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## TOKENIZATION: FIRST BLOCKCHAIN-BASED „DIGITAL TWIN“ OF A LISTED STOCK WITH RKH UND SMP

25 November 2020

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Raschke von Knobelsdorff Heiser (RKH) and SMP advised publity AG, an asset manager and investor specialised in office real estate in Germany, listed on the Frankfurt Stock Exchange (Scale), on the tokenisation of up to 50 million shares of its subsidiary PREOS Global Office Real Estate & Technology AG (PREOS).

PREOS, listed on the Munich Stock Exchange (m:access), is an active real estate investor focused on office real estate. It is the first listed company in the world whose shares are digitally securitised by a Blockchain-based "digital twin" (PREOS token). The PREOS Tokens will be issued by publity AG by way of a public offering in Germany and Austria on the basis of a securities prospectus, approved by the Federal Financial Supervisory Authority (BaFin) on 23 November 2020, and an international private placement. The medium to long-term goal is a total token volume of up to one billion euros. This is the largest tokenisation in the real estate industry worldwide.

The PREOS token is based on the Ethereum block chain and guarantees essential shareholder rights. Each PREOS token corresponds to one PREOS share. The token holder has a digitally deposited non-cash asset on the Blockchain and can exchange his token for a conventional PREOS share at any time. The tokenised shares, which provide the same dividend and voting rights at the Shareholders' Meeting of PREOS as all other PREOS shares, are held in custody by a collateral trustee.

The project broke new legal ground in several respects. On the one hand, the underlying trust structure of the token, which is similar to an owner instrument, had to be contractually mapped and classified in accordance with the prospectus law in agreement with BaFin. At the same time, the structure had to be coordinated with several regulated partners simultaneously in order to implement the PREOS platform. This applied in particular to the comprehensive coordination of the money laundering concept with the securities trading bank, Bankhaus Scheich Wertpapier spezialist AG, which is involved as an investment intermediary in the planned OTC secondary market.

RKH, as permanent legal advisor to publity AG on corporate and capital market law, was in the lead structuring the project and advised publity AG on the corporate and capital market law as well as the requirements under prospectus law. SMP's team, specialised in digital assets, was responsible for the legal conception and tax treatment of the PREOS tokens, regulatory advice on the PREOS platform and negotiations with Bankhaus Scheich and the crypto-custodian Upvest.

On the part of RKH, publity AG was advised by the RKH partners Dr. Kristian J. Heiser (Lead - Corporate/Capital Market/M&A) and Dr. Thorsten Raschke (Corporate/M&A), the Of Counsel Prof. Dr. Christian Möller (Tax) as well as the Counsel Dr. Jan Hermann (Prospectus Law/M&A) and the Associates Maximilian Neeb, Markus Korinth, Cornelius Karcher and Markus Schweyer (all Corporate/Capital Market/M&A).

On the part of SMP, publity AG was advised by the SMP partners Daniel Resas (co-lead; Digital Assets/Capital Market/Supervisory Law), Dr. Jörn Wöbke (Corporate/Capital Market/M&A) Stefan Richter (Tax) and Lennart Lorenz (Supervisory Law) as well as the associates Dr. Niklas Ulrich (co-lead, supervisory law), Matthias Kresser (finance and insolvency law), Dr. Moritz Diekgräf (corporate/capital market/M&A), Dr. David John (supervisory law) and Dr. Saskia Kleinpeter (tax).

publity AG was legally advised on data protection by a KNPZ team led by partner Dr. Kai-Uwe Plath. Bankhaus Scheich was legally advised by Waldeck Rechtsanwälte (Dr. Hendrik Pielka, Jan Liepe and Jens-Holger Petri). The crypto custodian Upvest was legally advised by Lindenpartners (Dr. Robert Oppenheim).

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## **Background**

RKH is a multiple award-winning corporate/M&A boutique based in Hamburg, which was founded in 2005 as a spin-off from Freshfields Bruckhaus Deringer. The firm focuses on advising German and foreign clients on complex corporate and capital markets law issues, corporate transactions and litigation. RKH's clients include well-known family businesses, German and international industrial, commercial and real estate companies, private equity/venture capital investors and family offices as well as banks and other financial service providers. Further information can be found on the Internet at [www.rkh-law.de](http://www.rkh-law.de).

RKH has been advising publity group on corporate, capital market and transaction law issues for several years. In order to implement the legally extremely demanding tokenisation of the PREOS shares, the team of SMP was brought in at RKH's recommendation, led by Daniel Resas, a partner with experience and expertise in the field of digital assets and tokenisation.

## **Contact**

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