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## Tokenising Land Titles in Uganda To Release Liquidity, Finance Contracts

### SUMMARY

GoBigHub.com is a contract financing platform that helps people who have won contracts, but lack capital, to access capital on profit sharing, no collateral, Islamic financing model. We raise our financing from individual and institutional investors who purchase GoBigHub notes, with face values of 60% p.a unsecured and 24% p.a. secured, paid every two months. To secure investors capital, we issue land titles. However, since most land titles have much higher values than the money invested, there is need to provide fractional title issuance, hence, tokenizing land titles using gobighub digital token, KontraktKoin. In so doing, a land title with forced market value of UGX. 1 billion is translated into 1 billion KontraktKoins, and would attract equivalent amount of investment. The investors receive notes at 24% per annum for amount invested. Land title owners are offered gobighub notes, with face value of 24% per annum. Land titles are registered in the names of GoBigHub, which holds the same in trust. Blockchain system will make entire process clear. Any investor into gobighub.com will see the land title being used to secure the investments, the current usage of the same title, and available fraction, or tokens.

### TOKENISATION

It is now possible for owners of illiquid assets to convert the rights to them into digital tokens that interested parties can buy to fractionally invest in the assets. These transactions, which are made using smart contracts and blockchain technology, essentially allow asset owners to issue digital tokens that represent the value of the asset. Tokenisation enables a world where everything is unitised, interchangeable and tradable. The transactions can be done seamlessly without an intermediary via blockchain technology. These tokens can then be purchased and traded by investors, effectively allowing them to buy and sell their portion of the asset. Imagine being able to issue 10% share of a land title value to someone who is using it to access proportionate amount for financing his contract.

### TRADING KONTRAKTKOINS

When investors in gobighub.com platform purchase KontraktKoins, they buy at a discount of 24% per year or 24% per year, for owners of land title. The discount is the profit they expect to earn end of year. Hence, for an investment of 100 KontraktKoins, they are entitled to 124 KontraktKoins end of year. An investor can hence decide to trade the future value of the contract in return for cash, now, by selling to another investor his contract, at, say, 110 KontraktKoins, and that investor will now only benefit from 10 KontraktKoins as profit end of year. However, the second owner can also trade it for 126 KontraktKoins, and so on, and so forth, hence, bringing liquidity, and promoting growth in value. The trading of KontraktKoins could be done globally via blockchain or third-party cryptocurrency exchanges.

## Go Big Finance & Mentorship Hub Limited

GoBig House, Muwafu Road, Plot 8A, Ministers' Village, Ntinda, Kampala, Uganda. P. O. Box 4215,  
Tel: +256 41 4696004/31 251 7908/ 0776 100059/0703 010052 E: [info@gobighub.com](mailto:info@gobighub.com) W: [www.gobighub.com](http://www.gobighub.com)



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## LIQUIDATING KONTRAKTKOINS

The holders of KontraktKoins, whether the owners of the land, who are promised 24% return of value of their assets, or investors who invest and get 24% return on their investments, can choose to hold their kontraktkoins to maturity, or trade them before maturity of the kontraktkoin notes, and exchange them for fiat currency or for other crypto currencies on our trading platform, or in other exchanges.

## VALUE OF KONTRAKTKOIN

KontraktKoin is asset backed by both land titles and the contracts financed. The KontraktKoin is also a stable coin, and attached to value of the USD.

## FINANCIAL INCLUSION AND TOKENIZATION

A noble intention behind tokenisation is to provide those from the lower-income group with more choices in terms of saving and investing their money as many asset classes are too expensive to invest in due to the high initial investment amount or trading fees. People from the underserved group, who have difficulty opening a bank account and have limited access to such products, could benefit from this. It could help them diversify their investments to preserve wealth in bad times or grow their wealth over the years.

## LEGAL FORM OF KONTRAKTKOIN

Traditionally, when an equity fund raises funds, it sets an upper limit, and raises funds till it is fully capitalized, then, starts investing the funds. If they need more funds, they open a new fund. GoBigHub.com, which has already applied for advise on registration as private equity fund, shall treat every land title, or collection of land titles, as a fund. Each fund will be a unitization of the land title, hence, will have a fixed value equivalent to the value of the land. When it is fully sold, units or shares will be issued in the form of tokens, which would allow investors to make a claim on the property indirectly.

## OPPORTUNITIES FOR REGULATORS

Tokenisation of property encroaches into land and securities laws. Buying a property involves the purchase of land whose proof of ownership is through the Issue Title kept at the Land Office. By law, holding the tokens do not equate to ownership of the property as it is not shown on the title. In additions, the pooling of money from the public to purchase units in the land title in exchange for tokens possess features that are similar to collective investment schemes, like unit trust funds, and are capital market products, hence, will be regulated by Capital Markets Authority. Regulation of the same also ensures robust oversight of money flows to amongst others, counter money laundering and enhance taxation.

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## CURRENT DEVELOPMENT

Projects that “tokenise” real assets for investors have already emerged. Brooklyn-based blockchain developer ConsenSys partnered real estate developer Cayuga Capital Management to launch a USD. 100 million property tokenisation project of real estate in the US, Dubai and Germany. The project aims to innovate land registry and titling by using blockchain technology. Meanwhile, HelloGold has started offering investors its GoldX tokens, which allow them to fractionally own physical gold bars vaulted in Singapore and audited by international certification agency Bureau Veritas. Regulators around the world are slowly recognising the need to adapt to the evolving landscape. For instance, the state of Delaware in the US has updated its laws to allow for the tokenisation of both public-listed and private equities.

## CONCLUSION

Ugandans have land titles kept at their homes or with their lawyers, gathering dust, with unlocked liquidity potential. The values could be unlocked through tokenization, and this would attract the capital from individuals, investment clubs and retirement benefit schemes to be directed towards contract financing, a proven area of enhancing financial inclusion by financing those without collateral, creating jobs, and generating wealth. We believe that if Uganda adopts tokenisation, the other regulators regionally will follow suit. It is inevitable that the authorities around the world will regulate digital tokens since people are already using them and the regulators cannot shut them down.

“It is only a matter of time”.

### ***About the Author, Ojijo***

Ojijo, a lawyer, author of 55 books, public speaker, entrepreneur, and Inua Kijana Fellow, believes contract work is the best way to create employment and believes people who have (won) contracts deserve an efficient way to access finance to fulfil the contracts. He founded GoBigHub.com, a blockchain crowdfunding platform connecting people who have (won) contracts to people who have money to finance the contracts. Ojijo has previously worked as communication skills consultant; law guest lecturer; and collective investment schemes advisor. He is a performance poet, armature pianist, armature guitarist, and a believer in open religion. WhatsApp +256776100059. Email: [ojijo@gobighub.com](mailto:ojijo@gobighub.com) Twitter: @ojijop Skype: ojijo.pascal.

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