

HECTARE (HEC)
WHITEPAPER



INVEST IN FORESTRY
ON THE ETHEREUM BLOCKCHAIN

Abstract

This token is created for investors seeking investments in liquid cryptocurrency assets with stable and attractive long term ROI and little to no volatility and risk. It is the first ethereum ERC-20 token ever to be *secured by forest land*. It is *protected from the high volatility* inherent to most cryptocurrencies as the Company will provide market making efforts (following the value of the underlying forest land) to ensure liquidity and a stable price range. The token value will as set out in this White Paper follow the value of the forest land it represents. By that, the Company expects an investment in the token to give a *long term ROI better than a corresponding investment in e.g. stocks*, but with essentially *no risk*.

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Why a forest backed currency?

In times of turbulent or excessively volatile financial markets, there is often a flight to safety or [flight-to-quality](#) in the form of gold or similar assets. We believe that a forest backed [ERC-20](#) token on the Ethereum blockchain represents a better choice for the future!

Forest compared to Gold

Gold has served as a safe and portable store of value for a long time. One of the problems with using gold as a store of value is that the demand for gold have outstripped the supply resulting in many gold rushes where proper care for the [environment has not been taken](#).

If we are to base a global store of value on a resource that destroys the very earth we perhaps value the most, we would put ourselves in a losing position.

Also there is a risk that asteroid mining for gold [one day becomes viable](#) and at that point any value stored in gold might be at risk.

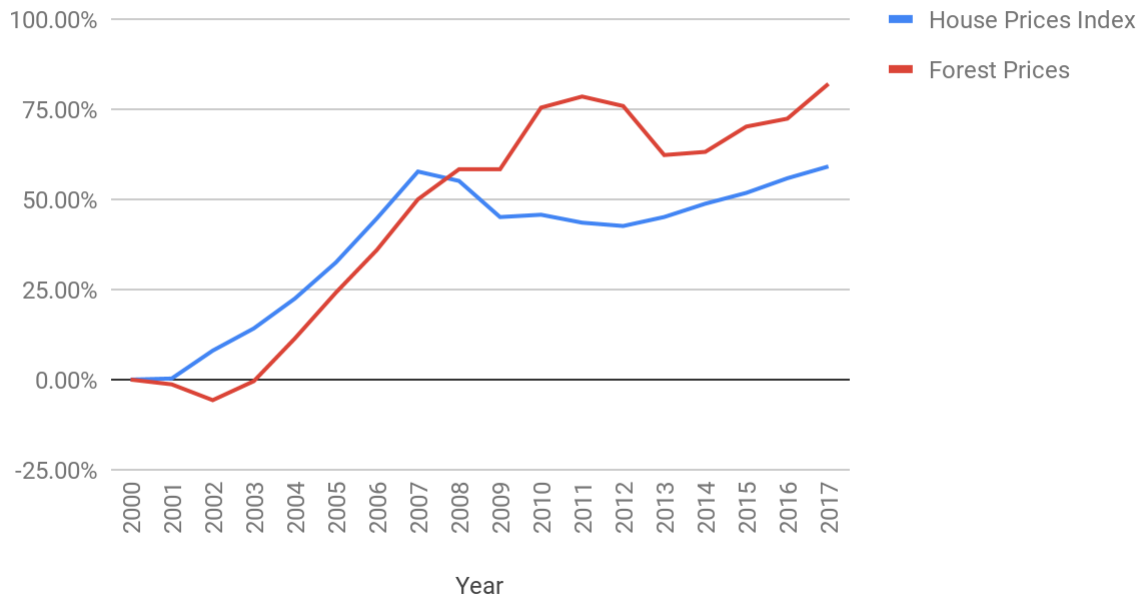
A third aspect to consider when comparing forest with other assets is that the valuation of forest is mostly based upon utility, with a small fraction of the valuation coming from speculative investment in location (city expansion etc) and recreation (hunting, tourism etc). Gold on the other hand might have a significant [speculative overvaluation component](#).

Forest compared to Real Estate

Like gold, real estate have at times been seen as a safe investment, stable against inflation or perhaps even better. However, when looking closely at the Global Real House Price Index developed by IMF (the most credible price chart there is), it is obvious that an investment in forest in 2000 would have been far better (both in terms of return and in terms of volatility) than a corresponding investment in real estate.¹

¹ <http://www.imf.org/external/research/housing/>

House Prices Index vs Forest Prices



Also, for an average individual investor, attractive investments in real estate are difficult to find due to the size of the required capital to be invested. If an investor incurs debt to purchase real estate, he/she will normally also carry a significant interest risk.

It is true that indirect real estate investments are possible to access by an average individual investor without incurring substantial debt levels through investing in stock of listed real estate companies. Such an investment would however also - in addition to the risks associated with real estate holding - also carry all of the risks associated with holding shares (see *Forest compared to the Financial Markets* below).

All in all, it is our firm belief that a forest investment is a more solid and less risky investment choice (and with even more promising ROI levels) than a corresponding investment in real estate.

Forest compared to the Financial Markets

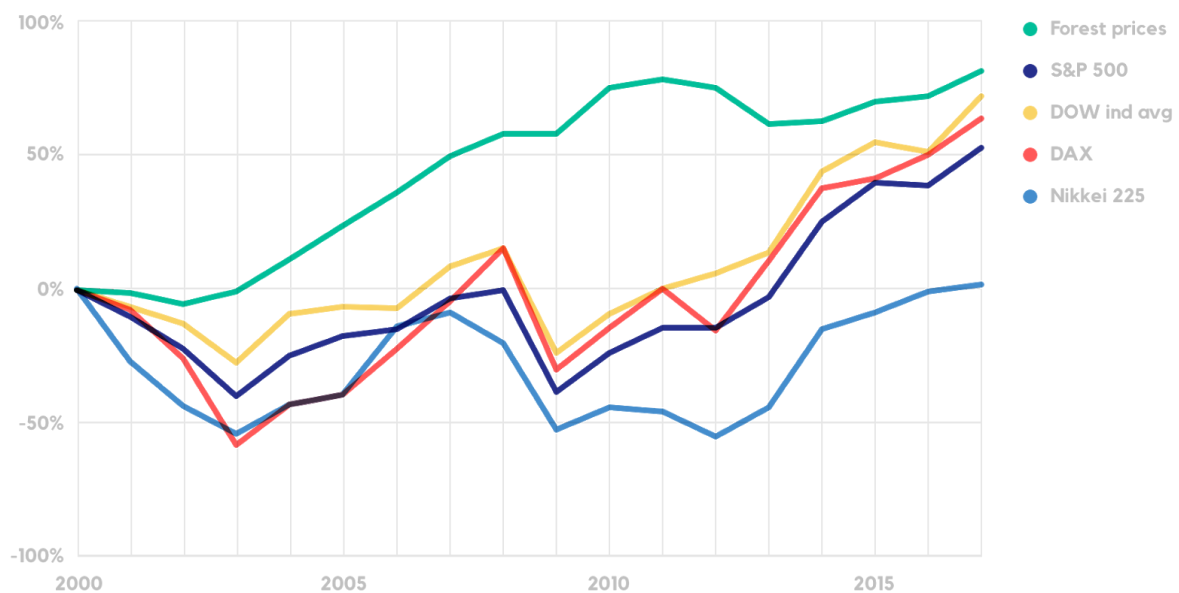
In general, there are three major investment types in the regular financial markets. You can invest in bonds, alternative investments (such as hedge funds) and stocks. Bonds are not suitable to compare from a price development perspective. This is because bonds consist of two parts: the principal amount that you buy the bond for, and the interest rate that you normally receive as a payout on a yearly or quarterly basis. Interest rates and bond prices have an inverse relationship; so when one goes up, the other goes down. Consequently, the "total price" will be the same regardless of the fluctuations in the bond's interest rates. As

such, bonds are not suitable to compare with a forest investment, as the forest investment holds its main value (the value of the real estate) even when the ROI increases.

Alternative investment types are too heterogeneous to be collectively compared with forest investments.

Accordingly, the only major investment type in the regular financial markets that allows itself to be compared with forest investments is stock investments. It would be imprudent to compare forest investments with investments in a specific stock (that stock could have been very successful or have lost all of its value). The most prudent comparison is thus against the world's major stock indices: S&P 500, Dow Jones Industrial Average, DAX and Nikkei 225. The graph below shows the value development of these four indices between 2000-2017 compared with the development of the average price of forest property in Sweden (measured as SEK per m³) during the same period. Please note, however, that whereas the lines for the stock indices include dividend values, the line for the forest prices does not include reinvestments of the income from forest harvesting.

Forest price, S&P 500, DOW Ind. Avg., DAX and Nikkei 225



2 3 4 5 6
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² The report "Swedish Forest Property Prices" (2017), prepared by LRF Konsult, the biggest agriculture and forestland agent in Sweden. The report (in Swedish) is available here:

<https://www.lrfkonsult.se/Global/Skogsmarkspriser/Hel%C3%A5r%202017/LRF%20Konsult%20Skogspriser%20hel%C3%A5r%202017%20Riks.pdf>

³ <https://finance.yahoo.com/quote/%5EGSPC?p=%5EGSPC>

⁴ <https://finance.yahoo.com/quote/%5EDJI?p=%5EDJI>

⁵ <https://finance.yahoo.com/quote/%5EGDAXI?p=%5EGDAXI>

As is evident from the above graph, investments in Swedish forest property gives a higher return on investments than investments in the stock markets in the long-term perspective. However, Swedish forest property as an asset class is also far less volatile than stocks. Accordingly, had you invested in Swedish forest property in the beginning of 2000 you would have had a higher ROI than if you had invested in the stock market, but without having to worry as much about the day-to-day status of your investments.

Investing in the Swedish & Baltic Forestry Industry

Hectare Acquisition & Value Process – Step-by-Step

The below is the process that is expected to be used for investing the issue proceeds from the ICO. It is also the process expected to be used when the Company sells Hectare Tokens from cold storage to investors when demand for the Hectare Tokens outweighs its supply and the Company needs to engage in market making activities (see more about this in Section *Market making / Stability*).

Completion of ICO

The first step in the process is to receive the payment for the subscription of Hectare Tokens issued in the ICO. Payment will be made in Ethereum (ETH).

ETH exchanged to fiat currency

The ETH will then without undue delay be converted into a suitable and comparatively stable fiat currency, primarily EUR. This conversion is to avoid the inherent risk in holding volatile instruments. The whole idea with investing in a stable coin such as the Hectare Token would be flawed if the company issuing the stable coin for a long period of time would be exposed to the market risk of a non-stable coin such as the ETH. There are currency risks also with the EUR but these are insignificant in comparison with the ETH currency risks.

Purchase of forest property

As soon as reasonably possible after the completion of the ICO, taking the time required to find and research forest properties on the market into account, forest property will be purchased.⁷ Where the forest property is Baltic, it will most likely be paid in EUR. Where the

⁶ <https://finance.yahoo.com/quote/%5EN225?p=^N225>

⁷ A prospective investor should note that the issue proceeds are not invested in accordance with a “defined investment policy”. Furthermore, issue proceeds from the ICO will also be used to finance the general operations of the Company. Accordingly, this venture falls outside the Alternative Investment

forest property is Swedish, the seller will most likely require to be paid in SEK and the EUR must then be converted to the SEK at the relevant intra-bank spot rate at such time.

Management of forest property

After having obtained the necessary regulatory permits for the acquisition of the relevant property, the Company will start managing it. As set out in the Section *Team* below, the Company has an outstanding group of experts in this area who expect to be able to achieve a return on investment equal to or higher than the industry average.

Successful property management brings back value to the token holders

Income generated in the management of the forest properties will primarily come from forest harvesting or (possibly) farmland leasing. All or parts of the income generated might, according to the Company (in the Company's sole discretion), be necessary to invest in (i) forest property, (ii) forest machinery, (iii) other goods required for the successful operations of the Company, (iv) interest payments and/or amortizations, or (v) any other reasonable expenditure ("**Other Purposes**"). The income not used for Other Purposes will be deployed towards the Company's market making ("**Income for Market Making**").

The market making intervals are intended to be increased each year with a percentage correlative to the available Income for Market Making. As an example, if SEK 100 million is received in the ICO and the Income for Market Making the first year is SEK 2 million, it is the Company's intention that the lower amount in the marketing making interval (the bottom spread level) will be increased with 2%. Accordingly, the successful property management is intended to bring back value to the token holders through a continuous increase of the bottom level in the market making spread offered to investors.

Forest operations in Sweden

Globally there are many different ways of forest management to ensure long term sustainability, both from a financial and an environmental perspective. Swedish forestry has for more than a century been at the very forefront of combining these two perspectives, ensuring that no deforestation will take place in Sweden. As a matter of fact, the Swedish forests have more than doubled in volume over the last century, a testament to the long term thinking of the Swedish forestry model.

Forest management according to the Swedish model is a circular process of sorts, a never ending cycle of harvesting, reforestation and thinning.

Fund Managers Directive and the investor protection rules under such directive are thus not available to prospective investors in the ICO.

Harvesting usually happens in limited areas (on average 4 hectares) containing similarly sized and aged trees, also known as stands. Once a stand has been harvested, it is mandatory to replant or sow the area once again. Once a new stand has been established on the site, the process restarts. Usually thinning happens between two and four times, before the stand can be harvested once again. The length of this cycle varies between 60 and 120 years.

Every step of the cycle is regulated through both laws and certification schemes to secure that environmental values are not compromised more than necessary.

From an economic perspective, significant incoming cash flow occurs mainly when the forest is harvested, but also when thinning, whereas planting/sowing is mainly associated with costs.

Sweden: a stable and business friendly country

The US think tank Fund for Peace lists countries by their rated fragility in the 'Fragile States Index'. Sweden is in the bottom 5 (together with Denmark, Switzerland, Norway and Finland).

Looking at the World Justice Project (a US based non-profit) ranking of countries in their "Rule of Law Index" (2016) the Scandinavian countries are in the lead with Denmark followed by Norway, Finland and Sweden.

When Forbes ranks business friendly countries, Sweden is even in the top 5 (#4).

Planning / Management

For each forest property acquired, we will update and maintain a management plan considering the whole life cycle of the property, in accordance with industry standards. Once we plan and manage more than one property we will update and maintain both property specific and overall management plans, to make sure that each property is managed in a suitable way, while also evening out cash flow volatility.

In forest ownership the horizon is infinite while the standard investment cycle is about 100 years. As a property is acquired, it usually consists of a host of different sites (areas with the same tree qualities) with varying degrees of forestation, ages and types of trees. Some sites might be ready for immediate harvesting providing instant liquidity, other sites might need plantation, thinning or clearing before harvesting can take place.

ROI

As we own and continue to own forest properties, we expect a yearly ROI of about 3%. This ROI will be used to either provide liquidity for our market making or for Other Purposes (as

defined above). In reality, the forest in northern Scandinavia grows mostly in summer and lays dormant in winter. In our valuation model, however, we will smooth this ROI / value creation out during the whole year so that we can be fair to token holders who hold the Hectare Token also in the winter.

Investor Bonus

For the first three (3) investors who acquire more than 1,000 Hectare tokens in the ongoing ICO, we will extend an invitation to come and do some hunting in Sweden with us. The trip will include:

- transportation from Arlanda (the main airport in Stockholm),
- accommodation at a bed and breakfast on the hunting grounds,
- hunting with a guide for a weekend,
- dinner and drinks, and
- most importantly, the opportunity to get to know the team behind Hectare.

Plan of Action

In order to get feedback on our vision and also fine tune the offering to investors, the team will start to take meetings with potential investors. The goal is to raise enough capital to be able to start acquiring the first forest plots and include it into the valuation model for the token. Simultaneously, we will be able to produce more information about the whole process of buying and managing forest. When the valuation model, token contract and the operations are up and running we will launch our ongoing/stage based ICO. In parallel, we will continue to scout, buy and manage forest land to grow our existing value. Over time, the forests' growth will provide more money for which we can buy more forest or contribute to the market making activities in accordance with our valuation model. As the ongoing ICO draws to a close, we aim to list our token on a number of exchanges. When the token is listed, we aim to participate as a market maker at one or several of the exchanges. We will market make with a certain spread around the fair market price according to our valuation model. The profits from this spread will benefit the existing token holders as our valuation model includes cash at hand and market making pools.

Timeline

- October 2018
 - Pre sale F2F meetings
- December 2018
 - Buy first forest plots
 - Present statistics on value development
- January 2019

- ICO
- Spread word about Hectare
- February 2019
 - Continued buying of properties
- March 2019
 - List on first exchange
- June 2019
 - ICO closes
- June 2019
 - Market making begins

Token valuation model and Economics

The goal of the token is to provide medium term stability while offering a “better than cash, better than stock” alternative in terms of ROI and a safe haven for crypto in times of general instability.

Valuation model

We propose a valuation model in which we will calculate:

- The amount of forest on the productive parts of the properties owned by the Company (directly or indirectly);
- The Company’s cash at hand, in market making pools etc; and
- The fair market value of any stocks or equity in companies related to the operation of the token and the forest land and/or agricultural land.

We will provide a summary of this information on our webpage (www.hectare.se) and make it available via a programmatic API. We will also provide information regarding the amount of tokens in circulation and the valuation of a token will be the sum of the value divided by the number of tokens in circulation.

Example of economic development and valuation of a token

Let’s say that we in the ongoing ICO sell 100 Hectare tokens. This yields \$120,000 (after currency conversion) that we use to buy land, approximately 50 hectares of land. On this land there is already 2,400 m³ and the forest grow with 4 m³ per hectare. The valuation is now still

about \$120,000 USD (minus some taxes and fees in connection with buying the land). 5% of the forest is ready for clearing. In the coming year, 2.5% of token holders want to sell their tokens in cases where market demand is not providing liquidity, thus in the coming year, token supply will shrink by 2.5% as we buy back tokens, so after 1 year, the number of tokens in circulation will total 97.5 Hectare tokens.

At the same time, the forest have grown by 4 m³ per hectare, yielding a total of 200 net new m³, we have also cleared 120 m³ to pay back the token holders who wanted to cash in their tokens. Therefore we will have 2280 + 200 m³, the cash from 60 m³ valued around \$127 000 divided on 97.5 tokens, resulting in a valuation of about \$1 302 up 8.5% from the \$1 200 valuation one year earlier.

Market making / Stability

Since the assets behind the valuation model for the tokens are extremely stable, we believe that medium term, efficient markets or some version thereof will enable the token to be stable.

Should demand outweigh supply of Hectare tokens, we will provide liquidity by taking tokens out of cold storage and floating them on the market at a small spread compared with our valuation model. We will use the spread to enable existing token holders to either exit their Hectare position ahead of us OR benefit from the demand of Hectare tokens (since we sell slightly above market value to new investors, existing investors will benefit from that spread).

Should supply outweigh demand for Hectare tokens, our ambition is to provide liquidity from our market making pools and buy tokens at a small spread from the valuation set by our valuation model. This will benefit token holders who select to "HODL" while token holders who wish to exit in a situation when the natural market does not provide liquidity will pay a small market making premium (being the difference between the real value of the token and the offered market making purchase price). This premium is currently expected to be equivalent to between 1-12 month's worth of value development.

Should there still be a downwards pressure on the Hectare token price beyond what our market making pools can handle, the price of the token will probably fall below the "fair market price" calculated by the valuation model. It is our firm belief that investors who select to sell their tokens in such a scenario will in effect be giving away value to the buyers of those tokens who will be able to buy the tokens below a fair market price.

Should a below fair market price scenario exist for a longer period of time, then the Company would presumably try to either clear, enter an option contract regarding clearing or even sell some of our properties to get fiat currency liquidity. That liquidity could then be used to re-enter market making. Since the Company will be buying tokens up until the spread level, at

even lower price points (given market conditions), existing token holders who keep (HODL) their tokens in a price dip would benefit from this market making as the tokens re-purchased by the Company would be put back into cold storage and therefore be counted as out-of-circulation and thus the existing token holders would get a proportional increase in the “fair-market-value” of their tokens in proportion to how much undervalued the tokens purchased by the Company during the “over-supply” market making were.

For example:

1. There is 1,000 Hectare tokens in circulation
2. One whale decides to exit and sells 50 Hectare tokens
3. The Company’s market making pools are thus depleted but the exchange valuation and the fair market value are still roughly in line.
4. The whale then tries to sell another 50 tokens, the market responds badly and 2.5 of the tokens sell to random buyers on the exchange for 75% of their market value.
5. A few days later, the Company’s market making pools are replenished after entering a clearing futures contract with a sawmill
6. The Company then purchases the remaining 47.5 Hectare tokens, also at 75% of market value.
7. The Company then resumes market making around the “fair-token-valuation” which now account for 902.5 tokens in circulation (the 97.5 tokens purchased by the Company are put back into cold storage)
8. The new value is then 1.6% higher than the “fair-token-valuation” the week before.

Auditing

We will employ third party consultants periodically to do full or partial audit of the Company’s assets and publish the results publicly. This way, token holders can rest assured that the Company has backing for the token in line with the real-time published valuation model. At the time of such an audit, a higher or lower overall value might be determined by the auditors and thus the underlying information in the valuation model will be updated to reflect the best known information.

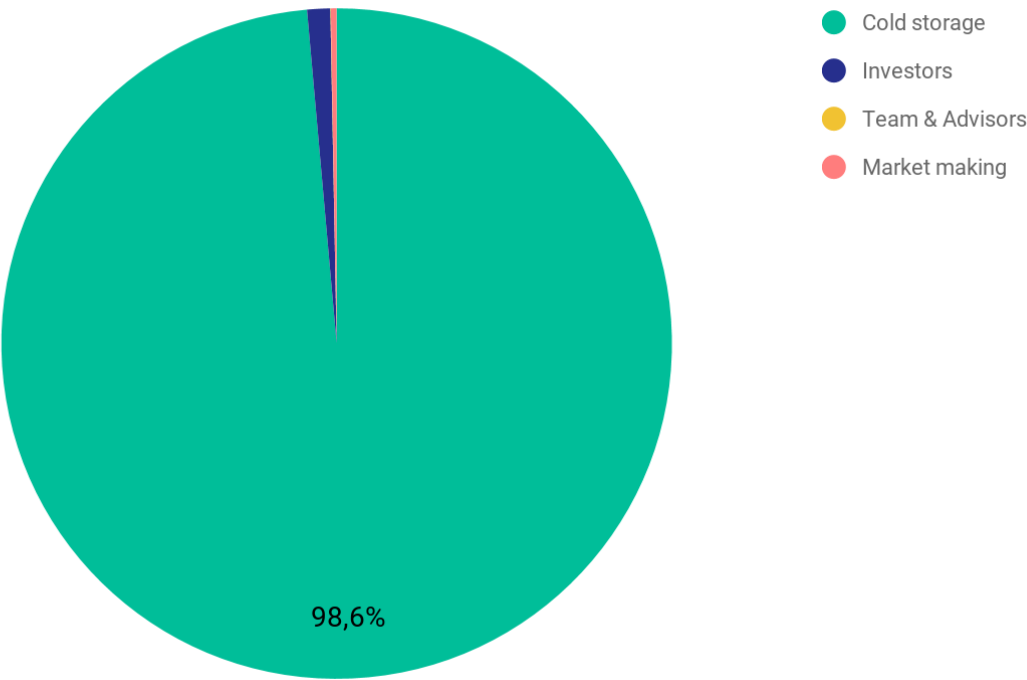
Token issuing and allocation

We plan to issue eighteen million (18,000,000) tokens as total supply and we plan to run an ongoing pre-sale of tokens during six (6) months. After the pre-sale, we will solicit interest from exchanges and we will be aiming to list the token. The tokens not sold in the pre-sale period will in part be put into cold storage and in part be used in market making once the token starts trading on one or more selected exchanges. We will ensure high quality KYC on the exchanges where we engage in market making.

As is common, we will do a carve out from the pool of tokens for team and advisors. This carve out will be 2% of all tokens. The carve out will be vested in proportion of how many of the total tokens that are in circulation, with continued vesting as more tokens enters circulation.

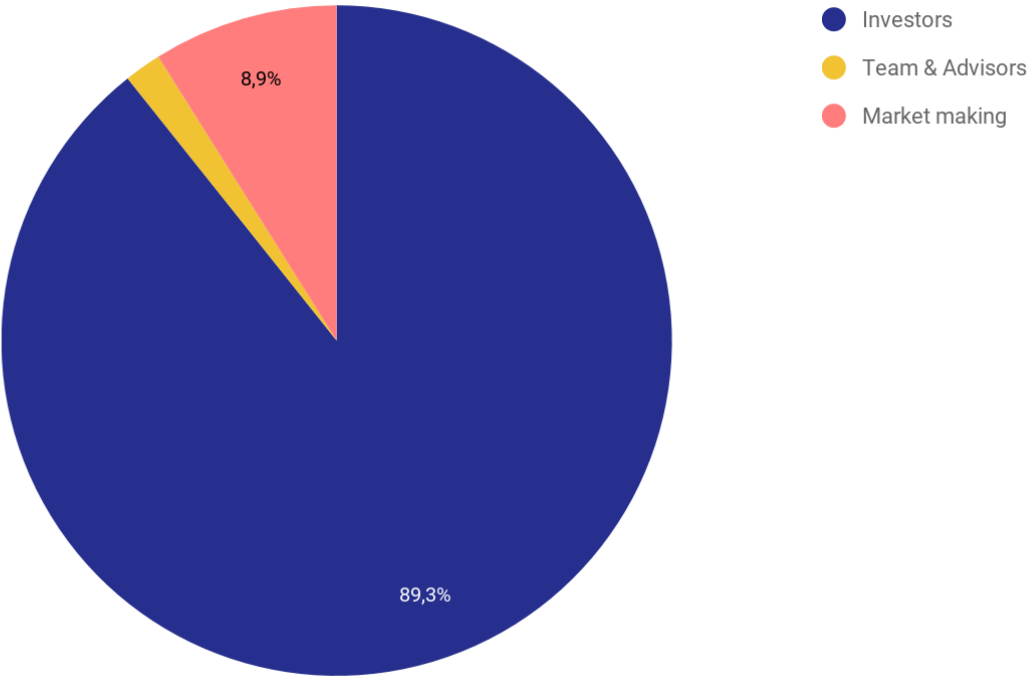
Estimated token distribution post ICO:

Distribution of tokens



Distribution of tokens in circulation

(excluding cold storage)



Future Innovations

Sustainability

As the world values the environment more, we anticipate that sustainable forestry will become an even more attractive business to be in. In some ways the forestry industry in Sweden is already ahead of the curve with extensive environmental certifications and a high level of environmental consciousness among industry parties. Swedish forestry has been leading the way for sustainable forestry ever since 1903 when the first Swedish Forestry Act (Sw. *Skogsvårdslagen*) - stating among other things that harvested forests must be replanted - came into force.

But as cities expand, and infrastructure such as roads, railroads and wind power parks get built and habitats of rare species and plants get threatened by human kind's ever expanding society, we believe that there will be an opportunity to receive attractive compensation from relevant parties for strategically located patches of forest to make up for the loss of habitat. This is legislation that is currently under consideration by the Swedish government (see for instance the State Public Report *Ekologisk kompensation*, SOU 2017:34).

Drones

Drones are set to revolutionize many aspects of forestry. One of the main costs of the life-cycle of a plot of land is plantation. Plantation is done in connection with clearing and is currently done mostly by humans. There are many startups exploring the possibility to automate and optimize plantation and/or sowing using drones and machine learning, for example DroneSeed ([web](#), [video](#)) and BioCarbon Engineering ([web](#), [video](#)). This is very innovative technology that is set to disrupt the forestry industry in a matter of years.

On top of plantation automation there is work being done by many companies to improve the level of detail during surveying of the trees. As an example, Metsä, a Finnish forestry company, are piloting use of drones to measure each tree and create a VR version of a forest to help maximize yield ([web](#)).

New Materials

Metsä, the abovementioned forestry company from Finland, is also exploring creating new materials from wood pulp. To learn more, have a look at their inspirational [video](#).

Of course Metsä is not alone, there is a race going on to replace the use of plastics on many products. McDonald's recently announced that they will be [replacing plastic straws](#) with straws made from wood for their sodas in their restaurants in the United Kingdom.

There is research going on to replace the use of diesel with biodiesel produced from wood. There is talk of even flying planes on fuel produced from wood. With all of these new use-cases, the value and thus also the price of wood is set to increase in the future.

In Sweden, there are governmental institutes such as RISE (Research Institutes of Sweden) and large public corporations such as Stora Enso and SCA that are currently focusing on finding new materials that can be made from forest raw-materials. These projects include things such as carbon fiber, textiles and plastic bottles.

Sand Crisis

As the world is [running out of sand](#) with the right granularity, wood as a building material is set to have a renaissance. Historically, wood has always been a viable building material. In modern times, however, wood has often been supplemented by concrete combined with steel as buildings grew larger and constructions became more complicated. But new research indicates that the supply of sand suitable for concrete production is running out at a rapid pace. This is happening at the same time as advancements in construction techniques is showing that we are able to build larger buildings in wood than ever before. This change combined with an increased pressure to produce sustainable buildings puts wood as a building material in new light compared to concrete and is sure to drive an increased demand for high quality construction timber which is one of the main staples in the Swedish forest.

Self-driving Trucks

As trucks get electrified and become self-driving, the cost of transporting wood is going to decrease significantly. The main cost drivers in transportation of wood today is namely the cost of human labor and the cost of fuel for the trucks. With lower cost of transportation, new areas that have previously been considered too remote can evolve to very interesting production areas for many different industries across Sweden. This will in turn increase and shift the value of land on a huge scale. We aim to follow this development closely to maximize the yield of our investments.

Autonomous Harvesters

The income from both thinning and clearing is driven by two main factors, the price of the wood and the cost of harvesting. Both these factors can be optimized by buying land in a smart location (close enough to the locations of wood-purchasing industries) and also by having land that does not consist of too expensive terrain to operate machinery in. This

means that the terrain should preferably not be too steep or rocky and that it should have a good road network.

As the cost part is mostly driven by the cost of human labor and the cost of fuel for harvesters and forwarders, this factor of the forestry equation is set to be disrupted by the emergence of autonomous or partially autonomous harvesters.

Machine Learning models

When we have reached a significant token circulation, it might start to make sense to build our own machine learning models to help optimize our business.

Predict cost of felling

By predicting the cost of felling the wood, we will estimate an important factor in the profitability of a potential piece of land that we might be interested in buying. The cost of felling is known to be affected by terrain and the distance from nearest road among other factors. This data could be collected and inserted into a valuation model.

Predict price of wood

A prediction of the potential price buyers are willing to pay will give an indication of the profit potential for a piece of land. Potentially, this prediction model could even consider the state of close by forest patches at about the same age (*i.e.*, predicting supply and demand any given year). In Sweden, the government surveys the forests by air and this data is possible to pay to access in the meantime.

Predict value of land

Taking into consideration the above mentioned prediction models, we could make a prediction of the value of land. This would help guide our buying of land at a large scale.

Predict price of land

Many pieces of land are sold in a closed auction. By predicting the price others are willing to pay for land, we will be able to better optimize our buying process.

Team

To ensure profitability from the start we will start with a small team and a set of advisors. We will outsource services such as surveying to well-known prominent consultants industry standard such as “LRF Konsult”.

CEO / CTO

Berner Setterwall

Berner has a background as an autodidact serial entrepreneur. Having sold his two first companies in 2014 and 2015, he started exploring blockchain in general and Ethereum in particular in connection with the Ethereum mainnet launch. Berner enjoys to spend time in nature, he is an avid skier, hiker and hunter. Berner oversees the day-to-day operations in Hectare. He will also be the main developer behind the smart contracts and the market making software.

Investor Relations

Tom Ström

Tom studied Industrial Engineering and Management at the Royal Institute of Technology in Stockholm (*Kungliga Tekniska Högskolan*), planning wind farms as his masters project together with Adam, later they both went on to work for Schibsted Media to help develop their online sales business. Later on, Tom worked together with Berner at Campanja as the COO doing the Silicon Valley startup style journey before finally selling to a US/Indian Company. Today, Tom works with Growth Hacking at Growth Hackers STHLM alongside being a startup advisor and forest owner. In his spare time, Tom likes to solve crossword-puzzles and hunt.

Head of Marketing

Adam Brandt

Adam studied Industrial Engineering and Management at the Royal Institute of Technology in Stockholm together with Tom, and after his masters project together with Tom, Adam and Tom both started working at Schibsted Media. Adam ended up being the CMO of destination.se - one of Sweden's biggest travel sites. After many years of overseeing the growth and optimization of destination.se, Adam quit his job to try the entrepreneurial path by forming Growth Hackers STHLM together with Tom. At Growth Hackers, Adam has the

role of CCMO (Chief CMO), spreading his know-how to customers big and small. Adam's role in the Hectare project will be to help with our efforts to make Hectare known to the world. Adam likes sports.

Legal advisor

Richard Ramberg

Richard has 7 years of experience from one of the tier 1 law firms in Scandinavia. He is publicly recognized as the youngest lawyer ever in Sweden since the Swedish Bar Association's ("**SBA**") inception in 1887 and he was appointed "Lawyer of the Month" by the SBA in May 2014. He has also co-written text books used as reference literature in Swedish law schools. At the law firm, Richard focused on Capital Markets and M&A-transactions. Today, Richard is an established advisor on ICOs and other cryptocurrency related legal matters, and enjoys hunting and mountain climbing. Richard is responsible for all the legal aspects in Hectare.

CFO advisor

Christian Bergentoft

Christian studied finance and business administration at Gothenburg School of Economics (*Handelshögskolan vid Göteborgs Universitet*) and Copenhagen Business School. Prior to graduation, he did an internship at Ernst & Young in Germany. In 2005, Christian joined the Nordic investment bank ABG Sundal Collier where he worked as an analyst primarily focused on M&A transactions. In 2008, he became CFO of an international manufacturing company. After restructuring the company during the financial crisis the company was turned around and had a strong revenue and profit growth. In 2013, the company was successfully sold. Christian then started as CFO at Campanja. Today, Christian is Finance Director at a startup in the music tech sector. Christian is an advisor specialized in finance and corporate matters at Hectare. Christian loves to sail in the summer and hike on touring skis in the winter.

Forestry advisor

Marcus Sydh Göranson

Marcus has studied forestry at the Swedish University of Agricultural Science (*Sveriges lantbruksuniversitet*), and contributes with a strong background within several parts of the forest industry value chain, including forestry operations as well as market and policy analysis. Currently he works with real estate and forestry related project management at one of Sweden's largest forest-owning organizations. Marcus tries to spend as much time as possible hunting and fishing in the forests of Dalarna, Sweden. Marcus is an advisor specialized in forest related matters at Hectare.

Forestry advisor

Anders Gräns

Anders has a genuine interest in forestry and nature from an early age and completed his masters in Forest Industrial Economics in 2015 at the Swedish University of Agricultural Science (*Sveriges lantbruksuniversitet*). During his studies, he worked as an independent contractor in nature conservancy and forestry. He took up a managerial position at a sawmill after graduation but soon moved on to roles more focused on analysis and market research. Currently he is combining a career at a WHO Collaborating Centre with a personal interest for forestry in his spare time.

Forestry advisor

Tom Göran Ström

Tom retired from the international business life in 1983 and went to the Swedish University of Agricultural Science (*Sveriges lantbruksuniversitet*). Since then, he has 35 years of experience from buying, owning and managing his own forest properties. Göran has a ranch situated in the middle of Sweden where he lives himself. His many years in the business has resulted in numerous valuable contacts in the industry which will be a key asset for Hectare.

Forestry advisor

David Ström

David studied at the Swedish University of Agricultural Science (*Sveriges lantbruksuniversitet*) as a young man and has since worked 23 years in the agricultural sector, running his own farm where forestry have been a key part of day to day business. The experience of operating forest lands will be of great value for Hectare. David is also a great hunter, leading large scale hunts which is an important part of keeping a healthy forest.

Risk Factors

An investment in the Tokens carries a number of risks, including, but not limited to, the risks in relation to the Tokens referred to below. In addition to all other information set out in this White Paper, the following specific factors should be considered when deciding whether to make an investment in the Tokens.

The Tokens are only suitable for investors (a) who understand the potential risk of capital loss, (b) for whom an investment in the Tokens is part of a diversified investment programme and (c) who fully understand and are willing to assume the risks involved in such an investment programme.

The Company believes that the risks described below are the material risks relating to an investment in the Tokens at the date of this White Paper but are not the only risks in relation to the Company and the Tokens. Additional risks and uncertainties not currently known to the Company, or that the Company deems to be immaterial at the date of this White Paper, may also have an adverse effect on the performance of the Company and the value of the Tokens. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence or of their magnitude or significance. If any of the risks referred to below were to occur, the financial position and prospects of the Company could be materially adversely affected and the trading price of the Tokens could decline significantly and investors could lose all or part of their investment.

Prospective investors should review this White Paper carefully and in its entirety and before investing in the Tokens.

The Company has no operating history

The Company is a recently formed Swedish limited liability company. As such, the Company has no operating history. There can be no assurance that the Company will achieve its objectives or that the Company will achieve the expected returns.

White Paper not reviewed by any authority

Neither the SEC nor any other US state or federal regulatory authority, nor the Swedish Financial Supervisory Authority (the “**SFSA**”), has reviewed this White Paper and none of them is liable for any statements made herein with regard to the Company. No governmental or administrative authority takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it. No governmental or administrative authority has approved or disapproved of the Tokens, nor have they passed upon or endorsed the merit of an investment in the Tokens or the accuracy or completeness of this White Paper.

Token holders will not benefit from the protections of any investor protection act

The Company does not fall under the scope of the Prospectus Directive, the [Alternative Investment Fund Managers Directive](#), the Payment Services Directive or any other law or regulation requiring an approval or license from any governmental or administrative authority. Accordingly, no Token holder can make use of any chapter or section designed to be to the protection of consumers or investors available in any enforced directive or law.

Risk of loss of private key

The Tokens may only be accessed using a private key that corresponds to the address at which it is stored. If the Token holder's private key, or the "seed" used to create his address and corresponding private key is lost or stolen, the obtained Token associated with such Token holder's address will be unrecoverable and will be permanently lost.

The Company's foreign investments may be subject to various risks

The Company may invest in non-Swedish forestlands (*inter alia*, Baltic forestlands). Investing in such forestlands involves particular risks, including:

- political and economic risks, such as expropriation and nationalisation, the potential difficulty of repatriating funds and general social, political and economic instability;
- the imposition of withholding or other taxes on interest, dividends, payments on certain derivative instruments, capital gains, other income or gross sale or disposition proceeds;
- fluctuations in the rate of exchange between currencies and costs associated with currency conversion;
- certain government policies that may restrict the Company's investment opportunities;
- higher transaction costs of investing; and
- absence of an independent judicial system and exposure to economic, political or nationalistic influences, resulting in difficulties in pursuing legal remedies or obtaining and enforcing judgments.

Demand and prices

The Company's revenue will mainly derive from sales of harvested forest material to buyers in Europe, primarily in Sweden. Price changes and delivery changes of the Company's products will mainly depend upon the development of the Company's markets in Europe, primarily the Swedish market. These markets will in turn depend upon a number of factors, such as demand, production among other European producers, changes in the import of harvested forest material to Europe, and the possibilities to profitably export from Europe. The Company might not always be able to make significant changes in its product selection. Accordingly, there is a risk that the price on the Company's products may sink or that the demand for the Company's products will be reduced. Such changes are principally outside of

the Company's control and may materially adversely affect the Company's operations, financial position and result.

Costs and changes in the prices of raw material

Wood, electricity and chemicals are the most material elements to the Company's operations. The cost development in the Company will primarily be controlled by the price development of those elements and by how well the Company manages to increase the efficiency in production and administration. Accordingly, the Company will be exposed to fluctuations in the prices of the electricity and chemicals used in its business. There is a risk that the Company's costs will increase when there is a shortage of electricity or necessary chemicals. There is also a risk that the Company will not be able to increase the prices of the harvested forest material it sells to fully compensate for the increased prices in electricity and chemicals, which in turn may materially adversely affect the Company's operations, financial position and result.

Other material costs for the Company are primarily delivery costs, personnel costs and maintenance costs. Just as for increased prices of electricity and relevant chemicals, an increase in such costs may materially adversely affect the Company's operations, financial position and result.

Negative forest events

Forest fires, extreme weather conditions, animal grazing, and pest insects are all risks in relation to the growing forest. Dependent upon the extent of the damages caused by such risks, they may materially adversely affect the Company's operations, financial position and result.

The Company may fail to identify suitable forest property investments

The Company's investment strategy depends on the ability of the Company to successfully identify attractive forest lands to acquire. Any failure to identify and consummate appropriate investments would increase the amount of the Company's assets invested in cash or cash equivalents and, as a result, may reduce its rates of return. The Company will face competition for investments from, for example, real estate companies and private forest owners. Many of these competitors may be substantially larger and have greater financial resources than are available to the Company. There can be no assurance that the Company will be able to identify and make appropriate investments or generate attractive returns for the Token holders or that the Company will not be significantly affected by competitive pressures for investment opportunities.

Political decisions

Laws and regulations in countries where the Company conducts business affect how the Company's business can be conducted. Rules for how the forest may be used can affect future growth and harvest of the forest. Additionally, rules regarding the usage of virgin fibre and recycled fibre can affect future growth and harvest of the forest. Changes in laws and

regulations relevant to the Company's business may materially adversely affect the Company's operations, financial position and result.

Risks related to relations with financial institutions

The Company is expecting to open one or several bank account(s) in which fiat currency (exchanged from ETH) will be deposited after a successful completion of the offer of Tokens to the public. There are currently financial institutions in Sweden and elsewhere not accepting deposits of funds deriving from cryptocurrencies into accounts held with such financial institutions, and there is a risk that more financial institutions will establish a similar approach to such deposits. Accordingly, there is a risk that the Company may not be able to open an account in the jurisdiction where the Company wishes to open an account. That may materially adversely affect the Company's operations, financial position and result.

Risks related to financing

The Company's operations is intended to partly be financed by loans from external lenders. If the credit markets are turbulent when the Company wishes to obtain or refinance external borrowing, this may make such financing or refinancing more difficult or impossible. If the Company is unable to obtain financing for its acquisitions of forest properties or, eventually, will be unable to refinance external borrowing, or can only refinance external borrowing on unfavorable terms, it may materially adversely affect the Company's operations, financial position and result.

Risk of litigation

In the ordinary course of business, the Company may be subject to litigation from time to time. The outcome of such proceedings, which may materially adversely affect the value of the Company, may be impossible to anticipate, and such proceedings may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the Company's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Token holders may lose all, or substantially all, of their investment in the Company

Investments are exposed to the risk of the loss of capital. The ambition of the Company is to invest in forest properties. No guarantee or representation is made that the consummation of such ambition will be successful. There can be no assurance that the forest properties purchased by the Company will increase in value or that the Company will not incur significant losses. A Token holder may lose all or substantially all of its investment in the Tokens.

An active and liquid trading market in the Tokens may fail to develop

Token holder's only sources of liquidity will be provided by their access to trading in the Tokens at one or several cryptocurrency exchanges, and the Company's market making efforts at such exchange(s) (such market making efforts will be subject to certain assumptions, qualifications and limitations). There can be no assurance that an active and liquid trading market in the Tokens will develop or, if such market develops, whether it will be maintained. A number of publicly traded Tokens have in the past suffered from illiquidity, with low levels of trading. Market prices of many publicly traded Tokens have in part for that reason historically exhibited significant price reductions.

The Company's market making efforts in the Tokens will be subject to certain assumptions, qualifications and limitations. Should a situation arise which is not within the aforementioned assumptions, qualifications and limitations, the Company will discontinue its market-making activities. In addition, a substantial amount of the Tokens may be placed with a limited number of investors, which could also impact the development of an active and liquid market for the Tokens.

The Company cannot predict the effect on the market price of the Tokens if a liquid and active trading market fails to develop or fails to be maintained. In the absence of an active trading market, relatively small sales may result in a significant negative impact on the price of the Tokens, increasing volatility.

The Tokens may trade at a discount to the acquired forest properties

The Tokens may trade at a significant discount to the forest properties owned by the Company for a variety of reasons, including market conditions, liquidity concerns or the actual or expected performance of the Company. While the Company hope to be able to utilize its market making efforts under such circumstances, the purchase by the Company of Tokens in the open market if the Tokens appear to be trading materially below the forest properties for a prolonged period may be restricted by applicable legal, tax and regulatory constraints or by the assumptions, qualifications and limitations of the Company's market making efforts.

The price of Tokens may fluctuate significantly and potential investors could lose all or part of their investment

The Issue Price of the Tokens will be fixed against the ETH, but it may not be indicative of the market price of the Tokens. The market price of Tokens may fluctuate significantly. Factors that may cause the price of the Tokens to vary include but are not limited to:

- the Company's financial performance and prospects or changes in the financial performance and prospects of companies engaged in businesses that are similar to the Company's business;

- adverse changes in the underlying values of the investments that the Company makes;
- changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company's business;
- sales of Tokens by the Token holders;
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events; and
- speculation in the press or cryptocommunity regarding the Company's business or investments, or factors or events that may directly or indirectly affect its business or investments.

Cryptocurrency markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies or partnerships. Any broad market fluctuations may adversely affect the trading price of the Tokens.

The Tokens will be exposed to fluctuations in the price of ETH

The Tokens are purchased in the initial issue with the cryptocurrency ETH as means of payment and when a Token holder wishes to sell its Tokens back to the Company at the Company's market making purchase price, such Token holder will receive ETH as payment for its Tokens. The Token holders are thus directly exposed to fluctuations in the price of ETH and may in the future also be exposed to fluctuations in the price of other cryptocurrencies when such additional trading pairs are introduced at one or several cryptocurrency exchanges.

Electronic delivery of certain documents

There are possible risks associated with electronic delivery of documents by the Company to its Token holders. The Company cannot guarantee that these communication methods are secure and will not be responsible for any computer viruses, problems or malfunctions resulting from any computer viruses or related problems that may be associated with the use of an internet-based system.

Risks relating to software weaknesses

The Tokens' underlying software application and other involved or related software and technology and technical concepts and theories could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of Tokens. Accordingly, there is no warranty that the process for receipt, use and ownership of the Tokens will be uninterrupted or error-free.

Cybersecurity breaches

The Company and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware

and software systems, loss or corruption of data, and/or misappropriation of confidential information. For example, information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorised persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Such damage or interruptions to information technology systems may cause losses to the Token holders and/or the Company. The Company may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorised use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose the Company to civil liability as well as regulatory inquiry and/or action. Any such breach could also reduce the value of the Tokens, if the robustness of the underlying technique of the Tokens come into question by parties on the cryptocurrency market. Token holders, including the Company, could also be exposed to losses resulting from unauthorised use of their personal information. While the Company has implemented various measures to manage risks associated with cybersecurity breaches, there are inherent limitations in such measures, including the possibility that certain risks have not been identified.

Cryptocurrency market risk may significantly impact the performance of the Company and, therefore, the market price of the Tokens

The Company is exposed to market risk. Among other things, this means that the prices of the cryptocurrency the Company will initially receive as payment for the Tokens (ETH) can be highly volatile. Price movements of cryptocurrencies that the Company may own are influenced by, among other things, changing supply and demand relationships, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. Moreover, war, political or economic crisis or other events may occur which can be highly disruptive to the cryptocurrency markets, regardless of the strategies being employed. In addition, governments from time to time intervene, directly and by regulation, in the cryptocurrency markets. Such interventions are often intended to directly limit the extent of the trade in such markets.

Cryptocurrency exchanges may be unavailable

The Tokens are also subject to the risk of the temporary or permanent failure of any of the cryptocurrency exchanges on which the Tokens trade and the temporary or permanent failure of any of the cryptocurrency exchanges' respective banks and/or clearinghouses.

General economic and market conditions

The success of the Company's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to the cryptocurrency markets, the usage of forest or the taxation of the Company's investments), trade barriers, currency exchange controls,

and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the Company's investments.

Tax risks

Changes to the tax treatment of forest properties may adversely affect the Company and certain tax positions it has taken may be successfully challenged. In addition, the Company may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by an applicable taxing authority, there could be a material adverse effect on the Company.