The CAR Collection

HARD ASSET REVOLVING ICOs

MARCH 2018

Altcoinomy™
Abstract

Hard Asset Revolving ICOs represent a revolutionary approach to democratizing investments in the rarest and most beautiful collectibles in the world. The core concept of our ICOs, as described in detail in our yellow paper, is to tokenize ownership of exceptional hard assets by leveraging the technical possibilities offered by digital ledger technology combined with Ethereum-based smart contracts. This will provide token holders with a level of liquidity and transparency unheard of in the market for "passion assets". Our medium-term goal is to tokenize all the collectibles included in the Knight Frank Luxury Investment Index KFLII.1

The CAR ICO will provide mainstream access to the very exclusive collectible classic car market, with a maximum level of freedom and transparency, and with a small minimum investment amount of USD 1000 or 1 ETHER. This ICO was designed to meet the needs of a wide range of investors regardless of their investment experience, including those who wish to diversify their assets without constraints, those who are seeking to profit from the digital ledger technologies through a liquid investment solution, or those who simply want to protect their wealth from financial market instability.

Classic cars are highly prized by collectors and car lovers. They also represent a tremendous investment opportunity. Over the past ten years, this asset class has generated a return of 334%, making it the best-performing luxury investment (according to the KFLII2) and a better choice than many traditional asset classes.

The CAR ICO will unlock the extraordinary potential of this asset class by creating an exclusive classic car collection and generating the type of “stable token” that the digital community is so eager to embrace. The ICO is underpinned by the two key functions of our smart contracts:

• minting based on a deflationary logic, in order to strictly control the token supply; and

• notarizing all documents related to the co-owned assets, in order to publicly establish and demonstrate token holders’ rights.

1 The Knight Frank Luxury Investment Index (KFLII) tracks the performance of a theoretical basket of selected collectible asset classes – such as art, classic cars and wine – using existing third-party indices. Each asset class is weighted to reflect its relative importance and value within the basket.

2 The Knight Frank Luxury Investment Index (KFLII), Q4 2017.
The CAR ICO is built on three pillars: a secure Swiss-based operational ecosystem, stringent selection criteria for creating a classic car collection for investment purposes, and full transparency. A not-for-profit Foundation will be responsible for acquiring, storing, taking out insurance on, providing maintenance for and selling the specimens in the CAR Collection. The Collection will be stored in a state-of-the-art facility in Geneva, Switzerland. Every specimen in the CAR Collection will be carefully selected by well-known experts who have been buying and selling such cars for the past 30 years. Every document related to the CAR Collection will be entered into the smart contract memory and thus made publicly available.

The CAR ICO offers investors a highly efficient cost structure: 90% of the funds raised will be used to build a collection of exceptional cars. The remaining 10% will be segregated to guarantee the sustainability of the ecosystem and, to a lesser extent, to compensate the ICO team. **99% of the CAR tokens will be distributed to the public and 1% reserved to cover the tokens listing fees.**

This whitepaper describes our innovative solution to investing in collectible classic cars. It reviews the challenges of investing in this market and offers a detailed description of the CAR ICO and the opportunity it represents for investors. It also provides information on operational factors, including the ICO’s ecosystem, the main features of the token sale and the team members.

**We believe that the most beautiful things in this world should belong to everyone and not just a handful of rich people. Welcome to our roaring ecosystem.**
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I. The CAR Opportunity

The CAR ICO is designed to make it easy to invest in exclusive collectible classic cars by tokenizing an exceptional collection of cars and allowing token holders to trade co-ownership shares of that Collection on the Ethereum blockchain. Tokenizing refers to creating “fractions” of the assets represented by the tokens, where token holders are the direct and exclusive owners of the Collection. The only way for co-ownership of the assets to change hands is through the sale of tokens.

In this section, we will highlight the investment opportunity offered by collectible classic cars and show how the CAR ICO is a revolutionary way to democratize investments in prestigious collectible classic cars.

People started collecting cars in the 1930s, first in the US and UK and then in France and Germany. Since then, interest in these collectibles has spread to the Middle East and finally to Asia. The vast majority of the cars initially collected were made in Europe or the US.

It took several decades for the collectible car market to achieve the needed structure to become a real investment market. Before the 1970s, it was difficult for both buyers and sellers to estimate the value of a given car because of the lack of transparency surrounding transactions and the limited availability of market data. This began to change after 1970, with the first car auctions by Christie’s and Sotheby’s. Finally, in 2008, two key events cemented this market’s status as a true investment market.

The first event was the financial crisis, which led wealthy individuals to seek other investment solutions to protect and diversify their assets. They were particularly interested in hard assets, such as collectible cars.

The second event was the creation the Historic Automobile Group International (HAGI™) index, which provides monthly valuation and technical data on vintage cars around the world. HAGI™ is an independent investment research house and think-tank with specialized expertise in the rare classic motorcar sector.
Demand for such cars has been rising steadily since 2008. The market attracts new investors and is supported by major buyers, including public entities – such as America’s Car Museum and the Porsche Museum – and private individuals with world famous collections, such as Ralph Lauren, Jay Leno and the Sultan of Brunei.

The global collectible car market is now thought to be worth USD 55 billion with an estimated annual turnover of 10% \(^3\). This represents a very small fraction of the global historic car market, which HAGI divides into six tiers by price. The HAGI index covers only the top three tiers, at the upper end of the price range.

As explained in this paper, the Foundation will focus its attention on the top three segments of the chart shown above, which together represent GBP 24 billion of this market. We believe that our network of experts is ideally placed to take advantage of the best medium-/long-term investment opportunities in these segments.

In terms of market trends, collectible classic cars have experienced outstanding long-term value growth. Over the past ten years, prices in this asset class have appreciated by over 334%, according to the Knight Frank Luxury Index. In this respect it has outpaced all other luxury investments, even wine and jewelry, which are solid in their own right with price appreciation of 192% and 138%, respectively. It has also outperformed other safe-haven investments such as gold.

\(^3\) HAGI Top 50 index, most recent 12 months, January 2018 (www.hagerty.com).
The following charts show that hard assets are attractive when it comes to diversifying traditional stock, bond and real-estate portfolios. And collectible classic cars are leading the way.

The rising value of collectible classic cars is driven by their scarcity, as very few were produced in the first place, and by the growing number of investors.

That said, 2017 was a tough year for the collectible car market: prices rose by only 2%, which is much lower than in previous years. However, this figure hides important discrepancies in this market, as the most highly desired cars performed extremely well at auction.
“In terms of classic cars, we have recently seen the most expensive Aston Martin ($22.5 million) and McLaren F1 ($15.6 million) go under the hammer, but other auction sales with less stellar cars have disappointed.”

Andrew Shirley, analyst at Knight Frank

Collectible cars will increase in price so long as they are chosen meticulously and on the basis of in-depth expertise. But until now, the opportunity to invest in collectible cars has been limited to an elite. This is because there are several entry barriers that effectively exclude a broader base of investors. The CAR ICO seeks to break down these barriers and unlock this investment opportunity for as many people as possible.

There are four main reasons why investing in collectible classic cars is currently reserved for connoisseurs and wealthy individuals:

- These cars are typically expensive, limited in number and reserved for the best clients
- Apart from the purchase price, annual storage and maintenance fees are quite high
- The minimum investment for car investment funds is high. For instance the IGA fund, launched in 2011 by former Pink Floyd drummer Nick Mason, is known to have an entry ticket of USD 500,000 4
- There is a lack of transparency in car investment funds.

The CAR ecosystem will efficiently break down these barriers to open the market to all investors. Following the ICO, a Swiss-based not-for-profit Foundation will be in charge of acquisitions, insurance, storage, maintenance and the sale of specimens in the CAR Collection. The minimum investment amount will be USD 1000 or 1 ETHER.

4 https://www.justcollecting.com/cars/the-iga-automobile-fund
“Of course I love cars! Being a Formula One driver was always my dream, but I have also always dreamed about cars. With the CAR ICO, I have the opportunity to co-own a beautiful collection of unique cars. Because of my involvement with the CAR ICO, I have met the ICO team. They are not only car experts but also cryptocurrency specialists. I believe this product will attract attention from cryptocurrency professionals and from investors looking to diversify their holdings.”

Romain Grosjean, Formula One driver, Business Angel for Altcoinomy Hard Asset ICOs

The CAR ICO represents a new and unique opportunity for a wide range of investors who have not yet invested in collectible classic cars:

- investors who wish to invest in the hard assets they love, without the physical constraints that usually apply;
- investors who are looking to tap into the cryptocurrency market, and have their investment on the blockchain given the high level of flexibility there; and
- investors who are seeking a diversification play in order to hedge against financial market instability.

The CAR ICO was designed to offer distinctive advantages to token holders. Investing in the CAR ICO means gaining direct exposure to an exceptional collection of collectable cars. Indeed, aside from the small portion (10%) that will be segregated to ensure the sustainability of the ecosystem and to pay the team, 90% of the funds raised will be used to acquire some of the most beautiful cars in the world, which will be directly co-owned by the token holders. The CAR ICO is thus not a project, like other ICOs, with a complicated roadmap requiring months of implementation. In fact, the acquisition of the tangible hard assets will start immediately following the crowdsale. The CAR ICO concept was developed in a detailed yellow paper which includes key parts of our open-source smart contract. Another key feature of the tokens is the fact that they are
totally separate from the assets in the Collection. In other words, buying and selling tokens has no impact on the CAR Collection, so selling tokens does not entail selling the corresponding assets. Once the Collection is completed, only the Foundation in charge of managing it will decide what to sell, when and at what price.

As noted in the Hard Asset Revolving ICOs yellow paper:

“In this model, there is no liquidation of ownership, only the transfer of ownership; no redemption of tokens, only the exchange of tokens. Liquidation at an individual level will not trigger liquidation at the collective level since the non-profit foundation is self-sustained and acts on behalf of the community of co-owners, with a view to preserving their best interests.”

Token holders will benefit from an investment that is backed by an exceptional team of specialists, Swiss-based regulated entities and audited ecosystem members. As highlighted below, the token holders will have full access to all information on the status of their assets at all times, as all relevant documents will be entered in the smart contract memory.

As discussed above, before the CAR ICO, the ability to invest in collectible cars has been limited to a very small segment of the population. The main barrier has been the minimum investment requirement. Purchasing a Bugatti or a Ferrari 575 Superamerica entailed an investment of at least USD 500,000. In addition, classic car investment funds set a very high minimum threshold for investing (USD 500,000 to enter Nick Mason’s IGA fund).
The CAR ICO offers investors a chance to co-own an exclusive classic car collection for as little as USD 1,000, with no additional fees or charges for the token holder. The CAR ICO democratizes the ownership of collectible cars – one of the beautiful things in life that should be owned by more than just a few rich people.

**Key advantages of the CAR ICO versus other ICOs:**

- **Tokens:** direct co-ownership of hard assets versus participation in a yet delivered project
- **Regulatory status:** clear regulatory environment versus uncertain regulatory status
- **Investing:** official currencies and cryptocurrencies (see list of accepted currencies below) versus only cryptocurrencies
- **Token structure:** 99% of the tokens distributed to investors versus less than 50% in current business practice for non hard assets ICOs
- **Ecosystem:** regulated and audited ecosystem based in Switzerland versus unregulated entities spanning numerous countries
- **Anti-money laundering (AML) standards:** High standards in terms of AML checks and investor screening versus low standards and in some cases no check at all.

Let us now have a look at how token holders will co-own one of the most exceptional collections of collectible cars ever created.

**II. The CAR Collection**

**The factors that influence the value of classic cars**

Several parameters go into valuing a collectible car. Contrary to popular belief, however, the age of the car is not a determining factor of value. The primary value drivers are the authenticity of the car and its general condition, the scarcity of the model, and ultimately the legend surrounding it.

(i) The authenticity of the car and its general condition
When looking to purchase a collectible car, it is critical to learn about its history through its maintenance booklet. For example, in the case of Ferraris produced more than 20 years ago as well as all competition Ferraris, Ferrari Classiche issues a certificate of authenticity as well as a document stating that these are “historic cars”. A car’s general condition also has a significant impact on its value. Hagerty has four ratings: concours, excellent, good, and fair. In addition, low mileage and original parts both add value to a car. Any parts that have been replaced must have come directly from the manufacturer and been installed by an expert mechanic.

The following chart shows how the general condition of a classic car influences its value, using the 1984 Ferrari 288 GTO as an example.

<table>
<thead>
<tr>
<th>Condition</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>#1 Concours</strong></td>
<td>$2'700'000</td>
</tr>
<tr>
<td>#2 Excellent</td>
<td>$2'350'000</td>
</tr>
<tr>
<td>#3 Good</td>
<td>$2'100'000</td>
</tr>
</tbody>
</table>

#1 Concours - $2'700'000
Condition #1 vehicles are the best in the world. The visual image is of the best vehicle, in the right colors, driving onto the lawn at the finest concours. Perfectly clean, the vehicle has been groomed down to the tire treads. Painted and chromed surfaces are mirror-like. Dust and dirt are banned, and materials used are correct and superbly fitted. The one word description for #1 vehicles is "concours".

#2 Excellent - $2'350'000
#2 vehicles could win a local or regional show. They can be former #1 vehicles that have been driven or have aged. Seasoned observers will have to look closely for flaws, but will be able to find some not seen by the general public. The paint, chrome, glass and finishes will all appear as excellent. No excessive smoke will be seen on startup, no unusual noises will emanate from the engine. The vehicle will drive as a new vehicle of its era would. The one word description for #2 vehicles is "excellent".

#3 Good - $2'100'000
#3 vehicles could possess some, but not all of the issues of a #4 vehicle, but they will be balanced by other factors such as a fresh paint job or a new, correct interior where applicable. #3 vehicles drive and run well, but might have some incorrect parts. These vehicles are not used for daily transportation but are ready for a long tour without excuses, and the casual passerby will not find any visual flaws. “Good” is the one word description of a #3 vehicle.

* Prices assumes that no major modifications to the vehicle are present.
#4 Fair - $1'900'000

#4 vehicles are daily drivers, with flaws visible to the naked eye. The chrome might have pitting or scratches, the windshield might be chipped. Paintwork is imperfect, and perhaps the body has a minor dent. Split seams or a cracked dash, where applicable, might be present. No major parts are missing, but the wheels could differ from the originals, or other non-stock additions might be present. A #4 vehicle can also be a deteriorated restoration. “Fair” is the one word that describes a #4 vehicle.

(ii) Scarcity

The rarity of a car affects its value in the eyes of collectors. Thus, a Bugatti Royale, only six of which were built, carries a price tag of USD 40 million.

Limited editions of a given model can also add value. For instance the Superamerica edition of the Ferrari 575M is worth five times more than the standard coupe.

(iii) Legend

The third key factor that goes into the value of a car is the legend surrounding it. For instance, the Ferrari F40 (only 1,311 produced between 1987 and 1992) was the last car designed by Enzo Ferrari before he died. The charts below show the valuation history of this legendary car.

Other aspects can influence a car’s value, such as whether it won a motor racing championship or belonged to a celebrity.

Cars that are authentic, in good general condition, rare, and surrounded by a legend can achieve outstanding value growth. This explains the supremacy of high-end Ferraris and post WWII British and German collectible cars.
The above table shows how the prices of some high-end Ferraris have risen over the past five years.

The Foundation’s aim is to source a combination of collectible cars that will appreciate over the short, medium, and long term in order to increase the value of tokens and generate the cash needed for the sustainability of the Foundation. The acquisition strategy will take into account the value drivers described in the previous section.

*Hagerty’s top 1,000 clients  **Hagerty Price Guide «Excellent» condition  ***To September 2017
The Collection will include three categories of classic cars:

- The first category will consist of short- to medium-term investment opportunities. The value of the cars acquired will usually be between USD 100,000 and USD 1m, and they are expected to be sold within five years. Potential purchases include the Porsche 2.7RS and the Ferrari 250GT.

- The second category will represent longer-term investments. It will comprise rarer and more expensive cars with value of USD 1m to USD 3m. They will be the core of the Collection and held for five to ten years.

- The third category will include exceptional and legendary cars, the rarest of the rare. We will keep these pieces in the Collection over the long run, given their outstanding valuation history. These could include the Aston Martin DB4GT Zagatto, the Ferrari 250 SWB or the LaFerrari Aperta.

The exceptional cars purchased for the long term will be a testament to the Collection’s exclusivity. Others will be bought with a view to being sold within five years in order to provide the Foundation with the liquidity needed to purchase new cars and pay the Foundation’s operating costs within the strict cost efficiency plan established by the following budgets. Acquisition decisions will be made by the Foundation in conjunction with the CAR Advisor and other experts.

III. The CAR Ecosystem

IIIa. Key members

The CAR ecosystem is a network of regulated Swiss-based entities and collectible car professionals whose combined efforts will ensure that the CAR Collection is managed in accordance with the highest standards in every respect.
The key members of the CAR ecosystem are the following:

1. A Swiss not-for-profit Foundation

The key function of the Foundation within our ecosystem is to ensure the assets are managed independently and securely, in keeping with the ICO’s objectives. The Foundation, as an independent entity dedicated to managing the CAR Collection, will exhibit outstanding governance practices. It will be governed by independent board members and registered with the Geneva trade registry. The Foundation will also be supervised by the Swiss Foundation Supervisory Authority and audited by a Big Four auditor. In addition, twice a year, the Foundation will periodically hire external collectible car experts to audit the CAR Collection and ensure the resulting inventory is entered into the smart contract memory.

2. A dedicated Collection Manager and an external Advisor

To effectively manage the Collection, the Foundation will work with a Collection Manager and a car Advisor. At the time of writing, appropriate candidates have been identified and contracts have been signed.

The Collection Manager will play the critical role of managing all aspects of the CAR Collection.
He is responsible for sourcing, purchasing, maintaining and selling each of the specimens in the best possible conditions. He coordinates the efforts of the network of car specialists involved in managing the Collection, such as the C advisors and the mechanics. He is the final decision-maker.

The Collection Manager is employed by the Foundation. His salary will be scaled to the total amount of funds raised by the ICO. This ensures he has the objectivity required to determine the best prices for buying and selling the cars.

When researching an acquisition, the Collection Manager will request the support of the external CAR Advisor and mechanics. Yet before making the final decision, he will use his market expertise to negotiate effectively and ensure he gets the best price available on the market. He will draw on his own network of contacts as well.

The Collection Manager’s main duties are:

- identifying and purchasing collectible cars;
- overseeing transport, safe delivery, and insurance;
- keeping tabs on market trends and prices (monitoring the prices of collectible cars monthly by using systems such as the HAGI index);
- managing the relationship with the custodian and ensuring every document related to the status of the CAR Collection is entered in the smart contract memory;
• communicating about the Collection through the CAR ICO website, social media and other PR actions;

• having the Collection inventoried twice a year and having the results entered in the smart contract memory;

• handling legal, administrative and regulatory tasks as well as all operational aspects.

Bernard Santal, the Collection Manager, is a highly qualified and acknowledged specialist. His unparalleled experience with classic cars makes him the ideal person to create a highly exclusive car collection for token owners and unleash its growth potential over the coming years.

Bernard has dedicated his life to collectible cars. He not only grew up surrounded by them, as his father owned and worked on many of these cars, but he raced cars in the early part of his career and subsequently became head of sales for Aston Martin where he advised private clients on acquisitions for their private car collections.

“I was rocked by old cars from an early age since my father had acquired many vintage cars and spare parts. With my two brothers, instead of playing with toy cars, we had the chance to spend our time playing in a real garage, surrounded by legendary brands such as Aston Martin, Jaguar, Ferrari, Facel Vega, Bristol and many more. Then I started karting races and became a professional driver. During my 20-year international career, I was lucky enough to participate in Formula 3 and Formula 3000 races, and after doing some Formula 1 test races with Tyrrell, I took part in the World Touring Car Championships (WTCC) and the World Endurance Championship. I did the Le Mans 24 Hours eight times, winning the LPM2 class twice. After 20 years of racing, I began the second phase of my life in automobiles, eventually becoming head of sales for Aston Martin.
Today, my passion and professional competence have given me a new opportunity to go one step further and realize my childhood dream of creating and managing an exclusive collection of extraordinary cars for a unique, promising and large-scale project.”

Bernard Santal, Collection Manager

The Collection Manager will closely work with the primary CAR Advisor, who is an external specialist. We are deeply honored to work with Tiziano Carugati as our CAR Advisor. His role is twofold: first, he will advise the Collection Manager, providing him with price benchmarks and a range of recommendations for buying and selling cars for the Collection; second, he will compete with the external car advisors in pursuit of the best purchase or sale deals through their respective network of dealers.

Unlike the Collection Manager, the CAR Advisor is not employed by the Foundation. If he secures an interesting deal, he will be paid a percentage of the price of the sourced car. As explained above, the Collection Manager is the final decision-maker and will impartially guarantee that the best deals are reached for the token holders.

Tiziano, our primary CAR Advisor, owns one of the oldest and well-established garages dedicated to collectible cars in Switzerland. His state-of-the-art facility will be used to store the CAR Collection. In exchange for that service, he will be informed by the Collection Manager, before the external car advisors and dealers, of opportunities to buy or sell cars for the Collection. However, he is only allowed to proceed with the deal if he gets a better deal for the Foundation than the other car advisors. A minimum of two car advisors will be pitched for every planned purchase or sale.

In addition, the Collection Manager will document in writing the reasons for all purchasing and non-purchasing decisions. These documents as well as all other documents related to the CAR ICO will be entered in the smart contract memory and thus accessible to all token holders at any time.
3. State-of-the-art storage facilities

The Foundation will ensure that the facility used to store the CAR Collection meets the highest possible standards – standards that private owners of collectible cars could never hope to match.

The CAR Collection will be stored in a highly secured facility in Geneva, Switzerland. The facility is managed by Carugati SA, which has provided this type of specialized storage service for 30 years. For obvious reasons, the address of the facility will be kept secret.

The table below provides an overview of the car storage facility.

<table>
<thead>
<tr>
<th>CAR Storage facility features</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Security</strong></td>
</tr>
<tr>
<td>Limited employee access</td>
</tr>
<tr>
<td>Permanent alarm system</td>
</tr>
<tr>
<td>External and internal closed-circuit television system (CCTV)</td>
</tr>
<tr>
<td>External and internal perimeter security</td>
</tr>
<tr>
<td>External security company in charge of monitoring the site</td>
</tr>
<tr>
<td><strong>Fire protection</strong></td>
</tr>
<tr>
<td>Warehouse has a fire resistant structure</td>
</tr>
<tr>
<td>Early warning fire detection system</td>
</tr>
<tr>
<td>Fire extinguishers throughout the facility</td>
</tr>
<tr>
<td>Monthly inspections and maintenance</td>
</tr>
</tbody>
</table>

The facility owner, Carugati SA, has agreed to the following contractual responsibilities with the Foundation:

- storing the CAR Collection for no fee
- receiving, dividing and transferring acquired cars inside the storage facility
- insurance coverage for fire and other risks
- surveillance of the CAR Collection
- recording every person entering and exiting the facility
- maintaining the Collection and addressing any mechanical problems as needed to ensure the cars remain in the best possible condition.
Carugati SA automatically provides fire insurance for the cars held inside its facility and of which it has taken possession. The coverage is subject to the conditions of its insurance policies, and the annual insurance premium paid by Carugati SA is factored into its fees. The insurance goes into effect as soon as the facility takes possession of a specimen of the CAR Collection and ends as soon as the specimen is outside the perimeter of the facility. The insured amount is shown on the management contract (certificat d’entrepôt). Because the CAR Collection will increase in value and new specimens will be added to the inventory, the Foundation will provide the facility owner with an updated valuation every six months so that the insurance coverage can be modified accordingly.

4. Altcoinomy SA – a Swiss financial intermediary

Altcoinomy SA ("Altcoinomy") is a Swiss financial intermediary owned by an established family office. Altcoinomy is registered with the Geneva trade registry under number CHE-209.239.695 and supervised by the VQF – Verein zur Qualitätssicherung von Finanzdienstleistungen, a self-regulatory organization that oversees fintech businesses and is regulated itself by the Swiss Financial Market Supervisory Authority (FINMA). Its core business is to provide financial services related to cryptocurrencies, drawing on a solid network of business relationships with local private banks. Altcoinomy’s activities are focused on institutional trades and full cash-out (i.e. the conversion of complex cryptocurrency portfolios into official currencies). In the context of the Hard Asset Revolving ICOs, Altcoinomy will be in charge of screening and onboarding investors in accordance with strict anti-money laundering rules. The company will also administer the smart contract, overview notarization of the documentation related to the acquisition of the hard assets and handle the conversion of cryptocurrencies into official currencies and vice versa, as needed in the course of the foundation’s business.

IIIb. Financial considerations

This section outlines the CAR ICO financing arrangement, including the Foundation’s budget, as accurately as possible.

We examined various scenarios based on the amount raised by the ICO. The figures shown in the following chart are based on fees and costs provided by the different entities in the ecosystem (the storage facility, auditor PwC, and insurance company ALLIANZ) in view of the Foundation’s activities and the relevant facts. The cost of membership in a Self-Regulatory Organization, travel expenses to
source the cars and administrative fees incurred by the Foundation are informed estimates. The remuneration figures for the Collection Manager and CAR Advisor are reasonable projections.

For the CAR ICO to be sustainable, the soft cap is set at USD 12 million. This is the minimum amount of funds required for the ICO to be successful.

90% of the funds raised by the CAR ICO will be directly invested in purchasing cars for the CAR Collection. The remaining 10% of the funds will be segregated upfront and used to remunerate the team as well as guarantee the financial sustainability of the CAR ecosystem for at least four years (to cover all operational costs, including the maintenance of the Collection, insurance, the auditor’s fees, the Collection Manager’s salary and administrative costs).

After the first four years, the Collection Manager will seek to pay the Foundation’s operating costs (within the strict cost efficiency plan established by the following budgets) through the partial use of profits generated by the sale of specimens from the CAR Collection. The rest of the profits will be reinvested in order to expand the CAR Collection with new acquisitions.

The following charts provide a detailed breakdown of the CAR ICO annual operating budget in various scenarios.
### CAR Budget

<table>
<thead>
<tr>
<th></th>
<th>Soft Cap</th>
<th>$12,000,000</th>
<th>$17,000,000</th>
<th>$40,000,000</th>
<th>$80,000,000</th>
<th>$100,000,000</th>
<th>$150,000,000</th>
<th>$200,000,000</th>
<th>$300,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL CAPITAL RAISED</strong></td>
<td>$1,200,000</td>
<td>$1,700,000</td>
<td>$4,000,000</td>
<td>$8,000,000</td>
<td>$10,000,000</td>
<td>$15,000,000</td>
<td>$20,000,000</td>
<td>$30,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL SEGREGATED AMOUNT (10%)</strong></td>
<td>$10,800,000</td>
<td>$15,300,000</td>
<td>$36,000,000</td>
<td>$72,000,000</td>
<td>$90,000,000</td>
<td>$135,000,000</td>
<td>$180,000,000</td>
<td>$270,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>CAR COLLECTION VALUE</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

**Number of cars in the collection**

<table>
<thead>
<tr>
<th>50* e.g. Ferrari 250 GTO</th>
<th>3</th>
<th>7</th>
<th>9</th>
<th>16</th>
<th>12</th>
<th>17</th>
<th>20</th>
<th>26</th>
</tr>
</thead>
<tbody>
<tr>
<td>20* e.g. Ferrari 250 Swb aluminium, Jaguar type d</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>15* e.g. Porsche 917 (1970), Mac laren F1 (1995)</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>7* e.g. Ferrari aperta</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>2* e.g. Pagani Zonda</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>1* e.g. Ferrari F40, Mercedes 300 SL papillon</td>
<td>1</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total (in $ million)**

| 10 | 15 | 36 | 72 | 90 | 135 | 180 | 270 |

**Costs ($ per years)**

| Expert valuation costs (400$/ car) | $1,200 | $2,800 | $3,600 | $6,400 | $4,800 | $6,800 | $8,000 | $10,400 |

| Insurance of collectible cars (0.18% of the CAR collection value) | $19,440 | $27,540 | $64,800 | $129,600 | $162,000 | $243,000 | $324,000 | $486,000 |

| Car specific maintenance (2000$ per car) | $6,000 | $14,000 | $18,000 | $32,000 | $24,000 | $34,000 | $40,000 | $52,000 |

| Foundation rent** | $0     | $0     | $0     | $0     | $0     | $0     | $0     | $0     |

| Insurance for car plates** | $0     | $0     | $0     | $0     | $0     | $0     | $0     | $0     |

| Electricity** | $0     | $0     | $0     | $0     | $0     | $0     | $0     | $0     |

| Maintenance cost of rental location** | $0     | $0     | $0     | $0     | $0     | $0     | $0     | $0     |

| Marketing acquisition/sale** | $0     | $0     | $0     | $0     | $0     | $0     | $0     | $0     |

| Other costs & unexpected (0.05% of the car collection value) | $5,400 | $7,650 | $18,000 | $36,000 | $45,000 | $67,500 | $90,000 | $135,000 |

**Total variable costs for CAR Collection**

| $32,040 | $51,990 | $104,400 | $204,000 | $235,800 | $351,300 | $462,000 | $683,400 |

| Foundation audit (BIG 4) | $15,000 | $15,000 | $15,000 | $15,000 | $15,000 | $15,000 | $15,000 | $15,000 |

| Operational costs (accounting / management / marketing / travel) | $12,000 | $17,000 | $40,000 | $80,000 | $100,000 | $150,000 | $200,000 | $300,000 |

| Regulatory costs (costs shared with project WINE & GEM) | $3,000 | $3,000 | $3,000 | $3,000 | $3,000 | $3,000 | $3,000 | $3,000 |

| Salaries*** | $70,000 | $100,000 | $108,217,90 | $122,510 | $129,656 | $147,521 | $165,386 | $201,116 |

| Social costs employee (20% of salaries) | $14,000 | $20,000 | $21,644 | $24,502 | $25,931 | $29,504 | $33,077 | $40,223 |

| Other costs & unexpected (0.036% of the car collection value) | $3,888 | $5,510 | $12,960 | $25,920 | $32,400 | $48,600 | $64,800 | $97,200 |

**Total operational costs for the Foundation**

| $117,888 | $160,510 | $200,821 | $270,932 | $305,987 | $393,625 | $481,263 | $656,539 |

| Salaries*** | $70,000 | $100,000 | $108,217,90 | $122,510 | $129,656 | $147,521 | $165,386 | $201,116 |

**Total annual costs for the Foundation**

| $149,928 | $212,500 | $305,221 | $474,932 | $541,786 | $744,925 | $943,263 | $1,339,939 |

---

* (car value in $ million) **(negotiated with advisor and custodian) *** (397$ additional salary per tranche of 1 mio raised - part time employee in case of funds limited to the soft cap)
## CAR Budget

<table>
<thead>
<tr>
<th></th>
<th>Soft Cap</th>
<th>Hard Cap</th>
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<tbody>
<tr>
<td><strong>TOTAL CAPITAL RAISED</strong></td>
<td>$12,000,000</td>
<td>$300,000,000</td>
</tr>
<tr>
<td><strong>TOTAL SEGREGATED AMOUNT (10%)</strong></td>
<td>$1,200,000</td>
<td>$30,000,000</td>
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<tr>
<td><strong>CAR COLLECTION VALUE</strong></td>
<td>$10,800,000</td>
<td>$270,000,000</td>
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### FOUNDATION BUDGET

<table>
<thead>
<tr>
<th>Sustainability Plan</th>
<th>4 year</th>
<th>5 year</th>
<th>6 year</th>
<th>7 year</th>
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<tbody>
<tr>
<td></td>
<td>$599,712</td>
<td>$850,000</td>
<td>$1,526,107</td>
<td>$2,849,591</td>
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### TEAM RETRIBUTION SCHEME

<table>
<thead>
<tr>
<th>Category</th>
<th>4 year</th>
<th>5 year</th>
<th>6 year</th>
<th>7 year</th>
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</thead>
<tbody>
<tr>
<td>Legal</td>
<td>$120,000</td>
<td>$170,000</td>
<td>$200,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>IT</td>
<td>$120,000</td>
<td>$170,000</td>
<td>$200,000</td>
<td>$2,000,000</td>
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<tr>
<td>Business Angel</td>
<td>$120,000</td>
<td>$170,000</td>
<td>$200,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Project Management</td>
<td>$120,000</td>
<td>$170,000</td>
<td>$200,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Banking fees</td>
<td>$120,000</td>
<td>$170,000</td>
<td>$200,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Altcoinomy S.A, Structurer fee</td>
<td>$288</td>
<td>$0</td>
<td>$2,285,524</td>
<td>$5,620,426</td>
</tr>
</tbody>
</table>

**Total Team retribution:** $600,288 - $20,620,426
IV. The CAR Token

The open-source CAR smart contract is based on the ETHEREUM protocol and complies with the ERC20 standard. Its primary function is to ensure total transparency surrounding the allocation of the investors’ funds at any time. As highlighted in the Hard Asset Revolving ICOs yellow paper, the CAR smart contract will have two key functions:

- Managing the supply of CAR tokens; and
- Notarizing all documentation associated with the Foundation’s work on the CAR Collection, including the exact status of the investors’ funds (in cryptocurrency, official currencies or hard assets), the result of external audits and the CAR Collection inventory.

At any given time, depending on the investment cycle, the assets co-owned by the CAR token holders may be in the form of cryptocurrency (the funds will be held in cryptocurrency – typically ETHER or BITCOIN – while the Collection is being formed), official currencies (the ETH will be converted into an official currency – typically USD – for a very short time before a particular asset is acquired) or hard assets, namely the CAR Collection. At all times, the CAR token holders will have a comprehensive view of their assets, including the proof of balance for each category of assets.
It is important to bear in mind that the vast majority of cryptocurrencies are highly volatile in both directions. The CAR token, given that it will be backed by hard assets with real market value, should be a “stable coin” with low volatility in both directions. Furthermore, in the unlikely event that the Collection needs to be liquidated, the proceeds from the sale of the Collection will be returned to the CAR token holders. This confers further stability and security on the CAR token.

One must also remember that the objective of our Hard Asset ICOs is to remain inflation-neutral and increase the money supply on a revolving basis, as tangible assets are added to the Collection in accordance with a no-leverage, no-dilution economic model. The system will work very similarly to Tether, a cryptocurrency pegged to the US dollar, although ours will provide complete transparency to the token holders regarding what they actually own.

Tokens issued following our Hard Asset Revolving ICOs will be considered “asset tokens” with regard to Swiss law and in keeping with their economic function. This term is defined in the latest Swiss Financial Market Supervisory Authority (FINMA) Guidelines on ICOs, which divide tokens into three categories: payment tokens (means of payment), utility tokens (access to services) and asset tokens, which “represent assets such as a debt or equity claim on the issuer (...) Tokens which enable physical assets to be traded on the blockchain also fall into this category.”

In addition, the smart contracts used in the Hard Asset Revolving ICOs will be designed so that the co-ownership rights related to the Collections are intrinsically embedded in the tokens. This will be achieved through a pioneering use of notarization that ensures that co-ownership rights may only be acquired and exchanged by trading the tokens.

Please refer to our yellow paper for further details on the features of the tokens.

Key features of the CAR token sale include:

- **Minimum investment**: USD 1,000 or 1 ETHER
- **Accepted currencies**: USD/CHF/EUR and various cryptocurrencies depending on the amount to be invested: Bitcoin, Ethereum, OmiseGO, Lisk, Augur, Dash, Ark, Monero, Bitcoin cash, Stratis, Waves, 0X Protocol, Neo, Golem, Maidsafe, Nem, Litecoin and Tether

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• **Minimum Cap**: USD 12,000,000

• **Hard Cap**: USD 300,000,000

• **Onboarding process**: Every investor will be subject to a KYC/AML check, which may include a video call

• **Token minting ratio**: 1 CAR token will be issued for USD 1,000

• **Funds allocation**: 90% of the funds will be used to acquire the CAR Collection and the remaining 10% will be segregated. Half of the segregated funds will be used to cover the foundation’s costs for at least four years and up to the other half to compensate the ICO team (IT, legal, business management, banking fees and marketing, in roughly equal parts).

*The funds allocation structure may slightly vary depending on the amount raised by the ICO. Moreover, additional fees may apply in the context of the conversion of cryptocurrencies to official currencies and vice versa.*
V. The CAR Team

Tiziano Carugati
CAR ADVISOR

Tiziano is one of the leading sellers and collectors of vintage cars in Switzerland. His passion for classic cars owes in part to his family – his father had a particular fondness for Ferraris. Success in this field was not foreordained, however, as Tiziano started out working in the kitchen of his parents’ restaurant. But then, a little over 30 years ago, he decided to turn his passion into his career by launching his car business. Tiziano has become a Ferrari specialist, but he nonetheless appreciates collectible cars of all makes and eras.

Constantin Papadimitriou
CHAIRMAN OF THE BOARD OF ALTCOINOMY

Constantin holds degrees from the University of Geneva and has been the driving force in the development and management of a globally diversified investment portfolio, which currently ranks in the top quartile of the Cambridge Endowment Universe. He is the President and CEO of Diorasis International and General Oriental Investment Ltd. His deal experience and industry contacts provide an invaluable asset to Altcoinomy.
Constantin Lanaras
COFOUNDER & CEO
OF ALTCOINOMY

Constantin received degrees in Management and International Relations from Webster University. He worked in the banking industry at HSBC and specialized in fund management for alternative funds at Capital Management Advisors SA (EFG group) before founding CAPLAND SA. With his expertise, he then co-founded Altcoinomy SA, a pioneering company that breaks down the barrier between traditional banking and the world of cryptocurrencies.

Olivier Cohen
FOUNDER & COO
OF ALTCOINOMY

Olivier graduated from the Toulouse Business School with a degree in Mathematical and Computational Finance and built up his professional skills through positions at MKS Finance, JPMorgan Chase, Millennium BCP and CAPLAND SA. His long-standing interest for computer science naturally positioned him as an early adopter in the field of cryptocurrencies and blockchain technologies. Combining that new-found knowledge with his expertise in banking, he then co-founded Altcoinomy SA, a pioneering company that breaks down the barrier between traditional banking and the world of cryptocurrencies.
Nathalie Barzilay
BUSINESS MANAGER & LEGAL ADVISOR

Nathalie was admitted to the Geneva bar in 2010 and worked for Switzerland biggest law firm Lenz & Staehelin, where she specialized in business and banking law. Five years in, she refocused her career on her passion for jewelry, becoming a GIA Accredited Jewelry Professional and a GIA Graduate Gemologist. She then studied « Art as an alternative investment » at Sotheby’s Institute and gained valuable professional experience with jewelry industry leaders. Challenge-driven, Nathalie is thrilled to apply her skills to the tokenization of prestigious assets.

Bernard Santal
CAR COLLECTION MANAGER

Bernard, a cheesemaker by training, has always been a sports car enthusiast. He started his full-time racing career in 1982, taking class wins at Le Mans in 1993 and 1995 and winning a French Formula 3 race as well. He also raced in the Formula 3000 and the V de V Endurance Series. His passion for cars led him to his current position as a manager in a Geneva garage.
Noé Curtz  
CHIEF TECHNICAL OFFICER

Noé holds a Master’s degree from the University of Grenoble and a PhD from the University of Geneva (Perspectives for Quantum Communication), both in the field of physics. He engaged in teaching and counseling before becoming an IT consultant. Noé’s passion for technology and cryptography and his interest in open-source software drew him to the world of cryptocurrencies.

Laurent Seguy  
BUSINESS DEVELOPMENT COORDINATOR

Laurent graduated from Bordeaux University with degrees in oral implantology and periodontics and became a doctor of dental surgery. In 2001, he developed an interest in wines produced in the Bordeaux region and proceeded to build up a wine Collection and a broad network of contacts. A philatelist and numismatist with a passion for prestigious wines and cars, he has a collector’s soul and recognizes the intellectual and stable value of emotional assets.
Romain caught the motorsport bug in 2000, when he was only 14 years old. Since 2009, he has raced in more than one hundred Formula 1 Grand Prix events around the world. He had ten podium finishes with the Lotus F1 Team between 2012 and 2015. He also put in a very strong performance at the World Championships. In 2016, Romain joined the Haas F1 Team, which is based in the USA. His interest in new technologies and love for collectible cars led him to invest in this promising market.
VI. Legal notice and references

LEGAL NOTICE

INVESTING IN CRYPTOCURRENCIES AND OR TOKENS INVOLVES SIGNIFICANT RISK OF LOSS AND MAY NOT BE SUITABLE FOR ALL INVESTORS. INVESTORS COULD SUSTAIN A LOSS OF SOME OR ALL OF THE INITIAL INVESTMENT. INVESTORS SHOULD BE AWARE OF ALL THE RISKS ASSOCIATED WITH CRYPTO INVESTING AND THE BLOCKCHAIN TECHNOLOGY (INCLUDING AMONG OTHERS LEGAL AND REGULATORY RISKS, TECHNOLOGY RISKS, CYBERSECURITY RISKS AND OPERATIONAL RISKS) AND SEEK ADVICE FROM AN INDEPENDENT FINANCIAL ADVISOR.

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