

# **INDEMO.EU**

**INVESTMENT DEMOCRACY**

**Base Prospectus**

Discounted Debt Investments

Dated 11 May 2023

## **Indemo SPV Issuer No1 SIA**

(Incorporated as a limited liability company and registered in the Republic of Latvia with registration number: 40203462441 and having LEI: 6488R109SEO6R317YK44)

### **EUR 25 000 000.00 Note Programme**

Under this Programme, the Issuer may, from time-to-time issue Notes denominated in euro currency. The Notes will be distributed by way of a public offer.

Notice of the aggregate nominal amount of the Notes and other income (if any) payable in respect of the Notes, the issue price of the Notes, subscription period and any other applicable terms and conditions not contained in this Base Prospectus which are applicable to the Notes will be set out in the applicable Final Terms.

Notes will be issued in registered form. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 25 000 000.00 (twenty-five million euro).

Any payment under the Notes is dependent on and limited to, a pool of certain Loan Receivables.

This Base Prospectus has been approved as a base prospectus by Latvijas Banka (the Central Bank of Latvia), as a competent authority under the Prospectus Regulation. Latvijas Banka has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the appropriateness and suitability of investing in the Notes. Such approval relates only to Notes which are to be offered to the public in any Member State of the European Economic Area.

This offer under this Base Prospectus is made in Latvia.

During the validity period of this Base Prospectus, the Issuer plans to request that Latvijas Banka provides competent authorities under the Prospectus Regulation in Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Iceland, Ireland, Italy, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden with a certificate of approval attesting that this Base Prospectus has been drawn up following the Prospectus Regulation. When such a certificate shall be obtained, the Issuer shall ensure that Indemo provides information about it on the Platform. Such certificate, if and when received, should not be considered as an endorsement of the Issuer or the quality of the Notes.

This Base Prospectus will be valid for a period of up to 12 months after its approval by Latvijas Banka. The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes. The obligation to prepare a supplement to this Base Prospectus or publish a new Base Prospectus in the event of any significant new factor, material mistake or inaccuracy will cease to apply upon the expiry of the validity period of this Base Prospectus.

The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed in the section entitled '3. RISK FACTORS' of this Base Prospectus.

Capitalised terms used in this Base Prospectus have the meaning given to them in the section entitled 'DEFINITIONS' of this Base Prospectus.

## Table of Contents

<b>DEFINITIONS</b>	<b>3</b>
<b>1. GENERAL INFORMATION</b>	<b>5</b>
<b>2. GENERAL DESCRIPTION</b>	<b>8</b>
<b>3. RISK FACTORS</b>	<b>13</b>
<b>4. TRANSACTION OVERVIEW</b>	<b>24</b>
<b>5. ISSUER</b>	<b>29</b>
<b>6. LENDING COMPANY</b>	<b>32</b>
<b>7. DEBTS</b>	<b>36</b>
<b>8. TERMS AND CONDITIONS OF THE NOTES</b>	<b>38</b>
<b>9. TAXATION</b>	<b>54</b>
<b>10. APPLICABLE FINAL TERMS</b>	<b>56</b>

## Definitions

<b>Backup Servicer</b>	the legal entity (if any) engaged by the Issuer to service and administer the Loans.
<b>Base Prospectus</b>	this base prospectus.
<b>Borrower</b>	the debtor or debtors of a Loan.
<b>Cooperation agreement</b>	the cooperation agreement between the Issuer, the Lending Company and Indemo in relation to the Notes.
<b>Debt</b>	the total debt of the Borrower which includes the Loan, accrued but unpaid interest, penalties, legal fees and expenses as attached to the debt.
<b>Final Terms</b>	any duly completed final terms in the form set out in section 10 of this Base Prospectus.
<b>InDemo</b>	Indemo SIA, incorporated as a limited liability company and registered in the Republic of Latvia with registration number 40203401432 on 20 May 2022, having registered address Maza Nometnu iela 10-2, Riga, LV-1002, Latvia, an investment firm authorised by Latvijas Banka, which provides investment and related services to Investors through the Platform.
<b>Intercreditor Agreement</b>	an agreement between the Issuer, the Lending Company, InDemo and certain creditors of the Lending Company considered as the junior creditors' where among other things, the junior creditors' claims towards the Lending Company shall rank lower the claims towards InDemo and the Issuer which shall be treated as the senior creditors.
<b>Investment Accounts</b>	the separate accounts at Indemo of the Investor.
<b>Investor</b>	a person registered and accepted on the Platform as an investor.
<b>Issuer</b>	Indemo SPV Issuer No1 SIA, incorporated as a limited liability company and registered in the Republic of Latvia with registration number 40203462441 on 15 February 2023, is a special purpose entity whose principal purpose is the issue of Notes.
<b>Issuer's Account</b>	the cash funds account of the Issuer opened with Indemo, which is used solely for settling payments with the Lending Company, the Backup Servicer (if any) and the Investors.
<b>Latvijas Banka</b>	the competent authority in the Republic of Latvia under the Prospectus Regulation.
<b>Lending Company</b>	TAMARINDO VECTOR S.L., incorporated as a private limited company and registered in the Kingdom of Spain with registration number B67360305 on 16 January 2019, having registered office at: Paseo Gracia, 95 - P. 5 PTA. 1, Barcelona, 08008, Barcelona, Spain. Registered with the Bank of Spain as a real estate lender ( <i>Prestamista inmobiliario</i> ) under the code D123 on 29 June 2020.
<b>Loan</b>	the principal amount outstanding under the Loan Agreement.
<b>Loan Agreement</b>	each defaulted mortgage loan agreement to which the Borrower is a debtor as specified in the applicable Final Terms.
<b>Loan Receivables</b>	the part of the receivables under the Loan Agreement relating to the Debt that is assigned and to the extent that is assigned to the Issuer under the Transfer Deed.
<b>Notes</b>	the notes issued or to be issued under this Programme.

<b>Noteholder</b>	the holder for the time being of any Note.
<b>Originator</b>	the initial creditor which created the obligations of the Borrower under the Loan Agreement as specified in the applicable Final Terms.
<b>Platform</b>	sites created and serviced by InDemo, merged under the domain name <a href="http://www.indemo.eu">www.indemo.eu</a> .
<b>Price of the Debt or Debt Price</b>	the amount of the consideration payable for Loan Receivables by the Issuer to the Lending Company under the Transfer Deed.
<b>Purchase Agreement</b>	part of the Cooperation Agreement relating to the purchase by the Issuer and sale by the Lending Company of the Loan Receivables.
<b>Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC and include any commission delegated regulation under the Prospectus Regulation.
<b>Programme</b>	this EUR 25 000 000.00 Note Programme.
<b>Repurchase</b>	has the meanings set out in the section entitled '4. TRANSACTION OVERVIEW – <i>TRANSACTION IN RELATION TO THE NOTES – 4. Repurchase</i> ' of this Base Prospectus.
<b>Security Document</b>	a security instrument under Spanish Law executed thereunder to secure the obligations of the Lending Company towards the Issuer.
<b>Series</b>	a series of Notes.
<b>Servicer</b>	ATLAN ADVANCE MANAGEMENT S.L., incorporated as a private limited liability company and registered in the Kingdom of Spain with registration number B67196808 on 28 March 2018, having registered office at: Calle Bruc 149.7.1, Barcelona, 08037, Barcelona, Spain. Registered with the Bank of Spain as a Real Estate Credit Intermediary ( <i>Intermediarios de crédito inmobiliario</i> ) under the code D070 on 28 April 2020, or any other substitute entity appointed by the Lending Company. Being the legal entity engaged by the Lending Company to service, administer and enforce the Debt as described in the section entitled '6. LENDING COMPANY – <i>NPL PURCHASE PROCESS</i> and <i>NPL EXECUTION MANAGEMENT</i> .
<b>Transaction Documents</b>	the Cooperation Agreement, the Transfer Deed, the Security Document (if any) and the Intercreditor Agreement (if any).
<b>Transfer Deed</b>	the document signed by the Lending Company and the Issuer evidencing the transfer of Loan Receivables from the Lending Company to the Issuer in accordance with the Purchase Agreement.
<b>Transfer Date</b>	date provided in the Transfer Deed, when the sale of the Loan Receivable from the Lending Company to the Issuer has become effective.

## 1. General Information

### Important notices

THIS BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS BASE PROSPECTUS MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS AS DEFINED IN REGULATIONS UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS BASE PROSPECTUS CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. THE SECURITIES DESCRIBED IN THIS BASE PROSPECTUS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

Any materials relating to any potential offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

Under no circumstances will this Base Prospectus constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction other than provided on page 1 of this Base Prospectus.

### Responsibility for this Base Prospectus

The Management Board of the Issuer:

<b>Title</b>	<b>Name, Surname</b>	<b>Signature</b>
Chairman of the Management Board	Sergejs Viskovskis	<i>e-signed</i>
Member of the Management Board	Aleksandrs Volosins	<i>e-signed</i>
Member of the Management Board	Daniels Zirjakovs	<i>e-signed</i>
Member of the Management Board	Pavels Poctarenko	<i>e-signed</i>

accepts responsibility for the information contained in this Base Prospectus (other than the information in the sections entitled '6. LENDING COMPANY' and '7. THE DEBTS'). To the best of their knowledge, the information (other than the information in the sections entitled '6. LENDING COMPANY' and '7. THE DEBTS') contained in this Base Prospectus is in accordance with the facts and makes no omission likely to affect its import. Any information from third parties identified in this Base Prospectus as such has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information provided by a third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Lending Company accepts responsibility for the information contained in the sections entitled '6. LENDING COMPANY' and '7. THE DEBTS' of this Base Prospectus. To the best of its knowledge, the information contained in sections entitled '6. LENDING COMPANY' and '7. THE DEBTS' of this Base Prospectus is in accordance with the facts and makes no omission likely to affect its import.

### Final Terms

Each Series of Notes will be issued on the terms and conditions set out under the section entitled '8. TERMS AND CONDITIONS OF THE NOTES' of this Base Prospectus as completed by the applicable Final Terms. The Final Terms will be published on the website [www.indemo.eu](http://www.indemo.eu). A form of applicable Final Terms is set out under the section entitled '10. APPLICABLE FINAL TERMS' of this Base Prospectus.

### **Other relevant information**

This Base Prospectus must be read and construed together with any supplements to this Base Prospectus and with any information incorporated by reference in this Base Prospectus and, concerning any Series of Notes, must be read and construed together with the relevant applicable Final Terms.

### **Unauthorised information**

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into concerning the Programme, any information supplied by the Issuer, or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer.

InDemo has not authorised the whole or any part of this Base Prospectus and does not make any representation or warranty or accept any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any responsibility for the acts or omissions of the Issuer or any other person in connection with the issue and offering of the Notes, nor does InDemo or any of its shareholders, directors, affiliates, advisers or agents take any responsibility for the acts or omissions of the Issuer or any other person in connection with the issue, offering and sale of the Notes.

### **Restrictions on distribution**

The distribution of this Base Prospectus and any Final Terms, and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and InDemo to inform themselves about and to observe any such restrictions. Neither this Base Prospectus nor any Final Terms constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, InDemo or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms will be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer. InDemo has not provided any financial or taxation advice concerning the Programme or the Notes.

Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons

### **Programme limit**

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 25 000 000.00 (twenty-five million euro).

### **Language**

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

### **Ratings**

No Series of Notes issued under the Programme will be rated by any credit rating agency.

### **Currencies**

Unless otherwise indicated, the financial information contained in this Base Prospectus has been expressed in euro. The Issuer's functional currency is the euro, and the Issuer prepares its financial statements in euro.

### **Third-party and market share data**

This Base Prospectus contains information regarding the business of the Issuer, InDemo, the Lending Company and others, and the industry in which they operate and compete. Where third-party information has been used in this Base Prospectus, the source of such information has been identified. Statistical information included in this Base Prospectus has been derived from official public sources, including statistical releases. All such statistical information may differ from that stated in other sources for a variety of reasons, including the use of different

definitions and cut-off times. This data may subsequently be revised as new data becomes available, and any such revised data will not be circulated by the Issuer to Noteholders who have purchased the Notes. In some cases, independently determined industry data is not available. In these cases, any market share data included in this Base Prospectus is referred to as having been estimated. All such estimates have been made by either the Issuer or the Lending Company using its information and other publicly available market information. Each of the Issuer and the Lending Company believes that these estimates of market share are helpful as they give prospective Investors a better understanding of the industry in which the Issuer or the Lending Company operates as well as its position within that industry. Although all such estimations have been made in good faith based on the information available and the Issuer's or the Lending Company's knowledge of the market within which it operates, neither the Issuer nor the Lending Company can guarantee that a third-party expert using different methods would reach the same conclusions. Where information has not been independently sourced, it is the Issuer's or the Lending Company's own information.

#### **No incorporation of website information**

The Issuer is affiliated with InDemo, and their website is [www.indemo.eu](http://www.indemo.eu). Unless specifically incorporated by reference into this Base Prospectus, information on the website or any other website mentioned in this Base Prospectus or any website directly or indirectly linked to these websites has not been verified, is not incorporated by reference into, and does not form part of, this Base Prospectus, and Investors should not rely on it.



## 2. General Description

### ABOUT INDEMO

InDemo is an investment firm authorised by Latvijas Banka, operating the Platform accessible online, where investors can invest in investment opportunities issued in the form of asset-backed securities, or simply Notes.

InDemo cooperates with selected lending companies, properly authorized and working in regulatory well-established EU/EEA markets, that provide loans to businesses and individuals to purchase or renovate the real property and/or act as professional servicers acquiring discounted loan receivables backed by real estate mortgages.

InDemo according to its licence is authorized to provide the following investment services and ancillary services:

- execution of orders on behalf of clients;
- portfolio management;
- investment advice;
- placing of financial instruments without a firm commitment basis;
- holding of financial instruments;
- providing investment research, financial analysis or other general advice regarding transactions in financial instruments; and
- provision of services related to the initial placement of financial instruments.

InDemo takes the following role within the Notes issue and offer to the Investors and subsequent Notes issues maintenance:

- Owns and operates the technical infrastructure through which: i. the Loan Receivables transfer transactions are being arranged; ii. the Issuer offers, issues and sells Notes to the Noteholders; iii. information exchange and money flows occur between Investors, the Issuer and the Lending Company; iv. Information regarding the Debt and its updates is being provided to the Noteholders.
- Opens and services Investment Accounts being used for Notes purchase, custody and collection of payments.
- Acts as an assignment, placement, calculation, transfer and paying agent for the Notes including i. transfer of funds to the Issuer following placement of Notes, ii. settlement of payments due between the Issuer and the Lending Company, iii. payments to the Investment Accounts, iv. provides information regarding Investors to the Issuer to calculate any withholding taxes on payments and v. provides Noteholders with information on Payment Events received from the Lending Company.
- Maintains the register of Noteholders.
- Performs the Lending company activities monitoring related to the Debt workout and servicing, including monitoring the Lending Company compliance with obligations undertaken according to the Transaction Documents.

### ABOUT NOTES

Notes are asset-backed securities (financial instruments) issued by the Issuer, allowing Investors to invest in discounted Debt exposures, their risk and returns.

Simply put, discounted Debt is created out of defaulted mortgage loans on which the borrower has failed to make payments. Original lenders like banks or subsequent buyers like institutional intermediaries sell these debts on the market at a discounted price, including the real estate asset attached to them as a mortgaged property.

The Lending Company selects and buys the Debt on the institutional debts' secondary market and works out the Debt by ensuring debt collection, enforcement (foreclosure) of the mortgaged property and restructuring activities. Once an attached real estate is sold either on the open market or the foreclosure auction, the return on the investment is generated and partially allocated to the Noteholders.

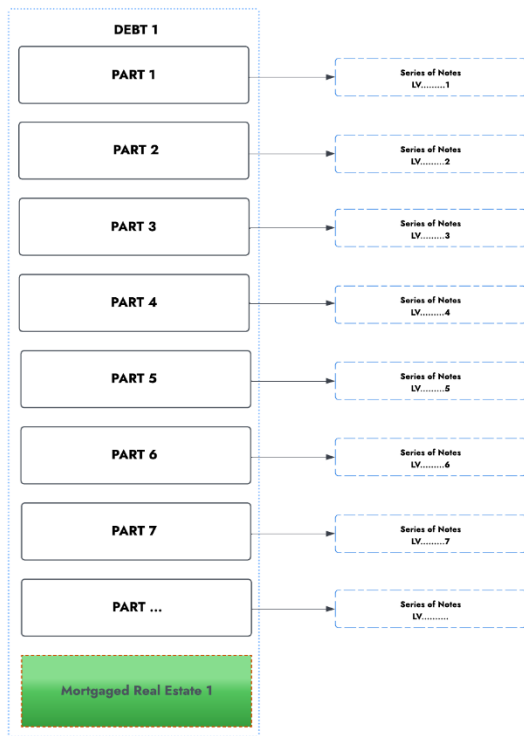
The Issuer is a special purpose legal entity established for the purposes of:

- purchasing Loan Receivables from the Lending Company;
- pooling those Loan Receivables for a particular Series; and
- issuing and offering those Notes to Investors via InDemo operated Platform.

The reason for the Series of Notes offers and sale to Noteholders is to attract funding for the Issuer to acquire Loan Receivables from the Lending Company with a view of issuing Debts backed securities and Noteholders' participating in Debts' risk and returns pursuant to the terms and conditions provided by this Base Prospectus and the Series specific Final Terms.

Each Series consist of a batch of Debt exposures, usually 8 (eight) different Debts, to generate a more regular return and better diversification for participating Noteholders.

Each Series can consist of the whole Debt or its parts. The amount of each Debt enclosed in the Series is stated in percentage and provided in the Final Terms of each Series. Different parts of the one Debt can serve as the underlying assets for separate Series being issued under this Base Prospectus.

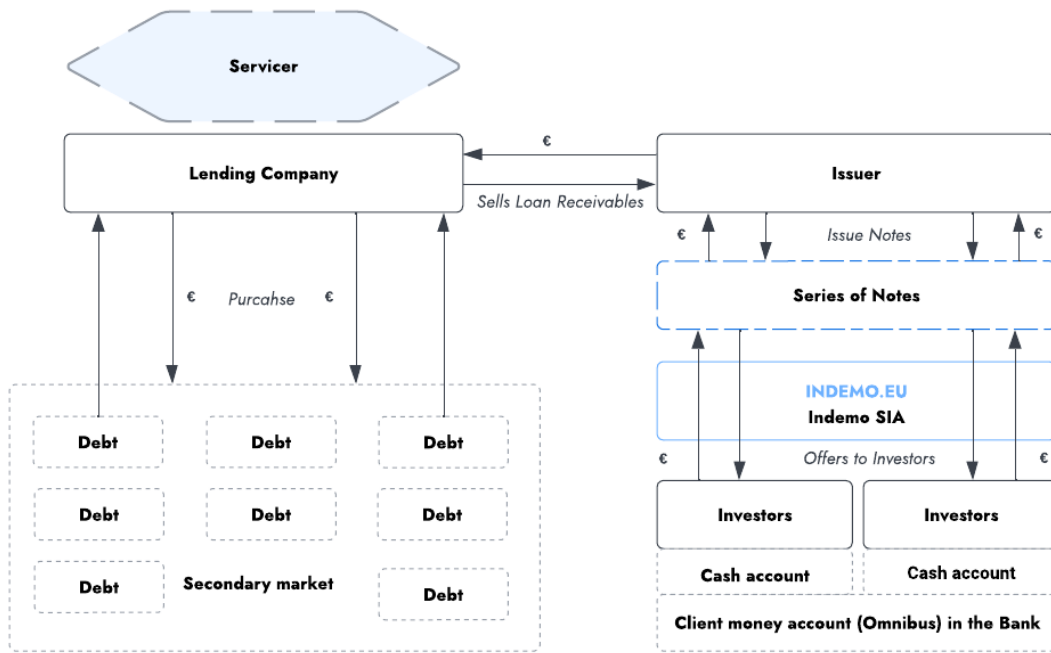


See the sections entitled '5. ISSUER' and '6. LENDING COMPANY' of this Base Prospectus for more information.

### **ABOUT THE FLOW OF FUNDS FOR INVESTMENT**

The Lending Company buys Debts on the debts' secondary market and then sells the batch of relevant Loan Receivables to the Issuer. The Issuer issues a Series of Notes corresponding to and contingent on these Loan Receivables and offers them to Investors via InDemo. When the Investor purchases any Note of the Series, the Investment Accounts are credited with the Note and debited with the purchase price of the Note. The purchase price is transferred to the Lending Company.

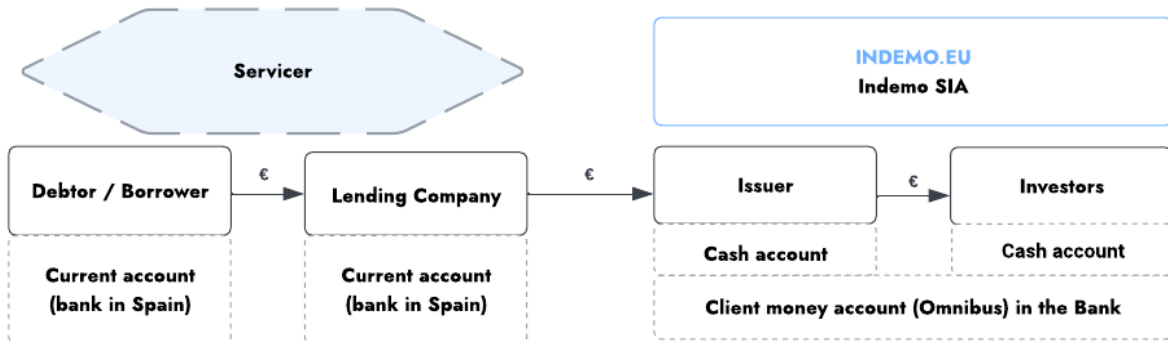
The Lending Company continues to service the sold Loan Receivables on behalf of the Issuer to ensure the Debt works out, foreclosure of the mortgaged property and the monetary exit, as well as continues to hold mortgage (collateral) title in the real estate attached to the Debt on behalf of the Issuer.



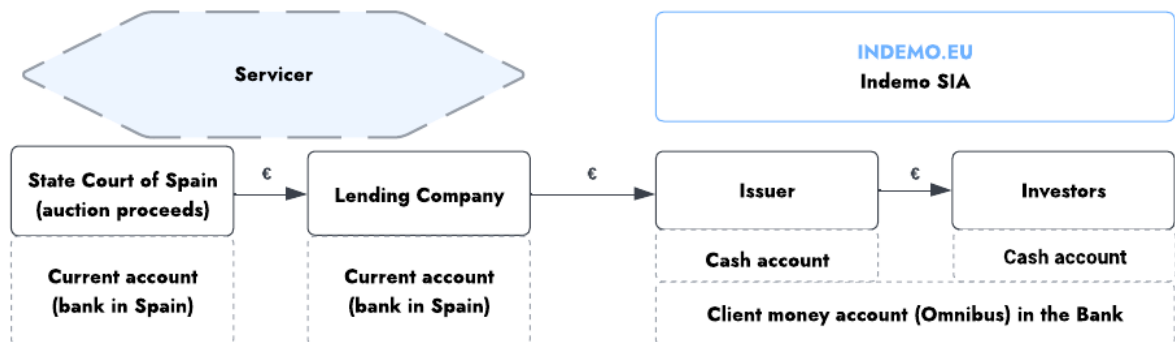
### ABOUT THE FLOW OF FUNDS FOR REPAYMENT

Usually, there are three main exit scenarios from the Debt as a result of work out being performed by the Lending Company to ensure returns on investment:

- out of the court settlement is reached between the Borrower and the Lending Company, the attached real estate is sold on the market, and sale proceeds are used to cover the indebtedness arising from the Debt;



- the judicial (foreclosure) auction takes place, real estate is sold there, and sale proceeds are used to cover the indebtedness arising from the Debt;



- the judicial (foreclosure) auction takes place without any success, the Lending Company takes ownership

of the mortgaged real estate property, the Lending Company sells it on the market, and sale proceeds are used to cover the indebtedness arising from the Debt.

Considering that the Debt is bought by the Issuer at a discount, usually, there is a monetary spread between the Price of the Debt and both the valuation of the mortgaged real estate and the Debt amount. In some cases, the Debt amount can be higher than the mortgaged real estate valuation as the Borrower's indebtedness increases over time.

This monetary spread allows the Lending Company acting in good faith, to choose the most economically beneficial exit scenario by balancing the time is of the essence and the sale proceeds amount criteria. When the Lending Company independently adopts the decision on the exit scenario choice, the Lending Company conforms to the principles:

- the time is of the essence criterion prevails over the mortgaged real estate sale proceeds amount criterion by choosing the fastest exit scenario, given the positive return that the Lending Company in good faith deems proper, fit and adequate;
- when the mortgaged real estate sale proceeds are enough to recover the Price of the Debt and generate the positive return that the Lending Company in good faith deems proper, fit and adequate, the Lending Company can release the Borrower and will not extend further enforcement and collection activities on the other estates, assets and receivables of the Borrower and/or guarantor (if any) to cover the total Debt in full, being a prudent and ethical creditor;
- provided above is without prejudice to the obligation of the Lending Company not to enter into a voluntary out-of-court settlement with the Borrower by realising the Borrower from further claims if the expected return on the Purchase Price is less than 10% per annum being calculated from the Purchase Price and Transfer Date.

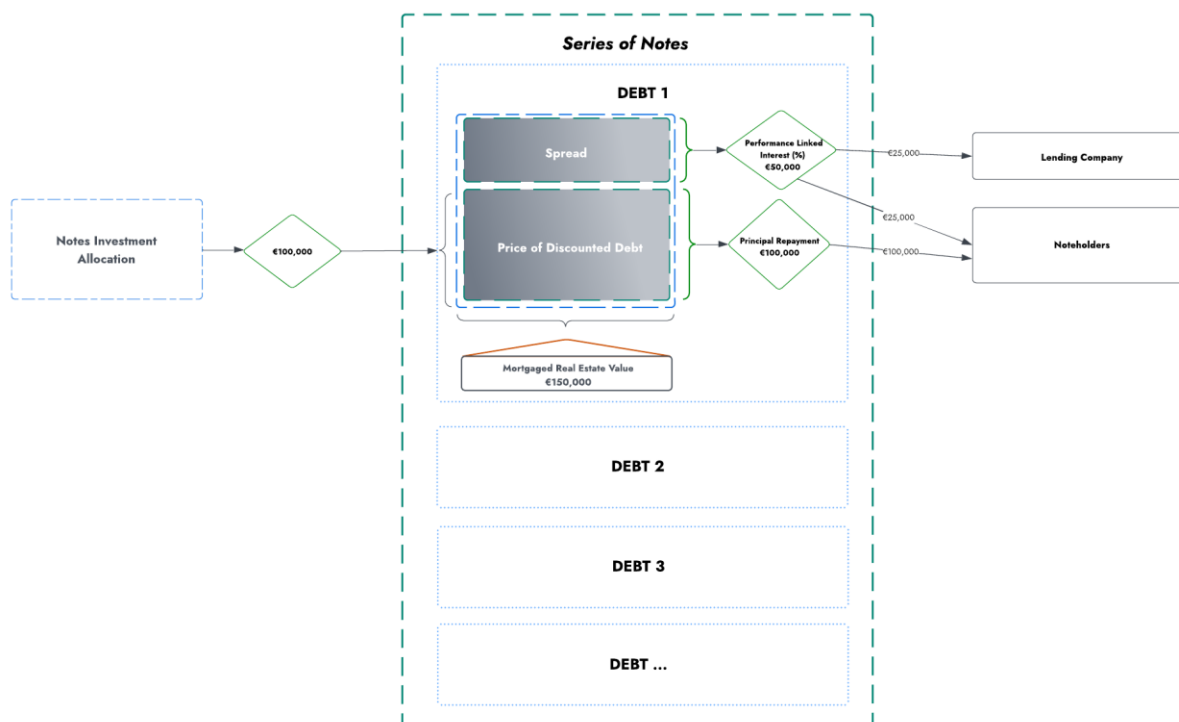
Each time the exit from the Debt takes place and proceeds to cover the indebtedness arising from the Debt are issued to the Lending Company, the Lending Company transfers the funds to the Issuer, which in turn makes repayments under the relevant Series of Notes to the relevant Noteholders via InDemo. The repayments are received in the relevant Investment Account.

Repayments are allocated first to settle the invested amount, being the purchase Price of the Debt, and then the remaining part of proceeds are shared on the pre-agreed terms provided hereof between the Noteholders as a performance-linked interest and the Lending Company as compensation for servicing works accomplished and related expenses. This is a common cooperation model between professional servicers and investors who invest in discounted distressed debt which exists on the debts' secondary market for years.

This means that any payments under the Notes to Noteholders will directly depend on the recovered proceeds to cover the indebtedness arising from the Debt, their total amount and the time needed to collect them, which are issued to the Lending Company and then transferred to the Issuer.

#### **ABOUT THE RETURN CALCULATION**

The return of the Noteholders is dependent on the time and amount of proceeds being generated by the exit scenario from each of the relevant Debts forming the pool of the Series.



Firstly, the invested amount is being discharged, which equals the part of the Series nominal amount attributable to the purchase price of the relevant Debt or its part.

Secondly, the performance-linked interest is calculated. The rate at which performance-linked interest is applied towards the excess proceeds is set in the Final Terms and is variable depending on the time term the Debt exit arises.

Gradation of the performance-linked interest rate is set in the Final Terms and stated in percentages.

For example, the price at which some Debt was purchased is set at EUR 100 000. The performance-linked interest rate is set at the rate of 50%. The proceeds generated as a result of this Debt exit amount to EUR 150 000. This means that EUR 100 000 are payable as partial repayment of the Series principal amount, and the performance-linked interest is applied to the excess EUR 50 000 at the rate set above. This means that 50% of the excess proceeds, which equals to EUR 25 000, are attributable and payable to Noteholders.

*This example is provided for information purposes only; all mentioned amounts, rates and times are random figures and do not guarantee any future results.*

## **BANK ACCOUNTS USED**

The incoming and outgoing flow of funds arising from Notes and cash funds of the Investors are being serviced through InDemo accounts with AS Rietumu Banka (Latvia) and AS Industra Bank (Latvia) and other banks from time to time.

### 3. Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these risk factors and events are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material to assess the market risks associated with the Notes are also described below.

Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, the potential significance of the risks or the scope of any potential negative impact to the Issuer's or the Lending Company's business, financial condition, results of operations and prospects, as well as prospects to successfully and timely enforce and collect the Debt. The Issuer and/or the Lending Company may face a number of these risks described below simultaneously. While the risk factors below have been divided into categories, some risk factors could belong to more than one category and prospective investors should carefully consider all of the risk factors set out in this section.

The Issuer believes that the factors described below represent the material risks inherent to investing in the Notes, but the inability of the Issuer or the Lending Company to pay principal or other amounts on or in connection with any Notes may occur for other reasons, and the statements below regarding the risks of investing in any Notes are not exhaustive. Other risks, events, facts or circumstances not included in this Base Prospectus, not presently known to the Issuer, or that the Issuer at the date of this Base Prospectus deems to be immaterial could, individually or cumulatively, prove to be important and may have a significant negative impact on the Issuer's or the Lending Company's business, financial condition, results of operations and prospects. Prospective investors should carefully review the entire Base Prospectus and should form their own views before making an investment decision with respect to the Notes.

Before making an investment decision with respect to any Notes, prospective investors should consult their own lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.

#### **RISKS SPECIFIC TO THE UNDERLYING DEBTS**

The Notes are linked to the pool of underlying Debts, which means that any payments under the Notes to Noteholders will depend on the proceeds from the Debt and attached real estate collateral enforcement and collection activities, proceeds total amount and the time needed to collect them. Furthermore, before the Lending Company can recover anything from the Borrower, the Noteholder will also not receive any repayments.

If, for some reason, it is impossible to recover amounts owed by the Borrowers under the Debt or the recovered amount does not cover the amount of the Price of the Debt, the Noteholder may not receive back its invested amount and/or anticipated return.

Overall, the inability to successfully collect and/or enforce the Debt and attached real estate collateral could be caused by a variety of factors, including, but not limited to:

- 1. Limitations of due diligence** – Due diligence of the potential Debt purchase transaction is a very crucial step before a decision is made to select and purchase the Debt from the seller, as conclusions of due diligence significantly influence the prospects to ensure a swift exit from the Debt and generate a positive return. The Lending Company has developed its own methods for due diligence of the Debts before and when acquiring them on the debts' secondary market that relies on various information and documents. There is a risk that the information and documents could be wrong or outdated, due diligence methods used insufficiently, or the experts involved can adopt material mistakes when making their conclusions and judgements.

**2. Limitations of valuation** – Objective and substantiative valuation of real estate value attached to the Debt as a mortgage is a very crucial step before a decision is made to select and purchase the Debt from the seller, as the conclusion of valuation influences the prospects to ensure a swift exit from the Debt and generate a positive return. The Lending Company and/or the engaged Servicer have developed their own method for evaluating real estate value attached to the Debt as a mortgage that relies on various information, which can also be collected from other parties (e.g. external appraiser). There is a risk that the information and documents could be wrong or outdated, valuation methods used insufficient, or the experts involved can adopt material mistakes when making their conclusions and judgements.

**3. Macroeconomic factors** - the valuation of real estate value attached to the Debt as a mortgage makes assumptions about the property value and its market liquidity during normal economic conditions. A sudden change in macroeconomic factors could significantly impact the property value or prospects of alienating the property at the value provided in the initial valuation and/or in a timely manner.

**4. Limitations of the choice of the exit scenario from the Debt**

- The choice of the exit scenario from the Debt and the ability to choose the swiftest and most economically beneficial scenario is limited for the Lending Company and depends on a variety of factors, including, but not limited to, accessibility of the Borrower and/or pledgor (if any) and/or guarantor (if any), their willingness to cooperate and agree on the offered terms, practical ability to realise out of the court settlement and prospects of sale of an attached real estate.
- the timing, prospects and outcome of both judicial proceedings and the auction are impossible to forecast or foresee.

**5. Limitations of enforcement and collection procedures**

- The Loan Agreement and/or the Debt may, for a variety of reasons, be challenged or the claim amount decreased and thus, the prospects and ability of the Lending Company to exercise its rights under the Debt may be influenced, delayed or otherwise hindered for an undefined term. The reasons for challenging the Loan Agreement and/or Debt could include errors in agreements, form and content of the agreement, breach / non-following of the legal procedures required, non-compliance with regulations, such as consumer protection laws and civil law provisions related to credits and expression of will, as well as borrower identify fraud cases.
- some jurisdictions can set and/or within the court proceeding, a debtor can plead a lower limit that creditors may claim from the Borrower or define a list of the estate which is not allowed to be alienated for recovery purposes, thus reducing the maximum amount that could be covered from the Borrower.
- funds from the Borrower which are available for recovery could be allocated to various creditors, i.e., not only to the Lending Company but also to other persons for whom the Borrower owns the money, such as local tax agencies, state authorities, other creditors and utility companies. These other creditors can have a higher priority in proceeds distribution and reception rather than the Lending Company.
- legislative and/or judicial body of the country where the Debt and mortgaged real estate attached exists could introduce a debt moratorium (a legally authorised period of delay in the performance of a legal obligation or the repayment of a debt, or delay in realising rights to enforce the mortgaged real estate) or even full or partial debt (including interest and penalties) release.
- further collection and recovery costs might be higher than the remaining debt itself, which means the collection and recovery are not economically reasonable; thus it would not be pursued.

**6. Limitations to enforce the attached mortgaged real estate**

- mortgaged real estate attached to the Debt might lose its value, could be sold for an amount that is less than the amount due to the Noteholders, or could not be sold in a timely manner or for the expected price, the property could be illegally alienated, severely damaged, or even destroyed or occupied by the tenants or residents, which can significantly influence the alienation times, sale value and sale prospects.
- mortgaged real estate attached to the Debt may become invalid or unenforceable due to a number of reasons, including, but not limited to, cases when legal relations arising from the loan documents are recategorised by the court of law, mistakes and omissions are made and/or due procedures are not followed when the mortgage is formed and/or transferred by the Originator and/or subsequent Debt purchasers. In that case, the obligations of the Borrower would become unsecured, and the credit risk significantly increases.
- the proceeds from the sale of the mortgaged real estate can be allocated among other creditors whose receivables can be secured or declared to be secured by the same property (unless another allocation order applies under applicable law). These other creditors can have a higher priority in proceeds distribution and reception rather than the Lending Company.

Due to the reasons described above, the Noteholder can experience delayed repayments, cannot receive anticipated positive returns or lose the amount invested in Notes partially or fully.

Due to this, the Notes are only suitable investments for investors with the appropriate knowledge and experience and are in a financial situation that allows them to lose part or even all of the money invested in Notes.

## **RISKS SPECIFIC TO THE DEBT SERVICING**

### **1. The Lending Company is not able to continue Loan servicing**

Various factors can negatively impact the Lending Company's ability to provide Debt servicing, which in turn could lead to delayed repayments to the Noteholder or even partial or full loss of the invested amount. Some of the factors are:

- Loss-making operations - The Lending Company may experience losses due to various business events and factors, such as intense competition, higher than expected cost of debts acquisition, high enforcement and collection costs, unexpected costs, reduction in the portfolio sizes, changes in local regulation with regards to business activities, management errors.
- Macro-environmental factors - Various macro-environmental factors, such as recession, military conflict, natural disasters, or a pandemic, could significantly negatively influence the business operations of the Lending Company.
- Loss of the Lending Company authorization - The real estate lender (*Prestamista inmobiliario*) authorisation of the Lending Company can be revoked or otherwise lost for a number of reasons. Loss of authorisation can negatively affect the Lending Company's ability to continue its operations and service the existing Debts.
- Freezing, seizing, or closing of a Lending Company operational bank account - The account that the Lending Company uses for operations might be seized, blocked, or closed for a number of reasons, including AML/KYC breaches, sanctions violations, state authorities' arbitrary actions, insolvency of a bank/payments services provider. The inability to use the bank account could restrict the Lending Company's ability to collect payments from Debt collection/enforcement and transfer funds to the Issuer for an indefinite time, or even lead to insolvency/bankruptcy of the Lending Company.



- Lack of corresponding bank chain - Corresponding bank relations of a bank/payments services provider who maintains the Lending Company's operational accounts could be dramatically amended or terminated, eliminating the Lending Company's ability to make payments towards the Issuer. This may negatively affect payments to the Issuer and, thus, further distributions to the Noteholders.

## **2. No Backup Servicer may be available for servicing the underlying Debts if the Lending Company is not able to continue Debt servicing**

One of the key roles of the Lending Company with respect to the Notes is to provide Debt servicing by performing enforcement and collection activities to ensure potential returns as well as to hold mortgage title in the real estate attached to the Debt on behalf of the Issuer. There might be no backup servicer that could be or will express willingness to be appointed to take over the Debt servicing from the Lending Company if needed. If there is an event of default or other circumstance that disrupts the due servicing and administration of debts by the Lending Company and if at the time no backup solution for Debts servicing exists, the timeline and volumes of repayments could be significantly impacted, leading to a partial or full loss of amounts invested in Notes.

## **3. The Lending Company may intentionally or unintentionally breach its contractual obligations**

There is a risk that the Lending Company performs actions that violate the Transaction Documents, including the risk of misbehaviour or fraud against the Issuer and InDemo, resulting in the partial or complete loss of amounts invested in Notes. Contractual breaches that may happen include but are not limited to:

- Loan Receivables sold to the Issuer are or will be pledged to other creditors - According to the Transaction Documents, to which the Lending Company is a party, the Loan Receivables underlying Notes must not be pledged to any creditors. If the Lending Company intentionally or unintentionally pledges the specific Loan Receivables sold to the Issuer to other creditors, the Noteholder could lose some or all the invested funds if the Lending Company defaults or becomes insolvent.
- Mortgaged real estate attached to the Debt is or will be transferred to third parties - According to the Transaction Documents, to which the Lending Company is a party, the mortgaged real estate attached to the Debt underlying Notes must not be transferred to any third party. If the Lending Company intentionally or unintentionally transfers mortgaged real estate attached to any third party, the Noteholder could lose some or all the invested funds if the Lending Company defaults or becomes insolvent.
- False or incomplete information about the Lending Company - All information in this Base Prospectus about and/or related to the Lending Company has been provided and certified by the Lending Company as actual, true, and complete. Material errors or omissions of such information could initially affect the decision of the Noteholder to invest in a particular Note and eventually result in a negative outcome of the investment.
- False or misleading information regarding the Debt, the Borrower and mortgaged real estate attached to the Debt - The Lending Company provides InDemo with information about the Debt, the Borrower and mortgaged real estate attached to the Debt. As well as the Lending Company regularly provides updates on the Debt recovery and enforcement process stages and its status. There is a risk that the Lending Company intentionally or unintentionally has provided wrong or misleading information to InDemo or fails to provide information to InDemo at all. As a result, the information provided to the Noteholders on the Platform and payments under the Notes could be impacted.
- The Lending Company stops cooperation with InDemo - The Lending Company could for some reason suddenly stop cooperating with InDemo. This could mean not honouring its obligations under the existing agreements, including the Transaction Documents and breaching their provisions. The Lending Company could stop making payments to the Issuer, which means the Issuer would not be able to make payments to the

Noteholder. The Lending Company might also stop providing InDemo with the necessary information or provide the information with significant delays.

#### **4. Insolvency of the Lending Company or creditors' action against the Lending Company**

Insolvency, bankruptcy, creditors' action against the Lending Company or other similar adverse events may significantly influence or even dismiss the ability of the Lending Company to service the Debt by performing enforcement and collection activities as well as to hold mortgage title in the real estate attached to the Debt on behalf of the Issuer.

This means that if the Lending Company experiences significant problems, the Lending Company may not be able to transfer the repayments from the Debt collection and enforcement to the Issuer, which would mean that the Issuer would not be able to make payments to the Noteholder.

The Lending Company may be required to continue to treat the Loan Receivables as assets of the Lending Company from an accounting perspective. Also, the Lending Company continues to hold public mortgage title in the real estate attached to the Debt registered in the relevant land register in the name of the Lending Company on behalf of the Issuer for Debt collection and mortgage enforcement purposes.

Reflection or recognition of the Loan Receivables sold to the Issuer as the Lending Company's balance sheet assets if an insolvency proceeding is initiated or creditors initiate the action against the Lending company may lead to the receiver, the administrator or creditors not recognising the Issuer's title over the Loan Receivable sold to it. In this case, the Issuer would need to take legal action to protect its interests in the Loan Receivables.

The Issuer may have to prove to the administrator, receiver and/or other parties that the Loan Receivables and the payments attached towards them are not to be included in the assets of the Lending Company that are available for the general pool of creditors.

Reflection of the public mortgage title in the name of the Lending Company if an insolvency proceeding is initiated or creditors initiate the action against the Lending company may lead to the receiver, the administrator or creditors not recognising the Issuer's beneficial interest in the mortgage as an asset. In this case, the Issuer would need to take legal action to perfect its title and transfer the mortgage right from the Lending Company to the Issuer.

Should the Loan Receivables be treated as assets of the Lending Company that are available for the general pool of creditors and not of the Issuer, or mortgage title be left with the Lending Company and not transferred to the Issuer, the Issuer might be treated as an unsecured creditor of the Lending Company. It may then be entitled to receive only a portion of all distributions available to the unsecured creditors of the same class, and this portion of distributions maybe not be enough to cover the indebtedness towards the Issuer partially or in full.

In case of insolvency, an administrator usually is bound to consider which past transactions of the insolvent company have to be contested and which sold assets or transferred funds have to be clawed back. There is a risk that the administrator of the Lending Company takes action to claw back to the Lending Company estate, the Loan Receivables sold to the Issuer or amounts paid to the Issuer. The Issuer would then have to take legal actions to protect its interests in the Loan Receivables and the Debt enforcement payments and argue against the position of the administrator in judicial proceedings, which could be long and costly, and no assurance could be made of its successful forecasts and outcome.

The Transaction Documents allow InDemo to appoint a backup servicer, who would take over the servicing of the Loan Receivables in case of insolvency or bankruptcy of the Lending Company. The enforcement of rights under contracts might not result in recoveries for the Noteholder in a swift manner, and the recovery might be affected by lengthy and costly legal proceedings.

Eventually, the Noteholder may experience delayed repayments or partial or full loss of invested amount under Notes.

## **RISKS SPECIFIC TO INDEMO**

### **1. Various events and failures could cause situations where InDemo is not able to continue operations**

InDemo operates in a complex and dynamic regulatory and competitive environment, and various events and failures could lead to InDemo terminating the provisioning of services, including the operations of the Platform. These events include but are not limited to revocation of licence, weak financial performance, negative reputation, non-compliance events, dramatic changes in the applicable regulations impacting InDemo operating model or an economic downturn. Considering that Notes are available and being serviced only through the Platform operated by InDemo, if the latter ceases operations, this could significantly impact the Noteholder's ability to receive repayment on time.

Should InDemo enter liquidation or insolvency as a regulated and supervised entity, the process will be supervised by Latvijas Banka. The appointed liquidator or administrator will take over the functions of the management board. InDemo will continue servicing its clients and the Investment Accounts and relevant financial instruments portfolios in line with what InDemo is permitted to do according to the applicable insolvency and liquidation rules. The appointed administrator or liquidator would lead the process from the moment of the appointment. In some cases, the Investors' Protection Law may apply. Such processes may significantly influence the investment's return times and make the return more complex to the Noteholder.

Furthermore, InDemo could for some reason suddenly stop honouring its obligations under the existing agreements, leading to delayed payments or partial or full loss of the amount invested in the Notes.

### **2. Non-compliance with regulations could lead to revocation of InDemo licence**

To provide services to clients, InDemo, as the operator of the Platform, has received an investment firm licence from Latvijas Banka. The licence could be suspended or revoked due to non-compliance with regulations by InDemo. Loss of licence by InDemo could lead to delayed payments or partial or full loss of invested amount under the Notes.

### **3. Failure of IT systems or a security breach could lead to significant liabilities, losses and harm relationships with customers**

InDemo is a financial technologies company which uses IT resources to onboard and service its clients, the Platform is operated, and investments into Notes and their subsequent servicing are available solely online, meaning IT systems are crucial to InDemo operations.

While InDemo as a regulated and supervised investment services provider, has taken steps to protect confidential information, the techniques used to obtain unauthorised, improper or illegal access to systems, data, or customer data or to disable or degrade services are constantly evolving and may not be detected quickly.

As a result, InDemo security measures might be breached, and these security breaches could result in confidential client information being stolen, damaged or deleted. Breaches of security measures because of third-party action, employee error, third-party vendor error, design flaws in the software, or interruptions in InDemo systems and services could adversely impact our relationships with Investors, harm InDemo reputation, and expose InDemo to significant liability and losses.

### **4. InDemo bank accounts could be frozen or closed, and banks where the Noteholder funds are held can become insolvent**

InDemo clients' funds, including the fund being deposited in the Issuer's Account for settlement under the Notes, are kept segregated from InDemo own funds in several bank accounts marked as client funds accounts.

One or several of those bank accounts that InDemo uses might be blocked, seized or closed for a number of reasons, including insolvency of the banks, resulting in interruptions of fund transfers to the Lending Company and the Noteholder.

#### **5. Significant problems or termination of the agreement with InDemo partner may affect the provision of services to the clients**

While providing its services, InDemo relies on several carefully selected partners (e.g., cloud computing providers, IT systems maintenance companies, and significant software as service vendors), and any problems with the service providers could impact InDemo ability to provide services to the Noteholder. InDemo has taken several steps to reduce the likelihood and impact of such occurrences, such as internal activities continuation and recovery plan and having backup service providers where feasible. However, there is still a risk that the Noteholder may not be able to access the Platform or receive services.

#### **6. Certain situations or actions may raise conflicts of interest**

While the rights and the responsibilities of InDemo, the Issuer, and the Lending Company are detailed in the Transaction Documents and this Base Prospectus, and InDemo has established policies and procedures to mitigate the risk, it is not possible to fully avoid the possibility of a conflict of interests between the parties that could impact the interests of the Noteholder.

While InDemo provides placement services to the Issuer with respect to the Notes, InDemo also provides the infrastructure services for the Lending Company and the Issuer to perform sales of the Loan Receivables to the Issuer. InDemo receives fees from the Lending Company for the Loan Receivables placement services. InDemo has carefully set up the fees in a compliant manner so that it would not violate the conflict of interest management rules. Such placement fees might qualify as inducements, and InDemo would disclose information on these inducements to the Noteholder. In addition to inducement disclosures, InDemo has set up internal procedures to identify and manage conflicts of interest. Some conflicts of interest require disclosure, and those are disclosed to Investors.

#### **7. Low product demand from the Investors' side may lead to a breach of capital adequacy regulatory requirements**

InDemo is a new market player entering quite a competitive market. The maintenance of the investment services provider requires fixed costs that are covered either by the operating revenue of the company or from its own funds and capital. The inability to attract sufficient resources from prospective investors due to the low demand for Notes can reduce revenue-generating opportunities for InDemo and will lead to an inability to cover operational expenses and later might trigger a breach of own funds regulatory requirements for investment firms.

### **RISKS SPECIFIC TO THE ISSUER**

#### **1. The Issuer could default on its obligations or become insolvent**

The Issuer is a company wholly owned by InDemo, and not engaged in any business activities other than those provided in this Base Prospectus. There is a risk that the Issuer could suddenly stop effectively honouring its obligations under the existing agreements and breach its provisions, resulting in missing repayments to the Noteholder. This could lead to delayed repayment and partial or full loss of invested amounts.

While the Issuer is created, established and performs its operations as a special purpose undertaking, due to possible legal shortcomings of the applicable law and/or judicial practice, the Issuer might be found insolvent due to the following reasons, including, but not limited to, a Noteholder or other creditor initiating the insolvency proceedings against the Issuer in bad faith and the court not finding limited recourse and non-petition provisions defined by this Base Prospectus as a sufficient ground to reject such proceeding. In such situations, the Noteholder

could experience delays in receiving its invested funds. Its priority as a creditor of the Issuer might be changed by the rule of law, leading to receiving fewer amounts than due under the Notes.

The Terms and Conditions of the Notes (in section 8 of this Base Prospectus) are set up and drafted as having the legal force and addressing concerns as legally binding contractual obligations. There can be external circumstances that might influence such legal construction, including, but not limited to, court rulings and/or new or modified legal enactments.

## **2. InDemo may not be able to cover the maintenance and administrative costs of the Issuer**

Considering the pass-through nature of the Issuer, the maintenance costs and administrative expenses of the Issuer are, in essence, covered by the Lending Company, either via direct compensation mechanism or indirectly via InDemo. If, for any reason mentioned above in 'RISKS SPECIFIC TO INDEMO', InDemo is not able to cover such costs, it could significantly influence the operations of the Issuer and its ability to service Notes and make payments to the Noteholder.

## **3. Information asymmetry**

With reference to the risks described above in 'The Lending Company may intentionally or unintentionally breach its contractual obligations - False or incomplete information about the Lending Company' and - False or misleading information regarding the Debt', part of the information in this Base Prospectus as well as significant information being received during the term of the Notes is being sourced and received from the Lending Company. There is a risk that the Lending company can provide material information with delay or fails to provide information to the Issuer at all. As a consequence:

- the Issuer through InDemo acting as its authorised representative will not be able to timely enforce its rights provided in the Transaction Documents and to act in the interests of Noteholders; and
- the Issuer will not be able to prepare and publish supplements to this Base Prospectus in a timely manner, which could impact the Noteholders' judgement on purchasing the Notes being unaware of any significant new factor, material mistake or inaccuracy relating to the information being sourced from the Lending Company.

## **4. Cross-risks applicable to the Issuer**

Considering the pass-through nature of the Issuer, the Issuer and its abilities to pay amounts due to the Noteholders under the Note are exposed to all the risks listed above in 'RISKS SPECIFIC TO THE UNDERLYING DEBTS', 'RISKS SPECIFIC TO DEBT SERVICING' and 'RISKS SPECIFIC TO INDEMO'.

## **RISKS SPECIFIC TO NOTES**

### **1. Notes lack a specified maturity date, and the return of which is solely dependent on the performance of a defined Debts pool**

Payments, performance, and amount of return under the Notes to Noteholders will depend solely on the proceeds collected from the Series Specific Debts' exit results, through Debts workout, collection and enforcement of a mortgaged real estate attached to the Debt as performed by the Lending Company and transferred to the Issuer.

The maturity date provided in the Final Terms of each Series is based on the assumptions and is just an estimation. The actual maturity date can occur earlier or significantly later. It will depend solely on the Series Specific Debts exit times through Debt workout, collection and enforcement of a mortgaged real estate attached to the Debt as performed by the Lending Company.

The timing, prospects and outcome of these activities are impossible to forecast or foresee. Eventually, this could lead to delayed payments or partial or full loss of the amount invested in the Notes.

### **2. An undiversified investment portfolio may lead to greater risk exposure to a single batch of underlying Debts**

Significant investments in a single Series or one and the same Debts mean higher exposure to a single batch of underlying Debts, which leads to high concentration risk and risk of losses if the selected investment opportunity will not perform as expected. InDemo encourages its clients to build a well-diversified portfolio and provides several tools to automate investing in Notes, making this easier.

Furthermore, currently, InDemo offers investment opportunities originated/sourced only from one market, Spain. This means that the performance of the Noteholders' portfolio and investment risk depends on the specific country and product, being mortgage loan risks.

### **3. The Noteholder has no rights of recourse against the Borrowers, the Lending Company, the Servicer**

The Noteholder has no direct right to the Loan Receivables. Instead, the Noteholder is acquiring Notes, which the corresponding Loan Receivables back. The legal title in the Loan Receivables and relevant rights arising from them are vested in the Issuer. This means that the Noteholder will have no direct recourse against the Borrowers and no ability to independently and in its discretion pursue any Borrower to collect payments and/or enforce mortgaged real estate attached under the relevant Debt. For the same reason, the Noteholder will have no direct recourse against the Lending Company, the Servicer, and no ability to pursue the Lending Company and the Servicer to enforce them to perform their duties and obligations due duly. All such actions are carried out by the Issuer as the legal owner of the Loan Receivables according to the provisions of this Base Prospectus and the Transaction Documents.

### **4. Change of creditors' priority**

The outcome of judicial or insolvency procedure could overrule the creditors' priority in this Base Prospectus due to requirements of the law, meaning that the Noteholders of one Series of Notes could become equal creditors to Noteholders of other Series of Notes arising from this Base Prospectus or other prospectuses, thus all the proceeds the Issuer receives from all the Loan Receivables is distributed on pro-rata basis or otherwise.

### **5. Certain costs may rank higher than payments to the Noteholder**

While it is the Issuer's responsibility to transfer to the Noteholder all payments that have been received from the Lending Company, including the payments from the Borrowers / the Debts received by the Lending Company, there are certain costs, such as taxes, InDemo fees and recovery costs that rank higher than payments to the Noteholder. This means that the Noteholder would only receive payment after the payment obligations of a higher priority have been settled.

Also, there is a risk that the outcome of judicial or insolvency procedure could define other priorities of payments, which differ from the priority in this Base Prospectus.

### **6. Liabilities that are not Series specific will be allocated to all Series of Notes proportionally**

If there are higher priority costs, i.e., taxes, fees and recovery costs, related to the specific Note, then these will be covered from the payments due to the Noteholders according to the Priority of Payments defined in this Base Prospectus. Where the liability is not Series-specific, for example, legal costs, the liability will be allocated to all Series of Notes proportionally unless otherwise defined by the Priority of Payments.

### **7. Event of default under another prospectus affecting Noteholders**

The Issuer has or could in the future enter into transactional documentation to issue loans' backed and contingent notes with other lending companies.

If for some reason an event of default arises under another prospectus, it can lead to an event of default under this Base Prospectus, and as a consequence, Noteholders can face similar risks as described in paragraphs 2, 3 and 4 of the 'RISKS SPECIFIC TO THE NOTES'. For example, the outcome of judicial or insolvency procedure could

overrule the creditors' priority due to requirements of the law, meaning that the noteholders under another prospectus could be treated *pari passu* with other unsecured creditors of the Issuer, including with the Noteholders of Notes issued under this Base Prospectus, and/or could define other priority of payments, which differs from the priority in this Base Prospectus, meaning that proceeds received from the Lending Company which otherwise would be attributable to Series Specific Debts could be diverted to make payments with respect to other prospectuses of the Issuer and/or with respect to such proceedings.

**8. Due diligence and monitoring performed by InDemo are limited in scope, do not address all material risks, and do not provide any assurance or indemnification**

Before the Lending Company joins InDemo and during the cooperation, InDemo carries out due diligence. It is important to point out that this process is limited in scope and does not address all material risks relating to an investment in the Notes, but rather reflects the view of InDemo at the time the due diligence and monitoring are performed.

InDemo neither provides any assurance or guarantee for the Noteholder nor indemnifies or holds Noteholder harmless for any loss or adverse consequence directly or indirectly arising from the Noteholder relying upon the due diligence and monitoring performed.

**9. No specific securitisation laws in Latvia**

There are no dedicated laws and regimes in Latvia addressing specific special-purpose vehicle issuer insolvency or limited recourse concepts. InDemo believes the Terms and Conditions of the Notes are set up and drafted as having the legal force and addressing such concerns as legally binding contractual obligations. There might be circumstances that influence such legal construction, including, but not limited to the court ruling, or new or modified legal enactments. Eventually, this could lead to delayed payments or partial or full loss of the amount invested in the Notes.

**10. Repurchase could impact planned return**

The Lending Company may repurchase the Loan Receivables from the Issuer at any time on the terms provided by the Base Prospectus without any penalty or other compensation. This may happen for different reasons.

The Lending Company not only has a right to repurchase but also has an obligation to repurchase the Loan Receivables from the Issuer upon the occurrence of certain events specified in the Cooperation Agreement. The Lending Company may become obliged to repurchase one or several affected Loan Receivables, as well as there, are certain events that may trigger the obligation to repurchase all the Loan Receivables. The occurrence of an Event of Default under the Cooperation Agreement triggers the obligation to repurchase all the Loan Receivables. If the repurchase right is exercised by the Lending Company or if the repurchase obligation arises, the relevant Series of Notes will be redeemed early in full or in part once the Issuer has received the repurchase price from the Lending Company. The Noteholders' return on the investments in the Notes which are redeemed due to the repurchase will be lower than the initially planned return.

**11. New regulations introduced in the future could impact the Noteholder and InDemo**

In the current fast pace regulatory environment, the financial services industry over the last years has experienced the introduction of several new regulations. With further developments and adoption of technologies, jurisdictions, either where Noteholders or InDemo are domiciled, are likely to introduce new regulations or administrative interventions that could relate to Notes or online investment platforms such as the Platform. Such regulation in the future, for example, could enhance investors' protection measures, limit access to Notes to only qualified or sophisticated Noteholders, limit the proportion of the portfolio that can be invested through Notes or introduce any other restricting measures.

Furthermore, the introduction of new regulations or significant changes to the existing regulations could impact the profitability, cost base and future operations of InDemo. Failure to comply with regulation could lead to,

among other things, lawsuits, administrative enforcement actions, penalties, and revocation of licences and authorisations. Eventually, this could lead to delayed payments or partial or full loss of invested amounts under Notes.

**12. New regulation in relation to taxes could impact the expected return for the Noteholder**

In the event that new regulation is introduced, or existing regulation or its interpretation changes so that the Issuer and/or InDemo needs to withhold additional taxes before making payments to the Noteholder, and the Issuer and/or InDemo is required to withhold any transfer tax, stamp duty and/or financial transactions tax, this could impact the expected return on investment for the Noteholder. Similar developments in the Noteholders' tax residence country can lead to the same consequences for the Noteholder.

**13. Notes have limited liquidity and transferability**

The Notes are illiquid securities and passive investment opportunities, there is no market for them, and the Notes are not admitted to any trading venue. This means there is no possibility to sell them on the open market. The Noteholder should therefore only invest in Notes that the Noteholder is comfortable with holding to maturity or actual maturity.

**14. Investing in Notes issued in other currencies increases the Noteholder's exposure to currency risk**

If a Noteholder invests in Notes denominated in a currency that is different from the currency that the Noteholder earns and/or spends, the return on the investment could be significantly impacted by the fluctuations in the exchange rate between those currencies. This means that if the underlying currency depreciates significantly, the Noteholder could lose part of the investment, and if the currency appreciates significantly, the Noteholder could earn a higher return on investment.

**15. Notes are not bank deposits**

Investment in Notes does not have the status of a bank deposit in Latvia or elsewhere and is not within the scope of the deposit protection or guarantee scheme operated by the Republic of Latvia or any other jurisdiction.



## 4. Transaction Overview

### TRANSACTION IN RELATION TO THE NOTES

With a view to issuing and offering the Notes as described in this Base Prospectus, the Issuer, InDemo and the Lending Company has entered into the Transaction Documents. This process can be divided into several functional stages as described below.

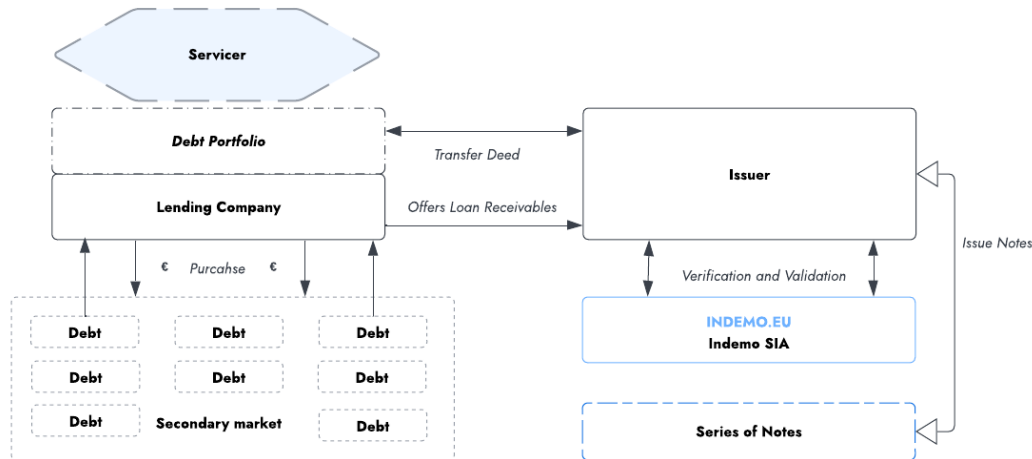
#### 1. Transfer of the Loan Receivables by the Lending Company to the Issuer

The Lending Company buys Debt on the debts' secondary market from institutional counterparties and holds them in its debts' portfolio.

The Lending Company makes, from time to time, an irrevocable offer to sell the Loan Receivables to the Issuer. InDemo on behalf of the Issuer verifies the information provided about the Loan Receivables and validates it through certain eligibility criteria to form a 'pool' of Loan Receivables to serve as the underlying assets for a particular Series of Notes and to satisfy other conditions precedent.

After successful validations, the offer for sale of the Loan Receivable is accepted by the Issuer as evidenced by the mutual Transfer Deed.

Payment for the acquired Loan Receivable is subject to placement of the Series of Notes.



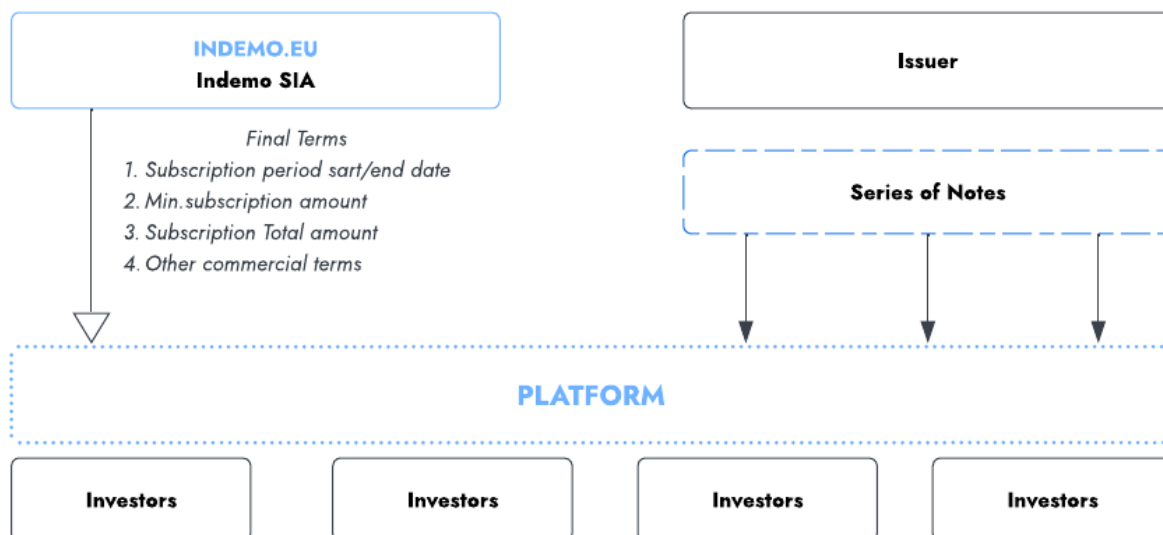
The Lending Company continues to service the sold Loan Receivables on behalf of the Issuer to ensure the Debt works out and the monetary exit, as well as continues to hold mortgage title in the real estate attached to the Debt on behalf of the Issuer. The Borrowers are not notified of the transfer of the Loan Receivables to the Issuer.

If all Loan Receivables arising from the Debt are sold to the Issuer and included in the relevant Series as the underlying assets, the Lending Company can retain no material net economic interest in the Debt but continue to execute servicing duties as a part of post-closing obligations concerning the sold Loan Receivables.

That means the Loan Receivables transferred to the Issuer and backing the Series have characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Notes.

#### 2. Subscription and issue of Series of Notes

Once the Transfer Deed is in place, InDemo publishes the Final Terms for the relevant Series of Notes on the Platform on behalf of the Issuer.



The Final Terms provide the start date and end date of a subscription period when the Notes are publicly offered by the Issuer through the Platform, and Investors can subscribe.

The Final Terms also provide a minimum total subscription amount, which needs to be reached for the placement to be treated successfully and the Series to be issued.

Investors' subscriptions are registered and satisfied on a “first come, first served” basis.

Information about the offer results of the Notes is published on the website [www.indemo.eu](http://www.indemo.eu) in real time starting from the subscription period start date.

When the total subscription amount is reached, the Platform ends up accepting a new subscription application, which means a refund of amounts paid in excess does not apply.

If the placement is unsuccessful as of the subscription end date (i.e. minimum total subscription amount is not reached), the Platform releases the subscribed amounts held back to the Investment Accounts.

The Issuer does not expect any conditions to which the offer of the Notes would be subject other than those provided above.

Series are issued on the Issue Date.

To subscribe to the Notes, the Investor registered on the Platform submits an investment order by means of the Platform, indicating the amount of money the Investor wishes to invest in particular Notes. The Investor can also use automated portfolio management services provided by InDemo to purchase the Notes. The subscribing to Notes is automated and takes place in real-time.

When the investment order is accepted by the Platform, InDemo debits cash funds from the Investor’s cash account with InDemo and delivers the Notes to the Investor’s financial instruments account with InDemo on the Issue Date subject to the minimum subscription amount reached.

The minimum subscription amount is one Note. The maximum subscription amount is up to the Aggregate Nominal Amount for the relevant Series of Notes. Still, it is subject to the nominal amount of the Notes being available for subscription at the execution time of the investment order (according to a “first come, first served” basis).

No expenses are expected to be charged to the Investor by the Issuer when purchasing Notes. Currently, there is no financial transaction tax to be applied by the Issuer and/or InDemo to the Investor in subscribing or purchasing any Note.

The Issuer expects that net proceeds of any Series of Notes will equal the Aggregate Nominal Amount of the relevant Series.

### **3. Payments under the Notes**

The principal repayments and Performance-Liked Interest payments under the Notes are linked and contingent on corresponding payments being made under the pool of the underlying Loan Receivables. Notes can have several payments which reflect the exits from different Debts within the Note.

### **4. Repurchase**

*The below might not be the precise wording of the Cooperation Agreement provisions, however even if the wording is different, the description of the essence remains correct.*

Repurchase is the right or obligation for the Lending Company to repurchase the Loan Receivable(s) from the Issuer on the occurrence of certain events specified in the Cooperation Agreement.

The Repurchase rights the Lending Company may exercise at any time with respect to any Loan Receivable(s). The repurchase price equals the Debt Price plus accrued interest at the 6 (six) months Euro Interbank Offered Rate (but not less than 3% per annum) up to and including the date when the Repurchase right is exercised.

The Repurchase obligation arises either with respect to one or several Loan Receivables, or it may as well arise with respect to all Loan Receivables.

In case an event of default under the Cooperation Agreement has occurred (see paragraph: TRANSACTION DOCUMENTS - The Cooperation Agreement), InDemo is entitled to request the Lending Company to repurchase all the Loan Receivables transferred to the Issuer. InDemo has the discretion to request or not to request the repurchase of all the Loan Receivables. If the full repurchase is requested, the repurchase obligation must be met by way of paying the repurchase price within the time period, which in most cases is 5 (five) Business Days, but may be set as a longer period of time up to no more than 6 (six) months, after the notice has been given to the Lending Company regarding the repurchase and the final calculation of the amounts payable is sent to the Lending Company.

The repurchase price for the Loan Receivable, which the Lending Company is obliged to pay to the Issuer for the Repurchase of the Loan Receivable, is equal to the Debt Price plus accrued interest at the 6 (six) months Euro Interbank Offered Rate (but not less than 3% per annum) up to and including the date when the Repurchase was triggered.

If Repurchase rights or obligation is triggered, the relevant Series of Notes will be redeemed early in full or in part once the Issuer has received the Repurchase price from the Lending Company.

### **5. No credit enhancement**

The Notes have no credit enhancements and no liquidity support in relation to the payment of interest or principal. The Issuer, as a special purpose entity, has no obligation to make any payment on the Notes unless sufficient funds have been received from the Lending Company. The Lending Company, in turn, is dependent on payments on the relevant Debts.

## **TRANSACTION DOCUMENTS**

*The information in this section is a summary of certain features of the Transaction Documents provided for information purposes and will not be treated as the full binding text of the relevant agreement.*

### **Cooperation Agreement**

- **General**

The parties to the Cooperation Agreement are the Lending Company, the Issuer, and InDemo (the “**Parties**”). The Cooperation Agreement establishes the foundation for a cooperative and successful relationship between the Parties.

In the Cooperation Agreement, the Parties agree on the terms of sale and purchase of the Loan Receivables between the Lending Company and the Issuer, terms and conditions of the offering of the Notes on the Platform, and agree on the other terms of cooperation between the Parties with respect to the Notes.

The Cooperation Agreement has the following appendices:

- Appendix 1 Payment Terms;
- Appendix 2 Sample of the Transfer Deed.

It also has a draft of this Base Prospectus as its Appendix 3.

- **Sale and purchase of the Loan Receivables**

The Cooperation Agreement outlines the terms and conditions for the sale and purchase of Loan Receivables between the Lending Company and the Issuer. Each transfer of the Loan Receivables will be evidenced by a Transfer Deed. The Transfer Deed contains an exact amount of the Debt Price for the specific Loan Receivable and the Transfer Date. The Cooperation Agreement also includes specific provisions related to the transfer process, including the conditions that must be met, the required information about each Loan Receivable, and the formation of pools.

- **Servicing of the Loan Receivables**

The Cooperation Agreement outlines the obligations and responsibilities of the Lending Company as the servicer for Loan Receivables. The Lending Company is appointed by the Issuer to service the Loan Receivables and is responsible for servicing, administration, and collection of the Loan Receivables. While performing its servicing obligations, the Lending Company shall follow certain benchmarks and requirements. The Lending Company may engage other third parties to assist with servicing but remains fully responsible for the Loan Receivables. The Servicer is engaged by the Lending Company in servicing the Loan Receivables. The Issuer may terminate the appointment of the Lending Company as the servicer in case of breach of obligations or an event of default.

- **Representation and Warranties**

The representations and warranties section of the Cooperation Agreement outlines the obligations and assurances of the Parties regarding the Loan Receivables. The Lending Company represents and warrants that it is the sole owner of the Loan Receivables and has the full right and authority to sell them to the Issuer. The Lending Company also represents and warrants that the Loan Receivables are free of liens or encumbrances. The Issuer represents and warrants that it has the full right and authority to purchase the Loan Receivables and issue the Notes. The Issuer also represents and warrants that the Notes will be issued in accordance with the Final Terms and the Base Prospectus. The Parties further agree to indemnify and hold harmless each other for any losses or damages resulting from a breach of these warranties.

- **Rights and Obligations of the Lending Company**

The Cooperation Agreement outlines the rights and obligations of the Lending Company. The Lending Company, among others, is required to ensure the proper functioning of its IT systems, comply with laws and regulations, follow anti-money laundering requirements, and provide financial statements to the Issuer.

- **Events of Default**

The Cooperation Agreement outlines several events that would constitute a default. These events include, among others, non-payment, failure to fulfil certain obligations, insolvency, misrepresentation, and breach of anti-money laundering obligations. In the event of a default, InDemo is entitled to cease placement of the Notes on the Platform, start enforcement of the Security Document, and oblige the Lending Company to repurchase outstanding amounts of the Loan Receivables sold to the Issuer.

- **Term and Termination**

The Cooperation Agreement outlines the terms and conditions for the termination of an agreement. The agreement may be terminated by written agreement of the parties, by either party with 60 days' notice, or by InDemo and/or the Issuer in the event of a default. Certain obligations and remedies will survive termination, and a payment report summarising all payments due will be provided upon termination.

- **Governing Law and Dispute Resolution**

The Cooperation Agreement shall be governed by the laws of the Republic of Latvia, and any disputes shall be resolved by the court of laws of the Republic of Latvia.

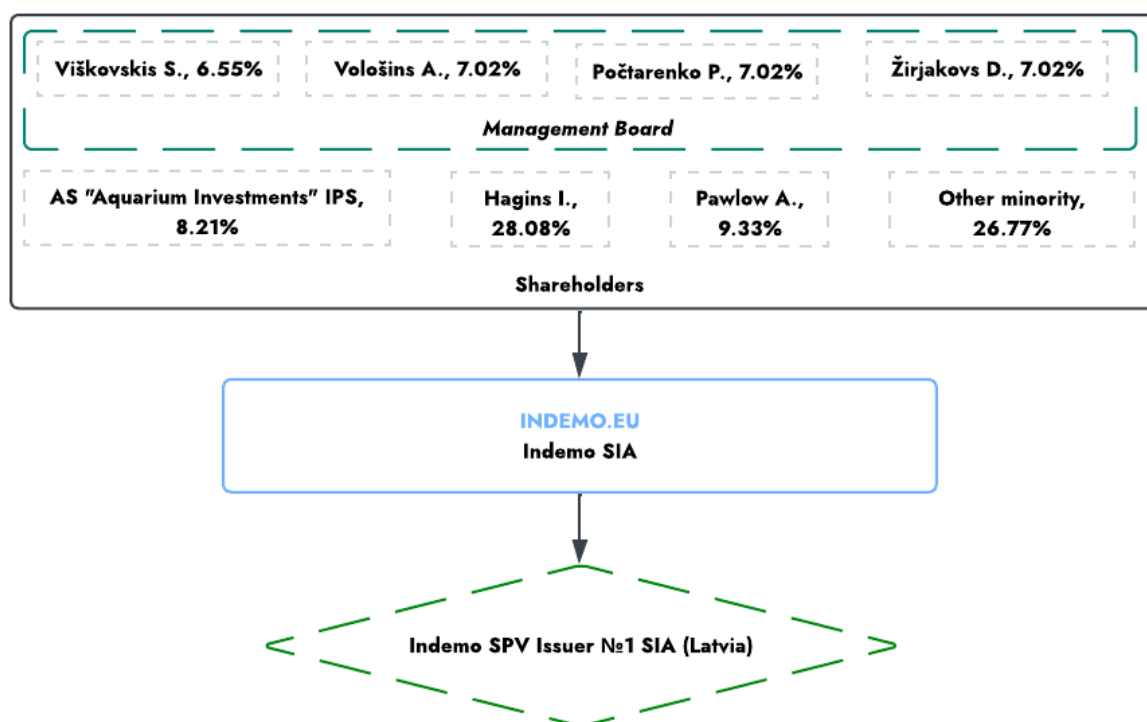
## 5. Issuer

### GENERAL

The Issuer is a special purpose undertaking established for the sole purpose of issuing and offering Notes to Investors on the Platform, which are backed by the Loan Receivables acquired from the Lending Company. The Issuer does not take part in any other business activities.

The Issuer is incorporated as a limited liability company and registered in the Commercial Register of the Enterprise Register of the Republic of Latvia on 15 February 2023 under the name Indemo SPV Issuer No1 SIA with registration number: 40203462441. It operates under the laws of the Republic of Latvia and has its registered office at Maza Nometnu 10-2, Riga, LV-1002, Latvia. The Legal Entity Identifier (LEI) of the Issuer is: 6488R109SEO6R317YK44.

The registered share capital of the Issuer is EUR 2800 consisting of 2800 shares each having a nominal value of EUR 1. Each share is entitled to one vote. The sole shareholder of the Issuer is Indemo SIA (InDemo), registration No. 40203401432.



The Issuer has no subsidiaries and does not own any shares or equity.

The Issuer is managed by the Management Board, and the board members are appointed by the sole shareholder of the Issuer - InDemo.

Title	Name, Surname	Other roles
Chairman of the Management Board	Sergejs Viskovskis	Chairman of the Management Board of InDemo, Chief Executive Officer. Oversees legal and regulatory compliance, marketing and public relations, investors' support, administrative, human resources management and data protection functions with InDemo. Mr. Viskovkis does not perform any other significant activities beyond InDemo corporate group.

Member of the Management Board	Aleksandrs Volosins	Member of the Management Board of InDemo, Chief Financial Officer. Oversees accounting, finance, safekeeping, custody and product development functions within InDemo. Mr. Volosins does not perform any other significant activities beyond InDemo corporate group.
Member of the Management Board	Daniels Zirjakovs	Member of the Management Board of InDemo, Chief Technology Officer. Oversees IT development, IS support and IS security functions within InDemo. Mr. Zirjakovs does not perform any other significant activities beyond InDemo corporate group.
Member of the Management Board	Pavels Poctarenko	Member of the Management Board of InDemo, Chief Risks Officer. Oversees risks management and AML/CFTP, international sanctions compliance functions within InDemo. Mr. Poctarenko does not perform any other significant activities beyond InDemo corporate group.

For so long as the Notes of any Series remain outstanding or Notes may be issued under the Programme, the current articles of association (Statutes) of the Issuer can be accessed on [www.indemo.eu/docs/](http://www.indemo.eu/docs/).

#### **AUTHORISATION**

This Programme and the issue of Notes in Series have been duly authorised by the decision of the sole shareholder of the Issuer on 11 May 2023.

#### **FINANCIAL INFORMATION**

At the date of this Base Prospectus, the Issuer has not commenced any operations, and accordingly, no financial statements have been prepared. The financial statements will be prepared in accordance with the Latvian Generally Accepted Accounting Principles (GAAP). Financial statements when prepared will be available at <https://www.indemo.eu/financial-reports>.

For accounting purposes, Loan Receivables are classified as a pass-through of a financial asset under the International Financial Reporting Standard (IFRS) 9 3.2.5.

The auditors of the Issuer appointed for the financial year 2023 are SIA “Crowe DNW”, registration number: 40103171002, licence No. 157.

#### **ACTIVITIES PERFORMED**

The activities of the Issuer are as follows:

- issue and publicly offer Notes to the Investors by means of the Platform, including preparation, submission to Latvijas Banka and publication on the Platform of this Base Prospectus;
- purchases of Loan Receivable from the Lending Company arising from the Debts;
- payments under the Notes through InDemo, subject to receiving relevant funds from the Lending Company; and
- publication of financial and other information to Noteholders in accordance with applicable law.

#### **SIGNIFICANT OR MATERIAL CHANGE AND/OR LITIGATION**

At the date of this Base Prospectus, there has been no significant or material change in the financial position of the Issuer since the date of incorporation of the Issuer.

The Issuer (whether as a defendant or otherwise) is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Base Prospectus which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer.



## 6. Lending Company

### BUSINESS OVERVIEW

The Lending Company is a specialized legal entity focused on the issue of mortgage loans and the acquisition of non-performing loans (NPLs) on a secondary market. The Lending Company was incorporated under the laws of the Kingdom of Spain as a private limited liability company on 16 January 2019. The Lending Company is registered with the Bank of Spain as a real estate lender (*Prestamista inmobiliario*) under code D123 on 29 June 2020. The Company has its registered office at Paseo Gracia, 95 - P. 5 PTA. 1, Barcelona, 08008, Barcelona, Spain.

The sole business activity of the Lending Company is the issue of mortgage loans and the investments in NPLs. The issue mortgage loans is the process of providing funds to a borrower, where the loan is secured by a mortgage on the property. The investments in NPLs are the purchase of a loan where the borrower has stopped paying the instalments on the principal (original amount) and interest from a bank or investment fund under an assignment agreement.

The Lending Company was established with a vision to help people gain access to flexible funding and solve their problems related to the unsustainable debt load. Traditional banks are known for their lack of a client-orientated approach, which deprives borrowers of many alternative options for financing and debt restructuring. Moreover, traditional banks often have inefficient processes of debt collection. The company offers new opportunities for borrowers who find themselves in a difficult situation and are unable to get funding or meet their credit obligations, through a personalized approach to finding flexible solutions, prompt decision-making and the absence of the high bureaucratic burden typical for traditional banks.

NPLs are an inevitable component of bank loan portfolios. Even though the main task of the bank is to form a credit policy in which the level of NPLs will be as low as possible, in practice it is quite challenging to effectively control this indicator. The cyclical nature of economic development, and the onset of systemic and non-systemic (idiosyncratic) risks, lead to an increase in the share of NPLs in the bank's total portfolio. Since NPLs require banks additional capital, time and attention to their employees, distract the management from the core business, and reduce overall business profitability, banks are focused on reducing the share of non-performing loans in the shortest possible time. In Spain, as well as in other Eurozone countries, the share of NPLs rose sharply after the financial crisis in 2008 and has been declining slowly over time.

Spain is the most notable example of a country in the European Union that has established a successful framework for managing levels of NPLs in the banking sector. The main reasons are:

- the establishment of an active NPL market in which banks can sell or securitize their non-performing loans,
- the large and active real estate market, which allows investors to properly evaluate and sell pledged real estate,
- formation of a *Sareb* agency that buys NPL portfolios,
- restructuring of the banking sector in 2010 and system-wide recapitalization of the banking sector in 2012.

Despite the large size of the market, investment opportunities are limited by banks' strict policies when selling NPLs. Sales take place through sworn attorneys (small or medium NPL deal volumes) or large investment funds (large NPL deal volumes). Sworn attorneys must be licensed, have a history with the bank and have an appropriate reputation. The investment funds, in turn, resell NPLs further, forming smaller portfolios, to real estate companies, developers and private investors with good reputation.

Thus, after the 2008 crisis in Spain, banks have developed an effective model for NPL management, by selling loans in the active secondary market, which allows the reinvestment of resources and reduces the burden on the bank's capital. In turn, this also creates new opportunities for specialized companies to buy NPLs and provide a personal approach to solving the problems of the borrower.

Key financial figures of the Lending Company:

	Year 2019	Year 2020	Year 2021
<b>Total Assets (EUR)</b>	1.537.092,05	1.620.495,56	1.554.815,24
<b>Loan portfolio (as % of total assets)</b>	99%	93%	79%
<b>NPL portfolio (as % of total assets)</b>	0%	5%	11%
<b>Average Interest income (incl. frozen interest and penalties)</b>	6,7%	11,4%	12,2%

### **NPL BUSINESS STRATEGY**

The Lending Company focuses on the purchase of loans secured by real estate in Spain. Initially, these loans were issued by traditional high-street banks in accordance with their lending policies. The banks carried out an initial financial and legal analysis of the borrowers and their ability to repay the loans. All loans must be registered as notarial deeds in Spain.

The Lending Company acquires these loans either directly from the banks that issued them or from investment funds that have taken over the loans from the banks. The Lending Company uses its own contacts and third-party brokers to find new counterparties and suppliers of NPL deals.

The Lending Company buys NPLs at a price lower than the amount of the debt itself (at a discount) and lower than the estimated market value of the collateral. Also, when buying a loan, the quality of the collateral, its appraisal, the correctness of the legal process and the documentary base of the mortgage, and the stage of the legal process are evaluated. All loans usually are secured with a liquid real estate (mainly residential apartments/private houses) pledge.

An important focus for the Lending Company is a constant effort to purchase of NPLs where the collateral is the second residence or commercial premises, which eliminates the need to evict the tenants. The Lending Company purchases loans where the borrowers are individuals and legal entities, but the real estate pledge must secure all loans.

When the Lending Company purchases a loan, its priority implementation scenario is to reach a out of the court settlement agreement with the debtor (i.e. the debtor voluntarily repays his obligations). If out of the court settlement agreement cannot be reached, the Lending Company executes the deal by selling the collateral at a foreclosure auction and settling the debt or by taking over the mortgaged real estate and then selling it on the market. The Lending Company engages a qualified and regulated professional Servicer to service, administer and enforce the NPL execution process efficiently.

The company focuses on purchasing loans with collateral in the following geographic areas of Spain:

- major cities in Spain such as Madrid and Barcelona and their surroundings;
- tourist sites related to domestic tourism;
- cities with well-known universities and large-scale production facilities.

The Lending Company's business development goals for the next 3-5 years are to strengthen its position as a key player in the NPL secondary market in Spain.

### **NON-PERFORMING LOANS**

The Lending Company purchases non-performing secured mortgage loans, where debtors are private individuals and legal entities. The average client distribution is 70% private individuals vs 30% legal entities. All loans are

secured with a real estate (mainly residential apartments/private houses or commercial premises) pledge located in Spain.

On average, the default on interest and/or principal payments on the loans the company buys occurred 5 or more years ago. The median purchase price of one NPL is around EUR 150 000 (purchase price amounts could range between EUR 75 000 and EUR 500 000), while the average price discount compared to the total debt amount itself is 50-65%.

## **FINANCIAL INFORMATION**

The latest available financial information of the Lending Company is available on InDemo website: [www.indemo.eu/docs/](http://www.indemo.eu/docs/).

The financial statements of the Lending Company are not audited according to the Spanish law, as per Law 22/2015, of 20 July, on the Audit of Accounts and per Royal Legislative Decree 1/2010, of 2 July, approving the revised text of the Capital Companies Act, Article 263 the Lending Company has not yet reached the business/operational thresholds set by the aforementioned legal enactments.

## **LITIGATION**

The Lending Company (whether as a defendant or otherwise) is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Lending Company is aware) in the 12 months preceding the date of this Base Prospectus which may have, or have in such period had, a significant effect on the financial position or profitability of the Lending Company.

## **NPL PURCHASE PROCESS**

The steps in the NPL purchase process include:

- (i) receiving the list of available NPL deals for purchase from the seller (bank or investment fund),
- (ii) criteria analysis and evaluation of each NPL, including analysis of debtor, geography, mortgaged property liquidity assessment, mortgaged property market value appraisal, assessment of the legal quality of the borrower's obligations, assessment of the lender quality, foreclosure status, availability and status of loan guarantors and mortgage, possibility of a out of the court settlement with the debtor, and other aspects,
- (iii) evaluation of offered NPL purchase price and parameters and ratios of debt, accrued interest, penalties, the market value of the collateral,
- (iv) investment decision making,
- (v) transaction, which includes signing purchase (assignment) documents with the seller, registration of assignment transaction documents with a notary, assignment and money documents submission to the land registry, payment of taxes, transfer of a mortgage to the Lending Company in the relevant land register in Spain.

The Lending Company engages the Servicer to screen, analyse, evaluate, and select NPL deals and manage the NPL purchase process.

## **NPL EXECUTION MANAGEMENT**

The Lending Company has established an efficient and effective NPL execution process, which is managed and supervised by the Servicer.

The priority scenario of NPL execution is to reach a out of the court settlement agreement with the debtor when the debtor voluntarily repays his obligations.

If a out of the court settlement agreement cannot be reached, the Lending Company starts the debt recovery process, which may include all or some specific steps listed below:

- (1) Preparing for the trial. Most often, a court case has already been initiated by a previous creditor (bank or investment fund). The Lending Company has two options: (a) the Lending Company changes the plaintiff side, (b) if the court case has not been opened yet, the Lending Company prepares and files a claim with the court.
- (2) Legal proceedings. After the submission of the claim and its admission by the court, the court notifies the defendant (the debtor). Possible options for further legal proceeding development are: (a) the defendant

does not respond, and the Lending Company receives a final court decision, (b) the defendant objects to the claim. Then the court considers the issue on its merits.

(3) Appeal. In some cases, the defendant files an appeal. The court may uphold or reject the appeal.

(4) Foreclosure auction. The process of selling the mortgaged object on the auction occurs after the entry into force of a court decision.

(5) Asset takeover. In some cases, the Lending Company carries out the real estate possession procedure in court. In the majority of cases, the Lending Company purchases NPLs secured by second residences, to avoid this risk.

The Lending Company engages the Servicer to manage the NPL execution process.

#### **ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

The management body of the Lending Company is the Management Board. The current appointed Member of the Management Board (sole administrator) is the senior financial services executive - Mr. Ilja Hagins.

Additionally, the Lending Company outsources to professional service providers the following tasks: administration of business processes, legal support, accounting, AML/CFT and GDPR compliance, among others.

#### **SHAREHOLDERS**

The sole owner with 100% ownership of the Lending Company share capital is a private individual - Alexander Nazarov.

## 7. Debts

### LEGAL NATURE, JURISDICTION AND THE APPLICABLE LAW OF THE DEBTS

The Loans are mortgage loans issued under the Loan Agreement governed by the laws and regulations of Spain. The Loans are issued by banks operating in Spain to private individuals (citizens or residents of Spain) or legal entities (with domicile in Spain). All borrowers must have a national *Número de Identificación de Extranjeros* (NIE - a tax identification number) to get the Loans.

The Loans have two main rate types: variable-rate and fixed-rate. The interest rate in the variable-rate mortgage can change during the period as it is adjusted with the Euro Interbank Offered Rate (Euribor). With a fixed-rate mortgage, the borrower's interest rate is fixed and will remain the same for a specific period of time. Largely depending on the current economic situation in the country and the general ECB monetary policy, the current mortgage rates in Spain are in the low single digits.

Generally, private borrowers can access loans of up to 40 years and can borrow up to 70% of the property's assessed value (in some cases, this percentage can be up to 80%). Commercial mortgage loans typically fund a maximum of 50% of the property's assessed value.

The Loan Agreement is in the Spanish language, usually in the form of a notarial deed.

### REPAYMENT AND MATURITY

The Loans payment under the Loan Agreement could have two parts: principal repayment and interest payment. In some cases, interest-only mortgages (when the Borrower pays only interest payments during the loan period and repays the loan principal in full at its repayment date) are also available. Typically, the Loan payments are scheduled monthly.

As the core product under this Base Prospectus is NPLs, the Lending Company acquires NPLs, and the Borrowers on all Loans have stopped paying the instalments on the principal and interest. On average, the default on the Loan payments occurred 5 or more years ago. Due to the failure of the Borrower to fulfil his/her obligations under the Loan Agreement, contractual penalties and legal expenses are accrued in addition to the principal and interest payments.

### THE ECONOMIC ENVIRONMENT IN SPAIN

The economy of Spain is a high-value-added economy with strong governance indicators and human development rankings. It is the fourth-largest economy in the European Union. The services sector accounts for about 2/3 of Spain's GDP, with a significant contribution from tourism (Spain is the second most visited country on the European continent, after France). Spain is also a highly developed industrial country, one of the top 20 global leaders in industrial development. The leading sectors are chemical production, consumer goods, mining, and the food industry.

Like most countries of the global economy, Spain's economy was affected by the 2008 crisis. Particularly negative effects were felt in the banking industry (decline in demand for mortgage loans), the construction sector (lack of customers), and the secondary housing market (decline in purchasing power). Since 2010 other sectors have gradually begun to show signs of recovery, as evidenced by the growth of exports. Unemployment in Spain peaked in 2013, with an official unemployment rate of 26.2%.

After the 2009-2013 recession, Spain's economy rapidly recovered and reached its pre-crisis GDP to the output level in mid of 2017. Spain's economy maintained its strong growth until the COVID-19 recession. The COVID-19 crisis reflected Spain's resilience to shocks. Reducing Spain's macroeconomic imbalances before the coronavirus pandemic resulted in stronger balance sheets for households and corporates and sounder financial institutions. The 2020 pandemic-induced recession, with a 10.8% drop in real GDP, was short-lived and followed by a 5.1% rebound in 2021.

The GDP growth forecast for the next two years has been cut because of bottlenecks in global supply chains, soaring energy prices and the impact of Russia's invasion of Ukraine. The European Commission forecasts that

annual real GDP growth will reach 4.0% in 2022 and 2.1% in 2023, respectively. The gap with the pre-pandemic level of GDP is expected to be closed in the second half of 2023, when quarterly growth rates are set to regain dynamism.

Spain has very low dependence on Russian gas and high renewable generation produced at near-zero variable cost. In January 2022, according to the Spanish Corporation of Strategic Reserves of Oil Products (Cores), Russian oil accounted just for 2% of Spain's oil imports and 6% of gas imports.

Spain has a solid banking system, including two global systemically important banks, Banco Santander and BBVA.

## **GENERAL DESCRIPTION OF THE BORROWERS**

The Borrowers of the Loans are mainly private individuals. In some less often cases, the Borrowers are legal entities.

The Loans were issued in accordance with the guidelines of consumer rights protection in Spain for determining creditworthiness taking into account official income, existing liabilities and credit history.

Private individuals are citizens or residents of Spain. Generally, they are middle-aged people (over 35 years old). The Borrowers are usually middle-income employees, small business owners or self-employed persons with an average income. These Borrowers are looking to buy a second residence. As the Lending Company acquires only NPLs, the Borrowers most often are in some financial difficulties and are unable to meet their credit obligations. Legal entities are mainly small and medium-sized enterprises registered in Spain. As in the case of private individuals, SME owners face a certain downturn in their business, which results in a default on their loans.

## **LOAN PORTFOLIO DATA**

As of 28 April 2023, the Lending Company's total loan portfolio was EUR 1,94 million. All loans in the portfolio are real estate loans backed by properties located in Spain. The loan portfolio comprises mortgage loans issued by the Lending Company and discounted (NPL) loan receivables backed by real estate mortgages acquired by the Lending Company on the loans' secondary market.

Below is the information on the mortgage loans and the discounted loan (NPLs) receivables portfolio as of 28 April 2023:

Portfolio, EUR	1,939,763
Loan contracts in portfolio	16
Discounted loan contracts in portfolio	8
Total contracts in portfolio	24
Average weighted Loan interest, APR %	12%
Loan Collateral market value, EUR	3,078,103
Discounted loan Collateral market value, EUR	3,201,610
Total Collateral market value, EUR	6,279,713
Discounted loan claim amount, EUR	2,340,426

**The mortgaged real estate properties attached to the Debts are not evaluated for the issue of Notes; the valuations of the properties quoted in the Final Terms are as of the date provided in Final Terms.**

## 8. Terms and Conditions of the Notes

The following are the terms and conditions of the Notes (the Terms and Conditions) which, together with the relevant Final Terms, will be applicable to the specified Series of Notes. The relevant Final Terms will complete the Terms and Conditions in relation to each Series of Notes.

Save where the context requires otherwise, references in the Terms and Conditions to Notes are to the Notes of one Series only, not to all Notes of other Series that may be issued under these Terms and Conditions.

In these Terms and Conditions, unless the context otherwise requires, words denoting the singular include the plural and *vice versa*.

In these Terms and Conditions, references to a specified Condition will be construed as a reference to that specific Condition of these Terms and Conditions as in force for the time being and as amended or supplemented from time to time.

The headings are inserted for the convenience of reference only and will not affect the interpretation of these Terms and Conditions.

In these Terms and Conditions, reference to any other document will be construed as references to that document as in force at the time being and as amended, supplemented or substituted.

The use of the word including means including without limitation.

Words and expressions used in these Terms and Conditions in capitals and not defined will have the meanings given to them in the Final Terms unless the context otherwise requires or unless otherwise stated.

### DEFINITIONS

In these Terms and Conditions, unless the context otherwise requires, the following definitions will apply:

**Aggregate Nominal Amount:** the aggregate nominal amount of the Notes as specified in the Final Terms.

**Aggregate Debt Price Amount:** the aggregate total amount of all Debt Prices as specified in the Final Terms.

**Aggregate Debt Amount:** the aggregate total amount of all Series Specific Debts as specified in the Final Terms.

**Available Distribution Amount:** the amounts received by the Issuer from the Series Specific Debt as the Debt Proceeds.

**Backup Servicer:** the legal entity (if any) engaged by the Issuer to service and administer the Debts by substituting the Lending Company.

**Base Prospectus:** the base prospectus in relation to the Notes.

**Borrower:** the debtor of a Loan.

**Business Day:** any day on which banks in the Republic of Latvia are open for business, except for Saturdays, Sundays and national holidays of the Republic of Latvia.

**Debt Price:** the amount of the monetary consideration payable for each Loan Receivable backing the Series by the Issuer to the Lending Company under the Purchase Agreement.

**Debt Proceeds:** any payments made and collected by the Lending Company as a result of the Series Specific Debt workout and Collateral enforcement in the amount attributable to the relevant Loan Receivable.

**Delayed Payments Penalty Fee:** the fee on any amounts due to the Issuer delayed from the Lending Company under any of the Transaction Documents at the interest rate specified in the Final Terms (if any).

**Collateral:** the pledge (mortgage) rights of the Lending Company over the real estate attached to the Series Specific Debt as specified in the Final Terms.

**Cooperation Agreement:** the cooperation agreement between the Issuer, the Lending Company and InDemo in relation to the Notes.

**Final Terms:** the final terms of the Notes.

**InDemo:** Indemo SIA, incorporated as a limited liability company and registered in the Republic of Latvia with registration number 40203401432 on 20 May 2022, having registered address Maza Nometnu iela 10-2, Riga, LV-1002, Latvia, an investment firm authorised by Latvijas Banka, which provides investment and related services to Investors through the Platform.

**Investment Accounts:** the financial instruments account, and the cash account of the Noteholder opened with InDemo.

**Issue Date:** the date on which the Notes are allocated and delivered to the Investment Accounts of the Noteholders.

**Issuer:** Indemo SPV Issuer No1 SIA, incorporated as a limited liability company and registered in the Republic of Latvia with registration number 40203462441 on 15 February 2023, is a special purpose entity whose principal purpose is the issue of Notes.

**Issuer's Account:** the cash funds account of the Issuer opened by InDemo, which is used solely for settling payments with the Lending Company, the Backup Servicer (if any), and the Noteholders.

**Issue Minimum Amount:** monetary threshold expressed as a percentage from the Aggregate Nominal Amount specified in the Final Terms.

**Lending Company:** TAMARINDO VECTOR S.L., incorporated as a private limited company and registered in the Kingdom of Spain with registration number B67360305 on 16 January 2019, having registered office at: Paseo Gracia, 95 - P. 5 PTA. 1, Barcelona, 08008, Barcelona, Spain. Registered with the Bank of Spain as a real estate lender (*Prestamista inmobiliario*) under code D123 on 29 June 2020.

**Loan:** the principal amount outstanding under the Loan Agreement.

**Loan Agreement:** each defaulted mortgage loan agreement to which the Borrower is a debtor.

**Loan Receivables:** part of the Series Specific Debt in the amount stated in a percentage, which is assigned to the Issuer by the Lending Company, as specified in the Final Terms.

**Maturity Date:** the expected maturity date of the Notes as specified in the Final Terms.

**Noteholder:** each person who appears as a holder of any Note from time to time in the electronic register maintained by InDemo.

**Notes:** notes issued or to be issued by the Issuer.

**Payment Event:** the date on which the Lending Company receives any Debt Proceeds on any of the Series Specific Debts, and information is communicated to the Issuer and InDemo in accordance with the Transaction Documents.

**Performance-Linked Interest:** variable interest payable under the Notes according to these Terms and Conditions at the rate, expressed as a percentage, specified in the Final Terms.

**Price to Value (PTV):** ratio calculated by dividing the Aggregate Debt Price Amount by the sum of the appraised values of the Collaterals, expressed as a percentage, specified in the Final Terms.

**Price to Debt (PTD):** ratio calculated by dividing the Aggregate Debt Price Amount by the sum of the Series



Specific Debts, expressed as a percentage, specified in the Final Terms.

**Principal Amount Outstanding:** the Aggregate Nominal Amount multiplied by the Sink Factor.

**Priority of Payments:** the priority of payments is set out in Condition 7.

**Purchase Agreement:** part of the Cooperation Agreement relating to the purchase by the Issuer and sale by the Lending Company of the Loan Receivables.

**Redemption Date:** each date on which the Notes are redeemed.

**Repurchase:** the right or obligation for the Lending Company to repurchase the relevant Loan Receivables from the Issuer on the occurrence of certain events specified in the Cooperation Agreement (as outlined in the section entitled '4. TRANSACTION OVERVIEW – TRANSACTION IN RELATION TO THE NOTES – 4. *Repurchase*' of the Base Prospectus).

**Series:** Notes with the same Issue Date and the same Terms and Conditions (including as to the Loan Receivables) and identified in the relevant Final Terms as forming a series.

**Series Specific Debt:** the total debt of the Borrower, which includes the Loan, accrued but unpaid interest, penalties, legal fees and expenses as attached to the debt arising from each Loan agreement as specified in the applicable Final Terms.

**Sink Factor:** a fractional number between 0 to 1 (inclusive) as determined by the Issuer from time to time which reflects the then Principal Amount Outstanding taking into account any partial redemptions of the Notes.

**Specified Currency:** the currency of the Notes as specified in the Final Terms.

**Specified Denominations:** the specified denominations of the Notes as specified in the Final Terms.

**Subscription period:** a period of time starting with a start date and ending with the end date, when potential Noteholders can apply for Notes' purchase by means of the Platform as specified in the Final Terms.

**Transaction Documents:** the Cooperation Agreement, the Transfer Deed, the Security Document (if any) and the Intercreditor Agreement (if any).

**Transfer Deed:** the document signed by the Lending Company and the Issuer evidencing the transfer of Loan Receivables from the Lending Company to the Issuer in accordance with the Purchase Agreement.

## **1. UNDERTAKINGS OF THE ISSUER**

The undertakings in this Condition 1 remain in force for so long as any of the Notes are outstanding.

### **1.1 Authorisations and compliance with laws**

The Issuer will promptly obtain, comply with and do all that is necessary to maintain in full force and effect any authorisation required under any law or regulation of Latvia to enable it to perform its obligations under the Notes or own title in the Loan Receivables and carry on its business as it is being conducted. The Issuer will comply in all respects with all laws to which it is subject.

### **1.2 Negative covenants**

Other than in connection with the Notes or as provided in the Base Prospectus, the Issuer will not:

- (a) sell, transfer, create any security over or otherwise dispose of any of the Loan Receivables;
- (b) incur or permit to be outstanding any financial indebtedness;
- (c) be the creditor in respect of any loan or any form of a credit to any person, other than the Lending Company or as permitted under the Transaction Documents;
- (d) give or allow to be outstanding any guarantee or indemnity to or for the benefit of any person in respect of any obligation of any other person;

- (e) carry on any business other than as a special-purpose pass-through undertaking established to issue and offer Notes, which are backed by the Loan Receivables, to Investors on the Platform; or
- (f) use the Issuer's Account for any purpose other than as provided in these Terms and Conditions and the Transaction Documents.

These provisions are without prejudice to the Issuer's right to have transactions with other lending companies, being cooperation partners of InDemo, to approve prospectuses and issue loans and/or debts backed and contingent notes.

## **2. GENERAL**

- 2.1 The Issuer, under these Terms and Conditions together with the corresponding Final Terms has authorised the creation, issue and sale of the Notes to provide funds to the Issuer to purchase Loan Receivables at the Debt Price and settle in accordance with the Purchase Agreement. The issue of Notes on the Issue Date specified in the Final Terms will correspond to the Issuer obtaining title to the Loan Receivables. The Aggregate Debt Price Amount equals the total amount of the purchase price payable for the number of Loan Receivables acquired by the Issuer which backs the Series. The Aggregate Debt Price Amount equals the Aggregate Nominal Amount.
- 2.2 Subject to Condition 25, the Issuer will obtain the title to the Loan Receivables on the condition that InDemo has determined that it has all the data it requires in relation to the Loan Receivables in accordance with the Purchase Agreement and the Transfer Deed. The condition in no case implies either the Issuer or InDemo has any obligation to examine, verify or assess such data, including through any documentary evidence.
- 2.3 In each case where amounts of principal, Performance-Linked Interest and additional amounts (if any) are payable in respect of the Notes, the obligations of the Issuer to make any such payment will constitute an obligation only to account to the Noteholders on each date on which such amounts are due, for an amount equal to amounts of principal, Performance-Linked Interest and additional amounts (if any) actually received by the Issuer in relation to the Series Specific Debts.
- 2.4 Neither the Issuer nor InDemo is liable to make any payments in respect of the Notes other than as expressly provided in these Terms and Conditions.
- 2.5 Save for any fees payable to/from the Lending Company, InDemo and the Backup Servicer (if any), so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer of the Notes.

## **3. STATUS**

- 3.1 The Notes constitute direct, general, unsubordinated and limited recourse debt obligations of the Issuer, which rank pari passu among themselves; and at all times these obligations rank at least pari passu with all other present and future direct, general, unsubordinated and limited recourse obligations of the Issuer arising from the present and further Series, except for those obligations as may be preferred by applicable law.
- 3.2 In the event of insolvency of the Issuer, obligations arising from Notes will be unsubordinated debt obligations of the Issuer with will rank pari passu with all other present and future direct, general, unsubordinated and limited recourse obligations of the Issuer arising from the present and further asset-backed securities issues.
- 3.3 Notes vest the Noteholders' right for the return in the form of principal repayments and Performance-Linked Interest, which are contingent and dependant on the performance of the underlying Debts subject to Condition 7 – 12.
- 3.4 No proprietary or other direct interest in the Issuer's rights under or in respect of any of the Transaction Documents, the Purchase Agreement, the Transfer Deed, and the Loan Receivables, exists for the benefit of the Noteholders. Subject to these Terms and Conditions, no Noteholder will and will have any right to enforce any of the Transaction Documents, the Loan Receivables, and Collateral or any direct recourse to any of the Lending Company, the Borrowers, Collateral.

#### **4. FORM**

The Issuer issues the Notes in registered form, which are deposited and held as book-entry with InDemo.

#### **5. ISSUE OF NOTES**

The Notes are issued on the Issue Date in the Aggregate Nominal Amount, the Specified Denominations and the Specified Currency as specified in the Final Terms. If the Issue Minimum Amount is not reached by the end of the Subscription Period, subscribed amounts are released to the Investors by InDemo without any interest, and the Series is not issued.

#### **6. REGISTER, TITLE AND TRANSFERS**

- 6.1 InDemo maintains an electronic register of Noteholders in accordance with the Cooperation Agreement. No certificates will be issued to any Noteholder in respect of its holding.
- 6.2 Each Noteholder will (except as otherwise required by law) be treated as the absolute owner of any relevant Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust, nomineehip or any other interest in the Note), and no person will be liable for so treating the Noteholder.
- 6.3 The Notes are held and freely transferred only between the financial instrument accounts at InDemo of Noteholders. No application has been or will be made to trade the Notes on any regulated market or any other trading venue, other than the Platform.
- 6.4 A transfer of any Note between the Noteholders may be effected by InDemo which may require as conditions to the transfer of (a) provision of documents and information, (b) payment of any transfer fee and (c) payment of any tax or other governmental charges, in each case, by the relevant Noteholder in accordance with terms and conditions of the Platform.

#### **7. PRIORITY OF PAYMENTS**

All funds received by the Issuer in relation to the Series Specific Debts, irrespective of whether indicated as corresponding to the relevant Series Specific Debt or not, to the extent legally permitted, will be applied by the Issuer in the following order of priority:

- (a) first, in or towards payment of any amounts owed by the Issuer to any tax authority and required to be paid by the Issuer under or pursuant to the Notes;
- (b) second, in payment or satisfaction of all fees and penalty fees then due and unpaid to InDemo by the Lending Company under the Cooperation Agreement;
- (c) third, in or towards payment or satisfaction of all amounts then due and unpaid as commissions, fees, costs, charges, expenses and liabilities incurred or payable for servicing of the Loan Receivables if (i) the Issuer or any person designated by the Issuer has taken over the servicing of the Loan Receivables or (ii) any event of default of the Lending Company has occurred under any of the Transaction Documents and the Issuer acts for the purposes of recovery of funds and includes filing a claim in the liquidation, insolvency or other administrative proceedings of the Lending Company, or enforcing any legal rights;
- (d) fourth, in or towards payment or satisfaction of any costs, including legal fees, for any action to recover funds, collect or restructure payment obligations, or take any other actions to receive the Loan Receivables and/or overtake or enforce the Collateral;
- (e) fifth, in or towards payment or discharge of all amounts which are due to the Backup Servicer, if any;
- (f) sixth, to the Noteholders in or towards the payment or discharge of all amounts of the principal then due and payable under or in respect of Series and/or Repurchase prices. A pro rata approach towards all impacted Series having exposure to the relevant Series Specific Debt through the Loan Receivable is being applied;
- (g) seventh, to the Noteholders in or towards the payment of the Performance-Linked Interest then due and payable under or in respect of Series. A pro rata approach towards all impacted Series having exposure to the relevant Series Specific Debt through the Loan Receivable is being applied; and

- (h) eight, to the Noteholders in or towards the payment of Notes' pro-rata portion of the Delayed Payments Penalty Fee (if any). Such pro-rata portion shall be applied towards all impacted Series.

Neither the Issuer nor InDemo will be liable for applying the Priority of Payments, including for minor errors, pursuant to Condition 25.

## **8. PRINCIPAL REDEMPTION**

The Maturity Date is based solely on the assumption of the Issuer when the Series principal full redemption can occur. The Series can be redeemed earlier or later than the Maturity Date, as provided in Conditions 8, 10 and 11.

A proportion of the Principal Amount Outstanding of the Notes will be redeemed on any day on which Debt Proceeds from any of the Series Specific Debts are received by the Issuer (Redemption Date) without any prior notice to Noteholders. The Principal Amount Outstanding of the Notes redeemed will be equal to the Debt Price amount or its partial amount to which these Debt Proceeds are attributable and in the amount these are attributable.

**Any repayment of the Principal Amount Outstanding will be made only in accordance with Conditions 7, 11 and 25, and will be subject to the relevant Payment Event having occurred and the Issuer having actually received the corresponding payment under the Series Specific Debt.**

## **9. PERFORMANCE-LINKED INTEREST**

- 9.1 The Performance-Linked Interest is payable on any day the Issuer receives the Debt Proceeds from any of the Series Specific Debts, without any prior notice to Noteholders.
- 9.2 The application of the Performance-Linked Interest is subject to the application of Condition 8, meaning that the Series principal equal to the Debt Price to which these Debt Proceeds are attributable is redeemed in full.
- 9.3 Remaining part of the Debt Proceeds after the application of Condition 9.2. is multiplied by the Performance-Linked Interest rate provided in the Final Terms and payable to the Noteholders.
- 9.4. Remaining part of the Debt Proceeds after the application of Condition 9.3. is left with and/or returned to the Lending Company as compensation for the Debt workout, collection and Collateral enforcement activities performed and expenses incurred.

**Any payment of Performance-Linked Interest will be made only in accordance with Conditions 7, 11 and 25, and will be subject to the relevant Payment Event having occurred and the Issuer having actually received the corresponding payment under the Series Specific Debt.**

## **10. PRINCIPAL AND PERFORMANCE-LINKED INTEREST DETERMINATION**

- 10.1 InDemo determines (a) the amount of principal payable in accordance with Condition 8 for each Redemption Date and the Maturity Date and (b) the amount of Performance-Linked Interest (if any) payable in accordance with Condition 9 for each payment date, on its review of the following information:
- (i) the Payment Events which have arisen;
  - (ii) Debt Proceeds amounts which have been received from the Lending Company;
  - (iii) the Repurchase which has arisen; and
  - (iv) the amounts then due and owed by the Issuer according to the Priority of Payments on the Redemption Date, the Maturity Date or the Performance-Linked Interest payment date.
- 10.2 On the Redemption Date, the Maturity Date and the Performance-Linked Interest payment date, InDemo on the Issuer's behalf, will direct the payment of amounts to the Noteholders in accordance with Condition 11.

- 10.3 All determinations, calculations and adjustments made by InDemo will be made in conjunction with the Issuer and will, in the absence of manifest error, be conclusive in all respects and binding upon the Issuer and all Noteholders.

## 11. PAYMENTS

### 11.1 Payments of Performance-Linked Interest and principal

Subject to Conditions 7 and 12, the Issuer will, from any Available Distribution Amount:

- (a) redeem principal of the Notes in accordance with Condition 8 on each Redemption Date and the Maturity Date; and
- (b) pay the Performance-Linked Interest on the Notes in accordance with Condition 9 on each Performance-Linked Interest payment date.

### 11.2 Notes contingent payments

All payments of principal and Performance-Linked Interest by the Issuer under the Notes are dependent on the Issuer having received information on the Payment Event and the Available Distribution Amount being sufficient to make the relevant payments in accordance with the Priority of Payments. The Notes will not give rise to the Issuer having any payment obligation in excess of the foregoing.

### 11.3 Delayed Payments Penalty Fee

If following any Payment Event, the Lending Company delays any payments due to the Issuer under any of the Transaction Documents by more than 15 days, the Lending Company will pay to the Issuer the Delayed Payments Penalty Fee.

### 11.4 Loan Receivables subject to Repurchase

Any Loan Receivable subject to the Repurchase will be repurchased by the Lending Company at a Debt Price of the Loan Receivable plus accrued interest at the 6 (six) months Euro Interbank Offered Rate (but not less than 3% per annum) up to and including the date when the Repurchase is exercised or triggered.

### 11.5 Insufficient funds on the Maturity Date

If any amounts on the Notes are outstanding on the Maturity Date, the Maturity Date will be automatically postponed for the next sequent 6 months' period up to the date that is the earlier of (a) the date on which all amounts due and payable under the Notes are paid and (b) the date referred to in Condition 11.6, and any Available Distribution Amount will be paid to the Noteholders on a date as reasonably determined by the Issuer in accordance with the Priority of Payments.

### 11.6 After the Maturity Date

If on any date following the Maturity Date:

- (a) InDemo concludes the following notification in writing from the Lending Company to the Issuer and InDemo that the Lending Company has determined in good faith that there is no realistic prospect of collecting any further funds in accordance with its loan management and collection policies from the Series Specific Debts; or
- (b) the Issuer and InDemo determines in good faith that there is no realistic prospect of collecting any further funds from the Lending Company if the Series Specific Debts are subject to the Repurchase but the Issuer has not received the full amount due from the Repurchase or, if earlier, on the 10th anniversary of the Maturity Date,

as of that date (i) all the Notes outstanding will be cancelled in full, (ii) the Issuer will be deemed to have fulfilled all its payment and other obligations to each of the Noteholders and (iii) no Noteholder will have any right in respect of any of the Notes.

### 11.7 Payments to the Noteholders

Any payments of Performance-Linked Interest and redemption amounts in respect of the Notes will be made to the relevant Investment Account.

#### 11.8 Taxes

All payments and/or deliveries in respect of the Notes made by or on behalf of the Issuer will be made subject to any withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature which may be required to be withheld or deducted.

The Issuer or InDemo will:

- (a) not be liable as a result for, or otherwise obliged to pay, any additional amount to any of the Noteholders in respect of, or compensation for, any such withholding or deduction or any other amounts withheld or deducted;
- (b) not be liable for or otherwise obliged to pay, and the relevant Noteholder will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer (or agreement to transfer), any payment and/or any delivery (or any agreement for delivery) in respect of the Notes held by such Noteholder; and
- (c) have the right but will not be obliged (unless required by law), to withhold or deduct from any amount payable or, as the case may be, any delivery due to the relevant Noteholder, such amount or portion as will be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

The Noteholders will agree to provide the Issuer and/or InDemo with all information and documentation required by the Issuer and/or InDemo, as the case may be, to satisfy any Latvian or other country tax or regulatory obligations at any time.

#### 11.9 Payments on Business Days

If the due date for payment of any amount in respect of any Notes is not a Business Day, the Noteholder will not be entitled to payment of the amount due until the next succeeding Business Day in such place and will not be entitled to any further interest or other payment in respect of any such delay.

#### 11.10. Yield calculation method used

To calculate the Yield assumptions on the following values are made:

1. a number of calendar days from Issue Date till Maturity Date,
2. Aggregate Nominal Amount,
3. Performance-Linked Interest rate (in %),
4. Debt Proceeds.

The yield calculation formula is

$$\text{Yield} = \left[ \frac{(\text{Debt Proceeds} - \text{Aggregate Nominal Amount}) * \text{Performance-Linked Interest rate}}{\text{Aggregate Nominal Amount} / \left[ \left( \frac{\text{number of calendar days from Issue Date till Maturity Date}}{365} \right) \right]} \right]$$

### 12. LIMITED RECOURSE AND NON-PETITION

12.1 Notwithstanding anything the Base Prospectus, the obligations of the Issuer in respect of the Notes are limited recourse obligations which are payable solely from the Debt Proceeds actually received (and identified as such) in relation to the Series Specific Debts.

12.2 All payments to be made by the Issuer in respect of the Notes will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer under the Series Specific Debts, subject always to the Priority of Payments.

12.3 In relation to any sums received or recovered, the Issuer (or InDemo on its behalf) will follow these Terms and Conditions in determining to which Series of Notes such sums relate and such determination will be binding on Noteholders of all Series in the absence of manifest error.

- 12.4 To the extent that the sums referred to in Condition 12.1 are less than the amount which the Noteholders may have expected and been entitled to receive (such difference being referred to as the shortfall), the shortfall will be borne by the Noteholders.
- 12.5 Each Noteholder, on subscribing or buying any Note directly, through a automated investing solution of the Platform or any other way, irrevocably accept and acknowledge that it is fully aware that:
- (a) only the sums referred to in this Condition 12, and Conditions 7 and 11 will be available for any payments to be made by the Issuer in respect of the Notes;
  - (b) the sums which are attributable to another Series of Notes are only available in satisfaction of the obligations of the Issuer to such other Noteholders;
  - (c) the obligations of the Issuer to make payments in respect of the Notes will be limited to the sums and the Noteholders will have no recourse to the Issuer, InDemo or their respective shareholders, directors, officers, employees, affiliates, successors or assigns in respect of the Notes for the shortfall;
  - (d) no Noteholder is entitled to proceed against the Issuer or InDemo for the shortfall;
  - (e) following the realisation and distribution of the net proceeds from the Loan Receivable corresponding to the Series Specific Debt in accordance with the Priority of Payments, the Noteholders or anyone acting on behalf of any of them will not be entitled to take any further steps against the Issuer or InDemo to recover any further sum and the right to receive any such further sum will be deemed as fulfilled; and
  - (f) no Noteholder will be entitled to petition or take any other step or join with any other person in bringing, instituting or joining, insolvency, winding-up, liquidation or bankruptcy proceedings (whether court-based or otherwise), or for the appointment of an examiner, liquidator or analogous person in relation to the Issuer, nor will it have any claim to, or in respect of any sum arising in respect of any assets of the Issuer.
- 12.6 Non-payment of the shortfall referred to in this Condition 12 will not constitute an Event of Default.
- 12.7 None of the shareholders of the Issuer, InDemo, the Lending Company, or the Backup Servicer (if any) has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes.
- 12.8 The provisions of this Condition 12 will survive redemption of the Notes.

### **13. PURCHASE**

- 13.1 The Issuer may at any time purchase Notes at any price in the open market or otherwise.
- 13.2 Any Note purchased by the Issuer at the sole discretion of the Issuer may be either cancelled or sold to any investor on behalf of the Issuer by InDemo.

### **14. CANCELLATION**

All Notes which are redeemed or cancelled may not be re-issued or resold.

### **15. PRESCRIPTION**

Any and all claims against the Issuer for payment in respect of the Notes will be prescribed and become void unless made within 10 years from the date on which payment in respect of the Notes first becomes due.

### **16. FURTHER ISSUES**

The Issuer can from time to time without the consent of the Noteholders create and issue further Series.

When issuing further Series the Issuer can use the remaining part of the Series Specific Debt left with the Lending Company by extracting further Loan Receivables and using them for the next Series issues.

The right of the Issuer from time to time without the consent of the Noteholders to create and issue further Series includes also the Issuer's right to issue loans' and debts' backed and contingent notes according

to the prospectuses and transaction documents for other lending companies being cooperation partners of InDemo.

## **17. EVENTS OF DEFAULT**

17.1 Any of the following events will constitute an event of default under the Notes (each, an **Event of Default**):

- (a) if any order is made by any competent court or any resolution passed for the winding-up or dissolution (including any bankruptcy, insolvency, voluntary, forced or judicial liquidation, composition with creditors, a reprieve from payment, controlled management, fraudulent conveyance, general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) of the Issuer (save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangements); or
- (b) formal notice is given of an appointment an administrator (including any receiver, liquidator, auditor, verifier), provisional administrator; or
- (c) any application is made, or petition is lodged, or documents are filed with the court or administrator in relation to the Issuer for the actions, proceedings or procedures specified in paragraphs (a) or (b) above, unless such proceedings or petitions are disputed in good faith and are discharged, stayed or dismissed within 90 calendar days of commencement.

17.2 The Issuer is obliged to inform InDemo immediately if any Event of Default should occur. Should InDemo not receive such information, InDemo is entitled to assume that no Event of Default exists or can be expected to occur, provided that InDemo does not have knowledge of any Event of Default. InDemo is under no obligation to make any investigations relating to any Event of Default. The Issuer will, at the request of InDemo, provide InDemo with details of any Event of Default and provide InDemo with all documents that may be of significance for the application of this Condition 17.

17.3 If InDemo has been notified by the Issuer or has otherwise determined that there is an Event of Default, InDemo will, within 20 Business Days of the day of notification or determination, notify the Noteholders according to Condition 20.

17.4 Upon the occurrence of an Event of Default, Notes are repaid according to the terms and conditions stipulated by this Base Prospectus and relevant Series Final Terms, unless otherwise required by a rule of the law.

17.5 InDemo, subject to the Noteholders indemnifying and holding InDemo harmless from any reasonable expenses, loss or liability, will take every reasonable measure necessary to recover the amounts outstanding under the Notes according to their terms and conditions and Transaction Documents. InDemo will, in each case, inform the Noteholders about the costs which should be compensated prior to requesting any indemnification. In any case, InDemo will charge this compensation of costs only up to the recovered amount. InDemo will not ask for compensation of costs for its in-house staff and resources.

17.6 For the avoidance of doubt, if any payment is not made by the Issuer because the Issuer has not received the relevant amounts under the Series Specific Debts so that the Available Distribution Amount after application of the Priority of Payments is not enough to make payments due under the Notes in full, the occurrence of such event will, as such, not constitute an Event of Default.

## **18. MEETING OF NOTEHOLDERS**

18.1 General provisions

The Issuer from time to time may convene a meeting of the Noteholders (the **Noteholders Meeting**) to adopt resolutions on certain matters. The Issuer, at its own discretion, decides which matters will be reserved for passing at the Noteholders Meeting.

These provisions permit defined majorities to bind all Noteholders including Noteholders who did not



attend and vote at the Noteholders' Meeting or in respect of the relevant resolution and Noteholders who voted in a manner contrary to the majority. As a result, Noteholders may be bound by a change to these Terms and Conditions or by some other decision that affects Noteholders' investment in the Notes even though they have not agreed to such change.

The Noteholders Meeting may adopt its resolutions in one of the two forms as chosen by the Issuer:

- (a) at a meeting held by attendance of the Noteholders to discuss the items on the agenda and pass resolutions on the matters put to the vote using ballots provided; or
- (b) by absentee voting (without the attendance of the Noteholders to discuss the items on the agenda and pass resolutions on the matters put to the vote).

The Noteholders Meeting will be chaired, and minutes taken by a representative of InDemo.

## 18.2 Resolutions of the Noteholders Meeting

Matters put to the vote at a Noteholders Meeting and its agenda will be decided by the Issuer.

The Noteholders may neither pass resolutions on the matters not included in its agenda nor amend the agenda.

Resolutions passed by the Noteholders Meeting and voting results will be provided to the persons eligible to participate in the Noteholders Meeting in a report, which will be disclosed to the Noteholders as per the procedure prescribed with regard to sending notices of the Noteholders Meeting, within 5 Business Days after the closing date of the meeting or the final date for submitting the voting ballots in case of absentee voting. However, the failure to do so will not invalidate the resolution.

The resolution will be binding on all the Noteholders, whether or not present at the Noteholders Meeting and each of them will be bound to give effect to it accordingly.

## 18.3 Information on holding a Noteholders Meeting

The Issuer will notify the Noteholders about the Noteholders Meeting in accordance with the procedure below.

A notice of the Noteholders Meeting (the **Notice**) will be given according to Condition 20 no later than 10 days in advance.

The Notice will be given to the Noteholders registered on the date of the Notice in the electronic register of Noteholders maintained by InDemo.

The Issuer may decide not to publish the Notice on the Platform. In such a case within the time specified in this Condition 18.3 the Issuer will send the Notice to the Noteholders by email.

The Issuer may at its own discretion make available information to the Noteholders entitled to participate in the Noteholders Meeting as part of preparations for the Noteholders Meeting.

## 18.4 Quorum at a Noteholders Meeting

A Noteholders Meeting will be deemed quorate if attended by Noteholders aggregately holding more than 50% of:

- (a) the aggregate Principal Amount Outstanding of all Series of Notes towards the Lending Company on the date of the Notice if the decision is related towards all Series of Notes outstanding; or
- (b) the aggregate Principal Amount Outstanding of the relevant Series of Notes on the date of the Notice if the decision is related towards the relevant Series of Notes outstanding.

The number of votes for each Noteholder equals the Principal Amount Outstanding in the respective Series on the date of the Notice.

When a Noteholders Meeting is held by attendance of the Noteholders to discuss the items on the agenda and pass resolutions on the matters put to the vote, the Noteholders registered to participate in the Noteholders Meeting and the Noteholders whose ballots have been received no later than 2 days before the meeting will be deemed to have participated in the meeting.

When a Noteholders Meeting is held in the form of absentee voting, the Noteholders whose ballots have been received before the final date for submitting the ballots will be deemed to have participated in the meeting.

Where there is no quorum for a Noteholders Meeting, a second Noteholders Meeting will be held with the same agenda. Such second Noteholders Meeting will be deemed quorate if attended by Noteholders aggregately holding more than 30% of:

- (a) the aggregate Principal Amount Outstanding of all Series of Notes towards the Lending Company on the date of the Notice if the decision is related towards all Series of Notes outstanding; or
- (b) the aggregate Principal Amount Outstanding of the relevant Series of Notes on the date of the Notice if the decision is related towards the relevant Series of Notes outstanding.

Subject to the quorum being present, the decisions on the Noteholders Meeting agenda will be adopted per each item of the agenda by the majority from the total amount of votes provided.

#### 18.5 Voting ballots

Ballots for voting at a Noteholders Meeting will be sent together with the Notice according to Condition 18.3.

Ballots for voting will be in the English language.

Voting could be convened as an e-voting by filling-out an electronic voting ballot through the interface of the Platform.

Noteholders included in the list of those entitled to participate in the Noteholders Meeting other than the Noteholders Meeting held in the form of absentee voting, or their representatives may register to participate or forward their completed ballots to the Issuer. Voting ballots will be counted towards the calculation of the quorum and voting results if received by the company no later than 2 days before the Noteholders Meeting.

The voting ballot will contain the information about the Noteholders Meeting including but not limited to:

- information about the Issuer, including address and contact person;
- details identifying the Series of Notes;
- form of the Noteholders Meeting (attendance or by absentee voting);
- date, place and time of the Noteholders Meeting if it is held in the form of attendance of the Noteholders;
- Principal Amount Outstanding; and
- voting options for each item on the agenda, expressed as “for”, “against”, or “abstained”, and the indication that the voting ballot must be signed by a person entitled to participate in the Noteholders Meeting or its representative unless convened by e-voting.

When voting by ballots, only those voting ballots are counted where for each item only one voting option is selected. The voting ballots completed in breach of the aforementioned requirement will be deemed invalid. However, if there are several items put to the vote on the voting ballot, a breach of the aforementioned requirement with respect to one or several items will not affect the validity of the remaining ballot. If a voting ballot is rendered invalid with respect to voting on one, several or all items included in the such ballot, the votes so cast in the such ballot will not be excluded from the calculation of the quorum. If a voting ballot is rendered invalid, the votes on the items contained in the voting ballot will not be counted.

#### 18.6 Counting

The counting functions will be performed by InDemo, which will check the powers of, and register the participants in a Noteholders Meeting, determine the quorum at a Noteholders Meeting, count the votes and determine the voting results, draw up the voting minutes and hand over the voting ballots to the archive.

### 19. SUBSTITUTION

19.1 The Issuer or any previous substitute company may be substituted by any other company as principal obligor under all of the Notes then outstanding provided that such substitution would not be materially prejudicial to the interests of the Noteholders and subject to the other Terms and Conditions being complied with, including with provisions of the Transaction Documents, and further provided that Latvijas Banka has given its prior consent to such substitution if any needed according to the applicable law.

19.2 By subscribing to, or otherwise acquiring the Notes, the Noteholders expressly consent to the substitution of the Issuer and to the release of the Issuer from any and all obligations in respect of the Notes and any relevant agreements and are expressly deemed to have accepted such substitution and the consequences of such substitution.

19.3 Any such substitution will be notified to Noteholders in accordance with Condition 20.

### 20. NOTICES AND PROVISION OF INFORMATION

20.1 Notices to the Noteholders will be given upon sole discretion of the Issuer in the English language and/or any other language the Issuer deems fit for such purposes and will be given by using one or several communication channels:

- (a) emailed to respective email addresses in the register of Noteholders and deemed to have been given within 24 hours after the dispatch; and
- (b) delivered to InDemo for further communication to the Noteholder according to the services provision agreement between InDemo and the Noteholder (including times when deemed to have been duly given).

20.2 Any notices, demands, claims or other communication to the Issuer by any Noteholder shall be in the English language and shall be given by using one of the following communication channels:

- (a) delivered by hand or courier and deemed to have been given on the same day of delivery; and
- (b) delivered by registered mail and deemed to have been given on the 10th calendar day following the date indicated on the stamp by the postal service provider on the acceptance of a registered letter.

20.3. For the purposes of Condition 20.2, notices or other communications addressed to the Issuer will be given to InDemo, serving as an agent for this purpose:

Indemo SIA  
Maza Nometnu 10-2, Riga, LV-1002, Latvia  
For the attention of InDemo SPV Issuer No1 SIA

## **21. AGENTS**

- 21.1 The issuance of Notes described in this Base Prospectus does not provide for the right of the Noteholders to establish a representative body and/or authorize an organization/person to represent all or part of the interests of the Noteholders, however, such rights, if executed, are subject to the respective legal framework of the Republic of Latvia.
- 21.2 InDemo acts solely as an agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, any Noteholder.
- 21.3 The Issuer subject to the provisions of the Transaction Documents, reserves the right at any time to vary or terminate the appointment of InDemo, the Lending Company and any other party to any of the Transaction Documents.

## **22. FORCE MAJEURE**

Neither the Issuer nor InDemo will be responsible for any failure to perform any of its respective obligations under these Terms and Conditions which is due to any reason that is independent on that person's will and has resulted from a *force majeure* event. A *force majeure* event will apply only and solely if that person has taken all steps that depend on it in order to perform the obligation. Once the *force majeure* event has finished, that person must immediately resume the performance of the obligation. The following circumstances will be considered as *force majeure* events:

- (a) extraordinary and unavoidable circumstances including natural disasters, fire, flood, earthquake, warfare, terror acts, riots and strikes;
- (b) technical failures, delays or malfunctions; failure of computers, communications systems, hardware and/or software; power supply malfunctions; or other critical infrastructure malfunctions, which neither the Issuer nor InDemo could have prevented or predicted;
- (c) decisions and/or activities of local and/or foreign public authorities, and/or international organisations;
- (d) entry into force, amendments and/or suspension of a statutory act binding on either the Issuer or InDemo affecting the performance of obligations under these Terms and Conditions; and
- (e) any circumstance defined as a *force majeure* circumstance in any of the Transaction Documents.

## **23. GOVERNING LAW AND JURISDICTION**

- 23.1 The Notes (and any non-contractual obligations arising out of or in connection with the Notes) are governed by and will be construed in accordance with the law of the Republic of Latvia.
- 23.2 The courts of the Republic of Latvia are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including any disputes relating to any non-contractual obligations arising out of or in connection with the Notes) and accordingly any legal action or proceedings arising out of or in conjunction with the Notes may be brought in such courts. The Issuer and each of the Noteholders irrevocably submit to the jurisdiction of such courts.

## **24. AMENDMENTS AND MODIFICATIONS**

To comply with any applicable law, the Issuer may validly amend or supplement these Terms and Conditions by publishing the changed Terms and Conditions on the Platform without the consent of the Noteholders.

## **25. LIMITATION OF LIABILITY, AND REPRESENTATION AND WARRANTIES OF THE NOTEHOLDER**

- 25.1 Notwithstanding anything in the Base Prospectus, other than with respect to gross negligence or wilful misconduct by the Issuer and/or InDemo, neither the Issuer nor InDemo will be held liable by any

Noteholder for:

- (a) any material error, misrepresentation, omission or fraud by the Lending Company;
- (b) failure of the Lending Company for whatever reason to inform the Issuer and/or InDemo of the Payment Event having occurred or for the information being inaccurate or wrong;
- (c) the Loan Receivables, Debt Proceeds' amount and collection times and prospects to redeem the outstanding principal and generate Performance-Linked Interest; or
- (d) determinations and decisions when distributing amounts under the Notes, including, when applying the Priority of Payments, deciding whether to defer payment or make a partial payment, relying upon or deciding if and when there is no realistic prospect of collecting further funds under a Series Specific Debt, including in the event of default of the Lending Company.

25.2 In any and all cases liability of the Issuer and/or InDemo to any Noteholder under these Terms and Conditions will be limited to the amount invested in the impacted Notes by the Noteholder.

25.3 Each Noteholder, on subscribing or buying any Note directly, through a automated investing solution of the Platform or any other way, irrevocably accept and acknowledge that it is fully aware that:

- (a) the Issuer and InDemo do not make any representation or warranty in respect of, or will not at any time have any responsibility for, or, save as otherwise expressly provided in these Terms and Conditions, liability or obligation in respect of the performance and observance by the Lending Company of its obligations under the Cooperation Agreement, or the recoverability of any sum of the principal, Performance-Linked Interest, other return or any additional amounts due or to become due from any Series Specific Debt and/or the Lending Company;
- (b) the Issuer and InDemo will not at any time have any responsibility for, or obligation or liability in respect of, the condition, financial or otherwise, covenant, creditworthiness, affairs, status or nature of any Series Specific Debt, the Collateral, the Lending Company or any other person;
- (c) the Issuer and InDemo will not at any time be liable for any representation or warranty, or any act, default or omission of any Borrower, the Lending Company or other person;
- (d) the Issuer will not at any time have any responsibility for, or liability or obligation in respect of, the performance and observance by InDemo of its obligations under the Transaction Documents or any other agreement entered or to be entered into by and between the Noteholders and InDemo;
- (e) financial servicing and performance of the terms of the Notes depend upon both the prospects and results of the Series Specific Debt collection and Collateral enforcement, and the performance by the Lending Company of their respective contractual obligations towards the Issuer and InDemo as well as their respective credit and financial standing;
- (f) the Notes, which the Noteholder has or will acquire, reflect the prospects and results of the Series Specific Debt collection and Collateral enforcement. The Noteholder has no direct recourse to any of the Series Specific Debts or the corresponding Loan Receivables. Once the Loan Receivables have been realised according to these Terms and Conditions, the Noteholder is not entitled to take any further steps against the Issuer or InDemo to recover any further sums due and the right to receive any such sum will be extinguished. The Noteholder accepts not to attach or otherwise seize any of the assets of the Issuer. In particular, the Noteholder will not be entitled to petition or take any step for the winding-up, the liquidation or the bankruptcy of the Issuer or any similar insolvency-related proceedings and such petition or action will be treated as null and void as from its initiation time;
- (g) the Investment Accounts will be opened and be held by the Noteholder fully operational with InDemo while the Noteholder holds any Notes; and

- (h) the Lending Company by unilaterally adopting the decision on the exit scenario choice from the Series Specific Debt conforms to the principles:
  - the time is of the essence criterion prevails over the Debt Proceeds amount criterion, meaning the Lending Company will choose the fastest exit scenario, given the positive return that the Lending Company in good faith unilaterally deems proper, fit and adequate;
  - when the Collateral enforcement proceeds are enough to settle the Debt Price and generate the positive return that the Lending Company in good faith deems proper, fit and adequate, the Lending Company is entitled unilaterally release the Borrower and will not extend further enforcement and collection activities on the other estates, assets and receivables of the Borrower and/or guarantor (if any) to recover the Series Specific Debt in full.
  
- (i) other than with respect to wilful misconduct by the Lending Company, the Lending Company will not at any time be held liable for its decisions provided in Condition 25.3 (h) and their economic results and impact on the payments under the Notes, the Noteholder is not entitled to take any further steps against the Lending Company and/or Issuer and/or InDemo in this respect.

## 9. Taxation

*The information provided in this section will not be treated as legal or tax advice; prospective Investors are advised to consult their own tax advisors as to the tax consequences of the subscription, ownership and disposal of the Notes applicable to their particular circumstances. The following is a general summary of certain tax considerations in the Republic of Latvia in relation to the Notes. It is not exhaustive and does not purport to be a complete analysis of all tax consequences relating to the Notes. It does not take into account or discuss the tax implications of any country other than the Republic of Latvia.*

### **TAX LAWS OF THE NOTEHOLDER'S COUNTRY OF RESIDENCE FOR TAXATION PURPOSES AND OF THE ISSUER'S COUNTRY OF RESIDENCE MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE NOTES.**

This summary is based on the laws of Latvia as in force on the date of this Base Prospectus and is subject to any change in the law that may take effect after such date, provided that such changes could also apply retroactively.

Latvia has entered into a number of tax conventions on the elimination of double taxation (hereinafter - DTT), which may provide a more favourable taxation regime. Therefore, if there is a valid DTT between Latvia and the country of tax residence of a prospective Noteholder, it should also be examined. The procedures for applying tax conventions are provided in the Republic of Latvia Cabinet of Ministers' Regulations No. 178 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion", adopted on 30 April 2001.

#### **Taxation of the Issuer**

The Issuer is a corporate income taxpayer in Latvia. According to the Latvian tax law, the annual profit earned by entities in Latvia is not taxed. Instead, Corporate income tax is paid on dividends, fringe benefits, gifts, donations, representation costs, non-business related disbursements and transfer pricing adjustments. The tax rate applicable is 20%; however, the taxable base is divided by the coefficient 0.8; thus, the effective Corporate income tax rate is 25%.

#### **Taxation of the Noteholders' individuals**

##### *Resident individuals*

An individual will be considered a resident of Latvia for taxation purposes if at least one of the following requirements is met:

- the declared place of residence of this person is in Latvia;
- the person stays in Latvia for at least 183 days over the course of a period of 12 consecutive calendar months;
- the person is a Latvian citizen who is employed by the government of Latvia in a foreign country.

In accordance with Latvian tax laws, the interest income or income similar to interest received by the individual tax resident in Latvia is subject to tax at the rate of 20%. Personal income tax at the rate of 20% will be withheld by the interest income payer before the interest payment is made by the Issuer to the Noteholder. The tax withheld by the Issuer is a final tax liability on the interest income received.

Income treated as a capital gain according to Latvian tax law is subject to tax at the rate of 20%. The tax shall be calculated, declared and paid to the Latvian state budget by the income recipient - the individual itself.

##### *Non-resident individuals*

An individual would be considered as a non-resident of Latvia for taxation purposes in all cases unless he/she is a tax resident of Latvia. Interest payments or income similar to interest paid to non-resident individuals are subject to personal income tax of 5% if paid to qualified EU/EEA tax residents individuals\* or 20% in other cases. The tax shall be withheld by the income payer before income is paid to the non-resident individual.

According to the general practice the tax withheld in Latvia might be deducted from the tax payable by the investor in his/her residence country (as tax paid abroad). However, we recommend consulting with the respective country's tax administration or tax adviser to clarify the procedure and documents required to perform such a deduction (if any).

The applicable tax rate might be also reduced based on the Double Tax Treaty between Latvia and the respective country. The list of the Double Tax Treaties concluded by Latvia is available here:

<https://www.fm.gov.lv/lv/nodoklu-konvencijas>

\*Criteria is set by the Latvian Personal Income Tax Law.

### **Taxation of the Noteholders' legal entities**

#### *Resident legal entities*

A legal entity would be considered a resident of Latvia for tax purposes if it is established pursuant to Latvian law. Interest income, income similar to interest, and capital gain received by the Latvian resident legal entities will not be subject to withholding tax in Latvia. Resident legal entities will be liable for the taxation itself. However, under the Latvian tax law retained earnings are exempt from corporate income tax, while profit distributions are taxed. Distributed gross profits are subject to the 20% profit tax. Corporate income tax on the net amount of profit distribution is determined by dividing the net amount with a coefficient of 0.8 (i.e., the effective tax rate on net distributed profit is 25%).

#### *Non-resident legal entities*

A legal entity would be considered as a non-resident of Latvia for taxation purposes in all cases unless it is a tax resident of Latvia. Interest income, income similar to interest, or capital gain received by a non-resident legal entity will not be taxable in Latvia (i.e. gross income will be paid), except if the income recipient is located, registered or incorporated in a no-tax or low-tax country (so-called “tax havens”; if this is the case - 20% tax will be withheld by the Issuer in Latvia from all payments made to a legal entity located, registered or incorporated in a no-tax or low-tax country).

At the date of the Base Prospectus the list of “tax havens” according to Latvian law includes Anguilla, Commonwealth of the Bahamas, Turks and Caicos Islands, US Guam, US Samoa, US Virgin Islands, Republic of Fiji, Republic of Palau, Republic of Panama, Independent State of Samoa, Republic of Trinidad and Tobago, Republic of Vanuatu. The list of mentioned countries and territories may be amended from time to time.



## 10. Applicable Final Terms

The form of Final Terms that will be issued in respect of each Series, subject only to the deletion of non-applicable provisions, is set out below. The completed Final Terms for each Series, which are described in this Base Prospectus as the "Final Terms" will be published on the website: [www.indemo.eu](http://www.indemo.eu).

Final Terms dated [●] [●] 202 [●]

### InDemo SPV Issuer No1 SIA (the "Issuer")

(Incorporated as a limited liability company and registered in the Republic of Latvia with registration number: 40203462441 and LEI: 6488R109SEO6R317YK44)

### Series [●] EUR [●] Notes

relating to the Series Specific Debts with the reference numbers: [●], [●], [●], [●], [●], [●], [●], [●]

Terms used herein will be deemed to be as defined in the Base Prospectus dated 11 May 2023 for the purposes of Prospectus Regulation, in respect of Notes issued by the Issuer. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8.4 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of Notes is only available on the basis of a combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplements, if any] is available for viewing on the website [www.indemo.eu/docs/](http://www.indemo.eu/docs/). The summary of the individual issue of the Notes is annexed to these Final Terms as Appendix 1.

### Part 1 - Contractual terms

#### 1.1. Information concerning the Notes to be offered to the public:

Number	Disclosure requirement	Details
1.1.1.	Series:	[●]
1.1.2.	ISIN Code:	LV[●]
1.1.3.	Specified Currency:	EUR (euro)
1.1.4.	Aggregate Nominal Amount:	EUR [●].[●]
1.1.5.	Specified Denominations:	The Series Aggregate Nominal Amount is divided into [●] Notes. The nominal amount of the Note is EUR 0.01.
1.1.6.	Issue Price:	100% of the Notes nominal amount
1.1.7.	Offer Price of one Note:	EUR 0.01
1.1.8.	Subscription Period:	[●] [●], 202[●] – [●] [●], 202[●] (inclusive)
1.1.9.	Issue Minimum Amount:	[●]% of Aggregate Nominal Amount

1.1.10.	Issue Date:	[●] [●], 202[●]
1.1.11.	Maturity Date:	[●] [●], 20[●]
1.1.12.	Performance-Linked Interest Rate:	[●]%
1.1.13.	Indication of Yield:	[●]% per annum
1.1.14.	Delayed Payments Penalty Fee:	[●]%

## 1.2. Information relating to the Series Specific Debts

### Information relevant to the pool of Series Specific Debts

Number	Disclosure requirement	Details
1.2.1.	Debt type:	Defaulted mortgage loan
1.2.2.	Debt disbursement currency:	EUR (euro)
1.2.3.	Aggregate Debt Amount:	EUR [●]
1.2.4.	Aggregate Debt Price Amount:	EUR [●]
1.2.5.	Aggregate Price to Value (PTV) (%):	[●]%
1.2.6.	Aggregate Price to Debt (PTD) (%):	[●]%
1.2.7.	Lending Company:	TAMARINDO VECTOR SL



1.2.17. Collateral description: Type Characteristics Location	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
1.2.18. Collateral value:	EUR [•]	EUR [•]	EUR [•]	EUR [•]	EUR [•]	EUR [•]	EUR [•]	EUR [•]
1.2.19. Appraiser and valuation date:	[•] [•] [•], 20[•]	[•] [•] [•], 20[•]	[•] [•] [•], 20[•]	[•] [•] [•], 20[•]	[•] [•] [•], 20[•]	[•] [•] [•], 20[•]	[•] [•] [•], 20[•]	[•] [•] [•], 20[•]
1.2.20. Price to Value (PTV) (%):	[•]%	[•]%	[•]%	[•]%	[•]%	[•]%	[•]%	[•]%

## Part 2 - Responsibility and authorisation

The Management Board of the Issuer:

Title	Name, Surname
Chairman of the Management Board	Sergejs Viskovskis
Member of the Management Board	Aleksandrs Volosins
Member of the Management Board	Daniels Zirjakovs
Member of the Management Board	Pavels Pochtarenko

accepts responsibility for the information contained in these Final Terms which, when read together with the Base Prospectus referred to above, contains all information that is material to the issue of the Notes.

The information provided in elements 1.2. above has been sourced from the Lending Company. Hereby the Issuer confirms that this information has been accurately reproduced according to the process of information exchange, provided in the Transaction Documents and that as far as the Issuer is aware and is able to ascertain from information provided by the Lending Company, no facts have been omitted which would render the reproduced information inaccurate or misleading. For the aforesaid limitation of the Issuer's and InDemo liability provided in Subsection 25. "Limitation of a Liability and Representations and Warranties of the Noteholder" of Section 8 in the Base Prospectus applies.

This Notes Series issue is authorised by the Management Board Meeting of the Issuer, Minutes No. [•] as of [•] [•], 20[•].