

## **Retail FBO Distribution**

### **What did Peer Street announce?**

On September 26, 2023, PeerStreet filed a request with the bankruptcy court to allow pre-bankruptcy investors to retrieve 95% of their funds held in PeerStreet's retail customer "FBO" (for the benefit of) account (the "Retail Customer FBO Account"). As of the bankruptcy filing, the Retail Customer FBO Account held funds placed there by retail investors through the PeerStreet platform but not yet invested in a product, or principal and interest payments paid prior to the bankruptcy filing to retail investors resulting from their previous PeerStreet investments. The request to release these funds to investors is scheduled for a hearing on October 17, 2023, in the Delaware bankruptcy court. PeerStreet's request to return these funds to investors has the support of the Official Creditors' Committee appointed in the bankruptcy case and PeerStreet's secured lender, Magnetar Financial, does not oppose the release of these funds. Once approved, PeerStreet will require 48 hours to re-enable the PeerStreet platform to release these funds. Thereafter, PeerStreet investors can log on to their PeerStreet account at peerstreet.com and withdraw 95% of the amounts attributable to that investor. Prior to that time, investors can log in to peerstreet.com and view the amount of funds reflected in PeerStreet's records attributed to them in the FBO Account ("Investable Cash" balance).

If PeerStreet's request is approved, investors will not be required to file claims or take any other action to retrieve their funds (other than logging on to peerstreet.com and requesting them). The remaining 5% of the FBO Account amounts are being reconciled and will be addressed at a future date.

The pending request only addresses the retail investor funds in the FBO Retail account as of the bankruptcy filing and does not address any other funds, such as funds relating to the Pocket Product or institutional investor "FBO" funds or funds collected since the filing date. These will be addressed at a later time as well.

## **General**

### **1. What did Peer Street announce?**

On June 26, 2023, Peer Street, Inc. and its affiliates announced that they each filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. Peer Street has filed a series of motions with the Bankruptcy Court to ensure that it can continue to operate in Chapter 11. The Debtors in the chapter 11 cases are: Peer Street, Inc.; Peer Street Opportunity Fund GP LLC; PS Funding, Inc.; Peer Street Funding LLC; PeerStreet Licensing, Inc.; PSF REO LLC; PS Options LLC; PS Warehouse, LLC; PS Warehouse II, LLC; Peer Street Opportunity Investors II, LP; PS Portfolio-ST1, LLC; PSF Ohio, LLC; PSF TX 1, LLC; PSF TX 2, LLC; and PSF TX 4 LLC

### **2. What is Chapter 11?**

The Chapter 11 process is designed to allow companies like Peer Street to continue to operate as usual, while they work to restructure and achieve their financial or operational goals. Peer Street currently intends to use the process to facilitate the orderly sale of our loan portfolio and other assets, and use those proceeds to make distributions to our creditors under a chapter 11 plan. At the heart of a Chapter 11 proceeding is the debtor's preparation of a Chapter 11 plan, in which, among other things, the debtor details (i) how it will continue to operate or wind-down its business; and (ii) how and for which amounts it will pay its creditors. A debtor also prepares a list of all creditors' claims, specifying, among other things, the amounts due and whether the debts are disputed. In turn, creditors may file a "proof of claim" in which they confirm or dispute any inaccuracies related to their claims as they have been described in the debtor's list (for additional information, see also Section III below). A Chapter 11 plan must obtain the affirmative vote of most of the debtor's creditors as set out in the U.S. Bankruptcy Code. The Bankruptcy Court's confirmation of the Chapter 11 plan binds the debtor and its creditors whether they vote for or against the plan or do not vote at all.

### **3. Does this mean Peer Street is going out of business?**

While a Chapter 11 case is pending, the debtor may continue to operate its business and remain in possession of its property. Until a sale of its assets, Peer Street will preserve the value of all of its assets for the benefit of its stakeholders, including identifying additional assets that can be monetized. Peer Street's continued operation after a sale of the business depends on the structure of the sale. While in chapter 11, Peer Street will continue to monitor and service its assets, and customers will continue to have the same access to the Peer Street platform to monitor their investments that they had prior to the Chapter 11 filing. However, withdrawals or returns on investments will be suspended absent further order from the Bankruptcy Court, which would include an order

confirming a chapter 11 plan that provides the treatment for all claims against the Peer Street entities.

#### **4. Why was the filing necessary?**

The Chapter 11 filing was caused by macroeconomic factors outside of Peer Street's control, such as lower mortgage demands and changing investment strategies, that impaired Peer Street's ability to continue to originate mortgage products for its investors. We have taken this action to ensure that we obtain the best possible return for our assets and recoveries for our creditors, which could include the currently contemplated sale and orderly wind-down or a restructuring of the Peer Street business. Through these Chapter 11 Cases, the Debtors presently seek to (i) pursue value-maximizing sales of their assets and (ii) accomplish, as soon as practicable, a comprehensive wind down process that will, among other things, return value to the Debtors' creditors (including their customers) and other stakeholders.

#### **5. Who are your legal / financial advisors?**

Peer Street is advised in this matter by Kramer Levin Naftalis & Frankel LLP and Young Conaway Stargatt & Taylor, LLP as co-restructuring counsel and David Dunn of Province, LLC has been appointed as the company's Chief Restructuring Officer.

#### **6. Have you secured financing during the Chapter 11 cases? How can you be sure you have the financial resources to complete the process successfully?**

Peer Street has sufficient cash on hand and from anticipated collection to fund its day-to-day operations during the Chapter 11 process. To support ongoing operations, we have negotiated with our pre-petition secured lenders for the consensual use of cashflows from our business. This will help to ensure we are able to meet our go-forward commitments to employees and vendors.

### **Employees**

#### **7. Does this mean I've lost my job? Do you anticipate any layoffs as a result of the Chapter 11 filing?**

The Chapter 11 process is designed to allow companies like ours to operate as usual while working to achieve their goals. That is exactly what Peer Street plans to do. Accordingly, it is important that all employees continue to report to work and fulfill your daily responsibilities as you normally would – and you should expect to be paid accordingly.

#### **8. Will there be any changes to compensation or benefits? Is my 401(k) secure? Will vacation time, sick leave, and holiday programs continue? Will I still be able to take vacation that I have earned to date? Will I still be reimbursed for business expenses?**

Peer Street has already asked the Bankruptcy Court to allow us to continue paying our employees on our regular schedule and providing our pre-existing benefits and insurance and 401(k) plans and to honor our paid time off policy. These motions are typical of the process and are generally granted in the first days of the case.

#### **9. Will my role or responsibilities at Peer Street change?**

As you know, the company has been engaged in a wind-down of its active mortgage platform for some time and has been winding down its business affairs pending the expected bankruptcy filing. As we announced months ago, your role in that process is critical, as acknowledged by your participation in the Key Employee Retention Plan. Despite the company being in a wind-down, your role in that process is very important as the company works to maximize the value of its business for the benefit of all of its stakeholders.

#### **10. How will employees be kept informed during this process? Where can I go if I have additional questions?**

We will keep you informed as there is new information to share. In the meantime, please reach out to your supervisor with any questions.

### **Vendors**

#### **11. I have a contract. Are you going to be able to satisfy it?**

We expect to pay our vendors for goods and services provided during these Chapter 11 cases.

**12. How will the restructuring affect Peer Street's relationship with vendors?**

Our goal is to use the Chapter 11 process to conduct a sale of our assets, including our existing loan portfolio and our Peer Street Platform. With our available cash and commitment from our secured lender, we fully expect to pay vendors in the ordinary course of business for all goods and services delivered to any Peer Street entity after the Chapter 11 filings on June 26, 2023.

**13. Why should I continue doing business with you now?**

With the financial support from our secured lender, we fully expect to pay vendors in the ordinary course of business for all goods and services delivered to any Peer Street entity after the Chapter 11 filings on June 26, 2023. In addition, if you have a contract with us, you are legally required to perform under that contract until the Bankruptcy Court directs otherwise.

**14. Can I change the terms of my current contracts?**

No. There is no reason to change the terms of your contract. With the financial support from our secured lender, we fully expect to pay vendors in the ordinary course of business for all goods and services delivered to any Peer Street entity after the Chapter 11 filings on June 26, 2023. In addition, the automatic stay imposed in the Chapter 11 cases prohibits vendors from modifying existing contractual terms.

**15. How do I know whether I am affected by the filing? How do I know if my claim is considered pre- or post-petition? What's the difference?**

Goods and services delivered to any Peer Street entity after the Chapter 11 filings on June [26], 2023, are "post-petition," and we fully expect to pay for them in the ordinary course of business. Goods and services that were delivered prior to our filing will be settled as part of the Chapter 11 process, as we cannot pay any of these "pre-petition" claims without specific approval from the bankruptcy court. Vendors who have pre-petition claims will be provided with a proof-of-claim form to be completed and filed with the court. This form can also be found online at <https://cases.stretto.com/PeerStreet/file-a-claim/>.

**16. Does Peer Street have the necessary financial resources to pay vendors while undergoing the Chapter 11 process?**

Yes. We are committed to continuing our relationships with vendors throughout this process. In fact, we have reached an agreement with our secured lender regarding our use of cash on hand and positive future cash flows, which will help to ensure we are able to meet our commitments to you, as well as our employees, customers and other business partners, throughout the process.

**17. When will I be paid for goods and services delivered before Peer Street's Chapter 11 filing? Is there anything I can do to expedite this process?**

Goods and services that were delivered prior to our filing must be settled as part of the Chapter 11 process, as we cannot pay any of these "pre-petition" claims without specific approval from the bankruptcy court.

**18. Are there any forms I need to complete or any other actions I need to take now to file my claim?**

Vendors who have pre-petition claims will be provided with a proof-of-claim form to be completed and filed with the court. This form can also be found online at <https://cases.stretto.com/PeerStreet/file-a-claim/>.

**19. Will I be paid in full for my claim and when? Where do I stand in the order for repayment?**

We cannot make any specific commitments on pre-petition claims at this stage. The process must be administered by the bankruptcy court in the repayment order dictated by U.S. bankruptcy law and any chapter 11 plan filed in the Bankruptcy Cases.

**20. My company issued an invoice after the filing date for goods or services provided prior to the filing. Is it pre-petition or post-petition?**

The determination of whether the claim is pre- or post-petition is based on the date of delivery, not on the date of the invoice. If goods or services were delivered to Peer Street, Inc. or an affiliate before the Chapter 11 filing on June 26, 2023, the claim is considered pre-petition and will be settled as part of the Chapter 11 case. Payments for deliveries after the Chapter 11 filing will be made in the normal course.

**21. Can my company reissue an invoice to be dated after the filing to expedite payment?**

No. The determination of whether the claim is pre- or post-petition is based on the date of delivery, not on the date of the invoice. If goods or services were delivered to Peer Street, Inc. or a subsidiary before the Chapter 11 filing on June 26, 2023, the claim is considered pre-petition and will be settled as part of the Chapter 11 case. Payments for all other deliveries will be made in the normal course.

## **Customers**

### **22. When will I get my investments/money back?**

Any investments made through the Peer Street platform, including cash on deposit, funds invested with respect to the ownership of fractional interest in loans, and funds invested in Peer Street's other investment opportunities, such as Pocket, Portfolio and/or Opportunity Fund, will only be returned pursuant to an appropriate order of the Bankruptcy Court, which may include an order confirming a chapter 11 plan. Peer Street hopes to pursue confirmation of a chapter 11 plan expeditiously. You will periodically receive notices from the Bankruptcy Court, including emails sent by Stretto, the Court approved noticing agent in the Chapter 11 Cases. It is important that you review and take appropriate action in response to any notice you receive related to the Bankruptcy Cases. Peer Street and its advisors cannot give you personal legal advice so you may want to consult your own counsel.

### **23. Can you please let me know which Peer Street entity is related to the product that I own?**

- MPDNs were issued by Peer Street Funding, LLC in connection with the Fractional product. - RWNs were issued by Peer Street Funding, LLC in connection with the Pocket products. - PDNs were issued by PS Portfolio-ST1, LLC in connection with the Portfolio product.

### **24. Can I still use Peer Street's online platform to make investments?**

Peer Street's online platform has been paused due to the bankruptcy filing. You will be able to view account performance as you have historically been able to. However, customers are unable to make new investments or withdraw funds for the time being. If this changes as a result of orders entered in the Bankruptcy Case, you will be informed of that.

### **25. Do I need to file a proof of claim in the bankruptcy to withdraw my investments?**

Yes. If you believe you have a claim against Peer Street, please follow the instructions for filing a proof of claim.

### **26. Should I speak to an attorney about the return of my Peer Street account's assets, and/or any other claims I may have against the Debtors?**

We recommend you consult with an attorney to determine if you have a claim and for advice on how to file a claim. We cannot provide you any specific advice about how your specific claim or investment will be treated in the Bankruptcy Case.

### **27. How will customers be kept informed during this process? Where can we go if we have additional questions?**

We appreciate your continued confidence in our team and patience throughout this process. The Peer Street investor relations team or other contacts at Peer Street will not be able to answer specific questions about the bankruptcy, how the process will unfold or how your specific claim against Peer Street will be addressed. Any information about how your claim or investment will be treated in the Bankruptcy Case will be the subject of a plan and accompanying notices and disclosures that will be approved by the Court. Questions related to these topics should initially be submitted here: [peerstreetinquiries@stretto.com](mailto:peerstreetinquiries@stretto.com). Thereafter, a representative of Peer Street's restructuring team will contact you. It is particularly important that you review any notices mailed or emailed to you from Stretto, as Court approved noticing agent.