

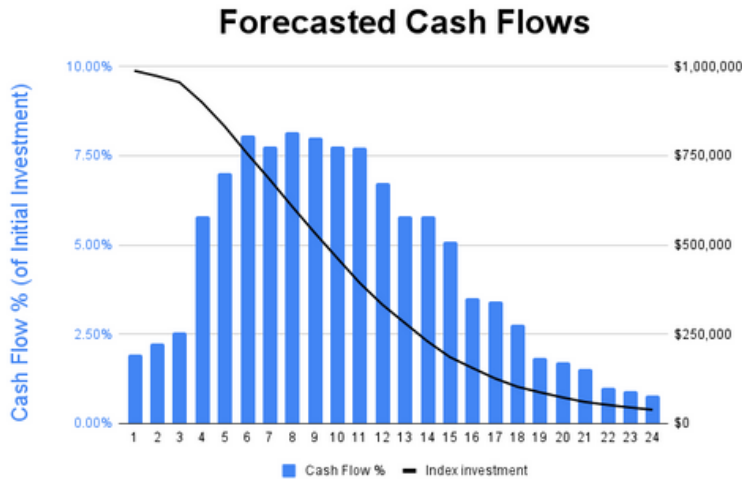
MONTHLY INCOME INDEX SEPTEMBER 2023

OVERVIEW

Labs is offering investors its second Monthly Income Index after funding \$550,000 in investments in August. Investors will be investing in 100+ Groundfloor securities, consisting of LROs and Groundfloor Notes that will be designed to mimic an amortizing, term-based investment product, paying monthly cash flows, offering a target IRR of 12.5%.

CASH FLOW MODEL: [LINK](#)

Closing Date: September 30, 2023



HIGHLIGHTED METRICS

12.5%

Projected IRR

\$44,379

Projected Average Monthly Payment

Month 1

Cash Flow Start Date

24 Months

Investment Term

HOW IT WORKS

What is the Monthly Income Index?

The Monthly Income Index is a product that deploys investor capital across 100+ LROs and Groundfloor Notes and is designed to cash flow monthly and return capital within 24 months of investment. The Index will return capital to investors beginning in the first month and projects a 5% return of capital by month three. The Index has a set term, similar to an investment in a Groundfloor Note.

Forecasted Cash Flows

Investors will be repaid pro rata based on their percent invested in the Monthly Income Index when any individual LRO is repaid. Cash flow payments will be paid out to investors once a month. Forecasted cash flows are based on Groundfloor's 10+ year track record of performance from more than 3,500 repaid LROs.

Reporting

Groundfloor will produce and distribute a monthly Index performance report to investors summarizing monthly and lifetime Index performance, including principal and interest repaid, outstanding principal, and return on investment.

Protections

- All securities within the Index will be held by the buyer.
- Groundfloor maintains a first lien position on all LRO investments in the Index portfolio.
- Groundfloor Notes investments are first priority and secured by real estate collateral.
- There are no additional protections or warranties.

INVESTMENT EXAMPLE

\$10,000 invested will return \$11,095 over 24 months with an average monthly cash flow of \$449 (inclusive of principal and interest).

SOURCES

\$5,000,000
LISTING
AMOUNT

USES

100+
LROS
&
GROUNDLOOR
NOTES

Monthly Income Index FAQ

Click [here](#) for the broader Groundfloor Labs FAQ

What is a Monthly Income Index?

The Index is an investment product that deploys investor capital across 100+ LROs and Groundfloor Notes and is designed to mimic an amortizing product with monthly cash flows over a set term.

What are the advantages of investing in the Index vs. LROs?

One key benefit is instant diversification with a single investment, as the Index automatically allocates your capital into available LROs over three months. Additionally, it provides early cash flows and aims for a 5% return of capital within the first three months. By investing unused cash in Groundfloor Notes, the Index avoids cash drag. This approach eliminates the time-consuming task of manually allocating large amounts of capital across multiple LROs. Furthermore, the Index offers investors a clear investment timeline with a set term for their investment, providing greater certainty.

How do I earn a return on my investment?

Under this offer, investors will receive cash flows from the Index on a pro-rata basis, meaning the amount they receive will be proportional to the amount they have invested in the Index. These cash flows will be distributed when any individual LRO in the Index is repaid.

As of the current offer, the weighted average interest rate for the Index is 11.5%, which represents the average interest rate across all the LROs included in the Index. This rate is used to determine the returns that investors can expect from their investment in the Index.

Is my return on investment guaranteed?

While Groundfloor cannot guarantee a return on investment, over a period of ten years and over 3,600 LROs, our portfolio of investments has achieved actual returns of 9.8% inclusive of a loss ratio of just 86 basis points (bps). For more detailed information, you can refer to our most recent [Asset Management blog post](#) and [Diversification Analysis](#). Actual returns and loss ratios may vary from historical performance due to the diversification of the portfolio, as highlighted in our latest Diversification Analysis.

How will my investment be allocated?

The Index strategy involves investing in a diversified portfolio of 100+ LROs over a three-month period. This approach is designed to maximize diversification across a wide range of LROs, each with a blended contract rate of 11.5%.

To minimize cash drag and ensure immediate cash flow, any unused portion of the investment will be directed towards short-term Groundfloor Notes.

Overall, the Index is expected to yield a 12.5% IRR over the 24-month investment term. This forecasted return reflects the historical performance of the combined portfolio of LROs and Groundfloor Notes and presents an attractive opportunity for investors seeking steady returns over the specified time frame.

Monthly Income Index FAQ:

Click [here](#) for the broader Groundfloor Labs FAQ

What happens if an individual LRO in the Index pays back less than face value?

If an LRO pays back an amount less than its face value, the Index may experience a loss on that individual security. However, Groundfloor's historical performance data shows that portfolios of 100 LROs or more generate predictable returns of 10%. In other words, because the Index is diversified across many LROs, while a small number of individual investments may result in a loss, the full Index is forecasted to deliver an IRR of 12.5%.

What happens at the end of the Index term if there are outstanding investments that have not repaid?

Based on our historical performance data, 98% of LRO investments are forecasted to repay within the 24-month term. Groundfloor reserves the right to purchase outstanding Index investments (i.e. LROs) at a 20% discount on the principal investment to close out the Index for investors at maturity.

Will I be charged an Index management fee?

While Groundfloor will eventually charge a small portfolio management fee to offset the cost of administration and management of the Index, the fee will be waived as a promotional offer for this round of funding.

How will I track the performance of the Index?

Groundfloor will produce and distribute a monthly Index performance report to investors summarizing monthly and lifetime Index performance, including principal and interest repaid, outstanding principal, and return on investment. We plan on testing new visual presentations of portfolio performance for the Index that will ultimately aid in product discovery for the broader Groundfloor product dashboard and investor statements.

What tax documents will I receive for this investment?

You will receive a 1099-INT for any interest earned on your Index investment.

Will there be more Indexes available for investment after this offer?

We plan on funding additional Indexes based on investor interest and are looking forward to gaining feedback from investors to further shape Indexes and other offerings after this initial launch.

For any questions/concerns/new product recommendations: please email labs@groundfloor.us.