

Approved:
by order of the head
of UAB “Nordstreet”
of 29 September 2021
No. 2021-09-29 VĮ-1

UAB NORDSTREET
RULES FOR ASSESSING THE RELIABILITY OF PROJECT OWNERS

I. GENERAL PROVISIONS

1. The rules for assessing the reliability of project owners (hereinafter – the **Rules**) of UAB “Nordstreet” (hereinafter – the **Company**) set forth the requirements for assessing reliability of project owners, including criteria for assessing the reputation and creditworthiness of project owners.
2. The terms used in the Rules shall be understood as they are defined in the Law on Crowdfunding of the Republic of Lithuania, unless otherwise specified in the Rules.
3. The present Rules set out the procedure to be followed by the Company.
4. The Rules have been drawn up in accordance with the Law on Crowdfunding of the Republic of Lithuania and the legal acts accompanying and implementing it.
5. The Company shall adopt, implement and maintain appropriate and effective measures, processes and methods to ensure continued compliance with these Rules. The Company must take the necessary precautions to prevent the use of the Company’s Platform for criminal purposes.

II. TERMS AND DEFINITIONS

6. Unless the context requires otherwise, the capitalised terms used in these Rules shall have the following meanings:
 - 6.1. “**Avietė**” means a financial engineering facility “Crowdfunding loans “Avietė”” of UAB “Investicijų ir verslo garantijos”.
 - 6.2. **Company** means UAB Nordstreet, company code 304565690.
 - 6.3. **Company’s Platform** means an information system administered by the Company (<https://www.nordstreet.com/>), through which crowdfunding is carried out.
 - 6.4. **Operator** means a legal entity administering the assets provided for in the Project.
 - 6.5. **Participant** means a shareholder, participant of the Project Owner or another person whose share of directly or indirectly held voting rights or the authorised capital is equal to or exceed 20 percent or who may have a direct and / or indirect decisive influence on the Project Owner.
 - 6.6. **Project Owner** or **Customer** means a person initiating a Project, which the Company announces to financiers through the Company’s Platform.
 - 6.7. **Law** means the Law on Crowdfunding of the Republic of Lithuania.

- 6.8. **Reliability Assessment** means an assessment of the reputation and creditworthiness of the Project Owner, carried out by the Company.
- 6.9. **Manager** means a Director of the Company.
- 6.10. **Supervisory Authority** means the Bank of Lithuania.
- 6.11. **Buy-to-let Project** means a project during which real estate is purchased with the aim of renting it out and selling it more profitably at the end of the project term.
- 6.12. **Project** means a project prepared to satisfy business, professional, scientific, research and other needs, except for consumption, and published on the Platform, for the implementation of which the Project Owner seeks to attract crowdfunding funds.
- 6.13. **Assessor** means an employee of the Company appointed by the order of the Manager, who performs the assessment of reputation and creditworthiness, provided for in these Rules.

III. REPUTATION ASSESSMENT CRITERIA AND PROCEDURES

7. When assessing the reputation, the Company shall contact the Project Owner in order to assess the information about the Project Owner's manager and its Participants. If the Project Owner is a natural person (entrepreneur), information about the Project Owner himself is collected and evaluated.
8. For the purposes of assessing the reputation of the Project Owner, the information requested shall be provided in a standardised form by completing the form provided in Annex No. 1 to these Rules. If necessary, the Assessor may request for additional information from the Project Owner, which is required for the assessment of the Project Owner's reputation.
9. In the assessment of reputation, it is considered to be acceptable when there is no evidence to the contrary and there is no valid reason to doubt the person's reputation.
10. The following factors shall be considered in assessing reputation:
- 10.1. whether the Project Owner complies with the condition specified in Item 1 of Paragraph 1 of Article 8 of the Law;
 - 10.2. whether there is evidence to that the person being assessed is not fulfilling or has not fulfilled its creditor obligations;
 - 10.3. whether there are and / or have been civil lawsuits, administrative or criminal lawsuits, investments or risks taken and loans taken that could have a material effect on a person's financial soundness;
 - 10.4. whether there are other factors of negative reputation listed in Annex No. 3 to the Rules.
11. In order to assess the reputation of the Project Owner, the Assessor:
- 11.1. must collect and assess the information on the Project Owner's manager and its Participants whose share of voting rights or authorised capital owned directly or indirectly is equal to or exceeds 20 percent or which may have a direct and / or indirect decisive influence on the Project Owner. If the Project Owner is a natural person (entrepreneur), information about the Project owner himself shall be collected and assessed.
 - 11.2. after collecting and evaluating the obtained data (Paragraph 11.1 of these Rules), before publishing the project on the Company's Platform, in all cases there must be sufficient grounds for it to believe that all the persons listed in Paragraph 11.1 of the Rules meet all the **minimum reputation assessment criteria**, i.e. that the persons listed in Paragraph 11.1 of the Rules:

- 11.2.1. do not comply with the conditions specified in Item 1 of Paragraph 1 of Article 8 of the Law, i.e. it is necessary to make sure that the Project Owner, its managers and / or Participants have not been convicted of a crime or criminal offence related to money laundering or terrorist financing, a serious, very serious crime or a crime or a criminal offence against property, property rights and property interests, economy and business order, financial system or similar criminal offences under the criminal law of other countries, if their conviction has not expired or less than 3 years have passed after the entry into force of the court's ruling convicting the person of the specified criminal offences;
 - 11.2.2. do not comply with the other conditions referred to in Annex No. 3 of the Rules, , in presence of which it shall be automatically considered that the reputation of the Project Owner cannot be deemed acceptable.
12. For the purposes of assessing the reputation of the Project Owners, the Company shall rely on:
 - 12.1. documents submitted by the Project Owners, their managers and Participants;
 - 12.2. written explanations provided by the Project Owners, their managers and Participants;
 - 12.3. publicly available and published information about the Project Owners, their managers and Participants;
 - 12.4. the data provided by the Creditinfo system (hereinafter – **Creditinfo**) administered by UAB “Creditinfo Lietuva”;
 - 12.5. the registers administered by the State Enterprise Centre of Registers (Real Property Register, Register of Legal Entities, Register of Property Seizure Acts, etc.);
 - 12.6. the data provided by the Departmental Register of Wanted Persons administered by the Department of Informatics and Communications, as well as other reliable databases lawfully accessible to the Company.
13. When assessing the reputation of the Project Owners, the Company shall receive a written confirmation from the Project Owners, when they are to re-publish the Project through the Company's Platform, that the essential information about the Project Owner has not changed. In this case, the Company shall not be required to re-check the information provided by the Project Owners, unless the Company has reason to doubt the reliability of the responses provided.
14. The Assessor, having collected sufficient information from the Project Owner to assess reputation of it, its managers and Participants, shall assess the totality of the collected information and decide whether the Project Owner's reputation is acceptable for publishing its Project on the Company's Platform. The Project Owner's reputation assessment process shall take place in two stages:
 - 14.1. first, it is ascertained whether all persons listed in Paragraph 11.1 of the Rules meet **all the minimum reputation assessment criteria** (as provided for in Paragraph 11.2 of the Rules), i.e. the Company must satisfy itself that the persons listed in Paragraph 11.1 of the Rules do not meet (i) the condition specified in Item 1 of Paragraph 1 of Article 8 of the Law; (ii) do not meet the conditions specified in Annex No. 3 to the Rules, in presence of which it shall be automatically considered that the reputation of the Project Owner cannot be deemed acceptable. If the Assessor determines that the Project Owner, its manager and / or a Participant does not meet all the minimum reputation assessment criteria, the Project Owner's Project cannot be published on the Company's Platform. Only if the Assessor can reasonably be sure that all the minimum reputation assessment criteria are met can a second stage of the reputation assessment be carried out;
 - 14.2. second, if the Assessor is satisfied that the minimum reputation assessment criteria are met, the **supplementary reputation assessment criteria** shall be taken into account,

that may affect the Project Owner's final reliability rating, i.e. the final Project Owner assessment rating (assigned risk class) may be reduced if there are any additional negative reputation assessment factors listed in Annex No. 3 to the Rules. The procedure for downgrading the final assessment rating (assigned risk class) of the Project Owner is also provided in Annex No. 3 to the Rules.

IV. SUPPLEMENTARY ASSESSMENT OF PROJECT OWNERS SEEKING TO USE THE FINANCIAL FACILITY "AVIETĖ"

15. If the Project Owner seeks to take the opportunity to use the funds of the facility "Avietė" to finance its Project, on the Company's Platform, the Assessor must additionally assess and determine whether the Project Owner meets the following conditions:
 - 15.1. Whether the Project Owner complies with the definition of a small and medium business entity as defined in the Law on the Small and Medium-sized Business Development of the Republic of Lithuania;
 - 15.2. Whether the purpose of the loan to be financed through the Platform is to supplement an investment or a deficient working capital.
16. After assessing the circumstances provided for in Paragraph 15 of the Rules, the Assessor shall also determine whether one or more of the following circumstances exist:
 - 16.1. insolvency proceedings have been (or could be) initiated against the Project Owner;
 - 16.2. the Project Owner has used the funds of the facility "Avietė" in the last 6 months (before 31 December 2020, the Project Owner is allowed to use the funds of the facility "Avietė" twice in a period of 6 months).
 - 16.3. the Project has a creditworthiness rating lower than 3;
 - 16.4. the crowdfunding funds sought to be raised by the Project Owner are not intended for refinancing of loans or financial liabilities, financing of financial activities or financing of residential real estate.
17. In order to use the funds of the facility "Avietė", the Project Owner (and the Project) must comply with the conditions provided for in Paragraph 15 of the Rules and the Assessor must determine that none of the circumstances provided for in Paragraph 16 of the Rules exist. If this condition is not met, the Project Owner's Project may be published on the Platform, but may not use the funds provided by the facility "Avietė".
18. Until 31 December 2020, when assessing the Project Owner for to the possibility to initiate insolvency proceedings against it in accordance with the Law on Insolvency of Legal Entities of the Republic of Lithuania, pursuant to Paragraph 16.1 of the Rules, the Project Owner's ability to meet its liabilities shall be assessed according to the latest available data, older than of 3 March 2020 but newer than of 31 December 2019.

V. CRITERIA AND PROCEDURES FOR ASSESSING CREDITWORTHINESS OF THE PROJECT OWNERS

19. Before publishing the Project on the Company's Platform, the Assessor must assess the creditworthiness of the Project Owner.
20. In assessing the creditworthiness of the Project Owner, the Assessor shall:
 - 20.1. collect information on the financial position of the Project Owner, including information on its liabilities;
 - 20.2. assess whether the Project Owner is realistically able to meet the liabilities to the financiers within the set deadlines, namely whether the Project Owner's projected income from the Project would be sufficient to fulfil the obligations assumed under the crowdfunding transaction;

- 20.3. make sure that no bankruptcy or restructuring proceedings have been instituted against the Project Owner.
21. If, when assessing the creditworthiness of the Project Owner in accordance with Paragraph 20 of the Rules, the Assessor determines that the Project Owner is high risk, the Project Owner would be offered to provide additional collateral.
22. In order to assess the creditworthiness of the Project Owner, sureties or guarantors (if any) in accordance with Paragraph 20 of these Rules, the Assessor shall – directly or using the services of third parties (including credit bureaus) – collect, process and rely on information obtained from external databases (according to the data of PE “Center of Registers”, the Credit Risk Database administered by the Bank of Lithuania, etc.).
23. In order to assess the creditworthiness of the Project Owner in accordance with Paragraph 20 of these Rules, the Assessor shall also assess the information and warranties provided by the Project Owner:
 - 23.1. by filling in a standardised form prepared by the Company (a registration form);
 - 23.2. by filling in the Project Owner’s application for a financing transaction;
 - 23.3. in its responses to other inquiries from the Company to the Project Owner, if any.
24. The Assessor shall ask the Project Owner to fill in a standardised form (a registration form) and provide the following data and information:
 - 24.1. the last certified financial statements of the Project Owner and a guarantor or surety (if any) for the last 2 (two) years of operation, which consist of the balance sheet and profit (loss) statement;
 - 24.2. additional information (according to the form established by the Company) with explanations, i.e. decipherments regarding:
 - 24.2.1. Fixed assets;
 - 24.2.2. Current assets;
 - 24.2.3. Accounts receivable within one year;
 - 24.2.4. Non-current liabilities;
 - 24.2.5. Current liabilities;
 - 24.2.6. Accounts payable within one year;
 - 24.2.7. Depreciation;
 - 24.2.8. Part of the loan to be repaid and the interest paid;
 - 24.2.9. List of shareholders;
 - 24.3. In respect of the property planned to be pledged by the Project Owner and a guarantor or surety (if any), the appraisal of the property by the appraisers and an inspection report on the value of the property with photographs (or an equivalent of the appraisal);
 - 24.4. a brief business plan or a brief loan utilisation and repayment plan according to the submitted form or the information provided by the Project Owner;
 - 24.5. if necessary – a statement of the main current account of the Project Owner for at least 6 months, except in cases when the Project Owner has been operating for less than 6 months. If the Project Owner has been operating for less than 6 months, it shall be requested to provide a statement of the Project Owner’s main current account for the entire period of its operations. If a guarantor or surety is a natural person, his consent to the verification of his personal data in external databases and a statement of his main bank account for a period of at least 6 months shall be provided, except in cases where he has been in operation for less than 6 months;

- 24.6. contact details (name, surname, residential address, e-mail, telephone (if any), mobile phone, position) about the Project Owner's manager, the manager of the guarantor or surety, if the guarantor or surety is a legal person, data of the guarantor or surety (if the guarantor or surety is a natural person);
- 24.7. contact details (name, surname, residential address, e-mail, telephone (if any), mobile phone, position) and personal and / or company code of each Participant of the Project Owner (contact details, personal identification number shall be provided and share of the shares held shall be specified);
25. In order to assess the information on the financial position of the Project Owner, guarantor or surety (if any) and the ability of the Project owner, guarantor or surety (if any) to meet its financial liabilities, the Assessor shall, on the basis of the data collected, assess:
 - 25.1. financial situation of the Project Owner, guarantor or surety (amount of income, sources of income, their diversity, sustainability, profitability, possible change in the future, etc.);
 - 25.2. history of the Project Owner, guarantor or surety and information on current and past failure to meet financial liabilities;
 - 25.3. current and projected liabilities of the Project Owner, guarantor or surety, if the Company is or should be aware about them;
 - 25.4. the impact of the circumstances referred to by the Project Owner or known to the Company on the economic and financial situation of the Project Owner and the ability of the Project Owner to properly meet its financial liabilities throughout the entire period of validity of the contract.
26. If the data provided by the Project Owner differ from the data obtained from the databases by the Company, the data on the basis of which the creditworthiness assessment of the Project Owner would be more conservative will be used for the creditworthiness assessment of the Project Owner.
27. The Company shall individually assess each Project Owner, guarantors or sureties, collateral (if any) – the creditworthiness assessment will be performed in an expert manner.
28. In carrying out the creditworthiness assessment, the Company shall seek to assess the probability that the financier would suffer loss. The Company shall classify the credit risk of Project Owners to: low (1), medium (2), higher (3), high (4), too high (5). Project Owners shall be classified according to credit risk based on the assessment of the criteria listed below (and according to the following formula provided for in Annex No. 3 to the Rules):
 - 28.1. Debt service coverage ratio;
 - 28.2. Financial debt and earnings before interest, taxes, depreciation and amortization (EBITDA) indicator;
 - 28.3. Sales revenue change indicator;
 - 28.4. Operating profitability indicator;
 - 28.5. Equity ratio indicator;
 - 28.6. Current liquidity ratio indicator;
 - 28.7. Industry assessment indicator;
 - 28.8. Business plan assessment indicator;
 - 28.9. Indicator of meeting previous liabilities.
29. For each indicator, the appropriate level of importance has been determined as well as the expected coefficient and the evaluation formula have been derived.

30. The value calculated according to this creditworthiness assessment formula describes the probability of suffering losses by the financier, which is presented as the opinion of the Platform Operator. The rating scale is as follows:
 - 30.1. **Class 5 (E)** (Very poor position, unsatisfactory) – Excessive credit risk
 - 30.2. **Class 4 (D)** (Poor position) – High credit risk
 - 30.3. **Class 3 (C)** (Average position) – Higher credit risk
 - 30.4. **Class 2 (B)** (Good position) – Average credit risk
 - 30.5. **Class 1 (A)** (Very good position) – Low credit risk
31. Should there be any guarantors or sureties, their creditworthiness would be assessed in the same way as of the Project Owners. If the risk of the Project Owner were average, but the obligations of the Project Owner to the financiers were secured by a guarantee or suretyship by a third party with a low risk, the final credit risk of the Project Owner would be assessed as low.
32. In appraising the real estate proposed to be pledged, the Company relies on the relevant conclusions of independent appraisers and / or other reliable external sources (for example, data from the Real Property Register). In all cases, the Assessor shall additionally collect publicly available information about the real estate proposed to be pledged (its location, condition, purpose, etc.) and make a critical assessment of the content of the provided data on the value of this particular real estate. In case of doubt about the submitted data on the value of the real estate, the Assessor must rely on the most conservative data.
33. In addition, the Company shall specify to the financiers the value of the real estate to be pledged and assess the reduced probability of suffering losses by the financier. When assessing the final criterion (the creditworthiness risk class assigned), the Platform may also use the LTV (loan to value) indicator, depending on the value of which the final creditworthiness [risk] class may be changed:
 - 33.1. in this case, if the ratio of the pledged assets to the total loan amount is over 70% (LTV more than or equal to), the collateral ratio shall be considered acceptable, but shall not affect the final creditworthiness points of the Project Owner.
 - 33.2. in this case, if the ratio of the pledged assets to the total loan amount is 70% (LTV less than or equal to 70%), the collateral ratio shall be considered to be standard and may increase the creditworthiness assessment score of the Project Owner to 0.5 final creditworthiness points;
 - 33.3. in this case, if the ratio of the pledged assets to the total loan amount is 60% (LTV less than or equal to 60%), the collateral ratio shall be considered to be liquid and may increase the creditworthiness assessment score of the Project Owner to 1 final creditworthiness point;
 - 33.4. in this case, if the ratio of the pledged assets to the total loan amount is up to 50% (LTV less than or equal to 50%), the collateral ratio shall be considered to be low risk and may increase the creditworthiness assessment score of the Project Owner to 1.5 final creditworthiness points;
 - 33.5. in this case, if the ratio of the pledged assets to the total loan amount is up to 40% (LTV less than or equal to 40%), the collateral ratio shall be considered to be low risk and may increase the creditworthiness assessment score of the Project Owner to 2 final creditworthiness points.
34. The Company shall enter into a contract with UAB “Creditinfo Lietuva” thereby obtaining access to the Creditinfo credit bureau system. By using this system, the Platform Operator shall check the data on the Project Owner’s existing and overdue arrears, which are not yet reflected in the financial statements submitted by the Project Owner. When additional

information on arrears is found, the Operator shall recalculate the indicators specified in Paragraph 28 and carry out a re-assessment of creditworthiness.

35. The Company shall also enter into a contract with Creditinfo for the exchange of debtor data and upload data on the loan received by the Project Owner to the Creditinfo system to ensure greater investor security.
36. The final creditworthiness class (assigned risk class) of the Project Owner may also be adjusted in accordance with supplementary criteria of assessment of reputation of the Project Owner, its managers and / or Participants, provided for in Annex No. 3 to the Rules. The procedure for downgrading the final assessment rating (assigned risk class) of the Project Owner is also provided in Annex No. 3 to the Rules.

VI. ASSESSMENT CRITERIA AND PROCEDURES FOR BUY-TO-LET PROJECTS

37. Prior to publishing a Buy-to-let Project on the Company's Platform, the Assessor must assess the technical characteristics of the Project property, the project documents and the creditworthiness and reliability of the Owner and the Operator.
38. When assessing a Buy-to-let Project, it shall assess:
 - 38.1. the Operator's experience in leasing analogous properties, the number of managed objects and reputation.
 - 38.2. Assessment of the Project Owner, existing or newly established company (assessment of the company's performance indicators according to Paragraph 28 of the procedure).
 - 38.3. Purpose of the real estate (residential, recreational, creative workshop, commercial or real estate of other purpose).
 - 38.4. Location (classed to Capital, Top 3 Big City, Resort City, Smaller than Top 3 City).
 - 38.5. Location in the city (upscale neighbourhood, old town, center, residential neighbourhood, suburb or another location).
 - 38.6. Year of construction of the real estate (new construction (up to 10 years ago), newly reconstructed / renovated (up to 10 years ago), older construction (from 10 to 30 years ago), old construction (more than 30 years ago)).
 - 38.7. Floor area of the real estate to be purchased (up to 50 sq. m, up to 65 sq. m, up to 80 sq. m, up to 100 sq. m, over 100 sq. m)
 - 38.8. Price of the real estate to be acquired and the value determined in the appraisal of the real estate (purchase price lower by 10%, lower by 5%, equal to the purchase price, less than the purchase price).
 - 38.9. Condition of the purchased real estate (newly fitted-out, good condition, satisfactory condition, due for repair).
 - 38.10. Business plan (analysis of expected rental flows and planned rental income, which is classed to: less than EUR 8 / sq. m, EUR 8-12 / sq. m, EUR 12-15 / sq. m, more than EUR 15 / sq. m).
 - 38.11. the assessment of the price dynamics of similar properties in the publicly available real estate market review (s) published in the last or current year and the expected price growth (price growth is higher than provided in the business plan, corresponds to the business plan, smaller than in the business plan, negative price change).
39. The valuation report of the property to be acquired, submitted to the Company from the list of appraisers acceptable to the Company, which must not be older than 6 months. At the same time, the Assessor must check and make sure that the price of similar properties for sale is not considerably lower (by more than 20%) in publicly available databases and portals.

40. The impact of the repair or fitting-out of the Property envisaged in the project (if such is planned), calculating the LTV (loan-to-value) ratio. It is assumed that future repairs would increase the market value of the real estate at least by the amount of the costs provided in the estimate, so that in calculating the LTV (loan-to-value) ratio the future repair costs would be added to the market value established in an independent appraisal, provided that the presented estimate does not exceed EUR 250 / sq. m. If the estimate provides for a higher amount of costs per square meter of the Property, then the added amount of costs shall be no less than EUR 250 / sq. m.
41. Documents submitted for the planned major repairs / reconstructions of the property. The Project Owner must provide all the documents required for the reconstruction (permits, designs and other essential information).
42. The indicators of the Project asset operator (financial analysis of the company, its reliability and publicly available information).
43. The business plan received, which must include all the project-related costs, projected revenue, and a clear estimate of the future rental income stream for the investors. Assumptions provided, on the basis of which the income and expenses are calculated in the business plan. A minimum return offer can also be secured in the course of the Project, which shall be paid regardless of the negative fall in rental income.
44. The Project Owner and the company that would acquire the projected assets, in accordance with Paragraph 28 of this Procedure. If the company is not newly established, the extent to which the existing activities of the Project Owner's company (or their outcome) may adversely affect the success of the project shall be assessed. If the company is newly established exclusively for the implementation of the Buy-to-let Project, it shall be considered that there are no other activities or negative impact on the Buy-to-let Project.
45. The Project, according to the assessment formula provided in Paragraph 30 of these Rules, the value calculated using which describes the probability of loss of the financier, which is presented as the opinion of the Platform's Operator.
46. The price of the investment property or the price threshold, determined in the course of the Project and indicated separately, from which the future increase in the value of the assets (capital) is calculated. The price of an investment property may be considered equivalent to the purchase price of the property or to the sum of the purchase price and simple repairs, provided that the repair estimate does not exceed EUR 250 / sq. m. If the repair estimate exceeds EUR 250 / sq. m., only the part of the estimate of EUR 250 sq. m. shall be added.

VII. VERIFICATION OF THE PROJECT OWNER RELIABILITY ASSESSMENT PROCESS

47. In order to ensure that reliability of the Project Owner is properly assessed and that human errors are eliminated as far as possible (e.g. when calculating the creditworthiness points), the Company shall be implementing the following measures:
 - 47.1. **A standardised automatic form for calculating the creditworthiness points shall be used.** The Assessor shall calculate the Project Owner's creditworthiness points using a standardised excel form approved by the Company (the financial indicators shall be entered manually and the creditworthiness points shall be calculated automatically);
 - 47.2. **The four-eye principle shall be put into effect.** After the Assessor has calculated the creditworthiness points of the Project Owner and completed the final reliability assessment of the Project Owner, the calculations carried out and recorded, together with the sources (documents) substantiating them, shall be submitted to another employee of the Company appointed by the Manager. The latter shall verify the calculations and assessment presented to it (among other things, it shall be verified that the creditworthiness points have been calculated correctly on the basis of the

available data). If any inaccuracies are noticed during the inspection, the employee of the Company performing the inspection shall transfer them to the original Assessor for correction (after the correction a repeated review procedure shall be performed).

VIII. REFUSAL TO PUBLISH A PROJECT

48. The Company shall refuse to publish the Project on the Company’s Platform if:
- 48.1. The Project Owner does not meet the criteria for assessing the reputation and creditworthiness of the Project Owners, approved by the Company;
 - 48.2. The Company lacks information to perform the assessments described in the Rules;
 - 48.3. The established credit risk class is too high, e.g. class 5.
 - 48.4. if the information available to the Company creates reason to believe that the publication of the Project on the Platform might prejudice the interests of financiers.

IX. FINAL PROVISIONS

- 49. The present Rules shall enter into force on the date of their approval and may be revoked or amended only by order of the Manager.
- 50. The Assessor shall be responsible for the implementation of these Rules. If the Assessor is unable to implement the Rules, the Manager shall be responsible for the implementation of the Rules.
- 51. The Manager or his authorised person shall be responsible for compliance with the present Rules.

ANNEX NO. 1

CRITERIA FOR ASSESSING THE FINANCIAL POSITION OF A PROJECT OWNER SEEKING FINANCING

Before granting financing to a specific Project, the assessment of the financial position of the Customer (Project Owner) shall performed. If the need arises, the assessment of the Customer’s financial position may be performed even in presence of an active Project, during the Project loan period.

The assessment of the Customer’s financial position must be based on the available and received information from the Customer and the assessment must be laid down in writing and presented according to the criteria listed from 1 (one) to 5 (five) points.

The financial position of a Customer wishing to receive financing from the Platform shall be assessed based on 9 main criteria:

Distribution of the assessment values of Nordstreet Customer, wishing to receive financing without pledging real estate, in the final value

Name	Points	Coefficient
Debt service coverage ratio – DSCR	1-5	0.14
Financial debt and EBITDA ratio	1-5	0.2

Sales revenue change indicator	1-5	0.11
Operating profitability indicator	1-5	0.11
Equity ratio indicator	1-5	0.13
Current liquidity ratio indicator	1-5	0.15
Industry assessment indicator	1-5	0.06
Business plan assessment indicator	1-5	0.06
Indicator of fulfilment of previous commitments	1-5	0.04

Distribution of the assessment values of the Nordstreet Customer, wishing to receive financing by pledging real estate, in the final value

Name	Points	Coefficient
Debt service coverage ratio – DSCR	1-5	0.12
Financial debt and EBITDA ratio	1-5	0.11
Sales revenue change indicator	1-5	0.11
Operating profitability indicator	1-5	0.11
Equity ratio indicator	1-5	0.11
Current liquidity ratio indicator	1-5	0.11
Industry assessment indicator	1-5	0.11
Business plan assessment indicator	1-5	0.11
Indicator of fulfilment of previous commitments	1-5	0.11

Distribution of the valuation values of a Nordstreet Customer, seeking financing for Buy to let, in the final value

Name	Points	Coefficient
Operator assessment indicator	1-5	0.2
Project Owner assessment indicator	1-5	0.06
Purpose of the property	1-5	0.08
Location in the country	1-5	0.08
Location in the city	1-5	0.08
Year of construction	1-5	0.08
Floor area	1-5	0.08
Condition of the property		
Purchase price and value comparison indicator	1-5	0.08
Real estate market potential	1-5	0.12
Business plan assessment indicator	1-5	0.14

Information required to assess the financial position of a Nordstreet Customer seeking financing

The Customer, wishing to receive a financing offer from the Company's Platform, shall be required to submit the following documents:

- Financial statements of a legal entity, that would be the borrower, consisting of a balance sheet and profit (loss) statements, for the last 2 (two) years of operation.
- A legal entity applying for funding, when submitting the financial statements of the legal entity, must submit them, in a special form provided by the Platform, accompanied with additional information, explanations, i.e. transcripts regarding:
 - (I) Fixed assets;
 - (II) Current assets;
 - (III) Accounts receivable within one year;
 - (IV) Non-current liabilities;
 - (V) Current liabilities;
 - (VI) Accounts payable within one year;
 - (VII) Depreciation;
 - (VIII) Part of a loan due for repayment and interest paid;
 - (IX) List of shareholders;
 - (X) If necessary – statements of accounts held by the legal entity, for the last 6 (six) months.
- Information used for the financial assessment and general assessment of a Customer seeking to receive financing on the Company's Platform:
 - (I) Annual and interim financial statements with transcripts;
 - (II) Appraisal of the value of the property by appraisers and an inspection report on the property to be pledged and its value, including photographs;
 - (III) Extract from the Real Property Register in case of a pledge of the real estate, other documents, contracts, certificates attesting to the ownership of the real estate;
 - (IV) A brief business plan or a brief loan usage and repayment plan according to the form provided by the Platform or the information sent by the Customer;
 - (V) Information on shareholders, related persons, guarantors;
 - (VI) In addition, information in publicly available publications, articles about the Customer and the economic situation in the market and business sectors.

Description of the financial position of a Nordstreet Customer seeking financing

A 5-point rating system from 1 to 5 is used to assess the financial position of a Customer seeking financing according to all criteria, where "1" means very good position, "2" means good position, "3" means average position, "4" means poor position, "5" means very poor position, unsatisfactory.

1	Very good position
2	Good position
3	Average position
4	Poor position
5	Very poor position, unsatisfactory

The Customer's financial position assessment procedure must be performed by assessing all the criteria in turn, making note of all the available information and using all the necessary criteria. Accordingly, if necessary or in presence of other useful information, the final assessment of the Customer's position may include, in the "Comments" section, the arguments or other useful information that have led to an adjustment of the conventional assessment. In addition, the reasons,

why the assessment of the Customer's criteria does not conform to the established assessments and why it differs from the conventional assessments, may be provided.

In the event that the Company is assessing the Customer seeking additional and / or new financing, the Company's responsible employee, when carrying out the analysis of the Customer, must also assess the impact of the new financing to be received on the assessment and calculations of the Customer's financial indicators.

Explanation of the assessment criteria for a Nordstreet customer seeking funding

(I)

Criterion	Calculation
Debt service coverage ratio (DSCR)	EBITDA/ Debt service coverage costs

The debt service coverage ratio is the ratio of earnings before interest, taxes, depreciation, amortisation (Common definition of EBITDA) to the debt service coverage costs.

The debt service coverage indicator shows the ability of the Customer, a legal entity, to pay off financial debts and provides information on whether the company has sufficient funds to service the loan planned to be received.

DSCR indicator's values and assessment

> 1.15	Very good position
> 1.05	Good position
> 0.9	Average position
> 0.75	Poor position
<0.75	Very poor position, unsatisfactory

(II)

Criterion	Calculation
EBITDA ratio of net financial debt to earnings before interest, taxes, depreciation, and amortisation	Amount of long-term debts plus short-term debts less cash and equivalents / EBITDA

Ratio of net financial debt to earnings before interest, taxes, depreciation and amortization (EBITDA).

The indicator shows the ability of the Customer, a legal entity, to repay the assumed debts. The ratio of net financial debt and EBITDA shows how many times the Customer's liabilities related to interest payments exceed its annual EBITDA. This indicator is relevant in that it shows approximately the number of years over which the financial debts of a legal entity can be covered, provided that no investments and distribution of profits are made.

Values and assessment of net financial debt and EBITDA

<5 years	Very good position
<8 years	Good position
<10 years	Average position

<12 years	Poor position
> 12 years	Very poor position, unsatisfactory

(III)

Criterion	Calculation
Sales revenue change indicator	Change in sales revenue in the relevant period (at least 2 years)

The sales revenue indicator shows the increase / decrease in economic benefits due to the supply of goods by a legal entity during the relevant period.

The indicator shows the changes in the sales revenue of the Customer, a legal entity, and possible trends in the coming period. In order to measure this indicator, it is necessary to analyse the change in absolute income in numerical terms and the change in percentage.

Revenue change indicator values and assessment

Revenue has been growing steadily over the last relevant periods (> 10%)	Very good position
Revenue has been constant over the last relevant periods (> 5%)	Good position
Revenue has been fluctuating during the last relevant periods (<-5% to 5%>)	Average position
Revenue has been declining over the last relevant periods <-5% to -20%>	Poor position
Revenue is declining sharply or the company is not earning > -20% in the last relevant periods	Very poor position, unsatisfactory

(IV)

Criterion	Calculation
Operating profitability indicator – EBIT margin	EBIT/ Revenue

The operating profitability indicator is the ratio of profit before interest, taxes to income.

This indicator shows the profitability of the Customer's legal entity. This is one of the key indicators of a legal entity's efficiency. This indicator shows the profit that a legal entity would have earned if it did not have financial debts.

Values and assessment of the operating profitability indicator

> 0.1	Very good position
<0.1 -> 0.05	Good position
<0.05 -> 0.00	Average position
> 0.00 (profit from any other activity, compensates for the loss incurred)	Poor position
<-0.10	Very poor position, unsatisfactory

(V)

Criterion	Calculation
Equity ratio	Equity/

	Assets
--	--------

The equity to assets ratio shows what share of the company's assets is financed by equity. The higher this indicator, the more the shareholders of the legal entity contribute to the activities of the legal entity and take on risk.

Equity ratio values and assessment

> 0.2	Very good position
<0.2 -> 0.1	Good position
<0.1 -> 0.05	Average position
<0.05 -> 0.00	Poor position
<0.00	Very poor position, unsatisfactory

(VI)

Criterion	Calculation
Current liquidity ratio	Current assets Non-current liabilities

The current liquidity ratio shows the share of its current liabilities covered by the legal entity's current assets, and allows the legal entity's solvency to be assessed. The indicator shows the ability of a legal entity to repay short-term debts.

Values and assessment of the current liquidity ratio

> 1.2	Very good position
<1.2 -> 1.1	Good position
<1.1 -> 1.00	Average position
<1.00 -> 0.5	Poor position
<0.5	Very poor position, unsatisfactory

(VII)

Criterion	Calculation
State and situation of the industry	The information of the statistical indicators of the Department of Statistics is used: (business statistics; business structure and finances; financial indicators of enterprises; profit (loss) statement; income, expenses, profit of enterprises), Options (at 3-character level) https://osp.stat.gov.lt/statistiniu-rodikliu-analize

The analysis of the position of the industry and the current situation in the market shows in which industry the legal entity is operating, what is its environment and what can be expected in the future. When assessing the position of the industry and the current situation in the market, the general trends of the industry in the country are taken into account.

Values and assessment of the position and situation of the industry

The industry has been growing steadily over the last relevant periods (the industry has been growing > 10% in the last 3 years)	Very good position
The industry has been stable over the last relevant periods (the industry has been growing <10% in the last 3 years)	Good position
The industry has not been stable over the last relevant periods (the industry has fallen by <10%	Average position

in the last 3 years)	
The industry has been declining in the last relevant periods (the industry has fallen by > 10% in the last 3 years)	Poor position
The industry has been declining or declining sharply in the last relevant periods (the industry has fallen by > 20% in the last 3 years)	Very poor position, unsatisfactory

(VIII)

Criterion	Calculation
Business plan	Possession, submission, detailing of a business plan

The business plan helps the legal entity to achieve the set goal, therefore it is an important factor in the operation of the legal entity and shows preparedness of the legal entity to carry out its activities or undertake a specific project.

Assessment of the business plan

A good idea, a detailed business plan is presented	Very good position
A good idea, a business plan is presented	Good position
A good idea, an incomplete business plan, the business plan is not comprehensive, calculations are projected	Average position
An attractive idea, an incomplete business plan is presented, the business plan lacks detail	Poor position
An attractive idea, business plan has not been presented and there is no explanation of what will be done	Very poor position, unsatisfactory

(IX)

Criterion	Calculation
Meeting of previous liabilities	The existing or previous liabilities of the legal entity in the current institution and / or other institutions are checked

Meeting of previous liabilities is an important factor in assessing the history of the legal entity and the current situation. It looks at how the legal entity has met the liabilities it has had and whether it still has them in the current institution and / or other institutions.

Values and assessment of meeting of previous liabilities

Liabilities are met on time	Very good position
Liabilities are met with delays of <30 days, but there are no delays at the meantime	Good position
Liabilities are met with delays of <60 days or regular delays are common in the operations.	Average position
Liabilities are met with delays of >90 days or persistent delays are common in operations	Poor position
Liabilities are not met on time and there have been forced recoveries	Very poor position, unsatisfactory

When assessing the meeting of previous liabilities, one of the conditions is sufficient to assign a lower value to the indicator (e.g. if liabilities are met with delays of <30 days but are persistent, it shall be classed as being in a poor position).

Impact of the loan to value (LTV) indicator of the Nordstreet customer seeking for financing on the final value of the Customer’s assessment

In addition, when assessing the financing of the Customer’s project in which real estate is provided as the pledged assets, the Platform may also use the value of LTV (*loan to value*) when assessing the final criterion, the impact whereof on the Customer’s overall financial position (i.e. final) points would be as follows:

Ratio of the pledged assets to the total loan amount up to 25% (LTV <25%) Reliable collateral ratio	Possible impact on the final points – up to 1 point
Ratio of the pledged assets to the total loan amount 26-50% (LTV 26-50%) Good collateral ratio	Possible impact on the final points – up to 0.5 points
Ratio of the pledged assets to the total loan amount 51-63% (LTV 51-63%)	No impact
Ratio of the pledged assets to the total loan amount over 64% (LTV > 64%)	No impact

Impact of the reputation indicator of a Nordstreet Customer seeking financing on the final score of the Customer’s assessment

The Customer’s Reputation Indicator shall be assessed taking into account the following negative reputation factors related to the persons specified in Paragraph 7 of the Rules (i.e. the Project Owner, its managers and Participants).

Information on the existence of the following negative reputation factors related to the Customer, its manager or Participants may be obtained directly from the persons themselves (by submission of completed questionnaires, provision of other data requested), checking publicly available information about these persons, checking the Creditinfo database and other databases and registers to which the Company has lawful access.

In the event that the information received from public or other sources lawfully accessible to the Company is in conflict with the information provided by the Customer, its managers or Participants, the following rules shall be followed:

- 1) The Company shall appeal to the Customer with a request to provide additional written explanations, to comment on such a conflict of information and to justify its position;
- 2) If upon receipt of written explanations and justification of the situation by the Customer, its manager or the Participant the Company cannot reasonably be sure that the information provided by the Customer, its manager or the Participant is correct, compared to the information received from other sources accessible to the Company, the Company shall make a conservative assessment of the available information, i.e. it shall take account namely of the

information that refers to the existence of the most important negative reputation assessment criterion / factor.

The Company shall classify the reputation assessment criteria into **minimum reputation assessment criteria** and **supplementary reputation assessment criteria**.

If it is found that the persons referred to in Paragraph 7 of the Rules do not meet at least one of the minimum reputation assessment criteria (i.e. there is at least one factor of negative reputation assigned to this criterion), the Project of such a Customer may not be published on the Company's Platform. The Company shall record and properly store and document the information from which the presence of a negative reputation factor can be inferred.

If any of the following factors of negative reputation exists, the Customer's reputation shall be considered as non-compliant with the minimum reputation assessment criteria (the Project may not be published)

<p>The person referred to in Paragraph 7 of the Rules:</p> <ol style="list-style-type: none"> 1. Complies to the condition of Item 1 of Paragraph 1 of Article 8 of the Law; 2. Is in considerable arrears at the time of the assessment (the total amount of bad debts exceeds EUR 50,000); 3. Has 15 or more arrears at the time of the assessment; 4. A pre-trial investigation has been initiated against a person for a serious, very serious crime or a crime or criminal offence against property, property rights and property interests, economic and business order, financial system, public security, public service and public interest or corresponding criminal offences under the criminal laws of other countries 5. Has filed for bankruptcy in the last 3 years; 6. Submission of written explanations, requested by the Company, regarding negative information found about the Company, is refused (or they are not submitted within a reasonable period set by the Company). 	<p>Reputation risk is not acceptable and the Project Owner's Projects cannot be published on the Company's Platform</p>
--	---

If it is found that the persons referred to in Paragraph 7 of the Rules do not comply to any of the supplementary reputation assessment criteria (i.e. a relevant negative reputation factor assigned to this criterion is present), the Customer's final assessment rating (assigned risk class) will deteriorate by the appropriate amount specified below.

Factors of negative reputation related to the supplementary reputation assessment criteria shall be assessed by the Company in an expert manner, taking into account the abundance of information, its reliability and validity, as well as the level of risk indicated. Upon assessment of the relevant factor, the Company shall adjust the final creditworthiness points within the relevant range below. The Company, by filling in the Reputation Form of the Project Owner's creditworthiness and reputation assessment (Annex No. 2 to the Rules), shall clearly justify in writing the scope of the adjustment of the final creditworthiness points (risk rating) (i.e. why the final points were reduced by that particular

extent). The Company shall record and properly store and document the information from which the presence of a negative reputation factor can be inferred.

In this case, if more than one negative reputation factor exists in respect of the person referred to in Paragraph 7 of the Rules, the correspondence between these negative reputation factors shall affect the final points separately and shall add up (e.g. when negative factors exist for two separate participants, the negative reputation factors of both participants shall affect the final points).

If any of the following factors of negative reputation exist, the Customer’s reputation shall be deemed not to meet the supplementary reputation assessment criteria (the Customer’s final assessment rating is adversely affected).

<p>The person referred to in Paragraph 7 of the Rules:</p> <ol style="list-style-type: none"> 1. Is in considerable arrears at the time of the assessment (the total amount of bad debts is EUR 5,000 – 50,000); they or assets in their possession have been seized; 2. Was late in meeting its financial liabilities more than 5 times in the last 1 year (regardless of their amount); 3. In the last 5 years, it was frequently (> 5 times) involved in court proceedings as a defendant or lost at least one court dispute (as a defendant), the amount of which was at least 50% of the amount sought to be financed on the Company’s Platform; 4. In the last 5 years, it (if it is a legal entity) or a company owned or controlled by it has filed for bankruptcy or restructuring, an investigation under Article 2.124 of the Civil Code or similar proceedings under foreign law have been initiated; 5. During the last 5 years, it has been subject to an administrative penalty or other sanction, provided for by the laws, for gross violation of a law or other legal act regulating the provision of financial services or activities of financial institutions, violation of the Law on Prevention of Money Laundering and Terrorist Financing. 	<p>Potential impact on the final points in the range of 1 to 1.5 points (upon receipt of explanations from the persons concerned)</p>
<p>The person referred to in Paragraph 7 of the Rules:</p> <ol style="list-style-type: none"> 1. In the last 5 years, it was frequently (> 5 times) involved in court proceedings as a defendant or lost at least one court dispute (as a defendant), the amount of which was at least 25% of the amount sought to be financed on the Company’s Platform; 2. In the period of more than 1 year ago but not more than 3 years ago, was late in meeting its financial liabilities more than 5 times (regardless of their amount); 3. Negative information about the persons is found in reliable media (e.g., journalistic investigations into 	<p>Potential impact on the final points is from 0.5 to 1 points (upon receipt of the explanations from the persons concerned)</p>

<p>possible violations of the legal acts), and the person does not substantially deny this information with its additional explanations.</p>	
<p>The person referred to in Paragraph 7 of the Rules:</p> <ol style="list-style-type: none"> 1. Is in minor arrears (from EUR 1000 to 5000) at the time of the assessment; 2. Considerable amounts of negative feedback from other persons about these persons (as entrepreneurs), legal entities owned or controlled by these persons can be found in the public space, and the person does not substantially deny this information with its additional explanations. 	<p>Potential impact on the points is up to 0.5 points (upon receipt of explanations from relevant persons)</p>