

BlockHouse Corporate

A Long-Term Investment Company

“Building Value for the Long Term.”

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Structured as a C-Corporation

Corporate Overview



BLOCKHOUSE CORPORATE

Overview

BlockHouse Corporate is a Delaware C-Corporation designed to serve as a permanent capital vehicle for long-term value creation. The company will raise and allocate capital across diverse asset classes, reinvesting retained earnings for compounded growth. Structured for tax efficiency and aligned with the interests of long-term shareholders, BlockHouse Corporate is modeled after successful long-duration compounding enterprises and public-private hybrids, aiming to build substantial intrinsic value over decades.

Launch Timeline

Initial operations for BlockHouse Corporate are anticipated to commence following the completion of all necessary corporate registrations, the formation of the initial Board of Directors, and the successful conclusion of the foundational capital raise. The projected timeline targets the start of investment activities in 2030. Prospective investors will be kept informed of progress and key milestones through direct communications. Further detailed updates regarding the operational launch will be provided as these formative steps are finalized.



BLOCKHOUSE CORPORATE

Investment Philosophy

At BlockHouse Corporate, our investment philosophy is anchored by a commitment to long-term value creation and the power of compounding. We believe that patient capital, deployed with discipline and a focus on fundamentals, is the most effective path to building sustainable wealth. Our core principles include:

- **Long-Term Horizon:** We invest with a multi-decade perspective, allowing our portfolio companies and strategic assets to mature and their intrinsic value to be fully realized, free from the pressures of short-term market sentiment.
- **Focus on Quality:** We seek to allocate capital to high-quality businesses with durable competitive advantages, strong cash flow characteristics, and competent management teams.
- **Intrinsic Value Investing:** Our investment decisions are guided by rigorous analysis of intrinsic value, aiming to acquire assets at prices that offer a significant margin of safety.
- **Compounding as a Cornerstone:** We prioritize the reinvestment of earnings to harness the transformative effect of compounding over extended periods.
- **Alignment with Shareholders:** We believe that the interests of management and shareholders must be closely aligned, fostering a partnership approach to value creation. This principle is embedded in our corporate structure and compensation philosophy.
- **Disciplined Patience:** We understand that superior returns often require patience and the ability to withstand market volatility without deviating from our core strategy.

By adhering to these principles, BlockHouse Corporate aims to build a portfolio of enduring assets that generate substantial value for our shareholders over the very long term.



BLOCKHOUSE CORPORATE

Legal Form

BlockHouse Corporate is a U.S. C-Corporation with independent governance and shareholder protections. Unlike partnerships or pass-through structures, the corporate form allows internal reinvestment of post-tax earnings without requiring distribution of profits to shareholders, which is central to our long-term compounding strategy. This structure provides operational flexibility and a durable framework for growth.

Tax Treatment

BlockHouse Corporate pays federal and state corporate taxes on its income. Shareholders are taxed only upon receiving dividends or selling shares, enabling long-term deferral of tax obligations on unrealized gains. This structure is particularly suited for investors who prioritize the compounding of capital over current income distributions and who have a long-term investment horizon.

Equity Classes

Class A Shares: Held exclusively by BlockHouse Management. These carry a non-dilutable 5% equity interest in the company and collectively hold 50% of total voting rights. This structure is designed to ensure stability in strategic direction and long-term stewardship.

Class B Shares: Represent the remaining 95% equity interest in the company. Class B shareholders collectively control the other 50% of voting rights, providing a significant voice in key corporate matters.

This dual-class structure is intended to ensure strong, stable governance focused on long-term value creation while preserving a robust economic alignment between management and all shareholders.



BLOCKHOUSE CORPORATE

Governance and Oversight

BlockHouse Corporate is committed to upholding high standards of corporate governance to ensure accountability, transparency, and the protection of shareholder interests. We believe strong governance is fundamental to achieving our long-term objectives and maintaining the trust of our investors. Key aspects of our governance framework include:

- **Independent Board of Directors:** The company will be governed by a Board of Directors, with a commitment to a majority of independent directors. The Board will be responsible for providing strategic direction, overseeing management, and ensuring that the company operates in the best interests of all shareholders.
- **Board Committees:** Appropriate board committees (e.g., Audit, Compensation, Nominating and Governance) will be established with clear mandates to provide focused oversight on critical areas of corporate governance and operations.
- **Shareholder Rights:** Our corporate charter and bylaws are designed to protect shareholder rights and provide appropriate mechanisms for shareholder participation and engagement.
- **Transparent Reporting:** We are committed to providing shareholders with clear, comprehensive, and timely information about the company's performance, financial condition, and strategic initiatives through annual reports and other periodic communications.
- **Ethical Conduct:** BlockHouse Corporate will operate under a strict code of ethics, emphasizing integrity, responsibility, and the prudent stewardship of shareholder capital.
- **Robust Risk Management:** The Board will oversee the company's comprehensive risk management framework, ensuring that potential risks across all aspects of the business are identified, assessed, and managed appropriately.

Our governance structure is designed to provide a solid foundation for long-term growth and value creation, ensuring that BlockHouse Corporate is managed with diligence and an unwavering focus on shareholder outcomes.



BLOCKHOUSE CORPORATE

Capital Allocation

BlockHouse Corporate will invest opportunistically across public equities, private businesses, and strategic assets. Capital allocation will be guided by rigorous assessments of intrinsic value, prospects for capital efficiency, and the potential for long-term compounding. The firm will not operate under a fixed mandate or a fee-driven model, ensuring flexibility to pursue value wherever it may be found.

Public equity investments will typically focus on established, market-leading companies with strong balance sheets, durable competitive advantages, and proven records of effective capital allocation and cash flow generation. In private markets, we may seek direct stakes in profitable, well-managed businesses with clear growth pathways, or consider co-investments alongside trusted partners who share our long-term orientation. Strategic assets could encompass real assets, intellectual property, or other unique long-duration opportunities that align with our objective of sustained value creation. Our approach is dynamic, allowing us to adapt to changing market landscapes while adhering to our core investment principles.



BLOCKHOUSE CORPORATE

Value Creation Strategy

BlockHouse Corporate's primary objective is to create substantial long-term value for its shareholders. Our strategy for achieving this is multifaceted and centers on the effective deployment and compounding of capital within our unique corporate structure. Key elements include:

- **Maximizing Reinvestment:** All net earnings after corporate taxes are intended for reinvestment back into the company. This continuous compounding of capital is the principal engine of our value creation model, deferring shareholder-level taxation until value is realized.
- **Strategic Asset Allocation:** We will dynamically allocate capital across a diversified range of public equities, private businesses, and other strategic assets. This flexibility allows us to pursue the most attractive risk-adjusted opportunities as market conditions evolve, unconstrained by typical fund limitations.
- **Active Ownership and Partnership (Private Assets):** Where appropriate for our investments in private businesses, we may take an active role, providing strategic guidance, operational expertise, or access to our network to help these companies achieve their full potential and accelerate growth. We aim to be value-added partners, not just passive capital providers.
- **Long-Term Holdings (Public Equities):** In public markets, we seek to be long-term holders of exceptional companies, focusing on businesses with strong fundamentals, visionary leadership, and significant reinvestment runways. We are not traders; we are builders of wealth through ownership.
- **Operational Efficiency and Scalability:** We are committed to maintaining a lean and efficient corporate structure, minimizing overhead to ensure that the maximum amount of capital is working for our shareholders. Our model is designed to be scalable, allowing for growth without a proportional increase in operating costs.
- **Leveraging Permanent Capital Advantage:** Our permanent capital base allows us to make investments that may be illiquid or require a longer gestation period than would be feasible for traditional investment vehicles. This provides a distinct competitive advantage in identifying and securing unique, high-potential opportunities.

Through these integrated strategies, BlockHouse Corporate aims to steadily grow its intrinsic value per share over many years, creating a legacy of wealth for its stakeholders.



BLOCKHOUSE CORPORATE

Risk Management

BlockHouse Corporate adheres to a comprehensive and disciplined risk management framework designed to protect capital and support sustainable long-term value creation. Our approach encompasses several layers of risk mitigation:

- **Fundamental Analysis:** A cornerstone of our risk management is the rigorous due diligence and intrinsic value assessment undertaken before any capital commitment. Investing with a margin of safety is paramount.
- **Diversification:** While concentrating on quality, we aim for prudent diversification across asset classes, industries, and investment types where appropriate, to avoid undue concentration of risk.
- **Long-Term Horizon:** Our multi-decade investment horizon naturally mitigates the impact of short-term market volatility on our core holdings.
- **Strategic Use of Derivatives:** The company may selectively employ derivative instruments, primarily options, for specific risk management objectives. These strategies are not for speculative purposes but are designed to:
 - **Hedge Downside Risk:** Protective strategies, such as purchasing put options or establishing collars, may be utilized on certain public equity positions to limit potential losses during periods of market stress or to protect unrealized gains.
 - **Manage Volatility:** Options strategies can also be used judiciously to manage the volatility of returns associated with specific assets or to navigate uncertain market conditions more effectively.
- **Liquidity Management:** While primarily focused on long-term, potentially illiquid investments, the company will manage its overall liquidity prudently to meet operational needs, satisfy obligations, and seize new investment opportunities as they arise.
- **Board Oversight:** The Board of Directors provides ultimate oversight of the company's risk management policies and practices, ensuring they align with the company's strategic objectives and defined risk appetite.

Our goal is to manage risks thoughtfully, enabling BlockHouse Corporate to navigate various economic environments effectively while pursuing its mission of long-term capital appreciation and preservation. While no strategy can eliminate all risk or guarantee specific returns, these measures are integral to our disciplined approach to capital stewardship.



BLOCKHOUSE CORPORATE

Redemptions and Liquidity

As a C-Corporation designed for permanent capital investment, BlockHouse Corporate does not offer a redemption mechanism or a fixed exit schedule for its shares. This structure is intentional, supporting our ability to make very long-term investments without the pressure of meeting short-term liquidity demands. While there are no plans for regular redemptions, liquidity for shareholders may arise through other avenues over time. Shares may be transferable via secondary market transactions (subject to any transfer restrictions, right of first refusal provisions outlined in shareholder agreements, and applicable securities laws). Furthermore, the Board of Directors may consider future liquidity events, such as a public listing or other strategic transactions, if deemed to be in the best interests of the company and its shareholders at the appropriate time. BlockHouse Corporate is therefore best suited for sophisticated investors with a multi-decade investment horizon who value long-term capital growth over immediate liquidity.

Fees and Expenses

No management fees based on assets under management or annual incentive fees based on performance will be charged at the BlockHouse Corporate level. This aligns with our philosophy that value should accrue directly to shareholders. Operating expenses, including administrative costs and compensation for the management team, will be borne by the corporation. These expenses will be managed prudently, minimized where possible, and disclosed transparently to shareholders in our annual reports. Compensation to management will be structured to be heavily weighted towards long-term shareholder outcomes and subject to oversight by the independent members of the Board of Directors.



BLOCKHOUSE CORPORATE

Why BlockHouse Corporate?

BlockHouse Corporate offers a distinctive approach to long-term investment, designed for individuals and families seeking to build substantial, enduring wealth. We believe our structure and philosophy provide several key advantages:

- **Permanent Capital Vehicle:** Our C-Corporation structure provides a stable, permanent capital base. This eliminates the fixed lifecycles and redemption pressures common to investment funds, allowing for truly long-term investment decisions and the patient nurturing of assets.
- **Optimized for Compounding:** By reinvesting all post-tax profits and allowing shareholders to defer taxes until dividends are paid (if any) or shares are sold, the structure is highly efficient for compounding capital over extended periods.
- **Direct Alignment of Interests:** The Class A share structure ensures that BlockHouse Management has a significant, non-dilutable equity stake, directly aligning their economic outcomes with those of all Class B shareholders. Management compensation is further tied to long-term value creation, not asset gathering or transaction volumes.
- **Unconstrained and Opportunistic Investing:** Free from a narrow mandate or the need to generate fee income, BlockHouse Corporate can allocate capital flexibly and opportunistically across diverse asset classes, geographies, and market conditions, focusing solely on the best risk-adjusted returns for the long term.
- **Focus on Intrinsic Value Growth:** Our core mission is the sustained growth of the company's intrinsic value per share. All strategic decisions, from capital allocation to operational management, are made through this lens.
- **Transparent and Accountable Governance:** With a commitment to a majority-independent board and clear reporting, we aim to provide a governance structure that shareholders can trust to act in their best interests.
- **A Legacy-Building Platform:** BlockHouse Corporate is conceived as a vehicle for building and preserving wealth across generations, offering a robust and principled platform for long-horizon investors.

We believe these characteristics make BlockHouse Corporate a compelling proposition for those who share our philosophy of patient, value-oriented, long-term investing and who seek a partner in building a lasting financial legacy.



BLOCKHOUSE CORPORATE

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