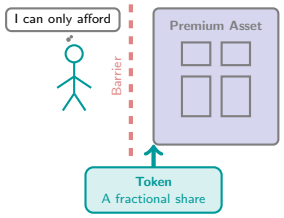
What If You Want to Invest in a Building — But the Smallest Share Costs More Than You Earn in a Year?

Someone wants to invest in a valuable asset — a building, a bond, a piece of art. The asset generates income every year. But the minimum buy-in is enormous. Traditional ownership is all-or-nothing: you either own the whole thing, or you own nothing.

Three barriers traditional ownership creates:

1. **Minimum investment** — high-value assets require large capital that most people do not have
2. **Illiquidity** — selling requires finding a buyer for the whole asset, which can take months or years
3. **Access** — most people are excluded from the best-performing asset classes entirely

These barriers mean that the wealthiest investors have access to the best assets, while everyone else is locked out — not because the assets are scarce, but because the ownership structure is inflexible.



A token turns a locked door into an open market.

Tokenization creates digital representations of real-world assets on a blockchain, allowing ownership to be divided into small, tradeable pieces — turning exclusive assets into inclusive markets.

Think About the Most Expensive Thing You Would Like to Own — What If You Could Buy Just One Percent of It?

You walk past a building in the city center. It generates rental income every month. You check the price — it would take decades of savings. You walk on. The building keeps earning, and you keep walking.

Now imagine a different version:

The token: A digital certificate that represents a tiny fraction of that building, recorded on a shared ledger that anyone can verify.
The income: Each month, rental payments are distributed automatically to every token holder, proportional to their share.
The exit: When you want to sell, you list your tokens on a marketplace that operates around the clock — no agent, no paperwork, no waiting.

No minimum wealth. No exclusive club. No waiting list. The token handled it.

The Core Idea

This is the core idea behind tokenization: dividing ownership of real-world assets into small digital pieces that anyone can buy, hold, and trade. The question is not whether the technology works — it is whether the token truly connects you to the asset it claims to represent.

What Changes When Ownership Lives on a Blockchain Instead of in a Filing Cabinet?

Aspect	Traditional	Tokenized
Minimum investment	Large capital required	A small fraction
Trading hours	Business days only	Around the clock
Settlement	Days to weeks	Near-instant
Geographic access	Local jurisdiction	Global, borderless
Intermediaries	Brokers, agents, notaries	Smart contract
Divisibility	Whole units or large lots	Any fraction defined

Read the table left to right. Every improvement in the tokenized column comes with a hidden assumption: that the digital token is legally and practically connected to the physical asset. Remove that connection, and the token is just a number.

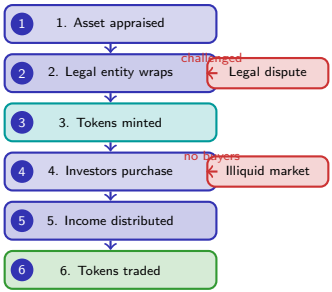
Key properties of tokenized assets:

- **Fractional** — ownership can be divided into arbitrarily small pieces
- **Programmable** — smart contracts automate income distribution and compliance
- **Transferable** — tokens move between wallets without intermediary approval
- **Transparent** — ownership records are public and auditable on-chain

These properties unlock new possibilities but also create new risks: transparent ownership means anyone can see your holdings, and programmable rules can enforce restrictions you did not expect.

The table reveals a pattern: tokenization improves speed, access, and divisibility — but each improvement depends on a legal bridge between the digital token and the physical asset that no blockchain can build on its own.

Follow One Rental Property from Physical Asset to Monthly Income in Your Wallet



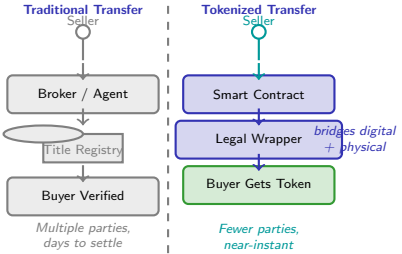
What happened in those six steps:

- No bank managed the investment — a smart contract handled distributions
- No broker listed the shares — tokens traded on a global marketplace
- No minimum wealth was required — any amount could participate
- No paperwork changed hands — the blockchain recorded every transfer

The entire process — from asset to income — combined physical property with digital infrastructure. Every step that touches the real world still requires trust in people and institutions.

Every step that digitizes ownership also creates a dependency: on the appraiser's honesty, the legal wrapper's enforceability, the platform's continued operation, and the market's willingness to trade.

How Does a Token Connect to the Asset It Claims to Represent?



The legal wrapper is the key:

Entity:	The real-world asset is held by a legal entity whose ownership is represented by the tokens
Compliance:	The smart contract enforces rules about who can buy, sell, or hold tokens — automating regulatory requirements
Custody:	A licensed custodian holds the physical asset or its legal title, separate from the token issuer
Enforcement:	If a dispute arises, courts enforce the legal wrapper — not the blockchain

The architecture works only when the legal layer and the digital layer stay synchronized. A token without a legal wrapper is a claim without enforcement.

Tokenization does not replace the legal system — it builds a digital layer on top of it. The smart contract handles transfers and distributions, but the legal wrapper is what makes the token worth anything in the real world.

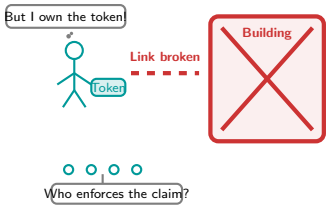
The Blockchain Says You Own Tokens — But the Building Burned Down

An investor buys tokens representing a share of a commercial property. The tokens are on the blockchain. The ownership record is immutable. Then the issuer goes bankrupt, the legal entity is dissolved, and the building is sold to pay creditors.

The dual reality problem — what can go wrong:

1. The physical asset is damaged or destroyed
2. The legal entity that wraps the asset is dissolved
3. The issuer platform shuts down or is hacked
4. A court in the asset's jurisdiction does not recognize the token
5. The custodian mismanages or misappropriates the asset

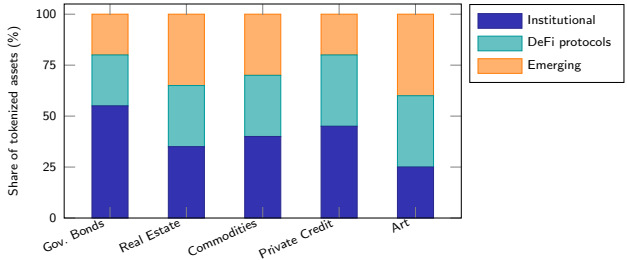
The blockchain recorded every transaction faithfully. The tokens still exist. But the asset they were supposed to represent is gone — and no smart contract can bring it back.



The ledger is immutable.
The world is not.

A token is only as valuable as the legal and physical reality it represents. When the digital record and the real world diverge, the blockchain cannot resolve the difference — only courts, insurers, and custodians can.

Which Asset Classes Are Being Tokenized — And How Fast Is It Growing?



Illustrative distribution based on public tokenization data patterns. Not actual protocol data.

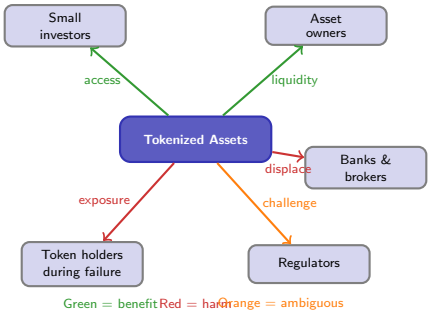
What these asset classes reveal:

Government bonds:	The largest and fastest-growing category — institutional investors tokenize sovereign debt for faster settlement
Real estate:	Fractional ownership of properties, from commercial buildings to rental homes
Commodities:	Tokens backed by physical reserves of precious metals or energy products
Art and collectibles:	The most fragmented market — high potential but highest counterparty risk

The pattern is clear: asset classes with strong legal frameworks and institutional demand tokenize fastest. Those without clear regulation remain experimental.

The tokenization wave is not evenly distributed. Regulated, institutional-grade assets lead because they already have the legal infrastructure that tokenization depends on. The long tail of exotic assets remains a frontier.

Who Benefits from Tokenized Assets — And Who Gets Disrupted?



The distribution of impact is uneven:

- **Winners:** Small investors gain access to asset classes previously reserved for the wealthy. Asset owners gain liquidity by selling fractional stakes without selling the whole asset.
- **Losers:** Banks and brokers lose intermediation fees as smart contracts automate transfers. Token holders in failed projects bear losses with limited recourse.
- **Ambiguous:** Regulators face a technology that crosses jurisdictions, blurs securities definitions, and moves faster than rulemaking.

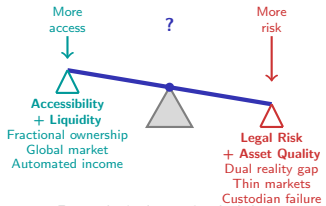
The same technology that opens markets to new participants also creates new ways to lose money without traditional investor protections.

Tokenization redistributes access but does not redistribute risk. New participants gain entry to asset classes they could not previously reach — but they also inherit risks that established investors manage through legal teams and institutional protections.

Four Questions That Reveal Whether a Token Is Worth Owning

Before investing in any tokenized asset, ask four questions. The answers will not tell you whether to invest — but they will reveal what you are actually buying and what you are trusting.

1. **Is the token legally connected to the asset?**
   A token without a legal wrapper is a claim without enforcement. Ask for the legal structure, the jurisdiction, and the custodian.
2. **What happens if the platform disappears?**
   If the platform shuts down, can you still prove ownership? Is the legal entity independent of the platform?
3. **Can you actually sell when you need to?**
   Liquidity on paper means nothing if the secondary market is thin. Ask about trading volume and buyer depth.
4. **Who audits the underlying asset?**
   A tokenized asset is only worth what the underlying is worth. Independent, recent audits are the minimum standard.



Every tokenized asset tips the balance.

Tokenization does not create value — it changes how value is accessed, divided, and transferred. Whether that change is worth the new risks depends on the quality of the legal bridge, the depth of the market, and the honesty of the people behind the token.

Your Challenge: Evaluate This Tokenized Asset

A startup announces a tokenized investment opportunity. Here is what they claim:

The asset: A portfolio of rental properties in several cities, generating monthly income. The properties are held by a legal entity registered in a single jurisdiction.

The token: Each token represents a fractional share of the legal entity. Tokens can be purchased for a small amount and traded on the platform's own marketplace.

The promise: Token holders receive monthly distributions proportional to their holdings. The platform publishes quarterly financial reports but has not completed an independent audit.

Apply the four questions from the previous slide:

1. **Legal connection:** Is the token legally tied to the properties? What happens if the jurisdiction does not recognize token-based ownership? What recourse do you have?
2. **Platform risk:** If the startup shuts down, what happens to the legal entity and the properties? Can you prove ownership without the platform?
3. **Liquidity:** The tokens trade only on the platform's own marketplace. What does this mean for your ability to sell? What risks does a captive market create?
4. **Audit:** The platform self-reports financials without independent verification. What could go wrong? What would give you more confidence?

No Single Right Answer

There is no single right answer. The point is to practice distinguishing between the technology's promise and the reality of its implementation. A tokenized asset is not automatically better than a traditional one — it is different, with different risks, different protections, and different failure modes.