

8 Stars UAB

INVESTMENT RISK DESCRIPTION

I. GENERAL PROVISIONS

1. This Investment Risk Description of 8 Stars UAB, legal entity code 303336450, with its registered office at Gedimino pr. 9, Vilnius, Republic of Lithuania (hereinafter referred to as the **Operator**), sets out the risks inherent in investing in projects through the Operator's crowdfunding platform Letsinvest (hereinafter referred to as the **Platform**), including a description of the risks and risk prevention measures.
2. Investing in real estate through the Platform, like all other investment opportunities, involves various types of risks. The Operator will make every effort to minimize the impact of such risks by continuously monitoring the changing environment, identifying potential risks, and applying the planned risk management methods.
3. Before investing in the projects listed on the Platform, investors must familiarize themselves with and assess the following risks associated with the Platform's projects

II. MAIN RISKS

Risk	Risk description	Risk prevention measures (where objectively possible)
Overall investment risk	The value of investments in projects may fluctuate in the short-term depending on the general economic situation, market prices, and fluctuations in supply and demand for certain assets.	It is recommended to invest in projects with a medium- to long-term focus so that investors can avoid the risk of short-term price fluctuations.
Market risk	Risk of partial investment loss due to a sudden and unexpected decrease in the value of certain assets and as a result of mass sell-offs in the market.	An appropriate loan-to-value (LTV) ratio is applied, which shall not exceed 70%.
Risk of changes in the economic situation and tax system of the Republic of Lithuania	Possible changes in project-related economic indicators may include, for example, depreciation of real estate, reduction in the Project Owner's income, changes in taxation, changes in bank lending policies, or changes in responsible borrowing regulations.	The Operator continuously monitors and evaluates economic indicators in order to update new project business plans as early as possible in response to a changing environment. Based on market changes, the Operator correspondingly adjusts the project and Project Owner evaluation procedures and the risk assessment methodology.
Inflation risk	The return on investment at the end of the project may be lower than anticipated at the beginning of the investment due to a sudden and significant increase in inflation.	

<p>Risk of non-performance or improper performance of Project Owners' obligations</p>	<p>Risk of possible non-performance or improper performance of Project Owners' obligations (such as failure to pay interest, failure to repay the loan amount, failure to redeem transferable non-equity securities (bonds), or failure to settle accounts with investors, or improper settlement) due to unforeseen circumstances, changes in cash flows, the emergence of new obligations or creditor claims, or other reasons.</p>	<p>The Operator assesses the creditworthiness of Project Owners and evaluates projects proposed for investment. Assessments are carried out using an algorithm that incorporates multiple quantitative and qualitative variables. All assessments are performed by specialists with the necessary qualifications and experience. Additionally, projects are secured by a real estate mortgage or other security instruments. In the event of default, Project Owners are subject to late payment interest, and recovery procedures may be enforced if necessary.</p>
<p>Liquidity risk</p>	<p>The Investor must take into account that they will not be able to withdraw their invested funds or transfer the transferable non-equity securities (bonds) held at any time. The invested funds will be repaid, and the transferable non-equity securities (bonds) will be redeemed in accordance with the conditions set for the specific project, which may not always be properly fulfilled due to other potential risks.</p>	<p>To reduce liquidity risk, the Operator continuously monitors market developments and adjusts its assessment procedures and risk evaluation methodology accordingly.</p>
<p>Interest rate risk</p>	<p>A type of risk arising from the possibility of incurring losses or increased opportunity costs due to a sudden or unexpected change in market interest rate levels.</p>	<p>The Operator also continuously monitors market interest rates and considers potential fluctuations when evaluating new projects. Taking into account interest rate risk and other significant variables, the Operator develops a pessimistic (least favourable) project cash flow scenario and, if necessary, informs investors of risks related to possible interest rate fluctuations for a given project.</p>
<p>Risk of experiencing delays and higher-than-planned costs in the development project</p>	<p>The implementation period of development projects may take longer than initially planned before the start of the project, and expenses may exceed the planned amounts. This may result in delayed payments by Project Owners, non-fulfilment of obligations, or late fulfilment of obligations.</p>	<p>The Operator evaluates projects of Project Owners based on an analysis of the project and/or the Project Owner's cash flows. Property valuation is carried out exclusively by appraisers selected by the Operator. The loan-to-value ratio shall not exceed 70%.</p>

Risk of damage to or loss of assets due to <i>force majeure</i> circumstances	Risk arising from damage to or destruction of assets due to natural disasters, accidental or intentional human activities.	All financed real estate may be insured for the benefit of the Operator, which represents the interests of investors.
Risk of complete loss of invested funds	Investors may partially or completely lose the invested funds due to the Project Owner's insolvency, inability to fulfil obligations, or other reasons that prevent the Project Owner from repaying the funds and/or redeeming the transferable non-equity securities (bonds). A complete loss of funds is possible even when investing in projects that, based on their risk level, are classified as having the highest reliability, as well as in projects additionally secured by various security instruments (surety, mortgage, guarantee, etc.).	The assessment of Project Owners and projects is carried out according to an algorithm that uses a number of quantitative and qualitative variables in its calculations. The aim is to minimize this risk and publish only those projects that have a high level of reliability and stability. It should be noted that even in this case, the property interests of investors are by no means fully protected. The Operator is not liable for any losses of funds invested by investors.
Risk related to early loan repayment or early redemption of transferable non-equity securities (bonds)	The Project Owner may repay the loan earlier than the scheduled repayment date or redeem transferable non-equity securities (bonds) before the agreed-upon term.	
Funds repayment risk	The risk that if the desired project funding amount is not reached, or in the case of a funding range – if the maximum desired funding amount is not reached, the project will be terminated or cancelled with all invested funds returned to investors. In such a case, investors will not receive the expected investment return or any other compensation for the funds invested in the project.	
Risk of not receiving the expected investment return	The investment return indicated on the platform cannot be construed as a guarantee that the investor will receive the full planned return. The planned return may be lower due to the Project Owner's financial difficulties, early repayment of funds by the Project Owner, early redemption of transferable non-	

	equity securities (bonds), or other circumstances.	
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III. OTHER PROVISIONS

4. It should be noted that investors may encounter other risks not covered in this document; therefore, before investing in projects, investors must assess the risks of a specific project and, if they are unable to do so independently, seek assistance from their advisors.
5. In all cases, before investing in a particular project, investors must critically assess their knowledge and experience in the field of investment and take into account their financial situation and the possible negative consequences if they are unable to recover all or part of their investment.
6. In all cases, the Operator shall not be held liable if investors do not receive the planned profit, lose some or all of their invested funds, or suffer other losses, as the services provided by the Operator only include providing technical capabilities for investors and Project Owners to enter into crowdfunding transactions.
7. The publication of any information related to the Platform's projects on the Platform cannot be considered as confirmation of the accuracy of the information provided and/or a recommendation to investors. The data provided in the project descriptions (planned income, deadlines, estimates, etc.) are only indicative and may change due to various circumstances.
- 3.5. It should be noted that crowdfunding is not covered by the insurance protection provided under the Law on Insurance of Deposits and Liabilities to Investors of the Republic of Lithuania.
- 3.6. If you have any questions about risks or preventive measures, please contact the Operator by email at info@letsinvest.eu.