

# The Essentials

## What is Fundrise?

Fundrise is the first investment platform to create a simple, low-cost way for anyone to unlock real estate's historically consistent and exceptional returns. We're on a mission to build the best investing experience ever by minimizing fees, improving long-term return potential, and unlocking access for everyone.

Our office is based in downtown Washington, DC. Our investment portfolios include 150+ properties from all over the country. As of our most recent publicly filed numbers, we have over 63,000 investors nationwide (Dec 2018), with many more investing everyday. Fundrise investments are currently available only to United States residents, 18 years old or older.

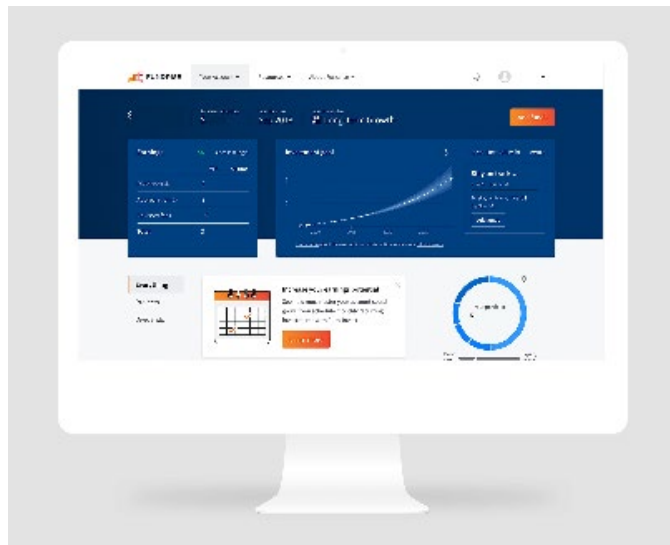


### Quick facts (as of Dec 2018)

- Active Investors: 63,000+
- Assets Under Management: \$485M+
- Active Real Estate Assets: 150+
- Closed Transaction Value: \$3.2B+
- Accredited investors only? No

# How does it work?

It typically takes less than 5 minutes to create an account and begin investing with Fundrise.



1

## Sign up

Open an account via our website or iPhone app.

2

## Select an account level and plan

Depending on your goals and initial investment amount, you select an account level (Starter, Core, or Advanced) and investment plan (Long-Term Growth, Supplemental Income, or Balanced).

3

## Receive a portfolio

Fundrise instantly builds you a dynamic portfolio with dozens of projects that match your desired investment profile.

4

## Account management

You can painlessly monitor and manage your investment from your information-rich Fundrise dashboard. Here you can view your real-time returns, read in-depth project updates, set account goals, set up auto-invest, make manual subsequent investments, and more.

5

## Earn cash

We deposit all returns you potentially earn directly to your connected bank account. You can also choose to automatically reinvest any potential dividends as they accrue. (Read more: [What are Fundrise Dividends?](#))



# What kind of real estate?

## *Where do the properties come from?*

We have an in-house team of real estate professionals who personally identify, analyze, and underwrite all of our real estate deals. Our ability to identify high-quality, opportunistic investments is at the core of our platform's historical success. Only a fraction of the properties we see meet our selective standards — we typically accept less than 1% of the thousands of potential deals we review every year.



Fundrise portfolios contain both residential and commercial real estate deals, including single-family and multi-family rental properties, for-sale housing, hotels, retail space, and office buildings.

Learn more about all of our individual properties [here](#).



# Investing with Fundrise

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# What are the investment products?

When you invest with Fundrise, your Account Level depends on your principal investment amount. You can upgrade your level at any time and unlock access to new benefits, features, and investment products. The currently available Account Levels are:

## Starter

The Starter level gives investors the opportunity to open a Fundrise account with a minimum initial investment of \$500. The portfolio included at the Starter level has target diversification of 5-10 properties and is suited for users just beginning to build their investment portfolios.

## Core

Portfolios at the Core level have a target diversification of 40+ individual real estate projects and have a minimum investment of \$1,000. When you choose Core, you then select one of three different, goal-based investment plans, each designed to pursue and generate returns according to a particular strategy:

**Supplemental Income** — A portfolio allocated primarily to debt-based real estate investments, for investors aiming to earn returns via quarterly dividends.

**Balanced Investing** — A portfolio allocated across both debt and equity investments, for investors aiming to earn returns via a blend of dividends and appreciation.

**Long-Term Growth** — A portfolio primarily allocated to equity real estate investments, for investors aiming to earn returns through appreciation in share value, with fewer dividends.

## Advanced

The Advanced level features all of the benefits of the Core level, plus greater diversification (80+ real estate projects), higher potential returns, and access to additional types of funds. For instance, investors who select the Advanced level will have the option of including Fundrise eFunds — our for-sale housing investments — as part of their diversification mix.

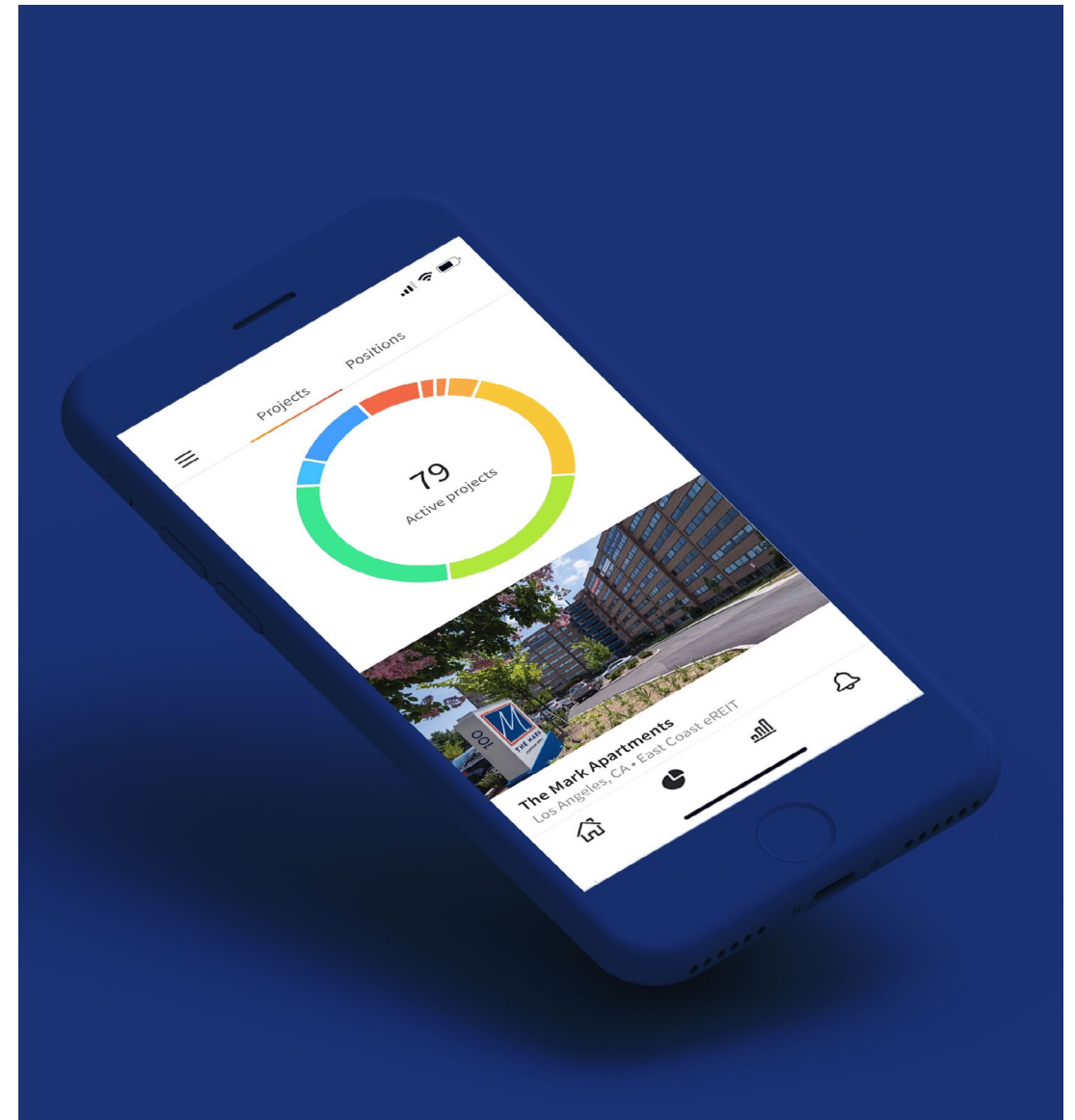
eFund investors will receive tax information on [Form K-1](#) for each eFund, which may delay such investors' annual tax filing with the IRS. The minimum investment for the Advanced level is \$10,000.

It's also possible to select a specific eREIT or eFund and invest solely in that fund, independent of the Account Levels and Plans outlined above. Finally, Fundrise offers the option to invest through a self-directed IRA with all the associated tax benefits. Learn more [here](#).



## Fundrise Mobile App

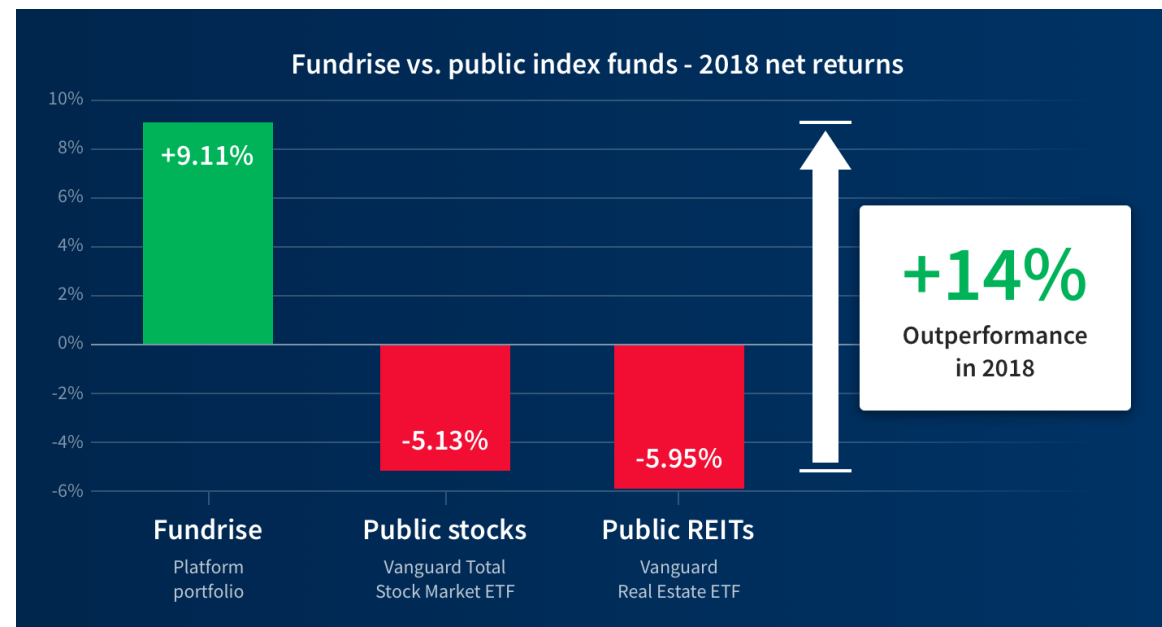
Fundrise's fully-featured iPhone app is now available. The app includes the entire Fundrise experience, from sign-up and account creation to initial investment, to reinvestment, to ongoing management and monitoring of your account. This degree of ease-of-use and convenience is a true, ground-breaking first for private market real estate.





# What has been Fundrise's historical performance?

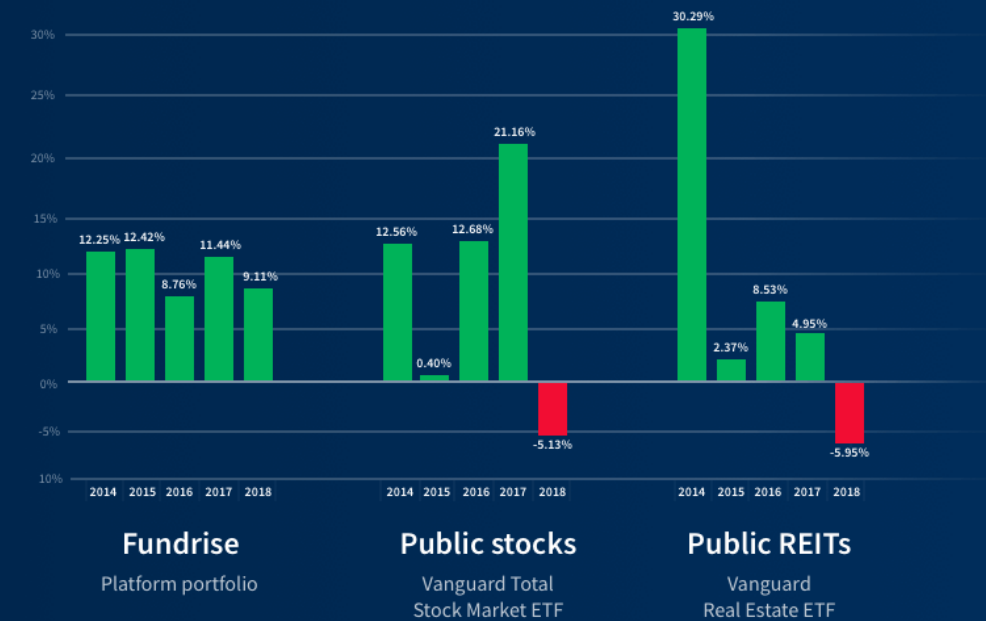
Here's a quick look at our 2018 performance, net of fees:



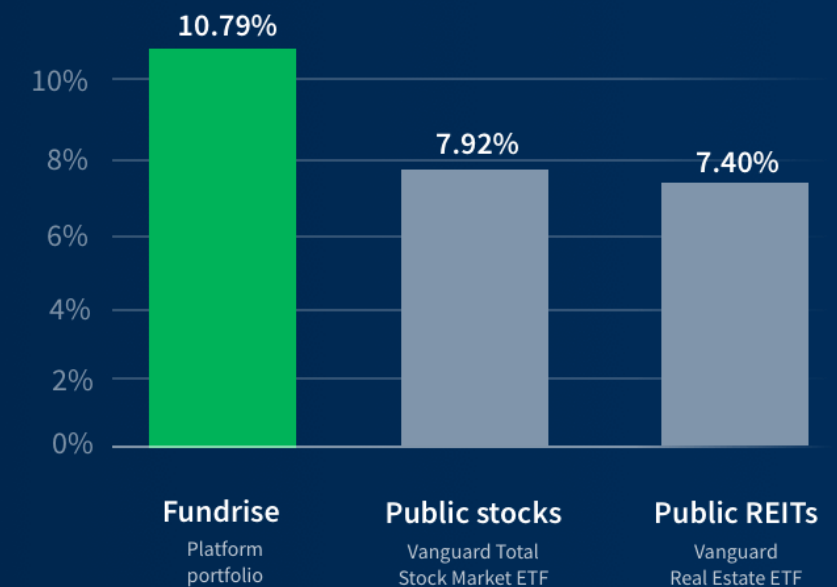
Additionally, here are our 5-year historical returns. Note that while the total stock market and public REIT ETFs fluctuate widely from year to year, Fundrise's platform average annual returns have remained relatively consistent, resulting in a higher 5-year average return. However, past performance is not indicative of future results, and no future results are guaranteed.

## Five-Year Net Returns Comparison

### Annual Returns, 2014-2018



### Five-Year Average



# What are the fees?

One of the keys to our business model is our ability to ruthlessly minimize fees by eliminating typical industry inefficiencies. We've used our improved technology and in-house teams of experts to achieve the following fee structure for our plan-based offerings, unmatched in our industry:

- Fundrise charges **an annual advisory fee of 0.15%**. An investment of \$1,000, for example, would pay \$1.50 per year in fees. For the sake of comparison, Vanguard's famously low advisor fee is 0.30%.
- The expenses inherent to our management of funds' day-to-day operations are covered by **an annual 0.85% flat management fee**. That's \$8.50/year for every \$1,000 within the fund. Typical real estate investment management fees range from 1% to 1.25%.
- Unlike most real estate investment entities, **Fundrise charges ZERO sales commission, transaction, or carried interest (sponsor promote) fees** for its plan-based offerings.

Here's a look at Fundrise's fee structure alongside those from Blackstone and Starwood for comparable investment products:

	Blackstone Real Estate Income Trust	Starwood Real Estate Income Trust	Fundrise Real Estate Investment Trust
Sales Commission	3.5%	3.5%	None
Annual Servicing Fee	0.85%*	0.85%*	0.15%*
Annual Management Fee	1.25%	1.25%	0.85%
Carried interest (profits) above 5% preferred return hurdle	12.5%	12.5%	None

\*Servicing fees for Starwood and Blackstone refer to only Class T and Class S shares. Other share classes may have different fee structures.

You can learn more about why we charge fees at all, how we save investors money, and why we believe our model is the future of real estate investing [here](#). For details on other situational, potential fees that may be borne by the individual funds, please see the disclosure in each offering document available at [fundrise.com/oc](https://fundrise.com/oc).





# How do share redemptions and liquidity work?

While Fundrise supports flexible liquidity with our redemption process, we believe investments will see their best potential performance and returns the closer investors time their liquidation to their investment's natural timeline. Our real estate investments usually have a five year or longer horizon.

- If an investor wants to redeem their shares, they can place a redemption request at any time. After the request is made and approved, **there is a legally required 60-day processing period**, after which the investor's shares may be redeemed at the end of the present month. For example, if you request a redemption in mid-January, your funds are likely to be sent to you at the end of March.
- However, please note that any redemptions processed before an investment is five years old will be subject to a redemption discount, which will remain in the fund for the benefit of fellow investors, not paid to Fundrise. After five years, investors can request to redeem their shares at any time for their full value, with no redemption discount applied. The full discount structure looks like this:

Age of Investment	Discount Applied
Less than 90 Days (Introductory Period)	None
90 Days to 3 Years	3%
3 Years to 4 Years	2%
4 Years to 5 Years	1%
5 Years or Longer	None

It's important to note that while under normal market conditions we seek to provide our investors with liquidity through the redemption program, during a financial crisis, investors should expect us to pause the redemption program long enough to allow enough time for whatever events may unfold. You can learn more about how Fundrise may act in a financial crisis [here](#).



# What is the Fundrise Opportunity Fund?

The **Fundrise Opportunity Fund** is an investment portfolio made up of Fundrise real estate assets located exclusively in **Opportunity Zones**.

Opportunity Zones were introduced by the Tax Cuts and Jobs Act of 2017. They are geographical census tracts across the U.S. that have met certain legal criteria and have been officially designated by local governments as showing high-potential for economic growth.

Under the 2017 law, people who invest in Opportunity Zones can potentially enjoy a suite of financial benefits:

- Defer federal taxes on any recent capital gains reinvested into the Zone until December 31, 2026;
- Reduce those tax payments by up to 15%;
- Pay as little as zero taxes on potential profits from that Opportunity Zone investment if that investment is held for at least 10 years.

The Fundrise Opportunity Fund gives qualified investors an easy way to capture the benefits of Opportunity Zone investing while enjoying the expert curation and cutting-edge platform of a Fundrise portfolio.

Because there are special regulations for investing in Opportunity Zones, the Fundrise Opportunity Fund is not included in our plan-based offerings. You can learn more about getting started investing in the Fundrise Opportunity Fund [here](#).



The existing distressed property



Illustrative rendering of finished project

*Example business plan: Historic renovation in an emerging Washington, DC neighborhood.*



# On Real Estate

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## How do real estate investments generate and distribute value?

Real estate investments typically generate returns in two forms:

- Dividends (Income) — Revenue generated on an ongoing basis through a reliable cash flow, like tenants paying rent. Fundrise has historically paid out earned dividends to investors on a quarterly basis.
- Appreciation — The increase of a property's overall value over time. Appreciation isn't realized and liquid until the property itself is sold.

Fundrise properties have historically accrued value through both dividends and appreciation, simultaneously. The total return on an investment is the sum of both dividends and appreciation.

If, for example, an investment generates 5% in dividends per year and appreciates at an estimated 6% per year, the investment would have a total 11% annualized return. Investors will potentially receive dividends more frequently and quickly, but they should be sure to account for appreciation when considering their investment's full return. However, it should be noted that gains are not guaranteed and all investments carry the risk of loss.

## What's unique about Fundrise's offerings?

Private real estate investing — more specifically, real estate private equity — has powered the world's largest portfolios for decades. For example, an estimated 28% of large U.S. pension funds and 52% of large U.S. endowment funds are dedicated to alternative assets like private market real estate. Real estate private equity firms like [Blackstone](#) have subsequently amassed hundreds of billions of dollars in assets under management from these massive institutional investors.

But that level of private real estate investing was fee-ridden, tech resistant, and — crucially — inaccessible for everyone but the wealthiest, most well-connected investors.

Fundrise has paired smart technology with deep real estate expertise to offer the same type of investment opportunity to everyone, regardless of net worth — all while minimizing fees, increasing transparency, and improving long-term return potential.



# Examples of our investment properties

Every Fundrise portfolio is diversified with a broad mixture of properties. Below are two examples of deals that are currently powering investors' portfolios. You can see all of our current and past projects [here](#).

## Mosby University City

New apartment development | Charlotte, NC | Income eREIT II



- Our Commitment: \$4,400,000
- Deal structure: Debt —

There are generally two forms that a real estate investment can take: debt or equity. The debt (or loan) on a real estate property is in a senior position relative to the equity and is the first to receive payment from any cash flow or profits. That means debt carries a fixed interest rate that is paid on a monthly basis, making it a good fit for investors seeking passive income streams. Fundrise portfolios following the Supplemental Income plan are primarily allocated to debt real estate assets.

- Projected annual return: 10.0%

[See more about this property](#)

## Home Construction

Culver City, Los Angeles, CA | Los Angeles eFund



- Our Commitment: \$3,292,344
- Deal structure: Equity —

An equity investment represents direct ownership of a property itself. Investments in equity allow investors to capture potential upside gains in property value and future cash flows. This upside, in theory, can be unlimited based on the “value” of the property (unlike debt which has a fixed principal amount). That makes equity investing well-suited for investors with a longer time horizon, who can let a property grow to its full potential. Fundrise portfolios following the Long-Term Growth plan are primarily allocated to equity real estate assets.

- Projected annual returns: 10.2 - 13.1%

[See more about this property](#)

These two properties represent just a small sample of the [150+ active and past assets](#) that make up Fundrise investments. Every portfolio is automatically allocated across a broad mix of properties and diversified to balance overall risk with an investment strategy that matches the investors' personal preferences.



# Learn More

## Awards

Fundrise has received recognition from several major outlets, including:

- **Forbes Fintech 50:** Fundrise has been part of Forbes' annual listing of the most disruptive companies in Fintech every year since its inception.
- **Inc. 5000:** In 2018, Fundrise was listed as the 35th fastest growing privately-held company in the country on Inc. Magazine's annual report. Fundrise was also listed as the #1 fastest growing company in the Financial Services category.
- **Fintech Breakthrough Award — Best Real Estate Investment Platform:** Fundrise has been recognized as 2019's "Best Real Estate Investment Platform," placing it alongside the prestigious winners of other categories, such as Kabbage, HSBC, Mastercard, Credit Suisse, Addepar, LendingClub, and TD Ameritrade.

## Legal Documents

All of our offering circulars are available at [www.fundrise.com/oc](http://www.fundrise.com/oc). If you have questions about anything in any of our offering circulars, please don't hesitate to reach out to us directly.

## Our points of view on a few big ideas

We've written a lot about a wide range of investing-related topics. Here's a quick sampling:

[Bringing Portfolio Theory into the Age of the Internet](#)

[Investment Portfolio Diversification: Why You Need it and How to Achieve it](#)

[Vanguard vs. Fundrise: Which is the Better Investment Option](#)

[The More Important Questions to Ask Before Investing in Real Estate](#)

[Schwab Intelligent Portfolios + Fundrise: A Powerful, Complementary Pairing](#)

## Additional Information and Disclaimers

As always, you can find the complete offering circulars for all of our investments at [www.fundrise.com/oc](http://www.fundrise.com/oc), as well as further disclosures at <https://fundrise.com/legal/disclosure>.





# Disclosures

1. Fundrise platform performance for each calendar year consists of the time-weighted, weighted-average returns of the real estate investing programs sponsored by Rise Companies Corp., and is not representative of the performance of any individual Fundrise investor. 5-year average performance is the compounded annual growth rate (CAGR) across each calendar year of performance from 2014 to 2018. Individual investment results may vary depending on the mix of investments owned by any investor on the Fundrise platform. Fundrise platform performance does not include investments in Rise Companies Corp itself (The Fundrise IPO) or the Fundrise Opportunity Fund, the inclusion of either of which could potentially have a negative effect on the total performance of the Fundrise platform. Past performance is not indicative of future results, and all investments may result in total or partial loss. All prospective investors should consult their personal tax and investment advisors before making any investment on the Fundrise platform. All estimated performance figures presented are net of fees and inclusive of dividend reinvestment. For more information, please see our [full performance disclosure](#), as well as the offering circulars available at [fundrise.com/oc](#).

2. Annual performance the Vanguard Total Stock Market ETF and Vanguard Real Estate ETF specifically refers to the Total return by NAV of each ETF, and was sourced from [vanguard.com](#) on January 7, 2019.

Past performance is no guarantee of future results. Any historical returns, expected returns, or probability projections may not reflect actual future performance. All securities involve risk and may result in partial or total loss. While the data we use from third parties is believed to be reliable, we cannot ensure the accuracy or completeness of data provided by investors or other third parties. Neither Fundrise nor any of its affiliates provide tax advice and do not represent in any manner that the outcomes described herein will result in any particular tax consequence. Prospective investors should confer with their personal tax advisors regarding the tax consequences based on their particular circumstances. Neither Fundrise nor any of its affiliates assume responsibility for the tax consequences for any investor of any investment. [Full Disclosure](#)

The publicly filed offering circulars of the issuers sponsored by Rise Companies Corp., not all of which may be currently qualified by the Securities and Exchange Commission, may be found at [fundrise.com/oc](#).

