The Future of Finance is Online

Real Estate Crowdfunding
Who Is Being Disintermediated?
Technology replaces middlemen, creating efficiencies

The Traditional Model

Investor → Investment Broker → Advisors → Private Fund → Real Estate Brokers → Property
1-2% FEE → 1% FEE → 2 & 20% FEE → 1-3% FEE

The New Model

Investor → Online Direct Investment → Property
1-3% FEE
Fundrise vs. Private Fund Model
Fee load per deal, basis points

- Performance Fee: 320 (Fundrise in 2015), 121 (Traditional Competitor)
- Subscription, Placement, Fund closing: 95 (Fundrise in 2015), 60 (Traditional Competitor)
- Origination: 50 (Fundrise in 2015), 60 (Traditional Competitor)
- Marketing: 15 (Fundrise in 2015), 20 (Traditional Competitor)
- Underwriting & Asset Mgmt.: 5 (Fundrise in 2015), 30 (Traditional Competitor)
- Audit, Accounting, and Custodian: 6 (Fundrise in 2015), 120 (Traditional Competitor)
- Fund Admin: 60 (Fundrise in 2015), 120 (Traditional Competitor)
- Closing (legal, dead deals, 3rd party)

250 BASIS POINT SAVINGS
490 BASIS POINT SAVINGS

Source: Pension Real Estate Association "An Overview of Fee Structures in Real Estate Funds and Their Implications for Investors."
Regulatory Changes

Regulation D General Solicitation as part of the JOBS Act
**Open Investments**

### Santa Monica, CA Stabilized Office Acquisition
- **JOSS Realty Partners LLC • Santa Monica, CA**
- **Current Ann. Return**: 6.0%
- **Gross Ann. Return**: 12.0%
- **Term Remaining**: 59 of 60 mo.
- **Underlying Security**: Preferred Equity

### Northern Virginia 100% Occupied Flex Office
- **Buchanan Partners • Manassas, VA**
- **Current Ann. Return**: 12.0%
- **Gross Ann. Return**: 12.0%
- **Term Remaining**: 34 of 36 mo.
- **Underlying Security**: Preferred Equity

### Washington, DC Luxury Home Repositioning
- **SGA Companies • Washington, DC**
- **Current Ann. Return**: 9.0%
- **Gross Ann. Return**: 8.0%
- **Term Remaining**: 8 of 12 mo.
Santa Monica, CA Stabilized Office Acquisition
1315 Lincoln Blvd, Santa Monica, CA • JOSS Realty Partners LLC

**TYPE**
Office
Class A Office

**PHASE**
Stabilized
Acquisition

**LOCATION**
Santa Monica, CA
Silicon Beach

**Capital Structure**

<table>
<thead>
<tr>
<th>Type</th>
<th>Source</th>
<th>12.9%</th>
<th>$3,050,000</th>
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<tbody>
<tr>
<td>Equity</td>
<td>Sponsor and LPs</td>
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<table>
<thead>
<tr>
<th>Type</th>
<th>Source</th>
<th>16.9%</th>
<th>$4,000,000</th>
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<tr>
<td>Preferred Equity</td>
<td>Fundrise Investment</td>
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<th>Type</th>
<th>Source</th>
<th>70.2%</th>
<th>$16,600,000</th>
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<tr>
<td>Senior Debt</td>
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**FUNDRISE RATING**

**Ann. Return**
12.0%

**Term Remaining**
59 mo.

**Underlying Security**
Preferred Equity

**Offering Size**
$4,000,000

**Min. Investment**
$5,000

**Total Term**
60 mo.

**Open To**
Accredited Investors

**Invest Now**
or request more info
3 World Trade Center will be the third-tallest building on the World Trade Center site and will include 2.5 million square feet of Class A office space. The Class 1 bonds, held by Fundrise, are senior secured with a 5% tax-free return.

View Live Offering
Account Overview

Total Invested
$960,100.00

Principal Outstanding
$960,100.00

Returns to Date*
$33,306.66

Composition

$960,100
17 Investments

Debt and Preferred Equity Performance

November 2015
- Projected Returns: $77,749.59
- Accrued Returns: $16,952.83
- Cash Distributions: $16,353.71
- Total: $111,056.13

Investments

<table>
<thead>
<tr>
<th>Name</th>
<th>Status</th>
<th>Term</th>
<th>Principal</th>
<th>Return</th>
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<tbody>
<tr>
<td>Bend, OR Stabilized Multifamily Rec...</td>
<td>ACTIVE</td>
<td>60 mo.</td>
<td>$50,000</td>
<td>11.7%</td>
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<td>New Lab Pre-Development Bridge Loan</td>
<td>ACTIVE</td>
<td>9 mo.</td>
<td>$5,000</td>
<td>11.7%</td>
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<td>Denver Ground-Up Mixed-Use Apartments...</td>
<td>ACTIVE</td>
<td>15 mo.</td>
<td>$100,000</td>
<td>12.9%</td>
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Lending is Ripe for Disruption

Annual lending revenues in 2013, US $ billions

- **Traditional Players** - 98% Market Share
- **Marketplace Players** - 2% Market Share

<table>
<thead>
<tr>
<th>Category</th>
<th>Traditional</th>
<th>Marketplace</th>
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<tr>
<td>MCA</td>
<td>$16B</td>
<td>$22B</td>
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<td>Pay Day</td>
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<tr>
<td>Consumer</td>
<td>$420B</td>
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Source: “A Trillion Dollar Market By the People, For the People” [www.foundationcapital.com](http://www.foundationcapital.com)
Exponential Growth in Marketplace Lending

~$9 billion in marketplace loans to be closed in 2014

GROWTH OVER 5 YEARS

Source: “A Trillion Dollar Market By the People, For the People” www.foundationcapital.com
Marketplace Lending Players
Across all industries

Source: “A Trillion Dollar Market By the People, For the People” www.foundationcapital.com
50+ PROJECTS SINCE 2008

$85 MILLION IN ACTIVE DEVELOPMENT
DITTO RESIDENTIAL

301 FLORIDA AVE NE

A 71,000 square foot, eight-story project with seven levels of residential atop ground-floor retail at Union Market.
DITTO RESIDENTIAL

301 FLORIDA AVE NE

A 71,000 square foot, eight-story project with seven levels of residential atop ground-floor retail at Union Market.
1326 FLORIDA AVE NE
a crowdfunding case study