

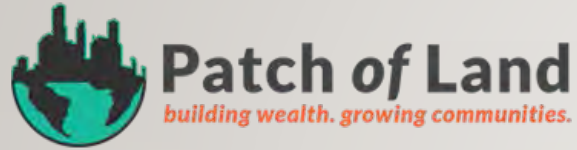
#REALESTATE #CROWDFUNDING AND THE ONGOING DEMOCRATIZATION OF FINANCE

ASHLEY SMITH, CEO
TIM STRANGE, VP OF REAL ESTATE
CROWDSEEKR.COM

WHAT IS REAL ESTATE CROWDFUNDING?

HINT: IT HAS NOTHING TO DO WITH KICKSTARTER





PeerStreet™



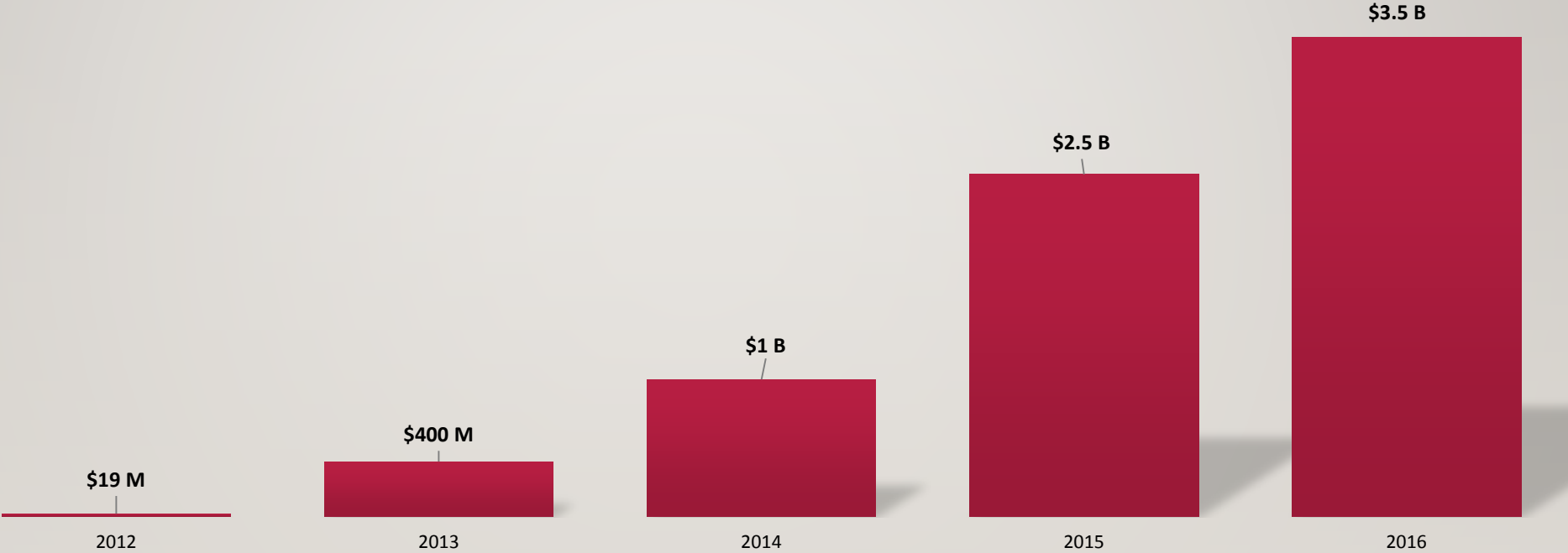
CrowdStreet



FUNDRISE



WORLDWIDE GROWTH TRENDS FOR REAL ESTATE CROWDFUNDING



THE JOBS ACT

What is it, and why is it important?

REAL ESTATE PRIVATE PLACEMENTS BEFORE THE JOBS ACT: OVERVIEW

- Investors:
 - Whole-building investments, fee simple transactions
 - Syndications
- Sponsors:
 - Friends and family network
 - No general solicitation

ACCREDITED INVESTOR STANDARD


- Income that exceeded \$200,000 (or \$300,000 together with a spouse) in each of the prior two years and "reasonably expects the same for the current year, or
- Net worth of more than \$1 million, either alone or together with a spouse, excluding primary residence, or
- Trusts with total assets in excess of \$5 million, or
- Entities in which all members are accredited

REAL ESTATE PRIVATE PLACEMENTS BEFORE THE JOBS ACT: REG D RULE 506(B)

- Traditional private placements conducted online
- Used by Fundrise, RealtyMogul, RealtyShares, and others
- No-action letters (Lamp Technologies and Citizen VC)
- Password-protected websites with a series of steps, including waiting periods (up to 1 month), phone calls, surveys designed to simulate a substantive, pre-existing relationship



JOBS ACT OVERVIEW

- Jumpstart Our Business Startups Act
 - Signed into law in April 2012
 - “The JOBS Act was the single largest change to regulations affecting investment offerings by small companies since the creation of the SEC and Federal Reserve after the Great Depression.” – Entrepreneur.com
 - Response to post-2008 crash credit slump that left startup companies with decreased access to the capital markets
 - Comprised of 7 titles
- 

TITLE II

- Also known as 506(c)
- Went live in September 2013
- General solicitation allowed
- RealCrowd, CrowdStreet, Patch of Land, Peer Realty, Equity Multiple
- No limit on amount raised
- Accredited investors only; “reasonable steps” to verify

TITLE IV

- Went live in September 2015
- Reg A+
- “Mini IPO”
- Sponsors can raise up to \$50 million
- Non-accredited investors may participate
- Sponsors must file with and receive approval from the SEC, but fees are lower than for a regular IPO and ongoing disclosure requirements are less burdensome
- eREITs – Fundrise eREIT, MogulREIT

TITLE III

- Went live in May 2016
- Seed stage funding
- Non-accredited investors may participate, subject to fairly stringent limits
- Sponsors may only raise a maximum aggregate of \$1 million in a 12-month period

ISSUES THE INDUSTRY MUST OVERCOME

- Awareness/Information accuracy
- Transparency/Data Access
- Sustaining quality deal flow

THE FUTURE OF REAL ESTATE CROWDFUNDING

- Greater participation by institutional investors
- Continued specialization by platforms and third-parties
- Real estate crowdfunding is still young
- Real estate crowdfunding currently represents 0.3% of the total RE private equity market

The logo consists of a blue square with a white diagonal line from the top-left to the bottom-right, creating a stylized 'S' or 'K' shape.

CrowdSeekr

Search for Real Estate Crowdfunding Investment Offerings

Placeholder text for search input

Search

ARE YOU INTERESTED IN DIVERSIFYING INTO REAL ESTATE INVESTMENTS



Featuring offerings from these platforms and many more.



Search



Status

IRR (%)

PIR (%)

Hold Period

Max. Investment (\$)

Investment Type

Micro-funds



Multi-family

Other

Retail

Industrial

Investment Strategy

Lease Type

Platform

Source

New Offer

Showing all available crowdfunded deals.

All Available Crowdfunded Deals

111 Fully Funded Deals

Village at Juban Lakes
CrowdStreet | Black Real Estate Services | Denton, Spring, Louisiana

MULTI-FAMILY

EQUITY

CORE PLUS

\$37,633
MINIMUM INVESTMENT

10 Years
ESTIMATED HOLD PERIOD

[INVESTMENT DETAILS](#)

Somerset & Stratton
CrowdStreet | Nicholas Residential & Paratrust Management | Ft. Worth, Texas

MULTI-FAMILY

EQUITY

ALL-IN

\$25,000
MINIMUM INVESTMENT

5 Years
ESTIMATED HOLD PERIOD

19.8%
INTERNAL RATE OF RETURN

[INVESTMENT DETAILS](#)

Entrance at Lakeway
CrowdStreet | Charter Stone Capital | Austin, Texas

MULTI-FAMILY

EQUITY

CORE PLUS

\$25,000
MINIMUM INVESTMENT

2 - 3 Years
ESTIMATED HOLD PERIOD

20.7%
INTERNAL RATE OF RETURN

7 - 8.3%
CAP RATE

[INVESTMENT DETAILS](#)

CASE STUDY

White Star Stillwater





REALCROWD OVERVIEW

REALCROWD IS THE LEADING MARKETPLACE PLATFORM FOR 506(C) CAPITAL RAISES WITH OVER **\$2.6 billion** IN TRANSACTIONS HAVING GONE THROUGH REALCROWD.



Over
20,000
Investors



Proven Track Record
\$2.6B+
In Transactions



Validated
60+
Sponsors



Potential
100%
Goes To You

THE
ENERGY & MINERALS
GROUP



WHITE STAR
PETROLEUM





CROWDSEEKER



CURATED DEAL



QUESTIONS?

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