TOKEN AUDIT · 11.26

FINAL RATING — CCC

ISD (Innovation Smart District)

30/100

ISD (Innovation Smart District) RWA Token Audit

isdistrict.com/en

A token on a 129,872 m² land plot and future development of an innovation free zone in Green Valley, Panama. Issued through the Brickken platform at 0.14 USDT with a 1bn supply. Holders are promised 70% of the district's profit, but the zone operator's board decides the payout; first dividends no earlier than 2028.

TOKEN PRICE	SUPPLY	IMPLIED FDV	LAND VALUATION (CBRE)	RAISED ON BRICKKEN
0.14 USDT	1bn	$140m	$115.9m	$1.5m

LAND AREA

129,872 m²

Not investment grade: holder rights are discretionary, there is no security interest and no exit.

Real land with an independent CBRE value opinion ($115.9m) and an operating free-zone regime with tax benefits.

60% of token sale proceeds stays with the issuer, there is no pledge or trust, payouts are decided by a related board, and there is no secondary market or redemption.

How to read the audit

Each criterion is scored on a 0–3 scale: 0 — known negative or absence of the mechanism, 1 — weak, 2 — adequate, 3 — independently verified. If the issuer has not disclosed the data, the criterion is scored 1.5 (methodology v2). Block score = sum / (3 × number of criteria) × weight. Grade: AAA 90–100, AA 80–89, A 70–79, BBB 60–69, BB 50–59, B 40–49, CCC 30–39, CC 20–29, C below 20. A fractional total is rounded up.

The audit was performed on publicly available documents without a request to the issuer: the commercialization contract, the CBRE valuation and the contract addresses are not published.

1. Token Profile

Field	Value	Source
Name / ticker	Innovation Smart District Token, ISD TOKEN	Whitepaper 02.2025
Issuer	Smart City Green S.A., Panama (Public Registry, folio 155715744; p. 4 states 1557157444, the numbers do not match)	WP, pp. 4 and 23
Zone operator / profit distributor	Zona Franca de la Innovación S.A. (folio 155648287), free zone operator licence, Resolution No. 195 of 18.02.2021	WP, pp. 8, 23
Underlying asset	ISD land of 129,872 m² in Green Valley Panama and 24 future buildings	WP, pp. 6, 29
Legal nature	Contradictory: a "negotiable value representative token" with 70% of profits vs "not financial assets", with no rights to profits or ownership (EU notice)	WP, pp. 4, 24, 26, 47
Supply	1,000,000,000, hard cap	WP, pp. 24, 26
Price	0.14 USDT per token (02.2025); implied FDV $140m	WP, pp. 24, 31
Networks / contracts	Ethereum and Polygon; contract addresses not disclosed	WP, p. 26
Venues	isd.store.brickken.com, Tokenify (launch Q2 2025)	WP, pp. 20, 26
Raised on Brickken	$1.5m, 200+ holders (Brickken data, undated)	brickken.com/isd-panama
Land valuation	$115,879,591, CBRE market value opinion; document available on request only	WP, pp. 23, 30
Eligibility	KYC/AML via the platform; restrictions for US, UK, CH, JP, RU, CN, AU	WP, pp. 26, 47–49
Secondary market	None	WP, p. 35
Code audit	Promised ("will be carried out"), report not published	WP, p. 34
Ticker collision	ISD is used by other projects; verify the contract, not the ticker	8Blocks check

2. Verdict and Red Flags

Field	Value
In one sentence	ISD is selling a share in the developer's future profit, which the operator's board is entitled not to distribute, with no land collateral, no trustee and no exit.
Score / grade	30/100, CCC
Key strength	Real land with an independent valuation opinion (CBRE) and an operating free-zone regime with tax incentives.
Key weakness	60% of token sale proceeds goes to the issuer rather than into construction; payouts to holders are decided by a related board of directors.
What would change the assessment	Publication of the commercialization agreement, establishment of a trustee with a regulated fiduciary, collateral or registration of holders' rights in the registry, audited ZFI financial statements.

Flag	Consequence	Status
No security interest in the land, trustee deferred until listing	In a bankruptcy the holder joins the queue of unsecured creditors	Confirmed
Profit distribution at the discretion of the ZFI board	The holders' 70% of "profit" may equal zero without breaching the documents	Confirmed
Documents contradict each other on rights	Disputable legal qualification, litigation risk	Confirmed
Related parties in management (the Malo de Molina family, CFO of developer Green Valley)	Conflict of interest; the WP explicitly allows suspension of token operations	Confirmed
Discrepancy between marketing and the WP on dividends	Brickken writes about payouts via the dApp, the WP defers dividends to 2028	Requires explanation
Shift in construction timelines	Marie Curie: delivery Q3 2025 per the WP, April 2026 per the COO's statement in 2025; current status unconfirmed	Requires explanation
Sanctions	None identified	Not assessed

For UAE investors the same facts read through VARA in Dubai and ADGM in Abu Dhabi: a token that promises a share of real-estate profit is a regulated investment product, and both regimes expect the document that creates the holder's right, an independent valuation and a regulated custodian or trustee before any offer. A Panamanian free-zone licence and an unregulated placement do not travel to the UAE.

3. Legal nature and holder rights (weight 15)

#	Criterion	Finding	Score
1	Profit entitlement contractually established	WP: 70% of ISD profits to holders, 30% to Smart City Green. However, the size of the distribution is decided by the ZFI board	1
2	Consistency of documentation	Within a single document the token is described as a "negotiable value representative" carrying a share of profits and, at the same time, as "not financial assets", with no rights to profit, ownership or redemption. Brickken refers to compliance with securities laws	0
3	Claim on the asset	"Backed by ISD" with no pledge, mortgage or stake in an SPV; the Custody Trust is to be established only after listing on the secondary market	0
4	Commercialisation agreement available	Referenced as the principal document governing rights, not publicly disclosed	1.5
5	Anti-dilution protection and governance	Issuance is strictly capped at 1 billion (plus). There are no voting rights; "governance" is listed as a possible future benefit	1

Block conclusion

Score: 3.5 out of 15. The holder obtains a contractual but discretionary claim against the issuer rather than a right to the asset. Risk: high.

Sources: Whitepaper ISD 02.2025, pp. 4, 24–26, 44, 47; brickken.com/isd-panama

4. Chain of ownership and custody (weight 10)

#	Criterion	Finding	Score
1	Land title	The landowner and the Registro Público entry are not disclosed; it is stated that Smart City Green is the sole shareholder of ISD	1.5
2	Token → asset link	Token → a promise from Smart City Green and ZFI. There is no intermediate structure	0
3	Regulated custodian / fiduciary	None; the transfer of the trustee role to a regulated fiduciary is worded as "may"	0
4	Encumbrances	The model assumes bank debt covering 80% of construction cost; the bank's priority over holders is not ruled out	1
5	Related parties	The CEO and CTO are from the same family, the CFO is simultaneously the finance director of Green Valley Panama; the WP allows token operations to be suspended in the event of a conflict	0

Block conclusion

Score: 1.7 out of 10. There is no chain of ownership: only promises from related companies stand between the holder and the land. Risk: high.

Sources: WP, pp. 15, 23–25, 29–30

5. Regulation and Investor Eligibility (weight 5)

#	Criterion	Finding	Score
1	Offering licence	None. The issuer cites the SMV's position that it lacks jurisdiction; the SMV document is not attached	1
2	Zone operator licence	Resolution No. 195 of 18.02.2021 is disclosed; not verified by us in the MICI register	2
3	KYC/AML	Mandatory via Brickken / Tokenify, with reference to Law 23 of 2015	2
4	Jurisdictional restrictions	Notices are present, but the mechanism for excluding US and other investors (Reg S, geo-blocking) is not described	1

Block conclusion

Score: 2.5 out of 5. The offering is conducted outside securities regulation; holder protection relies on the issuer's good faith. Risk: medium.

Sources: WP, pp. 14, 33, 43, 45, 47–49

6. Asset Valuation and Reconciliation with Issuance (weight 15)

#	Criterion	Finding	Score
1	Independent valuation	CBRE market value opinion of $115,879,591; date and methodology not stated, document available on request	1
2	Token price vs. asset value	1 billion × 0.14 USDT = $140m, above the land valuation; the premium to the asset is backed by nothing but projections	1
3	Funds raised vs. capitalization	$1.5m on Brickken against an implied $140m: the market has validated roughly 1% of the valuation	1
4	Regular NAV reporting	Not disclosed	1.5
5	Use of proceeds	40% of revenue goes to the project, and only at prices up to 0.14 USDT; 60% remains with Smart City Green	0

Block conclusion

Score: 4.5 out of 15. The token's valuation rests on development projections, and most of the buyer's money goes to the developer rather than into the asset. Risk: high.

Sources: WP, pp. 23–24, 29–31; brickken.com/isd-panama

7. Fees and Net Yield (weight 20)

#	Criterion	Finding	Score
1	Issuer's share of profit	30% of ISD profit goes to Smart City Green before distribution	1
2	Withholding from sales proceeds	60% of each purchase stays with the issuer; this is a de facto entry fee	0
3	Developer's fee	Mentioned in the model, amount not disclosed in the text	1.5
4	Operating deductions	Disclosed: marketing 3%, advertising 2%, administration 8% of revenue	2
5	Payout mechanism	Decision of the ZFI board, fiat or crypto, with no formula or schedule	0
6	Platform fees	Brickken and Tokenify not disclosed	1.5

Block conclusion

Score: 6.7 out of 20. From day one the buyer pays a 60% entry premium and shares in profit only after the issuer's 30% cut and a board decision. Risk: high.

Sources: WP, pp. 24–25, 29–31

Calculation on $100,000

Step	Value
Purchase at 0.14 USDT	714,286 tokens, 0.0714% of the issue
Goes into ISD infrastructure (40%)	$40,000
Retained by Smart City Green (60%)	$60,000
Holder's share in ISD profit	0.0714% × 70% = 0.05% of distributed profit
To earn 10% annually ($10,000)	ISD would have to distribute ~$20m of profit per year
Dividend start per WP	2028, amount decided by the ZFI board

A threshold of ~$20m in distributable profit per year is commensurate with the concept of 24 buildings, but not with the single tower currently under construction. Even if the plan is executed, the yield is determined by a board decision rather than by a formula.

8. Liquidity and exit (weight 15)

#	Criterion	Finding	Score
1	Secondary market	None; the WP explicitly warns that there may be none	0
2	Redemption / buyback	None; EU notice: the token is not redeemable	0
3	Lock-up	Parameters are set for each round, not published	1.5
4	Concentration	All tokens are initially held by Smart City Green; by 2029 the issuer expects to retain 45%	0
5	Project failure scenario	The issuer does not compensate losses under any circumstances	0
6	Time to first cash flow	Dividends no earlier than 2028	1

Block conclusion

Score: 2.1 out of 15. There is no exit either through the market or through redemption; the issuer remains the largest holder and a potential seller. Risk: high.

Sources: WP, pp. 21–22, 29, 35, 47

9. Smart Contract and Technical Rights (weight 5)

#	Criterion	Finding	Score
1	Contract addresses	Not published in the WP	1.5
2	Code audit	Promised, report not found	1
3	Platform	Brickken: standard Token Suite, ISO 27001/27018/27701 certifications	2
4	Privileged roles	Mint, pause, freeze, multisig not disclosed	1.5
5	Multichain issuance	Ethereum + Polygon with a promise of "no more than 1 billion in total" without any reconciliation mechanism	1

Block conclusion

Score: 2.3 out of 5. Technical risk is medium, but it cannot be verified: there are no addresses and no audit report. Risk: medium.

Sources: WP, pp. 26, 34, 37–39; brickken.com

10. Underlying asset (weight 15)

#	Criterion	Finding	Score
1	Asset existence	129,872 m² in Green Valley, CBRE valuation, free-zone licence	2
2	Construction progress	Marie Curie: start Q1 2025, delivery Q3 2025 per the WP, then April 2026 according to the COO; current status not publicly confirmed	1
3	Demand	75 companies have reserved space (COO statement, 2025), no lease agreements publicly available	1
4	Construction financing	The model assumes a bank loan for 80% at 8% over 30 years; no signed loan has been disclosed	1
5	Regulatory advantage	Free-zone benefits: taxes on rent, property and imports, immigration regimes	2
6	Quality of forecasts	70% occupancy, 4% annual rent growth, comparison with the S&P 500 and Airbnb; marketing rather than a verified model	1

Block conclusion

Score: 6.7 out of 15. The land and the tax benefits are real, while the cash flow so far exists only in a model covering 24 buildings. Risk: high.

Sources: WP, pp. 6, 14, 19–22, 29–31; bitcoinethereumnews.com (Blockchain Jungle 2025)

11. Scoring and risk matrix

Block	Weight	Score	Risk
3 Legal nature	15	3.5	high
4 Ownership chain	10	1.7	high
5 Regulation	5	2.5	medium
6 Valuation and reconciliation	15	4.5	high
7 Fees	20	6.7	high
8 Liquidity	15	2.1	high
9 Smart contract	5	2.3	medium
10 Underlying asset	15	6.7	high
Total	100	29.9 → 30	CCC

No penalties were applied. The "no claim on the asset" flag does not impose a cap of C, because the holder has a contractual claim against Smart City Green and ZFI, which the WP describes as binding. Should a contract with different terms be published, the assessment will be revised.

Risk	Probability	Impact	Mitigants	Block
Profit is not distributed	high	high	Payout formula set out in the contract	3, 7
Developer bankruptcy	medium	critical	Trustee, pledge, asset ring-fencing	4
Bank takes priority	high	high	Disclosure of loan agreements	4, 10
Inability to exit	high	high	Regulated secondary market, buyback	8
Issuer sells its 55%+	medium	high	Public sales schedule	8
Construction failure	medium	high	Progress reports, signed loan facility	10
Reclassification as a security	medium	medium	SMV position in writing	5

What this means for UAE investors and issuers

Land is not the same as a holder's right to land. Under VARA and ADGM, an offering backed by real estate needs a recorded claim — a trust, a pledge or a registered interest — not a whitepaper statement that the token is "backed".

A discretionary payout is not a yield. A board that can legally distribute nothing, sitting inside the issuer's own group, would be treated as a material conflict to be disclosed and mitigated before licensing.

No exit is a licensing question. A product with no secondary market, no redemption and the issuer as the largest holder would struggle to reach professional clients in the UAE without a disclosed liquidity mechanism.

12. Questions for the Issuer

- Publish the full ISD Token commercialization agreement.
- In whose name is the 129,872 m² plot of land registered, and is it subject to any mortgage or pledge?
- When and with which fiduciary will the Custody Trust be established?
- Provide the CBRE report with the valuation date and methodology.
- How many tokens have been sold in total, at what prices, and how many remain with Smart City Green?
- Confirm the 40/60 split in the use of proceeds and its actual implementation by year.
- What is the status of the Marie Curie building as of November 2026, and have lease agreements been signed?
- Is there a signed bank construction loan, and what are its terms?
- Have any payments already been made to holders (Brickken mentions dividends)?
- Publish the contract addresses on Ethereum and Polygon, the code audit report, and the list of roles.
- Provide a written position from the SMV confirming the absence of jurisdiction.
- What is the size of the developer's fee and the platform commissions?

Right of reply and limitations

The issuer is entitled to provide documents per the list above; the assessment will be revised based on the facts. The audit is based solely on public sources as of 03.11.2026, without access to agreements, Panamanian registries, or on-chain data (contract addresses have not been disclosed). The Brickken figures ($1.5m, 200+ holders) are undated.

Final Conclusion

ISD: 30/100, CCC. Real land in an operating free zone is packaged into a token that grants the holder neither rights to that land, nor a guaranteed cash flow, nor an exit. The buyer finances the developer at a 60% entry premium and receives a promise of a profit share, the size of which is determined by a board affiliated with the issuer.

Strengths

- An independent CBRE opinion on the value of the land.
- A free-zone operator license and tax incentives.
- A hard cap on issuance.
- KYC/AML and Brickken infrastructure.
- Risks are disclosed in the WP in detail and honestly.

Key Risks

- Discretionary profit distribution.
- No collateral and no trust structure.
- 60% of sales proceeds retained by the issuer.
- No liquidity and no redemption.
- Construction timelines are slipping, financing is unconfirmed.

Who It Suits and Who It Does Not

Suitable for a participant in the ISD ecosystem, for whom the token is part of access to the community and partner benefits, with an amount they can afford to lose entirely. Not suitable for anyone seeking a yield-bearing asset backed by real estate, or who needs liquidity before 2028 and beyond.

Re-rating Triggers

- Publication of the commercialization agreement and establishment of a trust.
- Delivery of Marie Curie and the first lease agreements.
- The first actual payout to holders.
- A listing on a regulated venue.
- A Panamanian crypto-asset law or a position from the SMV.

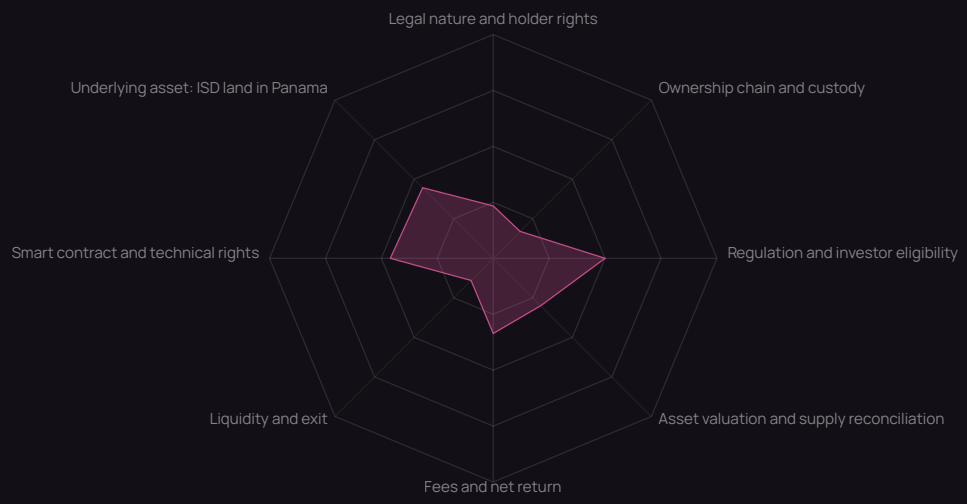
This document has been prepared for informational purposes and does not constitute investment, legal or tax advice.

Sources

- Whitepaper on Token Issuance ISD, update 02.2025: cdn.prod.website-files.com/…/EN_whitepaperISDToken.2025_febrero.pdf
- Brickken, ISD Panama case study: brickken.com/isd-panama
- Brickken, Live tokenizations: brickken.com/live-tokenizations
- ISD website: isdistrict.com/en
- ISD press release, 28.09.2022: markets.financialcontent.com
- ISD COO's presentation at Blockchain Jungle 2025: bitcoinethereumnews.com

Final rating

BLOCK PROFILE



BREAKDOWN (0–100)

Legal nature and holder rights	**23.4**
Ownership chain and custody	**17**
Regulation and investor eligibility	**50**
Asset valuation and supply reconciliation	**30**
Fees and net return	**33.6**
Liquidity and exit	**14**
Smart contract and technical rights	**46**
Underlying asset: ISD land in Panama	**44.6**

SUMMARY

ISD is backed by $115.9m of Panamanian land, yet holders get no right to it, no guaranteed cash flow and no exit: 60% of sale proceeds stays with the issuer and a related board decides payouts. Final score 30 out of 100, grade CCC.

This audit is not investment advice. Use it as part of your own analysis.

FINAL RATING

30 /100

RATING CCC



Lead expert

Toni Efren in

Co-founder, 8Blocks

Block	Weight	Score (0–5)	Score (0–100)	Contribution
Legal nature and holder rights	15%	1.17	23.4	**3.5**
Ownership chain and custody	10%	0.85	17	**1.7**
Regulation and investor eligibility	5%	2.5	50	**2.5**
Asset valuation and supply reconciliation	15%	1.5	30	**4.5**
Fees and net return	20%	1.68	33.6	**6.7**
Liquidity and exit	15%	0.7	14	**2.1**
Smart contract and technical rights	5%	2.3	46	**2.3**
Underlying asset: ISD land in Panama	15%	2.23	44.6	**6.7**
Total	**100%**	**1.5**	**30**	**30**