

FAQs

What is Ekofolio and its mission?

Ekofolio is a mission-driven fintech startup, whose mission is to enable everyone around the world to invest in forests profitably. Our vision is a dynamic, transparent and liquid marketplace for forests globally, where large and small investors can participate on comparable terms. By unlocking capital and liquidity, and directing it to planting trees on a massive scale, we aim to reverse deforestation and increase the amount of forest cover globally.

How does it work?

We search the world for sustainable forest investment opportunities of the highest quality, then issue tokens that represent the value of these forests. Token holders can choose either to hold these tokens, or to trade them whenever they like - even if the forests themselves are not mature. Being trees, they grow gradually and predictably every year, and correspondingly, so should the value of your tokens over time.

Why should I invest in Ekofolio Tree Tokens?

First and foremost, you are investing in a sustainable asset class. You are also helping us on our journey to achieve our mission - to increase the amount of forest cover worldwide.

There are many advantages that are unique to forest investments: Stable, predictable appreciation of your capital - driven fundamentally by biological growth of forests, rising timber and land values over time, which tend to be protected from general inflation (because they are real assets).

Moreover, its one of the few investments that are explicitly climate positive. Tokenizing forests makes them tradeable before maturity, and accessible to a broad array of investors who were not able to participate before.

What kind of returns can I expect?

Ekofolio's first few forest products have all been selected with a view to yield 4-6% p.a. (IRR), with structures that are simple and transparent. Globally, forests can yield as low as 1% in developed countries with high land costs, or as high as 10-15% p.a.(IRR) in developing countries that commonly involve more, and different kinds of risks. After our initial launch, Ekofolio is aiming to launch forests with more sophistication, and higher risk/return profiles in the near future.

How do I make money out of owning a forest?

Wherever or whoever you are, chances are that if you look around you right now - you will see something like a floorboard, table or some other piece of furniture that is made from wood. This wood was probably part of a forest sometime in the past, which was harvested, and turned into this beautiful product that you see. In addition, besides the trees that have been growing, chances are that the price of the land that the trees have been growing on has also been appreciating steadily over time. As a forest owner, your investment benefits from both over time.

How can I invest?

To invest in forestry through our website, it's an easy and secure process. Click on the top right orange button "Invest" and follow the onscreen instructions.

How can I check if the forests really exist?

Similar to common real estate transactions, Ekofolio will publicly publish all legal and financial documentation on the forests, and where possible, direct links to land registries in their respective countries. This ensures that current (or potential) token holders can always see transparently who rightfully owns the forest, and how well it is being managed.

What happens to my investment if Ekofolio gets financially distressed? Can it sell my forests?

Every forest is owned by a special type of company called a Special Purpose Vehicle, and all profit and loss is separate and ring-fenced from our own operations at Ekofolio. This ensures that any whatever happens at Ekofolio is completely independent and separate from whatever happens to each forest.

What is the impact of forests on the climate?

Forests are unequivocally climate positive, because of the process of photosynthesis as part of their growth models. As added incentives, sustainable forests remove carbon dioxide, produce oxygen, retain ground water, protect biodiversity and protect a natural cooling effect. And that's not even counting the fact that they produce beautiful renewable material (wood). Clearly, more forests = healthier planet.

How is sustainable forestry a climate positive activity when you are cutting trees down?

It sounds like a counter-intuitive idea, but to actually remove more carbon from the atmosphere in the long term - it is actually required to cut trees, but only in a sustainable manner as required by PEFC/FSC certifications. This means that we only harvest a minor portion of the forest every cycle, and strictly never "clear cut" the whole forest at one go.

Trees that are left standing don't go on growing indefinitely. In fact, their growth tends to slow down after a number of years, and eventually they fall over and die - releasing all the carbon back into the atmosphere when they rot. The way to prevent this from happening is to harvest them at maturity, ensuring that the carbon is "bound" in the products that they create, and not released back into the atmosphere. After that, we can commence the process of replanting, which can ensure that a new growth cycle occurs, and more carbon is sequestered from the environment as the replanted trees grow. At Ekofolio, we like to say that a forest is like a museum - the best way to conserve it is to use it.

How do I open an account?

Please click on the orange button labelled "INVEST" at the top right, enter your first and last name, email address, and choose a strong password. Don't forget to read and accept the Terms & Conditions and the Privacy Policy, and click "CREATE ACCOUNT". You will receive a confirmation email, and you should click on the activation link we send you.

How secure is my data?

Ekofolio takes your privacy very seriously, and treats it with the highest levels of protection that are expected from a regulated fintech company. Please read our Privacy Policy for full details.

I created a Ekofolio account but I didn't receive the confirmation email.

If you didn't receive the confirmation email in your email inbox, make sure to check your Spam folder and, if you're using Gmail, please check the Social and Promotions folders.

How do I change my password?

After logging in, navigate to your Account Dashboard and click on "Details". Scroll down to the "Change Password" section, where you should enter your current password and the new one. Finally, click on "CHANGE PASSWORD" to confirm your password change.

I can't remember my password. How do I reset it?

To reset your password, please click login on the main page, then click on "Forgot your password?". Then enter your email address in the box to reset your password. You will receive a link via email to create a new password.

What is phishing and how can I be protected?

Phishing is typically carried out by email spoofing or instant messaging, and it often directs users to enter personal information at a **fake website**, the look and feel of which are identical to the legitimate one and the only **difference is the URL of the website**. Phishing emails may contain links to websites that distribute malware. To protect yourself from phishing you should: always check you're accessing the correct web address (URL) and link: <https://www.ekofolio.com/> and any email communication from us, comes from our domain hello@ekofolio.com. Always make sure the URL bar has a lock symbol to the left of the domain, and that the SSL certificates are valid. Do not trust messages or links sent to you randomly via email, Slack, Reddit, Twitter, etc, especially from unknown sources.

I didn't receive confirmation of my payment, what can I do?

While there are a number of reasons why the confirmation has not reached you (e.g. Spam folder), please do feel free to contact us using our contact form if you have any specific concerns or queries. We take your satisfaction very seriously, and would like to know if there's anything we can help you with.

What is the minimum investment amount?

Currently, at this early stage of our business - our minimum buy-in is EUR100. However, we are hoping to bring this gradually down over time, so that everyone in the world can take direct action in helping fight climate catastrophe by funding the planting of many more trees worldwide.

Does your revenue come from the difference between bid/ask prices? How much do you want to charge?

Our core business model comes from primary issues of tokenized forest assets on a Blockchain (by Cost+ pricing), not from stirring liquidity and "market-making". That having said, creating liquidity is important for us in thinking about transforming the fundamental nature of this asset class - and we will probably achieve this through partners whose fundamental competence is to create liquidity in the market.

We are hoping to keep bid/ask spread and other transaction costs will be as low as possible.

When harvesting, what is the amount to pay on fees to you and what is the median return on investment for the owners of the tokens?

Our fees are currently capped at a year of expected returns on specific forest products. This is what we believe that customers would accept as a premium for the accessibility and liquidity of "tokenized" forests. The longer term view is to build out the entire risk/return curve on Forestry products globally, but we think that a median real return of 4 - 7% p.a. after fees is achievable in the medium term.

When do you expect to be out of Beta?

"Beta" somewhat just a term we use to indicate that our technology is under test - and like Gmail - we intend to be in Beta for quite a while, as we are constantly rolling out new features. This doesn't mean that things are not "real" in any meaningful sense - quite on the contrary - it just means that we think our work is just beginning, and somewhat never done in making it better.

Will the funding continue until all money is invested in the opportunities? Or is there a "last date" deadline?

The funding of our current forest is open until the end of October. However, we expect that it will be fully funded in 2 weeks, maybe even next week, as it is a small one. If it gets fully funded before the end of the month, then we will close this forest. As you can see from the page, there are only 26,688 tokens for sale. Please note that until we have confirmed that we have received your funds, we cannot guarantee that you will receive your tokens. It is first come first served for people who fully paid up on their order.

When will forest number two be available?

Depending on market reception to our launch - we hope to roll out Forest number two way before the holiday season. The forest managers are already waiting to go.

When will I receive income from this forest? Is there any withholding tax applied to any income?

Income will be returned whenever we harvest timber. Whilst this individual asset is projected to be ready for harvest in Year 1 and Year 9 - it really depends on when it makes economic sense to do a harvest. This is usually when Timber prices are high, which is usually correlated with the peak of economic cycles - and the forest managers in the industry usually give us a cue.

The terms and conditions state that it's structured as a variable rate loan (indexed to the forest asset) - so there are no withholding taxes applied. This structure is fairly common for real estate crowdfunding projects in the Baltic states.

How would I receive income? Especially if funded by credit card.

We will be moving at soon as its feasible into a format that looks like a typical "exchange", where investors can "pre-fund" their accounts, and make subsequent withdrawals when they like, or redeploy the capital into new projects. The income will be funded into the accounts, either in EUR, or in our EKO Stablecoin (backed in trees - when its ready).

What are the specific expected ongoing costs?

There are no specific ongoing costs from the platform perspective. There are some minor land taxes and harvest service costs for the forest manager, but all the returns presented are post costs. We have provided a more comprehensive list of fees in an appendix below.

How much of the returns are coming from an expectation in the increase in value? What are the assumptions being used?

Biological growth accounts for 3-4% p.a. of growth in stands. The general assumption is a 1% increase in land value over time, to converge with EU averages, and compensate for inflation (and the ECB's QE program). So we believe a 4-6% return projection to be realistic, if not a bit conservative.

The historical returns since 1990 have been 6% on the floor, and 14% on the top - largely due to land price appreciation in the Baltics since the 1990s. Nevertheless, the realised return is entirely a function of 1) Exit price of wood; and 2) Exit price and sale of the land in future.

What European legislation do you comply with?

This sale is covered by the new EU-wide crowdfunding legislation (particularly debt crowdfunding), and the terms and conditions of sale are quite explicit about contractual obligations. The legislation exempts small issues from prospectus requirements between EUR1 - 8m (applied differently for different countries).



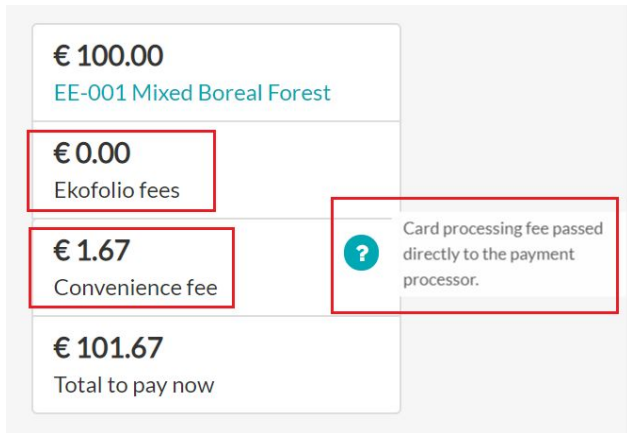
- 1 SEED token is currently worth EUR 1 on Ekofolio.com
- SEED tokens can be used to pay for Ekofolio's platform fees
- SEED tokens will give you a 50% discount on Ekofolio's platform fees
- Eg: If fees charged total EUR 50, then you'll only pay the equivalent of EUR 25 in SEED tokens for those fees



- Tree Tokens represent Forest Assets.
- If a forest is worth EUR 100,000, then 100,000 Tree Tokens are issued.
- Each Tree Token bears an initial value of EUR 1.
- Tree Tokens represent the value of the forest, including the value of the land and standing wood.
- Tree Tokens increase in value over time because the trees grow and the value of land appreciates.

- Tree Tokens will eventually become tradeable on a secondary market.
- Every time we fund a new forest, a new type of Tree Token is issued.
- Currently we are issuing a Tree Token called EE-001, which is tied to the forest we are funding.
- You can invest in the forest here:
<https://www.ekofolio.com/forests-for-sale/ee-001-mixed-boreal-forest/>

Why am I being charged a fee at the checkout?



There are 2 types of fees. Ekofolio’s platform fees, which we are not charging at the moment, and credit card payment processing fees. Our payment solutions provider, Stripe, charges us a fee for every payment that we take. As 100% of your investment amount goes into purchasing the forest and there is no ‘profit margin’ or ‘markup’ for us, we are unable to absorb this fee, unlike normal e-tail where the processing fees are already baked into the price of the product.

Appendix A - Forest Management Costs

These are costs charged by our Forest Management partners HD Forest AS in Estonia. All costs will be deducted from the harvest income within the accounts of the SPV, and net harvest income is then distributed to token holders. Below is a list of potential costs that the SPV might incur. Bear in mind that in most cases, they would not apply.

Service	Price, EUR
Property purchasing (mediation)	2% of the property purchasing price, but not less than EUR 500. The fee is due for each property purchase and is invoiced at the end of the month of the purchase.
Forestland management and administration	EUR 17.50 / ha per year.

	<p>The fee shall be paid every month/quarter (optional) as an advance or fact payment and is invoiced at the end of the month/quarter.</p>
Harvesting organisation and timber sales	<p>EUR 2.32 / m3 fixed fee plus 10% commission of the net timber sales price.</p> <p>The fees are due for each bulk sale of timber and is invoiced at the end of the month of the timber sales.</p> <p>The Client may choose the order of the sales of timber, eg. selling directly or through the Manager company.</p> <p>The Client pays all direct costs related to preparation of harvesting, eg. area preparation, measurement, transport, haulage and other, if applicable.</p>
Property maintenance	<p>35% of the direct cost of the activity.</p> <p>The Manager invoices a fee for forest property maintenance activities, including, but not limited to, cleaning, maintenance, reforestation, afforestation, surveying, forest inventory and other as agreed with a Client.</p> <p>The fee is due for each maintenance work and is invoiced at the end of the month of the activity.</p>
Property development	<p>At the end of each stage of development, the Client shall be obliged to pay the Manager a remuneration according to the budget of the respective lot under development.</p>
Property brokerage	<p>5% brokerage fee from the sales price of the object.</p> <p>The fee is due for each property sale and is invoiced at the end of the month of the sale. In a case of inter-change of the property/-ies, (when the Client swaps their property/-ies for new ones), the Manager has a right to receive a remuneration based on an hourly rate (see – Other services)</p>
Farmland maintenance	<p>EUR 1 / ha per year fixed management fee plus 35% of rental income for each rented hectare of</p>

	the land under cultivation, or subsidy income, for each hectare of the area under cultivation receiving subsidies.
Other services	Other activities, e.g. legal services, special consultations, auditing, insurance, special reporting or other, as agreed with a Client, or is due because of legislative acts shall be compensated to the Manager as an additional hourly fee EUR 50/h and km allowance EUR 0.35/km.