# split brick ©

Own a brick everywhere.

# Our Mission

**SplitBrick** offers fractionalized real-estate investing to the everyday investor. With SplitBrick, you can **Split** your capital to own **Bricks** (shares) of real estate shares across a diversity of markets. We aim to be a hub for investors to pool their capital, time, and skills to purchase, own, and manage real estate investments. SplitBrick is a paradigm shift in how we invest in real estate. We believe:

Legal ownership and control over property should never be sacrificed.

Investors should be able to pick and choose what properties they want to invest in and develop their own unique portfolio

High fees and other barriers to entry are relics of the past.

Real estate investing and passive income should be accessible to everyone.

# Real Estate Market: Investment Modality Comparison

| | Private Ownership | Public REITs | Private REITs | Single Property Crowdfunding | SplitBrick Model |
|---|---|---|---|---|---|
| **Availability** | Physical proximity | Stock Market | Accredited or private deal | Accredited Investors | Anyone, anywhere |
| **Capital Requirement** | High | Low | Low-High | Low | Low |
| **Time Requirement** | High or Delegated | Low | Low | Low | Low-medium |
| **\* Liquidity** | Low | High | Low | Low | Mid-High |
| **Property Choice** | Autonomy | No Autonomy | No Autonomy | Pre-selected by the Sponsors | High |
| **Property Control** | Autonomy | No Autonomy | No Autonomy | No Autonomy | Democratic control |
| **Portfolio Diversification** | None | High Diversification | High Diversification | Investor Choice | Investor Choice |

\* Development after MVP

# The SplitBrick Model

Similar to an IPO of a stock in public equity, we onboard properties onto our platform where they can be publicly owned in a process called an Initial SplitBrick Offering, or **ISO**.

## Property Onboarding Flow

| Traditional Market | Proposal | Bidding Process | Offer Made to Owner | Property Acquired | Onboarded |
|---|---|---|---|---|---|
| Property exists on the traditional public market, listed by the seller or not | A user on SplitBrick proposes the property | Users place invididual bids, collectively reaching an offer price | Offer made to seller at the Best Offer price from Bidding Algorithm | SplitBrick purchases property at offer price | Available for trading and management by its shareholders on SplitBrick |

Seller rejects offer

Properties on our platform exist each in their own LLC with the shares of the LLC owned pro rata to ownership of Bricks by users on our platform.

# Market Analysis

There exists significant demand to invest in real estate from working class Americans. They are inhibited, however, by lack of accessibility and ease. SplitBrick aims to fill this market gap.

## Americans eye real estate to grow wealth, but few invest in it

**What do you think** is the best way to increase your personal wealth?

| Category | % |
|---|---|
| Invest in real estate | 23% |
| Invest in the stock market | 16% |
| Start your own business | 15% |
| Get a second job | 12% |
| Negotiate a higher salary | 8% |
| Switch careers | 7% |
| Invest in bonds/CDs | 5% |

**Have you done** any of the following to increase your personal wealth this year?

| Category | % |
|---|---|
| Invest in real estate | 12% |
| Invest in the stock market | 27% |
| Start your own business | 11% |
| Get a second job | 20% |
| Negotiate a higher salary | 15% |
| Switch careers | 10% |
| Invest in bonds/CDs | 12% |

40% of American do not have any financial investments, claiming:

- 47% lack of funds
- 19% do not know how to invest
- 16% fear of risk

## Most landlords are individuals who own just a few units

*U.S. landlords by number of units owned, 2018*

| | 1-4 units | 5-24 units | 25 units or more |
|---|---|---|---|
| Individual investors | 14.1M | 130K | 16K |
| Businesses | 3.4M | 190K | 105K |
| Other | 1.2M | 40K | 19K |
| Not reported | 665K | 14K | 11K |

# Market Competition: SplitBrick is better

Unique SplitBrick features:

- **Crowd-sourced ISOs**: Properties are chosen by investors and can exist in any market and location. Investors determine their own valuations for properties.
- **Democratic Management:** Owners can manage every aspect of their assets via voting, including choosing the property managers.

## Fee Comparison

|  | **SplitBrick** | **RealT** | **Here** | **Landa** |
|---|---|---|---|---|
| Onboarding Fee | 5% | 10% | 20% | 6% |
| Annual AUM Fee | 0% | 1% | 1% | 0% |
| Gross Revenue Fee | 0% | 2% | 25% | 8% |
| Profit Sharing Fee | 10% | 10% | 0% | 0% |
| Trading Commission | 1% | N/A | N/A | 0% |
| Offboarding Fee | 0% | 10% | N/A | 0% |

# Crowd-sourced ISOs



- Any SplitBrick user can search for an investment property that they are interested in.
- They post their investment proposal on SplitBrick and other users can bid on it.
- If sufficient funds are raised, funds are used to acquire property and divide ownership into Bricks pro rata to the bidders.
  - SplitBrick uses a unique crowdfunding algorithm that allows markets to collectively value a property. Real time market price discovery has never been done before in any crowdfunding market.

# Democratic Management

SplitBrick offers a unique governance system for owners that allows them to comanage their investments democratically and exercise true *ownership* of their assets. The level of participation is up to users, who can take a passive role in governance if they wish.



With our governance system, users can vote democratically on important decisions but elect a local property manager to handle the day to day operations. In order to pass, SplitBrick ballots require sufficient consensus among exercising capital power (by percent ownership) as well as among the majority of investors, protecting smaller investors.

# Roadmap and Financing

- Our journey so far
  - 2021 Q3: Idea inception and planning
  - 2022 Q1: Begin development with 1 full-time full-stack software developer and the assistance of 2 part-time software developers
  - 2022 Q3: Acquired an email signup list of 96 investors who expressed interest in SplitBrick via our landing page
  - 2022 Q4 - Present: Hire lawyers and accountants to legally validate and formalize our processes
  - 2023 Q2: Completion of MVP of SplitBrick web and mobile platforms
    - MVP includes ISO process and democratic management of properties
    - The ability to trade Bricks in real-time is an upcoming feature, with its integration contingent on the completion of legal processes.

# Roadmap and Financing

- Current expenses from past 12 months (~$160k/yr)
  - 1 Full Stack Developer: $120k base salary
  - Legal & accounting expenditures: ~$12k
  - Other expenses: ~$15k
  - Marketing: $0 so far, expecting $5-10k in next 12 months
- Total invested so far: $205k (from co-founders' savings)
- Future
  - Begin marketing and then acquiring & integrating feedback from real users
  - Use funds to fund and hasten the legal processes that will allow us to legally facilitate trading of Bricks on our platform.
  - **What we are looking for** (ideally): To acquire ~$200k in funding: Provides us with at least 1 year of funding with additional funds to supercharge marketing and legal research & endeavours

# The Team
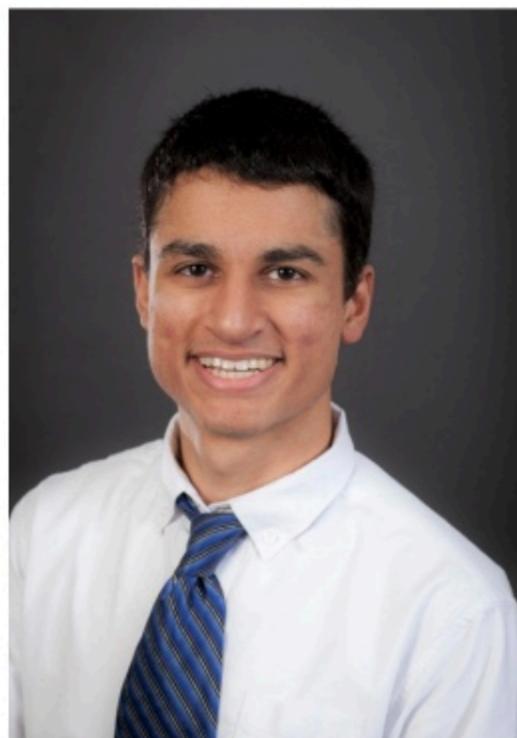
**Veb Anand B.S**

B.S Computer Science and Business Economics, Caltech 2019.

Data science and software development at a data analytics software startup.
Analyst on an equities trading team at a hedge fund managing over $48b AUM.

**Pedro Ojeda B.S, M.S**

B.S Bioengineering, Caltech 2018.
M.S Immunology, Harvard University 2020.

Founder of Information Consulting.
Private Real Estate developer.

**James Fox B.S**

B.S Computer Science and minor in Mathematics, University of Nebraska 2020.

Full-stack software development at BuilderTrend, Ideal Industries, QSRSoft, and SplitBrick.

**Maria Ojeda, Esquire**

B.B.A. Business Law, University of Miami 2015.
J.D. and LL.M. in Real Property Development, University of Miami 2019.

Real property acquisition, leasing, and sales.
Counsel for financial institutions on real estate financing.

# Appendix

# MVP: Screenshots of Web App
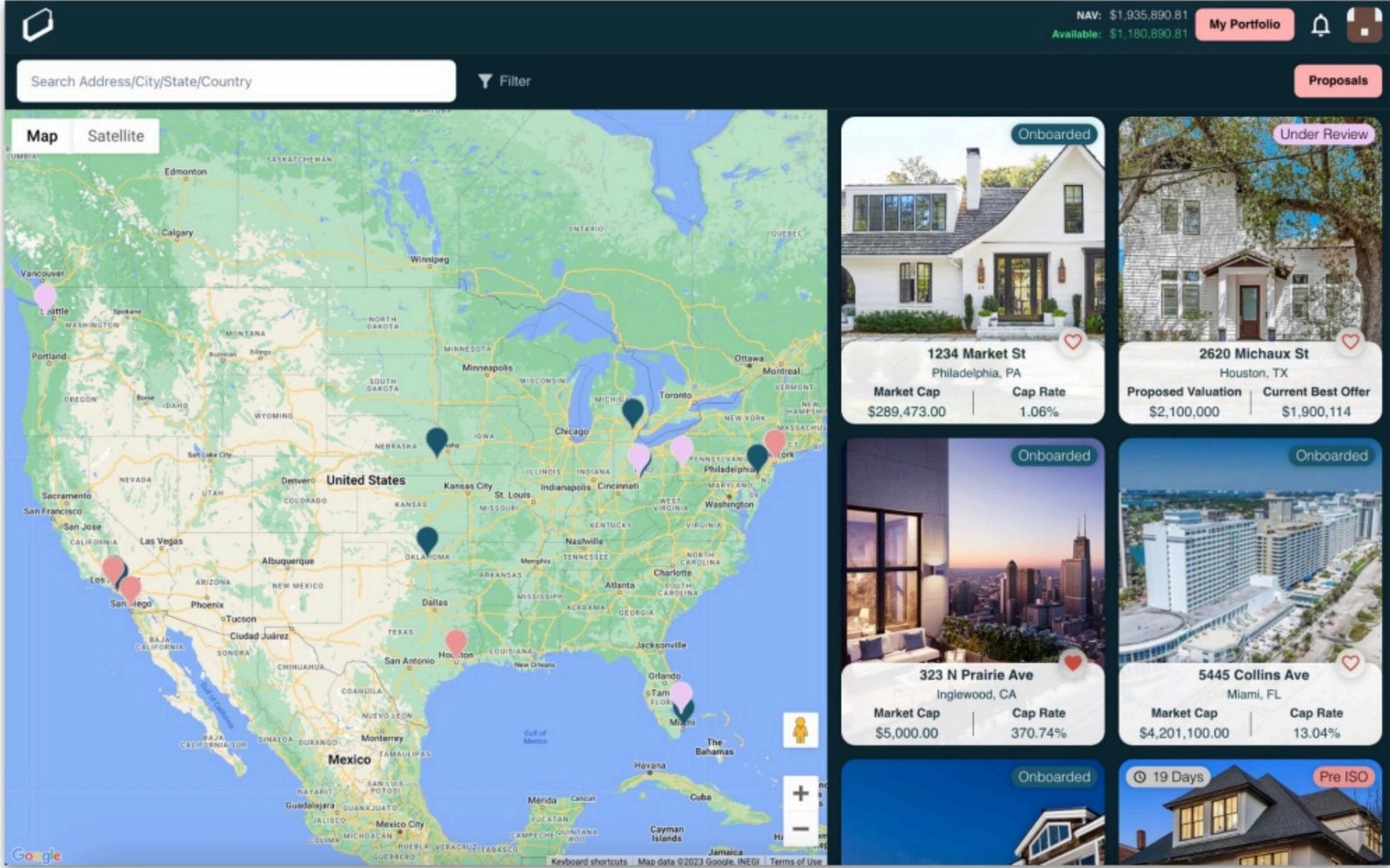


Front-page / Property search page

# Proposals
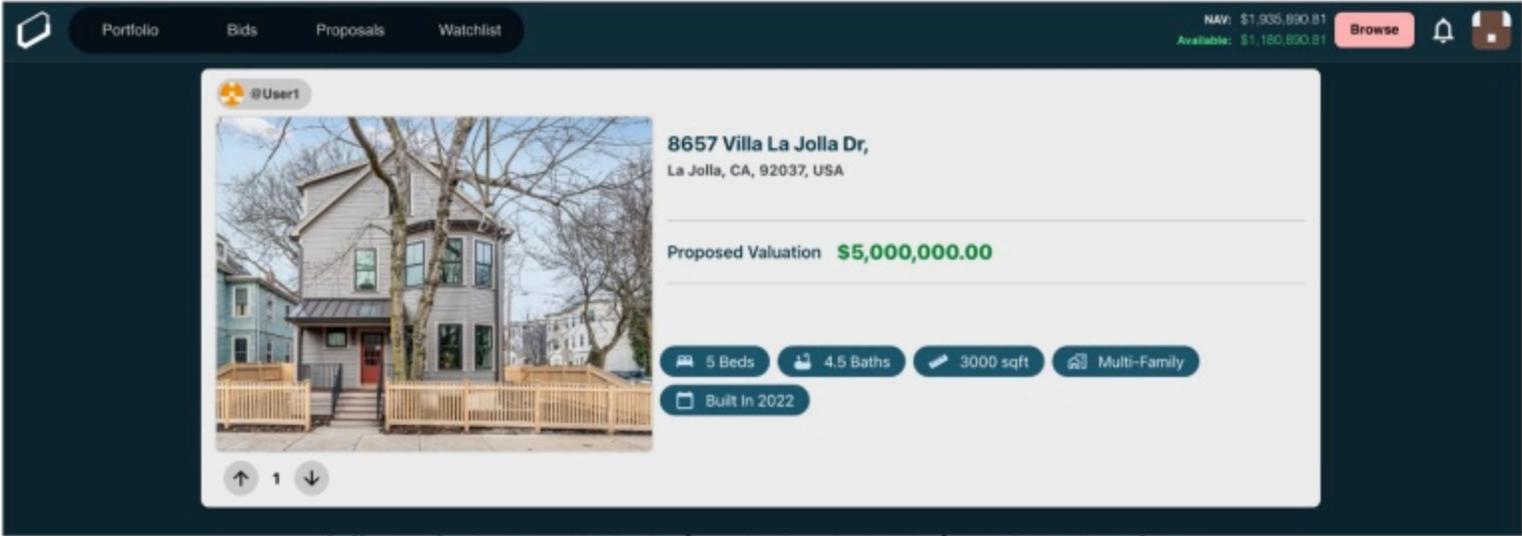


Viewing currently proposed properties
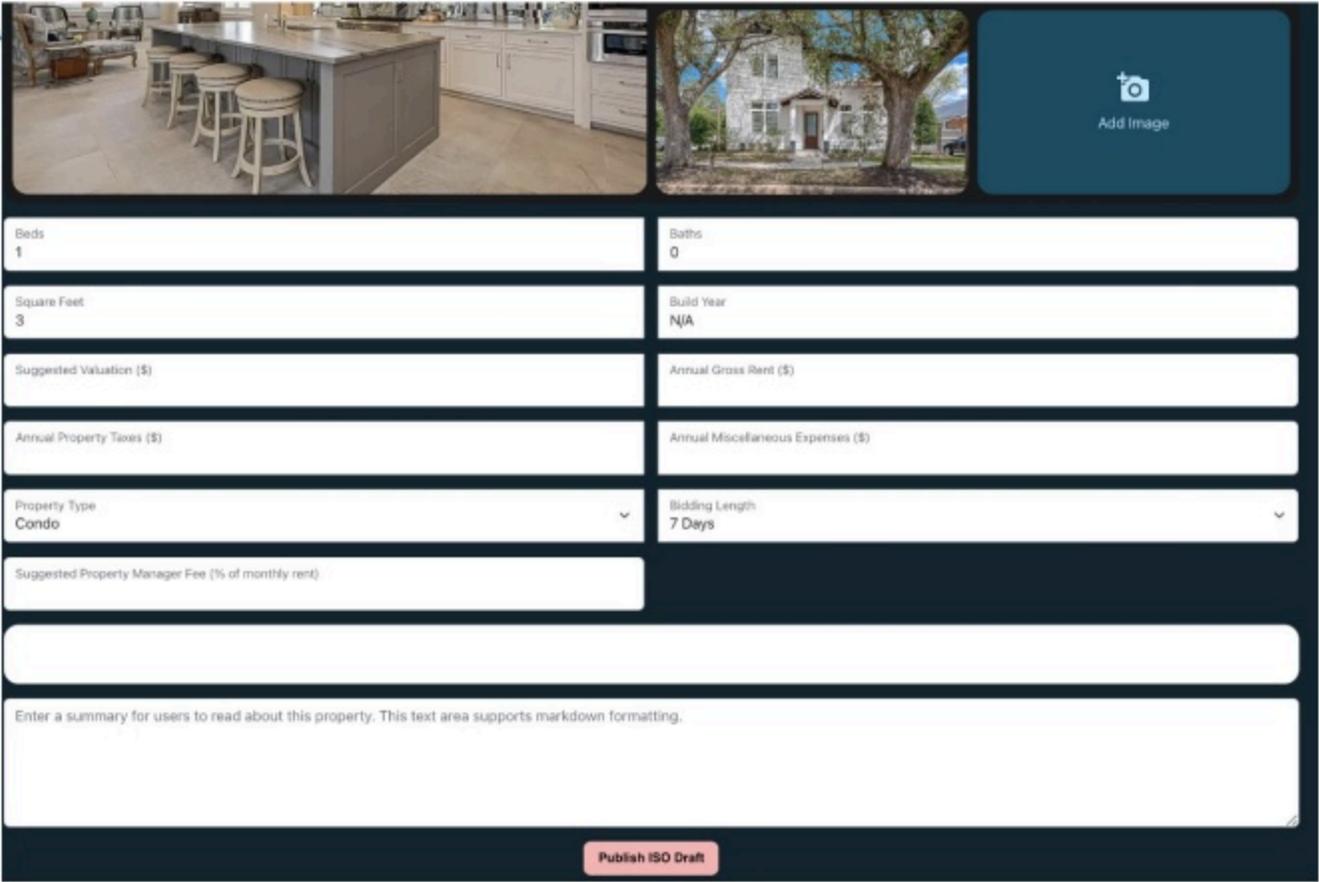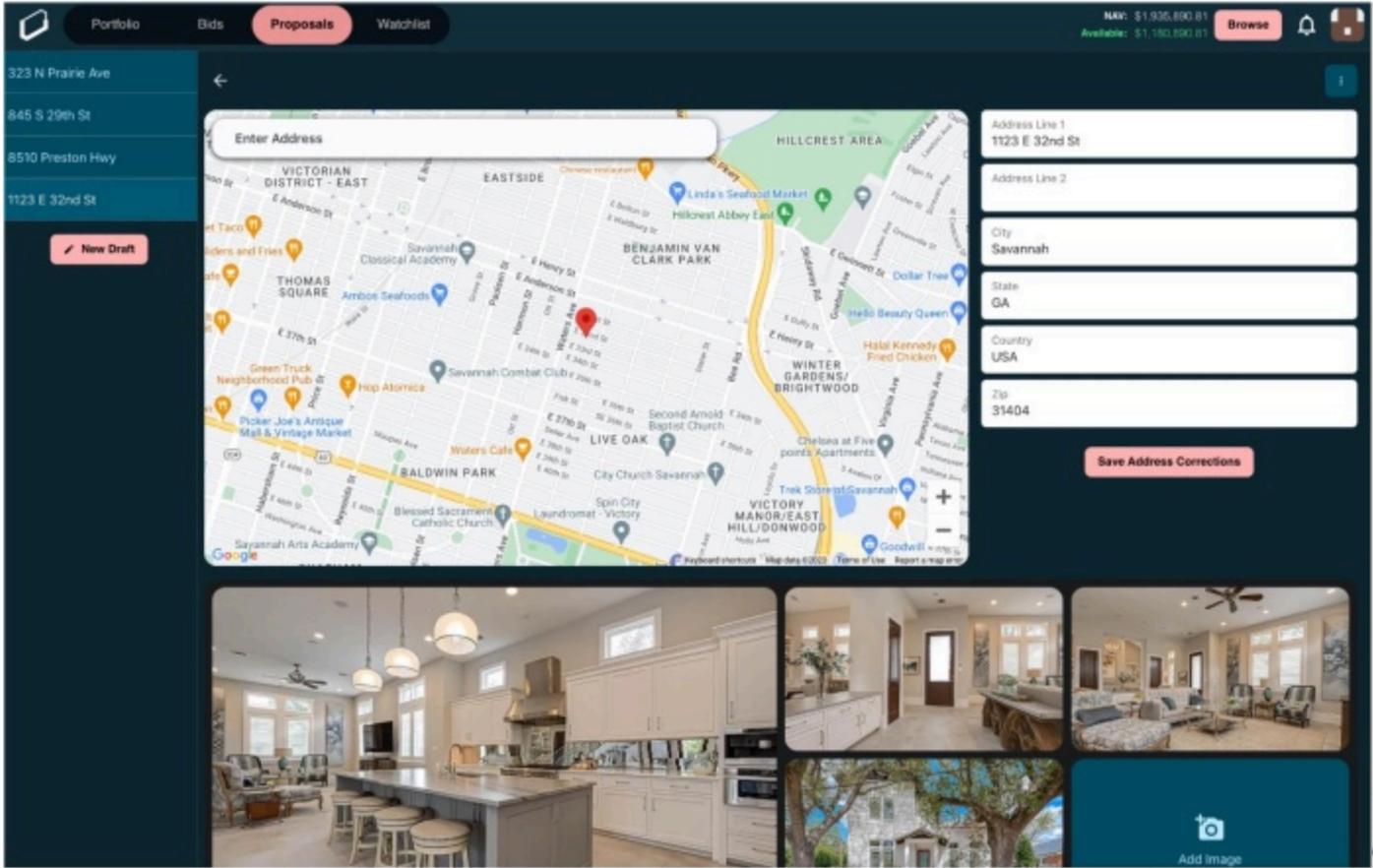


Drafting a new Proposal

# Portfolio
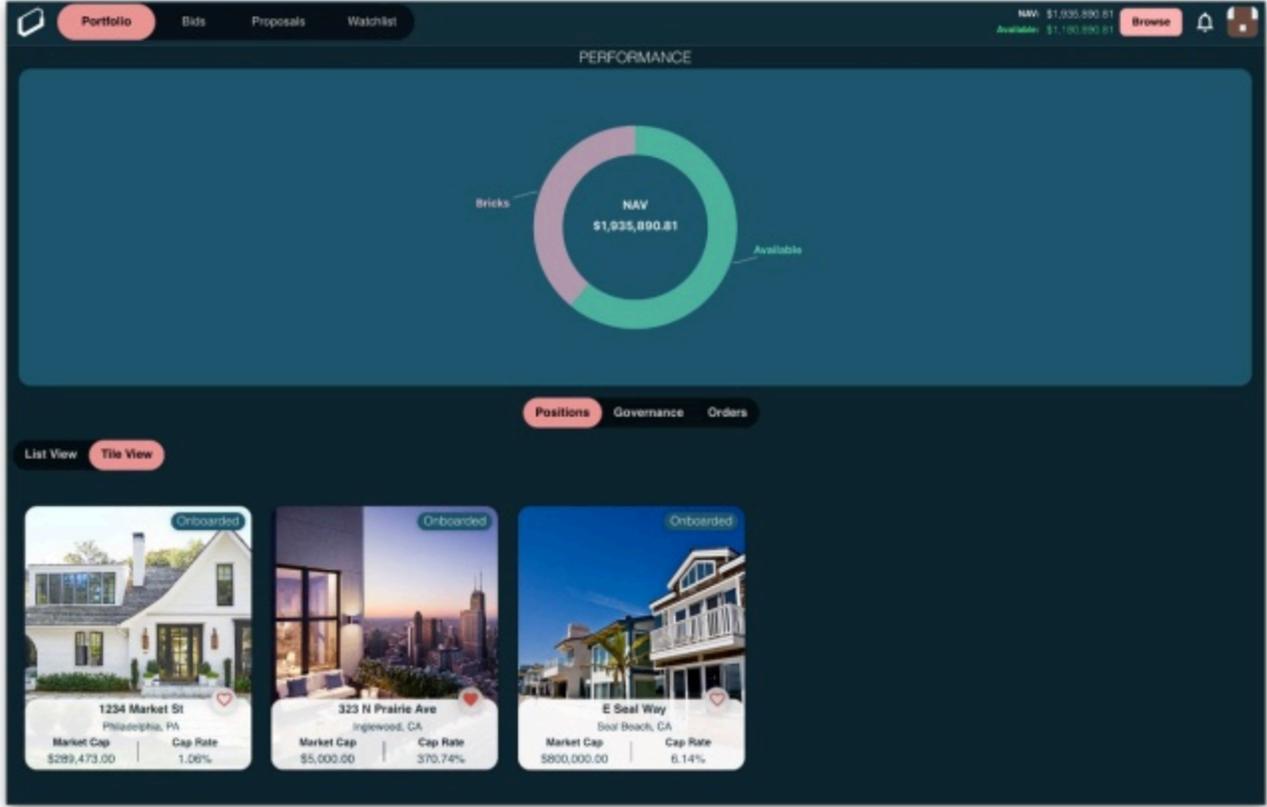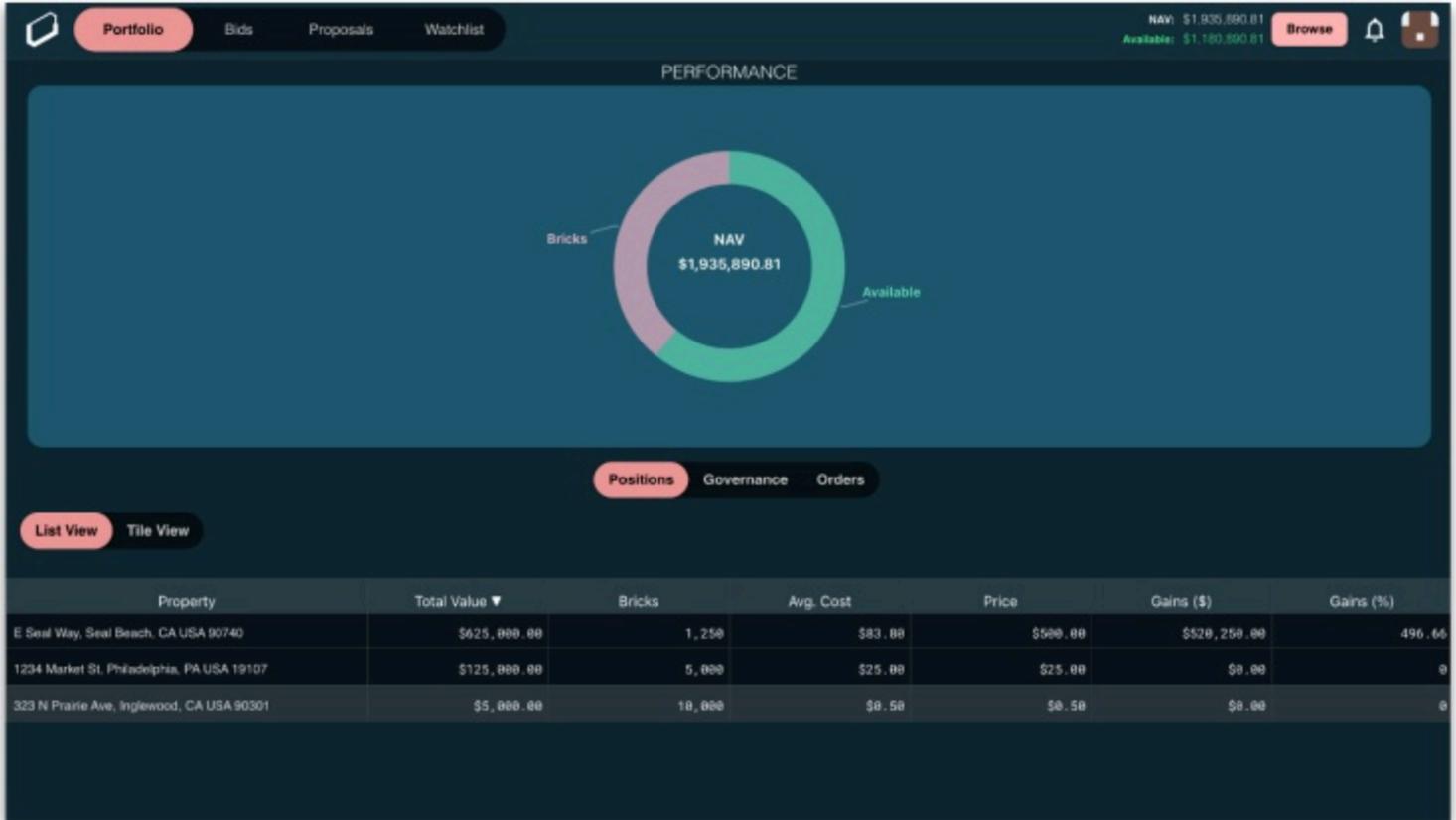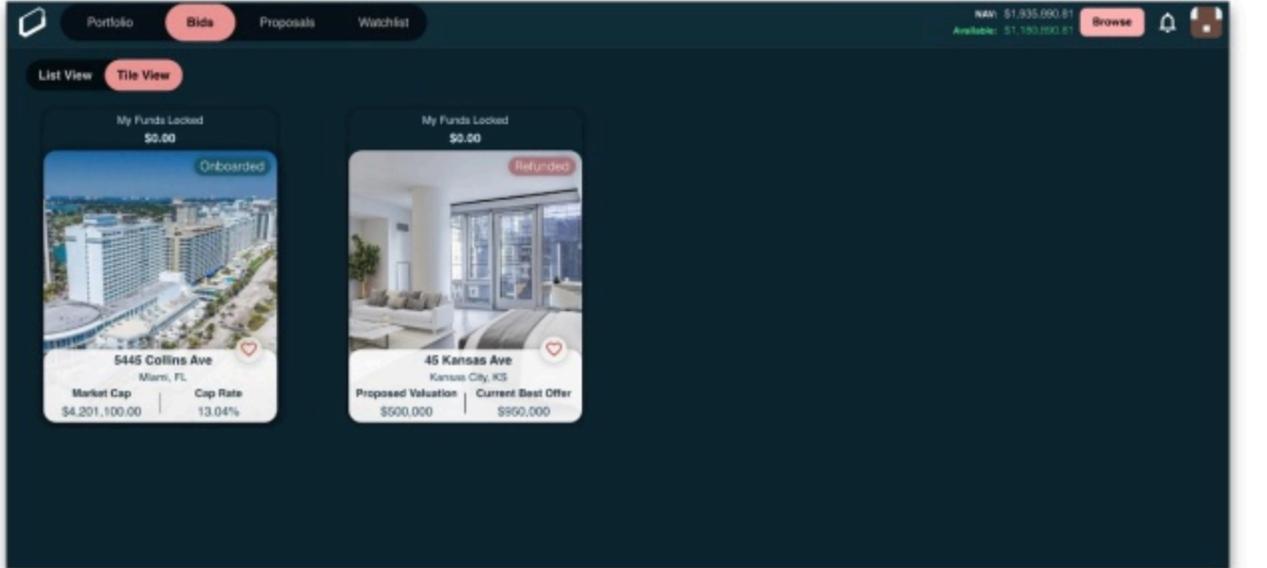


View owned properties and properties with your active bids -
List View (left) / Tile View (right)