significant in the wealth management industry in this economic climate as massive amounts of wealth transfer from baby boomers to millennials. And yet, nearly half of collectors surveyed have yet to discuss their art-related estate with their heirs.²¹

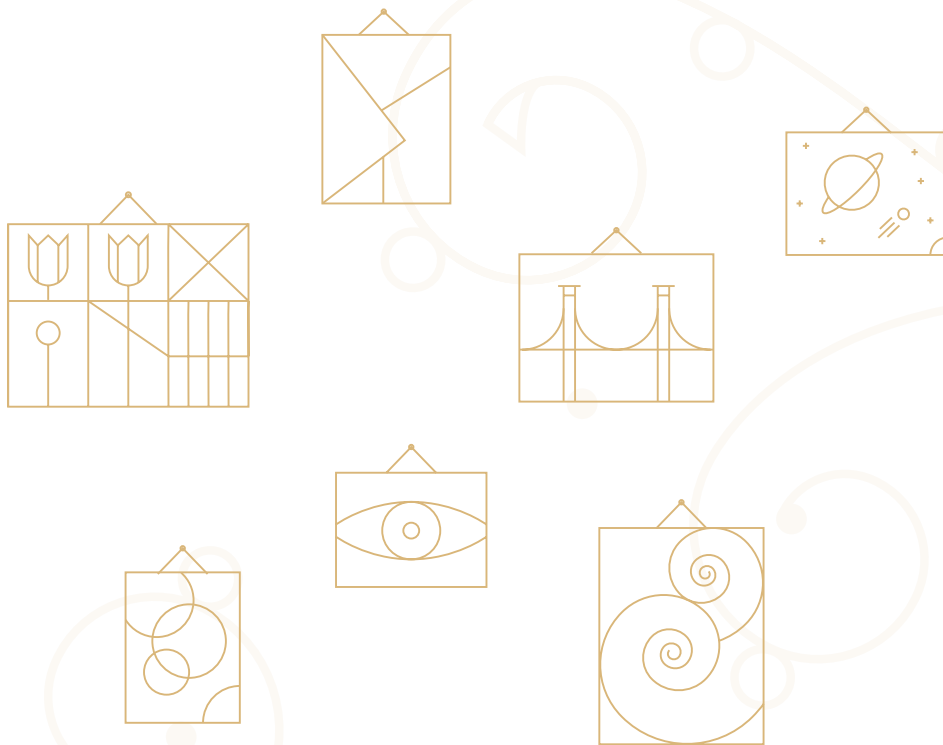
Portion's blockchain certificates enable estates to create immutable records denoting the rightful heir of a particular piece of art or a collectible. At the time of transition, the estate will have the ability to seamlessly transition the ownership rights to the heir along with documents of provenance, bills of sale, and all other important documentation stored on the blockchain certificate.

²¹ <https://www2.deloitte.com/content/dam/Deloitte/at/Documents/finance/art-and-finance-report-2017.pdf>

Wealth Integration

Given the rising need for art and wealth management in conjunction with the content of Portion's marketplace, collection management and wealth reporting systems are on Portion's horizon. Art collection management systems would integrate with the existing wealth reporting software providers to see how art and collectibles can be included with overall wealth reporting. Simultaneously, this effort would serve as a collection management system to facilitate in the estate planning process—a process coveted and respected by art professionals, collectors, and wealth managers.

The collecting and cataloguing process would benefit the intrinsic morals behind art collecting as well. Beyond the financial elements Portion manages, collectors using Portion's technology will have an opportunity to access the entirety of their collection in one space. Users can enjoy and selectively share their collection with others through these services. While other wealth management service providers incorporate some of these elements, the Portion marketplace has the unique opportunity develop a hybrid system in which collection and wealth management reporting can occur in a single system.



THE ARTS
WILL BE IT



FINANCIAL SERVICES

B2B Loans

The art-secured lending market in the US reached an estimated \$17-20 billion in 2016, which represents a 13.3% growth from 2015.²² Portion places great focus on relationships with artists, galleries, retailers, and partners. Subject to compliance with all applicable regulatory compliance, Portion intends to work with these parties to provide loans as an alternative to traditional financial institutions. Traditional financial institutions seldom offer solutions for businesses who require additional capital to purchase additional inventory or compensate for slow cash flow. B2B loans will be offered to firms with sufficient assets, which can be held as collateral in the event of a default payment. Portion's loans will be in cryptocurrency and/or fiat. Portion will charge a standard monthly interest rate on the loans.

DeFi Loans

Portion intends to offer loans in cryptocurrency and/or fiat secured by physical art and collectibles. These loans are expected to be structured as term loans and consignor loans, or short-term advances.

As currently contemplated, Portion will make term loans for an amount no greater than half (50%) of the value of the good. In the event of default on payment by the client, Portion will have the right to recoup the maximum value of the good covering the loan amount by liquidating the good via Portion's marketplace. In exchange for the loan, collectors will give Portion physical possession of their authentic good.

Following the authentication of a good, Portion may offer a consignor loan to the seller. These consignor loans would act as a short-term advance of a good being sold. Portion may license this technology to offer consignor loans to additional marketplaces to enable similar functionality by which the marketplace

²² <https://www2.deloitte.com/content/dam/Deloitte/at/Documents/finance/art-and-finance-report-2017.pdf>

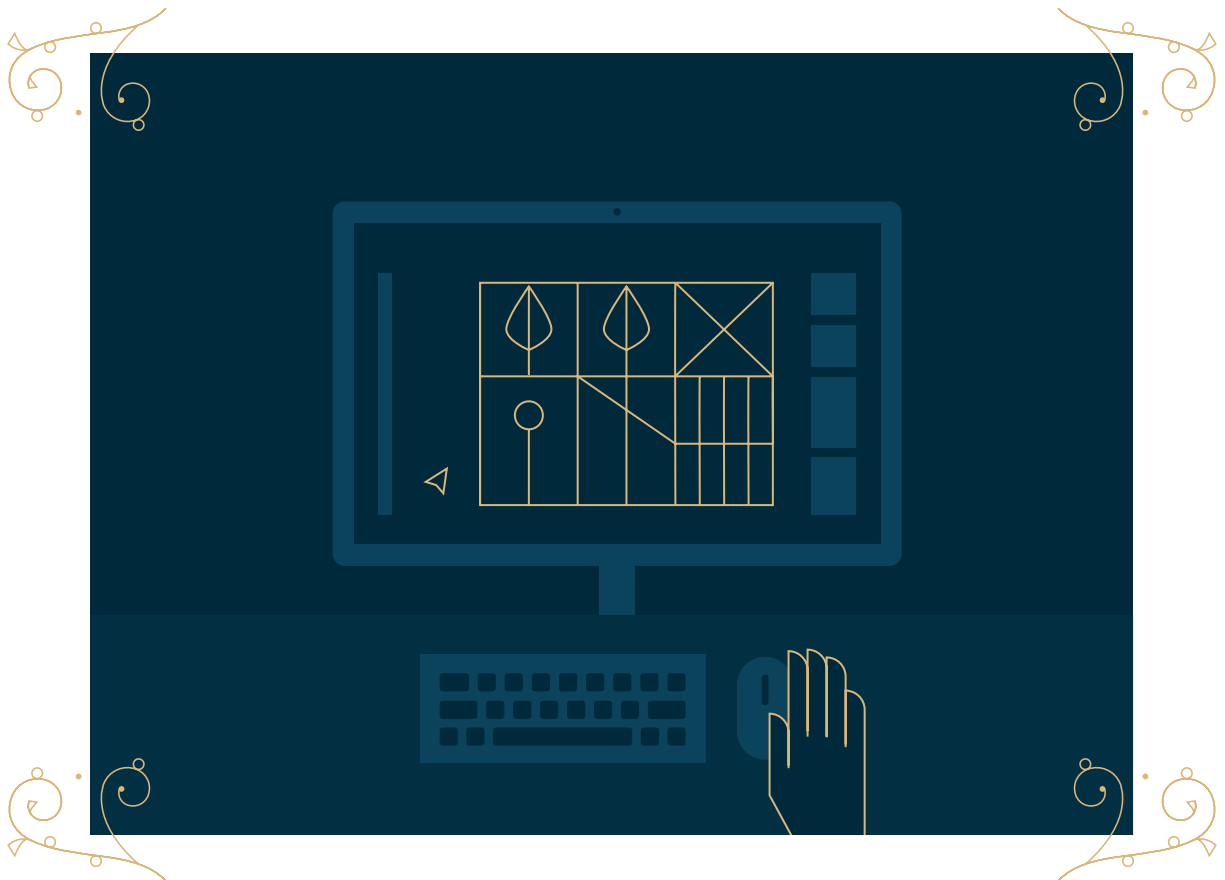
will benefit from offering “up front payment” to consignors after the item has been authenticated. The remainder of the payment will be transacted through a marketplace (Portion or third party) and the consignor will receive payment less the interest rate. Portion intends to offer the same model to authorized retailers who need subsidized loans (up front payment) to help acquire supply to sell in their traditional marketplaces.

Insurance

Another application of Portion’s blockchain technology regards insurance of the high-value goods

on the exchange. Portion is partnered with insurance agencies leveraging pre-existing Blockchain Certificates issued to users.

Subject to compliance with all applicable regulatory compliance, Portion intends to offer in-house personal property insurance (jewelry, art, etc.) for those who exclusively transact with cryptocurrency. In all modes of insurance, Portion intends to tie blockchain certificates with all of the appropriate paperwork (appraisals, policy terms, etc.).





THE TECHNOLOGY

Smart Contracts

Various smart contracts running on Ethereum are utilized to ensure proper interoperability and modularization. By nature, smart contracts are transparent and open source. All transactions are visible which creates a free market for art and collectibles. Portion intends to exist as a decentralized financial (DeFi) application with open source technology available to the world.

THE DECENTRALIZED EXCHANGE FOR ART AND COLLECTIBLES

Portion has built a decentralized market platform from the ground up using Solidity (programming language for writing smart contracts) and Web3 (technology to deliver user-friendly integration of blockchain on the web). The result is a global trading platform utilizing cryptocurrencies where users around the world may buy, sell or place bids and asks on physical and digital goods. This smart contract has two main features:

Order Book

Each good has a unique market associated with it.

When bidders place an order, the cryptocurrency moves to a secure smart contract pertaining to the specific good. When a seller places an ask, the Blockchain Certificate moves into the same smart contract.

Order Matching

When an order matches the cryptocurrency and the Blockchain Certificate autonomously swap. The seller receives the cryptocurrency while the buyer receives the Blockchain Certificate.

BLOCKCHAIN CERTIFICATE

To verify the authenticity of physical art and collectibles, a Blockchain Certificate is represented as a unique Ethereum-based asset, soon to be standardized. The asset will interlink the two distributed networks of Ethereum and IPFS (InterPlanetary File System) to redundantly store both ownership and associated files (images, documents, videos).²³ Verified artists, retailers, and brands issue Blockchain Certificates through a secure online portal utilizing web3 and distributed technologies.²⁴ A smart contract executes creating a unique asset

²³ Labs, P. (n.d.). IPFS is the Distributed Web. Retrieved from <https://ipfs.io/#uses>

²⁴ Web 3: A platform for decentralized apps. (n.d.). Retrieved from <http://ethdocs.org/en/latest/introduction/web3.html>

storing photos, serial IDs, ownership metadata, and any other relevant details for a particular good. If applicable, a Port (covered in a section below) can be irrefutably linked with a good providing an additional layer for proof of authenticity. Provenance becomes transparent on the public ledger as the good is transferred from entity to entity, reducing the need for future authentication.

Digital art and collectibles will be created in a similar manner and use the same standard as Blockchain Certificates. Creators will be able to drag and drop their media asset in the web portal, specify a unique name, add a description, and designate the edition size for their newly tokenized media asset.

Provenance

The Blockchain Certificate is passed from entity to entity using Portion's smart contract ecosystem as the good is transferred physically or digitally. All art and collectibles that have been properly appraised and/or authenticated live virtually and immutably on the Ethereum blockchain acting as a irrefutable global registry.

Ports

Further linkage from the physical good to the Blockchain Certificate can be achieved through fraud-resistant holographic tags called Ports. Ports are uniquely developed by Portion and can be scanned with a smartphone through either NFC or QR code. The application of Ports allows data to be obtained directly by scanning. Retrievable information includes:

- Owner's Public Key
- Sale History
- Provenance
- Associated Photos/Files
- Additional Data

If desired, Ports provide an extra dimension of decentralized data that can now be ascribed directly to a physical good via the usage of the unique tag. A mesh of high-value goods with 100% governance

and authenticity becomes globally accessible and transparent.

THE PORTION TOKEN

The Portion Token will exist as a governance token on Ethereum. The Ethereum blockchain was chosen for its global redundancy and large community of active development. In the spirit of blockchain technology and in order to best empower creators and collectors, Portion offers unique benefits and incentives to receive and use the Portion token. Token holders will have voting rights for new features, marketplace curation, and more. 2.5 billion Portion tokens will exist in totality, slowly being introduced into the ecosystem through various processes.

Liquidity Mining (DeFi)

Sellers and buyers will be rewarded with the distribution of Portion tokens for the utilization of the marketplace. Additionally, the original artist will continue to receive royalties in the form of Portion Tokens every time their work is resold on the secondary market. 1 Billion Portion tokens are reserved for this purpose and cap of \$15,000 weekly will initially be placed on distribution.

Secured Identity

Privacy and pseudo-anonymity are ensured as users are referenced on the platform via unique cryptographic addresses. Each user on Portion receives a unique address that is created solely through client-side cryptography, so no passwords or unencrypted private keys are stored on Portion, mitigating chances of the platform being hacked for user accounts. A simple method with a username and password is the login method. Furthermore, Portion utilizes blockchain technology for proof of funds while maintaining pseudo-anonymity (only Ethereum address with cryptocurrency is required for

verification).

REPUTATION

The reputation of one's identity is updated through peer review on the network as transactions occur. Reputation, risk levels, financing, and insurance issuances may be dynamically calculated based on a user's reputation to mitigate entities who attempt to gamify Portion Token issuance.

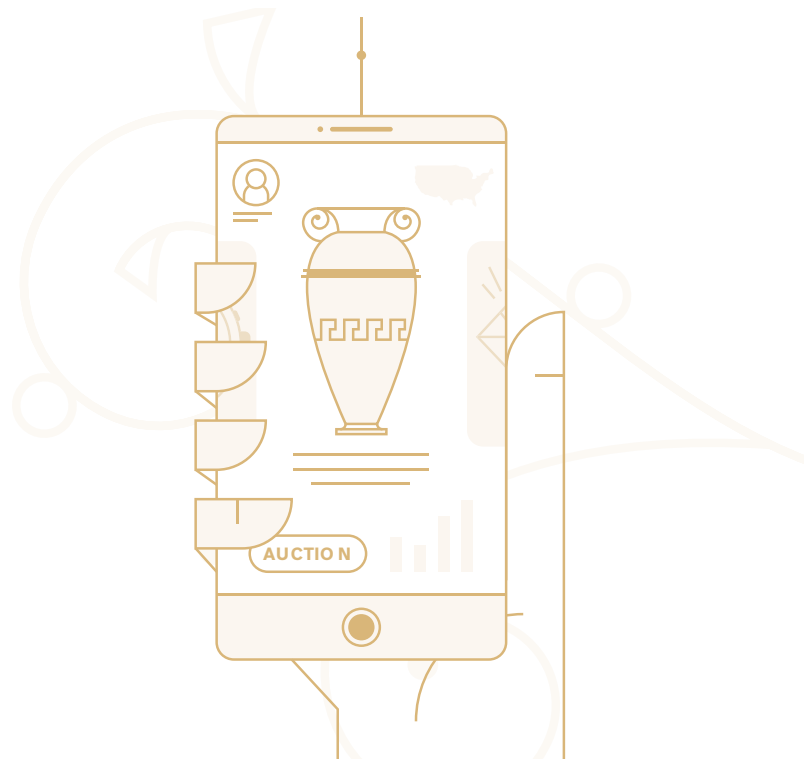
Web Portal

A user-friendly web portal was developed to interact with the underlying smart contracts. Users seamlessly have access to the marketplace without needing to know it was built with blockchain technology. Portion has developed a wallet solution for the secure storage of Blockchain Certificates, Porti, and cryptocurrencies. Through their decentralized accounts, users can access a profile to review their Blockchain Certificates, which are representative of their marketplace transactions and open orders.

Mobile Application

In addition to functionality found on the web portal, users may scan Ports to preview provenance, sale information, and GPS data of their authentic goods. Thus, this represents the first secure, digital wallet in your pocket, proving irrefutable ownership of goods. Other benefits of mobile application include the use of biometric security (e.g. Touch or Face

ID) and an option to associate some of the account information directly to the device providing extra level of convenience and security.




Roadmap





CONTINUE →


Roadmap Continued


2018 04.16	
Creation of Porti token	

2018 05.01	
iOS application completed to store and transfer tokenized goods	

2018 06.05	
Marketplace platform beta	

2018 06.29	
Seed round closed	


2018 10.10	
Marketplace launched with digital art	


2019 04.15	
Physical art and collectibles launched	


CONTINUE →

Roadmap Continued

BACK TO TOP ↑

2019 06.10	
Renovation began on physical gallery space	

2020 11.11	
Portion Marketplace V2.0 Launches	

2021 03.15	
New digital collectibles begin to be added to marketplace	













Partners



BACK TO TOP →

	<p>SECURITIZE</p>	
		
		



PARTNER

We are always looking for new partners.

Contact partners@portion.io





Cautionary Note on Forward-Looking Statements



All statements contained in this whitepaper, statements made in press releases or in any place accessible by the public and oral statements that may be made by Portion or its directors, executive officers or employees acting on behalf of Portion, that are not statements of historical fact, constitute “forward looking statements”. Some of these statements can be identified by forward-looking terms such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “if”, “intend”, “is/are likely to”, “may”, “plan”, “possible”, “potential”, “predict”, “probable”, “project”, “seek”, “should”, “target”, “would”, “will” or the negative of these terms, or other similar expressions intended to identify forward-looking statements.

However, these terms are not the exclusive means of identifying forward-looking statements. All statements regarding Portion’s financial position, business strategies, plans and prospects and the future prospects of the industry which Portion is in are forward-looking statements.

Portion has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy, financial needs, or the results of a token event or the value or price stability of Porti tokens. In addition to statements relating to the matters set out here, this whitepaper contains forward-looking statements related to Portion’s proposed operating model. The model speaks to its objectives only, and is not a forecast, projection or prediction of future results of operations. Forward-looking statements are based on certain assumptions and analysis made by Portion in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although the forward-looking statements contained in this whitepaper are based upon what Portion believes are reasonable assumptions, these risks, uncertainties, assumptions, and other factors could cause Portion’s actual results, performance, achievements, and experience to differ materially from its expectations expressed, implied, or perceived in forward-looking statements. These factors include, amongst others:

- changes in political, social, economic and stock or cryptocurrency market conditions, and the regulatory environment in the countries in which Portion conducts its business and operations;
- the timing to consummate the proposed Porti token sale;
- the risk that the proposed sale of Porti tokens might otherwise not occur, whether as a result of current or future token sale regulatory limitations or otherwise;
- the risk that a regulatory approval that may be required for the proposed sale is not obtained or is obtained subject to conditions that are not anticipated;
- changes in the preferences of Portion’s customers or business partners;
- changes in the competitive conditions under which Portion operates, and the ability of Portion to compete under such conditions;
- changes in the future capital needs of Portion and the availability of financing and capital to fund such needs;
- the ability of Portion’s management team to successfully implement its business plan; and
- [the factors described in the section captioned “Risk Factors.”]

All forward-looking statements made by or attributable to Portion or persons acting on behalf of Portion are expressly qualified in their entirety by such factors. Given that risks and uncertainties that may cause the actual future results, performance or achievements of Portion to be materially different from that expected, expressed or implied by the forward-looking statements in this whitepaper, prospective participants in the Porti token sale should not place undue reliance on these forward-looking statements.

Also, forward-looking statements represent Portion’s estimates and assumptions only as of the date of this whitepaper. Further, Portion assumes no responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

You should read this whitepaper completely and with the understanding that Portion’s actual future results may be materially different from what it currently expects. Nothing contained in this whitepaper is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of Portion. All of the forward-looking statements contained in this whitepaper are qualified by these cautionary statements.

