



\$1 BILLION DISSECTED

DIGITAL SECURITIES REPORT

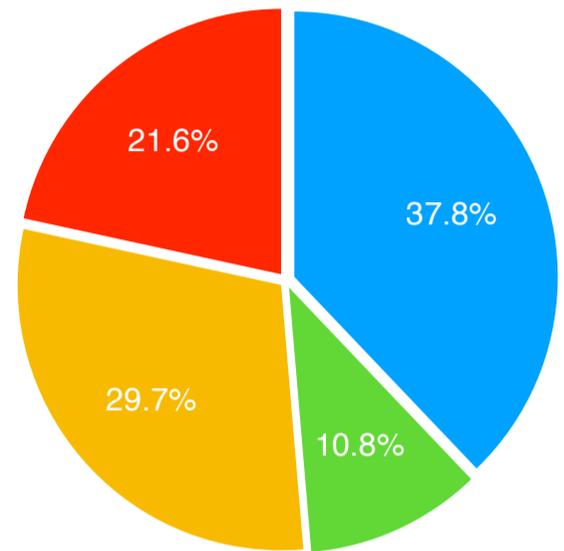
BY ATLAS ONE RESEARCH

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THE DSO MARKET IN NUMBERS

● Real Estate ● Finance ● Technology ● Other

Number of Digital Securities by Sector



KEY FIGURES

Market Capitalization: \$1,107,448,078.36

Growth year-over-year: 59%

Average Issuer Capitalization: \$14,965,514.57

Median Issuer Capitalization: \$1,520,000.00

Number of Digital Securities: 75

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

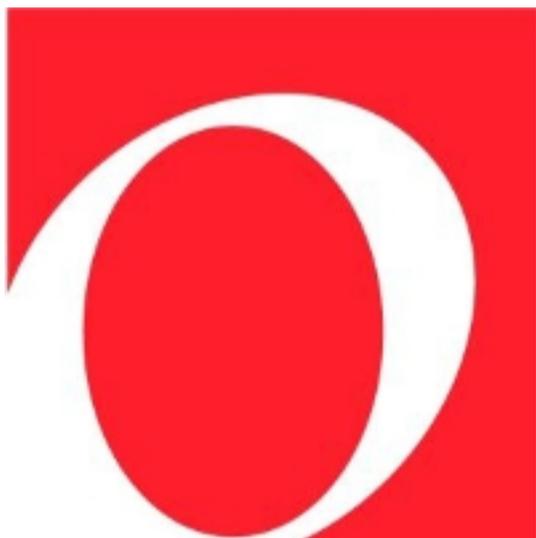
SECTOR-SPECIFIC

| | Total Capitalization |
|--------------------|----------------------|
| Real Estate | \$147,428,183.82 |
| Finance | \$232,465,780.94 |
| Technology | \$319,960,919.02 |
| Other | \$407,593,194.58 |

WHO IS BEHIND THE \$1 BILLION DIGITAL SECURITIES MARKET CAP?

The digital securities market is largely comprised of two types of players: large blockchain-related issuers, who are generally more established firms or real estate owners issuing securities on the blockchain, and smaller, more niche issuers. Funds and startups are raising funding through digital securities to benefit from transferability, jurisdictional expansion and higher liquidity.

In this report we dive deeper into the large digital securities players, covering their past performance and the stories behind their offerings:



OVERSTOCK

Overstock.com is a publicly traded tech-driven online retailer based in Salt Lake City, Utah that helps users shop a broad range of products, including furniture, decor, rugs, bedding, kitchen appliances, and bath products, all at the lowest prices.

The largest issuer by market capitalization is currently Overstock, which went from making up 50% of the DSO market in 2020 to now just over 35% with a market capitalization of over \$340 million.

Overstock is a digital dividend - meaning that preexisting Overstock investors received digital securities representing shares in the company. “We wanted to give shareholders real value and advance the adoption of blockchain in capital markets,” says Alexis Callahan, Overstock’s IR director.

The distribution of this digital dividend, which is tradable on tZERO's ATS, allowed Overstock to register accounts for its investors on their exchange. They currently only have 3 listings: Aspencoin, Overstock and tZERO itself. They plan to make major upgrades to the exchange and compete against cryptocurrency incumbents by offering access to all types of digital assets.

Overstock's price has seen substantial growth and volatility over the past year, returning 77% year-to-date and 738% since the start of 2020. The stock has benefitted tremendously from the larger boom in the growth sector throughout 2020.

Below is a chart of Overstock's price over the past year:



Most of the appreciation in Overstock's price happened in July 2020, likely due to the fact that tZERO's trading platform was gaining notoriety and increasing its investor base by on-boarding preexisting Overstock investors from the traditional equities market. The retailer's revenue has increased by 96% year-over-year, and its profit margins have gone up from 20% to 23%. Overstock could position itself as a leading online retailer over the coming years.



ASPENCOIN

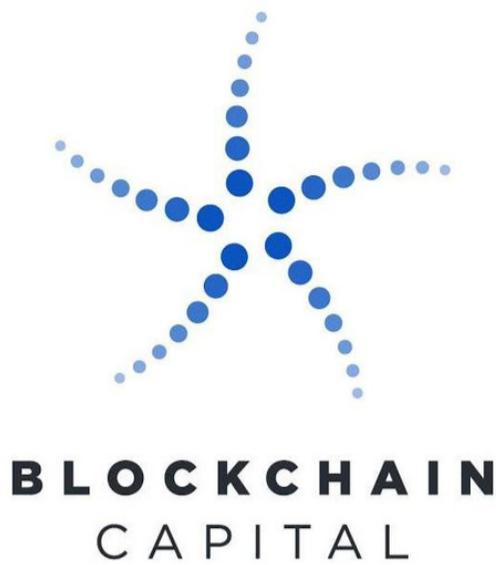
The other securities listed on tZERO's exchange have also performed quite well over the past year. tZERO - which represents equity in Overstock's subsidiary tZERO focused on developing a digital securities and cryptocurrency exchange - is up 325% since May 2020 and Aspencoin is up about 16% since its issuance at \$1, although it's taken a significant tumble over the past couple of days going from \$1.25 to \$1.16.

Aspencoin is the first digital security backed by cash-flow producing real estate: the St. Regis Aspen Resort.

The security set out the groundwork for what would later become a normalized practice. Currently, firms such as RealT and BlokHaus use digital securities to fractionalize properties in the United States, giving investors the ability to participate in the rental revenue of residential properties.

Aspencoin is the largest real estate digital security by market capitalization, currently valued at \$20,880,000. Despite the challenges of the COVID-19 pandemic, the resort's digital security has managed to maintain its value, although it has declined 8% over the past week.

St. Regis' revenue was substantially impacted by the pandemic, causing the price to decrease. The digital security gives its investors discounts and perks when staying at the resort, including up to 50% cash back. This is done through the Aspen Digital Owner Benefit Program, [which you can read in full here.](#)



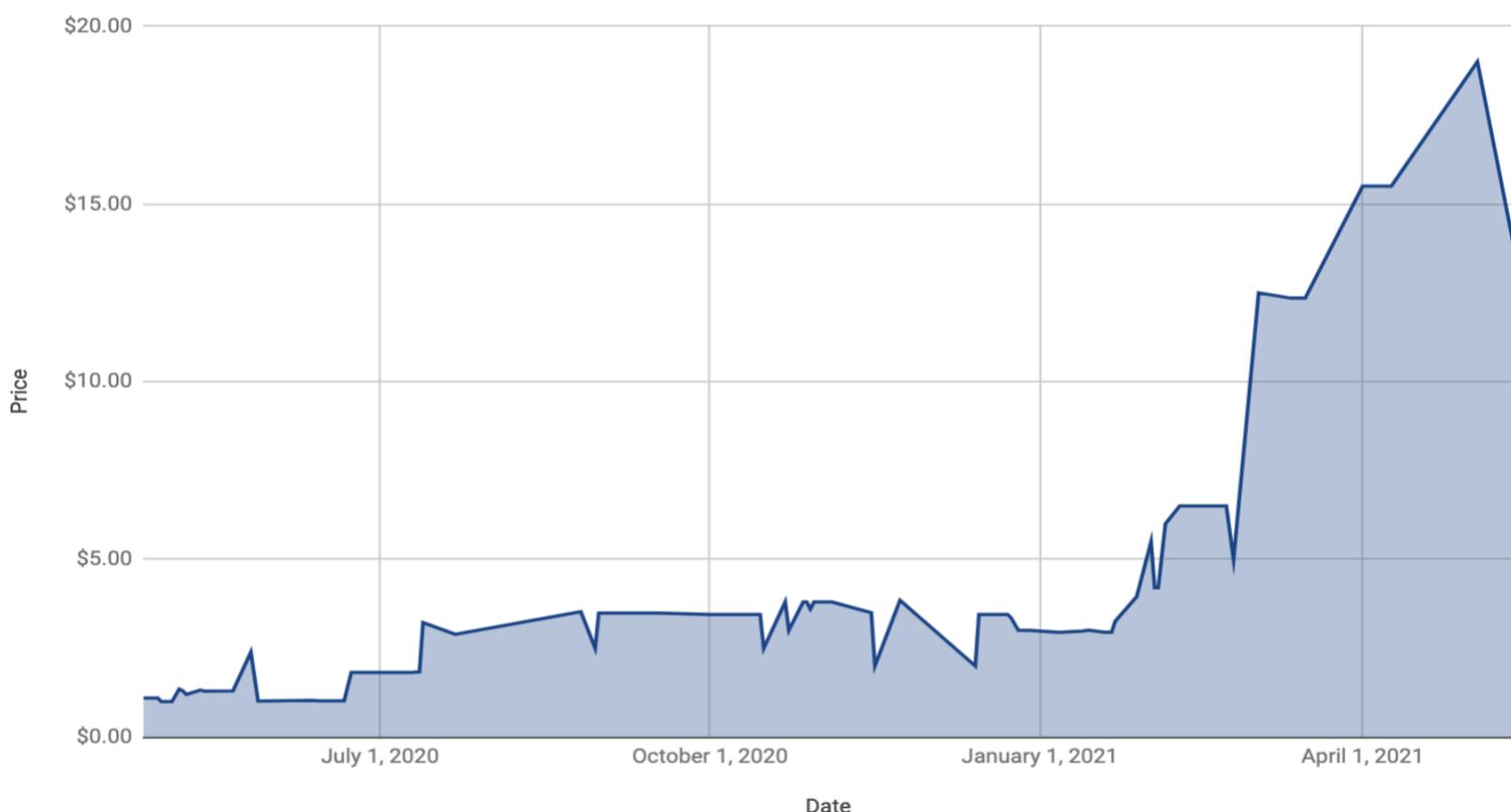
BLOCKCHAIN CAPITAL

Another large player worth mentioning is a venture capital fund that raised over \$10 million in 2017: Blockchain Capital. The fund invested in a number of players in the cryptocurrency industry, such as BitGo, Coinbase, Kraken, Ripple and Uniswap.

Its capital raise was still called an “Initial Coin Offering” at the time, although now it is considered a digital security offering as it consists of a regulatory compliant private security offering.

The capital raise was the first of its kind in the venture capital world, marking an important milestone for how these funds will raise capital in the future. Blockchain Capital has returned about 1000% since May 2020, awarding BCAP the title of best performing major digital security of the past year.

Below is a chart of Blockchain Capital’s price over the past year:



We can see that most of the capital appreciation occurred over the past few months, particularly during the months of February and March.

This was largely related to a larger bull run in the cryptocurrency markets led by institutional adoption from the likes of Tesla and Square.

In our previous report, we covered the benefits of raising venture capital through digital securities, including seamless distributions and liquidity. One of Blockchain Capital's top performing investments over the past year is Coinbase, North America's leading crypto exchange.

Coinbase is now publicly traded with a market capitalization of \$51.56 billion, providing Blockchain Capital with a return of 3100% since their Series D investment in the firm in 2017.

Blockchain Capital is providing private investors with exposure to the infrastructure businesses behind the cryptocurrency and DeFi ecosystem, so as a result the security's price action is largely correlated to cryptocurrency volatility.

A substantial risk in investing in this fund is the high exposure to volatility in the cryptocurrency market, as well as potential future regulatory hurdles in the ecosystem. Two components of the Blockchain Capital fund stand out:

- **Bison Trails:** the blockchain infrastructure company was acquired by Coinbase, providing over 1400% return for BCAP investors.
- **Kraken Exchange:** the San Francisco-based cryptocurrency exchange provided a 360% return for BCAP investors.

RECENT NEWS & DEVELOPMENTS

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- **FIBREE and Blocksquare announce the Real Estate Tokenization Challenge 2021:** the Foundation for International Blockchain and Real Estate Expertise (FIBREE), the leading organization bringing together real estate professionals and blockchain specialists, and Blocksquare, the leading tokenization infrastructure provider for the real estate industry, are issuing the Real Estate Tokenization Challenge 2021. The first three participants to successfully tokenize a single real estate property will be awarded with their own white-label real estate tokenization platform powered by Blocksquare — an award worth more than 150,000 EUR in licenses and services.
- **Tokeny Solutions brings the digital Euro to its billboard solution via Monerium:** Tokeny Solutions and Monerium have teamed up to improve the accessibility of security tokens by bringing the digital euro to secondary transfers. Tokeny's Billboard solution provides a white-label secondary market platform for security tokens, whilst Monerium is a regulated e-money issuer on blockchains. The partnership aims to allow traditional investors to benefit from the investment opportunities brought by blockchain at ease.

- **Polymath grows Polymesh blockchain node operators with Scrypt Asset Management AG:** Scrypt Asset Management (“Scrypt”), a Swiss company that provides institutional investment solutions for digital assets, is now running an authoring node on the new Polymesh blockchain. Polymesh, currently in testnet phase, is an institutional-grade blockchain specifically for regulated securities that was purpose-built by Polymath to address the regulatory gaps in existing blockchains such as Ethereum. Polymesh’s specificity gives it and the applications built on top an advantage in meeting capital markets requirements – particularly around identity, compliance, confidentiality, and governance.
- **Fusang Exchange delists SPiCE token from its private market:** Fusang group announces that it is delisting SPiCE tokens from Fusang Exchange’s market. It will be effective from 18:00 MYT on 21st May 2021, trading of the SPiCE token shall be suspended on the FUSANG Exchange. On 5th May 2021, the Fusang Exchange received notice that the Labuan FSA (Financial Services Authority) has concluded that the SPiCE token, issued by SPiCE VC, is substantially controlled by Israeli persons. Fusang Exchange’s Listing Committee met on 18th May 2021 and upheld the decision to delist SPiCE under Section 17.1 (iv) of its Rules of Exchange.

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