

KEY RISKS

This page outlines some of the key risks involved when you invest in shares (“Equity Investment”) or bonds issued by companies (“Bond Investment”) on <https://platform.smartlands.io> (the “Website”). Please read this summary carefully, so that you understand the key risks involved. Equity Investments take the form of investments in unlisted shares in a private limited company and Bond Investments involve investing in debt securities issued by unlisted companies and both of these investment types carry risks. In particular, you may not receive your anticipated returns and your capital may be at risk.

GENERAL RISKS

ILLIQUIDITY

The Equity Investments and Bond Investments (together, the “Investments”) are generally illiquid. This means that once you have committed your money by purchasing shares as part of an Equity Investment or by investing money in relation to a Bond Investment, it may be difficult to exit your Investment and get your money back.

Each Investment will have a different target exit date. This date will be a target, meaning that the actual date on which any returns or capital are repaid to you may change. We have the discretion to change the target exit date and may do so in a number of circumstances.

You may be able to sell your Investment to a willing buyer. However, you should note that you might only be able to sell your Investment at a discount. This means that you may not get back the amount you paid for the Investment. You may not even be able to sell your Investment at all due to a lack of a willing buyer.

If you are unable to sell your Investment to a willing buyer, you will need to wait until the relevant underlying project is complete and the property is sold. The sale of the underlying property could take a significant amount of time. Therefore, any Investment you make on the Website should therefore only be viewed as a long-term investment.

By making an Equity Investment you will be subscribing for B shares in the relevant company, which do not have any voting rights attached to them. As a result, you will not be able to vote in any decisions relating to the completion of a project or the sale of the property or any other decisions relating to the relevant company holding the property.

By making a Bond Investment you will be investing in a debt security issued by a company which will be documented and a repayment date will be set. However you will not have the right to take steps to recover the amount you invest or any other amount due to you. This will be done on your behalf by a security trustee. Similarly, you will not have any say in how the company in which you invest uses the money you invest or how and when it repays you, which will be documented in the debt agreements. If the company you have invested in by way of debt has taken out other debt then such other debt may rank in priority to yours, meaning that you may not be paid back first, or at all, if the company faces financial difficulty.

NO ON-GOING RETURNS

The Investments you make on the Website will not provide you with regular returns. Due to the way that the investment opportunities are structured, you will only see a return on your Equity Investment, if there are any returns achieved, once the relevant project has been completed and the property has been sold. In the case of Bond Investments any target return amounts and dates will be shown to you in the relevant documents before you invest. Depending on the exact terms of the Bond Investment you enter into you may not receive returns until the relevant project has been completed. The returns actually paid to you in relation to a Bond Investment will depend on the ability of the company in relation to which you have made a Bond Investment being able to repay.

Eventual returns will only be paid to you once all applicable fees and taxes have been paid. If you need your investments to provide you with regular returns, for example by way of monthly dividends, investing on the Website will not be suitable for you. If the relevant company faces financial difficulty then this will impact on the likelihood you will receive any returns on your Investment, or the amount back which you have invested in the Investment.

DECLINE IN THE VALUE OF PROPERTY

The property market is cyclical and values may go up or down depending on a range of issues including political, economic and social issues. Historic performance of the property market or a particular property is not a reliable guide to future performance. A future downturn in the real estate market could severely adversely affect the value of any investment you make on the Website.

A fall in property values in the UK may cause a property funded by a company which you invest in to be sold at a lower price than expected, or may even mean a property is sold for a lower price than it was initially purchased for, or than the cost to build or refurbish it. This would negatively impact on your Investment and may lead to any returns you eventually receive being lower than expected, or it may mean that there are no returns at all. Please note that you will never be asked to pay more than the amount you first invest on the Website and therefore your losses will always be capped at the amount you invested.

A fall in property values in the UK may also mean that the company determines that once the relevant project has been completed, the underlying property be held for longer than the anticipated investment term until a higher sale price can be achieved.

LOSS OF CAPITAL

The returns you receive from your Investment can go up or down and are ultimately not guaranteed. Depending on the final cost of construction and the value at which the property is sold, you may not receive any equity returns (in the case of Equity Investments), or you may receive a return that is less than expected and you may lose your capital in the case of any Investment.

LACK OF DAY-TO-DAY CONTROL

By making any investment on the Website you are making a long term investment and you will lack control over the day-to-day decisions made by Smartlands Platform Ltd (“Smartlands Platform”) or any third party involved in the relevant property company and you will also not have any control over the timing of your exit (unless you are able to sell your Investment to another investor, which is covered in Illiquidity above).

NO ADVICE

Smartlands Platform and its affiliates do not provide any advice or recommendations in relation to any Investment or any other investment opportunity which may be available on the Website. If you have any doubt over the risks of such Investments or you otherwise require financial advice, you should seek advice or recommendations that are personal to your circumstances from a suitably qualified financial adviser.

Investments on the Website are only available to investors categorised by the Financial Conduct Authority as High Net Worth or Self-Certified Sophisticated Investors. In order to comply with the requirements of the Financial Conduct Authority, we need to assess you before you may view investment details on the Website. An assessment of whether you fall within one of these categories will be carried out when you sign up to the Website.

DIVERSIFIED PORTFOLIO

Any Investment made on the Website should only be made as part of a diversified portfolio that includes a mix of liquid and illiquid assets. Investing small amounts in multiple investments will help you spread your risk. The majority of your investments should consist of liquid asset classes, so that you can access your capital more easily.

UNEXPECTED EXIT

In certain circumstances, the property which is the underlying asset of your Investment may need to be sold. Examples of these circumstances include where the property suffers extensive damage or bank funding is withdrawn. In such circumstances you will be given notice of this sale. Depending on market conditions and any prospective buyer's circumstances, you may receive back substantially less than you invested or no return of your capital at all. If the relevant company is subject to an unforeseen liability that may mean that money which was previously intended to fund the project will be unavailable. Taxable income may also crystallise sooner than expected.

TAX

You should be wary of any tax risks that might apply to you as a result of any investment made on the Website. Whether and how any relevant tax laws or liability apply to you is a matter for your personal analysis and you are strongly advised to consult with appropriately qualified tax professionals regarding your individual tax position, which depends on your personal circumstances and may be subject to change in the future.

FINANCIAL SERVICES COMPENSATION SCHEME

Any investments which you make on the Website are not currently covered by the Financial Services Compensation Scheme (FSCS).

Funds which you deposit on the Website which have not yet been invested may be covered by the FSCS. Additionally, FSCS can pay compensation if Smartlands Platform or any third party bank or investment firm cannot meet an obligation owed to an 'Eligible Claimant'. The current compensation limit is fifty thousand pounds Sterling (£50,000) in respect of investment business. Further information about the FSCS (including the amounts covered and eligibility to claim) is available at www.fscs.org.uk or by calling 0800 678 1100.

OVERSEAS INVESTORS

If you are an overseas investor (meaning a person who is not a UK resident), you will be required to warrant to Smartlands Platform that, by making any investment on the Website, you, Smartlands Platform, or any of its affiliates will not be in breach of any law or regulation in your home country. This will be done by your acceptance of the Website Terms and Conditions - Here. Neither Smartlands Platform nor any of its affiliates will have any liability should your warranty be incorrect for whatever reason and any related risks are entirely your own.

PLATFORM RISKS

A purchase of Investee Tokens involves a high degree of risk. You should consider carefully the risks described below, together with all of the other information contained in the Terms & Conditions ("T&Cs") which investors will have to subscribe to when making an investment on the Smartlands Platform. The following risks entail circumstances under which Smartlands Platform Ltd ("Company", "Smartlands Platform", "Smartlands") and the Smartlands Group's business, financial condition, results, operations and prospects could be adversely affected.

RISK OF SOFTWARE WEAKNESSES

Because Investee Tokens and the Smart Contract System are based on the Stellar blockchain, any malfunction, breakdown or abandonment of the Stellar blockchain may

have a material adverse effect on Investee Tokens, the Smart Contract System and/or the Smartlands Platform. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the Investee Tokens (including the utility of Investee Tokens in the Smartlands Platform), the Smart Contract System and/or the Smartlands Platform, by rendering ineffective the cryptographic consensus mechanism that underpins the Stellar blockchain. The Smart Contract System concept, the underlying software application and software platform (i.e. the Stellar blockchain) is still in an early development stage and unproven. There is no warranty or assurance that the process for creating Investee Tokens will be uninterrupted or error-free and there is an inherent risk that the software could contain defects, weaknesses, vulnerabilities, viruses or bugs causing, inter alia, the complete loss of contributions and/or Investee Tokens.

REGULATORY RISK

Blockchain technology allows new forms of interaction and it is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, blockchain technology based applications, which may be contrary to the current setup of the Smart Contract System and/or the Smartlands Platform and which may, inter alia, result in substantial modifications to the Smart Contract System and/or the Smartlands Platform including its termination and the loss of Investee Tokens for the Contributor. Additionally, regulation of proposed activities of the Investee Tokens is currently uncertain. It is not known what regulatory framework the proposed Investee Tokens and associated activities will be subject to, the nature and obligations that will be imposed on the Company in order to comply with any such regulatory framework or when/if the Company will even be able to apply to be regulated, or successfully obtain the necessary licences so that it may lawfully carry out its proposed business activities.

RISKS ASSOCIATED WITH UNCERTAIN REGULATIONS AND ENFORCEMENT ACTIONS

The regulatory status of Investee Tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory authorities may apply existing regulation with respect to such technology and its

applications, including specifically (but without limitation to) the Smartlands Platform and Investee Tokens. It is likewise difficult to predict how or whether any legislative or regulatory authorities may implement changes to law and regulation affecting distributed ledger technology and its applications, including specifically (but without limitation to) the Smartlands Platform and Investee Tokens. Regulatory actions could negatively impact the Smartlands Platform and Investee Tokens in various ways, including, for purposes of illustration only, through a determination that Investee Tokens are a regulated financial instrument or a security that requires 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.

RISK OF ABANDONMENT/LACK OF SUCCESS

The creation and issue of Investee Tokens and the development of the Smartlands Platform may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects (e.g. caused by competing projects). There is no assurance that, even if the Smartlands Platform is partially or fully developed and launched, you will be able to use the Investee Tokens as intended or in accordance with the functionalities described in Schedule 1 to these T&Cs.

RISK ASSOCIATED WITH OTHER APPLICATIONS

The Smartlands Platform may give rise to other, alternative projects, promoted by unaffiliated third parties, under which Investee Tokens will have no intrinsic value. This means that competitors may produce platforms that compete with the Smartlands Platform and may not accept Investee Tokens as payment for services within such platforms; further, such platforms may become more popular and have greater success than the Smartlands Platform.

RISKS ASSOCIATED WITH MARKETS FOR INVESTEE TOKENS

The Company may choose not to enable or otherwise facilitate any secondary speculative trading or any such external valuation of Investee Tokens. This may restrict the

contemplated avenues for using Investee Tokens to the token functionality described in Schedule 1 to these T&Cs and could therefore create illiquidity risk with respect to any Investee Tokens you own. Even if secondary trading of Investee Tokens is facilitated by third-party exchanges, such exchanges may be relatively ne

w and subject to little or no regulatory oversight, making them more susceptible to fraud or manipulation. Furthermore, to the extent that any third party ascribes an external exchange value to Investee Tokens (e.g. as denominated in a cryptocurrency), such value may be extremely volatile and diminish to zero. If you are purchasing the Investee Tokens as a form of investment on a speculative basis or otherwise, or for a financial purpose, with the expectation or desire that their inherent, intrinsic or cash-equivalent value may increase with time, you assume all risks associated with such speculation or actions, and any errors associated therewith, and accept that the Investee Tokens are not offered by the Company or its affiliates on an investment basis. You further acknowledge that any contribution that you make under these T&Cs (or you consider to be invested in the Company) will not be protected, guaranteed or reimbursed by any governmental, regulatory or other entity, and will not, for instance be guaranteed by the Financial Services Compensation Scheme, and is unlikely to be protected by any equivalent scheme in a jurisdiction outside of England and Wales.

RISK OF LOSING ACCESS TO TOKENS DUE TO LOSS OF PRIVATE KEY(S), CUSTODIAL ERROR OR YOUR ERROR

Investee Tokens can only be accessed by using a cryptocurrency wallet with a combination of the Contributor's account information (address), private key and password. The private key is encrypted with a password. You acknowledge, understand and accept that if your private key or password gets lost or stolen, the obtained Investee Tokens associated with your cryptocurrency wallet address may be unrecoverable and permanently lost.

Additionally, any third party that gains access to your private key, including by gaining access to the login credentials relating to your cryptocurrency wallet, may be able to misappropriate your Investee Tokens. Any errors or malfunctions caused by or otherwise related to the digital wallet or vault you choose to receive and store Investee Tokens, including your own failure to properly maintain or use such digital wallet or vault, may also result in the loss of your Investee Tokens.

RISK OF THEFT

The Smart Contract System concept, the underlying software application and software platform (i.e. the Stellar blockchain) may be exposed to attacks by hackers or other individuals including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Any such successful attacks could result in theft or loss of contributions or Investee Tokens, adversely impacting the ability to develop the Smartlands Platform and derive any usage or functionality from Investee Tokens. Furthermore, because the Smartlands Platform is based on open-source software, there is a risk that a third party or a member of the Company's team may intentionally or unintentionally introduce weaknesses or defects into the core infrastructure of the Smartlands Platform, which could negatively affect the Smartlands Platform and Investee Tokens.

RISK OF MINING ATTACKS

As with other cryptocurrencies, the blockchain used for the Smart Contract System is susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and rare condition attacks. Any successful attacks present a risk to the Smart Contract System, expected proper execution and sequencing of token transactions, and expected proper execution and sequencing of contract computations. You understand and accept that the network of miners will ultimately be in control of the delivery of the Investee Tokens via the Smart Contract System, and that a majority of miners could agree at any point to make changes, updates, modifications to, or effect a deletion or destruction of the Smart Contract System, and that such a scenario could lead to the Investee Tokens losing intrinsic value and/or functionality.

RISK OF INCOMPATIBLE WALLET SERVICE

The wallet or wallet service provider used by you to receive Investee Tokens must conform to the Stellar token standard in order to be technically compatible with Investee Tokens. The failure to ensure such conformity may have the result that you will not gain access to your Investee Tokens.

RISK OF HARD-FORK

The Smartlands Platform will need to go through substantial development works as part of which it may become the subject of significant conceptual, technical and commercial changes. As part of the development, an upgrade to Investee Tokens may be required (hard-fork of Investee Tokens) and that, if you decide not to participate in such upgrade, you may no longer be able to use your Investee Tokens and any non-upgraded Investee Tokens may lose its functionality in full.

RISK OF UNINSURED LOSSES

Unlike bank accounts or accounts at some other financial institutions, Investee 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 insurer or private insurance arranged by us, to offer recourse to you.

RISKS ARISING FROM TAXATION

The tax characterization of Investee Tokens is uncertain. You must seek your own tax advice in connection with acquisition, storage, transfer and use of Investee Tokens, which may result in adverse tax consequences to you, including, without limitation, withholding taxes, transfer taxes, value added taxes, income taxes and similar taxes, levies, duties or other charges and tax reporting requirements.

RISK OF DISSOLUTION OF THE COMPANY OR NETWORK

It is possible that, due to any number of reasons, including, but not limited to, an unfavourable fluctuation in the value of any currency, decrease in Investee Tokens utility due to negative adoption of the Smartlands Platform, the failure of commercial relationships, or intellectual property ownership challenges, the Smartlands Platform may no longer be viable to operate and the Company may dissolve and may not be able to continue the development of the Smartlands Platform.

RISKS ARISING FROM LACK OF GOVERNANCE RIGHTS

Because Investee Tokens confer no governance rights of any kind with respect to the Company, all decisions involving the Company (including to sell or liquidate the Company) will be made by the Company acting in its sole and absolute discretion; and all decisions involving the Smartlands Platform including, but not limited to, decisions to discontinue the Smartlands Platform, or regarding the use of Investee Tokens on the Smartlands Platform, will be made by the Company. These decisions could adversely affect the Smartlands Platform and/or Investee Tokens you hold.

RISKS ARISING FROM THE MARKET IN WHICH THE SMARTLANDS PLATFORM OPERATES

The Smartlands Platform, is subject to a variety of laws and regulations (from different countries), including those with respect to KYC/AML and customer due diligence procedures, privacy and data protection, consumer protection, data security, and others. These laws and regulations, and the interpretation or application of these laws and regulations, could change. In addition, new laws or regulations affecting the Smartlands Platform could be enacted, which could impact the utility of Investee Tokens in the Smartlands Platform. Additionally, Smartlands Platform users are subject to or may be adversely affected by industry specific laws and regulations or licensing requirements. If any of these parties fails to comply with any of these licensing requirements or other applicable laws or regulations, or if such laws and regulations or licensing requirements become more stringent or are otherwise expanded, it could adversely impact the Smartlands Platform and the Investee Tokens, including its functionality within the Smartlands Platform.

RISKS ASSOCIATED WITH THE DEVELOPMENT AND MAINTENANCE OF THE SMARTLANDS PLATFORM

The Smartlands Platform is still under development and may undergo significant changes over time. Although we intend for the Investee Tokens and Smartlands Platform to function as described in Investor T&Cs, and intend to take commercially reasonable steps towards those ends, we may have to make changes to the specifications of the Investee Tokens or the Smartlands Platform for any number of legitimate reasons. Moreover, we may not be

able to retain full and effective control over how other participants will use the Smartlands Platform, what products or services will be offered through the Smartlands Platform by third parties, or how third-party products and services will utilise Investee Tokens (if at all). This could create the risk that the Investee Tokens or Smartlands Platform, as further developed and maintained, may not meet your expectations at the time of purchase. Furthermore, despite our good faith efforts to develop and participate in the Smartlands Platform, it is still possible that the Smartlands Platform will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Smartlands Platform and Investee Tokens, and the potential utility of the Investee Tokens in the manner intended at the time of the Security Token Offering.

RISK OF COMPETING PLATFORMS

It is possible that alternative platforms could be established that utilize the same kind of technology, same open source code and protocol underlying the Smartlands Platform and attempt to facilitate services that are materially similar to the services offered by or within the Smartlands Platform. The Smartlands Platform may compete with these alternatives, which could negatively impact the Smartlands Platform and Investee Tokens, including the utility of the Investee Tokens for obtaining services offered by or within the Smartlands Platform.

UNANTICIPATED RISKS

Cryptographic tokens such as Investee Tokens are a new and untested technology. In addition to the risks set out in this Schedule 3 to these T&Cs, there are other risks associated with your acquisition, storage, transfer and use of Investee Tokens, including those that the Company may not be able to anticipate. Such risks may further materialise as unanticipated variations or combinations of the risks set out in this Schedule 3 to these T&Cs.

PROJECT DOCUMENTATION

The information contained in the Project Documentation is subject to change or update without notice. While every reasonable effort has been made to ensure the information contained in the Project Documentation is accurate and up-to-date, such material has not

been verified by any third party. Certain statements contained in the Project Documentation represent the opinion of the members of the management team of the Company and are based on certain assumptions and facts, any of which may change at any time. As a result, prospective Contributors should bear in mind that there can be no assurance that the Company will implement one or more of the businesses or services set out in the Project Documentation.