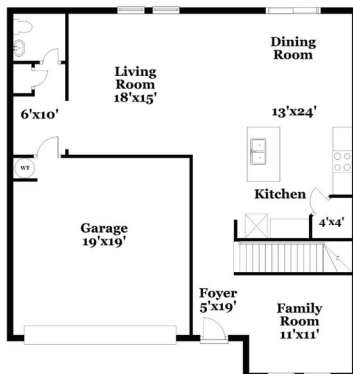




Editor's note: The following memo was distributed by Fundrise Advisors to its clients who are shareholders of the Fundrise Real Estate Interval Fund, LLC (the Fund). It has been made available as a supplemental resource for prospective investors in the Fund. The transaction referenced in this memo was a co-investment transaction made by the Fund, which invested roughly \$1,890,000, and an affiliate of the Adviser, which invested roughly \$210,000. Investors should carefully consider the investment objective, risk, charges, and expenses of the Fund before investing. The [prospectus](#) for the Fund contains this and other information and can be obtained by emailing investments@fundrise.com, or by referring to fundriseintervalfund.com. The prospectus should be read carefully before investing in the Fund.

New acquisition: Rental home community near Dallas, TX

This investment fits into our broader strategy to invest in affordably-priced rental housing across the Sunbelt.



[All photos should include caption:] Similar home by the same homebuilder (illustrative purposes only).

We've invested roughly \$2.1 million to acquire eight brand new single-family homes within the Willow Springs community of Haslet, Texas, part of the greater Dallas-Fort Worth–Arlington metropolitan area, about 25 minutes north of downtown Fort Worth, with plans to acquire a total of 128 rental homes in the community over roughly the next year and a half.

At a strategic level, this investment fits within our affordably-priced [Sunbelt](#) apartment / rental housing thesis. From millennials to retirees, a broad group of Americans has been taking part in a migration from northern to southern states over the past decade, driving continued demand for well-priced, well-located real estate, and supporting steady returns for disciplined investors.

As we reiterated in our [second quarter flagship portfolio update](#), we believe that this long-term trend has only been further accelerated by the pandemic. In an economy where remote work is becoming the norm for more and more people, we expect that an increasing share of the population won't need to live in expensive gateway cities and will instead seek out locations that offer lower living costs and more agreeable climates.

This acquisition was made by a joint venture between two Fundrise sponsored funds, the Fundrise Interval Fund, which invested roughly \$1,890,000 and the Growth eREIT VII, which invested \$210,000.

Strategy

This investment follows a Value-Add strategy.

Business plan

By acquiring the brand-new (vacant) homes in batches and leasing them up ourselves to assemble a stabilized community, we intend to get a better price, and therefore a better potential return, than if we had purchased a “finished product.”

Our initial investment at Willow Springs is an all-cash purchase of eight finished homes within the community, which is still under construction. Our intent is to acquire and lease up additional batches of roughly eight homes per month as they deliver, eventually taking ownership of 128 homes within the community. **This phased buying structure should result in much more efficient deployment of investors' capital**, as opposed to holding cash for several months while waiting for an entire community to be built, and then acquiring it all at once.

Our intent with this and other investments in single-family rental home communities is to be a long-term investor, building a scaled portfolio that generates consistent rental income, while at the same time being positioned to capture what we believe will be outsized price appreciation thanks to a confluence of demographic factors driving demand across the Sunbelt. While the properties of course look different than multifamily apartments, the underlying investment thesis is ultimately very similar.

We have engaged a leading property manager of single-family rental communities across the US.

We expect the aggregate purchase price of all 128 homes in the completed community will be roughly \$40.4 million. While we acquired the homes in an all-cash transaction, we intend to use portfolio-level financing, with the aim of increasing expected returns and freeing up cash to deploy elsewhere.

Why we invested

- **Growing local economy:** The Dallas-Fort Worth–Arlington metro area as a whole continues to rank among the nation’s fastest-growing, [having added 19% to its population since 2010](#), far outpacing the nationwide increase of about 6% over the same period. Additionally, in 2020, [the Dallas area proved to be the second largest market in the country for Fortune 500 companies, based on revenue](#), behind only New York.
- **Social distancing-friendly:** We believe the privacy provided by the community’s fully detached and individual homes will be particularly attractive to renters seeking an additional level of social distancing, or who simply need more living space as norms around work and school shift.
- **Institutional-quality asset:** This deal is structured so as to allow us to acquire tranches of homes in regular batches throughout the year, directly from a nationally recognized homebuilder. Once our investment in the 128 homes is complete, we will have added an institutional-quality asset of ready-to-rent homes to our portfolio, consisting entirely of brand-new construction.

As always, if you have any questions or feedback, please visit our [help center](#) or reach out to us at investments@fundrise.com.

About the Fund

The Fundrise Real Estate Interval Fund (the Fund) is an unlisted closed-end management investment company that is operated as an interval fund. The Fund’s investment objective is to seek to generate current income while secondarily seeking long-term capital appreciation with low to moderate volatility and low correlation to the broader markets. For more information, including the Prospectus, please visit fundriseintervalfund.com.

The Fund also seeks to provide investors with liquidity through quarterly offers to repurchase a limited amount of the Fund’s Shares (at least 5%), pursuant to Rule 23c-3 under the Investment Company Act of 1940. For the latest available repurchase notice, please [click here](#) or see the “Literature” section of fundriseintervalfund.com.

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.

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New acquisition: Stabilized apartments near Houston, TX

This investment fits into our broader strategy to invest in affordably-priced apartments across the Sunbelt.



We've acquired The Cobalt at Lake Houston, a 296-unit apartment community in Humble, Texas, for a purchase price of roughly \$49.5 million.

At a strategic level, this investment fits within our affordably-priced [Sunbelt](#) apartment / rental housing thesis. From millennials to retirees, a broad group of Americans has been taking part in a migration from northern to southern states over the past decade, driving continued demand for well-priced, well-located real estate, and supporting steady returns for disciplined investors.

We believe that this long-term trend has only been further accelerated by the pandemic: In an economy where remote work is becoming the norm for more and more people, we expect that an increasing share of the population won't need to live in expensive gateway cities and will instead seek out locations that offer lower living costs and more agreeable climates.

This acquisition was made by a joint venture between two Fundrise sponsored funds, the Fundrise Interval Fund, which invested roughly \$20.6 million, and the Balanced eREIT II, which invested roughly \$2.3 million. A senior loan in the amount of roughly \$27.9 million was also provided. The investment amounts include a budget for financing and other soft costs, bringing our total projected commitment to approximately \$50.9 million.

Strategy

This investment follows a Core Plus strategy.

Business plan

Built in 2019, the community has been leasing up consistently over the past year. As of the July 2021 rent roll (the latest before our investment), the property was approximately 91% occupied. In the time since our acquisition, occupancy has increased to 92%, while a total of 96% of units have leases in place.

Since this is new construction, we don't anticipate committing significant capital to improvements for the foreseeable future.

Our intent with this and other similar investments — including both single-family rental home communities and some apartment communities — is to be a long-term investor, building a scaled portfolio that generates consistent rental income, while at the same time positioning ourselves to capture what we believe will be outsized price appreciation thanks to a confluence of demographic factors driving demand across the Sunbelt.

Why we invested

- **Fast-growing area:** The property is located within the Houston metropolitan area, just 25 miles northeast of downtown. Between 2010 and 2019, the Houston area's population grew 19% to approximately 7 million residents, making it the fifth largest MSA in the country, according to the U.S. Census.
- **High-quality asset:** Delivered in late 2019, The Cobalt at Lake Houston is a brand new construction, with high-quality amenities and details throughout, presenting no need for renovations or updates in the near future.
- **Income-generating asset:** The property achieved rent collections of approximately 85% in the month leading up to our acquisition; excluding rent concessions (an marketing incentive many properties use

to attract new tenants), collections were up to roughly 92.5% in July 2021. As of the time of this writing, 92% of units are physically occupied, while an additional 4% have signed leases in place. We expect to work with a professional property management firm over the coming months to lease up any unoccupied units and reduce concessions to maximize rental income at the property.

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