REAL ESTATE, MOVIES, CRYPTOINVESTMENTS AND GREEN SUSTAINABLE DEVELOPMENT - THE SYNERGY IS THERE

How the crypToTokens (ToTos) Can and Will Boost the Value of the Businesses of Real Estate, Motion Picture and Sustainable Development, and How These Businesses Will Create Truly Valuable ToTos in Return.

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Often, it is hard to see the forest because of the trees. In 2020, the size of the:

- global professionally managed real estate investment market is around $9 trillion;
- global construction market is around $10 trillion;
- global number of households is around 2.05 trillion;
- market value of global *residential property* is around **$169 trillion**;
- total value of global *marketable real estate* is around **$240 trillion**;
- global media and entertainment (M&E) industry is a $2 trillion / annum (comprised of businesses that produce and distribute motion pictures, television programs and commercials, streaming content, music and audio recordings, broadcast, radio, book publishing, video games and supplementary services and products);
- U.S. *national* debt is around $23 trillion;
- U.S. *private* non-financial debt is around $27 trillion;
- U.S. GDP is around $19 trillion / annum (but this figure is inflated at least by 33%);
- global private and public debt is over **$190 trillion**;
- global GDP is around $90 trillion / annum (but this figure is highly inflated);
- the global volume of money in circulation is around $90 trillion (not including crypto-surrogates);
- the market cap of cryptocurrencies is around $505 billion (with Blockchain technology serving as its backbone and with a total of 1,542 cryptocurrencies trading in the market);
- effective and efficient investments needed to ensure global sustainable green development is **over $1 trillion / annum**[1];
- the global market of financial and commodity derivatives is roughly **$1.2 quadrillion.**

So, who is the biggest fish in the pond?

[1]By estimates of EU Commission, World Bank, UNIDO, IMF.

We do not include the reference to other sources for other numerical data in the present paper for the sake of brevity. However, we will surely be glad to provide the source base at the request.

INTRODUCTION

Real Estate (further REst) and Motion Pictures industry (further Movies) are fundamental.

REst is a framework of our material, physical life. Movies are becoming more and more spiritual framework of our inspirations.

The market of financial derivatives is enormous, the biggest of all the markets in contemporary topology.

The financial crisis of 2008, caused mainly by the distortions and loose joints of the derivatives market, brought a need to reshape the market to escape collapse and ensuing chaos, because the way the global economy works today cannot be imagined without gigantic phenomena of derivatives.

Unexpected introduction and rapid spreading of the Blockchain Technology along with related derivative formats of cryptocurrencies and tokens has ultimately a main long-term goal of reformatting the global derivatives market.

But because of the enormous scale of the goal, the gravitation of process of reformation will pull in all the adjacent sectors, including global monetary system and thus almost all of the business segments as we know them now.

The major opportunity this global restructuring opens for the established businesses is opportunity to redefine the way how the business is financed and how its value is formed. The major instrument of such redesign is crypto-tokenization, or creation of quasi-sovereign digital ersatz-money.

This all happens on the background of growing concerns about the sustainability of existing models of economic, social and cultural life and growing threats of ecological catastrophe. The only feasible way found by now by the global community to mitigate these trends is based on commercial principles, which creates new enormous business opportunities, with a hope that their realization will have multiple effect far exceeding simple commercial return on invested capital. Whether these hopes come true remains to be seen, but the fact of emergence of the new global business aspect in form of green priorities and incentives is out of doubt.

The companies which are be able to properly embrace their business modes with new crypto-instruments and green standard will be new winners. There will be not many new names as the best implementation of the task will be achieved by big players. Many of the old names, however, will disappear, as the size itself is not enough.

Those who have the knowledge of their business, crypto-tokenization technology, and green development trends, along with expertise to combine them all together into solid system will survive and succeed. As a matter of a fact, they will become owners and rulers of relatively independent and stable franchises which will include under their control their own, allegorically speaking, in-house stock exchanges and capital markets, their own money and their own central banks as money emission and control centers.

BLOCKCHAIN, CRYPTOCURRENCIES, TOKENS (“ToTos” for short, from crypToTokens).

The successful introduction of blockchain and BitCoin as an operational instrument of the Blockchain technology roots in Financial Crisis of 2008, when the financial and credit market collapsed and governments have to inflow tremendous amounts of money to prevent chaos and, later, to revive economies. The chaos was postponed, but despite to the global overflow of the money the economies did not revive the way they were expected mostly because the trick-down concept was seriously flawed. Something else had to be done to avert public dissatisfaction and threat of deep recession. Many gigantic efforts were done in this direction, like legalization of cannabis in the USA and Canada, which created new multi-billion dollar industry; acceleration of gig-economy projects, which totally distorted global employment statistics; and many others. Blockchain was one among those ingenious efforts.

Blockchain was originally conceived as something which optimizes routine procedures (this function is, however, out of the scope of the present paper). But later, in its first practical embodiment, it became straight a platform for quite different application – cryptocurrency, namely BitCoin. The BitCoin’s main goal was, again, officially formulated as an operational instrument for servicing Blockchain transactions, but essentially - and as time passed, totally - it is nothing but substitution for money (though it is treated as security for tax purposes now, not as a foreign currency).

Tokens / coins are mostly derivatives, substitution of securities, or sometimes utilities, with elements of cryptocurrencies as money derivative.

Cryptocurrency is essentially derivative, surrogate, ersatz money embodied into digital form.

At the end of the day, the whole story about Blockchain is the story about the greatest societal power - financial power. And there is no greater financial power than ability to create your own money out of the air provided that you can keep its circulation wide and its value appropriately high (or low, if it fits your needs better). That is where new technology is added now to where previously only intellect and political clout did the job.

When zeal to create money out of air is combined with illusions about revolution, cryprocurrencies start to mushroom.

Most of them are destined to oblivion, because most of them (currently, 80% at least) are not even close to really money, just rude ersatz of money.

What the difference is?

> Real money is also created out of the thin air by the central banks which in most of the cases are independent from the states whose money they issue, but, unlike cryptocurrencies, such money is backed by all the assets and power of the state, of the government. Such money is legal tender you can pay taxes with, for example.
>
> The sovereign power of the state makes it, in certain sense, the owner of everything and everyone what and who are within it. The state has laws, and it has effective material means to enforce them. The state has income, it has real estate, it has wealth, it has

capital, tangible and intangible. The state is normally the largest corporation the nation has. It has recognition of the other states.

As it goes to the cryptocurrencies, their underlying assets are normally none but the enthusiasm of their users. The mantra that digital technology by itself is the underlying value of cryptocurrencies is folly and phony. That is why most of the cryptocurrencies on the market now are doomed. Slowly, they will disappear, will be overtaken by large players, including government, but not before some of the connoisseurs will vacuum clean all the possible profits out of the cryptocurrency market to convert them into real, material assets.

That is why the majority of cryptocurrencies today run a number of risks, such as being highly volatile and speculative assets.

The whole different story unveils with the tokens. Tokens were conceived as next smart avatar for the financial and commodity derivatives, and as we have seen, this market is astonishingly big. The whole global economy would have to work for decades only to cover the nominal volume of the derivatives market.

There are:

- utility tokens which take their roots in virtual games economies;

- payment token which are essentially cryptocurrencies;

- security tokens, which take roots in financial derivatives market.

Tokens may grant different rights to their owners, such as the right to:

- participate in the company management process;
- receive part of the company's profit;
- receive part of the company's income;
- receive interest for invested funds;
- recover the invested funds;
- receive additional income through redemption of the tokens;
- sell the tokens to another person.

If the token issued grants one or more of the rights described above, in most of the jurisdictions it will be considered as security and the obligation to comply with relevant legislation will follow.

The tokens, coins, and some of the cryptocurrencies will survive because they are needed for and had been originally designed by the big businesses who know exactly what they are doing.

Only those of them will survive - and prosper - which will be backed by sound underlying assets and large, well-capitalized and well run material businesses. In those cases tokens in all varieties will provide extraordinary instrument to boost the business through creating self-enforcing pairs of advantages. The ancient science of money will have a full swing in this respect, where big and smart who know how to apply it will have the unbeatable advantages to succeed.

Further by text, we will call crypToTokens s as ToTos, for short.

HOW THE COMPANY CAN CREATE ITS OWN MONEY AND WHY WOULD IT WANT TO DO IT

With distributed Ledger / blockchain technology, ToTos issue implemented with sound strategy and management, the company can realize its own monetary policy exactly like Central Banks of the sovereign countries do, with all the benefits and responsibilities arising from it.

How is the national sovereign currency issued?

At the most basic level, national monetary policy involves establishing what form of currency the country may have, whether a fiat currency, gold-backed currency (disallowed for countries in the International Monetary Fund), currency board or a currency union.

When a country has its own national currency, this involves the issue of some form of standardized currency, which is essentially a form of promissory note: a promise to exchange the note for "money" under certain circumstances.

You can probably see the similarity with corporate ToTos straight on.

Historically, this promise to exchange was often a promise to exchange the money for precious metals in some fixed amount. Now, when many currencies are fiat money, the "promise to pay" consists of the promise to accept that currency to pay for taxes.

As the corporation does not really levy any taxes it could exchange the ToTos for, it can promise to exchange its tokens for:

- Part of the revenue it earns – in case it issues tokens similar to common shares;
- Fixed monetary amount plus interest –in case if it issues tokens similar to debt;
- Underlying assets – in case if it issues tokens similar to debt backed by certain assets;
- Certain products or services – if it issues utility tokens;
- Combination of the above – if it issues hybrid tokens.

A central bank may use another country's currency either directly in a currency union, or indirectly on a currency board. In the latter case, exemplified by the Bulgarian National Bank, Hong Kong and Latvia until 2014, the local currency is backed at a fixed rate by the central bank's holdings of a foreign currency.

Likewise, the corporation may issue tokens backed by other tokens, either its own or of the third parties (including cryptocurrencies like Bitcoin, Ether, or whatever).

Similar to commercial banks, central banks hold assets (government bonds, foreign exchange, gold, and other financial assets) and incur liabilities (currency outstanding).

Likewise, the corporation may hold all of that, either directly or in form of derivatives, preferably stable kinds of those, plus it can naturally hold a lot of other assets on its balance sheet, either related to its main business or not. Of course, the ideal situation is when the main part of the assets of the corporation is presented by assets which represent its core business, like real estate or else, for in this case the fairness of the evaluation of the assets can be suggested with high degree of certainty. The corporation also naturally incurs liabilities in course of its business, including liabilities for the tokens it issued.

Central Banks create money by issuing interest-free currency notes and selling them to the public (government) in exchange for interest-bearing assets such as government bonds. When a central bank wishes to purchase more bonds than their respective national governments make available, they may purchase private bonds or assets denominated in foreign currencies.

Likewise, the corporation may issue tokens, either interest bearing or not, in exchange for the capital or other assets, interest bearing or not, of the third parties. Surely, corporation is not bound to sell its tokens to any particular government, precisely like Central Banks are not bound to purchase the bonds of any government, either of the country where a Central bank resides, or any other. Central Banks are completely independent from governments.

The European Central Bank remits its interest income to the central banks of the member countries of the European Union. The US Federal Reserve remits all its profits to the U.S. Treasury. This income, derived from the power to issue currency, is referred to as seigniorage, and usually belongs to the national government, but not always. Quite often, it belongs to the Central Bank itself. The state-sanctioned power to create currency is called the Right of Issuance. Throughout history there have been disagreements over this power, since whoever controls the creation of currency controls the seigniorage income. And this income is big. What is interesting, however, is not whether the Central Bank retains the seigniorage income, but the fact that the commercial banks also emit money and do withhold seigniorage. The thing is that when commercial banks lend money, they create it anew, thus generating a seigniorage, and, unlike some of the Central Banks, they do not have to share it with anyone.

Likewise, the corporation may issue its own tokens and be the sole owner of the seigniorage it generates in result of that. Provided that corporation follows all relevant regulations, it thus has legitimate Right of Issuance. There is no objective reason why the seigniorage shall belong to commercial banks and and not to the corporation, except for the reason of ignorance of the last and unwillingness to share the knowledge of money science of the former.

What are the goals of Central Banks? Mostly, stable economic growth. Economic growth can be enhanced by investment in capital, such as more or better machinery, more or better projects, more or better technologies. A low interest rate implies that firms can borrow money to invest in their capital stock and pay less interest for it. Lowering the interest is therefore considered to encourage economic growth and is often used to alleviate times of low economic growth. On the other hand, raising the interest rate is often used in times of high economic growth as a contra-cyclical device to keep the economy from overheating and avoid market bubbles.

Likewise, the corporation may and shall to enhance its own economic growth by self-supplying itself with the capital it needs, at the rate it considers acceptable and attractive, by issuing its own currency, its corporate ToTos. The corporation thus can self-supply itself with capital in adequate volume, at adequate time and at adequate price. The market will provide such capital in abundance under the single condition that the corporation implements it own prudent and sound business and monetary policies, which are as smart, or at least no more stupid, than the monetary policies implemented by Central and commercial banks in average.

Further goals of monetary policy are stability of interest rates, of the financial market, and of the foreign exchange market. Goals frequently cannot be separated from each other and often conflict. Costs must therefore be carefully weighed before policy implementation.

Provided that the corporation leads smart, cautious and disciplined monetary policy through issuance and market-making of its ToTos (issuing, buying, selling, or burning right volumes of right types at right times under right pretexts) it can tap unlimited volumes of capital.

Basically, the corporation will have to follow simple basic rules to be successful in this regard:

- to raise as much capital as it needs for profitable and valuable investment into business;
- to raise just as much capital as it can efficiently digest;
- avoiding purely speculative financial transactions, notwithstanding what returns they promise;
- to have top-notch in-house Treasury perfectly understanding the business of the company and willing and able to continuously keep it up to the highest standard through professional market-making for its ToTos;
- to keep optimal ratios of the firm assets, equity, liabilities and outstanding ToTos.

All the rest of the principles to follow are represented by common-knowledge virtues: no greed, no arrogance, no rush, no fear, no idleness, no self-indulgence, no much ado about nothing, no noise, knowing and minding own business.

Of course, the deviation from these principle can easily lead to the collapse of the tokens the company issued, for example through their abrupt depreciation, just how the national currencies fall when the principles are not followed by the Central and commercial banks (inflation, erosion of FOREX value and purchasing parity, credit crunches, financial crisis, etc).

Any currency, be it traditional or crypto, fiat or tokenized, national or corporate, has to be based on something stable[2]. Sometimes it is just a massive belief, sometimes it is a massive illusion – bad base. Often, it is strong military force present almost in any part of the world or able to be there at any moment. The best option to base the currency upon is sound economy and fundamental underlying assets. The paradox of our time is that more often than not it is private corporation who is able to provide such basis, not nation-state.

[2]That is why one day, and it might be soon enough, somebody will issue gold-based tokens, by analogy with gold-based money which is so much missed by so many. Most probably the issuer will be sovereign or quasi-sovereign national structure, as the gold is traditional prerogative of the state. And, most probably, that will be Russian structure of some kind, as the Russian have long-rooted tradition of fair gold-based currency, whose fairness in part of the gold content often played evil tricks on them on the international arena throughout the past. Unless, of course, somebody will learn how to synthesize gold on the industrial scale at low cost.

REst, BLOCKCHAIN, CRYPTOCURRENCIES AND TOKENS

Real estate (REst) is a critical global asset class, one of the most powerful and reliable ones.

Naturally, the financing of REst can be divided into two groups:

- financing of real estate development;
- financing of real estate management.

REst Development

Real estate land development takes many forms. It includes tearing down existing buildings and rebuilding, renovating run-down properties, expanding an existing facility, and buying land to develop a commercial complex.

REst development projects generally require some sort of outside financing, and obtaining such has always been very involving process.

Because real estate land development is sensitive to market conditions, securing REst development loans can be challenging.

In almost all real estate deals, both debt and equity play enormous roles.

The vast majority of equity is coming from outside investors: high net worth individuals, credit unions, private equity funds, mortgage real estate investment trusts (REITs), life insurance companies, pension funds, other. This outside source of capital is, in fact, the major driver of how a project gets developed - ultimately these outside investors are the majority owner of the property.

In yesterday's world, raising money from individuals is very inefficient and time-intensive and as a result, most developers choose to raise money from banks, private equity funds, etc.

When a private equity fund invests in a project, it typically holds a super-majority of the equity
and therefore keeps the governance rights over major decisions and ultimately has the power. Not good for developer, but these realities have resulted in private equity funds becoming the primary driver of real estate development.

There are many consequences of this major corporate ownership, most notably that a fund's primary goal is to drive returns for their investors - not to focus on developing the right project for a neighborhood.

Most projects require some level of traditional bank debt. The banks and other institutionalized lenders are predominant providers of funding the industry as they often have the infrastructure necessary, but surely not the only one.

The more expensive but much more flexible source are the private lenders, who are not institutionalized or licensed to lend money, but rather do so with the intentions of making their money back with very good interest.

Real estate development loans are in fact capital advancements issued to borrowers who need funds for breaking ground on a project, building, and holding the finished product through the leasing stage.

Investors typically rely on real estate development financing to do one of the two things:

- buy raw land to eventually build on;
- or tear down an existing building, only to build a new one.

Acquisition Loans, Development Loans, Acquisition And Development Loans, Construction Loans, Takeout Loan – they all are just that – loans you take from someone with a pledge and promise of something.

The key thing about debt is that the downside is capped (if the project goes bad, the lender can generally foreclose and take the property), but the upside is, too (debt gets a fixed return, generally expressed as an annual interest rate). Generally, debt is relatively easy to source, given a reasonable project, a credit-worthy borrower, and, crucially, enough equity in the deal.

Usually, real estate development loans comprise of two types, short-term loan and long-term loan. With the short-term construction loan, it's meant to finance the construction, as well as, lease-up the project's phases. Once the construction is done, there is stable income and the most suitable market level of occupancy is achieved, a long-term loan(mostly referred to as take-out or permanent loans) is secured to cater for the construction loan.

Unless you have a lot of experience with high-value real estate projects, you are not likely to get high leverage for your project, and neither would you want it.

You have to be quick and make no mistakes to keep your carrying costs down[3]. But no matter what. calculating the Internal Rate of Return (IRR) for real estate development projects is not a straightforward process and is not even a pure science[4]. The bigger and more complicated your business is, the more complicated estimations and distributions you have to make flowing through complex cascades of waterfall-like structures.

[3]Carrying costs may include interest on any loans taken out on the project, property taxes, insurance, utilities, and other related operating expenses, plus, importantly, the cost of paying your investors returns on their investment.

[4]The same can be fairly said about Movies' projects.

The repayment of bank debt is one of the hardest financial challenge you have to face during a development project. Banks are highly regulated and consequently are generally an unforgiving lender should things go wrong.

REst development finance is a classic example of project finance with long-term financing of an independent capital investment, with cash flows and assets that can be distinctly identified. The asset is normally pledged, as soon as it has any appreciable value, and then you have to revalue your asset to the best of your abilities to get more financing as the value of the assets grow, until your are able to cover by the accumulated value of the asset all what you owe and get more over it. Then you constantly and continuously repeat the cycle, keeping the assets under healthy leverage so that not to loose new opportunities.

Typically, the financing is made up of debt and equity matched to the lifespan of the asset or the period of development until the asset is sold by developer.

Different types of funding are used at each stage of the life cycle of real estate project finance.

A capable company may use equity to finance the sourcing of deals, because there is high risk in the early stages of a project and, therefore, it may be hard to obtain bank loans. In the later stages, such as rezoning and pre-development, the projects are usually financed with both loans and equity.

The capital stack, which consists of all of the different types of financing that may be used, typically comprises the following:

- Debt
  - senior;
  - subordinated;

- Equity
  - preferred;
  - common/ordinary;

- Customer Advances (presale).

Senior debt is the most secured capital, while equity is the riskiest out of the three. Preferred equity investors are given income ahead of common equity investors. The interest paid on preferred equity may be slightly lower than common equity because the risk is lower because preferred equity investors get first priority during payouts.

But all three of the types of financing can be replaced by the issue of tokens development at any stage of the project development, including the very early stages starting from the pre-sourcing of the deals.

How do ToTos optimize REst financing

Soon, they will call it proptech, joining property and technology (mostly, blcokchain technology) together.

REst developers can always find out great opportunities in the market. However, they are often tied down with the complexities that come with receiving financing for particular real estate transactions. Artfully structured ToToization can bridge the gap and assist so that to prevent turning the debt and equity financing process into an expensive, frustrating and complicated process.

Cryptocurrency for the REst developer is essentially the machine to acquire good investors, to bring costs down, to manage the project, to manage relationships, and to manage the value. This machine belongs to him, not to external service providers, like banks or other syndicators. If the developer has proper knowledge and skill, this machine plays to his strengths. As a matter of a fact such machine creates its own asset, commodity, stock, capital, and money markets ecosystem, making the developer to be the market-maker on all of those.
It allows to dynamically react to the continuous dynamic changes in the packages of the projects under development, new opportunities arising, portfolio of assets and liabilities, and market conditions.

Prospects for the middle and lower class to invest in REst development have always been limited based on income, affordability, and availability. Properly structured ToToization on behalf of developer allow to change that, both to the benefit of the developer and the small retail investor.

Due to the very low costs and evolving regulations, the tokens can be issued incrementally and in a variety of types and purposes, starting from the minimal needed amounts and adding further tranches as the project and portfolio develops. In a sense, it is similar to crowdfunding, or even more to equity crowdfunding where many people contribute towards the purchase of an asset typically through an entity that is set up solely for the purpose of owning the asset, a single purpose entity or SPE. In exchange for their financial contributions, investors own shares in the SPE which in turn owns the asset. The developers will also own shares in the SPE and will have an operating agreement of some sort, that defines their rights and responsibilities. Their primary role will be to manage the day to day execution of the business plan for the asset, be it ground up development or adding value to an existing property, etc.

But in case of ToTos, the developer may issue hybrid security, or rather a package of hydrid securities, which, depending on the terms and structure of it, can be positioned closer to:

- terms bonds (term debt);
- perpetual bonds (debt without any particular date of reimbursement);
- privileged shares (quasi-equity, but essentially subordinated debt);
- shares (equity);
- combinations and variations of the above (i.e., convertible bonds, convertible priviliged shares, etc.);
- other securities and derivatives.

Deploying proper financial strategy through appropriate combination of ToTos issuance, developer can merge short-term and long-term financing, debt and equity financing, to form one optimal package.

Real estate development loans can be hybridized into construction-to-perm loans or construction/mini-perm loans and combined with equity at low cost and at low administration effort. The major effort will lay in designing proper strategy, not in implementing it. Once the adequate concept is in place, putting it into life is easy.

Technically speaking – yes - the very creative developer can do all this without Blockchain technology, without tokenization, but the costs of such scheme realized in traditional format would be prohibitive, or the circle of investors very limited, which, again, may result at higher final cost of the capital.

Apart from the interest rate charged for the real estate loans, there are a lot of other costs, and fees included such as taxes, legal services, title insurance, survey, appraisals, achitecture and engineering design, origination, audit, to mention a few, all of which are combined to the overall cost of the financing. All these expenses can be financed through ToTos issue.

Hard money of debt syndications can be enlightened by taking the function of the lending processes in-house and managing it with total sensitivity to the market conjecture. This is why it is prudent for all worthy developers to have their own crypto-digital presence to support or implement any online capital raises.

Some applications of distributed ledger technology (DLT) will allow developer to bring inclusivity to all the potential stakeholders involved in a real estate development, at the same time empowering its small and medium scale players without affecting, and actually bringing down the overall costs. Token-based investments allow fractional ownership of assets to drive investment from investors of all income ranges and thus to boost the liquidity in selected projects.

Developer, who runs a proper real estate DLT investment platform with the goal of streamlining financing and operations will have a cutting edge advantage. He can use such a platform not only to serve his own business but, under certain provisions, to sell the services of the platform to outside peers as complex outsourcing product.

ToTos provide extraordinary flexible mechanisms to stabilize income streams and to structure financing and refinancing of the projects, and the assets, in the best possible way due to the low cost of setup, servicing, modifying and developing, along with availability of the fine-tune almost limitless coverage of the classes of investors.

REst Management

When construction is completed, the income is stable and the appropriate market level of occupancy is reached, a long-term loan (often called permanent or take-out loans) is secured to pay off the land acquisition, land development and construction loans.

Modeling REst projects as a comprehensive REIT and other REst structured products based on blockchain tokenization, the business will be been able to take full advantage of both REst investments and crypto-world capabilities through:

- creating business model as entirely or almost entirely asset-backed and rooting income in the real world, which makes the cryto-products stable (stable coins) and very attractive for the market;
- atomization of minimum investment size down to the minuscule amounts, say, like $1 and less per investment, and thus creating unique retail investment product for middle and lower class populace without increasing costs of financing and operations;
- geographical diversification of the portfolio of assets;
- further reduction of the cost of capital and operational costs;
- faster settlements;
- increased transparency;
- other benefits.

REst is the most desired investment for the masses.

But, direct REst investment now is not accessible to anyone, mostly due to:

- large initial investment amount;
- unavailability of proper lending and credit facilities;
- local statutory requirements and regulations in foreign countries where the REst asset may be located are often costly and burdensome (legal, tax, accounting, ongoing registration, non-resident discriminate obligations, other limitations of choice and access to capital, etc.).

Thus, the huge capital dissipated throughout the masses is generally untapped.

Traditionally, to somehow mitigate the risks and overcome investing challenges, the market offers Real Estate Investment Trusts (REITs) as an alternative investment vehicle. A REIT is a trust, corporation or an association that owns, or finances income producing real estate and can be publicly listed or privately owned.
The key features of a typical REIT are normally mostly positive:

- Until shareholder sells his stake in REIT, he is not taxed for the income it gains from it;
- REITs are a platform for diversifying a long-term investment portfolio;

- Exposure to global real estate markets without the necessity of acquiring an entire property;
- The management and compliance obligations are shifted to the fund management;
- Income of a REIT is generated through rent earned from
  - its owned-asset portfolio;
  - interest earned by financing real estate assets;
  - sale proceeds upon sale of assets under management (AUM);
- 90% of income generated by REIT is distributed as dividend to its shareholders;
- Publicly listed REITs are a liquid investment vehicle.

However, REITs have a plenty of downsides:

- Jurisdictional dependence on geography;
- Financial barriers to investment;
- Distribution being paid out half-yearly or annually;
- Legislative in terms of the complex approvals on sale and purchase of assets;
- They are not available in all jurisdictions;
- Their choice of investment assets is limited;
- The procedures of buying stakes in the fund is not very easy for retail investor.

So, again, even traditional REITs do not provide feasible opportunity for small retail investors to part little part in the big real estate business.

For investors, the benefits of buying into REst projects properly integrated with Blockchain tokenization would include something which is not available now, e.g.:

- virtually no limitations on the minimal amount of investment;

- global asset portfolio;

- fringe benefits to investors, like access to all or some Assets Under Management (AUM) with free stays in hospitality assets, discounts for commercial and administrative asset lease, events participation, or other similar benefits;

- Reward points in the loyalty programs attached with its AUM, which can then be used to avail free services up to a certain limit.

All these will render REst tokens issued by the owner of the project stable.

This, in turn, will bring double benefits for the owner of the REst Project – as an owner of stable asset and as an owner of stable financial instrument based on it.

Who Does It Already

Mostly Americans, but Europe and Asia are starting to have some lead.

Currently, the favorite property subtype for ToTo REITs in the US are student housing – to taste the water. After clear leaders will form on the European and Asian markets, Americans will simply copy the best models.

Some of the recent example of ToTo REITs opened all over the world:

- Global REIT (www.GlobalREIT.io): blockchain-based Sharia-compliant REIT will acquire assets, starting from UAE and rapidly enter properties in jurisdictions worldwide. The first Asset under Management (AUM) will have a Net Asset Value (NAV) of USD 75 million. The total portfolio value of Global REIT is projected to reach USD 10 billion by end of 5 years. The ICO offered the following dual utility tokens to its subscribers in a respective 25-75 split: (1) Global REIT Fund Manager Token (GREM); (2) Global REIT Asset Token (GRET).

- CROWDLITOKEN AG (www.CrowdliToken.com): blockchain-based cryptookenized REIt located in Liechtenstein under Swiss shareholding control.

- PEAKSIDE INCOME FUND1 (www.PeakSide.com) – look for PIF - by Peakside Capital Advisors (in alliance with Brickblock technology platform (Germany);

- BitOfProperty (www.BitOfProperty.com) - alternative real estate investment platform with tokenized ownership and income;

- FundPlaces (www.FundPlaces.com) - Singapore based FUDA blockchain platform - tokenized global properties for fractional investments;

- BlockSquare (www.BlockSquare.io) – blockchain-based crypto-solutin for franctional funding and ownership;

- SwissRealCoin (www.SwissRealCoin.ch) - Swiss based real estate tokenization platform. Launched in 2017, the project currently claims that due to the enormous market interest the platform had to be temporarily placed on hold to update for the demand which succeeded expected volumes.

- RealtyBits (www.RealtyBits.com) - creating decentralized platform for global investors to buy commercial properties in the U.S.A.;
- RealBlocks (www.RealBlocks.com) - decentralized platform to raise financing for real estate projects through ToTo issues. Currently, mostly tokenizes existing real estate for capital raising purposes;

- Relex (www.RelexCapital.com) - real estate cryptocurrency designed for raising capital for real estate development through crytotokenization of the projects;

- BitRent (wwwBitRent.io) - blockchain-powered platform designed to raise capital for commercial and residential properties during development and construction stage;

- Harbour (www.harbor.com) – recently acquired by BitGo, the platform specializes on ToToization of real estate projects at various stages for capital raising;

- other and many yet to come.

REst and Tokens: Conclusion

At the end of the day, you raise capital for REst development or management the same way you raise capital for most any venture: Salesmanship. You need to be able to sell your vision, yourself and your abilities. It is difficult to predict with any certainty the outcome of the venture - too many variables - so the investors will need to be convinced that you can deliver the vision. If you can do that you put together a good plan, identify sources of capital (it helps if they know you) and you sell it. After a your first successful venture it gets much easier.

The ToTos mechanism allow to smooth and optimize the process dramatically. As it gradually becomes the de-facto standard, it becomes a must.

Successes of the principal industry players who are embracing this opportunity now, timely and properly, will be not only impressive, but game defining.

MOTION PICTURES (MOVIES) INDUSTRY AND TOKENS

In certain sense, there is not such a thing as traditional Movie finance any more. The variety, scope and scale of the financing in Movies industry is currently so diversified, that it is hard to talk about tradition. However, certain typical features do exist and all of them can be effectively modified by crypto-tokenization.

While Hollywood blockbusters might tend to take root in Los Angeles, when it comes to raising the funds needed to make a movie, the shoots spread across the world.

The German Tax Code provides a classical example of innovation in this part, which paved the way for the many copy-cats globally, and the process of searching for innovative approaches to finance the Movies is actively on now, which is so natural for creative industry like this.

The bottom line with film financing in this constantly shifting, competitive marketplace, is that producers must come up with additional funding any way possible.

The ToTos-based financing can and will become one of the viable solution for optimal Movie financing, similar to the alternatives it is bringing to the REst market.

One of such prime alternatives will be primarily consolidating and amassing large volumes of the micro-amount financing from small retail investors, individuals and households, in different jurisdictions of the world, as developed one, so developing and emerging.

Investing into movies is currently so desired and so inaccessible class of investments for the most of the lower and middle class communities as it is for the investment into REst. Once again, the instruments and solutions to change it to the advantage to the creative producers and micro-investor will be similar to those to be employed in real estate industry.

Imagine if global populace, notwithstanding the wealth and social status, would have an opportunity to invest as little as $1.00 into upcoming high-value movie, and if the producer had the opportunity to feasibly process the universe of such investments into coherent budget source. Besides from creating new cinematographic masterpieces otherwise doomed to nonexistence and facilitating the financial returns of the large scale, the inspiration effect for the masses would be unprecedented. The certificate copies of $1 ToTos verifying the eligible investment and partial ownership in the favorite film would appear as blessings on the walls of the huts of the poor throughout the Earth for generations to come.

REAL ESTATE, MOVIES, ToToS AND GREEN SUSTAINABLE DEVELOPMENT

> *"Considering the environmental impact of investments is absolutely becoming important. The more institutional the money, the greater the pressure on these kinds of issues. In five years' time, the big listed property companies will have no non-environmentally labelled real estate at all. Secondary real estate is going to have a much more difficult time."*

The green sustainable development concept contains splendid opportunities as for the smart REst developers, so for the Movies producers.

New financial initiatives like Green Bonds are on a steady growth, offering a myriad of social, financial and fiscal incentive. The amount of the projects are simply not enough for the financing available.

Real Estate

> Because the cities are the funnel through which money, raw materials and energy flow to create prosperity and waste simultaneously, environmental problems increasingly boil down to the structure of the cities and the way the urban dwellers' needs are met. Cities define the global economy, and for the most of humanity, living in a sustainable, innovative, dynamic, well-managed city means the difference between marginal existence and human dignity. The driving forces of our century will be defined on the street of the world's cities and made manifest in their communities, engineering infrastructures, and buildings.
>
> How we build those communities is going through extreme changes. The idea of American suburbia as a standard of prosperity became ludicrous. But many of us are still unprepared for the transformation.
>
> We need to remember, that more than a half of humanity already lives in the cities, with 200,000 urban inhabitants adding every day.
>
> Humanity will be an overwhelmingly urban species, and the making of the cities we call home will propel the global economy for the decades to come, transforming existing cities and driving the creation of the new ones. By 2030, China is expected to have more than 220 cities with populations larger than 1 million people, Asia as a whole to have more than 400. All of Europe today has as much as only 35.
>
> City-building at that scale will, of necessity, trigger a massive urban innovation. There will be no alternative to bright green designs and technologies to meet the consumption demands of 6 billion urbanites for the necessities from food to housing to transportation. And since most of the systems serving these renovated and new cities will themselves be new creations, we have the opportunity to deploy the smartest, most sustainable available solutions, technologies and design.
>
> Cities offer us a chance to reinvent prosperity. The cities are the best leverage point, the fulcrum for transforming the impacts of prosperity. At the city level the systems are big

enough to make a difference on big problems like climate change and resources depletion, yet small enough to perceive and grasp. We can build zero-impact cities, and we need to. If carbon-neutrality and zero-waste systems are going to develop, they are going to be led by cities.

Urban leaders all over the world are showing now that both new development and city centers can be rebuilt to promote compact urbanism, vibrant streets, welcoming public places, a high quality of life. Whether the task is retrofitting a historic building, designing a solar-powered apartment block, or creating infill on a residential street with a cozy house on a small lot, a wealth of innovations have already been proven in the world's leading cities and multitudes are on the way.

With radical new architectural designs, we are capable of making dwelling and edifices that use 90% less energy than the previous generation built. With approaches like green infrastructure and district energy we use power and water in far more sustainable ways.

New cultures of urban living shall provide an array of innovative approaches for providing for our needs. New approaches to structuring the project financing which will facilitate the individual participation without limiting it to discriminatory minimal investment amounts are among the keys to success in our mercantile societies.

All these will allow to remake the fraying suburbs into beautiful walkable towns, proving that even the most unsustainable places offer opportunities to create thriving metropolitan regions.

These realities – our responsibility and our capacity – combine to make the urban reinvention our duty. We need to lead the way in redefining what urban life can mean. We need to expand the tool set, invent new models, increase our technological abilities, provide case studies and proofs-of-concept, and, ultimately, show positive evidence that green urbanism works so that thses emerging cities can adopt is as they grow. The urban future demands trailblazers.

All of these changes offer upsides. Green cities are not just more responsible to our obligations to the future, but they are also more economically competitive, generate more innovation, are healthier and safer for the citizens, are better braced to withstand climate turbulence, are easier to make resilient in chaotic world. Live more virtuously will mean live better.

Movies

Why not to finance green movies with green finance?

How many ecological movies can you remember? Probably not many, as most of the are either documentaries or low budgets with limited circulation.

But no, they aren't all documentaries; there are action flicks, movies based on real-life stories of inspirational people, and even animated films that you and the kids will enjoy.
In accordance with existing methods of classification and assurance of the greeness of the project, some of the blockbusters of the past can easily be qualified as green movies, to name the few (our favorites among the biggest):

- Chinatown (Roman Polanski, 1974. Budget = $6M; Box office = $30M);
- FernGully: The Last Rainforest (Bill Kroyer, 1992. Budget = $24M; Box office = $33M + series);
- Erin Brockovich (Susannah Grant, 2000. Budget = $51M; Box office = $257M);
- The Day After Tomorrow (Roland Emmeric, 2004. Budget = $175M; Box office = $553M);
- WALL-E (Andrew Stanton, 2008. Budget = $180M; Box office = $533M);
- The Day the Earth Stood Still (Scott Derrickson. 2008 Budget = $80M; Box office = $233M)
- Avatar (James Cameron, 2009. Budget = $300M; Box office = $2,800M);
- 2012 (Roland Emmeric, 2009. Budget = $200M; Box office = $770M);
- Noah (Darren Aronofsky, 2014. Budget = $125M; Box office = $363M);
- Geostorm (Dean Devlin, 2017. Budget = $120M; Box office = $222M);

We need more of this kind, and more will come.

All what is said above presents us with an amazing opportunity. If we think big, we have a chance, now, to improve our own lives, do the right thing, and help ensure that the future our kids inherit is one we want them to live.

If we squander that opportunity, no amount of virtuous living, not even a tidal wave of small steps, will make up for it. Without action that corresponds to the scope, scale, and speed of the challenges we face, nothing else much matters.

If we want to change our impacts, we need to change our systems on a scope stretching essentially every aspect of our society.

But sometimes there is a feeling that all this is just the big guys business. The average citizen is still standing quite aloof of those processes, having no viable instruments to take a part. And here, again, new instrument of ToTo financing come to play, providing feasible means to consolidate individual micro-financing into large project financing. The developers and producers who will catch and firmly hold this opportunity will be not only business, but also socially meaningful leaders.

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