



INX, ETHEREUM & REAL ESTATE DSO'S

2021 REPORT

BY ATLAS ONE RESEARCH

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THE DSO MARKET IN NUMBERS

Real Estate Finance Technology Other

KEY FIGURES

Market Capitalization: \$1,025,478,416.77

Growth since the start of 2021: 24%

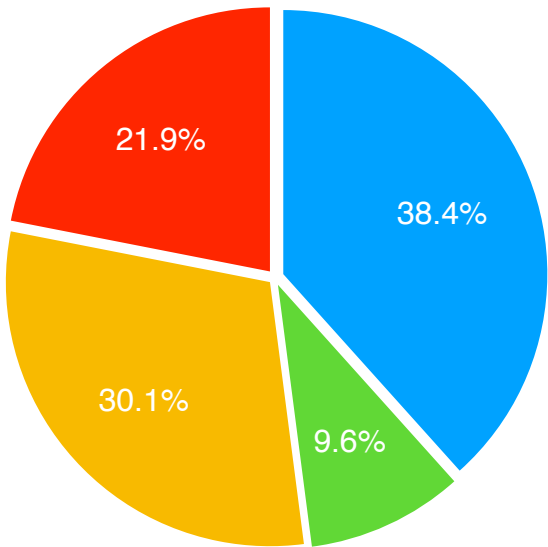
Average Issuer Capitalization: \$14,047,649.54

Median Issuer Capitalization: \$1,520,000.00

Number of Digital Securities: 74 (+1)

Forecasted Year-End Market Capitalization: \$3,500,000,000.00

Number of Digital Securities by Sector



SECTOR-SPECIFIC

	Total Capitalization
Real Estate	\$165,397,087.65
Finance	\$225,353,165.71
Technology	\$239,578,403.57
Other	\$395,149,759.84

INX JOINS TOP 3 DIGITAL SECURITIES



INX has officially closed the first SEC-registered token IPO with an estimated \$85 million in gross proceeds from token sales, received from over 7,200 institutional and general public investors. When combined with the pending CA\$39.6 million private placement, INX expects to have raised over \$125 million to launch its trading platform.

After acquiring OpenFinance and entering the digital securities ecosystem, INX is now looking to list on the TSX Venture Exchange. The INX digital security is not a traditional equity investment, but rather a revenue sharing security. Token holders receive 40% of distributions from the company with no voting rights, while equity holders will receive 60% of distributions with voting rights. INX worked with Tokensoft as their transfer agent.

Investors purchased the INX tokens with fiat, stablecoins and cryptocurrencies. 54% of the capital raised came in the form of Bitcoin, Ethereum and USDC (Circle's US dollar stablecoin), while the rest came in the form of US dollars.

The first digital security IPO is opening a path for future similar capital raises. Notable members of INX's board of directors include Tom Lewis (ex-CEO of TD Ameritrade), David Weild (ex-Vice Chairman at NASDAQ), Nicholas Thadaney (ex-CEO of TSX).

The digital asset exchange business model is a proven one, but regulation is still lagging and access to digital securities is relatively scarce. INX would position itself as a direct competitor to cryptocurrency exchanges such as Bittrex and Binance, but also digital securities trading platforms such as tZERO.

INX aims to offer a robust trading solution through 3 main channels:



In their investment prospectus, INX claims to be in a position to take significant market share as one of the top ten regulated trading platforms in the next 5 years. The exchange expects to begin generating revenue through trading fees in Q3 and Q4 of 2021.

We have recently included INX coverage in the Atlas One Research Terminal, in order to provide investors with increased transparency and key information. INX added about 10% to the market capitalization of digital securities, now above \$1 billion.

The emergence of an additional major digital assets exchange led by a team of traditional finance experts is an important milestone for the digital securities market. INX will be a new major secondary trading venue for private markets, and as more liquidity becomes available, institutional adoption is likely to follow.

By raising capital through a digital security SEC-compliant IPO, INX is paving the path for a regulated digital assets ecosystem where traditional money managers can participate at ease.

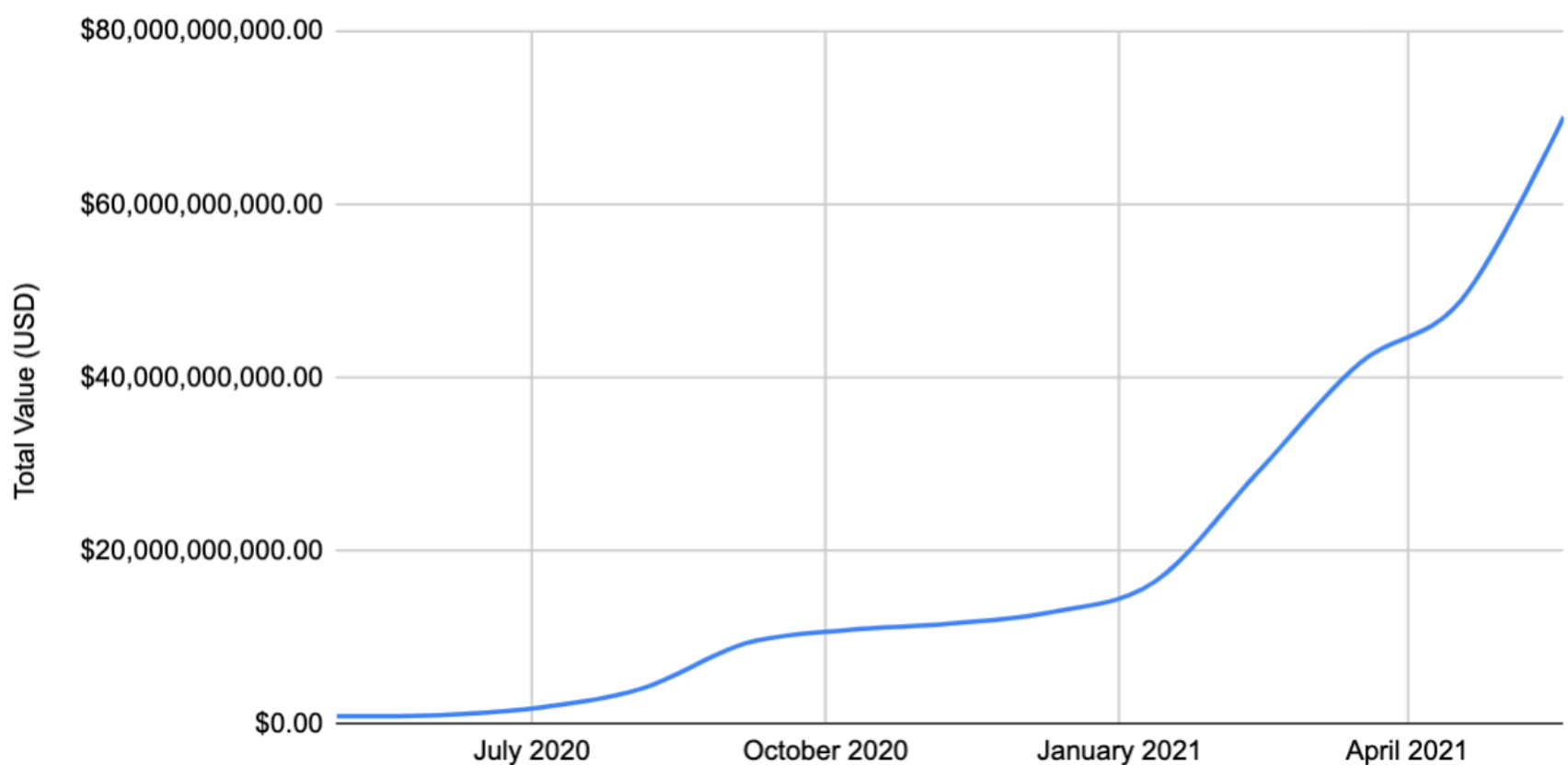
The next six months will be key for the digital securities market as major exchanges get ready to handle incoming liquidity. The value proposition of digital securities - transparency, transferability and liquidity - will be truly tested as we enter the mainstream adoption stage.

BEHIND THE GROWTH OF ETHEREUM

Ethereum is one of the best performing assets of the past year. This growth has seen a substantial acceleration over the past few months, as digital assets, collectibles and securities gain traction. A new infrastructure for capital raising and asset transferability is being created on the Ethereum blockchain.

The DeFi ecosystem has seen tremendous adoption over the past year. Below is a chart of the total value locked in DeFi over the past year, calculated by summing the total value of the Ether and ERC-20 tokens locked in smart contracts:

Total Value Locked in DeFi

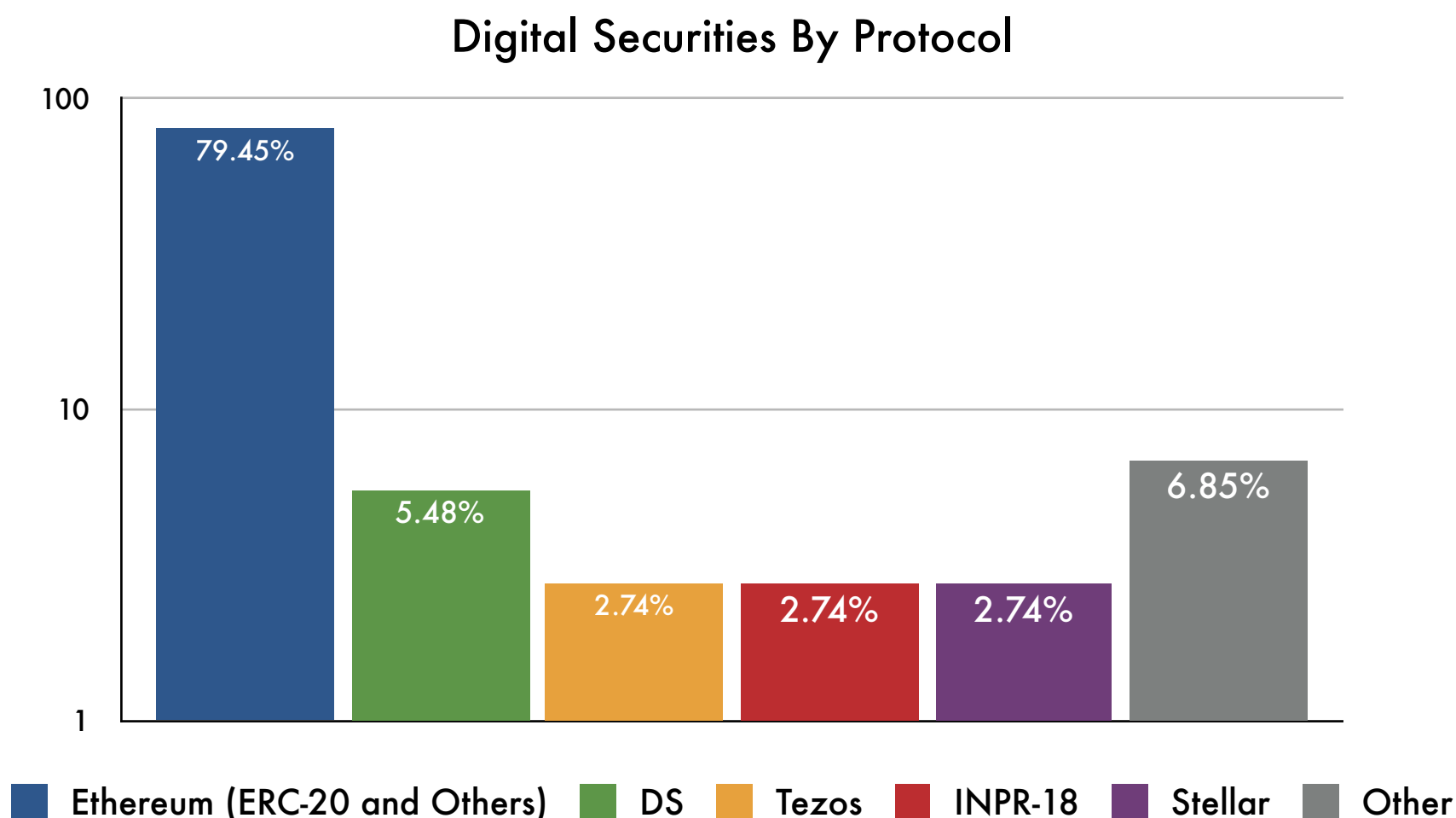


Source: Atlas One Research

July will mark an important milestone for Ethereum, with the launch of Ethereum 2.0. Because of increased adoption, Ethereum is experiencing issues around network congestion and high fees. In order to solve this, developers are working on launching a new, modernized version of Ethereum, which will bring about two important changes to the protocol:

- A switch from proof-of-work to proof-of-stake: currently, Ethereum operates under a proof-of-work consensus mechanism, where the miners with the greatest power reap the largest rewards for validating transactions. In July, Ethereum will be transitioning to a proof-of-stake mechanism, reducing barriers to entry, improving energy efficiency, and providing stronger immunity to centralization. Users will need to stake 32 ETH (currently about \$80K) to become a validator, and will be randomly chosen to verify transactions.
- A potential shift from an inflationary model to a deflationary model: a small amount of Ether will be burnt on every transaction, but a small amount will also be generated in mining rewards. If more Ether is burned than generated, it will become a deflationary cryptocurrency.

Currently, about 80% of digital securities are issued on Ethereum, and Tezos is a close second in real estate DSOs. But Ethereum's dominance is largely due to its ability to reliably provide a secure smart contract ecosystem with access to the world of De-Fi and its decentralized trading platforms. Below is a breakdown of digital securities by blockchain protocol:



Source: Atlas One Research

REAL ESTATE FOCUSED PARTNERSHIPS

Real estate tokenization has picked up significantly over the past quarter, as real estate prices rise in most major metropolitan areas around North America.

In the hot market of Miami Florida, a new real estate tokenization platform has emerged: BlokHaus Real Estate Technologies. The company's vision echoes the overall value proposition of digital securities: "to democratize real estate by providing liquidity solutions through asset digitization".

Additionally, digital securities incumbent tZERO has been announcing several partnerships with real estate players. Here are some examples:

- **ROI Group:** tZERO joined forces with ROI Group to digitize up to \$50 million of securities in a landmark luxury hotel and residential development in downtown Dubai on the Tezos blockchain.
- **Earn.re:** by partnering with real estate issuance platform Earn.re, tZERO will connect its trading platform to potential real estate digital securities issuers.
- **Realio:** this firm has roughly \$300m worth of assets scheduled for tokenization. Its client base is largely comprised of real estate and private equity issuers, and the resulting digital securities will be available on tZERO's ATS.

In short, we are seeing some important developments in the real estate digital securities market. As the asset class increases in value on a macroeconomic level, the demand for higher liquidity is growing substantially.

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