

INVESTMENT RISKS OF UAB “Sutelktinio finansavimo platformos “Profitus”

Investing in real estate/securities through a crowdfunding platform, like all other investment opportunities, involves various types of risks. PROFITUS will make every effort to minimize the impact of risks, which means that it will constantly monitor the changing environment with identified potential risks and apply the planned methods of managing them.

- **General investment risk.** The value of investments in real estate may fluctuate in the short term depending on the general economic situation, real estate rental and sales prices, demand and supply fluctuations. It will be recommended to invest in real estate with a focus on the medium and long term, so that the investor can avoid the risk of short-term price fluctuations.
- **The risk of changes in the Lithuanian economic situation and tax system.** Changes in economic indicators related to real estate are possible, for example, depreciation of real estate, a decrease in the income of the project owner, inflation, changes in real estate taxation. The platform will constantly monitor and evaluate economic indicators in order to update the activity plans of new projects as soon as possible in accordance with the changing environment.
- **Risk of project owner default or poor performance.** Evaluation of real estate project owners and projects according to a unique and extremely demanding algorithm that includes many variables such as: age, gender, salary, source of income, education, presence/absence of criminal record, previous financial obligations, etc. Also, real estate projects (both financial, technical and general information) are evaluated by specialists with many years of experience in the field of real estate. Each project is secured by a real estate mortgage, and in case of default interest and recovery from the mortgaged property are applied. Detailed procedures are described for this purpose: the procedure for assessing the credibility of project owners, the procedure for debt recovery and the procedure for resolving disputes in financing transactions.

After evaluating the project, the owner of the project and the pledged property, one of the 4 possible risk levels is presented (the investor can see them next to the project information):

A – low risk

B – medium risk

C – higher risk

D – highest risk

Projects of other risk levels are not financed.

- **Liquidity risk.** Risk of losses, which is possible due to low liquidity - it is difficult to sell assets in the short term and at the desired price. In order to reduce liquidity risk, platform specialists will constantly monitor the real estate market and predict critical paths.
- **Decrease in rental return or vacancy and lower than planned increase in real estate sales.** The risk of a decrease in rental income paid to the owner of the real estate project in the event of an extremely high supply of rental premises and a decrease in demand. In this situation, the investor's rental return may decrease. Continuous analysis and evaluation of economic and other indicators influencing rental income, warning the owner and investor of a real estate project about a possible situation.
- **Incorrect deadline and higher costs of the developed real estate project.** The deadline for real estate projects developed by real estate project owners may take longer than originally planned and may cost more, which may result in delayed payments by real estate project owners. The platform operator will evaluate the projects of the owners of real estate projects according to unique, highly demanding algorithms.

Other information

Investing is associated with the risk that you will not get back the invested funds, so you must understand that the investment decision is your responsibility and invest responsibly. You choose the level of riskiness and the project in which we will invest individually, so PROFITUS, as a technical intermediary, does not take responsibility for your losses.

Before investing on the platform, you have to evaluate your investment experience, knowledge, financial situation and familiarize yourself with possible risks. For this purpose, after connecting to the platform, you will find the Investor's questionnaire, which we recommend you fill out and self-evaluate.

The suitability of your experience and knowledge has not necessarily been assessed prior to granting you access to this investment opportunity. When investing, you assume all the risk for this investment, as well as the risk of partial or complete loss of the invested money.

You may not get any return on your investment.

This is not a savings product and we advise you to invest no more than 10% of your net worth in crowdfunding projects.

You may not be able to sell your investments when you want to. If you succeed in selling them, however, you may incur a loss.

We remind you that crowdfunding is not subject to the prohibition provided by the Law on Deposits and Liabilities to Investors of the Republic of Lithuania.

If you have questions about risks or preventive measures, please contact PROFITUS by e-mail support@profitus.lt