



D-ReiT

Decentralized
Real Estate
Investment Trust
[DRT]

We democratize your finances.

WHITEPAPER



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Abstract

“Decentralized Finance” (DeFi) covers financial services performed on the blockchain. DeFi is a financial service without a centralized authority.

DeFi keeps the traditional elements of banking while eliminating the middleman by using a smart contract.

DeFi needs decentralized infrastructure to function.

DeFi's inception was in 2015 on the dApp (decentralized App) MakerDAO. This platform allows users to use crypto as collateral to apply for loans.

DeFi functions as an open, trustless, and decentralized financial network. DeFi has no central ruling authority. Foul play is mitigated by the protocols being enforced with Smart contracts. DeFi has attracted many investors. This interest has skyrocketed the amount of tokens in DeFi to nearly \$88 billion (USD) in mid-May 2021 (<https://defipulse.com/>).



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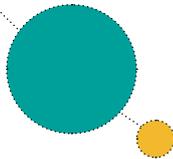
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About us?

D-REIT is a project that bridges the gap between DeFi and new tangible investment opportunities that otherwise don't exist on the blockchain.

Leveraging blockchain technology, D-REIT allows assets such as real estate, shares in companies, operations of renewable energy plants, and more to be traded on a native marketplace, facilitating P2P trades to both single buyers and crowdfunded projects.

Benefits generated on the platform, both on-chain (commissions generated within the platform) and off-chain (income from capital gains on the sale of real estate and rental income), will be distributed proportionally among the holders of DRT (D-REIT Token).





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Mission Statement

Implement a scalable, decentralized, and autonomous platform based on blockchain technology with strong technical and security capabilities.

D-REIT offers users the opportunity to invest in projects of their choice, automatically earning users a portion of the profits generated.

Vision Statement

To be a decentralized and an autonomous business platform that creates financial opportunity and generates profitability. To facilitate the democratization and accessibility of investments, granting opportunities for all types of investors. To offer the best adaptation strategies in an ever-changing economic environment by pioneering solutions through the use of blockchain technology.

Specific goals

Create a platform

that blends digital and traditional investments through the tokenization of assets and projects.

Implement a Socimi of real estate assets within the platform.

Create a democratized investment and entrepreneurial community.

Attract investors

willing to participate in entrepreneurship projects and business expansions with growth potential.

Capture ventures and business expansions with growth potential adjusted to professional requirements that attract investment spirit.

Establish the legal structure and technological that allows the tokenization process of assets and projects.



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Value Proposal

New generation which hybridizes traditional and digital investments with the best protocols offered by blockchain technology.

Advantages of tokenizing an asset

- › Reduce time and cost by up to 10X
- › Digitization and automation of processes
- › Automated compliance and governance
- › Elimination of human errors
- › Greater liquidity
- › Fractional ownership / democratization
- › Access to investors with a reduced minimum Target.
- › Global standards and interoperability
- › Transaction registration



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Why D-ReiT?

D-REIT offers blockchain technology that has not been available before. D-REIT allows anyone to become an investor and explore entrepreneurship opportunities.

We want to lower the barrier to entry and increase accessibility for small investors by reducing upfront costs. D-REIT offers transparency, traceability, and immutability of blockchain information, while cutting out the middleman through automated smart contracts.



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History

History has painted investment bankers as the protagonist in economic activities and the formation of capitalism. In ancient Rome, capitalism appeared early on. People raised capital in hope of sharing economic returns as well as sharing potential economic risks.

In medieval Italy, eight centuries later, investment bankers invented the first public loans to finance land acquisition. Through these loans and existing capital, the aristocratic elites and the predominant European courts accumulated vast territories for their geographical dominance and economic exploitation.

In the seventeenth century, the creation and commercialization of legally-binding debt became implemented. Private agents took on the role of enforcing this debt. These private agents are considered as the forerunners of current brokers. Likewise, they are the historical predecessors of predominant trading activity (buying and selling of public securities) of investment banking in the 21st century.

Transnational banking services were developed in response to international trade in the 18th and 19th century. Banker families, such as the Fuggers and the Rothschilds, amassed great fortunes. These families established debt bonds that were sophisticated until they created the underwriting of securities (guaranteed establishment of an original issuance of securities).

These debt bonds financed the exploitation of natural resources with head from the European railways. The risk involved in this type of operation was borne by the bankers themselves. By 1780, England had the most developed stock market in the contemporary world. Some agents called "Loan Contractors" were in charge of providing interest-based loans.

These traditional investors were then replaced by a new type of financial intermediary, which not only had the necessary capital but also information, intelligence and dynamism. As the years went by, these organizations consolidated themselves as professional organizations, establishing the first syndicated or group operations, whose participants were given the name "investment bankers".

"Merchants" refer to traditional investors, who were generally wealthy families or influential politicians. These Merchants formed an elite social caste. They consulted a close group of professionals to conduct private business on their behalf resulting in a growing fortune.

In the nineteenth century, economic activity was ramping up. This was due to an increase in industrialization as well as the development of railway and electrical infrastructure. The developments in this century further strengthened the capitalist system.

History has showed time and time again that greed, abuse of the system, and consolidation of power will happen despite regulation during times of crisis. However, like everything else, good things can come from a crisis, including evolutionary change to improve existing systems. The emergence of blockchain technology offers an improvement to the world of investments. Blockchains allow for democratization of one's finances while also exposing users to unique and innovative opportunities.



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Blockchain

The blockchain network that we are going to use for the operation of smart contracts is Binance Smart Chain (BSC). BSC is widely accepted and known for its transparency as well as its ability to facilitate quick transactions.

D-ReiT Token

The standard used for the development of the smart contract that will allow the token to function is ERC20.

Currently, ERC-20 tokens are one of the most widely used tokens in the crypto world. These tokens standardize the interface for creating and issuing new tokens on the network. It does this by outlining and enforcing certain rules and parameters.

For example, to alter or move an ERC-20 token, you must have Ether. This situation supports both the economic and utilitarian part of the token.



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Pool

The dividend contract distributes the profits in proportion to the amount of tokens deposited in the pool. This contract protects profits earned and calculates the percentage of token based on deposits made by each individual. Holders will be able to claim their benefits through this contract.

KYC

This contract will verify users so they can access services that require identity verification.

Once a user's identity is verified, the contract will produce a unique token that cannot be transferred to other users. Users must ensure they don't share their token access to others as this can lead to identity theft.

Mechanisms will be implemented so that the user can add more wallet addresses to their profile after validation, the user must ensure that they do not lose access to the token or grant access to another person as they will expose themselves to the risk of identity theft

AssetFactory

This contract allows the creation of NFTs (non-fungible tokens) on real-estate assets. Applicants must have verified profiles and will be able to choose how they divide their assets. If the asset is not divided, applicants will be able to make a direct sale. Otherwise, applicants must delegate their assets to the platform and the platform will manage the parts

This contract will create an ERC721 token with the asset information that can then be used in the marketplace and auction sections, as well as being able to launch them with a purchase proposal for the token holders to decide.

ProductFactory

Entrepreneurs and SMEs who want to introduce a product to the platform must make a request to create the tokenization of their product. These entrepreneurs and SMEs must be verified with their KYC token.

Applications must meet requirements before proceeding. Once approved, holders of the D-REIT token will decide if the product will be launched on the platform.

If accepted by the community, this contract will create an ERC20 token with dividends. Tokens will later be made available for direct purchase or farming. The entrepreneur/SME can then capitalize on their proposal and launch the product to generate profits. Profits will be distributed as explained by the dividend contract.



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PairFactory

A contract that will allow the creation of an exchange pair on the ProductFactory ERC20 and the ERC20 Token D-REIT. This allows the trading of the tokens created on the platform by entrepreneurs/SMEs.

Subsequently, liquidity must be added to the pair to be able to trade.

Marketplace

This contract will be in charge of allowing the sale and purchase of the NFTs created by the platform. To access this service, the user must have a verified KYC profile.

The Socimi's assets will be available in this area to offer its services with crypto payments.

Auctions

Similar to the Marketplace contract, it will be in charge of auctioning the tokenized assets the platform created.

As for the Marketplace contract, the user must have a verified KYC profile.



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First venture within the platform.

Market in which we invest

Real estate

Firstly, we will be creating a real estate investment company, where all holders of our token will participate, acquired through the IFO that will be launched on the DEX Pancakeswap in the near future. As of 06/31/2021 or by direct purchase at a starting price of \$ 0.00047 per token, they can also be acquired in Pancakeswap on the same dates.

A real estate investment trust (REIT), is an investment company that owns real estate assets. These companies generate income by renting said assets. These companies are publicly traded and pay out dividends every year. REITs offer direct exposure to the real estate market, with a high degree of liquidity and transparency.

REITs allow people to invest internationally (with the exclusion of REITs in Belgium and Hong Kong). Being able to invest internationally generates a multitude of opportunities. Investors can take advantage of global real estate opportunities while diversifying and mitigating their financial risks.

REITs generally offer low-risk investments and attractive compensation.

REITs have good tax advantages compared to traditional real estate taxes

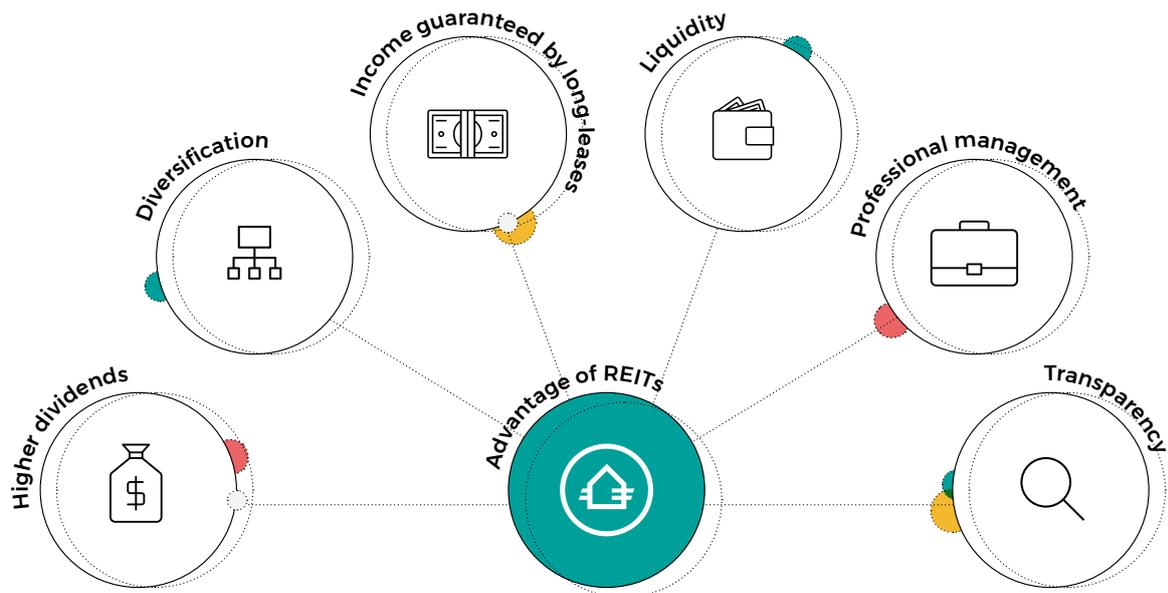
REITs distribute all their dividends consistently.



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Benefits of investing in REITs



Real estate

Traditional REITs carry a few significant disadvantages for retail investors.

One of the biggest disadvantages in the MAB is the very low Free Float (percentage of shares that can be traded on the stock exchange).

93% of real estate is out of reach for retail investors. 89% of US investors are interested in real estate, but only 3% have been able to invest.

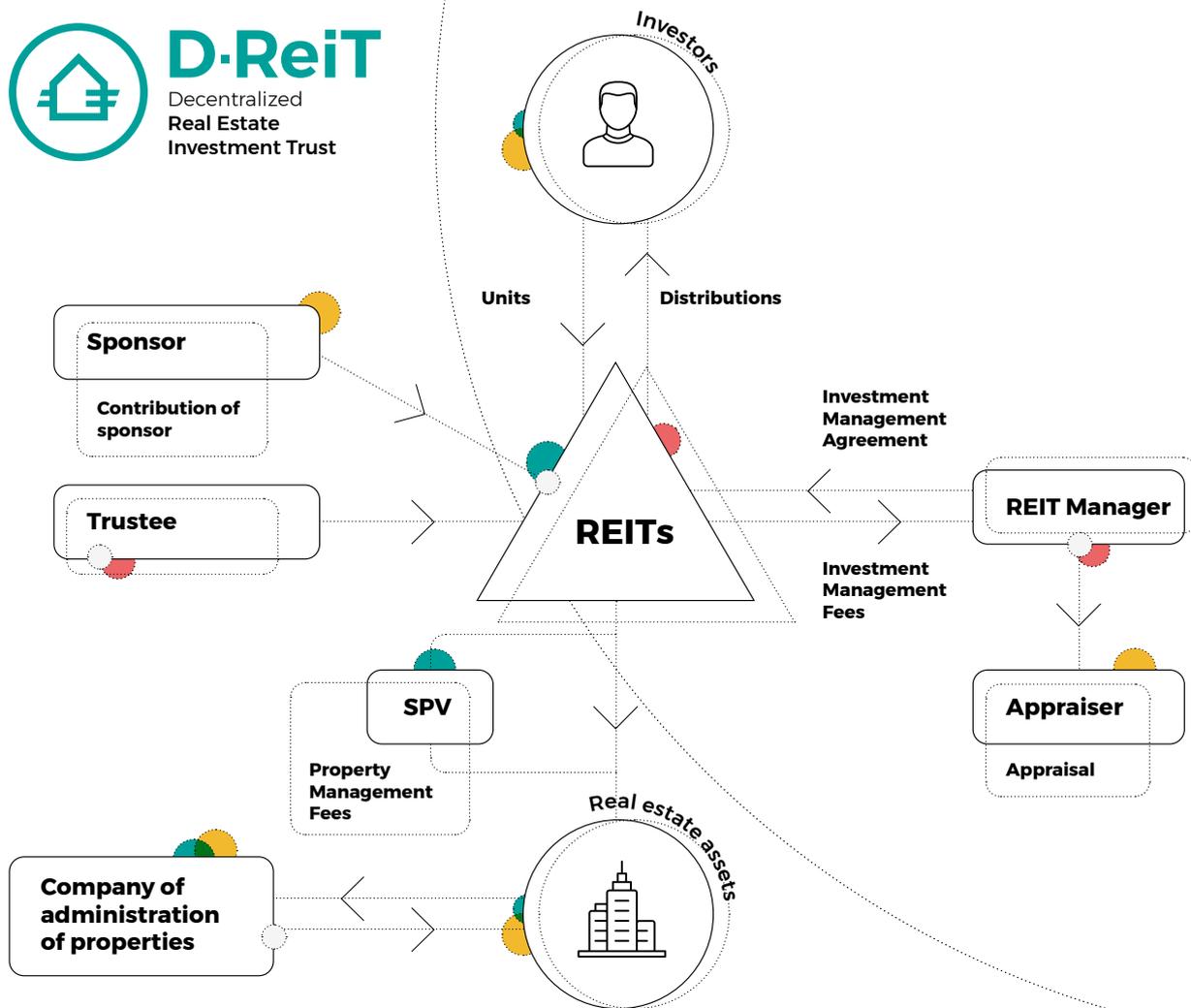
Another disadvantage is that, unlike direct investment, the private investor cannot decide on the destination of the real estate asset, nor when they want to sell, rent or buy.

These disadvantages are solved by D-REIT with correlated smart contracts on the blockchain. Additionally, investors will mitigate their risks by having the ability to have real estate investments in different stages of the cycle.



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Vision Socimi

Throughout history we have always heard that investment in real estate is one of the best choices. When we invest into real estate, our money is protecting from devaluation. Additionally, real estate assets tend to preserve their value over time by outgrowing inflation.

“One of the safest investments is the acquisition of a property, with which one can obtain higher returns in the short, medium and long term, either for rent or simply as an investment.”

If a person acquires a property as an investment and decides to rent it, a minimum annual rate of 6% should be added to the capital gain. The compound return on the home becomes at least 127% at 10 years. Rental prices are going up. Despite these low mortgage rates, homeownership is sadly a distant dream for many people still recovering from the financial crisis. As a result, more people are living in rental accommodation. The increase in people who will live in the future for rent will increase and this will benefit our strategy.

Properties have not been this accessible in decades due to remarkably low mortgage rates. Due to the increased accessibility, investment properties are an attractive way to build wealth and they should not be overlooked.

To increase transparency and solve the complexity in purchasing shares, we have developed a project in the blockchain to give access and control to the public. Shareholders have the ability to participate in decision-making through a voting system.



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Solutions

Accessibility

Accessibility is the most common problem for traditional retail investors. Lack of accessibility is resolved by tokenizing shares, offering any user the possibility of participation, no matter how small their investment is.

Bass Free Float

The percentage of shares that can be traded on the stock market is very small. It is mainly generated by the lack of access to shares, which causes short and medium investors to lose interest in these companies.

Liquidity

The lack of negotiation of the shares is largely reduced by having transferable tokens in the blockchain accessible to the public through listing on decentralized exchanges.

Decision making

Decision-making regarding the purchase of real estate is carried out by the administrator of a company/corporation without taking into account investors. The administrator manages the properties and investors only receive their share of the profit. D-REIT resolves this by engaging shareholders and allowing them to vote on decisions.

Consensus

Decision-making by investors is a factor that many take into account. With a voting system on the blockchain, the owners of the shares will be able to vote on which properties (proposed by a professional team) to buy (YES / NO). Consensus is reached by majority vote.

Social capital

The minimum capital to form a REIT is € 5,000,000 in Spain, a very high capital for minority groups. In order to achieve the minimum capital required, small investors have to face a consensus, which is very difficult to achieve as more investors want to participate. D-REIT enables small investors to participate again.

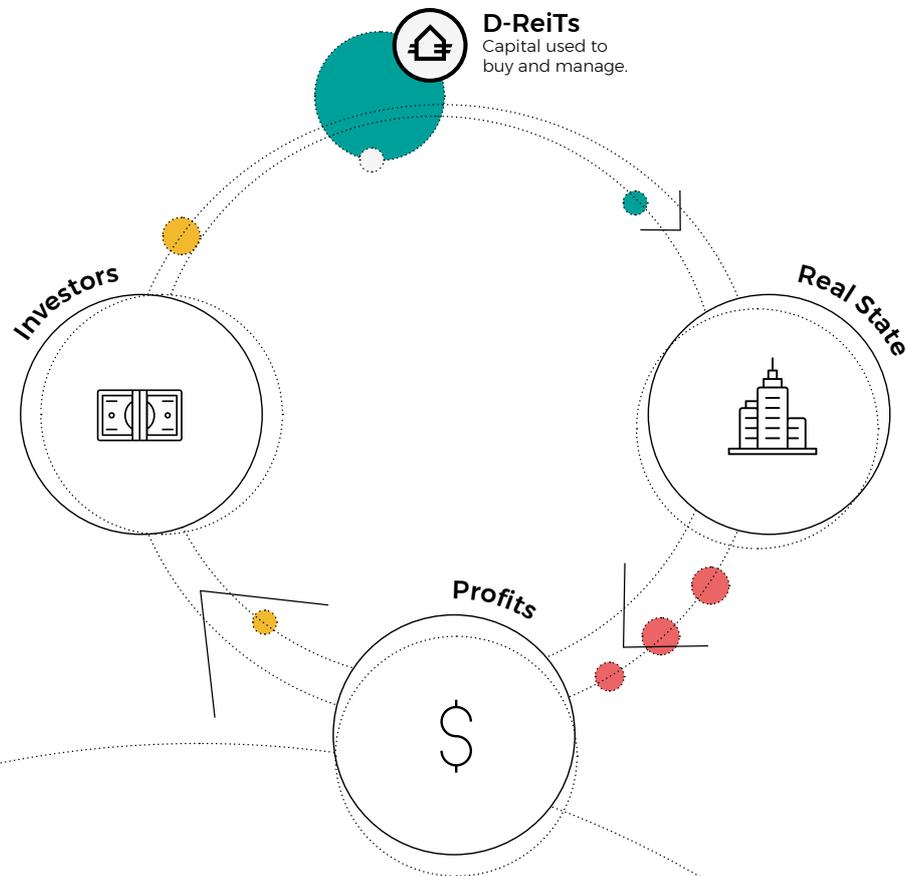
Financing

The funds required for the formation of the REIT (5M min) will be raised through decentralized financing platforms through a liquidity token, with the sale of these tokens the Company will be capitalized.



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Ecosystem

D-REIT implements an ecosystem based on blockchain smart contracts. D-REIT improves conventional REITs.

This ecosystem is divided into several phases:

- › Creation of tokens for the minimum capital required.
- › Formation of the Society with the funds collected.
- › Launch of the voting system with security tokens.
- › Real estate rental.
- › Distribution of profits produced by the Company to the owners of security tokens.
- › Development of our own platform to rent real estate with crypto payments.



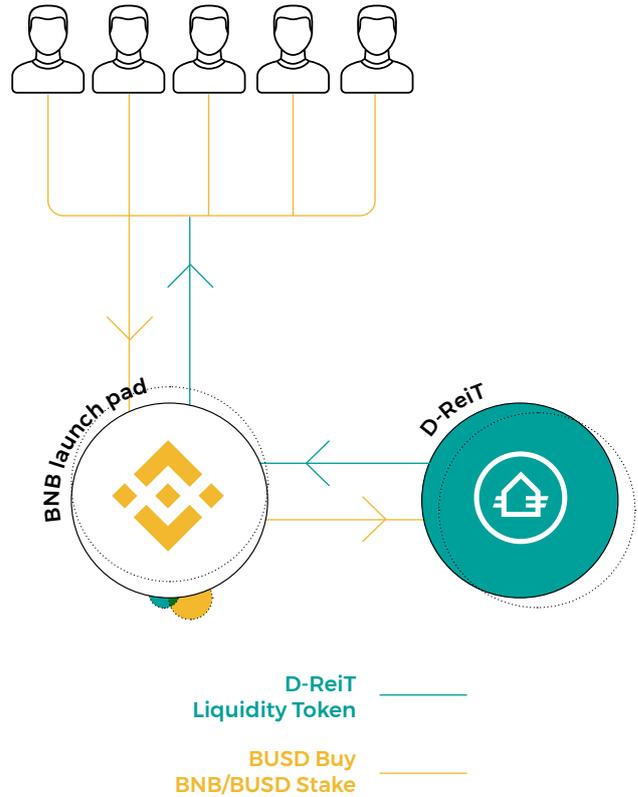
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Tokens

In order to gather the minimum funds needed, a token will be launched that can be obtained through purchase and stake.

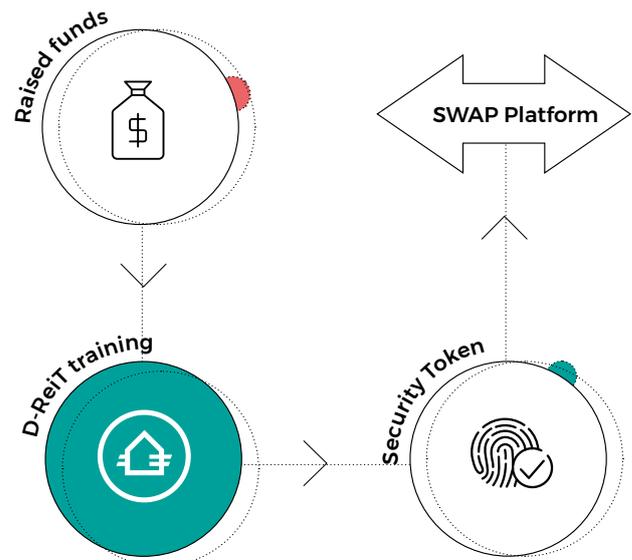
Interested investors will be able to buy the token (\$DRT) through Pancakeswap, where a fixed price per token will be established. Additionally, they can “farm” \$DT by receiving the token in exchange for the interest generated by Pancakeswap liquidity pools.



Constitution of the society

Once the minimum capital is reached, the Company will be formed by generating a security token with its shares.

These tokens will be linked to the shares of the Company where a token will be equivalent to a partition (1:1).





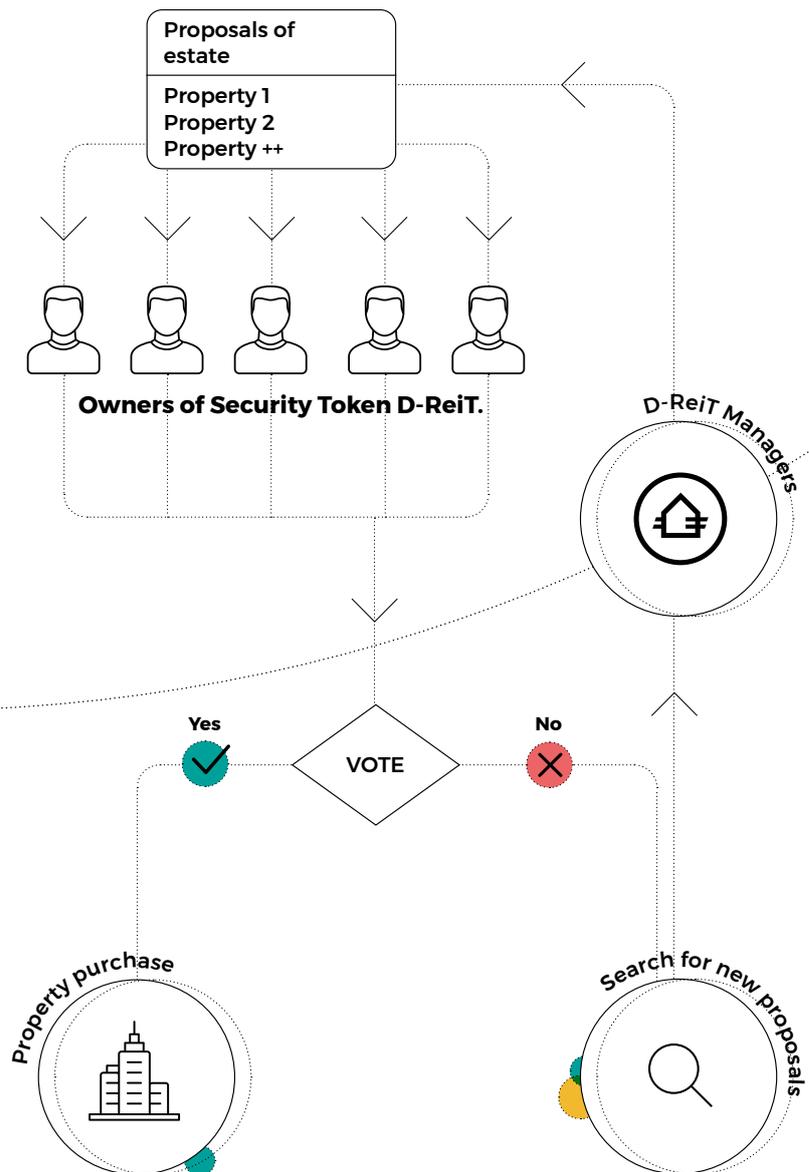
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Voting

The owners of the security tokens will be able to exercise their right to vote on the D-REIT Platform.

This vote will allow investors to decide whether a property, previously selected by D-REIT's professional team, is accepted for purchase. If the purchase consensus is not reached, the team will look for new properties to make another proposal.





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Income and management of real estate

One of the key variables of a real real estate investment is buying well below market value.

Real estate investment funds do not purchase real estate in the same quantity as a real estate agency. They also do not pay the price set by the developer of the project. This is because transactional fees tend to be around 10% depending on the country in question.

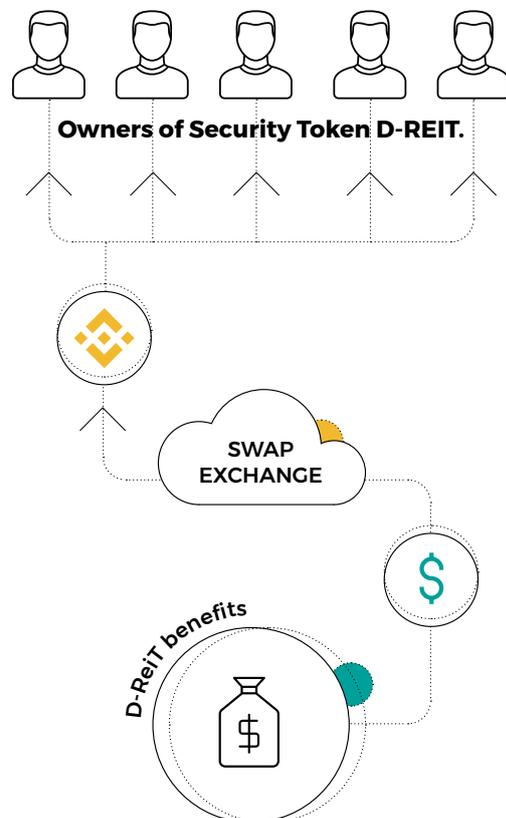
Our goal is to achieve opportunistic discounts in various markets of 20%-30% of the value of the asset in the market to start earning from zero.

This is achieved by acquiring real estate portfolios in a sophisticated way from banks that need to liquidate them, and at auctions. Once the properties have been selected, approved by vote and acquired, they will be professionally managed on platforms such as Airbnb to generate profits.

Profit sharing

80% of the income obtained by the Company through the rental and sale of properties will be distributed periodically. Initially, profits will be distributed monthly. This timeframe can be altered with votes in the future.

These will be exchanged from Fiat currency corresponding to Binance Coin (\$BNB) to later be sent to the owners of security tokens through smart contracts that certify the possession of the security token.





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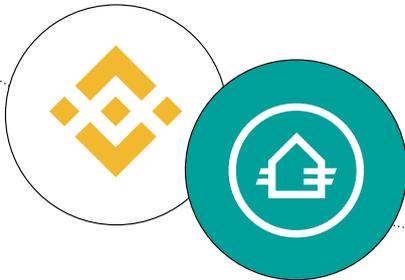
Decentralized own application

A platform where the properties of the Company will be rented, accepting cryptocurrencies that coexist with other platforms. The properties will be on Fiat and Crypto platforms.

Rentals will be provided through a smart contract.

- › Discounts for owners of security tokens.
- › Real estate auction.
- › Purchase and sale of properties.
- › Custody.

Entrepreneurs will be able to finance their project through access to the public. Entrepreneurs will pay a fee that will remain on the platform and be distributed as a dividend to the holders of our token.



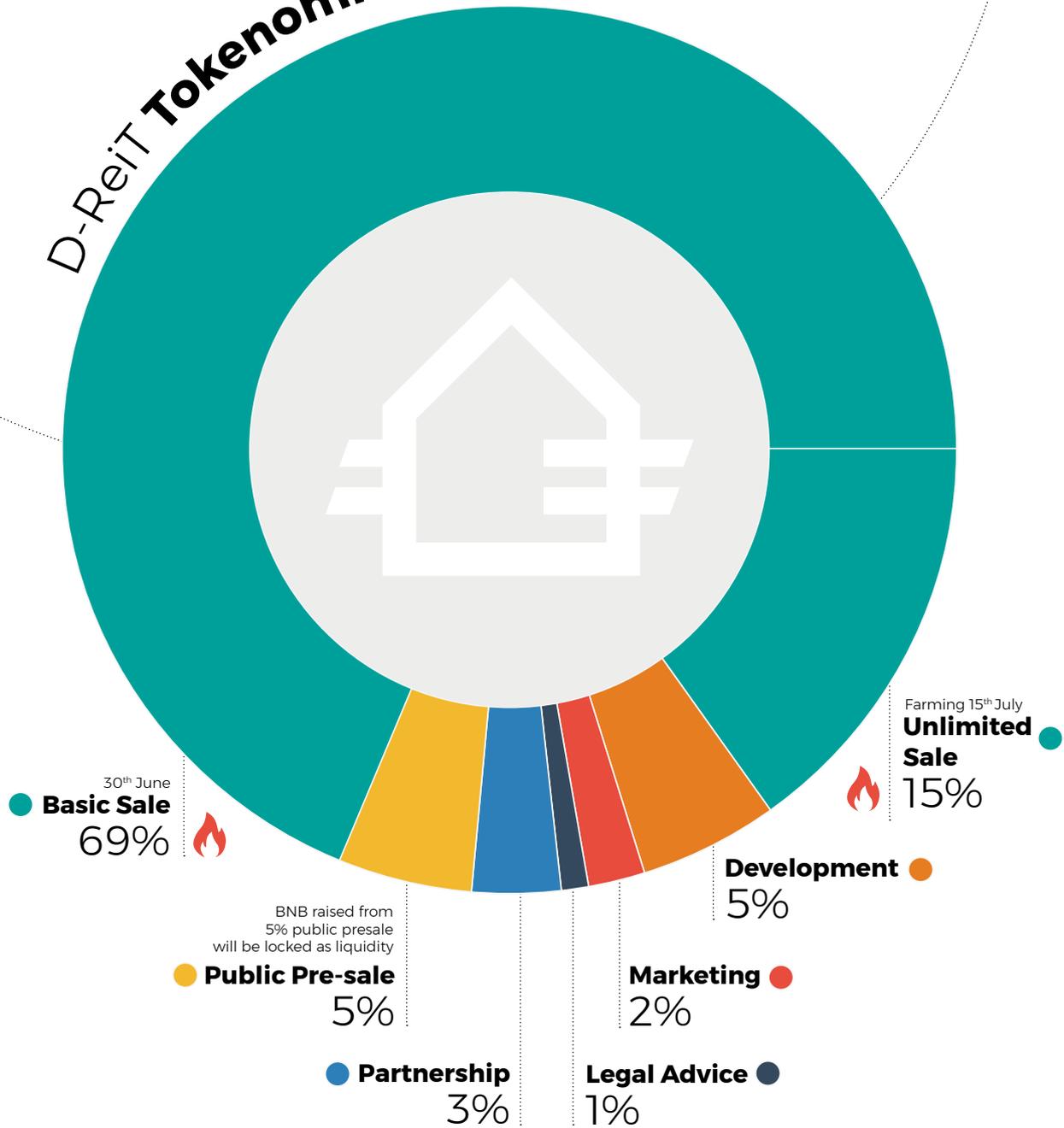


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Tokenomics

D-ReiT Tokenomics



 **1st Year 15% Rebuy & Burn**



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Conclusions

In the long term, real annual appreciation rate of a real estate asset, discounting inflation, is practically zero. That is why it is said that real estate assets are a store of value. Now, professionally investing, we achieve appreciations of more than 10% a year in real terms since we look for markets that have or have had a deep crisis and assets, a strong correction, have touched their bottom and there is evidence that their value has begun to decline, and has potential to climb to regain its historical value.

In general, when a market falls 50% it has a margin of 80-100% appreciation that will occur in a period of 4 to 7 years, depending on the type and class of asset.

When a property is acquired at a value much lower than the real one, for example 50% below the historical value in a developed market where rents remain constant, the rental yield usually doubles. In countries like the US or Spain, for example, the value of a rental remains constant.

That is to say, since the value of the property has dropped so much, rental profitability really becomes a great business. For example, today in Detroit the profitability of a rental can exceed 10% net per year. In suburban areas of Madrid, rental profitability is around 7% annual net.

Being conservative, with the discounts on the purchase, income from income and appreciations, with a professional model, it is possible to achieve returns of the order of 16.5% per year net without leverage compared to almost zero profitability left by the traditional model.

While financial profitability measures net profit compared to equity, economic profitability measures gross profit compared to total resources.

Although the net profitability obtained thanks to real estate leverage may be lower due to the interest generated, this type of strategy brings great benefits to our investment:

- › It opens the door to certain real estate investments that we would not be able to access if it were not for financing through external resources.
- › It allows diversifying risk. I can distribute my resources in different real estate investments.

Leverage is especially beneficial in times of inflation, especially when it is higher than the cost of debt, at this time, with the objectives being to keep inflation below 2%, expectations are uncertain, especially in the USA where it is expected that the rate grows above that 2% and in Europe where we would be touching that percentage.

Before using debt, you should mainly analyze the interest rates, the payment terms, the percentage of debt that will be used to ensure that there is no over-indebtedness, and guarantee that the income flows from our investment are sufficient to cover the liability for as long as it is to be used.



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Conclusions

Our key goals:

- › Leverage professional experience to make smart purchases.
- › Use a suitable investment vehicle.
- › Use leverage in a controlled manner.

We want to allow users to access the market from the comfort of their home with a few simple steps.

People who invest in traditional real estate commonly keep their funds a minimum of 10 years to recoup their investment or seek a sale at a loss if necessary. With our proposal, the investor can get their money back whenever they want since individuals can sell their tokens whenever they please.

Tax advantages.

The investor benefits from the advantages of investment companies with compensation of 95% in transfer tax and the payment of 0% in corporate tax (profits).

Ability to fractionalize / democratize

- › Reduced share size
- › Greater diversification
- › Access to new types of investors
- › Access to new infrastructure, global investors, and secondary liquidity
- › Programmable tokenized shares or the automation of transfers cross-border
- › Blocking periods, dividend payment, etc.
- › Smart functions: custody, DeFi loan, atomic transfer, etc.
- › Greater security through elimination of human errors
- › Transparency and traceability



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