SOUSTA – Asset Tokenization on the Rootstock Blockchain

- Executive Summary
  SOUSTA aims to address the challenge of making bitcoin productive by leveraging bitcoin against real world assets such as real estate. Our solution allows global investors to use their bitcoin, cryptocurrencies or fiat currencies to get a return against income producing real world assets across various markets around the globe. Since the returns are based on the performance of real world assets, we know there is significant revenue potential, and this executive summary provides an overview of its unique features, market opportunity, competitive advantage, and financial projections.

  SOUSTA's business model involves creating and adding value through the Rootstock blockchain-based solution. This solution leverages asset tokenization to bring transparency and compliance to a space that has desperately needs both. Besides the transparency, it is addressing the challenges of making bitcoin productive. Many traditional investors such as Warren Buffett are against investing in bitcoin because it "doesn't do anything". This presents an opportunity for us as many bitcoin investors/hodlers can use their bitcoin as collateral to create liquidity while earning a yield against the bitcoin from real world assets. SOUSTA's solution will leverage bitcoin to provide a yield to investors while also adding transparency through the Rootstock blockchain. The company's vision is to create a more transparent real world asset marketplace while adding value to investors of all types, but especially those that are holding bitcoin. The company can also do this in the Bitcoin ecosystem by using a sidechain.

- Project Overview:
  SOUSTA is a global platform that creates security token offerings of Real World Assets such as Real Estate by leveraging bitcoin that is held (of hodl'd) by investors. The solution presented by SOUSTA allows investors to generate a yield from their bitcoin and other cryptocurrencies. This has been identified as one of the main reasons that traditional investors such as Warren Buffett do not invest in bitcoin. According to Buffett, bitcoin does not do anything. By offering a solution using the Rootstock Blockchain, SOUSTA can provide traditional investors exposure to bitcoin with the backing of real world assets while having everything transparent on the blockchain.

- Background & Context
  SOUSTA aims to address the challenge of making bitcoin productive by leveraging bitcoin against real world assets such as real estate. Our solution allows global investors to use their bitcoin, cryptocurrencies or fiat currencies to get a return against income producing real world assets across various markets around the globe. Since the returns are based on the performance of real world assets, we know there is significant revenue potential. The company thinks that this is a way to bring more investors into the Bitcoin ecosystem by having the backing of real world assets (tangible assets) while also having transparency since everything is on the Rootstock Blockchain. Transparency is a big issue in

both crypto markets and real estate markets, so using the blockchain to record the performance of real world assets is addressing a real problem. The other problem this addresses is creating the opportunity for global investors to exposure to assets while managing risk due to the fractional ownership via a security token offering.

- Value Proposition
SOUSTA proposes using the Rootstock Blockchain for the tokenization of real world assets because it is the only EVM compatible solution backed by Bitcoin. The potential for investors to invest in security token offerings while being backed by a scalable solution on Bitcoin is an added benefit that adds value for investors. With bitcoin being the oldest and most secure blockchain, investors should have a greater degree of security in the protection of their data, asset, and investment. There are other tokenization solutions out there, but first they lack real world experience in the real estate space. Most of those platforms are run by technology people that want to get into real estate. That is not the case here. This team combines technology know how with real estate experience. More importantly, the tokenization platforms that are most well known are built on alternative blockchains that are not as secure as Bitcoin. When you combine the smart contract capabilities of Ethereum and the security of Bitcoin, you get RootStock, which needs to have a real world asset tokenization platform. Simply put, doing a security token offering on Bitcoin is better than all of the other blockchains for the security and decentralization Bitcoin provides.
Traditionally, the Bitcoin community does not believe in other blockchains outside of Bitcoin. This same community holds bitcoin that depends on the capital appreciation of bitcoin to realize returns. Some more sophisticated Bitcoiners are willing to lend their bitcoin on a DeFi platform, but this is still an emerging space. SOUSTA aims to attract traditional investors looking for the security of real world assets while getting exposure to Bitcoin and Bitcoiners that aim to put their bitcoin to work by leveraging it for a yield.

- Technical Description
At its core, SOUSTA is a private equity fund that is allocating a portion of the capital stack associated with each fund for global investors to participate by leveraging their bitcoin, other cryptocurrencies or on ramping with fiat and earning returns in RBTC or a Bitcoin backed stablecoin. This structure allows SOUSTA to stay SEC compliant while still allowing for global investors to access real world assets through a SEC Crowdfunding designation. There will be a time-lock mechanism based on smart contracts that regulate the lock up period for each investment. This helps provide stability to the asset.

Key Features and Functionality
- Tokenized private equity (PE) fund. Controlled by a group of fund managers.
- Only SOUSTA fund managers will be able issue tokens.
- Once committed a smart contract will convert investors BTC to RBTC.

- Investors will be able to buy fractional shares of the PE fund with BTC/other cryptos/fiat?
- Allow for crowdfunding to enter alternative markets through token issuance.
- Allow for time-locked investor funds.

- Explain how your solution works on Rootstock:
- Smart contracts for issuing asset-backed tokens on Rootstock.
- Smart contracts for time-locking, and releasing investor funds.
- Peg in and out of BTC to be able to trade asset-backed tokens, and convert asset-backed tokens back to BTC.
- Reserves will be held in a smart contract escrow built on Rootstock

What RIF (if any) technologies are you leveraging? How will it address the problem you're solving?
- rLogin for authenticating fund managers in the app.
- Only SOUSTA fund managers will have the ability to issue tokens. The app will require a way to authenticate fund managers.
- RIF multisig for controlling who can spend from the fund.
- We'll be dealing with large investment funds. And will need to distribute control of the funds between multiple fund managers. That way we avoid any one fund manager being able to make transactions out of self-interest.
- RIF gateways to provide scheduling capability to release time-locked investor funds.
- The app will need a way to check if the agreed upon time has passed before it can release time-locked funds.

What does the MVP look like?
The MVP will allow a fund manager to issue an asset-backed token on Rootstock.

Major Problem Solved:
- Allows people to get returns on their BTC (By putting their BTC into production—as opposed to simply HODLing it).
- Give people the opportunity to create wealth through Rootstock's bitcoin blockchain (Real estate is an asset proven to create wealth for people).
- Give people the ability to gain exposure to markets they typically wouldn't have exposure to; through fractional ownership (With PE funds normally only large institutional investors or highly wealthy people can buy-in).
- We can go into other markets people wouldn't typically be able to go into (LatAm, developing countries) from the liquidity gained through token offerings.

Why Rootstock?
Rootstock leverages all of the good things found on the bitcoin blockchain which is the biggest, most secure, most valuable blockchain in the world. However, when combined with the EVM compatibility, we see a tremendous opportunity.

Rootstock allows for smart contract, or dApp development which is core to security token offerings. So simply buying and HODLing BTC does not allow investors to get returns on their BTC. Rootstock bridges the gap by allowing the best of both worlds; fractional ownership of tokenized real-world assets (return-generating Real Estate) combined with the security and value of BTC.

- Market Analysis
  Fractional ownership has existed in the traditional financial markets for decades. Recently, security token offering platforms have been appearing around the world. Most of these security token offerings platforms are run by technology entrepreneurs with minimal real estate experience. This poses a potential risk to potential investors because the performance of the assets (in this case real estate) is first and foremost the priority for any fund manager/sponsor. Real Estate on the blockchain sounds exciting, but without solid returns, the value is lacking. SOUSTA aims to leverage the founder's 15 years of real estate investment experience and machine learning to identify high performing assets. When we combine this with the fact that most of the players in the tokenization space are focused using blockchains like Solana, Polygon, Algorand and Ethereum, SOUSTA sees value in building on the Rootstock Blockchain with its base being Bitcoin. In speaking with potential users and investors, Bitcoin adds a greater peace of mind because of its market cap, censorship resistance and decentralization characteristics.
  We know that many people want exposure to real world assets such as real estate, but worry about the challenging aspects of real estate such as management, market analysis, deal analysis
  Furthermore, the Bitcoin community is looking for innovation in the Bitcoin ecosystem as has been happening in the Ethereum, Solana and other blockchain communities. Our solution provides an asset tokenization platform in the Bitcoin ecosystem.

  Project Plan
  SOUSTA will establish a fund and establish a fund launch date. Once these two aspects are setup, we will develop a website showing the suggested capital raise and the deal pipeline. Once we have assets under contract, we will need to raise the capital through leveraged bitcoin for a portion of the capital stack. SOUSTA will also be marketing the portion of the capital allocated for the Crowdfund through online platforms.

  Team & Resources
- Paul Garcia is a self-taught software engineer, digital nomad, and entrepreneur. Since 2019 he has been living in Latin America, working fully remote building custom websites and apps for clients in the US and Europe. He has built software for companies like ATT DirecTV, ADT home security, Thermo Fisher

Scientific, and Wells Fargo. He believes in the power and potential of crypto. And has been using and holding crypto since 2016.

- Marcus Bourn is a graduate student at the University of Nicosia in the Digital Currency and Blockchain program. He has been studying and consulting investors on tokenization since 2020 after first being exposed to the concept of tokenization in 2018. His background is in real estate investing and services. He has been actively investing in real estate since 2006 with experience in both residential and commercial real estate. He believes in the power of bitcoin and wants to grow the Bitcoin ecosystem.
- The combination of these two teammates brings the technical experience along with the real world experience in the real estate space.
- We need to a technical mentor that has built something on Rootstock. We also need access to capital since we will have to have additional developers and begin to market.

Conclusion

There is a need to build out the Bitcoin system with user-centric utility and the tokenization of real world assets is really important for that. The team at SOUSTA combines experience in the real estate market along with technical expertise. We are living at moment that transparency needs to enter all of the financial markets including the real estate market. We think that Rootstock has the materials to help us build a great offering in the Bitcoin system by using the resources of Rootstock and the Rootstock blockchain. Once the hackathon is complete, we will be running a tokenized fund built on the Rootstock blockchain. We will continue to acquire assets and find more ways to create interoperability. This is ultimately a fund that is leveraging the blockchain technology.