

Crowdfunding Update

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Intro

- Background
- Intro to CF broadly
- CF for Real Estate
- JOBS Act
- Looking forward

Definition

- Crowdfunding is a method of financial intermediation, enabling efficiency in the identification, participation and funding of investment opportunities
- Accelerated Resource Mobilization

The Global Picture of Crowdfunding

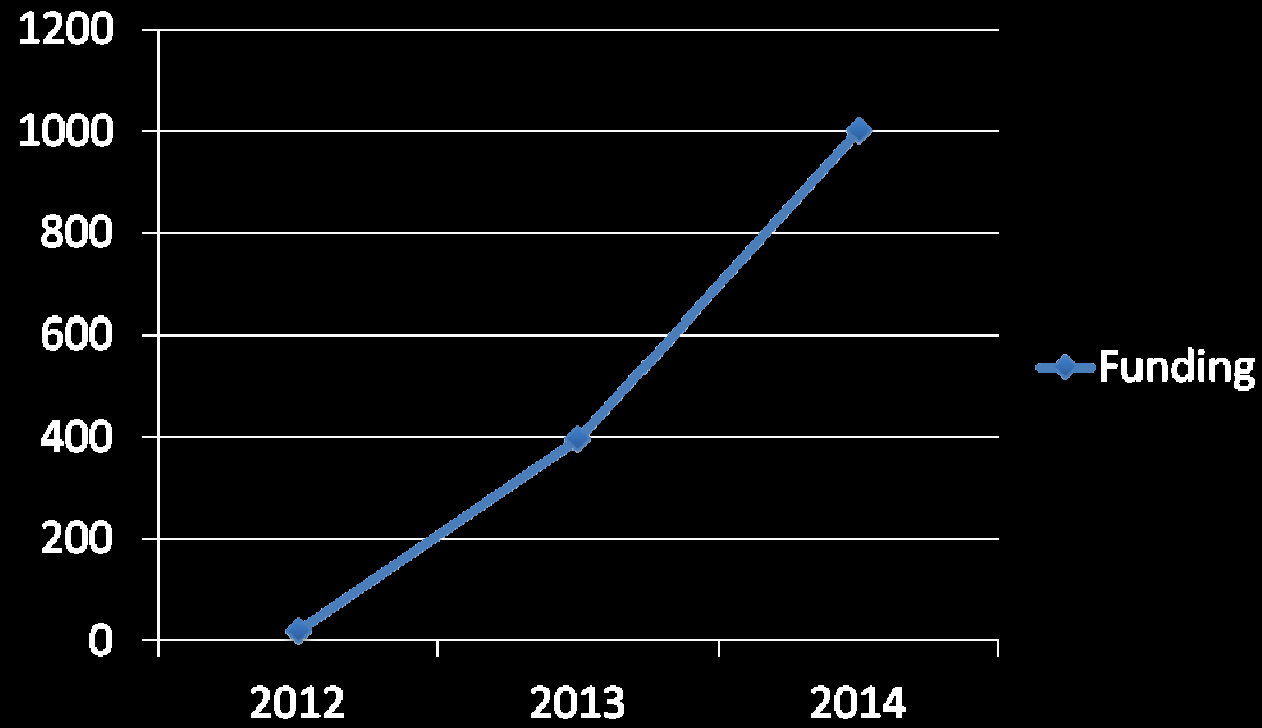
- Oceania
- Europe
- UK
- Africa
- Asia
- North America
- South America

Legislation and Regulation

- JOBS Act
 - Title I
 - Title II
 - Title III
 - Title IV
- UK
- Europe
- Asia

Growth in Market

Funding



Markets and Models

- Commercial Industrial – 77%
- Multifamily – 15%
- Residential – 8%

- Equity – 44%
- Lending – 37%
- Hybrid – 11%
- Royalty – 7%

2014 Figures

- Approximately One Billion US infused into Real Estate through CF platforms
- Strong investor demand and exponential growth in the number of platforms
- Also seeing growth in alternative mortgage market (lendinghome, sofi)
- 156% Industry Growth from 2013-2014

Drivers

- Low yield
- Inflation hedge
- Fragmentation of RE market
- Sponsors adopting own platforms
- More efficient access to capital
- Tired of 2 and 20 LP model
- Predicted market of 250BN in 5 years

Drivers

- Syndication seeking alpha, not passive losses
- Investment channel for institutional investors
– missing the crowd
- Delay in passing Title III of the JOBS has transformed CF into institutional funding
- Disruption of model of proprietary investment communities
- Intermediaries – Carlton, American Realty Capital and Merriman

Differentiators

- User Experience – Design
- Property Type
- Deal Structure
- Data and Analytics Provided
- Post Market Servicing

Legitimacy: Key Trend

- Accenture
- Deloitte
- KPMG
- EY
- BCG

Risks

- Adverse Selection (no data)
- Saturation of CFPs
- Redefinition of Accredited Investor Standard
- Title III delay OR
- Title III launch with backlash
- Response to 120 Trillion Shadow Banking Sector

Civic Crowdfunding

- Architectural and Redevelopment Projects
- CF for community engagement
- CF to gauge interest
- CF to finance development