

The democratisation of real estate? Tokenisation and other solutions

Wednesday 5th February 2020

Welcome
Charles Kerrigan
Partner, Banking & International Finance, CMS UK
Chair of AREF Technology Working Group

Speakers & Panellists

Slido.com - ref: #4283



Charles Kerrigan

Partner, Banking & International
Finance, CMS UK



Toby Lewis

Chief Executive & Founder
Novum Insights



Adrian Benedict

Investment Director

European Real Estate, Fidelity



Daniel Coheur

COO

Tokeny Solutions



David Delaney

Group Chief Executive

IPSO



Neil Meikle

Global Head of Real Estate

Product Strategy

Aberdeen Standard Investments



Agenda for today

- 09.00 **Welcome - Charles Kerrigan, CMS UK**
- 09.10 **Toby Lewis, Novum Insights**
- 09.30 **Panel session & questions featuring:**
- **David Delaney, IPSX**
 - **Neil Meikle, Aberdeen Standard Investments**
 - **Daniel Coheur, Tokeny Solutions**
 - **Adrian Benedict, Fidelity**
 - **Toby Lewis, Novum Insights**
- 10.20 **Conclusions**
- 10.30 **Join us for coffee & networking**
- 11.00 **Close**

Poll Question:

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Why are you here?

This is why I am here



1. Anything that can get into software will get into software
2. Any company in the world that is in any of these markets has to become a software company
3. The best software company will win

What is a digital asset? . . . tokenisation? . . . democratization?

Acronyms in technology - IITA,PWTM



The screenshot shows a Twitter interface. At the top, there is a search bar and buttons for 'Log in' and 'Sign up'. The main content is a tweet from John Paul Koning (@jp_koning) posted on September 18, 2019, at 8:13 pm. The tweet text reads: 'This is going to blow your mind, but depositories like the DTCC have been digitizing securities for decades now.' Below the tweet, there is a quote from another user, Pomp (@APompliano), who says: 'Every stock, bond, currency, and commodity will be digitized. Asset allocators won't be able to ignore digital assets in the future.' On the right side of the interface, there are two promotional boxes: 'New to Twitter?' with a 'Sign up' button, and 'Relevant people' featuring John Paul Koning with a 'Follow' button. Below the 'Relevant people' box, there is a list of topics associated with John Paul Koning: monetary economics, history of money, central banking, free banking, gold, payments, financial privacy, stock markets, data viz, and alt-currency.

Democratization:

- automation + scalability = more investors
- more investors = liquidity

Today...

- ✓ Experts
- ✓ Analysis
- ✓ Products
- ✓ Users
- ✓ Market
- ✓ Mumbo Jumbo
- ✓ Bitcoin
- ✓ Hackathons
- ✓ Free craft beer
- ✓ Blind Faith

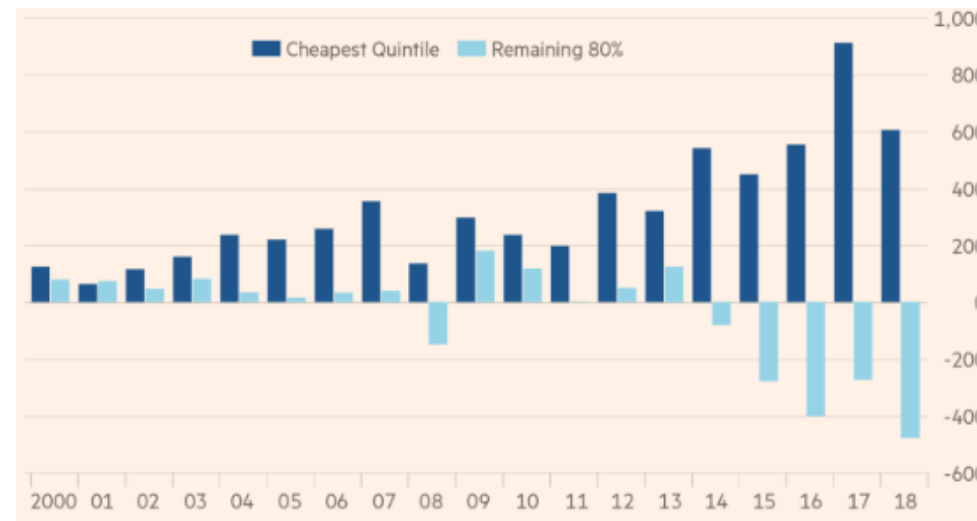
Am I bothered?

Standard vs Blockchain Cost Estimates Comparison Table

GREEN BOND PROCESS (USD)	STANDARD PROCESS	WITH FULL BLOCKCHAIN AUTOMATION
Structuring, price setting, risk rating	1,000,000	20,000
Legal review	100,000	40,000
Investor whitelisting and matchmaking	500,000	n/a
Internal review and green classification	50,000	20,000
Third party validation and green benchmarking	50,000	5,000
Registration and listing	15,000	n/a (if sold on blockchain exchange)
Brokerage and sales	1,500,000	40,000
Payment and settlement	Opportunity cost: 84,000	0
Custodianship	350,000	2,000 (blockchain dependent)
Data gathering (full lifecycle)	1,200,000	350,000 (includes IoT devices)
Data aggregation (full lifecycle)	400,000	115,000
Reporting (full lifecycle)	1,200,000	100,000
Total	6,449,000	692,000

Zero-fee and rebate deals throw down gauntlet on ETF charges

In March, a company called Salt Financial won approval from US securities regulators for an ETF with negative fees, meaning the fund manager would pay — rather than charge — portfolio managers to invest their money with them. Only days earlier, online personal lender SoFi had launched two ETFs with zero fees.



The new kings of the bond market

“We are on the verge of some of the biggest changes in this landscape for decades,” says Matt King, a strategist at Citi.

Mr Pereira says a lack of familiarity with old systems is liberating. He likens the bond market to the “marshmallow challenge” created by designer Peter Skillman: a team has to quickly create the tallest structure they can that will support a marshmallow, using 20 pieces of spaghetti, a metre of tape and a piece of string. Pre-school children consistently beat business school graduates, lawyers and executives.

“They [the children] are not thinking about the rules of physics and what is logical,” he says. “They are really just trying to think of what works.”

Tradeweb saw quarterly portfolio trading volumes on its platform rise from \$2.7bn after it launched the service in the first quarter of 2019, to almost \$18bn in the final three months of the year. MarketAxess, the largest [US electronic corporate bond trading platform](#), says one of its top customers on its new Open Trading venue, where anyone can trade with everyone, is Jane Street, highlighting the importance of these new firms.

UX Design: How Important is it?



Jake Butler [Follow](#)

May 4, 2019 · 3 min read

During the first year at Amazon, Bezos invested 100 times more into customer experience than advertising

“On average every dollar invested in UX brings 100 dollars return.”

“Design-driven businesses have outperformed the S&P by a whopping 228% over the past 10 years.”

Joanna Ngai, UK designer, Microsoft

What does fintech tell us?

Revolut: We spent 0 on Marketing to reach 1,5 million users

Maïke Strudthoff April 4, 2018 2 comments 6 min read



Over the past several years, 'fintech' has quietly become the unsung darling of venture.

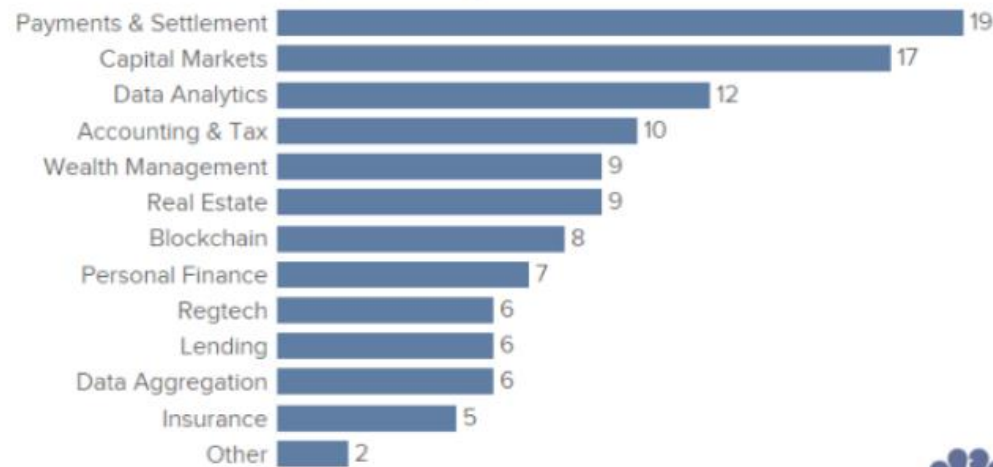
A rapidly swelling pool of new startups is taking aim at the large incumbent institutions, complex processes and outdated unfriendly interfaces that mar billion dollar financial services verticals, such as insurtech, consumer lending, personal finance, or otherwise.

In just the [past summer](#), the startup community saw a multitude of hundred-million dollar fintech fundraises. In 2018, fintech companies were the source of close to 1,300 venture deals worth over \$15 billion in North America and Europe alone [according to data from Pitchbook](#). Over the same period, KPMG [estimates](#) that over \$52 billion in investment pour into fintech initiatives globally.



Techcrunch

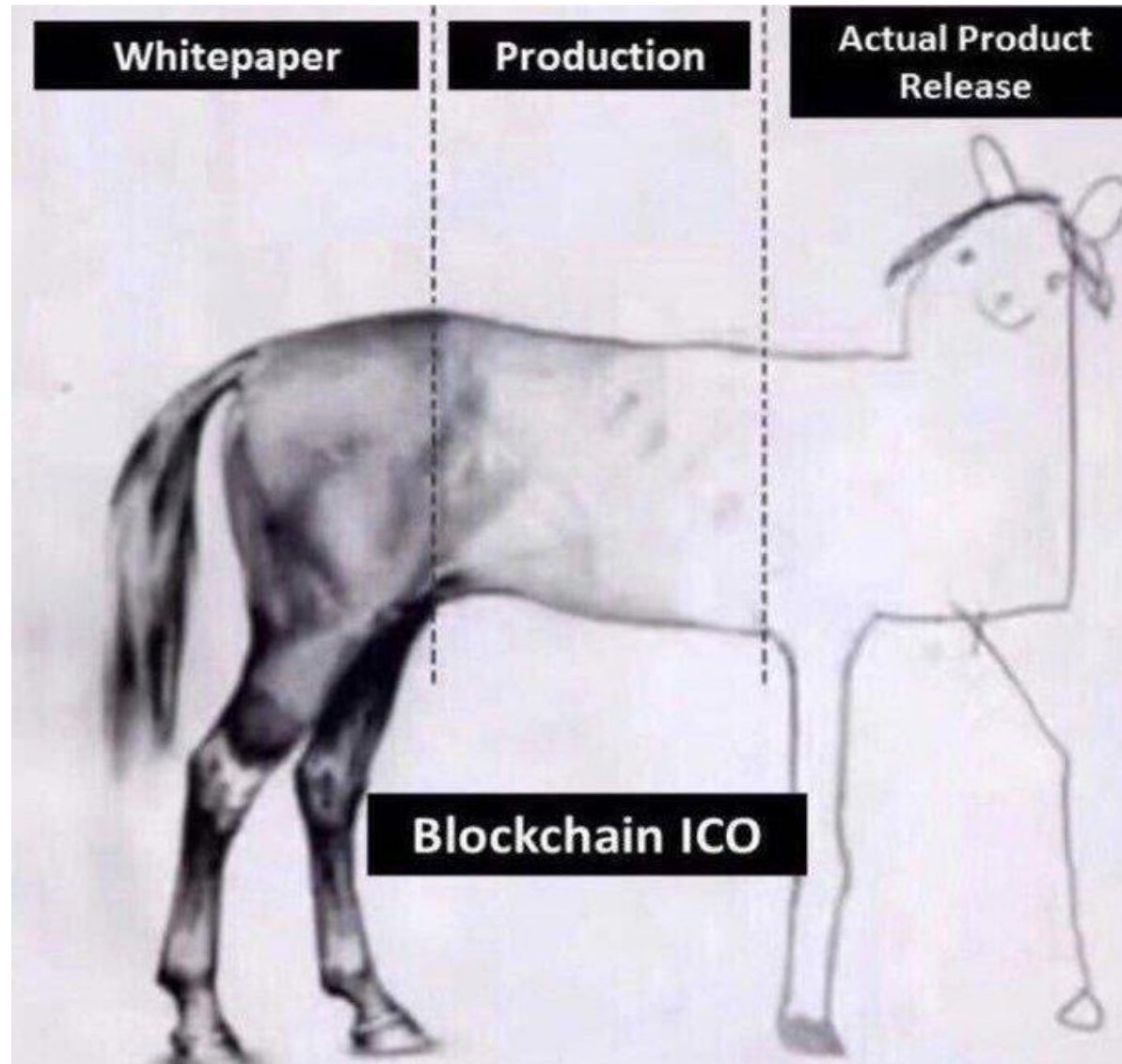
Areas of banking industry interest



SOURCE: CB Insights, Number of equity investments by major U.S. banks in these area since 2012



Implementation





Keynote

Toby Lewis

Chief Executive and Founder

Novum Insights



REAL ESTATE TOKENIZATION



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CHALLENGES

- Land records are still stored on paper in most of the nations.
- Present system includes many stakeholders and information across multiple stakeholders is scattered.
- Low liquidity, high entry barriers
- Process of documentation, verification, and monitoring is burdensome.
- Full property history is not available.
- Lack of real time data.
- Difficult to invest overseas.



TRENDS

DECENTRALIZED DATA STORAGE

Records are stored on a decentralized platform.

IDENTICAL RECORDS ACROSS MULTIPLE STAKEHOLDERS

The distributed ledger holds data and keeps it identical across the platform.

MULTIPLE SEARCH LISTING

Aggregate scattered data and make it more accessible and standardized.

FRACTIONAL OWNERSHIP

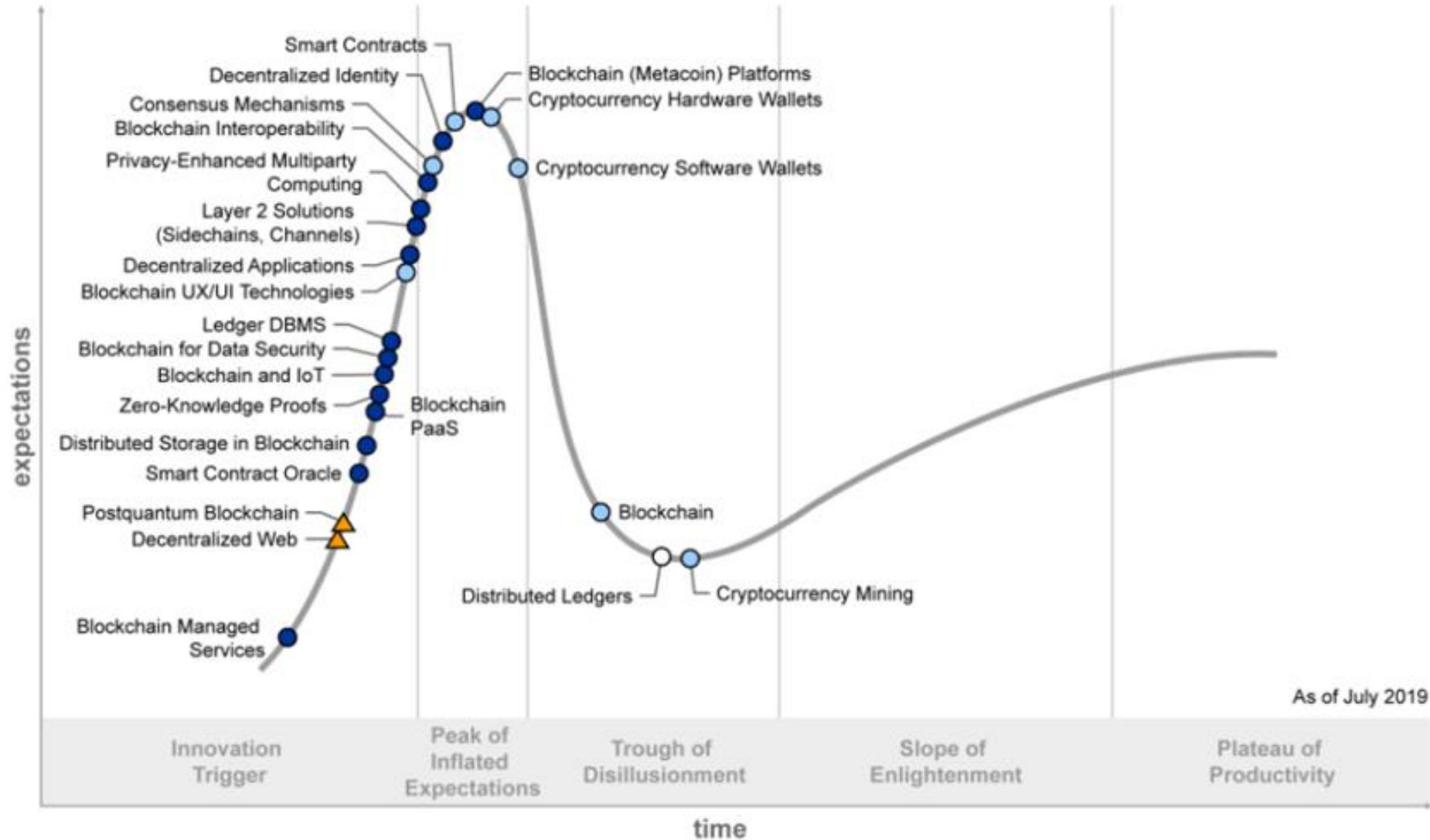
Fractional ownership model lowers high entry barrier and enhances liquidity.

SMART CONTRACTS

Smart Contracts remove middlemen and burdensome verification and monitoring.



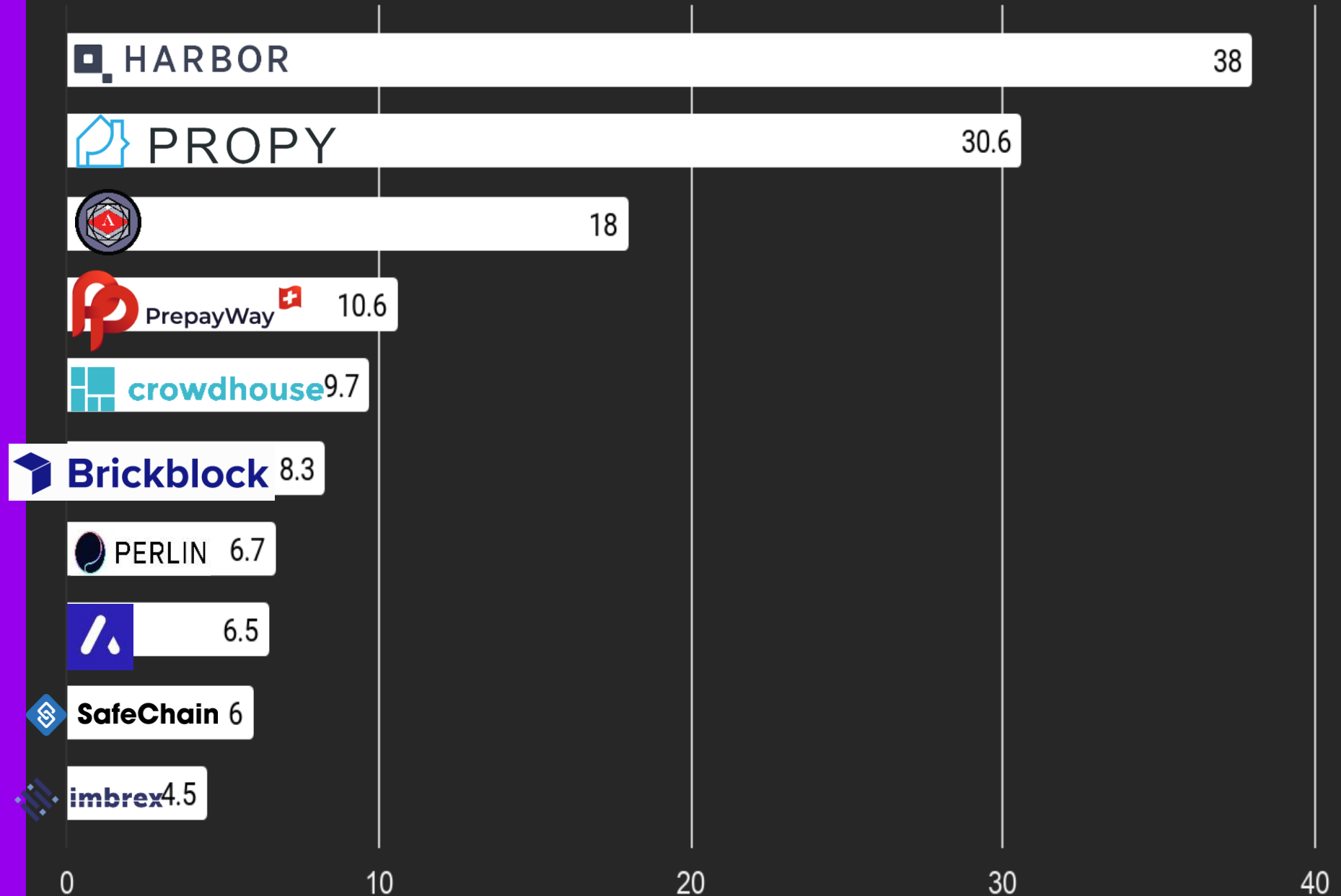
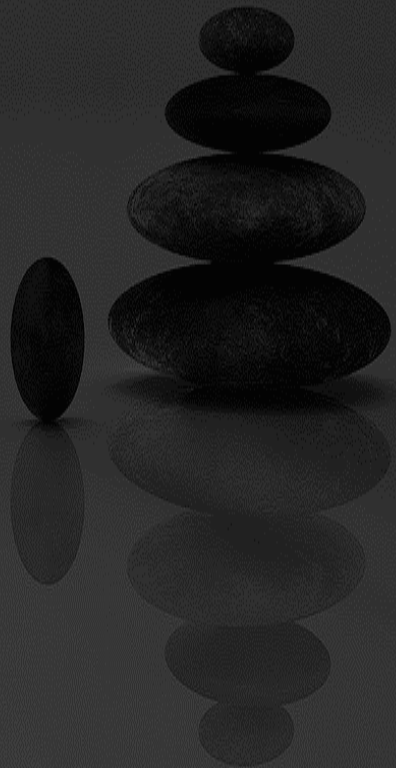
HYPE CYCLE FOR BLOCKCHAIN TECHNOLOGIES 2019



Plateau will be reached:

- less than 2 years
- 2 to 5 years
- 5 to 10 years
- ▲ more than 10 years
- ⊗ obsolete before plateau

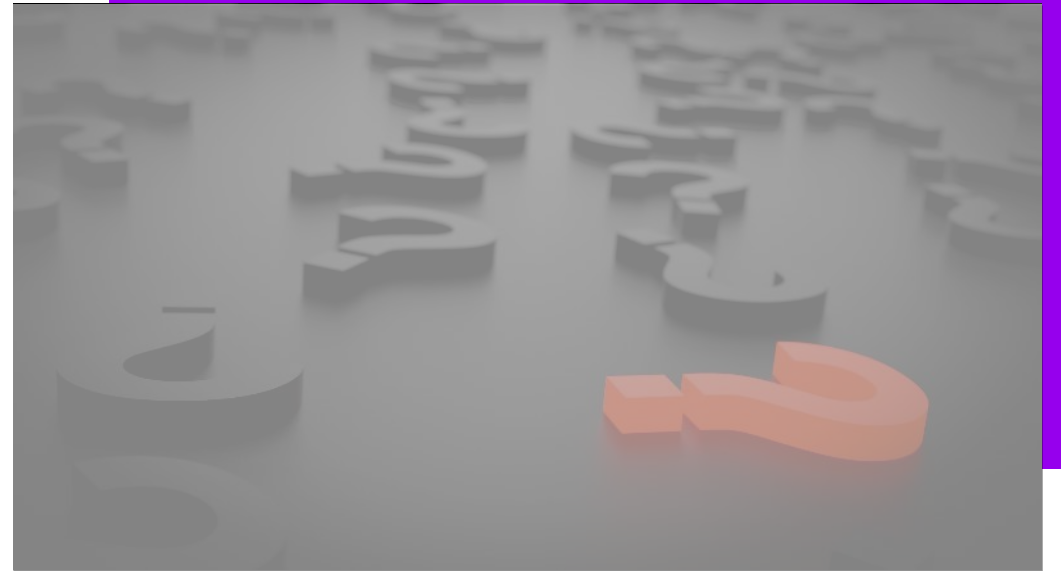
TOP 10 COMPANIES



AMOUNT RAISED (IN \$MM)

SIGNS OF LIFE

- Among 25 Most Funded Companies, 8 have failed and 6 have failed to show notable progress
- 8 companies that have failed all raised funds via ICOs





RECENT MOVEMENTS



EMAAR AND JP MORGAN



J.P.Morgan



Emaar Properties, owner of world's tallest building Burj Khalifa, launched a blockchain based referral and rewards platform.

The EMR token is developed and issued on JPMorgan's enterprise-grade DLT platform Quorum. The tokens will be used to reward its customers.

EMR tokens will be redeemable in any of the businesses in the Emaar group which includes areas such as real estate, malls, hospitality, entertainment, facilities management and online shopping.

CORPORATE ADOPTION



Completed a blockchain technology trial using **Propy** to streamline the process of property transactions. It could make the process of buying and selling four times faster and cut cost by \$160B annually.



Invested in blockchain mortgage company **acres**



A major Japanese escrow company made two successful blockchain-based real estate transactions via **Propy's** transaction management platform.



IT services firm Tech Mahindra is developing a blockchain solution for land registry in Abu Dhabi to increase transparency and traceability of land records.


GLOBAL ADOPTION



PROPY

Propy and the **U.S. city of South Burlington** completed a blockchain trial for real estate transactions. Propy implemented its blockchain registry system for six weeks in parallel to the Land Recorder's office.

The **Spanish Association of Registrars** is working on a blockchain property registry for tourist rentals to protect visitors from fraud and share data between government administrations.



As part of the "Digital Street" program, UK's **Her Majesty's Land Registry** (HMLR) explored blockchain to speed up the house buying and land registry process with Corda.



Dubai Land Department (DLD) released a blockchain-based **mortgage platform** with Emirati lender Mashreq Bank.

GLOBAL ADOPTION



Overstock.com's blockchain property rights subsidiary, [Medici Land Governance](#) (MLG), has signed an MoU with municipality of **Tulum in Quintana Roo, Mexico** to develop a digital record of land ownership.

South Africa pilots blockchain for property registry to solve land titling problems. The trial involves about 1,000 government-subsidized properties in Makhaza, Khayelitsha in Cape Town which are yet to be entered on the deeds registry.

PARTNERSHIPS

Collect and curate real estate contracts for each state using blockchain technology



collects high quality reference data



provides transparent closing room, Escrow Commons

Optimize the processing of securities registers for its real estate investment products



The platform enables Mata Capital to carry out all KYC and AML actions.

The platform offers investors the possibility to engage in a fund or "club-deal" operation and allows them to easily subscribe and resell their securities over the counter.

PARTNERSHIPS

Allow real estate investors to pay in cryptocurrencies

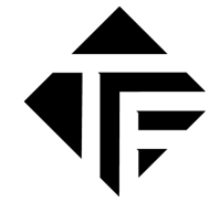


AARGOS Global Real Estate Fund a fully regulated tokenized real estate fund in Liechtenstein

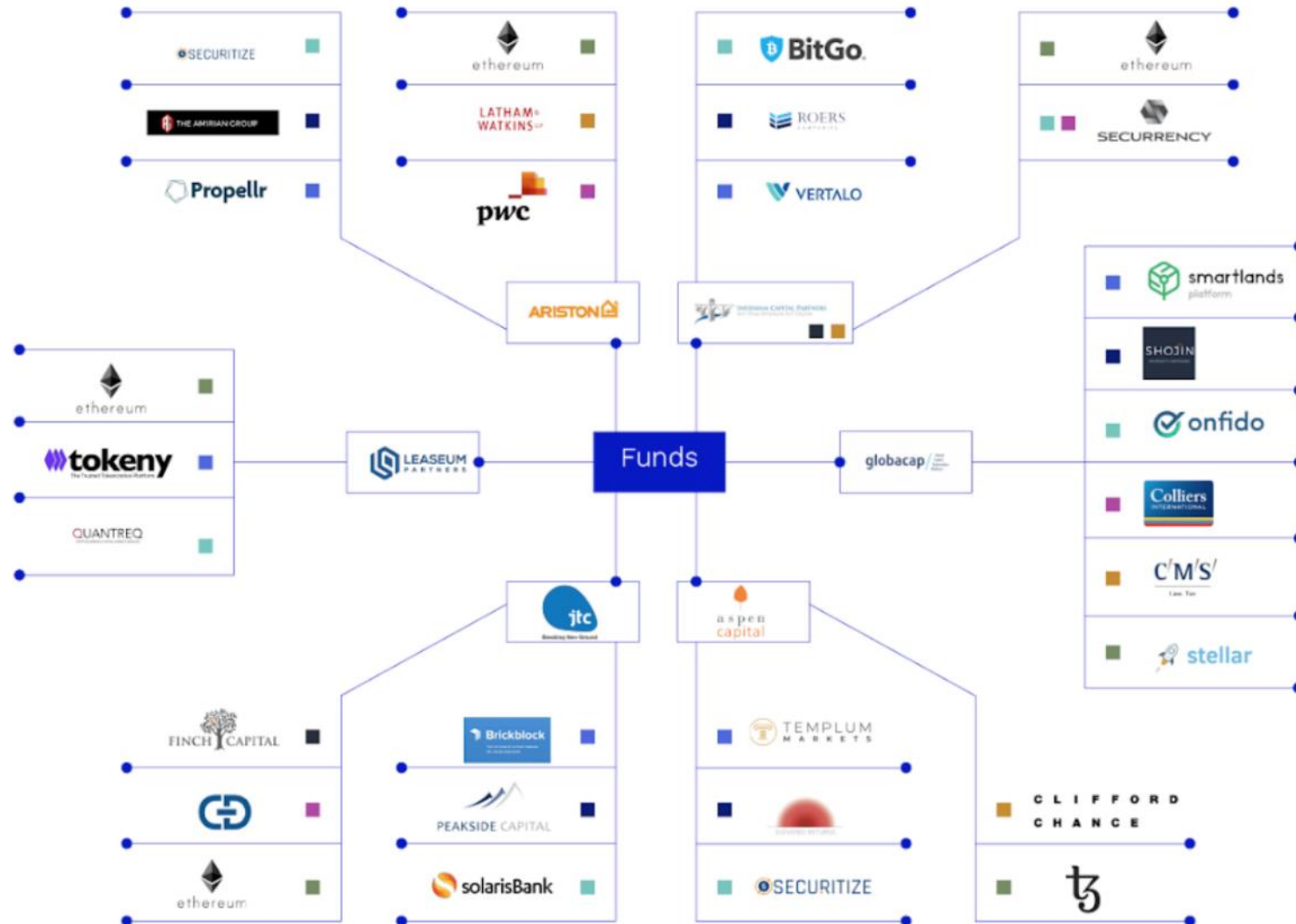


BANK FRICK

AHEAD



REAL ESTATE PARTNERSHIP LANDSCAPE



REAL ESTATE SECURITY TOKEN ECOSYSTEM

Investors



Smart Contract Auditors / General Auditors



Legal



Network



Funds



Broker Dealer / Platform

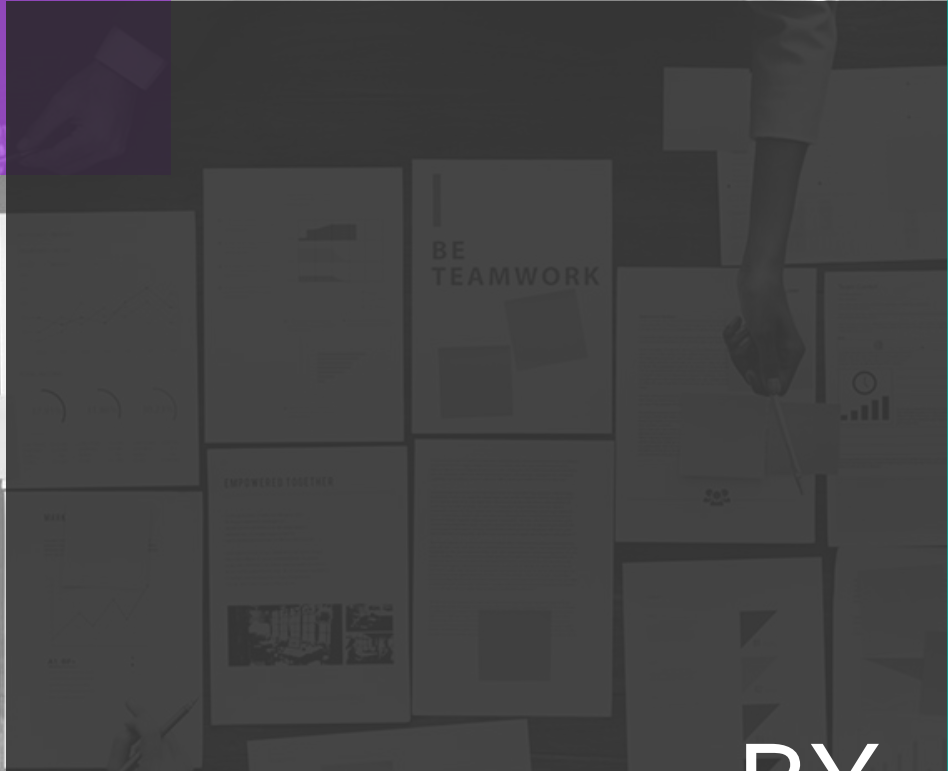
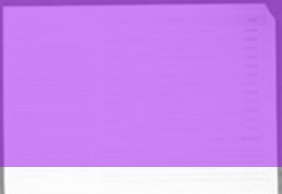


Asset Management



KYC / AML / Administration





BY
APPLICATION

ISSUANCE PLATFORMS



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Thank you