REGULATIONS FOR THE ASSESSMENT OF THE RELIABILITY OF PROJECT OWNERS

1. DEFINITIONS

Algorithm	The software used by the Company, which automatically provides Project funding recommendations when the relevant data is entered
Company	UAB Sutelktinio finansavimo platforma Profitus, legal entity code 304570552, registered at Lvivo st. 101, Vilnius, Republic of Lithuania, acting as a crowdfunding service provider (i.e. a legal entity that provides crowdfunding services)
Participant	A shareholder, member, or other person who, directly or indirectly, owns an interest in the voting rights or share capital of the Project Owner equal to or exceeding 20 percent or who is in a position to exercise a direct and/or indirect decisive influence over the Project Owner
Investor	A natural persons or legal entity who lends to businesses through a crowdfunding platform or acquires transferable securities or instruments used for crowdfunding purposes
Regulation	Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937
LTV	Ratio between the loan amount and the value of the mortgaged real estate
Reliability assessment	The Company's assessment of the Project Owner's reputation, collateral and creditworthiness.
Platform	A publicly accessible online information system administered and managed by the Company
Project	A project for business, professional, scientific, research and other non-consumption needs, developed and published on the Platform, for which the Project Owner seeks to raise crowdfunding funds;
Project Owner	A legal entity that seeks funding through a crowdfunding platform;
Regulations	Regulations for assessing the reliability of Project Owners
Manager	General Manager of the Company or his/her authorised representative.

2. GENERAL PROVISIONS

2.1. The Company's Regulations set out the requirements and criteria for assessing the reliability, reputation and creditworthiness of Project Owners. Terms used in the Regulations shall be construed as defined in the Regulations themselves, the Regulation and other legislation.

2.2. The Regulations shall be drawn up in accordance with the Regulation and other implementing legislation. The Company hereby confirms, implements and maintains appropriate and effective measures, processes and methods to ensure that these Regulations are observed at all times.
2.3. The Regulations shall be binding on the Company's employees involved in the evaluation and selection of Projects and Project Owners.

3. PRINCIPLES FOR RELIABILITY ASSESSMENT

3.1. The Company shall take the necessary measures to prevent the use of the Platform for criminal purposes. It must also assess the money laundering and/or terrorist financing risks posed by its customers.
3.2. The Company has in place and follows a Conflict of Interest Avoidance and Management Policy to ensure objective assessment of Projects and Project Owners.
3.3. The Company shall take the necessary measures to ensure that crowdfunding transactions conducted through the Platform and the credibility of the Project Owner comply with the requirements set out by law and the Company's internal documents.
3.4. The assessment of the reliability of Project Owners shall be carried out in the following respects:
   3.4.1. assessment of the reputation of the Project Owner, its manager and participants;
   3.4.2. assessment of the creditworthiness of the Project Owner and the provided collateral.
3.5. The Company shall assess objectively foreseeable material factors, taking into account the information provided by the Project Owner and available to the Company, which may affect the reliability of the Project Owner.
3.6. The Company shall immediately cease the announcement and funding of Projects the funding of which does not comply with the requirements of the legislation and/or the Company's internal documents.

4. CRITERIA AND PROCEDURES FOR ASSESSING REPUTATION

4.1. The Company must assess the reputation of the Project Owner, its manager and the participants in the Project before announcing the Project.
4.2. For the purpose of the reputation assessment, the Company shall collect data from the Project Owner (data, documents, written explanations), as well as check public and/or paid databases (e.g. Creditinfo, Ondato, Google, etc.) accessible by the Company, and publicly available and published information on the Project Owner, the its manager and the participants. It is up to the Company to decide to what extent and in which specific sources it will search and verify negative information about the customer and persons associated with the customer.
4.3. The Project Owner must provide his/her information in the questionnaire he/she submits when applying for Project funding on the Platform. The Company may also request additional information not provided in the questionnaire or written explanations, documents clarifying the information received or available.
4.4. For the purposes of assessing reputation, it shall be presumed to be impeccable if there is no evidence to the contrary and there is no reasonable cause to doubt the person's reputation.
4.5. In assessing the reputation, the following circumstances shall be taken into account:
   4.5.1. The Project Owner's criminal record (i.e. whether there are no records in the Register of Records of Judgments) for violations of commercial, insolvency,

financial services, anti-money laundering, anti-fraud or professional responsibility obligations;

4.5.2. credit performance, judicial history, etc;

4.5.3. knowledge and experience in real estate development;

4.5.4. publicly available information on the reputation of the Project Owner, its manager, participants, published in the public domain and/or available in paid databases;

4.5.5. that the Project Owner is not established in a country or territory that is considered to be a non-cooperative country or territory under the relevant policy of the European Union, or in a high-risk third country in accordance with Article 9(2) of Directive (EU) 2015/849.

4.5.6. other criteria that give an indication of the reliability of the Project Owner's reputation.

4.6. In assessing the circumstance referred to in Clause 4.5.1. of these Regulations, the Company shall require the Project Owner to submit documents from official registers.

4.7. The information and other data obtained during the assessment of the reputation of the Project Owner, its Manager and the participants shall be fed into the Company's assessment algorithm, which, based on the overall results, shall decide whether the Project will be published on the Platform and determine the Project's risk category.

4.8. Relevant information found in the course of the assessment of the reputation of the Project Owner, its manager and the participants shall be stored by the Company in accordance with its internal regulations.

4.9. As part of the Company's "Know your customer" approach to assessing the reputation of Project Owners, the Company shall verify information provided by the Project Owner that is relevant to the Project Owner's reliability and creditworthiness.

5. CRITERIA AND PROCEDURES FOR ASSESSING THE CREDITWORTHINESS AND COLLATERAL OF PROJECT OWNERS

5.1. Prior to publishing a Project on the Company's Platform, the Company shall assess the creditworthiness of the Project Owner, which shall include an assessment of the Project Owner's financial situation, the Project and the collateral, taking into account, inter alia, the risk that the Project Owner will fail to repay one or more of the amounts repayable on the due date.

5.2. When assessing creditworthiness, the Company shall collect data from the Project Owner (data, documents, written explanations), as well as check public and/or paid databases (e.g. Creditinfo), publicly available and published information.

5.3. The Project Owner shall usually provide information about him/herself in the questionnaire he/she submits when applying for Project funding on the Platform. The Company may also ask for additional information that was not provided in the questionnaire.

5.4. In assessing the creditworthiness of the Project Owner, the Company shall:

5.4.1. collect and evaluate information on the Project Owner's structure, financial position, including information on its assets, equity, loans and liabilities held, the currency in which the loans and liabilities are borrowed, the duration of the loans and liabilities, the repayment schedules, the interest and other terms and conditions stipulated in the relevant loan or other liability agreements, profitability, etc.; where available, assess, where possible, audited accounts for the last three financial years prepared in accordance with International Financial Reporting Standards (IFRS). Where audited financial statements for the last two financial years are unavailable, the assessment of the financial situation of the Project Owner shall be based on documentation to be prepared by a certified person subject to a professional quality assurance system, including but not limited to tax advisors and accountants;

5.4.2. assess information on the existence and performance of creditors, legal proceedings in which the Project Owner has been a defendant, the Project Owner's reputation, experience in real estate development, information available in public or paid databases, testimonials from customers, partners and other information;

5.4.3. assess the Project Owner's funding objectives, the need for funding, the justification for the use of the funds to be received, the procedures to be followed, the added value of the funding to the Project Owner, the economic potential available and other information;

5.4.4. assess the Project Owner's knowledge of the business sector related to crowdfunding projects and its experience in similar projects;

5.4.5. assess the collateral provided (pledged assets, surety, etc.);

5.4.6. assess the value (intrinsic value) of the asset to be pledged, the degree of pledge, the upside/downside potential of the price, the liquidity and liquidation value, etc.;

5.4.7. assess the LTV ratio of the pledged real estate;

5.4.8. assess the Project Owner's period of operation, and the valuations in the databases;

5.4.9. assess the Project itself, its feasibility, and the Project Owner's stake in the Project;

5.4.10. assess the final beneficiary of the Project;

5.4.11. assess the information received from the Project Owner where appropriate.

5.5. When assessing Project Owners with less than 2 (two) years of operation, or where the Project Owner is a newly established company with no operating history, the Company shall apply a more conservative LTV and take into account the following criteria:

5.5.1. the experience of the Project Owner's shareholders and executives in real estate development;

5.5.2. the financial feasibility of the Project to be funded;

5.5.3. the liquidity of the pledged assets.

5.6. Project evaluation criteria:

5.6.1. The Company shall analyse the following key considerations:

5.6.1.1. the Project itself, its feasibility, and the Project Owner's interest in the Project;

5.6.1.2. the income and cash flows generated by the Project over the last two years, if this is possible for the relevant Project;

5.6.1.3. the final beneficiary of the Project;

5.6.1.4. the projected revenues and cash flows of the crowdfunded Project under different scenarios;

5.6.1.5. the Project's business plan, its feasibility and sustainability;

5.6.1.6. the analysis of the Project's strengths and weaknesses;

5.6.1.7. the competitiveness of the Project in the market.

5.7. The Company shall carry out an assessment of the Project Owner's creditworthiness risk in other cases prescribed by law.

6. CREDITWORTHINESS ASSESSMENT ALGORITHM

6.1. The Company, after collecting all the data and information provided for in Sections 4 and 5 of the Regulations regarding the Project Owner, the collateral and the Project itself, shall determine the Project's level of risk and the Project's overall credit rating and pricing, by using the Credit Assessment Algorithm.

6.2. The risk rating determined by the Algorithm may vary from A+ (lowest risk Projects) to D (high risk Projects).

6.3. The Company shall select the Projects published on the Platform according to the credit risk category of the Project Owner as determined by the Company, which is determined by inputting into the Algorithm the data specified in the Regulations.

6.4. Requirements for Projects published on the Platform:

Entry No.	**Condition**	**Determinable size**
1.	LTV	max. 100%
2.	Maximum loan duration granted	5 years
3.	The Company's credit rating determined for the Project	Project categories from A+ to D
4.	Funded amount	Up to EUR 5 million

6.5. In assessing credit risk, the Company ranks the Projects using the Algorithm, assigning a credit rating to the Project (from A+ to D):

Project credit rating	**Risk**	**Funding decision**
A+	Low risk	Acceptable
A		
A-		
B+	Medium risk	Acceptable
B		
B-		
C+	Higher risk	Acceptable with conditions
C		
C-	High risk	Acceptable with conditions
D	Highest risk	Acceptable with conditions

6.6. In determining the credit rating of the Project under Clause 0, the Company shall use the following evaluation criteria, which shall constitute 100% of the final score, in accordance with the procedures set out in the Regulations below:

a) Financial situation of the Project Owner: 13 – 21%;
b) The value of the collateral provided by the Project Owner (deposit), as well as the LTV indicator: 52 – 66%;
c) Project Owner's reputation/experience, probability of default: 7–15%;
d) Macroeconomic conditions: 5%;
e) Project (business plan), industry and purpose: 1 – 15%;
f) Financial standing of the surety (if the Project is secured by surety): assessed on a case-by-case basis as an additional criterion.

6.7. The Company, with the help of the Algorithm, shall determine not only the Project's credit rating and risk level, but also the maximum loan amount that can be lent to the Project Owner at the time of assessment, the term of the loan, and the periodicity of the interest payment. The Company shall use the Algorithm to assign scores to each of the Project assessment criteria referred to in Clause 6.6 of the Regulations in accordance with the procedure set out in Clauses 6.8 – 6.15 of the Regulations. Each of the criteria set out in Clause 6.6 of the Regulations shall have a different weighting. The final score shall be based on the score for each criterion and its weight in the final score.

6.8. The following data shall be taken into account in the Company's assessment of the Project Owner's financial situation and scoring:

6.8.1. Financial statements for the last three financial years (if any). Audited data shall add an extra point. This data shall be used by the Company to calculate and measure key financial ratios (which are specifically relevant for real estate companies). These indicators shall be used in a weighted format, with newer ones given more weight.

6.9. Creditinfo ratios. Aggregated bankruptcy and delinquency indicators covering open debts, debt history, seizures, social security debts, etc. shall be analysed:

6.9.1. Credit history (including payment history, legal history, seizure history, etc.).

6.9.2. The size of the Project Owner in terms of the number of people/ salaries paid;

6.9.3. Existing liabilities, their impact on the Project Owner;

6.9.4. Other information that may be relevant for the assessment of the financial situation of the Project Owner.

6.10. The following information shall be taken into account in the Company's assessment of the value of the pledged real estate and the scoring:

6.10.1. A property valuation report by an independent real estate valuer acceptable to the Company. The property valuation should be as recent as possible, but not more than one year prior to the consideration of the Project.

6.10.2. Internal assessment, which acts as a control mechanism to check external assessment on the basis of market transactions.

6.10.3. Real estate liquidity. Liquidity depends on the type of property, location, distance to the city centre and other criteria.

6.10.4. Level of mortgage (primary or secondary).

6.10.5. Other relevant information, details about the pledged assets.

6.11. The following information shall be taken into account in the Company's assessment of the Project Owner's reputation/experience and scoring:

6.11.1. Credit history/reputation of the Project Owner and its shareholders/managers.

6.11.2. Shareholder/manager experience in real estate or other projects.

6.11.3. Project Owner's previous cooperation with the Company as a creditor.

6.11.4. Information from publicly available sources and paid databases (e.g. Creditinfo, Ondato).

6.11.5. Information gathered in the “Know Your Customer” process.

6.11.6. Other information.

6.12. The following information shall be taken into account in the Company's assessment of the Project (business plan), the industry and the use and in the scoring:

6.12.1. The business plan and the Project description shall be scored between 1 and 5 points. The main assessment criteria shall be profitability and liquidity, principal risks and opportunities, and past and expected cash flows from the Project. Score:

5 – low risk, high profitability and a very secure business plan.

4 – high profitability and a secure business plan.

3 – medium risk, sound business plan.

2 – lower profitability, business plan with significant risks.

1 – high-risk, speculative business plan.

6.12.2. The Company's assessment of the degree of competition shall take into account the competitiveness of the segment of the real estate market in which the funded project falls:
1 – very little competition
2 – low competition
3 – medium competition
4 – high competition
5 – very high competition

6.12.3. The purpose of the loan shall be assessed depending on the use to which the loan is put (options include: development, rental, speculation, refinancing, etc.).

6.13. The Company's assessment of macroeconomic conditions and scoring shall take into account the current year's GDP figure (using forecasts provided by the Central Bank) and the change in the current year's GDP figure compared to the previous year.

6.14. The LTV indicator shall influence the Project's credit rating as well as the amount of the loan available for funding. The Company may, at its option, set different LTV ratios depending on the type of pledged assets, e.g. liquid real estate may have a higher LTV ratio and less liquid real estate may have a lower LTV ratio.

7. PRICING

7.1. Pricing shall be determined according to the following criteria:

7.1.1. A risk-free interest rate as provided for in Clause 7.2.1.1(4) of the Regulations;

7.1.2. The Project Owner's risk category as defined in Clause 6.5 of the Regulations;

7.1.3. Collateral and/or surety provided by the Project Owner, as provided for in Clause 6.6(b) and (f) of the Regulations;

7.1.4. Fees and administrative costs related to the loan, which are not assessed and included in the cost of the loan at the time of loan origination and are paid by the Project Owner directly to the Company in accordance with rates approved by the Company;

7.1.5. The size of the cash requirement and the timeframe over which the loan must be crowdfunded and disbursed.

7.2. Pricing for Project Owners shall consist of two parts:

7.2.1. Interest paid on borrowings, which consists of two components:

7.2.1.1. Base interest:

1) As the return on investment is risk-adjusted, the interest paid on the loan depends on the risk rating of the Project. When determining the Project's risk rating (from A+ to D), each Project Owner shall be automatically assigned a “base interest”;
2) Minimum base interest rates shall be set for each Project rating. For each Project rating, expected credit losses shall be calculated based on the respective probability of default (PD) and loss given default ratio (LGD). To this indicator we shall add the risk-free interest rate (1-Year Eurozone Central Government Bond rate);
3) In the case of expert assessment, in response to market, economic or other changes, the base rate shall be adjusted (increased or decreased) at a periodicity determined by the Company in accordance with the principles of transparency and consistency.

7.2.1.2. Additional interest:

1) Additional interest shall mean the interest that is added to the base interest of the Project and is calculated on the basis of a financial

market coefficient depending on the fluctuations of the market (money supply and demand) in the individual country. The financial markets ratio is an expertly determined indicator of the supply of and demand for loan rates in a given market. The base interest rate for the Project in each geographical area shall be calculated by multiplying the minimum interest rate for the relevant rating by the following factor;

2) The calculation of the Additional Interest shall take into account the proper and timely implementation of the Project in accordance with the payment schedule, the occurrence of scheduled refinancing in accordance with the Company's internal rules, and the type of collateral(s) provided in the Project (e.g. sub-mortgage). The need for additional interest shall be determined taking into account, inter alia, the size and urgency of the Project;

7.2.2. The brokerage fee paid by the Company for services rendered;

7.2.3. Additional interest payable to investors as may be agreed upon between the Company and the Project Owner, subject to the rules and criteria set out in Clause 7.1. In such a case, the additional share paid by the Project Owner must be clearly identified in the Project Documents. Such additional interest may depend on the amount invested by the investor in order to fund the loan more quickly.

7.3. Subject to Clauses 7.1 and 7.2, the Company has approved its pricing.

7.4. The Company has not established a contingency fund.

7.5. The fees for the services provided by the Company are publicly available in the footer section of the Platform.

8. REFUSAL TO PUBLISH A PROJECT

8.1. The Company shall refuse to publish a Project on the Platform if:

8.1.1. The Project Owner does not meet the Company's criteria for assessing the reputation and creditworthiness of Project Owners;

8.1.2. The Project Owner does not meet at least one of the requirements set out in Clauses 4.5.1 and 4.5.5 of the Regulations;

8.1.3. The Project does not comply with the Project's credit rating set out in Clause 6.5 of the Regulations;

8.1.4. if the information available to the Company gives reason to believe that the publication of the Project on the Company's platform would jeopardise the interests of Investors;

8.1.5. The Project Owner, beneficiaries and/or representatives are at unacceptable risk in accordance with the procedures set out in the internal anti-money laundering implementing documents;

8.1.6. For other compelling reasons determined by the Company.

8.2. In any event, the Company shall have no obligation to publish the Project on the Platform. Also to refuse to publish the Project due to the Company's internal procedures, without giving specific reasons for refusal.

9. LOAN EVALUATIONA CRITERIA AND MONITORING

9.1. The Company shall carry out an assessment of each loan granted to the Project Owners on the basis of the most up-to-date and relevant information and shall ensure that the information used by the Company is not more than 3 (three) months prior to the date of the loan decision. Also, the Company has set a validity period of 90 (ninety) days for the credit committee's decision.

9.2. The valuation of a loan at the time of origination shall take into account the following:

9.2.1. The term of the loan. The Company's loans shall generally be issued for a term of 1 (one) year or less;

9.2.2. The frequency of premium payments and expected future cash flows. Loans granted by the Company shall be repayable at maturity and interest shall be payable at intervals determined by the Company;

9.2.3. A risk-free interest rate (the 1-Year Eurozone Central Government Bond rate is used) to discount the payments made on the loan. The risk-free interest rate is the theoretical interest rate that is not subject to any credit risk, meaning that there is no probability of default. It is used by the Company as a benchmark for other interest rates as it is considered to be the minimum return that an Investor should expect from any risk-free investment;

9.2.4. The interest rate stipulated in the loan agreement, which shall be calculated on a case-by-case basis taking into account all the criteria set out in Clause 9.3 of the Regulations;

9.2.5. The likelihood of default by the Project Owner;

9.2.6. The value of any deposit used by the Project Owner to secure the loan, as provided for in Clause 6.9 of the Regulations;

9.2.7. The use of other collateral to secure the loan and the amount of security they provide.

9.3. When assessing a loan that has already been granted, the following shall be taken into account:

9.3.1 The time remaining until the end of the loan term;

9.3.2 Probability of default.

9.4. In the case of a loan valuation for an outstanding loan in the event of default by the Project Owner, the following shall be taken into account:

9.4.1. A conservative assessment of collateral and deposit;

9.4.2. Other costs and charges related to debt recovery.

9.5. The Company shall monitor loans on an ongoing basis throughout the life of the funding, from the disbursement of the loan until the loan is fully discharged. The aim is to identify potential problems and/or negative trends at an early stage in the event of a negative development, and to develop an action plan early enough to avoid or at least minimise the magnitude of the likely losses:

9.5.1. Monitoring of payments. Information on Project Owners' payment delays – amounts and days – shall be collected on a weekly basis (or as required).

9.5.2. Deposit monitoring. As the Company's loans are generally granted with a fixed maturity of no more than 1 (one) year and 6 (six) months, no new independent valuation of the assets shall be required during this period, but any negative information relating to the deposit shall be continuously assessed. In the case of the funding in stages, the deposit shall be assessed each time an additional amount is approved.

10. FINAL PROVISIONS

10.1. These Regulations shall come into force on the date of their approval and may be repealed or amended only by order of the General Manager of the Company.

10.2. The Credit Risk Manager shall be responsible for the implementation and compliance with these Regulations.

10.3. The Company shall be obliged to keep the information, data and documents collected (assessed) during the creditworthiness assessment for a period of 8 (eight) years from the date of fulfilment of the obligations under the Funding Transaction, if other legal acts regulating the legal protection of personal data and the safekeeping of documents do not stipulate a longer term for keeping documents. Alternatively, this term may be further extended by a maximum of 2 (two) years on the reasoned instruction of the competent authority.