

General Informations (AGB)

I. Preamble

A. *Responsibility for the Document*

This Document has been prepared by WATERCOIN Group for use by Subscribers who meet certain requirements as described herein and to whom WATERCOIN Group is offering (the "Offering") the opportunity to purchase WATERCOIN Group Tokens offered by WATERCOIN Group ("WATERCOIN Group Tokens" or the "Tokens") pursuant to a *"Simple Agreement for Future Tokens" (SAFT)* which is an investment contract offered by WaterCoin group to accredited investors. ICO launch has been scheduled for 2nd Quarter of 2018. The WATER Tokens will be delivered to the Subscriber during the ICO or after the ICO, subject to successful completion of KYC/AML process. Tokens will not be tradable before the end of the ICO. The start of listing at exchanges is planned for 2nd Quarter 2018.

However specific requirements exist in particular for Subscribers in the United States. Unless the context requires otherwise, in this Document the terms "WATERCOIN Group", "WATER ", "the Company," the "Issuer", "we," "us" and "our" refer to WATERCOIN Group, and its subsidiaries, and all Dollar (\$) amounts set forth herein refer to United States dollars.

The Document has been prepared solely for use by the prospective purchasers of WaterCoin Group Tokens pursuant to a Simple Agreement for Future Tokens (SAFT) to be issued by the WaterCoin Group. Each recipient hereof acknowledges and agrees that:

The contents of this Document constitute proprietary information, WaterCoin Group and its affiliates derive independent economic value from such proprietary information not being generally known, and such proprietary information is the subject of reasonable efforts to maintain its property. Each Subscriber will be required to execute a (revised) WaterCoin Subscription Agreement to effect its subscription in the Tokens. This Document contains the (revised) WaterCoin Subscription Agreement and certain other documents referred to herein.

B. *No Registration of the Tokens, no qualification as Investment Company*

The Tokens have not been registered as securities under the U.S. Securities Act of 1933, as amended (the "Securities Act"), any U.S. federal or state securities laws, or under the laws of any other jurisdiction. The Tokens may be offered to and sold (i) in the United States, only to accredited investors ("Accredited Investors") as defined in Rule 501(a) of Regulation D under the Securities Act ("Regulation D"), in reliance upon the exemption from registration provided by Section 4 (a)(2) ("Section 4 (a)(2)") of the Securities Act and Rule 506(c) of Regulation D ("Rule 506(c)"), (ii) outside the United States, only to non-U.S. persons ("Non-U.S. Persons") as defined under Regulation S under the Securities Act ("Regulation S"), in compliance with Regulation S, and (iii) pursuant to other exemptions of similar import in the laws of the states and other jurisdictions where the offering will be made. The Issuer is an operative company and will not be registered as an investment company or a collective investment scheme, neither under Swiss law nor under the United States Investment Company Act of 1940, as amended (the "Investment Company Act") or any other law. Consequently, Subscribers will not be afforded the protections of the Investment Company Act or of the Swiss Collective Investment Schemes Act (CISA).

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C. High Degree of Risk

Subscribers should be aware that they will be required to bear the financial risks for the subscribed amount. A subscription of Tokens involves a high degree of risk, volatility and illiquidity. A prospective purchaser should thoroughly review the information contained herein and the terms of the (revised) WaterCoin Subscription Agreement, and carefully consider whether a subscription of Tokens is suitable to the Subscriber's financial situation and goals.

The offer is aimed exclusively at professional investors who are expected to be able to assess and bear the risks of this investment. The offer is aimed exclusively at entrepreneurs as defined in section 14 of the German Civil Code ("BGB") and not at consumers. Private individuals, as consumers, are not eligible to be Tokenholders.

For a detailed (though not exhaustive) list of the risks involved in the WaterCoin Group Tokens, please see Chapter VIII. No person has been authorized to make any statement concerning the Company or the sale of the Tokens discussed herein other than as set forth in this Document, and any such statements, if made, must not be relied upon. Subscribers should make their own investigations and evaluations of the (revised) WATER Subscription Agreement and the Tokens that will be delivered pursuant thereto, including the merits and risks involved in subscription thereof.

D. No Offer

This Document does not constitute an offer but rather qualifies as invitation to make an offer by interested Subscribers for the subscription of Tokens. In addition, this prospectus is not addressed at persons residing or located in any jurisdiction in which it is unlawful to address such a prospectus. Neither the Swiss Financial Market Supervisory Authority FINMA nor the U.S. Securities and Exchange Commission (the "SEC") nor any other regulatory authority has approved the Token offering. Furthermore, no regulatory authority has confirmed the accuracy or determined the adequacy of this Document, nor is it intended that any authority will do so. Any representation to the contrary is a criminal offense.

E. Currency Fluctuations

Subscriptions of the Tokens are denominated in United States dollars (\$) and Subscribers may tender United States dollars, Bitcoin or Ether in exchange for the Tokens. Such currencies are subject to any fluctuation in the rate of exchange and, in the case of digital assets, the exchange valuations. Such fluctuations may have an adverse effect on the value, price or income of Subscriber's subscription.

F. Forward Looking Statements

Certain statements in this Document constitute forward-looking statements. When used in this Document, the words "may," "will," "should," "project," "anticipate," "believe," "estimate", "intend," "expect," "continue," and similar expressions or the negatives thereof are generally intended to identify forward-looking statements. Such forward-looking statements, including the intended actions and performance objectives of the Company, involve known and unknown risks, uncertainties, and other important factors that could cause the actual results, performance, or achievements of the Company in its development of the WaterCoin Tokens to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. No representation or warranty is made as to future performance or such forward-looking statements. All forward-looking statements in

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this Document speak only as of the date hereof. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

G. Issue Limited to Qualified Subscribers; WaterCoin Subscription Agreement Contains Subscriber Representations, Warranties and Covenants, including with respect to Transfer Restrictions

The issue described in this Document is limited solely to persons who meet the requirements provided for in the (revised) WaterCoin Subscription Agreement. The (revised) WaterCoin Subscription Agreement contains a number of representations, warranties and covenants for Subscribers, including significant restrictions on their ability to reoffer, resell, pledge or transfer the Tokens. Each Subscriber, by its subscription and purchase of the Tokens will represent, warrant and covenant, to the Company, and by its acceptance of any Token or any interest therein will be deemed to represent, warrant and covenant, to the Company, as to the matters set forth in the (revised) WaterCoin Subscription Agreement. See “WaterCoin Subscription Agreement—U.S. Transfer Restrictions” in this Document for a summary of these representations, warranties and covenants.

Only Subscribers of adequate financial means who have no need for present liquidity with respect to this subscription should consider acquiring the Tokens as set forth in the (revised) WaterCoin Subscription Agreement because:

a subscription of Tokens involves a number of significant risks (see „Risk Factors“ below) and there can be no assurance that a market for the Tokens and/or the rights contained therein will develop, and it cannot be guaranteed that such a market will develop in the future.

The Tokens are being issued in a transaction not involving any public offering in the United States within the meaning of the Securities Act.

H. Information from Third Parties

This Document contains references to data, statistical information and research made by third parties. They are very often based on information and assumptions which may not be accurate and correct in all details and the accuracy and correctness of which WaterCoin Group cannot verify. WaterCoin Group can, therefore, not accept any responsibility or guarantee for the correctness of information referred to in this Document when referring to data, statistical information and research from third parties.

II. No Advice

This Document has been prepared for the purpose of providing certain information about an investment in the WaterCoin Group Tokens and is to be used by the person to whom it has been delivered solely in connection with the consideration of the purchase of the WaterCoin Group Tokens described herein. All recipients agree that they will use this Document for the sole purpose of evaluating a possible investment in WaterCoin Group Tokens, and acknowledge and agree that this Document does not purport to contain all information an investor may require in order to form an investment decision. The prospective investors should read the whole of this document and in particular the section entitled «Risk Factors» which describes certain (though not all) risks associated with an investment in the WaterCoin Group Tokens to be issued by WaterCoin Group.

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Therefore, prospective investors should not construe the contents of this Document as legal, business, tax, accounting, investment or any other advice. Each prospective investor should consult its own advisers as to legal, business, tax, regulatory, accounting, financial and other consequences of its investment in the WaterCoin Group Tokens. No person has been authorized in connection with this offering to give any information or make any representations other than as contained in this Document. Any representation or information not contained herein must not be relied upon as having been authorized by WaterCoin Group or any of its directors, officers, employees, managers, affiliates or agents.

The delivery of this Document does not imply that the information herein is correct as of any time subsequent to the date of this Document. For any time after the date of this Document, the information, including information concerning WaterCoin Group's business, financial condition, results of operations and prospects may have changed. Neither the delivery of this Document nor any sale of WaterCoin Group Tokens hereunder shall, under any circumstances, create any implication that there have been no changes in WaterCoin Group's affairs after the date of the Document. The contents of WaterCoin Group's website, including any websites accessible from hyperlinks on WaterCoin Group's website, do not form part of this document.

III. Company & Technology

A. General Information on the Issuer

WaterCoin Group is a company limited by shares under Maltese law.

B. The Business of the Issuer Missionstatement

Preceding the incorporation of the Company, WaterCoin owners will be owners of the currency based on real natural water springs with high quality drinking water as well as be owners of a non-depleting spring of the only life giving commodity in the world. WaterCoin owners will benefit of sustainable growth of their investment and wealth by investing in the currency of the second largest non-depleting commodity of the planet.

But also WaterCoin.group will use its striking success to help human beings in regions of the world suffering of heavy drinking water shortages to grant direct access to high quality drinking water by donating the WaterCoin to distressed humans in these regions. WaterCoin will serve to be the currency for helping public organizations such as the United Nations to control the direct distribution of clean drinking water directly to the distressed population. WaterCoin is the only means to make sure, such funds will not be diverted from its intended use.

WaterCoin is positioned to become a global leader in setting the standards for transparency and disclosure for digital currencies, thereby accelerating WaterCoin's use in worldwide commerce.

C. Legal Proceedings of the Issuer and the WaterCoin Group

To the best knowledge of the board of directors of the Issuer, there are no legal proceedings pending, neither initiated by the Issuer nor against the Issuer.

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IV. Use of the Proceeds from the Sale of the Tokens

Proceeds of this ICO in the amount of roughly \$ 1'500'000 will cover the cost of the ICO. This includes legal advice, production of promotion material, staff for marketing and communication, direct marketing expenses such as social media space, banners, paid articles etc.

The remaining proceeds will be used for operations and investments. 91% of the proceeds exceeding the costs of the ICO will be used for acquiring a bundle of Water assets including physical Water (water springs), Water interests in Water producing properties (springs) including Water botteling facilities. There are no geographical restrictions.

It is the goal of WaterCoin Group to stay ahead of the competition and develop potentially new ways that enables individuals and organizations to utilize a transparent peer-to-peer exchanged digital currency with intrinsic value based on Water – the second most liquid and actively traded commodity and critical respring for the global life and economy but in particular to help human beings in regions of the world suffering of heavy drinking water shortages to grant direct access to high quality drinking water by donating the WaterCoin to distressed humans in these regions. WaterCoin will serve to be the currency for helping public organizations such as the United Nations to control the direct distribution of clean drinking water directly to the distressed population. WaterCoin is the only means to make sure, such funds will not be diverted from its intended use.

For this process we will assign the necessary funds from the administrative budget.

It is expected the Tokens qualify as a bond instrument (*Anleihensobligation*). Further, the Tokens carry no right to receive any dividend nor any liquidation proceeds in case that the Company will be liquidated for any reason.

Overview:

Up to US\$ 1'500'000		ICO budget
Remainder	approx. 91%	Investment in Water Assets such as Watersprings, Water embotteling plants
	approx. 9%	Research & Development (R&D), for Administration, Overheads, Reserve, Legal Proceedings for Token status

In the case that the ICO raises a total amount of less than US\$ 5'000'000, the board of directors of WaterCoin Group keeps the right to use the remaining proceeds of max. US\$ 3'500'000 (5'000'000–1'500'000 = 3'500'000) without respecting the above percentages and to focus more on third party crypto currencies such as "Stellar" or similar.

V. Tokens

The WaterCoin Group Tokens will be based on the Blockchain Stellar open source protocol, up to 10'000'000'000 tokens will be issued at a subordinated nominal amount of US\$ 0.01. Discounted prices are available during a first period of the ICO. After the end of the ICO, no further Tokens but those allocated to Subscribers, founders, the company itself or the bounty program will issued. Tokens not subscribed for shall not be generated.

The Tokens carry the right to receive certain profit shares from the water exploitation and via sales of water entities (bottles) operations. Profit shares are calculated solely on the basis of

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the net profit of the mining operation as described below, not of any profits of the Issuer as shown in its annual financial statements.

The business model for Watercoin.group will be realized within two business units:

- i. by the sales of water bottles and or sublicensing of water rights
- ii. Waterbank in Third World Countries

Profits from the sales of water bottles and or sublicensing of water rights shall be the total rewards received by the Issuer, after conversion in Fiat currency, minus operation costs such as, but not limited to, cost for rent or lease of land for miners in a later stage (if needed) replacement of hardware components, depreciation and a handling fee for the overhead costs of the Issuer (the "Profit"). The Issuer may in its reasonable discretion determine the timing of and exchange rate accepted for conversion of currencies and the allocation of costs to the respective business unit. The Token will give the Tokenholder the right to participate as long as the Tokenholder holds his Tokens and the Tokens are not fully redeemed.

VI. The Initial Coin Offering ("ICO")

Funds by Investors will be invested under the so called "*Simple Agreement for Future Tokens*" (SAFT) which is an investment contract offered by WaterCoin group to accredited investors. ICO launch has been scheduled for 2nd Quarter of 2018. The WATER Tokens will be delivered to the Subscriber during the ICO or after the ICO, subject to successful completion of KYC/AML process. Tokens will not be tradable before the end of the ICO. The start of listing at exchanges is planned for 2nd Quarter 2018.

VII. The allocation of the coins

The total amount of Tokens at the end of the ICO, either sold to Subscribers, or allocated to founders, Company or bounty program shall represent 100% of all existing Tokens. All Tokens, not sold or distributed shall not be created or deleted.

VIII. Risk Factors

This Chapter VIII contains a list of the risks known in connection with the acquisition, possession and use of WaterCoin Group Tokens. Please note that further unknown and unforeseeable risks cannot be ruled out. Risks and uncertainties that are not currently known to WaterCoin Group AG could have a material adverse effect on the Company and its business operations as well as on the WaterCoin Group Tokens and have a detrimental effect on WaterCoin Group. WaterCoin Group does not accept any liability for damage caused by any risks unknown or unforeseeable to WATERCOIN Group.

The occurrence of individual or the cumulative interaction of various risk factors may have significant adverse effects on WaterCoin Group and the WaterCoin Group Tokens.

The following presentation of the risk factors does not replace the necessary expert advice by a suitable advisor of the Subscriber's choice. The order in which the following risks are listed does not indicate the probability of their occurrence and/or the extent of the potential (economic) effects. At the same time, the selection and content of the risk factors are based on assumptions that could subsequently prove to be incorrect.

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A. General Risks

Important notice:

The Tokens are long-term entrepreneurial risk participations. Due to the subordination of the subscription amount, the Tokenholder bears entrepreneurial risks of the Issuer. The Tokenholder shall be aware that the subscription amount is used for entrepreneurial purposes of the Issuer and represents liable capital. Despite commercial diligence, it may occur that the development of the investments made with the Subscription Amount is negative and no profit.

The regulation of non-currency use of blockchain assets is also uncertain. In the United States, the U.S. Commodity Futures Trading Commission has publicly taken the position that certain blockchain assets are commodities, and the SEC has issued a public report stating federal securities laws require treating some blockchain assets as securities. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain asset, the WaterCoin Group Tokens may be materially and adversely affected. Tokens also face an uncertain regulatory landscape in many international jurisdictions such as the European Union, China and Russia. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect the WaterCoin Group Tokens. Such laws, regulations or directives may conflict with those of Switzerland or the United States or may directly and negatively impact our business. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of WaterCoin Group.

New or changing laws and regulations or interpretations of existing laws and regulations in various jurisdictions may materially and adversely impact the value of the currency in which the Tokens may be exchanged, the liquidity of the Tokens, the ability to access marketplaces or exchanges on which to trade the Tokens, and the structure, rights and transferability of Tokens.

B. Legal Proceedings

From time to time, WaterCoin Group AG may be involved in legal proceedings. The results of such legal proceedings and claims cannot be predicted with certainty, and regardless of the outcome, legal proceedings could have an adverse impact on WaterCoin Group's business because of defense and settlement costs, diversion of resources and other factors.

C. Risks in Crypto Currencies

Exchange rates themselves are subject to large fluctuations. In September 2017, Bitcoin for example lost 40% of its value within two weeks. These fluctuations might influence the profitability of the business negatively. A total and permanent collapse of one or more crypto currencies cannot be excluded which would destroy the business model of WaterCoin Group.

IX. Blockchain Risks

Exchange rates between crypto and Fiat currencies are subject to large fluctuations. These fluctuations might influence the profitability of the mining operation negatively. A total and permanent collapse of one or more crypto currencies cannot be excluded which would destroy the business model of WaterCoin Group. Fiat currency withdrawal and deposit policies of blockchain asset exchanges on which the Tokens may be traded and liquidity on such exchanges. Monetary policies of governments, trade restrictions, currency devaluations and revaluations might influence the way how crypto currencies are traded.

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Global blockchain asset demand, which can be influenced by the growth of retail merchants' and commercial businesses' acceptance of blockchain assets like cryptocurrencies as payment for goods and services, the security of online blockchain asset exchanges and digital wallets that hold blockchain assets, the perception that the use and holding of blockchain assets is safe and secure, and the regulatory restrictions on their use; Subscribers' expectations with respect to the rate of inflation.

There may be interruptions in service from or failures of major blockchain asset exchanges on which the Tokens may be traded.

X. Risks in the ICO Process

The ICO may not raise enough proceeds in order to start a purchase operation of sizeable water springs or water assets in general. In this case, WaterCoin Group will focus on smaller. Adverse developments of Ether's or Bitcoin's value during and after the ICO may influence also the value of the WaterCoin and could result in WaterCoin Group not being able to implement the business model as planned because of lacking financial means.

In 2017 there have been 154 ICOs until October with a total raised proceeds of 2,3bn USD. Only a handful of incidents was reported in which websites or wallets were hacked and raised proceeds stolen. Nevertheless, the risk of hacking and theft cannot be excluded. WaterCoin Group has not the financial means to indemnify and compensate Subscribers from such damages. In case such a theft of digital assets occurs, WaterCoin Group will continue with the ICO and start its operation on a reduced financial base with the goal that, over time, profits will replace lost proceeds.

XI. Mining and hacker attacks

Blockchains are exposed to the risk of mining attacks, especially double spending attacks, 51% attacks and selfish mining attacks. Any successful attack is a risk to WaterCoin Group and the WaterCoin Group smart contract, especially its proper execution. The resulting disruptions and/or the failure of central IT facilities can lead to serious impairments of WaterCoin Group's business activities.

It cannot be ruled out that Stellar, Ethereum and/or the Company and/or future smart contracts as well as other software and hardware developed by WaterCoin Group will become the target of hacker attacks. Such attacks may result in adverse consequences for the functionality of WaterCoin Group and/or WaterCoin Group Tokens, including loss of functionality of WaterCoin Group Tokens.

XII. Taxation Risks

Initial Coin Offerings are a very new legal concept and their tax treatment is far from established. The tax treatment can, thus, vary. Tokenholders are strongly recommended to consult a personal, professional tax advisor on a regular basis who can assist them in the correct assessment of the Tokens.

XIII. Tradeability

The tradeability of WaterCoin Group Token requires that it is traded and listed on an appropriate online trading platform for cryptocurrencies. A corresponding listing of Tokens has not yet taken place and is planned for 15 June 2018. As a precautionary measure, it is

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pointed out here that virtual currencies or tokens are generally subject to considerable fluctuations in value and price and that WaterCoin Group Tokens can therefore also exhibit increased or high volatility. This concerns the future development of Tokens and the exchange rate at which Tokens could possibly be exchanged into other currencies and/or tokens in the future. A forecast of the future performance of WaterCoin Group Tokens or market liquidity is therefore not given. In particular, no statements can be made as to whether a liquid secondary market is or will be developing for Tokens. The offer or sale of Tokens by the Subscriber to a third party (secondary market) is the sole responsibility of the respective parties which also have to observe the legal framework conditions.

XIV. Private key

A wallet and the tokens it contains can only be accessed using the private key assigned to the wallet. The Tokenholders are solely responsible for the secure storage and administration of the private key to the wallet in which WaterCoin Group Tokens are held, as well as for the protection of the private key and the wallet against unauthorized access by third parties. Loss of the private key can lead to irretrievable loss of the tokens in the wallet including WaterCoin Group Tokens. There is usually no recovery mechanism for lost private keys. We recommend that you seek professional advice on the safe management of private keys.

XV. How to Subscribe

To participate in the Issue, Subscribers will need to follow the Subscription Process as described in the (revised) WaterCoin Subscription Agreement including the provision of information regarding the participating entity or person and follow the transfer instructions of the (revised) WaterCoin Subscription Agreement.

Customer and AML (Anti Money Laundering) procedures: U.S. Subscribers must also provide evidence of accredited investor status in order to satisfy the requirements under Rule 506(c), including, but not limited to, a signed letter from an attorney or certified accountant verifying income or net worth.

XVI. Taxation of the Tokenholders

Tokenholders are reminded that the tax treatment of Tokens is far from established at the moment of drafting of this Document. Therefore, the subsequent statements are not more than an assumption and it cannot be excluded that the tax treatment of the Tokens applied by the competent Tax Administration differs from the statements made below. Any liability for the correctness and accuracy of the statements made under this section is excluded.

Tokenholders are strongly recommended to consult a personal, professional tax advisor on a regular basis who can assist them in the correct assessment of the Tokens.

A. Assumed treatment of the Tokens e.g under Swiss tax law

The Issuer assumes that the Tokens are considered bonds under Swiss law and treated from a Swiss tax point of view as bonds. The Tokens should, therefore, be listed on the list of securities ("*Wertschriftenverzeichnis*").

a. Wealth Tax and Capital Tax

If the Tokens are held by private persons, they are subject to the wealth tax pursuant to the applicable cantonal tax law. If the Tokens are held by legal entities, they are subject to capital tax pursuant to the applicable cantonal tax law. The tax rate is determined by the applicable cantonal law. No wealth tax or capital tax is levied on the Swiss federal level at the moment of drafting of this Document.

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b. Income Tax and Profit Tax of the profits

The profits generated under the Tokens are subject to income tax if held by natural persons. In case of legal entities, the profits are subject to profit tax. Income tax as well as profit tax are levied both on a cantonal and federal level. The tax rate for the income tax levied on the Swiss federal level is determined under art. 36 Swiss Federal Act on Direct Taxation. The tax rate for Swiss federal profit tax amounts to 8.5% of the net profits (art. 68 Swiss Federal Act on Direct Taxation). The tax rates on the cantonal level are determined by the applicable cantonal tax laws.

c. Capital Gain

Capital gain achieved by way of the sale of a Token by natural persons is tax free provided that the Tokens are held in the private funds of the Tokenholder. If the Tokens are held in the business funds of the Tokenholder, the capital gain is subject to income taxation. Capital gain achieved by legal entities by way of a sale of Tokens is subject to profit tax.

d. Withholding Tax

Interest generated under the Tokens is assumed to be subject to withholding tax of currently 35%. Each and every Tokenholder is himself responsible for the correct declaration of the Tokens and the profits generated thereunder in order to recover the withholding tax *e. Stamp Duty (issuance tax and transfer tax)* Swiss stamp duty knows both an issuance tax ("*Emissionsabgabe*") and a Transfer Tax ("*Umsatzabgabe*"). The issuance tax is a tax levied on the issue and increase of equity securities by Swiss issuers. No issuance tax is levied on the issuance of interest bearing securities of Swiss issuers. Therefore, and as it is assumed that the WaterCoin Tokens qualify as interest bearing securities, it is assumed that no issuance tax is levied on the issue of the Tokens. The transfer tax is a tax levied on the transfer of certain securities such as bonds, notes etc (so called taxable securities). The taxable securities can be issued by Swiss or non-Swiss issuers. It cannot be excluded that the Tokens qualify as taxable securities. It is a pre-condition for the application of the transfer tax that at least one of the parties to the transfer of the Tokens or a broker qualifies as securities dealer ("*Effekthändler*") pursuant to Swiss Stamp Duty Act.

B. Assumed treatment of the Tokens e.g under U.S. tax law

No statutory, judicial, or administrative authority directly addresses the characterization of the Tokens or any similar instruments for U.S. federal income tax purposes, and no ruling is being requested from the U.S. Internal Revenue Service with respect to their proper characterization and treatment. Due to the absence of authorities on point, significant aspects of the U.S. federal income tax consequences of an investment in the Tokens are not certain. The Subscriber should consult an own tax advisor concerning the U.S. federal income tax consequences to the Subscriber of acquiring, owning, and disposing of the Tokens, as well as any tax consequences arising under the laws of any state, local, foreign, or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws.

C. General

To get further informations of a respective jurisdiction for an investor in order to find out about the local Tax law for investments into cryptocurrencies, the investor must contact his local Tax office of his domicile to gather more accurate informations. Given the novelty of this kind of investment, there is no adequate informations available at this moment in time, mostly because some of the jurisdictions handle investments in crypto currencies like investments in stocks or bonds whereas some other jurisdictions offer no regulations in the crypto-industry at all yet.

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XVII. Responsibility for the Document

The legal concept of the Tokens is brand new and far from being established. They are rather based on assumptions. Therefore, no statement can be made as to the correctness and accuracy of the information given the legal concept and tax treatment of the Tokens, the Initial Coin Offering and related matters.

XVIII. Company Information (as in the extract from the commercial register)

An extract from the Commercial Register on WaterCoin Group as of 2018 can be found in Annex I.

The board of directors has called a shareholders meeting suggesting the engagement of a statutory auditor (staatlich beaufsichtigtes Revisionsunternehmen)

XIX. Sales Restrictions

This Document does not constitute an offer to sell, or a solicitation of an offer to buy in any jurisdiction in which it is unlawful to make such an offer or solicitation. In addition, the following specific Sales Restrictions apply:

A. No subscription by consumers

The offering and the subscription are strictly limited to Subscribers not acting in their capacity as consumers. A consumer means every natural person who enters into a legal transaction for purposes that predominantly are outside his trade, business or profession (the "Consumer").

B. Limitation to accredited investors in the United States

The Tokens may be offered and sold in the United States only to Accredited Investors, in reliance upon the exemption from registration provided by Section 4(a)(2) and Rule 506(c).

XX. Transfer Restriction

U.S. Transfer Restrictions

The Tokens have not been registered under any U.S. federal or state securities laws and may be offered and sold (i) in the United States, only to Accredited Investors in reliance upon the exemption from registration provided by Section 4(a)(2) and Rule 506(c), and (ii) outside the United States, only to Non-U.S. Persons in compliance with Regulation S. The Tokens are "restricted securities" within the meaning of Rule 144 under the Securities Act ("Rule 144"). If a holder of the Tokens decides to resell, pledge or otherwise transfer the Tokens in the future, the Tokens may be resold, pledged or otherwise transferred only (A) to the Company, (B) outside the United States, in accordance with Rule 903 or Rule 904 of Regulation S ("Rule 903 or Rule 904") and in compliance with applicable local laws and regulations, (C) in a transaction exempt from registration under the Securities Act pursuant to Rule 144 and in compliance with any applicable state securities laws of the United States, or (D) in a transaction that does not require registration under the Securities Act or any applicable United States state securities laws, provided, however, that, in the case of a sale or transfer pursuant to (C) or (D) above, the holder has furnished to the Company an opinion of counsel of recognized standing reasonably satisfactory to the Company prior to such sale or transfer.

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Subscribers, by their purchase of the Tokens, shall each be deemed to have represented, warranted and covenanted to the Company that:

- (1) it understands and acknowledges that the Tokens have not been and will not be registered under the Securities Act or the securities laws of any state and that the offer and sale of the Tokens to it are being made in reliance upon the exemption from registration provided by (i) Section 4(a)(2) and Rule 506(c) and exemptions under applicable state securities laws, or (ii) Regulation S (in the case of Tokens offered in reliance on Regulation S);
- (2) it is either (i) an Accredited Investor (in the case of Tokens offered pursuant to Section 4(a)(2), Rule 506(c) and exemptions under applicable state securities laws), or (ii) a Non-U.S. Person in an offshore transaction meeting the requirements of Regulation S;
- (3) the Tokens will be acquired for investment for its own account, not as a nominee or agent, and not with a view to the distribution of any part thereof, and it has no present intention of selling, granting any participation in, or otherwise distributing the same. It further represents that it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Tokens;
- (4) in making a decision to purchase the Tokens, it has not received or relied on any communication, investment advice or recommendation from the Company or its affiliates and it (i) is capable of evaluating investment risks independently with regard to an investment decision with respect to the Tokens, (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, and (iii) confirms that it has undertaken an independent analysis of the merits and risks of an investment in the Tokens, based on its own financial circumstances. It further represents that it is relying on the information contained in this Document and any information, including financial information, regarding the Company that is publicly available (together with the Document, the "Company Information") in making its investment decision with respect to the Tokens and further acknowledges that no representation or warranty is made by the Company or its affiliates as to the accuracy or completeness of the Company Information;
- (5) prior to the time of purchase of the Tokens, it has received a copy of the Document and it has been afforded the opportunity (i) to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Tokens and (ii) to obtain such additional information which the Company possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy and completeness of the information contained in the Company Information and that it has considered necessary in connection with its decision to invest in the Tokens;
- (6) it is an investor in securities similar to the Tokens or in companies or issuers similar to the Company, and it acknowledges that it is able to fend for itself, can bear the economic risk of, and withstand the complete loss of, its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Tokens. It further represents that it has not been organized for the purpose of acquiring the Tokens;
- (7) it understands and acknowledges that the Tokens will not be and have not been registered under the Securities Act or the securities laws of any state of the United States, and are therefore "restricted securities" within the meaning of Rule 144, and that if in the future it shall decide to resell, pledge or otherwise transfer the Tokens, the same may be resold, pledged or otherwise transferred only (A) to the Company, (B) outside the United States, in accordance with Rule 903 or Rule 904 and in compliance with applicable local laws and regulations, (C) in a transaction exempt from registration under the U.S. Securities Act pursuant to Rule 144 and in

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- compliance with any applicable state securities laws of the United States, or (D) in a transaction that does not require registration under the Securities Act or any applicable United States state securities laws, provided, however, that, in the case of a sale or transfer pursuant to (C) or (D) above, it has furnished to the Company an opinion of counsel of recognized standing, such counsel reasonably satisfactory to the Company, prior to such sale or transfer;
- (8) it understands and acknowledges that the Company is not obligated to file and has no present intention of filing with the SEC or with any state securities administrator any registration statement in respect of resales of the Tokens;
 - (9) it understands and acknowledges that the Company (i) is not obligated to remain a “foreign issuer” within the meaning of Regulation S, (ii) may not, at the time the Tokens are resold by it or at any other time, be a foreign issuer, and (iii) may engage in one or more transactions that could cause the Company not to be a foreign issuer. If the Company is not a foreign issuer at the time of resale pursuant to Rule 903 or Rule 904, the restrictions on transfer set forth above may continue to be applicable;
 - (10) it understands and acknowledges that the Company and its affiliates may rely on the representations, warranties and covenants above;
 - (11) it understands and acknowledges that the Company will not recognize any offer, sale pledge or other transfer of the Tokens made other than in compliance with the above-stated restrictions; and
 - (12) neither the subscriber, the person to be nominated by such subscriber as a director of the Company nor any of subscriber’s Rule 506(d) Related Parties (as defined below), is subject to any Disqualification Event (as defined below), except for Disqualification Events covered by Rule 506(d)(2)(ii) or (iii) under the Securities Act and disclosed in writing in reasonable detail to the Company.

For purposes of item (12) above, “Rule 506(d) Related Party” shall mean a person or entity that is a beneficial owner of such subscriber’s securities for purposes of Rule 506(d) under the Securities Act, and “Disqualification Event” shall mean any of the “bad actor” disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act.

AML:	Anti Money Laundering
CHF:	Swiss Franc
CISA:	Swiss Federal Collective Investment Schemes Act of 23 June 2016
CPA:	Certified Public Accountant
(revised) WATER	
Subscription Agreement:	the agreement to be signed for the subscription of WATER Tokens as included in this Document
WATER Tokens:	the WATERCOIN Tokens
FINMA:	Swiss Financial Market Supervisory Authority FINMA
ICO:	Initial Coin Offering
Investment Company Act:	United States Investment Company Act of 1940
KYC:	Know Your Customer
R&D:	Research and Development
SEC:	Securities and Exchange Commission
US:	United States
USD:	United States Dollars