

# Business

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## ‘Metaverse’ hype propels digital property market

### Republic Realm spends \$4.3m on digital land through The Sandbox

PARIS: The idea of spending millions on non-existent land may sound ludicrous—but feverish predictions of a virtual reality future are pushing investors to bet big on digital real estate. This week, New York-based company Republic Realm announced it had spent a record-breaking \$4.3 million on digital land through The Sandbox, one of several “virtual world” websites where people can socialize, play games and even attend concerts.

That came hot on the heels of a \$2.4-million land purchase in late November on a rival platform, Decentraland, by Canadian crypto company Tokens.com. And days before that, Barbados announced plans to open a “metaverse embassy” in Decentraland. Such websites bill themselves as a prototype of the metaverse, a future internet where online experiences like chatting to a friend would eventually feel face-to-face thanks to virtual reality (VR) headsets.

“Metaverse” has been a Silicon Valley buzzword for months, but interest soared in October after Facebook’s parent company renamed itself “Meta” as it shifts its focus towards VR. The Facebook rebrand “introduced the term ‘metaverse’ to millions of people a lot faster than I would have ever imagined,” said Cathy Hackl, a tech consultant who advises companies on entering the metaverse.

According to crypto data site Dapp, land worth more than \$100 million has sold in the past week across the four largest metaverse sites, The Sandbox, Decentraland, CryptoVoxels, and Somnium Space.

For Hackl, it’s unsurprising that the market is booming, spawning an entire ecosystem around virtual real estate, from rents to land developers. “We’re trying to translate the way we understand physical goods into the virtual world,” she said.

And while it may be some time before these sites operate as true metaverses, transporting us elsewhere with VR goggles, digital land is already func-

tioning as an asset just like real land, said Hackl. “They can build on it, they can rent it out, they can sell it,” she said.

#### ‘Fifth Avenue of the metaverse’

Tokens.com has bought a prime patch in Decentraland’s Fashion Street district, which the platform hopes to make as a home for luxury brands’ virtual stores. “If I hadn’t done the research and understood that this is valuable property, it would seem absolutely crazy,” admitted Tokens.com CEO Andrew Kiguel.

Kiguel spent 20 years as an investment banker focused on real estate. He insists the Decentraland plot makes exactly the same kind of business sense as it would in the real world: it’s in a trendy area with high footfall. “That is advertising and event space where people are going to congregate,” he explained, pointing to a recent virtual musical festival in Decentraland which attracted 50,000 visitors.

Luxury brands are already venturing into the metaverse—a Gucci handbag sold on the Roblox platform in May for more than the real version—and Kiguel hopes Fashion Street will become a shopping destination akin to New York’s Fifth Avenue. As for how the land could be used to make money, “it can be as simple as having a billboard, or it can be as complex as having a storefront with an actual employee,” he said.

“You could walk in with your avatar and have 3D digital representations of a shoe that you can hold, and ask questions.”

#### Second Life, rebooted

As far back as 2006, a real estate developer made headlines after making \$1 million from land sold on the virtual world site Second Life. While Second Life remains active, proponents of its next-generation rivals point out a key difference. In Decentraland, everything from land to virtual artwork comes in the



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form of a non-fungible token, or NFT.

Some people have spent tens of thousands of dollars on these digital items, and the concept has generated skepticism as well as excitement. But Kiguel predicts this form of digital ownership will become widespread in the coming years, because the blockchain technology behind it creates trust and transparency when making transactions. “I can see the ownership history, what’s been paid for it and how it’s been transferred around,” he said. But the investment is not without its risks—particularly

given the volatility of the cryptocurrencies used to buy NFTs. And while virtual concerts on sites like Roblox and Fortnite have drawn tens of millions of viewers, the sparse data available suggests traffic on metaverses like Decentraland lags far behind that of established social media sites like Facebook and Instagram.

Ultimately the value of the land investments depends on whether people start flocking to these sites. “I know it all sounds quite ludicrous,” said Kiguel. “But there’s a vision behind it.” —AFP

## Sealand: The ‘micronation’ defying the UK and COVID

SEALAND, Undefined: Chief Engineer and Head of Homeland Security, Michael Barrington (R) and Security Guard, Joe Hamill winch supplies onto the Principality of Sealand, some seven miles (11 kilometers) off the coast of southeast England, on September 16, 2021.

It’s a hulking metal-and-concrete platform in the North Sea that has been run as an independent micronation in defiance of the UK government for the last 54 years. But even on Sealand, some seven miles (11 kilometers) off the coast of southeast England, visitors have to show a negative COVID-19 test before being winched up onto the deck. “We have zero COVID cases,” Liam Bates, one of the self-declared “princes” of Sealand, declares proudly. “At the moment I think we’re one of the only countries in the world that can actually say that,” he said.

Sealand, a former anti-aircraft platform built atop two hollow concrete towers, had been due to be demolished after World War II since it was outside UK waters. But when that did not happen, Bates’ grandfather, Roy, a businessman with ventures in fishing and pirate radio, took over and declared independence. The Principality of Sealand-motto “E Mare Libertas” (From the Sea, Freedom) — was born in 1967, with its own constitution, a national flag and even a national anthem.

Since then the windswept former fortification has survived an attempted “coup”, a collapsed data storage venture and a catastrophic fire.

#### Titles

With its black-red-and-white flag flying, Sealand still has a piratical air. Engineer Joe Hamill, 58, winches up visitors in a wooden swing, as they tightly grip the ropes. On board, the first formality is a Sealand passport stamp. Close up, Sealand looks reassuringly shipshape with new decking and neatly stored tools, paints and tins of hot dogs. The kitchen has pot plants and china plates while the rooms are decorated with wallpaper, rugs and classic books, including Thomas Hardy’s “Far From the Madding Crowd.” Liam, now 33, has been visiting since he was three and springs onto the swing seat with practiced ease.

He focuses on the day-to-day operations, while his elder brother, James, runs the family’s cockle fishing and canning business. Their father, Prince Michael, is recovering from surgery and “slowing down a bit,” he says. Since he has an American fiancée and an elder brother, Liam jokes that he is Sealand’s “Prince Harry”.

Sealand keeps afloat by selling titles through its website: you can become a Lord of Sealand for £29.99 (\$44.99) or a Duke for £499.99. They sell “a good few”, said Liam. “Enough to sustain Sealand now, which is just massive.”



SEALAND, Undefined: Chief Engineer and Head of Homeland Security, Michael Barrington (R) and Security Guard, Joe Hamill winch supplies onto the Principality of Sealand, some seven miles (11 kilometers) off the coast of southeast England. —AFP

#### Isolation

Sealand does not pay UK tax and the “whole point... is freedom of whatever you want, really: like religion, expression, any kind of orientations,” he added. While the Bates only visit, the platform is maintained by two men on two-week shifts: Hamill and 66-year-old Michael Barrington, head of homeland security.

During lockdown, Hamill said he volunteered to spend two 11-week periods here on his own, winching up supplies from a boat. By the end, “I think my mental state was actually going a bit”, says the Londoner, who used to work in insurance. “It was pure isolation.”

At least Sealand is far more comfortable than in its early days, the men say. Wind turbines and solar panels have replaced the old diesel generators, one of which caught fire in 2012, causing extensive damage. Rooms inside the concrete towers include a multi-faith chapel, a recreation room with a pool table and gym equipment and a meeting room with a whiteboard. Some are below the waterline and there is a constant sound of sloshing water. Barrington, who first came to Sealand 33 years ago after working on pirate radio stations, calls it “a big man cave”.

There’s little trace of Sealand’s WWII origins, beyond a painted sign about pumps. Liam Bates said that most got ripped out in the early 2000s, when US entrepreneurs tried to set up a data haven in the towers. It became “a victim of the dot.com bubble,” he says, while servers remain in one room “as part of our national history”. He still sees the future of Sealand as digital, with plans to launch a cryptocurrency, though he gives few details.

A small prison cell with an iron bedstead once housed the state’s only prisoner in 1978 during “the great coup of Sealand”. After a dispute with Roy Bates, a German businessman sent mercenaries to storm the platform while he was away. Roy Bates and his son Michael recaptured Sealand in a dawn raid in a helicopter and released the mercenaries but held the businessman’s lawyer, accusing him of treason. He was eventually freed after a German diplomat came out to investigate. —AFP

## Protesters hit S Africa beaches to oppose oil exploration

CAPE TOWN: Hundreds of environmentalist demonstrators gathered on South African beaches yesterday to protest against oil and gas exploration by energy giant Shell. In Cape Town protesters held up the peace symbol and brandished a giant model snoek fish to highlight their concerns about the potential impact of the project on sea life. Under a dull, rainy sky, protesters in Gqeberha waved signs showing a Shell logo altered to resemble a hand showing its middle finger and calling for a boycott of the group’s petrol stations.

Activists say Shell’s plans to search for oil and gas deposits off the beloved “Wild Coast” of eastern South Africa—a key tourist attraction—pose a danger to marine animals. Shell plans to use seismic waves emitted from boats equipped with air cannons to analyze the geological structure of the ocean floor, hunting for spots likely to contain hydrocarbons. Ecologists say the exploration technique could upset animals’ behavior, feeding, reproduction and migration patterns, with many sea creatures such as whales relying heavily on their sense of hearing. But a court on Friday rejected their request for an emergency injunction against Shell’s plans. “In a time when all accepted science points towards us not using fossil fuels anymore,



CAPE TOWN: A giant puppet of a Snoek, a type of common local Mackerel, is displayed as hundreds of people take part in a protest against the plan by Dutch oil company, Shell, to conduct underwater seismic surveys along South Africa’s East coast, at Muizenberg Beach, in Cape Town, yesterday. —AFP

and our northern hemisphere neighbors are dead set against seismic surveys, I find it puzzling that these new ‘colonizers’ feel justified in moving their unwanted activities to Africa,” said Alan Straton, a sailor and member of the Ocean Stewards development project.

The Wild Coast includes several nature reserves and protected marine areas stretching along some 300 kilometers (190 miles) of unspoiled Indian Ocean shoreline.

Shell plans to spend four to five months exploring in the region over an area of 6,000 square kilometers. “We take great care to prevent or minimize impacts on fish, marine mammals and other wildlife,” a company spokesman told AFP last month. —AFP

## Trump media venture says it has \$1bn investment pledge

NEW YORK: Donald Trump’s fledgling social media venture and an investment vehicle it is partnering with said Saturday that institutional investors have pledged \$1 billion in funds for the former president’s startup. This sum would be in addition to \$293 million that Digital World Acquisition Corp raised in an initial public offering in September, the companies said in a statement.

Digital World is a special purpose acquisition company (SPAC), sometimes called a “blank check” company because it is set up with the sole purpose of merging with another entity. It is set to merge with Trump’s startup, Trump Media and Technology Group. Linking up with a SPAC is a short-cut way to sell shares publicly.

The two companies say they plan to launch the social media platform “TRUTH Social” nationally early next year. Trump says it will be an alternative to Silicon Valley internet companies that he says are biased against him and other conservative voices.



The 75-year-old was thrown off Twitter—his preferred communications conduit while president—as well as Facebook and YouTube after the January 6 insurrection in which a mob of Trump supporters, riled up by his repeated false claims the November 2020 election was stolen from him, assaulted the US Capitol.

Saturday’s statement did not say who is investing \$1 billion into Trump’s venture. Months ago, shares of Digital World Acquisition Corp shot up after it said it was teaming up with Trump, going from \$10 to as much as \$175 in two days. It has since come back down to earth after that initial euphoria, closing Friday at \$45, which gave it a market value of \$1.67 billion. —AFP