

## AGREEMENT FOR THE SALE OF TREE TOKENS

These Terms constitute a legally binding agreement between the Company and each of the Buyers. Accepting these Terms and/or purchasing Tree Tokens means that you have carefully read and fully agreed to all the terms and conditions herein. If you have any questions regarding these Terms, please contact us at [sales@ekofolio.com](mailto:sales@ekofolio.com). Please note you may only purchase Tree Tokens if you agree to these Terms.

**IMPORTANT RESTRICTION:** Citizens and residents of and persons located in the People's Republic of China, the Republic of Korea, and the United States of America are prohibited from participating in the Sale Event and purchasing and/or receiving Tree Tokens. Representatives and individuals acting in the interests of legal entities registered in the jurisdiction referred to above are prohibited from participating in the Sale Event and purchasing and/or receiving Tree Tokens.

### 1. Interpretation and Definitions

As used in these Terms, including the preamble hereof, unless expressly otherwise stated or evident in the context, the following capitalised terms and expressions shall have the following meanings:

1. Account – a Buyer's account on the Website, which is created through the Website and used to purchase Tree Tokens.
2. Buyer – anyone who purchases Tree Tokens during the Sale Event or at any time thereafter. References to "you" and "your" mean references to the Buyer.
3. Company – Soometsa Haldus OÜ, a private limited liability company incorporated under the laws of Republic of Estonia with the registry code 12200342, address Riia 4, Tartu, 51004, Estonia. This is a Special Purpose Vehicle dedicated to holding forest assets for this Sale Event. References to "we", "us" and "our" mean references to the Company.
4. EKO – the proprietary cryptocurrency used for transactions within the Ekofolio Platform.

5. Ekofolio Platform or Website – The online platform (URL: <https://www.ekofolio.com/>) developed and made available by the Company and/or its affiliates with the intention to tokenise Forest Assets.
6. Forest Assets – the tree plantation located on the Property that serves as an underlying immovable property to the Tree Tokens.
7. Tree Tokens – Area specific cryptographic assets that are based on the Ethereum blockchain protocol ERC-20, issued by the Company and giving their holders the rights as specified in these Terms in regard of the Property and/or the Forest Assets.
8. Principal Amount – funds transferred as loan by the Buyer to the Company subject to Section 4 of these Terms, in exchange for which the Tree Tokens are distributed to the Buyer.
9. Property – one or multiple immovable real estate property or properties owned by the Company. The list of Properties is available on the Ekofolio Platform.
10. Sale Event – the sale of Tree Tokens arranged by the Company via the Website. The Sale Event starts on 1st October 2019 at 12:00 CEST and ends on 31st October 2019 at 12:00 CEST, or when all issued Tree Tokens have been sold, whichever occurs first.
11. Terms – these sale terms of Tree Tokens governing the relationship between the Company and the Buyer.
12. Token Buyback Event – the transfer of ownership of Property from the Company to any third person.

The singular form (where appropriate) shall include the plural and vice versa, references to Sections shall mean the Sections of these Terms, and the term “including” or any similar term is not to be construed as providing any limitation and will be construed as “including but not limited to”.

## **2. Purpose and Use of Tree Tokens**

1. By purchasing the Tree Tokens from the Company or from another person via the Ekofolio Platform, you are deemed a party to a loan agreement concluded between the Buyer and the Company. The Principal Amount and interests are paid to the Buyer on the terms of Section 2 and Section 5 of these Terms.

2. The Buyer is permitted to transfer the Tree Tokens to another person within the Ekofolio Platform, and is granted visitation rights to the Property, subject to the conditions set by the Company.
3. In the event that Forest Assets are harvested, either in part or in full, the harvested Forest Assets will be sold to a third party designated by the Company. In this event, the Tree Token holder will be allocated any proceeds that are obtained from the sale of the timber, from which administration costs are subtracted. Such proceeds are divided between the Tree Token holders pro rata to each Tree Token holder's ownership of the total issued Tree Tokens. Any proceeds generated from harvesting and selling the Forest Assets will be allocated to the Tree Token holder in EKO based on the then-current market value of EKO or equivalent Stablecoins in euros.
4. In the event that any carbon rights and/or any fruits (not including timber) produced on the Property are sold, any proceeds derived from the sale of such rights and/or fruits will be divided between the Tree Token holders pro rata to each Tree Token holder's ownership of the total issued Tree Tokens, in EKO based on the then-current market value of EKO or equivalent Stablecoins in euros.
5. Any proceeds allocated to the Buyer by the Company pursuant to Section 2.3 and/or Section 2.4 shall be considered the repayment of the Principal Amount to the extent that these proceeds do not exceed the Principal Amount. In the event that the proceeds allocated to the Buyer pursuant to Section 2.3 and/or Section 2.4 exceed the Principal Amount, these proceeds shall be considered interest payments.
6. Except as noted in Section 2.1. and 2.2. of these Terms, ownership of Tree Tokens carries no rights, express or implied. You hereby understand and accept that Tree Tokens do not represent or confer any share or security or equivalent rights, or any right to receive future shares, intellectual property rights or any other form of participation in or relating to the Company and its corporate affiliates and/or service providers. Therefore, by purchasing Tree Tokens, or receiving and holding Tree Tokens, You are not granted any ownership, dividend rights or decision-making power within the Company, including, but not limited to in relation to development, governance, or the role, conduct or performance of the Company, or regards to the governance of the Forest Assets.
7. Tree Tokens are not intended to function as a general-purpose currency, security, commodity or any other kind of financial instrument in any jurisdiction. These Terms do not constitute a prospectus or offering

document and are not intended to constitute an offering of securities or any other form of investment in any jurisdiction. No regulatory authority has examined or approved these Terms, and no such action has been or will be taken under the laws of any jurisdiction. Furthermore, Tree Tokens are not intended to be marketed, offered for sale, purchased, sold, or traded in any jurisdiction where they are prohibited by applicable laws or require further registration with any applicable governmental authorities.

### **3. Information Related to the Sale Event**

1. You may purchase Tree Tokens from the Company within the period of the Sale Event only through the Ekofolio Platform. To the extent that any third-party website or service, other than the Website, offers Tree Tokens for sale during the Sale Event or facilitates the sale or transfer of Tree Tokens in any way, such third-party websites or services are not sanctioned or supported by the Company and have no relationship in any way with the Company. The Company prohibits the use of these third-party websites or services for the purchase of Tree Tokens.
2. The total supply of Tree Tokens will be 26,688\* which will all be distributed during the Sale Event via the Ekofolio Platform.
3. The Company shall use the funds raised through the Sale Event as follows:
  1. Net Transaction Value of the Property purchase contract\* – EUR 25000;
  2. Notary Fee\* – EUR 158;
  3. State Duty\* – EUR 30;
  4. Broker Fee\* – EUR 1500;
  5. The Company may vary from the allocation of funds as set forth in section 3.3. of these Terms as may be reasonable due to regulatory or business conditions.

*\*Asset management convention is to capitalise such fees into net asset value*

### **4. Token Sale Procedure and Fees**

1. To purchase Tree Tokens in course of the Sale Event the Buyer must create an Account on the Website and follow the instructions as provided therein.

2. The purchase price of one (1) Tree Token in course of the Sale Event shall be EUR 1.00 (one euro). The Buyers may purchase Tree Tokens in euros or with EKO or equivalent Stablecoins, based on the then-current exchange rate between the euro and the EKO or equivalent Stablecoins as determined on the Website.
3. Each Buyer shall pay the purchase price for the desired amount of Tree Tokens by sending the correct fee to the payment or bank account of the Company. The purchase of Tree Tokens will not be concluded until the Company has received the full amount of the purchase price and the Buyer has provided relevant information, documentation and adhered to other instructions as may be presented in these Terms or on the Website.
4. A Buyer has the right to purchase an unlimited quantity of Tree Tokens on a first-come-first-serve basis, until the total amount of Tree Tokens available for sale is reached.
5. The minimum amount of Tree Tokens that can be purchased during the Sale Event by a Buyer in one purchase is the number of Tree Tokens the value of which equals to EUR 100.
6. If the purchase price contributed by a Buyer exceeds or fails to meet the price for the number of Tree Tokens that the Buyer has subscribed for, the number of Tree Tokens that the Buyer receives will be the closest whole number of Tree Tokens that could be purchased for the contribution paid. If the contribution paid by the Buyer remains below the minimum fee as indicated in section 4.5, the Company shall return the contribution to the Buyer.
7. All costs related to the purchase and sale of Tree Tokens shall be borne by the Buyer, except when explicitly agreed otherwise by the parties, or if the terms herein state otherwise.
8. Tree Tokens will be distributed within 15 calendar days of the end of the Sale Event to the Account of the Buyer, provided that the Company has received the Principal Amount. No Tree Tokens will be distributed to the Buyer until the Buyer has completed the KYC procedure as established on the Website and Section 6 of these Terms.
9. The Buyer may choose to deposit 10% of the total Principal Amount as first instalment Principal Amount payment before the start of the Sale Event. The Buyer shall transfer the remaining 90% of the Principal Amount to the Company within 14 days from the start of the Sale Event. In the event that the Company has not received the remaining 90% of the Principal Amount within 14 days from the start of the Sale Event, or should the Buyer wish to cancel the Tree Token purchase before said deadline,

any funds transferred to the Company shall be transferred back to the Buyer.

10. If all Tree Tokens are not sold in the course of the Sale Event, the Company shall return all contributions to the Buyers and destroy the Tree Tokens. In this event, all costs connected with the return of contributions shall be borne by the Company.
11. The Company may issue additional Tree Tokens in an occurrence of a force majeure event to preserve the value of the Forest Assets, thereby diluting the Tree Token holding of a Buyer not participating in such subsequent sale of Tree Tokens. Any subsequent Sale Event conducted by the Company is subject to the conditions of these Terms.

#### **5. Agreement Term, Termination and Compensation**

1. This agreement shall remain valid until 31.12.2039 ("Validity Date").
2. The Company has the right to terminate the agreement unilaterally before the Validity Date by giving a three-month notice to the Buyer. Such termination by the Company is permitted only on the conditions noted in this Section 5.
3. In the Token Buyback Event this agreement will be terminated, and all Tree Tokens will be bought back by the Company and burned. In this case, each Tree Token holder will be allocated pro rata to the Buyer's ownership of Tree Tokens of the total supply: (1) the proceeds generated as a result of the sale of the Property that include any gains from land value appreciation, if any, and (2) remaining working capital and retained earnings directly attributable to the specific Property. Administration costs and fees are subtracted from the proceeds allocated to each Tree Token holder. If profit is generated from the sale of Property to a third person, any such profit will be allocated to the Tree Token holder in EKO based on the then-current market value of EKO or equivalent Stablecoins in euros.
4. Any proceeds allocated to the Buyer by the Company pursuant to Section 5.3 shall be considered the repayment of the Principal Amount to the extent that these proceeds do not exceed the Principal Amount. In the event that any proceeds allocated to the Buyer pursuant to Section 5.3, together with any proceeds allocated to the Buyer pursuant to Sections 2.2 and/or 2.3, if any, exceed the Principal Amount, then these proceeds shall be considered interest payments.
5. If the Buyer is a consumer, then the Buyer may withdraw from this agreement within 14 calendar days calculated from the conclusion of this agreement by submitting a withdrawal notice to the Company via the Ekofolio Platform. Upon withdrawal from this agreement on the terms

noted in this Section 5.5, the Company will return all funds paid by the Buyer to the Buyer within 14 calendar days of receiving the withdrawal notice.

6. Other than as stipulated in Section 5 and Section 7 below, purchases of Tree Tokens are final and non-refundable, unless the Parties explicitly agree otherwise.

#### **6. Verification (KYC) Procedure**

To purchase Tree Tokens in course of the Sale Event you are required to undergo a verification procedure in order to verify your identify for the purposes of money laundering and terrorist financing prevention. In course of the verification process you must promptly provide the Company all information and documentation as requested (for example: a copy / scan of your passport, ID card, driver's license or any other identification document). Any information and documentation you provide must be correct and up to date. If we suspect that the information or documentations you have provided are incorrect, fake, outdated or don't correspond to the conditions established in these Terms or otherwise, then in our sole discretion, we may either request you to provide additional information or cancel your purchase of Tree Tokens and return your contribution minus any costs incurred related to returning the contribution.

#### **7. Cancellation and Refund**

The Company reserves the right to refuse or cancel any Tree Token purchases, in full or in part, until the end of the Sale Event in its sole discretion. In such case the fee paid for Tree Tokens shall be returned to the Buyer in full.

#### **8. Ekofolio Platform and the Affiliates of the Company**

1. The Ekofolio Platform and the Website are developed and made available by the Company and/or its affiliates. The core purpose of the Ekofolio Platform is to enable the Buyers to invest in the biological growth of forest assets. Any information related to the economic standing of the Company, Tree Token then-current value and other information related to Tree Tokens is accessible to the Buyer on the Ekofolio Platform.
2. The Buyers hereby acknowledge that certain modules or services provided via the Ekofolio Platform may be developed and provided by the affiliates or third-party partners of the Company. The Company has full discretion to decide the extent to which affiliated companies it outsources its rights and obligations related to providing the Ekofolio Platform and the services provided via the Ekofolio Platform, including the rights and obligations arising from this agreement.

#### **9. Transferring and Trading Forest**

A Buyer can transfer Tree Tokens to another person's Account, provided the

transfer is in compliance with the applicable laws and regulations, including the restrictions outlined in the preamble of these Terms. However, Participants may not utilise Tree Tokens or the Ekofolio Platform for the general transmission of monetary value (i.e., sending Tree Tokens for other than the recipient's bona fide intent to utilise the Tree Tokens for purposes within the Ekofolio Platform). The Company intends to seek to make Tree Tokens available for trade on the Ekofolio Platform, but makes no guarantee or warranty of such outcome.

#### **10. Acknowledgment and Assumption of Risks**

You acknowledge and agree that there are risks associated with purchasing Tree Tokens, holding Tree Tokens, and using Tree Tokens for the purposes outlined in these Terms or any other materials published on the Ekofolio Platform, as disclosed and explained in Annex 1 of these Terms. Prior to purchasing Tree Tokens, you should carefully consider the risks disclosed in Annex 1 and, to the extent necessary, consult an appropriate lawyer, accountant, and/or tax professional. If any of the risks disclosed in Annex 1 are not acceptable to you, you should not purchase Tree Tokens.

#### **11. Representations and Warranties**

By accepting these Terms and/or acquiring Tree Tokens either from the Company or from another person, you represent and warrant to the Company that each of the following statements is true and correct:

1. you have read and understand these Terms (including the risks set forth in Annex 1);
2. you have sufficient understanding of the functionality, usage, storage, transmission mechanisms and other material characteristics of Tree Tokens, smart contract functionality, token storage mechanisms (such as token wallets), blockchain technology and blockchain-based software systems to understand these Terms and to appreciate the risks and implications of purchasing Tree Tokens;
3. you have correctly completed the procedure for your identification as established on the Ekofolio Platform. Any information or documentation you have provided, or will provide, in course of your identification is correct, valid and up to date;
4. you understand that Tree Tokens confer only the rights specifically described in these Terms, and confer no other rights in any form with respect to the Company or its corporate affiliates and/or service providers, including, but not limited to, any ownership, dividend, profit-sharing, voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights;



5. your purchase of Tree Tokens complies with applicable laws and regulations in your jurisdiction, including, but not limited to, (i) legal capacity and any other threshold requirements in your jurisdiction for purchasing and using Tree Tokens, using the Ekofolio Platform, and entering into contracts with the Company, (ii) any anti-money laundering or regulatory restrictions applicable to such purchase, and (iii) any governmental or other consents that may needed to be obtained;
6. if you are purchasing Tree Tokens on behalf of a legal entity, you are authorised to accept these Terms on such entity's behalf and bind such entity, and such entity will be responsible for breach of these Terms by you or any other employee or agent of such entity;
7. the purchase of the Tree Tokens does not guarantee any profits to its holder; the Tree Tokens are not to be used explicitly for financial gain purposes;
8. the funds used for purchasing Tree Tokens do not have criminal, otherwise illegal or unethical origin or source, and no transaction involving Tree Tokens is made to facilitate any criminal, otherwise illegal or unethical activity;
9. you are not prohibited from purchasing Tree Tokens as per the terms of the important restrictions outlined in these Terms;
10. you understand that you may not be able to sell or otherwise transfer Tree Tokens due to potential lack of liquidity and/or that there may not be buyers who would be interested in acquiring Tree Tokens from you.

## **12. Security**

You are responsible for implementing sufficient measures for securing your Account that is used to receive and hold Tree Tokens. You must acknowledge that in case any credentials are lost, you may lose access to your Tree Tokens. We are not responsible for substituting such Tree Tokens or for any losses, costs or expenses relating to lost access credentials.

## **13. Taxes**

Any amounts that you pay for Tree Tokens are exclusive of all applicable taxes. You are responsible for determining which taxes apply to your purchase of Tree Tokens (if any). It is also your responsibility to withhold, collect, report and remit such taxes to appropriate tax authorities. We are not responsible for withholding, collecting, reporting, or remitting any sales, use, value added, or similar tax arising from the purchase of Tree Tokens.

## **14. Personal Information of the Buyers**

The processing of the personal data of the Buyers is detailed in the Privacy Policy available on the Website.

## **15. Buyer's Liability**

1. Failure to follow the instructions provided in these Terms and/or on the Website may limit, delay, or prevent the Buyer from purchasing Tree Tokens or result in loss of funds, in case the purchase price is transferred to a wrong account. Should this happen, the Company shall under no conditions be held liable for any costs or damages arising for the Buyer or any other persons.
2. To the maximum extent permitted by applicable law, the Buyer shall compensate the Company (as well any director, officer, employee or affiliate of the Company) for all damages suffered thereby in connection with any breach of a representation, warranty or obligation of the Buyer under these Terms. Such damages to be compensated under this Section 15.2 shall include costs and expenses incurred due to third party claims (including penalties imposed by authorities), attorneys' fees and all other damages subject to compensation under applicable law.
3. In addition to Sections 15.1 and 15.2, the Buyer shall compensate the Company (as well any director, officer, employee or affiliate of the Company) costs and expenses, including attorneys' fees, incurred in connection with reviewing and responding to subpoenas, legal orders and queries of public authorities concerning the Buyer.
4. If you violate these Terms, we may cancel your purchase of Tree Tokens at our sole discretion and without prior notice, and without any liability or further obligation to you or any other party. For the avoidance of doubt, our respective rights also apply in case it appears that you have acquired Tree Tokens in breach of the important restriction outlined in the preamble of these Terms or in case it becomes evident that your purchase of Tree Tokens constituted a breach of any applicable laws.
5. You understand and agree that it is your obligation to ensure compliance with any legislation relevant to your country of domicile and/or citizenship concerning the purchasing and use of Tree Tokens, whereas the Company does not accept any liability for any illegal or unauthorised use of Tree Tokens by you or the legal entity you are representing.

## **16. Company's Liability**

1. We shall not be liable for any damages suffered by you as a result of or otherwise in connection with causes beyond our control, including any hacker attack, technical failures, defects, bugs or viruses affecting the sale of Tree Tokens under these Terms (including any delay in receiving or failure to receive Tree Tokens in exchange for the payment, as set forth in these Terms), circumstances related to your wallet service provider, your

failure to follow these Terms, default by our suppliers or contractors, and/or any action taken by regulatory authorities.

2. To the maximum extent permitted by applicable law, and except as otherwise specified in writing by the Company, Tree Tokens are sold on an “as is” basis and without any representations or warranties of any kind, and the Company expressly disclaims all implied warranties as to Tree Tokens, including, without limitation, implied warranties of merchantability, fitness for a particular purpose, title and non-infringement. The Company does not represent or warrant that Tree Tokens are reliable, current or error-free, meet your requirements, or that defects in Tree Tokens will be corrected.
3. Some statements in these Terms may include forward-looking statements which reflect the Company's and/or its management's current views with respect to the Ekofolio Platform's performance and future plans. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there may be important factors that could cause the actual results of the business to differ materially from those indicated in these statements. There will be no obligation to update or review any forward-looking statements, whether as a result of new information, future developments or otherwise. The Company does not accept any liability for forward-looking statements.
4. The Company shall do its best efforts to develop the Ekofolio Platform and deliver it to a wide audience. However, it is possible that such development will fail or be terminated due to lack of interest, regulatory restrictions or other reasons. Therefore, the Company does not provide any guarantees in respect of the Ekofolio Platform.
5. To the maximum extent permitted by applicable law, the Company does not accept any liability for damages (including any incidental, indirect, special, punitive, exemplary or damages, loss of profit, goodwill, loss of use or data, or damages for business interruption), resulting from any use of, or inability to use, the Ekofolio Platform, or from participating in the Sale Event or purchasing of Tree Tokens (including in case of fraud or other misconduct by any seller of Tree Tokens other than the Company) or their use by the Buyer. Among other things, the Company does not accept any liability for any change of the value of Tree Tokens.
6. In any case, the total amount of the Company's aggregate liability arising out of these Terms or the use of or inability to use Tree Tokens shall not exceed EUR 1000 (one thousand Euros).

7. No limitation of liability agreed in this Section 16 applies in case of intentional breach of obligations or in case of gross negligence by the Company.

#### **17. Miscellaneous**

1. The Company retains all right, title, and interest in all of its intellectual property, including inventions, ideas, concepts, software and brands, whether or not patentable, copyrightable or protectable by trademark related to Tree Tokens and the Website. You may not use any such intellectual property without our prior written consent.
2. Notices to the Company shall be sent by e-mail to [hello@ekofolio.com](mailto:hello@ekofolio.com). Notices to the Buyer may be posted on the Website or delivered by e-mail or any other means.
3. The Company may amend these Terms at any time by posting a revised version on the Website. By purchasing Tree Tokens after the Company has posted revised Terms shall be regarded as your acceptance of the revised Terms.
4. If any term, clause or provision of these Terms is held unlawful, void or unenforceable, then that term, clause or provision will be severable from the rest of these Terms and will not affect the validity or enforceability of any remaining part of that term, clause or provision, or any other term, clause or provision of these Terms.
5. No delay in performing an obligation or in exercising a right under these Terms by the Company will mean exemption of such obligation or waiver of such right, nor will separate or partial exercise of any right exclude further exercise of such right or any other right, unless the provisions or the context of these Terms requires otherwise.
6. The Company may, at its sole discretion, assign its rights and/or obligations under these Terms to any of its affiliates. You may not assign any of your rights and/or obligations under these Terms and such rights and obligations shall be binding on you as long as you hold any Tree Tokens.

#### **18. Applicable law and Jurisdiction**

1. These Terms will be governed by the laws of the Republic of Estonia, except the conflict of laws rule.
2. Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or invalidity thereof, which the

Parties have failed to solve by negotiations, will be settled in Harju County Court in Tallinn, Estonia as the court of first instance.

## **Annex 1**

### **Certain Risks Relating to Purchase, Sale and Use of Tree Tokens**

***Important Note:** As noted elsewhere in these Terms, Tree Tokens are not being structured or sold as securities or any other form of investment product. Accordingly, none of the information presented in this Annex 1 is intended to form the basis for any investment decision, and no specific recommendations are intended. The Company expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information contained in this Annex 1, (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting from such information.*

**By purchasing, holding and using Tree Tokens, you expressly acknowledge and assume the following risks:**

**1. Risk of Losing Access to Tree Tokens Due to Loss of Private Key(s)**

A private key, or a combination of private keys, may be necessary to control and dispose of Tree Tokens stored in your digital wallet. Accordingly, loss of requisite private key(s) associated with your digital wallet storing Tree Tokens will result in loss of such Tree Tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet service you use, may be able to misappropriate your Tree Tokens.

**2. Risks Associated with the Ethereum protocols**

The smart contract system concept and the underlying software application and software platforms (i.e. the Ethereum blockchains) are still in an early development stage and unproven. Any malfunction, breakdown or abandonment of such software may have a material adverse effect on Tree Tokens. Moreover, advances in cryptography, or technical advances such as the development of

quantum computing, could present risks to Tree Tokens by rendering ineffective the cryptographic consensus mechanism that underpin the Ethereum protocols.

### **3. Risk of Mining Attacks**

As with any cryptocurrencies based on the Ethereum protocols, Tree Tokens are susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, “selfish-mining” attacks, and race condition attacks. Any successful attack presents a risk to Tree Tokens, the Company, its ability to develop and provide the Ekofolio Platform and accompanying services, including accurate execution and recording the transactions involving Tree Tokens.

### **4. Risk of Hacking and Security Weaknesses**

Hackers or other malicious groups or organizations may attempt to interfere with Tree Tokens or the Website in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Hackers or other malicious groups or organizations may attempt to steal the proceeds from the Sale Event or the sale of Tree Tokens, thus potentially impacting the ability of the Company to develop and provide the Services. Furthermore, there is a risk that a third party or a member of the Company team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Company’s smart contract, which could negatively affect the Company’s proprietary smart contract and Tree Tokens.

### **5. Risks Associated with Markets for Tree Tokens**

Tree Tokens are intended to be used for the purposes outlined in these Terms or the Website, and Company may not support or otherwise facilitate any secondary trading or external valuation of Tree Tokens. This restricts the contemplated avenues for using Tree Tokens and could therefore create illiquidity risk with respect to Tree Tokens you hold. Even if secondary trading of Tree Tokens is facilitated by third party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to fraud or manipulation. Furthermore, to the extent that third parties do ascribe an external exchange value to Tree Tokens (e.g., as denominated in a digital or fiat currency), such value may be extremely volatile and diminish to zero.

### **6. Risk of Uninsured Losses**

Unlike bank accounts or accounts at other financial institutions, Tree Tokens are uninsured unless you specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public government insurer or private insurance arranged by us, to offer recourse to you.

**7. Risks Associated with Uncertain Regulations and Enforcement Actions**

The regulatory status of Tree Tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications, including Tree Tokens. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting distributed ledger technology and its applications, including Tree Tokens. Regulatory actions could negatively impact Tree Tokens in various ways, including, for purposes of illustration only, through a determination that Tree Tokens are a regulated financial instrument that require registration or licensing. The Company may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

**8. Risks Arising from Taxation**

The tax characterization of Tree Tokens may be uncertain in your jurisdiction. You must seek your own tax advice in connection with purchasing Tree Tokens, which may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements.

**9. Risk of Alternative Services**

It is possible that alternative services could be established that attempt to facilitate services that are materially similar to the services provided via the Ekofolio Platform. Alternative services may compete with the Ekofolio Platform, which could negatively impact Tree Tokens.

**10. Risk of Insufficient Interest in the Services**

It is possible that the services provided by the Company and/or its affiliates will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed ecosystems more generally. Such a lack of use or interest could negatively impact the development of the Services and therefore the potential utility of Tree Tokens.

**11. Risks Associated with the development of the Ekofolio Platform**

The Ekofolio Platform and accompanying services provided by the Company or its affiliates are still under development and may undergo significant changes over time. Although the Company intends for the above services to function as described in these Terms and intends to take commercially reasonable steps toward those ends, the Company or its affiliates may have to make changes to the specifications of the Ekofolio Platform and the services for any number of legitimate reasons. This could create the risk that the services, as further

developed and maintained, may not meet your expectations at the time of purchase. Furthermore, despite our good faith efforts to develop the Ekofolio Platform, it is still possible that the Ekofolio Platform and accompanying services will experience malfunctions or otherwise fail to be adequately developed, which may negatively impact the potential utility of Tree Tokens.

**12. Risks Associated with Intellectual Property Rights Claims**

Intellectual property rights claims may adversely affect the operation of the Company and provision of its services. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets and their source code. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the Company's long-term viability or the ability of end-users to hold and transfer Tree Tokens may adversely affect the value of Tree Tokens. Additionally, meritorious intellectual property claim could prevent the Company and other end-users from accessing the Company's services or holding or transferring the Tree Tokens.

**13. Risk of Dissolution of the Company**

It is possible that, due to any number of reasons, including, but not limited to, an unfavourable fluctuation in the cryptographic and fiat currencies, the failure of commercial relationships, or intellectual property ownership challenges, the Company may not have sufficient funds to continue operations and may dissolve.

**14. Risks Arising from Lack of Governance Rights**

Because Tree Tokens confer no governance rights of any kind with respect to the Company, all decisions involving the Ekofolio Platform and the Company will be made by Company at its sole discretion, including, but not limited to, decisions to discontinue provision of its services, to sell or repurchase more Tree Tokens, or to sell or liquidate the Company. These decisions could adversely affect Tree Tokens you hold.

**15. Unanticipated Risks**

Cryptographic tokens such as Tree Tokens are a new and untested technology. In addition to the risks included in this Annex 1, there are other risks associated with your purchase, holding and use of Tree Tokens, including those that the Company cannot anticipate. Such risks may further materialise as unanticipated variations or combinations of the risks discussed in this Annex 1.