FUNDRISE

# Fundrise Real Estate Interval Fund, LLC

## Annual Report

## For the Year Ended
## December 31, 2023

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Dear Fellow Shareholders,

We are pleased to present the annual report of the Fundrise Real Estate Interval Fund, LLC (the “Fund”). The past twelve months have proven to be the single most challenging year for real estate returns since the 2008 Great Financial Crisis.

Within real estate, performance has diverged significantly between sectors, and we are encouraged by our focus on residential and industrial assets where we anticipate continued demand growth. Multifamily and single family rent continued to grow in 2023, although at a slower pace than in 2022. Per Yardi Matrix’s December 2023 report, multifamily asking rents were up 0.3% year-over-year while single family rents were up 1.2% year-over-year. The Green Street Commercial Property Price Index®, which represents a measure of pricing for a broad spectrum of institutional quality properties, declined 10% in 2023. This was primarily due to higher borrowing costs as the Federal Reserve continued to increase the benchmark Fed Funds rate throughout the majority of the year which caused values to fall even with rent growth. These higher borrowing costs have driven valuation decreases in both residential and industrial real estate in 2023.

Fortunately, we believe we have reached a turning point with inflation now easing and the Federal Reserve signaling an end to rate hikes. As a result, we feel optimistic enough to call a bottom and state that we believe the hard part is over…at least for real estate investors. And while there was no broader recession in 2023, what many investors may not realize is that there was, in fact, a substantial recession across nearly the entire real estate industry with values in many cases falling between 20-40%, equal to or in some instances greater than the declines that were witnessed in 2008. Put more simply, nearly all investment real estate (that is real estate held as an investment asset as opposed to single-family home owners) saw a decline in appraised value due to the Federal Reserve raising interest rates.

During 2023, the Fund returned -11.79%, its third year of operations. During the same period the S&P 500® Total Return Index, a bellwether for the overall U.S. stock market, returned 26.29%, the Bloomberg U.S. Aggregate Bond Index, a broad- based flagship benchmark that measures the investment grade U.S. dollar-denominated, fixed-rate taxable bond market, returned 5.53%, and the FTSE Nareit Composite REITs Index, a free-float adjusted, market capitalization-weighted index of U.S. Equity and Mortgage REITs, returned 11.52%.

The primary contributor to 2023 under performance was continued interest rate hikes conducted by the Federal Reserve to combat record high inflation. Looking ahead, we believe the hard part is over and falling rates should, conversely, result in stronger performance for real estate investors going forward. We believe that just as rising interest rates pulled real estate values down, falling interest rates will act as a strong tailwind, likely pushing real estate values higher and in turn producing potentially positive results for investors going forward. (As we’ve noted previously, the standard operating metrics of property level health: occupancy, delinquency, rent growth, renewal rates, etc… all continue to hold up well across the portfolio despite continued downward pressure on the economy). Specifically, we believe that:

**When downturns are an opportunity**

The benefit of being a long-term investor is that these kinds of markdowns are only on paper…unless, of course, you are either forced to or choose to sell prematurely. The very same dynamics that lead to markdowns (on paper) also drive real buying opportunities for those who are able to capture them, a phenomenon we all witnessed in the stock market the past year. Similarly, in the midst of the 2008 financial crisis, many people looked at their 401(k)s or home values in despair as they saw their “on paper” net worth fall by 30, 40, or even 50% in only a matter of months. In hindsight, however, many of those same people now look back on that period as perhaps the best investment opportunity of their lifetime and are kicking themselves for not buying at the bottom.

**It’s the big things that matter**

We live in a world that demands a constant stream of new and interesting content to digest. Financial news sites like CNBC or Bloomberg update articles multiple times a day with theories and predictions about why things are moving in one direction or the other. And, as a result, we are prone to over extrapolating a lot of the noise caused by “little things” that eventually just fade away into the background. Ultimately, it’s the few big things (more obvious often than we’d like to admit) that really matter.

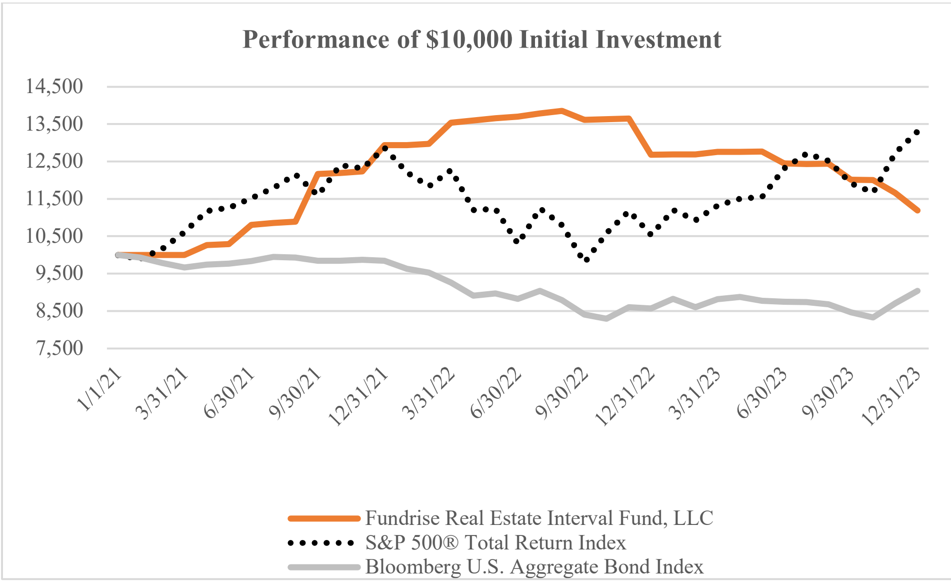
The past several years have seemingly been a steady stream of one random unprecedented event after the next, when in actuality they are the logical and sequential consequences brought about by the pandemic — it was the big thing. As the system continues to work through the domino effect of unwinding the past several years, we still expect tighter monetary policy to result in an inevitable dampening of the broader economy, including slower growth, rising unemployment, and potentially a significant decline in stocks. The irony is that in some sense regardless of the reason rates come down—either because the Fed was right about a soft landing or we are correct about a recession—it's strongly positive for real estate values and, in our expectation, the Fundrise portfolio.

As we shift to this next phase of the Fed lowering rates, we expect there to be significant opportunities that will present themselves. In the meantime, we again want to thank our investors for holding through the hard part. As always, we will continue to strive to be the tortoise among the hares.

Onward,

Ben Miller
Chief Executive Officer
Fundrise Advisors, LLC

The following reflects the change in the value of a hypothetical $10,000 investment, including reinvested dividends and distributions, in the Fundrise Real Estate Interval Fund, LLC compared with the performance of the benchmarks, S&P 500® Total Return Index and the Bloomberg U.S. Aggregate Bond Index, for the period January 1, 2021* through December 31, 2023.




| Average Annual Total Returns | One Year | Since Inception 01/01/21 |
|---|---|---|
| Fundrise Real Estate Interval Fund, LLC | -11.79% | 3.81% |
| S&P 500® Total Return Index | 26.29% | 10.01% |
| Bloomberg U.S. Aggregate Bond Index | 5.53% | -3.32% |

**Fundrise Real Estate Interval Fund, LLC commenced investment operations on January 1, 2021.*

*The S&P 500 Index is an unmanaged market capitalization-weighted index which is comprised of 500 of the largest U.S. domiciled companies and includes the reinvestment of all dividends. Investors cannot invest directly in an index or benchmark.*

*The Bloomberg U.S. Aggregate Bond Index is an unmanaged index which represents the U.S. investment-grade fixed-rate bond market (including government and corporate securities, mortgage pass-through securities and asset-backed securities). Investors cannot invest directly in an index or benchmark.*

*The performance data quoted is historical. Past performance is no guarantee of future results. The performance table and graph do not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. The investment return and principal value of an investment will fluctuate. An investor's shares, when repurchased, may be worth more or less than the original cost. Total returns are calculated using closing Net Asset Value as of December 31, 2023 and are calculated assuming reinvestment of all dividends and distributions.*

*The Fund's distribution policy is to declare and make distributions on a quarterly basis, or more or less frequently as determined by the Board, in arrears. A portion of the distribution may include a return of capital. Shareholders should not assume that the source of a distribution from the Fund is net profit. Although return of capital distributions are not currently taxable, such distributions will have the effect of lowering a shareholder's tax basis in the shares which will result in a higher tax liability when the shares are repurchased, even if they have not increased in value, or, in fact, have lost value. Distributions are not guaranteed.*

*The Fund's most recent annualized distribution rate as of December 31, 2023, was 0.46%[(1)]. All distributions made during the year ended December 31, 2023 were deemed to be a return of capital.*

*(1) Distribution rate is based on an annualization of the distributions per share for the 31 days of December 2023.*

## FUNDRISE REAL ESTATE INTERVAL FUND, LLC
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2023

(Amounts in thousands)

| Par/Shares | Description | Acquisition Date [1] | Value as of December 31, 2023 |
|---|---|---|---|
| **Real Estate Co-Investment Joint Ventures - 86.9%** | | | |
| **Industrial - 16.3%** | | | |
| N/A [2] | Fundrise Industrial JV 1, LLC (Cost $4,460) [3][4][5][6] | 06/04/21 | $ 4,658 |
| N/A [2] | Fundrise Industrial JV 2, LLC (Cost $199,278) [3][4][5][6] | 09/29/21 | 190,117 |
| **Total Industrial (Cost $203,738)** | | | **$ 194,775** |
| **Multi-Family Residential - 16.6%** | | | |
| N/A [2] | Fundrise MF JV 1, LLC (Cost $214,512) [3][4][5][6] | 03/05/21 | $ 199,510 |
| **Total Multi-Family Residential (Cost $214,512)** | | | **$ 199,510** |
| **Single Family Residential - 54.0%** | | | |
| N/A [2] | Fundrise SFR Dev JV 1, LLC (Cost $38,782) [3][4][5][6] | 04/02/21 | $ 40,974 |
| N/A [2] | Fundrise SFR JV 1, LLC (Cost $585,954) [3][4][5][6] | 01/25/21 | 527,992 |
| N/A [2] | Fundrise SFR JV 2, LLC (Cost $75,810) [3][4][5][6] | 01/09/23 | 77,395 |
| **Total Single Family Residential (Cost $700,546)** | | | **$ 646,361** |
| **Total Real Estate Co-Investment Joint Ventures (Cost $1,118,796)** | | | **$ 1,040,646** |
| **Residential Mortgage-Backed Securities - 2.4%** | | | |
| **Non-U.S. Government Agency Issues - 2.4%** | | | |
| $ 1,300 | AMSR 2020-SFR4 Trust (G2 Class), 4.87%, 11/17/25 [7] | | $ 1,220 |
| 14,067 | Bridge 2022-SFR1 Trust (E1 Class), 6.30%, 11/17/25 [7] | | 13,647 |
| 5,000 | First Key Homes 2021-SFR1 Trust (F1 Class), 3.24%, 08/17/26 [7] | | 4,444 |
| 1,700 | Progress Residential 2022-SFR1 Trust (E1 Class), 3.93%, 02/17/29 [7] | | 1,478 |
| 1,500 | Progress Residential 2022-SFR2 Trust (E1 Class), 4.55%, 04/17/27 [7] | | 1,380 |
| 1,660 | Progress Residential 2022-SFR3 Trust (E1 Class), 5.20%, 04/17/27 [7] | | 1,572 |
| 2,000 | Progress Residential 2022-SFR7 Trust (E1 Class), 6.75%, 10/27/27 [7] | | 1,968 |
| 2,800 | Progress Residential 2023-SFR1 Trust (E1 Class), 6.15%, 03/09/28 [7] | | 2,712 |
| **Total Residential Mortgage-Backed Securities (Cost $27,622)** | | | **$ 28,421** |
| **Short-Term Investments - 4.8%** | | | |
| 57,284 | Allspring Government Money Market Fund, Select Class, 5.42% [8] | | $ 57,284 |
| 1 | Northern Institutional U.S. Government Select Portfolio, 5.22% [8] | | 1 |
| **Total Short-Term Investments (Cost $57,285)** | | | **$ 57,285** |
| **Total investments, at value - 94.1% (Cost $1,203,703)** | | | **$ 1,126,352** |
| **Other assets in excess of liabilities - 5.9%** | | | **71,088** |
| **Total Net Assets - 100.0%** | | | **$ 1,197,440** |

LLC Limited Liability Company

(1) Initial acquisition date. Ownership percentages disclosed in *Note 6, Investment Manager Fees and Other Related Party Transactions* remained constant during the reporting period.
(2) The Fund owns LLC membership interests, see *Note 6, Investment Manager Fees and Other Related Party Transactions* for detailed ownership information.
(3) Investment in an affiliate. See *Note 6, Investment Manager Fees and Other Related Party Transactions* for additional information.
(4) Investments classified as Level 3 within the three-tier fair value hierarchy. See the accompanying notes to the financial statements for an explanation of this hierarchy, as well as a list of significant unobservable inputs used in the valuation of these instruments.
(5) Restricted security. The aggregate value of restricted securities at December 31, 2023 is approximately $1,040,646 *(amount in thousands)* and represents 86.9% of net assets. See *Note 2, Summary of Significant Accounting Policies* for additional information.
(6) Non-income producing investment.
(7) Security is exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold to qualified institutional buyers in transactions exempt from registration. As of December 31, 2023, the value of these securities amounted to $28,421 *(amount in thousands)* or 2.4% of net assets.
(8) Rate disclosed is representative of the seven-day effective yield as of December 31, 2023.

**PORTFOLIO COMPOSITION (As of 12/31/2023)**

| | Percent of Total Investments |
|---|---|
| Single Family Residential | 57.4% |
| Multi-Family Residential | 17.7% |
| Industrial | 17.3% |
| Other | 7.6% |
| **Total Investments** | **100.0%** |

See accompanying notes to the financial statements.

**FUNDRISE REAL ESTATE INTERVAL FUND, LLC**
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2023

(Amounts in thousands, except share and per share data)

| | | |
|---|---|---|
| **Assets** | | |
| Investments in non-controlled affiliated entities, at fair value (Cost $1,118,796) | $ | 1,040,646 |
| Investments in unaffiliated entities, at fair value (Cost $84,907) | | 85,706 |
| Cash and cash equivalents | | 72,725 |
| Other assets | | 1,500 |
| Interest and dividend receivable from unaffiliated investments | | 398 |
| Prepaid expenses | | 187 |
| **Total Assets** | **$** | **1,201,162** |
| | | |
| **Liabilities** | | |
| Distributions payable | | 1,381 |
| Management fees payable | | 810 |
| Accounts payable and accrued expenses | | 712 |
| Settling subscriptions | | 679 |
| Fund services fees payable | | 80 |
| Redemptions payable | | 60 |
| **Total Liabilities** | **$** | **3,722** |
| | | |
| **Total Net Assets** | **$** | **1,197,440** |
| | | |
| **Components of Net Assets** | | |
| Paid-in capital | $ | 1,297,971 |
| Accumulated loss | | (100,531) |
| **Total Net Assets** | **$** | **1,197,440** |
| | | |
| **Net Asset Value** | | |
| Net Asset Value | **$** | **1,197,440** |
| Common shares outstanding as of December 31, 2023; unlimited shares authorized | | **109,811,218** |
| **Net Asset Value Per Share** | **$** | **10.90** |

See accompanying notes to financial statements.

**FUNDRISE REAL ESTATE INTERVAL FUND, LLC**
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in thousands)

| | | |
|---|---|---|
| **Investment Income** | | |
| Dividend income from unaffiliated investments | $ | 4,451 |
| Dividend income from non-controlled affiliated investment | | 4,037 |
| Interest income from unaffiliated investments | | 3,381 |
| **Total Investment Income** | **$** | **11,869** |
| | | |
| **Expenses** | | |
| Management fees | $ | 11,445 |
| Miscellaneous expenses | | 1,252 |
| Custody fees | | 968 |
| Professional fees | | 440 |
| Fund services fees | | 207 |
| Transfer agent fees | | 190 |
| Directors' fees and expenses | | 153 |
| **Total Expenses** | **$** | **14,655** |
| | | |
| **Net Investment Income (Loss)** | **$** | **(2,786)** |
| | | |
| **Net Realized and Unrealized Gain (Loss) on Investments** | | |
| Net realized gain (loss) from unaffiliated investments | $ | (804) |
| Net change in unrealized appreciation/depreciation from unaffiliated investments | | 712 |
| Net change in unrealized appreciation/depreciation from non-controlled affiliated investments | | (160,301) |
| **Total Net Realized and Unrealized Gain (Loss) on Investments** | **$** | **(160,393)** |
| | | |
| **Net Increase (Decrease) in Net Assets Resulting from Operations** | **$** | **(163,179)** |

See accompanying notes to financial statements.

(Amounts in thousands)

| | For the Years Ended December 31, 2023 | 2022 |
|---|---|---|
| **Operations:** | | |
| Net investment income (loss) | $ (2,786) | $ (11,579) |
| Net realized gain (loss) on investments | (804) | (3,035) |
| Net change in unrealized appreciation/depreciation from investments | (159,589) | (35,650) |
| **Net Increase (Decrease) in Net Assets Resulting from Operations** | **$ (163,179)** | **$ (50,264)** |
| **Distributions to Common Shareholders from:** | | |
| Return of capital | (5,557) | (12,885) |
| **Net Decrease in Net Assets from Distributions to Common Shareholders** | **$ (5,557)** | **$ (12,885)** |
| **Capital Share Transactions:** | | |
| Proceeds from sale of shares | 327,909 | 724,275 |
| Distributions reinvested | 2,590 | 5,560 |
| Repurchase of shares | (283,512) | (72,437) |
| **Net Increase (Decrease) in Net Assets from Capital Share Transactions** | **$ 46,987** | **$ 657,398** |
| **Net Increase (Decrease) in Net Assets** | **$ (121,749)** | **$ 594,249** |
| **Net Assets:** | | |
| **Beginning of Year** | **$ 1,319,189** | **$ 724,940** |
| **End of Year** | **$ 1,197,440** | **$ 1,319,189** |

See accompanying notes to financial statements.

**FUNDRISE REAL ESTATE INTERVAL FUND, LLC**
STATEMENT OF CASH FLOWS
DECEMBER 31, 2023

(Amounts in thousands)

| | | |
|---|---|---|
| **Operating Activities:** | | |
| Net increase (decrease) in net assets resulting from operations | $ | (163,179) |
| **Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:** | | |
| Investments in non-controlled affiliated entities | | (284,841) |
| Investments in unaffiliated entities | | (54,112) |
| Net change in investments in short-term investments | | 72,953 |
| Accretion of discounts | | (1,191) |
| Return of capital distributions from non-controlled affiliated investments | | 263,174 |
| Net realized gain (loss) from unaffiliated investments | | 804 |
| Net change in unrealized appreciation/depreciation from unaffiliated investments | | (712) |
| Net change in unrealized appreciation/depreciation from non-controlled affiliated investments | | 160,301 |
| Proceeds from sale of unaffiliated investments | | 39,352 |
| **Changes in assets and liabilities:** | | |
| Net (increase) decrease in distribution receivable from non-controlled affiliated investments | | 1,024 |
| Net (increase) decrease in interest and dividend receivable from unaffiliated investments | | 91 |
| Net (increase) decrease in other assets | | 41 |
| Net (increase) decrease in prepaid expenses | | (187) |
| Net increase (decrease) in settling subscriptions | | (3,692) |
| Net increase (decrease) in management fees payable | | (200) |
| Net increase (decrease) in redemptions payable | | 35 |
| Net increase (decrease) in accounts payable and accrued expenses | | (165) |
| Net increase (decrease) in fund services fees payable | | 80 |
| **Net cash provided by (used in) operating activities** | **$** | **29,576** |
| **Financing Activities:** | | |
| Proceeds from issuance of common shares | | 327,909 |
| Cash paid for shares repurchased | | (283,512) |
| Distributions paid | | (4,600) |
| **Net cash provided by (used in) financing activities** | **$** | **39,797** |
| **Net increase (decrease) in cash and cash equivalents** | **$** | **69,373** |
| **Cash and cash equivalents, beginning of year** | | **3,352** |
| **Cash and cash equivalents, end of year** | **$** | **72,725** |
| **Supplemental Disclosure of Non-Cash Activity:** | | |
| Distributions reinvested | $ | 2,590 |

See accompanying notes to financial statements.

These financial highlights reflect selected data for a share outstanding throughout each year.

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| **Net Asset Value, Beginning of Year** | **$ 12.41** | **$ 12.81** | **$ 10.00** |
| **Income from Investment Operations** | | | |
| Net investment income (loss)(1) | $ (0.03) | $ (0.13) | $ (0.22) |
| Net realized and unrealized gain (loss) on investments | (1.43) | (0.12) | 3.21 |
| **Total Income (Loss) from Investment Operations** | **$ (1.46)** | **$ (0.25)** | **$ 2.99** |
| **Distributions to Common Shareholders From:** | | | |
| Return of capital | $ (0.05) | $ (0.15) | $ (0.18) |
| **Total Distributions to Common Shareholders** | **$ (0.05)** | **$ (0.15)** | **$ (0.18)** |
| **Net Asset Value, End of Year** | **$ 10.90** | **$ 12.41** | **$ 12.81** |
| **Total Investment Return Based on Net Asset Value(2)** | **(11.79)%** | **(1.96) %** | **29.35%** |
| **Ratios and Supplemental Data** | | | |
| Net assets at end of year (thousands) | $ 1,197,440 | $ 1,319,189 | $ 724,940 |
| Ratio of gross expenses to average net assets(3)(4) | 1.09% | 1.13% | 1.67% |
| Ratio of net expenses to average net assets(4) | 1.09% | 1.13% | 1.98%(5) |
| Ratio of net investment loss to average net assets(4) | (0.21)% | (1.01)% | (1.95)%(5) |
| Portfolio turnover rate | 3% | 4% | –% |

(1) Based on average shares outstanding during each period.
(2) Total investment return based on net asset value is based upon the change in net asset value per share between the opening and ending net asset values per share in the period indicated and assumes that dividends are reinvested in accordance with the Fund's dividend reinvestment policy. Returns shown do not reflect the deduction of taxes that a Shareholder would pay on Fund distributions or the repurchase of Fund shares.
(3) Reflects the expense ratio excluding any waivers and/or reimbursements.
(4) Expenses do not include operating expenses of the underlying Real Estate Co-Investment Joint Ventures and registered investment companies.
(5) The ratio is net of a waiver of 0.99%, which is deemed to be voluntary as the total expense ratio did not exceed the expense cap for the year ended December 31, 2021 and is inclusive of fee recoupment and expense reimbursement of 1.30%.

**1. Formation and Organization**

Fundrise Real Estate Interval Fund, LLC (the "Fund" or the "Registrant") is a Delaware limited liability company and has elected and has qualified to be taxed as a real estate investment trust (a "REIT") for U.S. federal income tax purposes under Part II of Subchapter M of Chapter 1 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ending December 31, 2021, and intends to continue to qualify as a REIT. The Fund is organized as a continuously offered, non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"), that operates as an interval fund. The Fund's registration statement was declared effective on December 18, 2020. The Fund commenced investment operations on January 1, 2021.

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. Generally, the Fund's investment strategy is to invest at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in a diversified portfolio of private real estate and publicly traded real estate-related investments.

The investment adviser to the Fund is Fundrise Advisors, LLC (the "Adviser"), an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended. The Adviser is a wholly-owned subsidiary of Rise Companies Corp. ("Rise Companies" or the "Sponsor"), the Fund's sponsor. Subject to the supervision of the Board of Directors of the Fund (the "Board"), the Adviser is responsible for directing the management of the Fund's business and affairs, managing the Fund's day-to-day affairs, and implementing the Fund's investment strategy.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying financial statements of the Fund are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The Fund is an investment company and follows the accounting and reporting guidance in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, Financial Services - Investment Companies ("ASC 946"). The Fund maintains its financial records in U.S. dollars and follows the accrual basis of accounting.

The estimates and assumptions underlying these financial statements are based on information available as of December 31, 2023, including judgments about the financial market and economic conditions which may change over time.

***Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash and cash equivalents may consist of demand deposits and highly liquid investments with original maturities of three months or less. The Fund may invest its cash in an institutional money market fund, valued at the net asset value ("NAV") as of the close of each business day. The Fund's uninvested cash is maintained with a high credit quality financial institution. To date, the Fund has not experienced any losses with respect to cash and cash equivalents.

***Valuation Oversight***

Pursuant to SEC Rule 2a-5 under the 1940 Act, the Board has approved the Adviser as the Fund's Valuation Designee ("Valuation Designee"), to provide administration and oversight of the Fund's valuation policies and procedures. The Fund values its investments in accordance with such procedures. Generally, portfolio securities and other assets for which market quotations are readily available are valued at market value, which is ordinarily determined on the basis of official closing prices or the last reported sales prices. If market quotations are not readily available or are deemed unreliable, the Fund will use the fair value of the securities or other assets as determined by the Adviser in good faith, taking into consideration all available information and other factors that the Adviser deems pertinent, in each case subject to the overall supervision and responsibility of the Board.

In calculating the Fund's net asset value, the Adviser, subject to the oversight of the Board, uses various valuation methodologies. To the extent practicable, the Adviser generally endeavors to maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that the most observable inputs are to be used when available. The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors. When valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment, and may involve alternative methods to obtain fair values where market prices or market-based valuations are not readily available. As a result, the Adviser may exercise a higher degree of judgment in determining fair value for certain securities or other assets.

***Fair Value Measurement***

The following is a summary of certain methods generally used currently to value investments of the Fund under the Fund's valuation procedures:

The Fund applies FASB ASC Topic 820, Fair Value Measurement, as amended, which establishes a framework for measuring fair value in accordance with U.S. GAAP and required disclosures of fair value measurement. U.S. GAAP defines the fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund determines the fair value of certain investments in accordance with the fair value hierarchy that requires an entity to maximize the use of observable inputs. The fair value hierarchy includes the following three levels based on the objectivity of the inputs, which were used for categorizing the assets or liabilities for which fair value is being measured and reported:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Significant other observable inputs (e.g., quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs).

Level 3 – Valuation generated from model-based techniques that use inputs that are significant and unobservable in the market. These unobservable assumptions reflect estimates of inputs that market participants would use in pricing the asset or liability. Valuation techniques may include use of discounted cash flow methodologies or similar techniques, which incorporate management's own estimates of assumptions that market participants would use in pricing the instrument or other valuation assumptions that require significant management judgment or estimation.

Investments in registered investment companies, including money market funds, are valued at the NAV as of the close of each business day. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Fixed income securities may be valued by an outside pricing service overseen by the Valuation Designee. The pricing service may employ a pricing model that takes into account, among other things, bids, yield spreads and/or other market data and specific security characteristics. In the event prices or quotations are not readily available or that the application of these valuation methods results in a price for an investment that is deemed to be not representative of the fair value of such investment, fair value will be determined in good faith by the Valuation Designee, in accordance with the valuation policy and procedures approved by the Board. To the extent these securities are actively traded, they are categorized in Level 2 of the fair value hierarchy.

Common stock securities are valued as of the close of the regular session of trading on the New York Stock Exchange ("NYSE") (currently 4:00 p.m., Eastern Time or at the time as of which the NYSE establishes official closing prices). Common stock securities traded on stock exchanges are valued at the last reported sale price, official close price, or last bid price if no sales are reported. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Real Estate Co-Investment Joint Ventures are stated at fair value. See *Note 7, Investments* for further information regarding the Real Estate Co-Investment Joint Ventures. The Fund's ownership interests are valued based on the fair value of the underlying real estate, any related mortgage loans payable, and any other assets and liabilities of the joint venture. The fair values of real estate investments are generally determined by considering the income, cost, and sales comparison approaches of estimating property value. The income approach may use the discounted cash-flow method or the direct capitalization method. The discounted cash-flow method estimates an income stream for a property (typically 10 years) and discounts this income plus a reversion (presumed sale) into a present value at a risk adjusted rate. The direct capitalization method converts a single year's estimated stabilized net operating income into a value indication by applying a market-based capitalization rate. Discount rates, market-based capitalization rates, and growth assumptions utilized in the income approach are derived from market transactions as well as other financial and industry data. The cost approach estimates the replacement cost of the building less physical depreciation plus the land value. The sales comparison approach compares recent transactions to the appraised property. Adjustments are made for dissimilarities that typically provide a range of value. The discount rate and the exit capitalization rate are significant inputs to these valuations. These rates are based on the location, type, and nature of each property, as well as current and anticipated market conditions.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Fund's investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

The following is a summary of the inputs used as of December 31, 2023, in valuing the Fund's investments carried at fair value *(amounts in thousands)*:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Real Estate Co-Investment Joint Ventures | $ – | $ – | $ 1,040,646 | $ 1,040,646 |
| Residential Mortgage-Backed Securities | – | 28,421 | – | 28,421 |
| Short-Term Investments | 57,285 | – | – | 57,285 |
| **Total Investments** | **$ 57,285** | **$ 28,421** | **$ 1,040,646** | **$ 1,126,352** |

The following is a summary of quantitative information about the significant unobservable inputs of the Fund's Level 3 investments as of December 31, 2023 *(amounts in thousands)*. The weighted average range of unobservable inputs is based on the fair value of investments. Various valuation techniques were used in the valuation of certain investments and weighted based on the level of significance. The tables are not intended to be all-inclusive but instead capture the significant unobservable inputs relevant to the Fund's determination of fair value.

| Investment | Fair Value | Valuation Technique | Unobservable Input(1) | Range (Weighted Average) | Impact to Valuation from an Increase in Input(2) |
|---|---|---|---|---|---|
| Real Estate Co-Investment Joint Ventures | $ 1,040,646 | Direct Capitalization | Capitalization Rate | 4.0% – 5.8% (5.0%) | Decrease |
| | | Discounted Cash Flow | Discount Rate | 7.5% – 9.1% (8.3%) | Decrease |
| | | Sales Comparison Approach | Price Per Unit ($) | $215 - $510 ($317) | Increase |
| | | Recent Transaction | Transaction Price | N/A | Increase |
| **Total Real Estate Co-Investment Joint Ventures** | **$ 1,040,646** | | | | |

(1) Represents the significant unobservable inputs used to fair value the financial instruments of the joint ventures. The fair value of such financial instruments is the largest component of the valuation of each joint venture as a whole.

(2) Represents the expected directional change in the fair value of the Level 3 investments that would result from an increase in the corresponding input. A decrease to the unobservable input would have the opposite effect. Significant changes in these inputs could result in significantly higher or lower fair value measurements.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value *(amounts in thousands)*:

| | Real Estate Co-Investment Joint Ventures |
|---|---|
| **Balance as of December 31, 2022** | $ 1,179,280 |
| Purchases | 284,841 |
| Realized gain (loss) | – |
| Net change in unrealized appreciation/depreciation | (160,301) |
| Return of capital distributions | (263,174) |
| Sales | – |
| Transfers into Level 3 | – |
| Transfers out of Level 3 | – |
| **Balance as of December 31, 2023** | **$ 1,040,646** |
| Net change in unrealized appreciation/depreciation for the year ended December 31, 2023 related to Level 3 investments held at December 31, 2023 | $ (158,244) |

### *Restricted Securities*

The Fund may purchase securities for which there is a limited trading market or which are subject to restrictions on resale to the public. Restricted securities and securities for which there is a limited trading market may be significantly more difficult to value due to the unavailability of reliable market quotations for such securities, and investment in such securities may have an adverse impact on NAV. The Fund may purchase Rule 144A securities for which there may be a secondary market of qualified institutional buyers as contemplated by Rule 144A under the Securities Act. Rule 144A provides an exemption from the registration requirements of the Securities Act for the resale of certain restricted securities to qualified institutional buyers. Restricted securities held at December 31, 2023 are identified within the Schedule of Investments.

### *Income Taxes*

The Fund has elected and has qualified to be taxed as a REIT under the Code, and intends to qualify as a REIT, commencing with the taxable year ending December 31, 2021. To qualify as a REIT, the Fund must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of the Fund's annual REIT taxable income to the shareholders of the Fund ("Shareholders") (which is computed without regard to the dividends paid deduction and generally equals the Fund's ordinary income plus the excess of its net short-term capital gains over its net long-term capital losses, minus deductible expenses). As a REIT, the Fund generally will not be subject to U.S. federal income tax to the extent it distributes qualifying dividends to its Shareholders. Even if the Fund qualifies for taxation as a REIT, it may be subject to certain state and local taxes on its income and property, and federal income and excise taxes on its undistributed income. The tax period for the taxable year ending December 31, 2023 and all tax periods following remain open to examination by the major taxing authorities in all jurisdictions where we are subject to taxation. For the open tax periods, the Fund has no uncertain tax positions that would require recognition in the financial statements.

Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed to not meet the more-likely-than-not threshold. For the year ended December 31, 2023, the Fund did not incur any income tax, interest, or penalties.

### *Issuance of Shares*

The Fund offers its shares on a continuous basis through the Fundrise Platform, an investment platform available both online at *www.fundrise.com* and through various mobile applications owned and operated by the Sponsor. The price a Shareholder pays for shares is based on the Fund's NAV. The NAV of the Fund's shares is calculated daily on each day that the New York Stock Exchange is open for business. Cash received for investor subscriptions is recorded as Settling Subscriptions in the Statement of Assets and Liabilities until settlement occurs and shares are issued.

***Distributions To Shareholders***

The Fund has made, and intends to continue to make, distributions necessary to qualify for taxation as a REIT. The Fund expects that it will declare daily distributions to Shareholders of record as of close of business on each day, paid on a quarterly basis, or more or less frequently as determined by the Board, in arrears. The Board may authorize distributions in shares or in excess of those required for the Fund to maintain REIT tax status depending on the Fund's financial condition and such other factors as the Board may deem relevant. The distribution rate may be modified by the Board from time to time. The Board reserves the right to change or suspend the distribution policy from time to time. Distributions to shareholders of the Fund are recorded on the ex-dividend date.

***Dividend Reinvestment***

The Fund operates under a dividend reinvestment policy administered by the Adviser. Pursuant to the policy, a Shareholder's income dividends, capital gains or other distributions, net of any applicable U.S. withholding tax, can be reinvested in the shares of the Fund, provided that, if a Shareholder participates in an investment plan offered by the Adviser, such distributions will be reinvested in accordance with such investment plan. Unless a Shareholder elects to "opt in" to the Fund's dividend reinvestment policy, any dividends and other distributions paid to the Shareholder by the Fund will not be reinvested in additional shares of the Fund under the policy. When the Fund declares a distribution payable in cash, the Shareholders enrolled in the dividend reinvestment plan will receive an equivalent amount in shares from the Fund either newly issued or repurchased from Shareholders by the Fund or according to their investment plan, if applicable. The number of shares to be received when distributions are reinvested will be determined by dividing the amount of the distribution (or the percentage of the distribution allocable to the Fund under the terms of the investment plan, if applicable) by the Fund's NAV per share next computed after the distribution is paid.

Shareholders who do not participate in the Fund's dividend reinvestment policy will receive all dividends in cash.

***Investment Income and Securities Transactions***

Securities transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses on sales of investments are determined on a specific identification basis. Dividend income and distributions are reported on the ex-dividend date, and interest income is recorded on an accrual basis. Amortization of premiums and accretion of discounts on fixed income securities is calculated using the effective interest method, or straight-line method when appropriate, over the holding period of the investment and are included in interest income. Distributions received from investments generally are comprised of ordinary income and return of capital. The Fund estimates the allocation of distributions between investment income and return of capital based on historical information or regulatory filings. These estimates may subsequently be revised based on actual allocations received from investments after their tax reporting periods are concluded, as the actual character of these distributions is not known until after the reporting period of the Fund.

## 3. Concentration of Risk

Investing in the Fund involves risks, including, but not limited to, those set forth below. The risks described below are not, and are not intended to be, a complete enumeration or explanation of the risks involved in an investment in the Fund. For a more complete discussion of the risks of investing in the Fund, see the section entitled "Principal Risks" in the Fund's Prospectus and Statement of Additional Information filed on April 28, 2023, and the Fund's other filings with the SEC.

*Non-Listed Closed-End Interval Fund; Liquidity Risk.* The Fund is a non-diversified, closed-end management investment company operating as an "interval fund" and is designed primarily for long-term investors. Closed-end funds differ from open-end management investment companies (commonly known as mutual funds) because investors in a closed-end fund do not have the right to redeem their shares on a daily basis. Unlike many closed-end funds, which typically list their shares on a securities exchange, the Fund does not currently intend to list the shares for trading on any securities exchange, and the Fund does not expect any secondary market to develop for the shares in the foreseeable future. Therefore, an investment in the Fund, unlike an investment in a typical closed-end fund, is not a liquid investment. The Fund is not intended to be a typical traded investment. Shareholders are also subject to transfer restrictions and there is no guarantee that they will be able to sell their shares. If a secondary market were to develop for the shares in the future, and a Shareholder is able to sell his or her shares, the Shareholder will likely receive less than the purchase price and the then-current NAV per share.

Although the Fund, as a fundamental policy, will make quarterly offers to repurchase at least 5% and up to 25% of its outstanding shares at NAV, the number of shares tendered in connection with a repurchase offer may exceed the number of shares the Fund has offered to repurchase, in which case not all of a Shareholder's shares tendered in that offer will be repurchased. In connection with any given repurchase offer, it is likely that the Fund may offer to repurchase only the minimum amount of 5% of its outstanding shares. Hence, a Shareholder may not be able to sell their shares when or in the amount that they desire.

*Non-Diversification Risk.* As a "non-diversified" fund, the Fund may invest more than 5% of its total assets in the securities of one or more issuers. Therefore, the Fund may be more susceptible than a diversified fund to being adversely affected by events impacting a single borrower, geographic location, security or investment type. Further, a non-diversified fund is more vulnerable than a more broadly diversified fund to fluctuations in the values of the securities it holds. For these reasons, an investment in the Fund may fluctuate in value and have a greater degree of risk.

*Investment and Market Risk.* An investment in the Fund is subject to investment risk, including the possible loss of the entire amount that a Shareholder invests. The value of the Fund's investments may move up or down, sometimes rapidly and unpredictably. At any point in time, shares may be worth less than the original investment, even after taking into account the reinvestment of Fund dividends and distributions. Global economic, political and market conditions and economic uncertainty, including those caused by the ongoing COVID-19 pandemic, may adversely affect the Fund's business, results of operations and financial condition.

*Risks Related to Specific Private Commercial Real Estate ("CRE") Property Types.* The Fund intends to invest in a variety of Private CRE property types, which will expose the Fund to risks associated with Private CRE, including general risks affecting all types of Private CRE property and certain specific risks associated with specific types of Private CRE property.

*Valuation Risk.* The Fund is subject to valuation risk, which is the risk that one or more of the assets in which the Fund invests are priced incorrectly, due to factors such as incomplete data, market instability or human error. If the Fund ascribes a higher value to assets and their value subsequently drops or fails to rise because of market factors, returns on the Fund's investment may be lower than expected and could experience losses.

*Interest Rate Risk.* Changes in interest rates, including changes in expected interest rates or "yield curves," may affect the Fund's business in a number of ways. Changes in the general level of interest rates can affect the Fund's net interest income, which is the difference between the interest income earned on the Fund's interest-earning assets and the interest expense incurred in connection with its interest-bearing borrowings and hedges.

*Risks Related to the Fund's Tax Status as a REIT.* The Fund has elected to be taxed as and has qualified for treatment each year as a REIT under the Internal Revenue Code of 1986, as amended (defined above as the "Code") beginning with its taxable year ended December 31, 2021 and intends to continue to qualify as a REIT. However, qualification as a REIT for tax purposes involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Notwithstanding the availability of cure provisions in the Code, various compliance requirements could be failed and could jeopardize the Fund's REIT tax status. Failure to qualify for taxation as a REIT would cause the Fund to be taxed as a regular corporation, which would substantially reduce funds available for distributions to Shareholders. In addition, complying with the requirements to maintain its REIT tax status may cause the Fund to forego otherwise attractive opportunities or to liquidate otherwise attractive investments, adversely affect the Fund's liquidity and force the Fund to borrow funds during unfavorable market conditions, and/or limit the Fund's ability to hedge effectively and cause the Fund to incur tax liabilities.

## 4. Share Transactions

Below is a summary of transactions with respect to the Fund's common shares for the year ended December 31, 2023 and for the year ended December 31, 2022 *(all tabular amounts are in thousands except share data)*:

| | For the Year Ended December 31, 2023 | | For the Year Ended December 31, 2022 | |
|---|---|---|---|---|
| **Common Shares** | **Shares** | **Amount** | **Shares** | **Amount** |
| Gross proceeds from offering | 26,649,457 | $ 327,909 | 54,704,356 | $ 724,275 |
| Reinvestment of distributions | 211,138 | 2,590 | 419,966 | 5,560 |
| Total gross proceeds | 26,860,595 | 330,499 | 55,124,322 | 729,835 |
| Less: shares repurchased | (23,337,119) | (283,512) | (5,432,114) | (72,437) |
| **Net Proceeds from Common Shares** | **3,523,476** | **$ 46,987** | **49,692,208** | **$ 657,398** |

As of December 31, 2023, the Fund has issued 10,000 common shares to the Sponsor and 500 common shares to Fundrise, L.P., an affiliate of the Sponsor. For the year ended December 31, 2023, total distributions declared to these related parties were less than $1,000.

## 5. Repurchase Offers

The Fund operates as an interval fund under Rule 23c-3 of the 1940 Act and, as such, provides a limited degree of liquidity to Shareholders. As an interval fund, the Fund has adopted a fundamental policy to offer to repurchase at quarterly intervals a specified percentage of its outstanding shares at NAV (the "Repurchase Offer Policy"). The Repurchase Offer Policy provides that, once each quarter, the Fund will offer to repurchase at NAV no less than 5% and no more than 25% of the outstanding shares of the Fund, unless suspended or postponed in accordance with regulatory requirements. The Repurchase Offer Policy is a fundamental policy that may not be changed without the vote of the holders of a majority of the Fund's outstanding voting securities (as defined in the 1940 Act).

To conduct a repurchase offer, the Fund will send a repurchase offer notice to Shareholders no less than 21 days and no more than 42 days before the date (the "Repurchase Request Deadline") by which the Fund announces that Shareholders must tender their shares in response to such repurchase offer notice. The Fund must receive repurchase requests submitted by Shareholders in response to the Fund's repurchase offer on or before the Repurchase Request Deadline.

The Repurchase Offer Policy provides that the repurchase pricing occurs no later than the 14th day after the Repurchase Request Deadline or the next business day if the 14th day is not a business day (the "Repurchase Pricing Date"). The repurchase price of the shares will be the Fund's NAV as of the close of the Repurchase Pricing Date.

The Board, in its sole discretion, will determine the number of shares that the Fund will offer to repurchase ("Repurchase Offer Amount") for a given Repurchase Request Deadline. If Shareholders tender for repurchase more than the Repurchase Offer Amount for a given repurchase offer, the Fund may, but is not required to, repurchase an additional number of shares not to exceed 2% of the outstanding shares of the Fund on the Repurchase Request Deadline. If the Fund determines not to repurchase more than the Repurchase Offer Amount, or if Shareholders tender shares in an amount exceeding the Repurchase Offer Amount plus 2% of the outstanding shares on the Repurchase Request Deadline, the Fund will repurchase the shares on a pro rata basis. However, the Fund may accept all shares tendered for repurchase by Shareholders who own less than one hundred shares and who tender all of their shares, before prorating other amounts tendered.

In addition, if a repurchase offer is oversubscribed, the Fund may offer to repurchase outstanding shares that are tendered by the descendants or estate of a deceased shareholder (a "Legacy Repurchase") in an additional amount approved by the Board, taking into account the liquidity of the Fund's assets. In the event a Legacy Repurchase by a Fund is oversubscribed, the Fund will repurchase the shares tendered on a pro rata basis.

The Fund may not condition a repurchase offer upon the tender of any minimum number of shares. The Fund does not currently charge a repurchase fee, and it does not currently expect to impose a repurchase fee. However, the Fund may in the future charge a repurchase fee of up to 2.00%, subject to approval of the Board.

The following table presents the repurchase offers that were completed during the year ended December 31, 2023 *(all tabular amounts are in thousands except share data)*:

| **Repurchase Offers** | | **Fourth Quarter Repurchase** |
|---|---|---|
| Commencement Date | | December 1, 2022 |
| Repurchase Request Deadline | | December 31, 2022 |
| Repurchase Pricing Date | | January 3, 2023 |
| Amount Repurchased | $ | 53,402 |
| Shares Repurchased | | 4,303,143 |

| **Repurchase Offers** | | **First Quarter Repurchase** |
|---|---|---|
| Commencement Date | | February 28, 2023 |
| Repurchase Request Deadline | | March 31, 2023 |
| Repurchase Pricing Date | | April 3, 2023 |
| Amount Repurchased | $ | 75,863 |
| Shares Repurchased | | 6,078,785 |

| **Repurchase Offers** | | **Second Quarter Repurchase** |
|---|---|---|
| Commencement Date | | May 26, 2023 |
| Repurchase Request Deadline | | June 30, 2023 |
| Repurchase Pricing Date | | July 3, 2023 |
| Amount Repurchased | $ | 66,676 |
| Shares Repurchased | | 5,483,217 |

| **Repurchase Offers** | | **Third Quarter Repurchase** |
|---|---|---|
| Commencement Date | | August 28, 2023 |
| Repurchase Request Deadline | | September 30, 2023 |
| Repurchase Pricing Date | | October 2, 2023 |
| Amount Repurchased | $ | 87,571 |
| Shares Repurchased | | 7,471,974 |

## 6. Investment Manager Fees and Other Related Party Transactions

The Fund entered into an Investment Management Agreement with the Adviser. Pursuant to the Investment Management Agreement, and in consideration of the services provided by the Adviser to the Fund, the Adviser is entitled to a management fee (the "Management Fee") of 0.85% of the Fund's average daily net assets. The Management Fee will be calculated and accrued daily and payable monthly in arrears.

The Adviser or its affiliates may be entitled to certain fees as permitted by the 1940 Act or as otherwise permitted by applicable law and regulation. These may include fees and expenses associated with the selection, acquisition, or origination of real estate properties, construction, real estate development, special servicing of non-performing assets (including, but not limited to, reimbursement of non-ordinary expenses and employee time required to special service a non-performing asset) whether or not the Fund ultimately acquires or originates the investment, and the sale of equity investments in real estate. No such fees were incurred or paid by the Fund to the Adviser or its affiliates for the year ended December 31, 2023.

The Adviser and Rise Companies entered into a Shared Services Agreement where Rise Companies will provide the Adviser with the personnel, services and resources necessary for the Adviser to comply with its obligations and responsibilities under the Second Amended and Restated Operating Agreement ("Operating Agreement") and Investment Management Agreement, which includes responsibility for operations of the Fund and performance of such services and activities relating to the investments and operations of the Fund as may be appropriate, including without limitation those services and activities listed in the Operating Agreement and Investment Management Agreement.

The Fund will reimburse the Adviser for out-of-pocket expenses paid to third parties in connection with providing services to the Fund. This does not include the Adviser's overhead, employee costs borne by the Adviser, or utilities costs. Expense reimbursements payable to the Adviser also may include expenses incurred by the Sponsor in the performance of services pursuant to a shared services agreement between the Adviser and the Sponsor, including any increases in insurance attributable to the management or operation of the Fund. During the year ended December 31, 2023, there were approximately $730,000 of expenses reimbursed to the Adviser pursuant to the shared services agreement.

***Affiliated Investments***

As of December 31, 2023, the investments in affiliates consist of co-investments in joint ventures in exchange for membership interests. As of December 31, 2023, the Fund owns 95% of the membership interests in Fundrise SFR JV 2, LLC, 90% of the membership interests in each of Fundrise SFR JV 1, LLC, Fundrise MF JV 1, LLC, and Fundrise Industrial JV 2, LLC, 60% of the membership interests in Fundrise SFR Dev JV 1, LLC, and 20% of the membership interests in Fundrise Industrial JV 1, LLC. The affiliated investment securities have not been registered under the Securities Act of 1933, as amended, and thus are subject to restrictions on resale. During the year ended December 31, 2023, investments in affiliates were as follows *(amounts in thousands):*

**Non-Controlled Affiliated Investments**

| Real Estate Co-Investment Joint Ventures | Affiliate Value as of December 31, 2022 | Purchased (Cost) | Sold (Proceeds) | Net Realized Gain (Loss) and Capital Gain Distributions | Return of Capital Distribution | Change in Unrealized Appreciation/ Depreciation | Affiliate Value as of December 31, 2023 | Dividend Income |
|---|---|---|---|---|---|---|---|---|
| Fundrise SFR JV 1, LLC | $ 721,830 | $ 39,600 | $ – | $ – | $ (152,253) | $ (81,185) | $ 527,992 | $ – |
| Fundrise MF JV 1, LLC | 297,497 | 12,600 | – | – | (43,345) | (67,242) | 199,510 | – |
| Fundrise Industrial JV 2, LLC | 109,325 | 104,400 | – | – | (10,365) | (13,243) | 190,117 | – |
| Fundrise SFR JV 2, LLC | – | 107,825 | – | – | (32,015) | 1,585 | 77,395 | – |
| Fundrise SFR Dev JV 1, LLC | 28,411 | 16,500 | – | – | (5,880) | 1,943 | 40,974 | – |
| Fundrise Industrial JV 1, LLC | 4,444 | 316 | – | – | – | (102) | 4,658 | – |
| Fundrise MF JV 2, LLC | 17,773 | 3,600 | – | – | (19,316) | (2,057) | – | 4,037 |
| **Total** | **$ 1,179,280** | **$ 284,841** | **$ –** | **$ –** | **$ (263,174)** | **$ (160,301)** | **$ 1,040,646** | **$ 4,037** |

## 7. Investments

The Fund gains exposure to Private CRE through co-investment arrangements, joint ventures or wholly owned subsidiaries (collectively, "Real Estate Investment Vehicles"). For the year ended December 31, 2023, Real Estate Investment Vehicles consist of entities in which the Fund co-invested alongside affiliates of the Fund, including those of the Adviser ("Real Estate Co-Investment Joint Ventures"), pursuant to the terms and conditions of the exemptive order issued by the SEC to the Fund, allowing the Fund to co-invest alongside certain entities affiliated with or managed by the Adviser.

Instead of acquiring full ownership of Private CRE investments through a wholly owned entity, the Fund acquires partial interests by entering into co-investment agreements with affiliates of the Adviser. The Fund's ownership percentage in the Real Estate Co-Investment Joint Ventures will generally be pro rata to the amount of money the Fund applies to the origination or commitment amount for the underlying Private CRE or purchase price (including financing, if applicable) and the acquisition, construction, development, or renovation expenses, if any, of the underlying Private CRE, as applicable, owned by the Real Estate Co-Investment Joint Ventures. The Fund's ownership in the Real Estate Co-Investment Joint Ventures is passive in nature, and the Fund may have a greater economic interest but fewer control rights in the Real Estate Co-Investment Joint Ventures than the affiliate in which the Fund co-invests alongside.

The Fund's investments in real estate through the securities of a Real Estate Co-Investment Joint Ventures with its affiliates is subject to the requirements of the 1940 Act and terms and conditions of an exemptive order the Fund received from the SEC allowing the Fund and/or the Real Estate Co-Investment Joint Ventures to co-invest alongside certain entities affiliated with or managed by the Adviser (REITs (each, an "eREIT®") or other non-REIT compliant real estate-related funds). The exemptive order from the SEC imposes extensive conditions on the terms of any co-investment made by an affiliate of the Fund. The Fund has adopted procedures reasonably designed to ensure compliance with the exemptive order and the Board also oversees risk relative to such compliance.

The Fund also invests in real estate through common stock of publicly traded REIT securities. Publicly traded REITs typically own large, diversified pools of CRE properties and employ moderate leverage. Many public REITs are listed on major stock exchanges, such as the New York Stock Exchange and NASDAQ. Public REITs pay out all of their taxable income as dividends to Shareholders. In turn, Shareholders pay the income taxes on those dividends. As of December 31, 2023, the Fund owned no investments in common stock.

The cost of purchases and proceeds from the sale of investments, other than short-term securities, for the year ended December 31, 2023 amounted to $338,953 and $39,352, respectively *(amounts in thousands)*.

As of December 31, 2023, Fundrise SFR JV 1, LLC, Fundrise MF JV 1, LLC and Fundrise Industrial JV 2, LLC, are deemed to be significant subsidiaries of the Fund in accordance with the definition of a "significant subsidiary" as defined by Regulation S-X 1-02(w)(2), *Definitions of terms used in Regulation S-X* (amendment effective January 1, 2021). Pursuant to Regulation S-X 3-09(b), *Separate financial statements of subsidiaries not consolidated and 50 percent or less owned persons*, separate audited financial statements for Fundrise SFR JV 1, LLC and Fundrise MF JV 1, LLC are included as exhibits to our filing.

Additionally, pursuant to Regulation S-X 4-08(g), *Summarized financial information of subsidiaries not consolidated and 50 percent or less owned persons*, summarized financial information for Fundrise Industrial JV 2, LLC is included below.

The following tables show summarized financial statement information for Fundrise Industrial JV 2, LLC for the year ended December 31, 2023 *(amounts in thousands):*

| **Summary Statement of Assets and Liabilities**[1] | **As of December 31, 2023** | |
|---|---|---|
| Total Assets | $ | 381,043 |
| Total Liabilities | | 174,289 |
| **Total Net Assets** | **$** | **206,754** |

| **Summary Statement of Operations**[1] | **For the Year Ended December 31, 2023** | |
|---|---|---|
| Total revenue | $ | 13,224 |
| Operating expenses | | (5,230) |
| **Operating Income** | **$** | **7,994** |
| Interest expense | | (9,381) |
| Depreciation and amortization | | (8,890) |
| Gain (Loss) on derivative financial instrument | | (212) |
| **Net Income (Loss)** | **$** | **(10,489)** |

(1) The unconsolidated subsidiary noted reports in accordance with U.S. GAAP, but does not fall within the scope of the accounting and reporting guidance in the ASC 946. The subsidiary is therefore not required to and has elected not to fair value its investments. Accordingly, the summarized income statement information shown for the unconsolidated subsidiary does not reflect fair value adjustments.

## 8. Tax Basis Information

The timing and characterization of certain income, capital gains, and return of capital distributions are determined annually in accordance with federal tax regulations, which may differ from GAAP. As a result, the net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. These book/tax differences may be temporary or permanent in nature. To the extent these differences are permanent, they are charged or credited to paid-in capital, accumulated net investment income/loss or accumulated net realized gain/loss, as appropriate, in the period in which the differences arise.

As of December 31, 2023, the tax basis of distributable earnings (accumulated deficit) was as follows *(amounts in thousands)*:

| | | |
|---|---|---|
| Undistributed ordinary income (loss) | $ | (156,637) |
| Undistributed long-term capital gain (loss) | | – |
| Tax accumulated earnings (loss) | $ | (156,637) |
| Accumulated capital and other losses | | (3,839) |
| Other book/tax temporary differences [1] | | (810) |
| Net unrealized gain (loss) on investments [2] | | 60,755 |
| **Total Distributable Earnings** | **$** | **(100,531)** |

(1) Other book/tax differences are attributable to deductibility of various expenses.
(2) The difference between book-basis and tax-basis unrealized appreciation (depreciation) is attributable to the book/tax differences in the treatment of depreciation and other flow through income on certain investments.

As of December 31, 2023, the capital loss carryforwards were as follows *(amounts in thousands)*:

| | | |
|---|---|---|
| Short-term | $ | 3,839 |
| Long-term | | – |
| **Total Capital Loss Carryforwards[(1)]** | **$** | **3,839** |

(1) To the extent the Fund recognizes capital gains in future periods, they will be offset by unused capital loss carryforwards subject to IRC limitations.

During the tax years presented below, the tax character of distributions paid by the Fund was as follows *(amounts in thousands)*:

| | **For the Tax Year Ended December 31, 2023** | | **For the Tax Year Ended December 31, 2022** | |
|---|---|---|---|---|
| Ordinary Income | $ | – | $ | – |
| Long-term capital gain | | – | | – |
| Return of capital [(1)] | $ | 7,190 | $ | 12,798 |
| **Total Distributions Paid** | **$** | **7,190** | **$** | **12,798** |

(1) The difference between tax-basis distributions and book-basis distributions is due to the timing of when distributions are considered paid pursuant to IRC section 858(a).

As of December 31, 2023, the unrealized appreciation and depreciation of investments, based on cost for federal income tax purposes, were as follows *(amounts in thousands)*:

| | | |
|---|---|---|
| Cost of investments for tax purposes | $ | 1,065,597 |
| Gross tax unrealized appreciation | $ | 142,895 |
| Gross tax unrealized depreciation | | (82,140) |
| **Net Tax Unrealized Appreciation** | **$** | **60,755** |

The difference between book-basis and tax-basis unrealized appreciation is attributable to the book/tax differences in the treatment of depreciation and other flow through income on certain investments.

## 9. New Accounting Pronouncements

In June 2022, FASB issued Accounting Standards Update No. 2022-03 ("ASU 2022-03"), "Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions" ("Topic 820"). ASU 2022-03 clarifies the guidance in Topic 820, related to the measurement of the fair value of an equity security subject to contractual sale restrictions, where it eliminates the need to apply a discount to fair value of these securities, and introduces disclosure requirements related to such equity securities. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023, and allows for early adoption. The Fund has evaluated the impact of the additional requirements and concluded the adoption of this ASU will not have a material impact on the financial statements.

## 10. Subsequent Events

In connection with the preparation of the accompanying financial statements, the Fund has evaluated events and transactions occurring after the date of this report and through the date these financial statements were available to be issued and determined that no events have occurred that require disclosure other than the following.

*Share Transactions*

Following the date of this report, the following repurchase offers have occurred *(all tabular amounts are in thousands except share data)*:

| Repurchase Offers | | Fourth Quarter Repurchase |
|---|---|---|
| Commencement Date | | December 8, 2023 |
| Repurchase Request Deadline | | December 29, 2023 |
| Repurchase Pricing Date | | January 2, 2024 |
| Amount Repurchased | $ | 83,033 |
| Shares Repurchased | | 7,617,806 |

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Fundrise Real Estate Interval Fund, LLC:

*Opinion on the Financial Statements*

We have audited the accompanying statement of assets and liabilities of Fundrise Real Estate Interval Fund, LLC (the Fund), including the schedule of investments, as of December 31, 2023, the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the years in the two year period then ended, and the related notes (collectively, the financial statements ) and the financial highlights for each of the years in the three year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2023, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the years in the two year period then ended, and the financial highlights for each of the years in the three year period then ended, in conformity with U.S. generally accepted accounting principles.

*Basis for Opinion*

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of December 31, 2023, by correspondence with the custodian or by other appropriate auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have served as the auditor of one or more of Fundrise investment companies since 2019.

Philadelphia, Pennsylvania
February 23, 2024

**1. Approval of Investment Management Agreement**

Section 15(c) of the Investment Company Act of 1940, as amended (the "1940 Act"), requires that each registered fund's board of directors, including a majority of those directors who are not "interested persons" of the fund, as defined in the 1940 Act (the "Independent Directors"), initially approve, and annually review and consider the continuation of, the fund's investment advisory agreement. At its meeting held on November 16, 2023 (the "Meeting"), the Board of Directors (the "Board") of the Fund, including each of the Independent Directors, unanimously voted to approve the continuation of the existing investment management agreement (the "Agreement") between Fundrise Advisors, LLC (the "Adviser") and the Fund for an additional one-year period.

In connection with its annual consideration of the Agreement for the Fund, the Board, through its independent legal counsel, requested and received extensive materials and information prepared specifically for its review of such Agreement by the Adviser and by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company data. The report from Broadridge compared certain fee information for the Fund to that of an independently selected peer group of similar funds ("Peer Group") and provided performance information for funds in the Peer Group (the "Broadridge Report"). Preceding the Meeting, the Board also reviewed written responses from the Adviser to questions posed to the Adviser by counsel on behalf of the Board and supporting materials relating to those questions and responses. In addition, the Board considered such additional information as it deemed reasonably necessary to evaluate the Agreement, such as the materials and presentations by Fund officers and representatives of the Adviser received at the Meeting concerning the Agreement, the operation of the Fund and the Adviser. The Board also considered information received at prior meetings of the Board and its committees, to the extent such information was relevant, to its evaluation of the Agreement.

In determining whether to approve the renewal of the Agreement, the members of the Board reviewed and evaluated information and factors they believed to be relevant and appropriate in the exercise of their reasonable business judgment. While individual members of the Board may have weighed certain factors differently, the Board's determination to approve renewal of the Agreement was based on a comprehensive consideration of all information provided to the Board with respect to the approval of the renewal of the Agreement. The Board was also furnished with an analysis of its fiduciary obligations in connection with its evaluation of the Agreement and, throughout the evaluation process, the Board was assisted by counsel for the Independent Directors. In connection with their deliberations, the Independent Directors met separately in executive session, without the presence of representatives of the Adviser, to consider the relevant materials. A more detailed summary of the important, but not necessarily all, factors the Board considered with respect to its approval of the renewal of the Agreement is provided below.

***Nature, Extent and Quality of Services***

The Board considered information regarding the nature, extent and quality of services provided to the Fund by the Adviser. The Board considered, among other things, the terms of the Agreement and the range of services provided by the Adviser. The Board considered the Adviser's reputation, organizational structure, resources and overall financial strength and ability to carry out its obligations under the Agreement. The Board also considered the Adviser's experience managing other similar pooled investment vehicles that invest in real estate-related assets, including the Fundrise Income Real Estate Fund, LLC (the "Other Investment Vehicles").

The Board considered the Adviser's professional personnel who provide services to the Fund, including the Adviser's ability and experience in attracting and retaining qualified personnel to service the Fund. The Board also considered the compliance program and compliance record of the Adviser and the Fund. The Board noted the Adviser's support of the Fund's compliance control structure, including the resources that continue to be devoted by the Adviser in support of the Fund's obligations pursuant to Rule 38a-1 under the 1940 Act and the efforts of the Adviser and its affiliates in supporting the Fund and managing various operational and other risks, including, but not limited to, cybersecurity and operational risks.

The Board considered the day-to-day portfolio management services that the Adviser provided to the Fund. In this regard, the Board considered, among other things, the Adviser's investment philosophy and processes, its investment research capabilities and resources, its performance record, its experience, its trading operations and its approach to managing risk, including most particularly with respect to investments in real estate-related assets. The Board further recognized the range of services the Adviser provided including, but not limited to, structuring terms and conditions of the Fund's acquisitions and joint ventures; negotiating an executing permissible investments and other transactions; and managing liquidity and evaluating potential asset dispositions.

The Board considered the experience of the Fund's portfolio managers, the number of Other Investment Vehicles managed by the portfolio managers, and the Adviser's method for compensating the portfolio managers.

In addition, the Board considered the assumption of business, entrepreneurial, overall managerial and other risks by the Adviser in connection with managing the Fund. The Board noted that the Fund is a closed-end interval fund that operates in accordance with the framework set forth in Rule 23c-3 under the 1940 Act and considered the special attributes of the Fund relative to traditional mutual funds and the benefits that are realized from an investment in the Fund, rather than a traditional mutual fund. The Board also considered the resources devoted by the Adviser and its affiliates in maintaining an infrastructure necessary to support the on-going operations of the Fund, including its interval fund structure.

After consideration of the foregoing factors, among others, the Board concluded that the nature, extent and quality of services provided by the Adviser, taken as a whole, are appropriate and consistent with the terms of the Agreement.

***Fund Performance***

The Board reviewed information provided by the Adviser regarding the Fund's investment performance, performance of comparable funds in the Fund's Peer Group as well as information from the Adviser regarding the performance of the Fund relative to certain, appropriate benchmark indices, and assessed the Fund's performance on the basis of total return. The Board considered, among other things, the Adviser's efforts to generate competitive performance returns over time.

The materials provided indicated that the Fund outperformed each of the NAREIT All US REITs Total Return Index and NAREIT Mortgage REITs Index for the period January 1, 2023 through September 30, 2023. The Board also compared the Fund's performance against the performance of funds in its Peer Group. Based on these considerations and other factors, the Board concluded that it was satisfied that the Adviser has the capability of providing satisfactory investment performance for the Fund.

***Management Fees and Expenses***

The Board reviewed and considered the management fee rate paid by the Fund to the Adviser under the Agreement and the Fund's total expense ratio. The Board received and reviewed a report prepared by Broadridge comparing the Fund's management fee rate and total expense ratio to the Fund's Peer Group. The Board considered the Fund's management fees and total expense ratio for the one-year period ended December 31, 2022, as compared to the Fund's Peer Group.

In considering the reasonableness of the Fund's management fee and total expense ratio, the Board observed that, according to the information provided by Broadridge, the Fund's contractual management fee, actual management fee and total expense ratio were each below the average of the Fund's Peer Group.

Based on its consideration of the factors and information it deemed relevant, the Board concluded that the compensation payable to the Adviser under the Agreement was reasonable.

***Profitability***

The Board considered information from the Adviser regarding the level of profits realized by the Adviser and relevant affiliates thereof in providing investment advisory, administrative and other services to the Funds and to the Adviser's Other Investment Vehicles.

The Board concluded that, in light of the foregoing factors and the nature, extent and quality of the services rendered, the profits realized by the Adviser and its affiliates from the Fund are not excessive.

***Economies of Scale***

The Board considered the extent to which economies of scale may be realized as the Fund's assets continue to grow and whether the Fund's fee structure reflects these economies of scale for the benefit of shareholders of the Fund. In this regard, the Board noted the absence of any breakpoints in the Agreement's fee structure. The Board considered the Adviser's statement that it believes the Fund's fee structure reflects an appropriate sharing of economies of scale and acknowledged the difficulty in accurately measuring the benefits resulting from economies of scale, if any, with respect to the management of any specific fund or group of funds. The

Board reviewed data showing the increases in assets of the Fund as well as the assets of the Other Investment Vehicles managed by the Adviser. The Board concluded that the fee schedule for the Fund reflects an appropriate level of sharing of any economies of scale.

The Board noted that it will have the opportunity to periodically reexamine whether the Fund has achieved any economies of scale and the appropriateness of any potential future management fee breakpoints as part of its future review of the Agreement.

***“Fall-Out” Benefits***

The Board received and considered information regarding potential “fall-out” or ancillary benefits that the Adviser and its affiliates receive as a result of their relationships with the Fund. The Board noted that ancillary benefits include, among others, benefits directly attributable to other relationships with the Fund and benefits potentially derived from an increase in the Adviser’s and its affiliates’ business as a result of their relationships with the Fund. The Board also considered information about certain fees that the Adviser or its affiliates are entitled to receive in connection with the selection, acquisition or origination of real estate properties by the Fund, noting that such fees were reflected in the profitability information received by the Board.

Based on its consideration of the factors and information it deemed relevant, the Board did not deem any ancillary benefits that may be received by the Adviser and its affiliates to be unreasonable.

***Conclusion***

The Board did not identify any single factor discussed previously as all-important or controlling. The Board, including the Independent Directors, concluded that the terms of the Agreement were reasonable and that the fees payable to the Adviser under the Agreement were reasonable in light of the services provided to the Fund. Accordingly, based on its deliberations and its evaluation of the factors described above and other information it believed relevant, the Board determined that the continuation of the Agreement was in the best interests of the Fund.

**2. Disclosure of Portfolio Holdings**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The Fund’s Form N-PORT reports will be available without charge, upon request, by calling (202) 584-0550 or on the SEC’s website at *http://www.sec.gov*.

**3. Proxy Voting Policies and Procedures**

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and, once available, information regarding how the Fund voted those proxies (if any) during the year ended June 30, 2023, is available (1) without charge, upon request, by calling (202) 584-0550, (2) on the Fund’s website at *www.fundriseintervalfund.com* and (3) on the SEC’s website at *http://www.sec.gov*. During the year ended June 30, 2023, the Fund did not have any investments that required the Fund to vote proxies, and therefore did not vote any proxies during such period.

### 4. Compensation of Directors

The Fund's Statement of Additional Information includes additional information about the Directors and is available (1) without charge, upon request, by calling (202) 584-0550, (2) on the Fund's website at *www.fundriseintervalfund.com* and (3) on the SEC's website *at http://www.sec.gov*.

The following table sets forth information regarding the total compensation to be paid to the Independent Directors for their services as Independent Directors for the Fund's fiscal year ended December 31, 2023. As an Interested Director, Mr. Miller receives no compensation from the Fund for his service as a Director. No other compensation or retirement benefits are received by any Director or officer from the Fund.

| Name | Aggregate Compensation from the Fund | Aggregate Compensation from the Fund and Fund Complex(1) Paid to Directors |
|---|---|---|
| Jeffrey R. Deitrich | $ 37,500 | $ 120,000 |
| Glenn R. Osaka | 37,500 | 120,000 |
| Gayle P. Starr | 37,500 | 75,000 |
| Mark D. Monte | 37,500 | 75,000 |

(1) The "Fund Complex" consists of the Fund, Fundrise Growth Tech Fund, LLC, and Fundrise Income Real Estate Fund, LLC.

### 5. Directors and Officers

The Fund is governed by a Board of Directors. The following tables present certain information regarding the Directors and Officers of the Fund as of December 31, 2023. The address of all persons is c/o Fundrise Advisors, LLC, 11 Dupont Circle NW, 9th Floor, Washington, D.C. 20036. For more information regarding the Directors and officers, please refer to the Fund's Statement of Additional Information, which is available, without charge, upon request by calling (202) 584-0550.

| Name and Year of Birth | Position Held | Term of Office and Length of Term Served(1) | Principal Occupation(s) During Past 5 Years or Longer | Number of Portfolios in Fund Complex(2) Overseen by Director | Other Directorships Held During Past 5 Years |
|---|---|---|---|---|---|
| **Independent Directors** | | | | | |
| Jeffrey R. Deitrich<br>Born: 1982 | Director | 01/2020 to Present | Senior Vice President, Silverstein Properties, Inc. (real estate investment and development firm) (2007-2016, 2022-current); Principal, Better Building Solutions (technology integration and managed services firm) (2016-current); Formerly, Principal, Frenchtown Enterprises (real estate investment firm) (2019-2022). Asset Manager, Prudential Real Estate Investors (private equity) (2004-2007). | 3 | Fundrise Income Real Estate Fund, LLC, Fundrise Growth Tech Fund, LLC |
| Glenn R. Osaka<br>Born: 1955 | Lead Independent Director | 01/2020 to Present | Consultant and Private Investor (early stage technology companies) (since 2013). Formerly, Senior Vice President, Services, Juniper Networks, Inc. (2009-2013); Vice President, Strategy and Operations, Cisco Systems, Inc. (2007-2009); President and Chief Executive Officer, Reactivity Inc. (technology start-up company) (2001-2006); Managing Director, Redleaf Group (venture capital firm) (1999-2000); Vice President and General Manager, Enterprise Computing, Hewlett-Packard (1979-1998). | 3 | Fundrise Income Real Estate Fund, LLC, Fundrise Growth Tech Fund, LLC |
| Gayle P. Starr<br>Born: 1954 | Director | 11/2020 to Present | Consultant and Advisor, Starr RE Consultants, LLC (real estate and diversity consulting firm) (since 2019); Advisor, Bridge33 Capital, LLC (commercial real estate investment firm) (since 2019); Formerly, Advisor, First Republic Bank (commercial bank and trust company) (2019-2022); Managing Director (2015-2019) and Senior Vice President (2002-2015); Global Capital Markets, Prologis, Inc. (publicly traded real estate investment trust). | 2 | Fundrise Income Real Estate Fund, LLC |
| Mark D. Monte<br>Born: 1960 | Director | 07/2022 to Present | Retired. Formerly, Managing Director, BofA Securities, Inc. (global investment bank) (1997-2021). | 2 | Fundrise Income Real Estate Fund, LLC |
| **Interested Director and Officer** | | | | | |
| Benjamin S. Miller(3)<br>Born: 1977 | Director, Chairperson and President | 01/2020 to Present | Chief Executive Officer, Fundrise Advisors, LLC (since 2012); Co-Founder, Chief Executive Officer and Director, Rise Companies Corp. (since 2012). | 3 | Fundrise Income Real Estate Fund, LLC, Fundrise Growth Tech Fund, LLC |

(1) Each Director serves until his or her successor is elected and qualified, until the Fund terminates, or until he or she dies, resigns, retires voluntarily, or is otherwise removed or retired pursuant to the LLC Agreement.
(2) The "Fund Complex" consists of the Fund, Fundrise Income Real Estate Fund, LLC and Fundrise Growth Tech Fund, LLC.
(3) Mr. Miller is considered to be an "interested person" of the Fund (as that term is defined by Section 2(a)(19) in the 1940 Act) because of his affiliation with the Adviser and/or its affiliates.

| Name and Year of Birth | Position Held | Term of Office and Length of Time Served[1] | Principal Occupation(s) During Past 5 Years |
|---|---|---|---|
| **Officers** | | | |
| Michelle A. Mirabal<br>Born: 1988 | Secretary and Chief Compliance Officer | 11/2020 to present | Deputy General Counsel, Fundrise Advisors, LLC and Rise Companies Corp. and officer of certain funds in the Fund Complex (since 2019); Formerly, Corporate Counsel, Amherst Residential, LLC (2018-2019); Associate, Hogan Lovells US LLP (2014-2018). |
| Alison A. Staloch<br>Born: 1980 | Treasurer and Principal Financial/ Accounting Officer | 07/2021 to present | Chief Financial Officer, Fundrise Advisors, LLC and Rise Companies Corp. and officer of certain funds in the Fund Complex (since 2021); Formerly, Chief Accountant (2017-2021), Assistant Chief Accountant (2015-2017), Division of Investment Management, U.S. Securities and Exchange Commission; Senior Manager, KPMG LLP (2005-2015). |

(1) The term of office for each officer will continue indefinitely.

# FOR MORE INFORMATION

**Investment Adviser**
**Fundrise Advisors, LLC**
**11 Dupont Circle NW, 9th Floor**
**Washington, DC 20036**

**Fundrise Real Estate Interval Fund, LLC**
**11 Dupont Circle NW, 9th Floor**
**Washington, DC 20036**
**(202) 584-0550**

# Fundrise SFR JV 1, LLC

| | |
|---|---|
| **Delaware** | **86-1351302** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification Number)** |

## Consolidated Financial Statements and Supplemental Schedules
## As of and for the Year Ended December 31, 2023

**For questions contact:**
**Telephone: (202) 584-0550**
**Email: investments@fundrise.com**

**11 Dupont Circle NW, 9th Floor**
**Washington, D.C. 20036**
**(202) 584-0550**

**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS OF**

**Fundrise SFR JV 1, LLC**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KPMG LLP
Suite 900
8350 Broad Street
McLean, VA 22102

## Independent Auditors' Report

To the Members Fundrise
SFR JV 1, LLC:

*Opinion*

We have audited the consolidated financial statements of Fundrise SFR JV 1, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

*Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Other Information*

Management is responsible for the other information attached to the consolidated financial statements. The other information comprises balance sheets as of December 31, 2023 for each of the Company's subsidiaries and related statements of operations for the year then ended, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KPMG LLP

McLean, Virginia
February 23, 2024

**Fundrise SFR JV 1, LLC**

**Consolidated Balance Sheets**
(Amounts in thousands)

| | As of December 31, 2023 | As of December 31, 2022 |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 13,754 | $ 22,828 |
| Restricted cash | 33,358 | 25,089 |
| Other assets, net | 13,457 | 12,063 |
| Deposits | 7,766 | 45,722 |
| Derivative financial instruments | 11,256 | 3,339 |
| Investments in real estate held for sale | 225 | - |
| Investments in real estate held for improvement | - | 23,215 |
| Investments in rental real estate properties, net | 1,291,666 | 1,238,075 |
| **Total Assets** | **$ 1,371,482** | **$ 1,370,331** |
| | | |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | $ 25,565 | $ 20,793 |
| Due to related parties | 5,992 | 1,308 |
| Rental security deposits and other liabilities | 5,452 | 7,467 |
| Notes payable | - | 7,818 |
| Mortgages payable, net | 90,589 | 163,161 |
| Credit facilities | 695,091 | 430,469 |
| **Total Liabilities** | **822,689** | **631,016** |
| | | |
| **Total Members' Equity** | **548,793** | **739,315** |
| **Total Liabilities and Members' Equity** | **$ 1,371,482** | **$ 1,370,331** |

The accompanying notes are an integral part of these consolidated financial statements.

**Fundrise SFR JV 1, LLC**

**Consolidated Statements of Operations**
(Amounts in thousands)

| | For the Year Ended December 31, 2023 | For the Year Ended December 31, 2022 |
|---|---|---|
| **Revenue** | | |
| Rental revenue | $ 86,335 | $ 53,611 |
| Other revenue | 11,729 | 6,579 |
| **Total Revenue** | **98,064** | **60,190** |
| | | |
| **Expenses** | | |
| Property operations and maintenance | 51,551 | 32,164 |
| Depreciation and amortization | 45,317 | 33,316 |
| Asset management and other fees | 7,887 | 5,780 |
| General and administrative expenses | 5,388 | 3,647 |
| **Total Expenses** | **110,143** | **74,907** |
| | | |
| **Other Income (Expense)** | | |
| Interest expense | (42,355) | (22,170) |
| Increase (decrease) in fair value of derivative financial instruments | (10,217) | 3,190 |
| Loss on extinguishment of debt | (1,277) | - |
| Gain on sale of real estate, net | 562 | - |
| Income tax benefit | 14 | - |
| **Total Other Income (Expense)** | **(53,273)** | **(18,980)** |
| | | |
| **Net Loss** | **$ (65,352)** | **$ (33,697)** |

The accompanying notes are an integral part of these consolidated financial statements.

**Fundrise SFR JV 1, LLC**

**Consolidated Statements of Members' Equity**
(Amounts in thousands)

| | Operating Member | Investor Member | Total Members' Equity |
|---|---|---|---|
| **December 31, 2021** | **$ 24,581** | **$ 221,237** | **$ 245,818** |
| Contributions | 57,700 | 519,300 | 577,000 |
| Distributions | (4,981) | (44,825) | (49,806) |
| Net loss | (3,370) | (30,327) | (33,697) |
| **December 31, 2022** | **$ 73,930** | **$ 665,385** | **$ 739,315** |
| Contributions | 4,400 | 39,600 | 44,000 |
| Distributions | (16,917) | (152,253) | (169,170) |
| Net loss | (6,535) | (58,817) | (65,352) |
| **December 31, 2023** | **$ 54,878** | **$ 493,915** | **$ 548,793** |

The accompanying notes are an integral part of these consolidated financial statements.

**Fundrise SFR JV 1, LLC**

**Consolidated Statements of Cash Flows**
(Amounts in thousands)

| | For the Year Ended December 31, 2023 | For the Year Ended December 31, 2022 |
|---|---|---|
| **OPERATING ACTIVITIES:** | | |
| Net loss | $ (65,352) | $ (33,697) |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 45,317 | 33,316 |
| Amortization of deferred financing costs | 5,641 | 3,149 |
| Bad debt expense | 1,433 | 1,777 |
| (Increase) decrease in fair value of derivative financial instruments | 10,217 | (3,190) |
| Gain on sale of real estate, net | (562) | - |
| Changes in assets and liabilities: | | |
| Net increase in other assets | (2,194) | (6,687) |
| Net increase in accounts payable and accrued expenses | 1,795 | 5,715 |
| Net increase in due to related parties | 2,845 | 924 |
| Net increase (decrease) in rental security deposits and other liabilities | (2,013) | 4,654 |
| *Net cash (used in) provided by operating activities* | (2,873) | 5,961 |
| **INVESTING ACTIVITIES:** | | |
| Acquisition of rental real estate properties | (61,025) | (772,265) |
| Capital expenditures related to rental real estate properties | (6,800) | - |
| Capital expenditures related to real estate held for improvement | (1,458) | (2,600) |
| Issuance of deposits | (412) | (70,157) |
| Release of deposits | 30,299 | 13,062 |
| Proceeds from sale of rental real estate properties | 5,857 | - |
| *Net cash used in investing activities* | (33,539) | (831,960) |
| **FINANCING ACTIVITIES:** | | |
| Net proceeds from advances on credit facilities | 264,622 | 203,290 |
| Repayment of credit facilities | - | (52,021) |
| Proceeds from mortgages payable | - | 164,625 |
| Repayment of mortgages payable | (73,800) | - |
| Proceeds from notes payable | - | 12,480 |
| Repayment of notes payable | (7,575) | (4,905) |
| Purchase of derivative financial instruments | (16,294) | - |
| Payment of deferred financing costs | (6,176) | (7,325) |
| Capital contributions from Members | 44,000 | 577,000 |
| Distributions paid to Members | (169,170) | (50,506) |
| *Net cash provided by financing activities* | 35,607 | 842,638 |
| | | |
| **Net increase (decrease) in cash and restricted cash** | **(805)** | **16,639** |
| **Cash and restricted cash, beginning of period** | **47,917** | **31,278** |
| **Cash and restricted cash, end of period** | **$ 47,112** | **$ 47,917** |
| | | |
| **SUPPLEMENTAL CASH FLOW DISCLOSURES:** | | |
| Cash paid for interest | $ 34,787 | $ 17,184 |
| | | |
| **SUPPLEMENTAL NON-CASH ACTIVITIES:** | | |
| Real estate investments placed in-service | $ 24,673 | $ 32,351 |
| Real estate investments transferred to held-for-sale | $ 225 | $ - |
| Change in accrued capital expenditures related to real estate investments | $ (5,993) | $ (851) |
| Change in accrual for deferred financing costs | $ 2,678 | $ - |
| Change in due to related parties for derivative financial instruments and deferred financing costs | $ 5,094 | $ - |

The accompanying notes are an integral part of these consolidated financial statements.

## Notes to Consolidated Financial Statements

### 1. Formation and Organization

Fundrise SFR JV 1, LLC was formed on January 4, 2021, as a Delaware limited liability company and is governed by a limited liability company agreement (the "Operating Agreement"). The "Company", "we", "us", and "our" collectively refer to Fundrise SFR JV 1, LLC and its consolidated subsidiaries except where the context otherwise requires. The Company is owned 10% by Fundrise Growth eREIT VII, LLC (the "Operating Member") and 90% by Fundrise Real Estate Interval Fund, LLC (the "Investor Member") (collectively referred to as the "Members"). The Operating Member serves as the manager of the Company and has responsibility for day-to-day management and operations in accordance with the approved plans and budgets.

Our Members are externally managed by Fundrise Advisors, LLC (the "Manager"), which is an investment adviser registered with the Securities and Exchange Commission ("SEC"), and a wholly-owned subsidiary of Rise Companies Corp. (the "Sponsor").

The Company was organized primarily to originate, invest in, and manage a diversified portfolio of single family rental real estate investments and other real estate-related assets. The Company may make its investments through majority-owned subsidiaries, some of which may have rights to receive preferred economic returns. The Company substantially commenced operations on January 25, 2021.

### 2. Summary of Significant Accounting Policies

***Basis of Presentation***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Company has no items of other comprehensive income or loss in any period presented.

***Principles of Consolidation***

We consolidate entities when we own, directly or indirectly, a majority interest in the entity or are otherwise able to control the entity. We consolidate variable interest entities ("VIEs") in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810, *Consolidation*, if we are the primary beneficiary of the VIE as determined by our power to direct the VIE's activities and the obligation to absorb its losses or the right to receive its benefits, which are potentially significant to the VIE. A VIE is broadly defined as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the entity's activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. There were no VIEs as of and for the years ended December 31, 2023 and 2022.

All intercompany accounts and transactions have been eliminated in consolidation.

***Estimates***

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

***Cash***

Cash may at times exceed the Federal Deposit Insurance Corporation deposit insurance limit of $250,000 per institution. The Company mitigates credit risk by placing cash with major financial institutions. To date, the Company has not experienced any losses with respect to cash.

***Restricted Cash***

Restricted cash consists of cash balances restricted in use by contractual obligations with third parties. This may include funds escrowed for tenant security deposits, real estate taxes, property insurance, and other escrows required by lenders on certain of our properties to be used for future building renovations or tenant improvements.

***Deposits***

During the closing on a real estate investment, we may place a cash deposit on the property being acquired or fund amounts into escrow. These deposits are placed before the closing process of the property is complete. If subsequent to placing the deposit, we acquire the property (the deed is transferred to us), the deposit placed will be credited to the purchase price. If subsequent to placing the deposit, we do not acquire the property (deed is not transferred to us), the deposit will generally be forfeited or returned to us. The Company may pay a deposit for a property that is ultimately acquired by another fund affiliated with the Manager of our Members. Upon acquisition of the property, the related party fund would reimburse the Company for the full amount of the deposit.

During the years ended December 31, 2023 and 2022, the Operating Member issued approximately $0 and $2.4 million, respectively, of new deposits on the Company’s behalf and the Operating Member was reimbursed approximately $950,000 and $13.4 million, respectively, for previously paid deposits. As of December 31, 2023 and 2022, approximately $0 and $950,000, respectively, in deposits were payable to the Operating Member.

During the years ended December 31, 2023 and 2022, the Company issued approximately $0 and $25.6 million, respectively, of new deposits on behalf of other related parties and we were reimbursed approximately $23.0 million and $0, respectively, for previously paid deposits. As of December 31, 2023 and 2022, approximately $4.7 million and $27.7 million, respectively, in deposits were receivable from other related parties.

***Rental Real Estate Properties and Real Estate Held for Improvement***

Our investments in rental real estate properties and real estate held for improvement may include the acquisition of unimproved land, single family homes, townhomes or condominiums, or multifamily properties that are (i) held as rental properties or (ii) held for redevelopment or are in the process of being renovated.

In accordance with FASB ASC 805, *Business Combinations*, the Company first determines whether the acquisition of a property qualifies as a business combination, which requires that the assets acquired and liabilities assumed constitute a business. If the property acquired does not constitute a business, the Company accounts for the transaction as an asset acquisition. The guidance for business combinations states that when substantially all of the fair value of the gross assets to be acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the asset or set of assets is not a business. All property acquisitions to date have been accounted for as asset acquisitions.

Upon acquisition of a property, the Company assesses the fair value of acquired tangible and intangible assets (including land, buildings, site improvements, above- and below-market leases, acquired in-place leases, and other identified intangible assets and assumed liabilities) and allocates the purchase price (including capitalized transaction costs) to the acquired assets and assumed liabilities on a relative fair value basis. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant. During this process, we also evaluate each investment for purposes of determining whether a property can be immediately rented (presented on the consolidated balance sheets as “Investments in rental real estate properties, net”) or will need improvements or redevelopment (presented on the consolidated balance sheets as “Investments in real estate held for improvement”).

The amortization of in-place leases is recorded to depreciation and amortization expense on the Company's consolidated statements of operations. In-place lease assets have been reflected within "Other assets, net" in our consolidated balance sheets.

For rental real estate properties, significant improvements are capitalized. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred. We capitalize expenditures that improve or extend the life of a property and for certain furniture and fixtures additions.

For real estate held for improvement, we capitalize the costs of improvement as a component of our investment in each property. These include renovation costs and other capitalized costs associated with activities that are directly related to preparing our properties for their intended use. Other costs may include interest, property taxes, property insurance, and utilities. The capitalization period associated with our improvement activities begins at such time that development activities commence and concludes at the time that a property is available to be rented or sold.

Costs capitalized in connection with rental real estate property acquisitions and improvement activities are depreciated over their estimated useful lives on a straight-line basis. The depreciation period commences upon the cessation of improvement related activities or the month immediately following the placed in-service date. For those costs capitalized in connection with rental real estate properties acquisitions and improvement activities and those capitalized on an ongoing basis, the useful lives of the assets are as follows:

| **Description** | **Depreciable Life** |
|---|---|
| Building and building improvements | 30 years |
| Site improvements | 20 years |
| Furniture and fixtures | 9 years |
| Lease intangibles | Over lease term |

We evaluate our real estate properties for impairment when there is an event or change in circumstances that indicates an impaired value. If the carrying amount of the real estate investment is no longer recoverable and exceeds the fair value of such investment, an impairment loss is recognized. The impairment loss is recognized based on the excess of the carrying amount of the asset over its fair value. If the Company determines that an impairment has occurred, the affected assets must be reduced to their fair value. For the years ended December 31, 2023 and 2022, we recognized impairment losses of approximately $26,000 and $0, respectively, which are recorded net of "Gain on sale of real estate, net" within the consolidated statements of operations.

***Investments in Real Estate Held for Sale***

We intend to hold our properties for long-term investment, but may occasionally dispose of properties that no longer meet our long-term strategy or where market conditions for sale are favorable. The proceeds from the sales may be reinvested into other properties, used to fund development or other operating needs, or distributed to our Members.

The Company classifies investments in real estate properties as held for sale in the period in which all of the following criteria are met: (1) management, having the authority to approve the action, commits to a plan to sell the asset; (2) the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets; (3) an active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated; (4) the sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the asset beyond one year; (5) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (6) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

We measure an investment in real estate that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held-for-sale criteria are met. Conversely, gains are not recognized until the date of sale. Upon determining that an asset meets the criteria to be classified as held for sale, the Company ceases depreciation and reports the asset separately within "Investments in real estate held for sale" in our consolidated balance sheets.

### *Deferred Financing Costs*

Deferred financing costs are loan fees, capital markets fees, legal fees and other third-party costs associated with obtaining financing. These costs are amortized over the terms of the respective financing agreements using a method which approximates the effective interest method. Deferred financing costs related to loan advances on the revolving credit facilities and the associated accumulated amortization are recorded within “Other assets, net” on the accompanying consolidated balance sheets. Deferred financing costs related to mortgages payable and the associated accumulated amortization are recorded within “Mortgages payable, net” on the accompanying consolidated balance sheets.

### *Income Taxes*

The Company is treated as a pass-through entity for federal income tax purposes and, as such, is not subject to income taxes at the entity level. Rather, the distributive share of all items of income, gain, loss, deduction, or credit are passed through to the Members and reported on their respective tax returns. The Company’s federal tax status as a pass-through entity is based on its default classification as a limited liability company with more than one member, that is treated as a partnership. The Company assessed all of the tax positions it intends to take, both routine and those with a greater level of uncertainty, and determined that no unrecognized tax benefits are required to be recorded. There were no investments during the years ended December 31, 2023 and 2022, that contained any uncertain tax positions that warrant further discussion herein.

The Company files various federal, state, and local tax returns within the United States. No returns are currently under examination; however, the statute of limitations of the Company’s federal tax returns generally remains open three years after the date of filing (state and local tax returns may remain open for an additional year depending upon the jurisdiction).

The Company has two taxable real estate investment trust (“REIT”) subsidiaries (“TRS”). Fundrise SFR TRS 1, LLC (“SFR TRS 1”) and Fundrise SFR Portfolio TRS, LLC (“SFR Portfolio TRS”) were formed with an effective date of October 9, 2021 and July 14, 2023, respectively. We had made no provision for U.S. federal income tax purposes prior to the formation of our TRSs. As a result of these formations, we will record income tax expense or benefit with respect to our entity that is taxed as a TRS under provisions similar to those applicable to regular corporations and not under the REIT provisions.

For SFR TRS 1, approximately $57,000 and $0 of federal income tax benefit was recognized for the years ended December 31, 2023 and 2022, respectively, which is reflected as “Income tax benefit” in the consolidated statements of operations. As of December 31, 2023 and 2022, gross deferred tax assets for SFR TRS 1 totaled approximately $57,000 and $0, respectively, and were included in “Other assets, net” on the consolidated balance sheets.

For SFR Portfolio TRS, approximately $43,000 and $0 of federal income tax expense was incurred for the years ended December 31, 2023 and 2022, respectively, which is reflected net of “Income tax benefit” in the consolidated statements of operations. As of December 31, 2023 and 2022, federal income taxes payable of approximately $43,000 and $0, respectively, were included in “Accounts payable and accrued expenses” on the consolidated balance sheets.

### *Revenue Recognition*

Rental and other property revenues are recorded when due from tenants and recognized monthly as earned. Other property revenue consists primarily of administrative, application, and other transactional fees charged to tenants. Advance receipts of rental revenue are deferred until earned and presented as “Rental security deposits and other liabilities” on the consolidated balance sheets. We will periodically review the collectability of our tenant receivables and record an allowance for doubtful accounts for any estimated probable losses. Leases entered into for the rental of a single-family unit are generally year-to-year, renewable upon consent of both parties on an annual or monthly basis.

### *Recent Accounting Pronouncements*

In February 2016, the FASB issued Accounting Standards Update 2016-02 (“ASU 2016-02”), *Leases*, which changes the accounting for leases for both lessors and lessees. The guidance requires lessees to recognize right-of-use assets and lease liabilities for virtually all of their leases, including leases embedded in other contractual arrangements, among other changes. The standard was effective for annual reporting periods beginning after December 15, 2022, and for interim periods within fiscal years beginning after December 15, 2022. The Company adopted the new standard as of January 1, 2022. The adoption of the new standard did not have a material impact on our consolidated financial statements.

In June 2016, the FASB issued Accounting Standards Update 2016-13 ("ASU 2016-13"), *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. ASU 2016-13 is effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2022, with early adoption permitted. The Company adopted the new standard as of January 1, 2023, which did not have a material impact on our consolidated financial statements.

In March 2020, the FASB issued Accounting Standards Update 2020-04 ("ASU 2020-04"), *Reference Rate Reform ("Topic 848"),* which eases the potential burden in accounting for reference rate reform on financial reporting. The guidance provided optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions that reference the London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. In December 2023, the FASB issued Accounting Standards Update 2023-06 ("ASU 2023-06") deferring the sunset date of *Topic 848* from December 31, 2022 to December 31, 2024. These ASUs are now effective for all entities from March 12, 2020 through December 31, 2024. The Company elected certain optional expedients as of January 1, 2022 related to contract modifications, which were accounted for as a continuation of the existing contract and prospectively adjusted effective interest rates of any impacted agreements. We will continue to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

## 3. Investments in Real Estate

***Rental Real Estate Properties***

The following table presents the Company's investments in rental real estate properties, net (*amounts in thousands*):

| | As of December 31, 2023 | As of December 31, 2022 |
|---|---|---|
| Land | $ 192,722 | $ 174,650 |
| Building and building improvements | 1,045,729 | 980,143 |
| Site improvements | 90,946 | 83,299 |
| Furniture, fixtures, and equipment | 35,334 | 32,218 |
| Construction in progress | 340 | - |
| **Total gross investment in rental real estate properties** | **$ 1,365,071** | **$ 1,270,310** |
| Less: Accumulated depreciation | (73,405) | (32,235) |
| **Total investment in rental real estate properties, net** | **$ 1,291,666** | **$ 1,238,075** |

As of December 31, 2023 and 2022, the carrying amount of the rental real estate properties above included cumulative capitalized transaction costs of approximately $32.5 million and $24.4 million, respectively, which includes cumulative acquisition fees paid to the Sponsor of approximately $13.4 million and $12.5 million, respectively.

For the years ended December 31, 2023 and 2022, the Company recognized approximately $41.5 million and $27.9 million, respectively, of depreciation expense on rental real estate properties.

*Acquisitions*

During the years ended December 31, 2023 and 2022, the Company acquired 235 and 2,377 rental real estate properties, respectively. The following table summarizes the asset acquisition allocation for our investments in rental real estate properties (*amounts in thousands*):

| | For the Year Ended December 31, 2023 | For the Year Ended December 31, 2022 |
|---|---|---|
| Land | $ 18,827 | $ 110,911 |
| Building and building improvements | 68,882 | 652,097 |
| Site improvements | 6,791 | 52,387 |
| Furniture, fixtures, and equipment | 1,845 | 20,199 |
| In-place leases | - | 2,839 |
| **Total acquisition cost[(1)]** | **$ 96,345** | **$ 838,433** |

(1) The difference in the total acquisition cost of $96.3 million for the year ended December 31, 2023 and the cash paid for acquisitions of $61.0 million per the consolidated statements of cash flows is due to the transfer of approximately $24.7 million in development costs from work in progress to in-service and approximately $10.6 of deposits and other credits received at closing.

The difference in the total acquisition cost of $838.4 million for the year ended December 31, 2022 and the cash paid for acquisitions of $772.3 million per the consolidated statements of cash flows is due to the transfer of approximately $32.4 million in development costs from work in progress to in-service and approximately $33.8 of deposits and other credits received at closing.

*Dispositions*

During the year ended December 31, 2023, the Company sold 21 rental real estate properties for an aggregate gain of approximately $588,000. We did not sell any properties in 2022. The dispositions in 2023 do not represent a significant shift in business strategy and did not have a major effect on our financial results; accordingly, we have not reported this activity as discontinued operations.

***Real Estate Held for Sale***

As of December 31, 2023, the Company had one investment in rental real estate properties that met the criteria to be classified as held for sale (see Note 2). No such properties met the criteria as of December 31, 2022.

The following table presents information related to the major classes of assets and liabilities that were classified as held for sale in our consolidated balance sheets *(amounts in thousands)*:

| | As of December 31, 2023 | As of December 31, 2022 |
|---|---|---|
| Land | $ 55 | $ - |
| Building and building improvements | 154 | - |
| Site improvements | 10 | - |
| Furniture, fixtures, and equipment | 6 | - |
| **Total investments in real estate held for sale** | **$ 225** | **$ -** |

***Real Estate Held for Improvement***

The following table presents the Company's investments in real estate held for improvement (*amounts in thousands*):

| | As of December 31, 2023 | As of December 31, 2022 |
|---|---|---|
| Land and land improvements | $ - | $ 14,820 |
| Building and building improvements | - | 5,609 |
| Work in progress | - | 2,786 |
| **Total investment in real estate held for improvement** | **$ -** | **$ 23,215** |

As of December 31, 2023 and 2022, real estate held for improvement included capitalized transaction costs of approximately $0 and $2.4 million, respectively, which includes cumulative acquisition fees paid to the Sponsor of approximately $0 and $142,000, respectively.

During the years ended December 31, 2023 and 2022, the Company reclassified approximately $24.7 million and $32.4 million, respectively, of assets from “Investment in real estate held for improvement” to “Investment in rental real estate properties, net”.

## 4. Other Assets

The balance in other assets, net consists of the following (*dollar amounts in thousands*):

| | As of December 31, 2023 | As of December 31, 2022 |
|---|---|---|
| Deferred financing costs, net | $ 7,781 | $ 6,025 |
| Other receivables | 2,255 | 749 |
| Tenant receivables, net | 1,727 | 1,136 |
| Deferred leasing costs, net | 1,269 | 1,714 |
| Prepaid expenses | 368 | 1,447 |
| Deferred tax asset | 57 | - |
| In-place lease asset, net | - | 992 |
| **Total other assets, net** | **$ 13,457** | **$ 12,063** |

For the years ended December 31, 2023 and 2022, amortization expense on deferred financing costs was approximately $4.4 million and $2.1 million, respectively, and is included within “Interest expense” in the consolidated statements of operations.

For the years ended December 31, 2023 and 2022, the Company recognized approximately $992,000 and $3.0 million, respectively, of amortization expense on in-place lease assets and approximately $2.8 million and $2.5 million, respectively, of amortization expense on deferred leasing costs. Both amounts are included within “Depreciation and amortization” in the consolidated statements of operations.

As of December 31, 2023 and 2022, tenant receivables were recorded net of an allowance for credit losses of approximately $416,000 and $1.0 million, respectively. For the years ended December 31, 2023 and 2022, the Company recorded approximately $1.4 million and $1.8 million, respectively, in bad debt expense which is included within “Rental revenue” in the consolidated statements of operations.

## 5. Credit Facilities

On May 13, 2021, Fundrise SFR Portfolio, LLC (the “SFR 1 Borrower”), an indirect subsidiary of the Company, executed an agreement for a revolving credit facility of up to $150 million, secured by real property owned by the Borrower’s subsidiaries (the “GS Credit Facility”). The GS Credit Facility was amended on October 12, 2021 to increase the commitment amount to $225 million, on November 12, 2021 to increase the commitment amount to $300 million, and on December 20, 2022 to increase the commitment amount to $400 million. The GS Credit Facility was further amended on March 23, 2022 to revise the benchmark interest rate definition due to the relegation of LIBOR and the transition to the Secured Overnight Financing Rate (“SOFR”). Through December 13, 2023, the GS Credit Facility bore interest at the greater of 0.25% or SOFR, plus (i) 2.60% with respect to the portion of the outstanding principal amount up to $150 million, (ii) 2.35% with respect to the portion of the outstanding principal amount in excess of $150 million but less than $300 million, and (iii) 2.95% with respect to the portion of the outstanding principal amount in excess of $300 million.

Effective December 13, 2023, the GS Credit Facility was extended for an additional two-year term with a new maturity date of December 13, 2025. The extended GS Credit Facility continues to call for interest-only payments at a new rate of SOFR plus 2.70–3.00%, with a principal balloon payment at maturity. For the years ended December 31, 2023 and 2022, the SFR 1 Borrower incurred interest expense on the outstanding principal of approximately $15.9 million and $12.7 million, respectively. As of December 31, 2023 and 2022, approximately $2.1 million and $1.7 million, respectively, of interest was payable on the GS Credit Facility, which is included within “Accounts payable and accrued expenses” on the consolidated balance sheets.

On June 16, 2022, Fundrise SFR Portfolio 3, LLC (the "SFR 3 Borrower"), an indirect subsidiary of the Company, executed an agreement for a delayed draw term loan of up to $240 million, secured by real property owned by the Borrower's subsidiaries (the "ML Credit Facility"). The ML Credit Facility bears interest at a fixed rate of 4.10%. The ML Credit Facility calls for interest-only payments for the entire term of the loan and a principal balloon payment at maturity. The ML Credit Facility matures on June 16, 2027. For the years ended December 31, 2023 and 2022, SFR 3 Borrower incurred interest expense on the outstanding principal of approximately $8.8 million and $1.8 million, respectively. As of December 31, 2023 and 2022, approximately $847,000 and $451,000, respectively, of interest was payable on the ML Credit Facility, which is included within "Accounts payable and accrued expenses" on the consolidated balance sheets.

On June 2, 2023, Fundrise SFR JV 2 Portfolio, LLC (the "JV 2 Borrower"), an indirect subsidiary of Fundrise SFR JV 2, LLC, an affiliate of our Members, executed an agreement for a revolving credit facility of up to $770.0 million, secured by real property owned by the JV 2 Borrower's subsidiaries (the "JPM Credit Facility"). The JPM Credit Facility bears interest at the greater of 1.00% or SOFR + 0.10%, plus a 2.25% margin. The JPM Credit Facility calls for interest-only payments for the entire term of the loan and a principal balloon payment at maturity. The JPM Credit Facility matures on June 2, 2025, with a one-year extension option available upon satisfying certain provisions.

Fundrise SFR Portfolio 4, LLC (the "JV 1 Borrower"), an indirect subsidiary of the Company, and Fundrise SFR Dev Portfolio, LLC (the "Dev JV Borrower"), an indirect subsidiary of Fundrise SFR Dev JV 1, LLC, were added as co-borrowers to the JPM Credit Facility through subsequent joinder agreements. Each co-borrower may pledge qualifying collateral to the line and request an advance to be funded according to the terms of the agreement, not to exceed the maximum aggregate commitment amount. In connection with the JPM Credit Facility, the Company entered into an Allocation and Reimbursement Agreement in order to equitably disburse loan proceeds and allocate related costs amongst the co-borrowers. The JV 2 Borrower will serve as the administrative agent for the JPM Credit Facility, and will be responsible for coordinating loan proceeds, interest payments, and co-borrower reimbursements, as needed. As of December 31, 2023, approximately $5.1 million was due from the JV 1 Borrower to the JV 2 Borrower for reimbursable costs related to the origination and administration of the JPM Credit Facility.

For the year ended December 31, 2023, the JV 1 Borrower was allocated interest expense on the outstanding principal of approximately $1.5 million. As of December 31, 2023, approximately $558,000 of allocated interest was payable on the JPM Credit Facility, which is included within "Accounts payable and accrued expenses" on the consolidated balance sheets.

The following is a summary of the credit facilities secured by the Company's properties as of December 31, 2023 and 2022 *(dollar amounts in thousands)*:

| **Borrower** | **Commitment Amount** | **Maturity Date** | **Interest Rate** | **Balance as of December 31, 2023**(1) | **Balance as of December 31, 2022**(1) |
|---|---|---|---|---|---|
| Fundrise SFR Portfolio, LLC and Subsidiaries | $ 400,000 | 12/13/2025 | SOFR (0.25% floor) + 2.35 – 3.00% | $ 357,000 | $ 297,979 |
| Fundrise SFR Portfolio 3, LLC and Subsidiaries | $ 240,000 | 06/16/2027 | 4.10% | $ 240,000 | $ 132,490 |
| Fundrise SFR Portfolio 4, LLC, its Subsidiaries, and its Co-Borrowers' Subsidiaries(2) | $ 770,000 | 06/02/2025 | SOFR + 2.25% | $ 172,461 | - |

(1) Excludes net deferred financing costs of approximately $7.8 million and $6.0 million as of December 31, 2023 and 2022, respectively. These deferred financing costs, net of accumulated amortization, are included in "Other assets, net" on the consolidated balance sheets. Approximately $2.7 million and $0 of deferred financing costs were payable as of December 31, 2023 and 2022, respectively, and are included within "Accounts payable and accrued expenses" on the consolidated balance sheets.

(2) As of December 31, 2023, the allocation of outstanding loan principal is approximately $98.1 million to the JV 1 Borrower, approximately $54.5 million to the JV 2 Borrower, and approximately $19.9 million to the Dev JV Borrower.

For the periods ending December 31, 2023 and 2022, we incurred loan servicing fees of approximately $838,000 and $726,000, respectively, which are included within "Interest expense" in the consolidated statements of operations. Loan servicing fees are routine costs incurred for administrative and compliance purposes that are paid to unrelated third parties. These may include, but are not limited to, non-use or minimum utilization charges, diligence agent fees, and custodian services.

The credit facilities contain various financial and non-financial covenants. Included in these covenants are general liquidity and net worth requirements for the Company, its co-borrowers, and its Members. As of December 31, 2023, the co-borrowers under the JPM Credit Facility failed to meet certain financial covenants as defined in the loan agreement. Specifically, (i) the net asset value of the JV 2 Borrower was less than the required minimum of 45% of the outstanding credit facility amount and (ii) the debt yield for all financed properties was below the 7.00% limit. In response, the co-borrowers made a mandatory prepayment of approximately $7.8 million in January 2024 to resolve the covenant non-compliance. No other penalties or restrictions were imposed by the lender and this is not considered an event of default. As of December 31, 2023, the Company was in compliance with all other financial covenants per the credit facility agreements.

The following table presents the future principal payments due under the Company's credit facilities as of December 31, 2023 *(dollar amounts in thousands)*:

| **Year** | **Amount** |
|---|---|
| 2024 | $ - |
| 2025 | 529,461 |
| 2026 | - |
| 2027 | 240,000 |
| 2028 and thereafter | - |
| **Total** | **$ 769,461** |

## 6. Mortgages Payable

The following is a summary of the mortgage notes secured by the Company's properties as of December 31, 2023 and 2022 *(amounts in thousands)*.

| **Borrower(s)** | **Loan Amount** | **Effective Date** | **Maturity Date** | **Interest Rate** | **Balance as of December 31, 2023(1)** | **Balance as of December 31, 2022(1)** |
|---|---|---|---|---|---|---|
| FR-Carolina, LLC (2) | $ 11,900 | 02/10/22 | 09/06/23 | SOFR + 1.85% | $ - | $ 11,900 |
| FR-Cypress, LLC (2) | $ 24,100 | 03/16/22 | 09/06/23 | SOFR + 2.25% | $ - | $ 24,100 |
| FR-Sunset, LLC (3)(4) | $ 50,000 | 03/23/22 | 06/30/25 | SOFR + 1.75% | $ 36,200 | $ 50,000 |
| FR-Treeline, LLC (2) | $ 24,000 | 04/21/22 | 09/06/23 | SOFR + 3.39% | $ - | $ 24,000 |
| FR Rock Ridge, LLC (3)(5)<br>FR Emerald Lakes, LLC (3)(5)<br>FR Hickory Street, LLC (3)(5) | $ 60,000 | 04/29/22 | 04/29/24 | SOFR + 1.35% | $ 54,625 | $ 54,625 |

(1) Excludes net deferred financing costs of approximately $236,000 and $1.5 million as of December 31, 2023 and 2022, respectively. No deferred financing costs were payable as of December 31, 2023 and 2022.

(2) The loan called for interest-only payments for the entire term of the loan and a principal balloon payment at maturity, with one option to extend for an additional six-month period. The Company repaid the loan principal and outstanding interest on September 6, 2023. In aggregate, we incurred approximately $1.3 million of exit fees in connection with the repayments, which are reflected as "Loss on extinguishment of debt" in the consolidated statements of operations. No such fees were payable as of December 31, 2023.

(3) The loan was entered into or assumed by a wholly owned subsidiary (each a Borrower) of the Company. Each Borrower is a separate legal entity from its affiliates and therefore the assets and credit of each Borrower are not available to satisfy the debts and other obligations of any affiliates or any other entity. The Operating Member is the guarantor, under certain circumstances outlined in the loan agreements, of each of the loans.

(4) The loan calls for interest-only payments for the entire term of the loan and a principal balloon payment at maturity, with no options to extend. The interest rate for this loan steps up to SOFR + 2.75% beginning on April 1, 2024.

(5) The loan calls for interest-only payments for the entire term of the loan and a principal balloon payment at maturity, with one option to extend for an additional six-month period. The Company intends to obtain alternative financing or exercise available extension options in advance of the forthcoming maturity date.

For the years ended December 31, 2023 and 2022, the Borrowers on the above mortgages payable incurred interest expense of approximately $9.5 million and $5.0 million, respectively, and incurred loan servicing fees of approximately $4,000 and $0, respectively, related to mortgage notes payable. Approximately $565,000 and $835,000 of current interest was payable to the lenders as of December 31, 2023 and 2022, respectively, which is included within “Accounts payable and accrued expenses” on the consolidated balance sheets.

During the years ended December 31, 2023 and 2022, we incurred approximately $0 and $2.5 million, respectively, in financing costs to originate the mortgage notes listed above. Amortized financing costs are reflected on the consolidated balance sheets as a reduction to the related mortgage payable, which totaled approximately $236,000 and $1.5 million as of December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, amortization of financing costs was approximately $820,000 and $1.0 million, respectively, and is included in “Interest expense” in the consolidated statements of operations.

The mortgage notes contain various financial and non-financial covenants. Included in these covenants are general liquidity, net worth, and contingent liability requirements for the Company and its Members. As of June 30, 2023, the FR Rock Ridge, LLC, FR Emerald Lakes, LLC, and FR Hickory Street, LLC borrowers experienced a Cash Flow Sweep Event as defined in the loan agreement for failure to maintain a debt service coverage ratio (“DSCR”) of at least 1.05:1.00. In response, control over funds deposited into the property-level collection accounts has shifted to the lender and disbursement of such funds are now applied in accordance with the cash management agreement per the loan terms. The Cash Flow Sweep Event may be cured by achieving a DSCR greater than or equal to 1.25:1.00 for two consecutive quarters. As of December 31, 2023, we were in compliance with all other loan covenants per the underlying mortgage agreements.

The following table presents the future principal payments due under the Company’s mortgage notes as of December 31, 2023 *(dollar amounts in thousands)*:

| **Year** | **Amount** |
|---|---|
| 2024 | $ 54,625 |
| 2025 | 36,200 |
| 2026 | - |
| 2027 | - |
| 2028 and thereafter | - |
| **Total** | **$ 90,825** |

## 7. Notes Payable

During the years ended December 31, 2023 and 2022, the Company entered into approximately $0 and 12.5 million, respectively, of unsecured promissory notes with individual accredited investors through our Sponsor. The promissory notes were issued with a duration of three- or twelve months and bear interest at a rate of 3 – 5%. On August 11, 2022, the Company fully repaid the three-month notes in the amount of approximately $4.9 million, including approximately $37,000 of accrued interest. The twelve-month promissory notes matured on May 11, 2023, and the Company fully repaid the notes in the amount of approximately $8.0 million, including approximately $380,000 of accrued interest. As of December 31, 2023 and 2022, approximately $0 and $7.6 million, respectively, of principal and $0 and $243,000 of accrued interest, respectively, remained payable to investors, which are included within “Notes payable” on the consolidated balance sheets. For the years ended December 31, 2023 and 2022, the Company incurred interest expense of approximately $137,000 and $281,000, respectively.

## 8. Derivative Financial Instruments

Effective May 18, 2021, we entered into an interest rate cap agreement for $70,000 with a notional amount of $150 million and a strike rate of 2.0% to manage our exposure to interest rate risk on our variable rate debt associated with the GS Credit Facility (see Note 5). The interest rate cap agreement was amended on October 25, 2021 and further amended on December 7, 2021 in connection with the amendments of the GS Credit Facility, resulting in an increase to the notional amount to $225 million and $300 million, respectively, and corresponding additional premium payments of $40,000 and $57,000, respectively. Effective January 9, 2023, we terminated the existing interest rate cap agreement with a notional amount of $300 million associated with the GS Credit Facility. Concurrently, the Company entered into a new interest rate cap agreement for $6.2 million with a notional amount of $400 million and a strike rate of 2.0%. The revised agreement matured on November 13, 2023. In connection with the subsequent GS Credit Facility extension, the Company entered into a new 1-year interest rate cap agreement in December 2023 for a premium payment of $10.1 million with a notional amount of $357 million and a strike rate of 2.0%. The interest rate cap is not for trading or other speculative purposes.

On June 8, 2023, the JV 2 Borrower entered into an interest rate cap agreement to manage our exposure to interest rate risk on our variable rate debt associated with the JPM Credit Facility (see Note 5). The JV 2 Borrower paid a premium of approximately $2.3 million for the interest rate cap with a notional value that stepped up from $57.0 million to $114.0 million and a strike rate of 3.00%. A second interest rate cap was purchased on August 29, 2023 for a premium of approximately $2.2 million, has a notional value that increased from $41.0 million to $104.0 million, and a strike rate of 3.00%. Neither interest rate cap is intended for trading or other speculative purposes. The first interest rate cap matures on July 1, 2024 and the second matures on September 1, 2024. The initial cost of the interest rate caps and subsequent changes in fair value (as discussed below) have been allocated among the JV 2 Borrower, JV 1 Borrower, and Dev JV Borrower in accordance with the aforementioned Allocation and Reimbursement Agreement (see Note 5).

The Company has not designated any of the interest rate caps as cash flow hedges; therefore, the derivatives do not qualify for hedge accounting. Accordingly, changes in the fair values of the interest rate caps are recognized immediately through earnings. For the years ended December 31, 2023 and 2022, we recognized aggregate changes in the fair value of the interest rate cap of approximately $(10.2) million and $3.2 million, respectively, recorded as "Increase (decrease) in fair value of derivative financial instrument" in our consolidated statements of operations. For the years ended December 31, 2023 and 2022, we recognized aggregate income of approximately $11.1 million and $1.5 million, respectively, related to the interest rate caps, which are recorded as a reduction to "Interest expense" in our consolidated statements of operations. As of December 31, 2023 and 2022, approximately $449,000 and $245,000, respectively, of interest rate cap income was payable to the Company and was recorded net of the related accrued interest expense.

The fair value of our derivatives is estimated based on observable market inputs, such as interest rates, term to maturity and volatility, as well as unobservable inputs, such as estimates of current credit spreads. The fair value of our derivatives as of December 31, 2023 and 2022, is shown below (*dollar amounts in thousands*):

| Derivative Instrument | Notional Amount | Effective Date | Maturity Date | Fair Value as of December 31, 2023 | Fair Value as of December 31, 2022 |
|---|---|---|---|---|---|
| Interest Rate Cap | $ 300,000 | 05/18/2022 | 01/09/2023 | $ - | $ 3,339 |
| Interest Rate Cap | $ 400,000 | 01/09/2023 | 11/13/2023 | $ - | $ - |
| Interest Rate Cap | $ 114,000 | 06/08/2023 | 07/01/2024 | $ 1,417 (1) | $ - |
| Interest Rate Cap | $ 104,000 | 08/29/2023 | 09/01/2024 | $ 1,560 (1) | $ - |
| Interest Rate Cap | $ 357,000 | 12/18/2023 | 12/13/2024 | $ 9,563 | $ - |

(1) As of December 31, 2023, the allocation of derivative fair value is approximately $1.7 million to the JV 1 Borrower, approximately $940,000 to the JV 2 Borrower, and approximately $344,000 to the Dev JV Borrower.

## 9. Fair Value of Financial Instruments

We are required to disclose an estimate of fair value of our financial instruments for which it is practicable to estimate the value. The fair value of a financial instrument is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. For certain of our financial instruments, fair values are not readily available since there are no active trading markets as characterized by current exchanges by market participants.

We determine the fair value of certain investments in accordance with the fair value hierarchy that requires an entity to maximize the use of observable inputs. The fair value hierarchy includes the following three levels based on the objectivity of the inputs, which were used for categorizing the assets or liabilities for which fair value is being measured and reported:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Significant other observable inputs (e.g., quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs).

Level 3 – Valuation generated from model-based techniques that use inputs that are significant and unobservable in the market. These unobservable assumptions reflect estimates of inputs that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow methodologies or similar techniques, which incorporate management's own estimates of assumptions that market participants would use in pricing the instrument or valuations that require significant management judgment or estimation.

As of December 31, 2023 and 2022, the Company's significant financial instruments consist of cash, restricted cash, derivative financial instruments, and the outstanding principal on the credit facilities and mortgages payable.

The carrying amount of the Company's cash and restricted cash as of December 31, 2023 and 2022, approximates fair value due to its short-term nature.

The only asset or liability as of December 31, 2023 and 2022, that is recorded at fair value on a recurring basis is the derivative financial instruments. As of December 31, 2023 and 2022, management estimated the fair value of our derivative financial instruments to be approximately $11.3 million and $3.3 million, respectively. We classify this fair value measurement as Level 2 as we use significant other observable inputs such as interest rate, term to maturity, and volatility.

As of December 31, 2023 and 2022, the outstanding principal carrying value for our credit facilities was approximately $695.1 million and $430.5 million, respectively, and the aggregate fair value approximated the carrying value. Similarly, as of December 31, 2023 and 2022, the outstanding principal carrying value for our mortgages payable was approximately $90.8 million and $164.6 million, respectively, and the aggregate fair value approximated the carrying value. The fair value of our borrowings under variable rate agreements are estimated using a present value technique based on expected cash flows discounted using the current market rates (Level 3).

Any changes to the valuation methodology will be reviewed by management to ensure the changes are appropriate. The methods used may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, while we anticipate that our valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value could result in a different estimate of fair value at the reporting date.

## 10. Members' Equity

Capital contributions are required from the Members on a pro rata basis as defined in the Operating Agreement. For the years ended December 31, 2023 and 2022, capital contributions totaled approximately $44.0 million and $577.0 million respectively.

Distributions shall be made to the Members in proportion to their respective ownership percentages. For the years ended December 31, 2023 and 2022, the Company's total distributions declared to Members was approximately $169.2 million and $49.8 million respectively. No distributions were payable as of December 31, 2023 and 2022.

The Company's net income or loss is allocated to the Operating Member and Investor Member pro rata in proportion to their respective ownership percentages.

## 11. Property Management Agreements

In connection with our investments in rental real estate properties, the Company has entered into various property management agreements with third-party service providers to lease and manage the underlying assets.

Property management fees for these agreements are calculated as a percentage of gross rental receipts and certain fees collected from tenants, subject to a minimum management fee as defined in the property management agreements. For the years ended December 31, 2023 and 2022, the Company incurred property management fees of approximately $5.8 million and $3.7 million, respectively, which are included in "Property operations and maintenance" expense on the accompanying consolidated statements of operations. Approximately $173,000 and $707,000 of property management fees were payable as of December 31, 2023 and 2022, respectively, and are included within "Accounts payable and accrued expenses" on the consolidated balance sheets.

## 12. Related Party Transactions

*Operating Expenses*

Under the terms of the Operating Agreement, the Company shall pay or reimburse the Operating Member and its affiliates for expenses incurred on our behalf that are directly related to the operation, maintenance, and administration of the Company. For the years ended December 31, 2023 and 2022, the Operating Member and its affiliates incurred approximately $0 and $39,000, respectively, of reimbursable operating costs on our behalf. No such costs were payable as of December 31, 2023 and 2022.

*Affiliate Service Agreement*

Effective January 1, 2022, the Company entered into a real estate services agreement (the "Service Agreement") with Fundrise Real Estate, LLC, a subsidiary of the Sponsor. The Service Agreement outlines various services Fundrise Real Estate, LLC agrees to perform as an independent contractor on a non-exclusive basis, including but not limited to real estate asset management, origination and acquisition services, loan servicing, and development and entitlement services. Compensation for such services will be paid to Fundrise Real Estate, LLC as described in the Service Agreement.

We typically pay a one-time acquisition fee equal to approximately 1.0% of the purchase price of each real estate investment acquired. Acquisition fees are capitalized in accordance with our accounting policies (see Note 2). For the years ended December 31, 2023 and 2022, total acquisition fees earned by Fundrise Real Estate, LLC were approximately $13.4 million and $12.5 million, respectively. Approximately $0 and $65,000 in acquisition fees were payable as of December 31, 2023 and 2022, respectively.

Similarly, we typically pay a one-time disposition fee equal to approximately 1.0% of the sale price of each real estate investment sold. For the years ended December 31, 2023 and 2022, total disposition fees earned by Fundrise Real Estate, LLC were approximately $64,000 and $0, respectively, and are included within "Gain on sale of real estate, net" on the consolidated statements of operations. No disposition fees were payable as of December 31, 2023 and 2022.

For the years ended December 31, 2023 and 2022, the Company incurred origination fees related to the closing of the credit facilities and mortgages payable of approximately $555,000 and $2.6 million, respectively, which are recorded as deferred financing costs and are amortized over the term of the respective loans. For the years ended December 31, 2023 and 2022, amortization expense of approximately $1.2 million and $495,000, respectively, was recorded related to these fees and is included in "Interest expense" on the consolidated statements of operations. As of December 31, 2023 and 2022, approximately $0 and $500,000 of loan origination fees were payable to Fundrise Real Estate, LLC.

For the years ended December 31, 2023 and 2022, the Company incurred real estate asset management fees of approximately $6.8 million and $5.1 million, respectively, and debt servicing fees of approximately $1.1 million and $698,000, respectively, which are both included in "Asset management and other fees" on the accompanying consolidated statements of operations. As of December 31, 2023 and 2022, approximately $651,000 and $610,000, respectively, in such fees were payable to Fundrise Real Estate, LLC.

## 13. Commitments and Contingencies

*Litigation*

In the ordinary course of business, we may become subject to litigation or claims. As of December 31, 2023 and 2022, there were no material pending legal proceedings to which the Company is a party.

## 14. Subsequent Events

In connection with the preparation of the accompanying consolidated financial statements, we have evaluated events and transactions occurring through February 23, 2024 for potential recognition or disclosure.

*Credit Facilities*

On January 22, 2024, the Company and its co-borrowers made a prepayment of approximately $7.8 million on the JPM Credit Facility, bringing the total outstanding principal balance to approximately $164.6 million as of February 23, 2024. The allocation of outstanding loan principal is approximately $93.6 million to the JV 1 Borrower, approximately $52.0 million to the JV 2 Borrower, and approximately $19.0 million to the Dev JV Borrower as of February 23, 2024.

*Contributions*

As of February 23, 2024, the Company has received an additional $34.0 million in capital contributed by its Members.

**Supplemental Schedules**

## Consolidating Balance Sheets

*(Amounts in thousands)*

| | Fundrise SFR JV 1, LLC | Fundrise SFR TRS 1, LLC | Fundrise SFR Portfolio, LLC | Fundrise SFR Portfolio 2, LLC | Fundrise SFR Portfolio 3, LLC | Fundrise SFR Portfolio 4, LLC | *Eliminations* | Fundrise SFR JV 1, LLC Consolidated |
|---|---|---|---|---|---|---|---|---|
| | **As of December 31, 2023** | **As of December 31, 2023** | **As of December 31, 2023** | **As of December 31, 2023** | **As of December 31, 2023** | **As of December 31, 2023** | **As of December 31, 2023** | **As of December 31, 2023** |
| **ASSETS** | | | | | | | | |
| Cash | $ 2,526 | $ 1,085 | $ 2,809 | $ 1,082 | $ 3,959 | $ 2,293 | $ - | $ 13,754 |
| Restricted cash | - | 7 | 16,596 | 864 | 13,643 | 2,248 | - | 33,358 |
| Other assets, net | 1,593 | 57 | 7,143 | 54,918 | 242,937 | 99,541 | (392,732) | 13,457 |
| Deposits | 7,766 | - | - | - | - | - | - | 7,766 |
| Derivative financial instruments | - | - | 9,563 | - | - | 1,693 | - | 11,256 |
| Investments in real estate held for sale | - | - | 225 | - | - | - | | 225 |
| Investments in rental real estate properties, net | 1,014,799 | 4,285 | 536,070 | 210,217 | 331,369 | 208,507 | (1,013,581) | 1,291,666 |
| **Total Assets** | **$ 1,026,684** | **$ 5,434** | **$ 572,406** | **$ 267,081** | **$ 591,908** | **$ 314,282** | **$ (1,406,313)** | **$ 1,371,482** |
| | | | | | | | | |
| **LIABILITIES AND MEMBERS' EQUITY** | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued expenses | $ 194 | $ 110 | $ 17,361 | $ 1,192 | $ 5,036 | $ 1,672 | $ - | $ 25,565 |
| Due to related parties | 393,581 | 16 | 3 | (53) | 5 | 5,172 | (392,732) | 5,992 |
| Rental security deposits and other liabilities | | - | 3,745 | 426 | 749 | 532 | - | 5,452 |
| Mortgages payable, net | (75) | - | - | 90,664 | - | - | - | 90,589 |
| Credit facilities | - | - | 357,000 | - | 240,000 | 98,091 | - | 695,091 |
| **Total Liabilities** | **393,700** | **126** | **378,109** | **92,229** | **245,790** | **105,467** | **(392,875)** | **822,689** |
| | | | | | | | | |
| **Total Members' Equity** | **632,984** | **5,308** | **194,297** | **174,852** | **346,118** | **208,815** | **(1,013,581)** | **548,793** |
| **Total Liabilities and Members' Equity** | **$ 1,026,684** | **$ 5,434** | **$ 572,406** | **$ 267,081** | **$ 591,908** | **$ 314,282** | **$ (1,406,313)** | **$ 1,371,482** |

**Supplemental Schedules (continued)**

**Consolidating Statements of Operations**
*(Amounts in thousands)*

| | Fundrise SFR JV 1, LLC | Fundrise SFR TRS 1, LLC | Fundrise SFR Portfolio, LLC | Fundrise SFR Portfolio 2, LLC | Fundrise SFR Portfolio 3, LLC | Fundrise SFR Portfolio 4, LLC | *Eliminations* | Fundrise SFR JV 1, LLC Consolidated |
|---|---|---|---|---|---|---|---|---|
| | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** |
| **Revenue** | | | | | | | | |
| Rental revenue | $ - | $ 163 | $ 46,325 | $ 15,055 | $ 20,104 | $ 4,688 | $ - | $ 86,335 |
| Other revenue | 654 | 9 | 6,846 | 1,617 | 2,020 | 583 | - | 11,729 |
| **Total Revenue** | **654** | **172** | **53,171** | **16,672** | **22,124** | **5,271** | **-** | **98,064** |
| **Expenses** | | | | | | | | |
| Property operations and maintenance | (144) | 75 | 29,021 | 8,232 | 11,595 | 2,772 | - | 51,551 |
| Depreciation and amortization | - | 85 | 20,951 | 10,709 | 11,065 | 2,507 | - | 45,317 |
| Asset management and other fees | 7,887 | - | - | - | - | - | - | 7,887 |
| General and administrative expenses | 3,280 | 24 | 1,744 | 38 | 281 | 21 | - | 5,388 |
| **Total Expenses** | **11,023** | **184** | **51,716** | **18,979** | **22,941** | **5,300** | **-** | **110,143** |
| **Other Income (Expense)** | | | | | | | | |
| Interest expense | (1,362) | - | (19,166) | (9,936) | (9,657) | (2,234) | - | (42,355) |
| Decrease in fair value of derivative financial instruments | - | - | (10,070) | - | - | (147) | - | (10,217) |
| Loss on extinguishment of debt | - | - | - | - | - | (1,277) | - | (1,277) |
| Gain on sale of real estate, net | 3 | (75) | 660 | (26) | - | - | - | 562 |
| Income tax benefit | - | 57 | (43) | - | - | - | - | 14 |
| **Total Other Income (Expense)** | **(1,359)** | **(18)** | **(28,619)** | **(9,962)** | **(9,657)** | **(3,658)** | **-** | **(53,273)** |
| **Net Loss** | **$ (11,728)** | **$ (30)** | **$ (27,164)** | **$ (12,269)** | **$ (10,474)** | **$ (3,687)** | **$ -** | **$ (65,352)** |

# Fundrise MF JV 1, LLC

| | |
|---|---|
| **Delaware** | **86-1581070** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification Number)** |

## Consolidated Financial Statements and Supplemental Schedules
## As of and for the Year Ended December 31, 2023

**For questions contact:**
**Telephone: (202) 584-0550**
**Email: investments@fundrise.com**

**11 Dupont Circle NW, 9th Floor**
**Washington, D.C. 20036**
**(202) 584-0550**

**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS OF**

**Fundrise MF JV 1, LLC**


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KPMG LLP
Suite 900
8350 Broad Street
McLean, VA 22102

**Independent Auditors' Report**

To the Members Fundrise
MF JV 1, LLC:

*Opinion*

We have audited the consolidated financial statements of Fundrise MF JV 1, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

*Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Other Information*

Management is responsible for the other information attached to the consolidated financial statements. The other information comprises balance sheets as of December 31, 2023 for each of the Company's subsidiaries and related statements of operations for the year then ended, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KPMG LLP

McLean, Virginia
February 23, 2024

**Fundrise MF JV 1, LLC**

**Consolidated Balance Sheets**
(Amounts in thousands)

| | As of December 31, 2023 | As of December 31, 2022 |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 10,545 | $ 17,433 |
| Restricted cash | 3,665 | 1,906 |
| Other assets, net | 3,530 | 5,038 |
| Derivative financial instrument | 853 | 1,266 |
| Investments in real estate held for improvement | 7,522 | 6,123 |
| Investments in rental real estate properties, net | 436,029 | 559,484 |
| **Total Assets** | **$ 462,144** | **$ 591,250** |
| | | |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | $ 5,497 | $ 6,859 |
| Due to related parties | 293 | 301 |
| Distributions payable | - | 929 |
| Rental security deposits and other liabilities | 891 | 1,207 |
| Mortgages payable, net | 124,718 | 161,238 |
| Credit facility | 143,263 | 165,318 |
| **Total Liabilities** | **274,662** | **335,852** |
| | | |
| **Total Members' Equity** | **187,482** | **255,398** |
| **Total Liabilities and Members' Equity** | **$ 462,144** | **$ 591,250** |

The accompanying notes are an integral part of these consolidated financial statements.

**Fundrise MF JV 1, LLC**

**Consolidated Statements of Operations**
(Amounts in thousands)

| | For the Year Ended December 31, 2023 | For the Year Ended December 31, 2022 |
|---|---|---|
| **Revenue** | | |
| Rental revenue | $ 43,628 | $ 39,767 |
| Other revenue | 4,481 | 4,015 |
| **Total Revenue** | **48,109** | **43,782** |
| | | |
| **Expenses** | | |
| Property operations and maintenance | 23,533 | 21,571 |
| Depreciation and amortization | 18,871 | 20,252 |
| Asset management and other fees | 3,571 | 3,577 |
| General and administrative expenses | 382 | 230 |
| **Total Expenses** | **46,357** | **45,630** |
| | | |
| **Other Income (Expense)** | | |
| Interest expense | (22,790) | (11,810) |
| Loss on asset dispositions | (12,304) | - |
| Increase (decrease) in fair value of derivative financial instrument | (413) | 1,141 |
| **Total Other Expenses** | **(35,507)** | **(10,669)** |
| | | |
| **Net Loss** | **$ (33,755)** | **$ (12,517)** |

The accompanying notes are an integral part of these consolidated financial statements.

**Fundrise MF JV 1, LLC**

**Consolidated Statements of Members' Equity**
(Amounts in thousands)

| | Operating Member | Investor Member | Total Members' Equity |
|---|---|---|---|
| **December 31, 2021** | **$ 21,278** | **$ 191,507** | **$ 212,785** |
| Contributions | 17,261 | 155,339 | 172,600 |
| Distributions | (11,747) | (105,723) | (117,470) |
| Net loss | (1,252) | (11,265) | (12,517) |
| **December 31, 2022** | **$ 25,540** | **$ 229,858** | **$ 255,398** |
| Contributions | 1,400 | 12,600 | 14,000 |
| Distributions | (4,816) | (43,345) | (48,161) |
| Net loss | (3,375) | (30,380) | (33,755) |
| **December 31, 2023** | **$ 18,749** | **$ 168,733** | **$ 187,482** |

The accompanying notes are an integral part of these consolidated financial statements.

**Fundrise MF JV 1, LLC**

**Consolidated Statements of Cash Flows**
(Amounts in thousands)

| | For the Year Ended December 31, 2023 | For the Year Ended December 31, 2022 |
|---|---|---|
| **OPERATING ACTIVITIES:** | | |
| Net loss | $ (33,755) | $ (12,517) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 18,871 | 20,252 |
| Amortization of deferred financing costs | 1,816 | 1,829 |
| Bad debt expense | 340 | 547 |
| (Increase) decrease in fair value of derivative financial instrument | 413 | (1,141) |
| Loss on asset dispositions | 12,304 | - |
| Changes in assets and liabilities: | | |
| Net (increase) decrease in other assets, net | 7 | (554) |
| Net increase (decrease) in accounts payable and accrued expenses | (1,455) | 4,228 |
| Net increase (decrease) in due to related parties | (8) | 154 |
| Net increase (decrease) in rental security deposits and other liabilities | (316) | 367 |
| *Net cash provided by (used in) operating activities* | (1,783) | 13,165 |
| **INVESTING ACTIVITIES:** | | |
| Investment in rental real estate properties | (2,692) | (138,438) |
| Investment in real estate held for improvement | (1,352) | (971) |
| Proceeds received from sale of rental real estate properties | 95,018 | - |
| *Net cash provided by (used in) investing activities* | 90,974 | (139,409) |
| **FINANCING ACTIVITIES:** | | |
| Capital contributions from Members | 14,000 | 172,600 |
| Repayment of mortgages payable | (68,250) | (173,837) |
| Proceeds from mortgages payable | 32,318 | 71,750 |
| Payment of deferred financing fees | (1,242) | (4,638) |
| Proceeds from credit facility | 38,291 | 271,318 |
| Repayment of credit facility | (60,346) | (106,000) |
| Distributions paid to Members | (49,090) | (117,657) |
| *Net cash provided by (used in) financing activities* | (94,319) | 113,536 |
| | | |
| **Net decrease in cash and restricted cash** | **(5,128)** | **(12,708)** |
| **Cash and restricted cash, beginning of year** | **19,338** | **32,047** |
| **Cash and restricted cash, end of year** | **$ 14,210** | **$ 19,339** |
| | | |
| **SUPPLEMENTAL CASH FLOW DISCLOSURES:** | | |
| Cash paid for interest | $ 20,140 | $ 9,175 |
| | | |
| **SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:** | | |
| Change in accrual for improvements in real estate held for improvement | $ 47 | $ - |
| Change in accrual for improvements in rental real estate properties | $ 46 | $ - |
| Distributions payable to Members | $ - | $ 929 |

The accompanying notes are an integral part of these consolidated financial statements.

**Notes to the Consolidated Financial Statements**

## 1. Formation and Organization

Fundrise MF JV 1, LLC was formed on January 20, 2021, as a Delaware limited liability company and is governed by a limited liability company operating agreement (the "Operating Agreement"). The "Company", "we", "us", and "our" collectively refer to Fundrise MF JV 1, LLC and its consolidated subsidiaries except where the context otherwise requires. The Company is owned 10% by Fundrise Balanced eREIT II, LLC (the "Operating Member") and 90% by Fundrise Real Estate Interval Fund, LLC (the "Investor Member") (collectively referred to as "the Members"). The Operating Member serves as the manager of the Company and has responsibility for day-to-day management and operations in accordance with the approved plans and budgets.

Our Members are externally managed by Fundrise Advisors, LLC (the "Manager"), which is an investment adviser registered with the Securities and Exchange Commission ("SEC"), and a wholly-owned subsidiary of Rise Companies Corp. (the "Sponsor").

The Company was organized primarily to originate, invest in, and manage a diversified portfolio of residential real estate properties. The Company substantially commenced operations on March 5, 2021 As of December 31, 2023 the Company has seven residential properties and one parcel of entitled land.

## 2. Summary of Significant Accounting Policies

***Basis of Presentation***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Company has no items of other comprehensive income or loss in any period presented.

***Principles of Consolidation***

We consolidate entities when we own, directly or indirectly, a majority interest in the entity or are otherwise able to control the entity. We consolidate variable interest entities ("VIEs") in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810, *Consolidation*, if we are the primary beneficiary of the VIE as determined by our power to direct the VIE's activities and the obligation to absorb its losses or the right to receive its benefits, which are potentially significant to the VIE. A VIE is broadly defined as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the entity's activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. There were no VIEs as of December 31, 2023 and 2022 or for the years then ended.

All intercompany accounts and transactions have been eliminated in consolidation.

***Estimates***

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

### ***Cash***

Cash may at times exceed the Federal Deposit Insurance Corporation deposit insurance limit of $250,000 per institution. The Company mitigates credit risk by placing cash with major financial institutions. To date, the Company has not experienced any losses with respect to cash.

### ***Restricted Cash***

Restricted cash consists of cash balances restricted in use by contractual obligations with third parties. This may include funds escrowed for tenant security deposits, real estate taxes, property insurance, and mortgage escrows required by lenders on certain of our properties to be used for future building renovations or tenant improvements.

### ***Rental Real Estate Properties and Real Estate Held for Improvement***

Our investments in rental real estate properties and real estate held for improvement may include the acquisition of unimproved land, townhomes, or multifamily properties that are (i) held as rental properties or (ii) held for redevelopment or are in the process of being renovated.

In accordance with FASB ASC 805, *Business Combinations*, the Company first determines whether the acquisition of a property qualifies as a business combination, which requires that the assets acquired and liabilities assumed constitute a business. If the property acquired does not constitute a business, the Company accounts for the transaction as an asset acquisition. The guidance for business combinations states that when substantially all of the fair value of the gross assets to be acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the asset or set of assets is not a business. All property acquisitions to date have been accounted for as asset acquisitions.

Upon acquisition of a property, the Company assesses the fair value of acquired tangible and intangible assets (including land, buildings, site improvements, acquired in-place leases, and other identified intangible assets and assumed liabilities) and allocates the purchase price (including capitalized transaction costs) to the acquired assets and assumed liabilities on a relative fair value basis. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant. During this process, we also evaluate each investment for purposes of determining whether a property can be immediately rented (presented on the consolidated balance sheets as “Investments in rental real estate properties, net”) or will need improvements or redevelopment (presented on the consolidated balance sheets as “Investments in real estate held for improvement”).

The amortization of in-place leases is recorded to depreciation and amortization expense on the Company’s consolidated statements of operations. We consider qualitative and quantitative factors in evaluating the likelihood of a tenant exercising a below-market renewal option and include such renewal options in the calculation of in-place lease value when we consider these to be bargain renewal options.

For rental real estate properties, significant improvements are capitalized. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred. We capitalize expenditures that improve or extend the life of a property and for certain furniture and fixtures additions.

For real estate held for improvement, we capitalize the costs of improvements as a component of our investment in each property. These include renovation costs and other capitalized costs associated with activities that are directly related to preparing our properties for their intended use. Other costs may include interest, property taxes, property insurance, and utilities. The capitalization period associated with our improvement activities begins at such time that development activities commence and concludes at the time that a property is available to be rented or sold.

Costs capitalized in connection with rental real estate property acquisitions and improvement activities are depreciated over their estimated useful lives on a straight-line basis. The depreciation period commences upon the cessation of improvement related activities. For those costs capitalized in connection with rental real estate properties acquisitions and improvement activities and those capitalized on an ongoing basis, the useful lives of the assets are as follows:

| Description | Depreciable Life |
|---|---|
| Building | 25 – 35 years |
| Building improvements | 15 – 30 years |
| Site improvements | 10 – 20 years |
| Furniture and fixtures | 5 – 9 years |
| Lease intangibles | Over lease term |

We evaluate our real estate properties for impairment when there is an event or change in circumstances that indicates an impaired value. If the carrying amount of the real estate investment is no longer recoverable and exceeds the fair value of such investment, an impairment loss is recognized. The impairment loss is recognized based on the excess of the carrying amount of the asset over its fair value. If the Company determines that an impairment has occurred, the affected assets must be reduced to their fair value. For the years ended December 31, 2023 and 2022, no such impairment occurred.

***Deferred Financing Costs***

Deferred financing costs are loan fees, capital markets fees, legal fees and other third-party costs associated with obtaining financing. These costs are amortized over the terms of the respective financing agreements using a method which approximates the effective interest method. Deferred financing costs related to mortgage notes payable are recorded as reduction of the related debt on the accompanying consolidated balance sheets. Deferred financing costs related to loan advances on the Credit Facility, as defined in Note 5, are recorded within "Other assets, net" on the accompanying consolidated balance sheets. The amortization of deferred financing costs is recorded within "Interest expense" on the accompanying consolidated statements of operations.

***Income Taxes***

The Company is treated as a pass-through entity for federal income tax purposes and, as such, is not subject to income taxes at the entity level. Rather, the distributive share of all items of income, gain, loss, deduction, or credit are passed through to the Members and reported on their respective tax returns. The Company's federal tax status as a pass-through entity is based on its default classification as a limited liability company with more than one member, that is treated as a partnership. The Company assessed all of the tax positions it intends to take, both routine and those with a greater level of uncertainty, and determined that no unrecognized tax benefits are required to be recorded. There were no investments during the years ended December 31, 2023 and 2022 that contained any uncertain tax positions that warrant further discussion herein.

The Company has one taxable real estate investment trust ("REIT") subsidiary ("TRS"), which was formed with an effective date of April 1, 2022. As a result of this formation, we will record income tax expense or benefit with respect to our entity that is taxed as a TRS under provisions similar to those applicable to regular corporations and not under the REIT provisions. There was no material TRS income or expense activity during the years ended December 31, 2023 or 2022, and as such no income tax expense was recorded. As of December 31, 2023 and 2022, there are no gross deferred tax assets or liabilities.

The Company files various federal, state, and local tax returns within the United States. No returns are currently under examination; however, the statute of limitations of the Company's federal tax returns generally remains open three years after the date of filing (state and local tax returns may remain open for an additional year depending upon the jurisdiction).

***Revenue Recognition***

Rental and other property revenues are recorded when due from tenants and recognized monthly as earned. Other property revenue consists primarily of administrative, application, and other transactional fees charged to tenants. Advance receipts of rental revenue are deferred until earned and presented as "Rental security deposits and other liabilities" on the consolidated balance sheets. We will periodically review the collectability of our tenant receivables and record an allowance for doubtful accounts for any estimated probable losses. Leases entered into for the rental of an apartment unit or townhome are generally year-to-year, renewable upon consent of both parties on an annual or monthly basis.

*__Recent Accounting Pronouncements__*

In February 2016, the FASB issued Accounting Standards Update 2016-02 ("ASU 2016-02"), *Leases*, which changes the accounting for leases for both lessors and lessees. The guidance requires lessees to recognize right-of-use assets and lease liabilities for virtually all of their leases, including leases embedded in other contractual arrangements, among other changes. The standard was effective for annual reporting periods beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. The Company adopted the new standard as of January 1, 2022. The adoption of the new standard did not have a material impact on our consolidated financial statements.

In June 2016, the FASB issued Accounting Standards Update 2016-13 ("ASU 2016-13"), *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. ASU 2016-13 is effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2022, with early adoption permitted. The Company adopted the new standard as of January 1, 2023, which did not have a material impact on our consolidated financial statements.

In March 2020, the FASB issued Accounting Standards Update 2020-04 ("ASU 2020-04"), *Reference Rate Reform ("Topic 848"),* which eases the potential burden in accounting for reference rate reform on financial reporting. The guidance provided optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. In December 2022, the FASB issued Accounting Standards Update 2022-06 ("ASU 2022-06") deferring the sunset date of *Topic 848* from December 31, 2022, to December 31, 2024. These ASUs are now effective for all entities from March 12, 2020 through December 31, 2024. The Company elected certain optional expedients as of January 1, 2022, related to contract modifications which were accounted for as a continuation of the existing contract and prospectively adjusted effective interest rates of any impacted agreements. We will continue to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

## 3. Investments in Rental Real Estate Properties and Real Estate Held for Improvement

*__Rental Real Estate Properties__*

As of December 31, 2023 and 2022, we had seven and nine rental real estate properties, respectively. The following table presents the Company's investments in rental real estate properties *(amounts in thousands)*:

| | As of December 31, 2023 | As of December 31, 2022 |
|---|---|---|
| Land and land improvements | $ 80,508 | $ 92,374 |
| Building and building improvements | 378,403 | 476,588 |
| Furniture, fixtures and equipment | 13,145 | 16,148 |
| **Total gross investment in rental real estate properties** | **$ 472,056** | **$ 585,110** |
| Less: Accumulated depreciation | (36,027) | (25,626 |
| **Total investment in rental real estate properties, net** | **$ 436,029** | **$ 559,484** |

As of December 31, 2023 and 2022, the carrying amount of the rental real estate properties above included cumulative capitalized transaction costs of approximately $7.4 million and $9.2 million, respectively, which includes cumulative acquisition fees paid to the Sponsor of approximately $4.7 million and $5.8 million, respectively.

For the years ended December 31, 2023 and 2022, the Company recognized approximately $18.9 million and $17.9 million, respectively, of depreciation expense on rental real estate properties.

*Acquisitions*

For the years ended December 31, 2023 and 2022, the Company acquired zero and two rental real estate properties, respectively. The following table summarizes the asset acquisition allocation for our investments in rental real estate properties (*amounts in thousands*):

| | For the Year Ended December 31, 2023 | For the Year Ended December 31, 2022 |
|---|---|---|
| Land and land improvements | $ - | $ 38,713 |
| Building and building improvements | - | 93,568 |
| Furniture, fixtures and equipment | - | 3,876 |
| In-place leases | - | 1,181 |
| **Total acquisition cost [(1)]** | **$ -** | **$ 137,338** |

(1) Rental real estate properties acquired were funded with cash, contributions paid directly by Members, and mortgages payable. For the year ended December 31, 2022, total acquisition cost excludes approximately $1.1 million of subsequent improvements in rental real estate properties. There were no rental real estate properties acquired during the year ended December 31, 2023.

*Dispositions*

During the years ended December 31, 2023 and 2022, the Company disposed of two and zero rental real estate properties, respectively. Net proceeds from the sales totaled approximately $95.0 million and losses of approximately $12.3 million were incurred. Losses on disposition of real estate are recognized net of costs and selling expenses at the time the property is delivered, and title and possession are transferred to the buyer.

***Real Estate Held for Improvement***

As of December 31, 2023 and 2022, the Company had one real estate property held for improvement. The following table presents the Company's investment in real estate held for improvement (*amounts in thousands*):

| | As of December 31, 2023 | As of December 31, 2022 |
|---|---|---|
| Land | $ 5,128 | $ 5,128 |
| Work in progress | 2,394 | 995 |
| **Total investment in real estate held for improvement** | **$ 7,522** | **$ 6,123** |

As of December 31, 2023 and 2022, real estate held for improvement included capitalized transaction costs of approximately $67,000, which includes cumulative acquisition fees paid to an affiliate of the Members of approximately $51,000.

## 4. Other Assets, net

The balance in other assets, net consists of the following (*amounts in thousands*):

| | As of December 31, 2023 | As of December 31, 2022 |
|---|---|---|
| Deferred financing costs, net | $ 1,748 | $ 2,910 |
| Tenant receivables, net | 1,259 | 383 |
| Prepaid and other expenses | 523 | 1,745 |
| **Total other assets, net** | **$ 3,530** | **$ 5,038** |

As of December 31, 2023 and 2022, total deferred financing costs related to the Credit Facility incurred were approximately $4.0 million and $3.8 million, respectively. For the years ended December 31, 2023 and 2022, amortization expense on deferred financing costs was approximately $1.4 million and $904,000, respectively, and is included in "Interest expense" in the consolidated statements of operations.

As of December 31, 2023 and 2022 tenant receivables were recorded net of an allowance for credit losses of approximately $27,000 and $74,000, respectively. For the years ended December 31, 2023 and 2022, the Company recorded approximately $340,000 and $547,000, respectively, in bad debt expense and is included as a reduction in "Rental revenue" in the consolidated statements of operations.

For the years ended December 31, 2023 and 2022, amortization of in-place lease assets was approximately $0 and $2.4 million, respectively, and is included in "Depreciation and amortization" in the consolidated statements of operations. The in-place lease assets were fully amortized as of December 31, 2023 and 2022.

## 5. Credit Facility

On March 9, 2022, Fundrise MF Facility 1 Borrower, LLC (the "Borrower LLC"), a subsidiary of the Company, executed an agreement for a revolving credit facility with an initial commitment of $125.0 million and a maximum commitment capacity available to the Company of up to $400.0 million, secured by real property owned by the Borrower's subsidiaries (the "Credit Facility"). The Credit Facility was amended on May 18, 2022 to increase the commitment amount to $175.0 million. The Credit Facility bears interest at the secured overnight financing rate, or SOFR, with a 0% floor, plus an applicable margin that ranges from 0.75% to 1.75%. During the years ended December 31, 2023 and 2022, the all-in interest rates ranged from approximately 6.0% to 7.0% and 2.1% to 5.7%, respectively. The Credit Facility calls for monthly interest payments for the entire term of the loan. The Credit Facility balance can also be drawn on and repaid with no penalty. The Credit Facility matures on March 9, 2025, with two twelve-month extension options at our discretion subject to meeting certain requirements. For the years ended December 31, 2023 and 2022, we incurred interest expense of approximately $10.9 million and $3.1 million, respectively, on the outstanding principal. As of December 31, 2023 and 2022, approximately $84,000 and $182,000, respectively, of interest was payable to the lender, and is included in "Accounts payable and accrued expenses" in the consolidated balance sheets.

The Credit Facility contains various financial and non-financial covenants. Included in these covenants are general liquidity and net worth requirements for the Borrower LLC and the Operating Member. The Operating Member is a guarantor, under certain circumstances outlined in the Credit Facility agreement. As of December 31, 2023, the Borrower LLC and Operating Member were in compliance with all financial and non-financial covenants per the Credit Facility agreement.

The following is a summary of the Credit Facility secured by the Company's properties as of December 31, 2023 (*dollar amounts in thousands*):

| Borrower | Commitment Amount (4) | Maturity Date | Interest Rate | Balance as of December 31, 2023 (1)(2) | Balance as of December 31, 2022 (1)(3) |
|---|---|---|---|---|---|
| Fundrise MF Facility 1 Borrower, LLC | $ 175,000 | 03/09/2025 | SOFR (0% floor) + 1.75% margin benchmark rate or 0.75% base rate | $ 143,263 | $ 165,318 |

(1) Excludes net deferred financing costs of approximately $1.7 million and $2.9 million, respectively, as of December 31, 2023 and 2022. These unamortized deferred financing costs are included in "Other assets, net" on the consolidated balance sheet.

(2) As of December 31, 2023 the Credit Facility was secured by the real estate investments held by FRMF-MAITLAND, LLC, FRMF-CHARLESTON, LLC, FRMF-WOODLANDS, LP, and FRMF-VEGAS, LLC.

(3) As of December 31, 2022 the Credit Facility was secured by the real estate investments held by FRMF-GTOWN-OPS, LP, FRMF-MAITLAND, LLC, FRMF-CHARLESTON, LLC, FRMF-HUMBLW, LP, and FRMF-WOODLANDS, LP.

(4) As of December 31, 2023 and 2022, the commitment amount is $175.0 million, with a maximum commitment capacity available to the Borrower LLC of up to $400.0 million.

The following table presents the expected future principal payments due under the Company's Credit Facility as of December 31, 2023 *(dollar amounts in thousands)*:

| Year | Amount |
|---|---|
| 2024 | $ - |
| 2025 | 143,263 |
| 2026 | - |
| 2027 | - |
| 2028 and thereafter | - |
| **Total** | **$143,263** |

## 6. Mortgages Payable

The following is a summary of the mortgage notes secured by the Company's properties as of December 31, 2023 and 2022 *(amounts in thousands)*:

| Borrower [1] | Loan Effective Date | Amount of Loan | Interest Rate as of December 31, 2023 | Interest Rate as of December 31, 2022 | Maturity Date | Balance as of December 31, 2023 | Balance as of December 31, 2022 |
|---|---|---|---|---|---|---|---|
| FRMF-ODESSA, LLC [2] | 12/30/2021 | $ 64,501 | SOFR (0% floor) + 2.31% margin | SOFR (0% floor) + 2.31% margin | 12/30/2031 | $ 64,501 | $ 64,501 |
| FRMF-PINELLAS, LLC [3] | 10/14/2021 | $ 37,000 | SOFR + 1.75% spread (with a 1.75% total floor) | SOFR + 1.75% spread (with a 1.75% total floor) | 2/12/2024 | $ - | $ 26,000 |
| FRMF-MYRTLE, LLC [2] | 06/30/2022 | $ 29,500 | SOFR (0% floor) + 1.80% margin | SOFR (0% floor) + 1.80% margin | 06/30/2025 | $ 29,500 | $ 29,500 |
| FRMF-GTOWN-OPS, LP [2] | 07/21/2023 | $ 32,318 | 5.21% fixed | N/A | 08/01/2028 | $ 32,318 | $ - |

(1) Each loan above was entered into or assumed by a wholly owned subsidiary (each a Borrower) of the Company. Each Borrower is a separate legal entity from its affiliates and therefore the assets and credit of each Borrower are not available to satisfy the debts and other obligations of any affiliates or any other entity. The Operating Member is the guarantor, under certain circumstances outlined in the loan agreements, of each of the loans above.

(2) The loan calls for interest-only payments for the entire term of the loan and a principal balloon payment at maturity, with no options to extend.

(3) The initial loan executed on October 14, 2021 called for interest-only payments for the entire term of the loan and a principal balloon payment at maturity, with one option to extend, for an additional one-year period with the extension option at our discretion subject to meeting certain requirements. The one year option was exercised on October 14, 2022. In connection with the extension, approximately $11.0 million of the mortgage loan was repaid and the contractual interest was adjusted, as outlined above. On October 14, 2023, the loan was extended for an additional four months. On December 28, 2023, the loan was fully paid off as part of the sale of FRMF-PINELLAS, LLC.

The mortgage notes listed below were entered into during the year ended December 31, 2022 and subsequently refinanced onto the Credit Facility (Note 5) during the year ended December 31, 2023 *(amounts in thousands)*:

| Borrower | Loan Effective Date | Amount of Loan | Loan Interest Rate as of December 31, 2022 | Loan Maturity Date | Date Refinanced onto Credit Facility | Balance as of December 31, 2023 | Balance as of December 31, 2022 |
|---|---|---|---|---|---|---|---|
| FRMF-VEGAS, LLC | 02/25/2022 | $ 42,250 | SOFR (0% floor) + 1.40% margin | 08/25/2023 | 08/22/2023 | $ - | $ 42,250 |

For the years ended December 31, 2023 and 2022, we incurred interest expense related to our mortgages payable of approximately $10.1 million and $7.8 million, respectively. Approximately $751,000 and $938,000 remained payable as of December 31, 2023 and 2022, respectively. None of the outstanding interest as of December 31, 2023 was related to the mortgages refinanced onto the Credit Facility during the year ended December 31, 2023.

The mortgage notes contain various financial and non-financial covenants. Included in these covenants are general liquidity, net worth, and contingent liability requirements for the Company and Operating Member. As of December 31, 2023 and 2022, the Company and Operating Member were in compliance with all financial and non-financial covenants per the mortgage notes.

As of December 31, 2023 and 2022, total financing costs related to mortgage loans incurred were approximately $2.2 million and $1.5 million, respectively. Net financing costs are reflected on the consolidated balance sheets as a reduction to the related mortgage payable, which totaled approximately $1.6 million and $1.0 million as of December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, amortization of financing costs was approximately $435,000 and $925,000, respectively, and is included in "Interest expense" in the consolidated statements of operations.

The following table presents the future principal payments due under the Company's mortgage notes as of December 31, 2023 *(dollar amounts in thousands)*:

| Year | Amount |
|---|---|
| 2024 | - |
| 2025 | 29,500 |
| 2026 | - |
| 2027 | - |
| 2028 and thereafter | 96,819 |
| **Total** | **$ 126,319** |

## 7. Derivative Financial Instrument

Effective December 29, 2021, we entered into an interest rate cap agreement for $140,000 with a notional amount of approximately $64.5 million and a strike rate of 3.69% to manage our exposure to interest rate risk on the FRMF-ODESSA, LLC variable rate debt (see Note 6). The interest rate cap is not for trading or other speculative purposes.

The interest rate cap agreement matures on January 1, 2025. We have not designated the interest rate cap as a cash flow hedge, therefore the derivative does not qualify for hedge accounting. Accordingly, changes in the fair value of the interest rate cap are recognized immediately through earnings. For the years ended December 31, 2023 and 2022, we recognized an increase (decrease) in the fair value of the interest rate cap of approximately ($413,000) and $1.1 million, respectively, recorded as "Increase (decrease) in fair value of derivative financial instrument" in our consolidated statements of operations.

The fair value of our derivative is estimated based on observable market inputs, such as interest rate, term to maturity and volatility, as well as unobservable inputs, such as estimates of current credit spreads. The fair value of our derivative instrument as of December 31, 2023 and 2022 is shown below (*dollar amounts in thousands*):

| Derivative Instrument | Notional Amount | Effective Date | Maturity Date | Fair Value as of December 31, 2023 | Fair Value as of December 31, 2022 |
|---|---|---|---|---|---|
| Interest Rate Cap | $ 64,501 | 12/29/2021 | 1/1/2025 | $ 853 | $ 1,266 |

## 8. Fair Value of Financial Instruments

We are required to disclose an estimate of fair value of our financial instruments for which it is practicable to estimate the value. The fair value of a financial instrument is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. For certain of our financial instruments, fair values are not readily available since there are no active trading markets as characterized by current exchanges by market participants.

We determine the fair value of certain investments in accordance with the fair value hierarchy that requires an entity to maximize the use of observable inputs. The fair value hierarchy includes the following three levels based on the objectivity of the inputs, which were used for categorizing the assets or liabilities for which fair value is being measured and reported:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Significant other observable inputs (e.g., quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs).

Level 3 – Valuation generated from model-based techniques that use inputs that are significant and unobservable in the market. These unobservable assumptions reflect estimates of inputs that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow methodologies or similar techniques, which incorporate management's own estimates of assumptions that market participants would use in pricing the instrument or valuations that require significant management judgment or estimation.

As of December 31, 2023 and 2022, the Company's significant financial instruments consist of cash, restricted cash, the derivative financial instrument, mortgage payables, and the outstanding principal on the Credit Facility.

The carrying amount of the Company's cash and restricted cash as of December 31, 2023 and 2022 approximates fair value due to its short-term nature.

The only asset or liability as of December 31, 2023 and 2022 that is recorded at fair value on a recurring basis is the derivative financial instrument. As of December 31, 2023 and 2022, management estimated the fair value of our derivative financial instrument to be approximately $853,000 and $1.3 million, respectively. We classify this fair value measurement as Level 2 as we use significant other observable inputs such as interest rate, term to maturity and volatility.

As of December 31, 2023 and 2022, the Credit Facility outstanding principal carrying value was approximately $143.3 million and $165.3 million, respectively, and the aggregate fair value approximated its carrying value. The fair value of our borrowings under variable rate agreements are estimated using a present value technique based on expected cash flows discounted using the current market rates (Level 3).

As of December 31, 2023 and 2022, the mortgages payable outstanding principal carrying value was approximately $126.3 million and $162.3 million, respectively, and the aggregate fair value approximated its carrying value. We classify the mortgage payable fair value measurements as Level 3 as we use significant unobservable inputs and management judgment. The methods utilized generally included a discounted cash flow method (an income approach) and recent investment method (a market approach). Significant inputs and assumptions include the market-based interest or preferred return rate, loan to value ratios, and expected repayment and prepayment dates.

Any changes to the valuation methodology will be reviewed by management to ensure the changes are appropriate. The methods used may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, while we anticipate that our valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value could result in a different estimate of fair value at the reporting date.

**9. Members' Equity**

Capital contributions are required from the Members on a pro rata basis as defined in the Operating Agreement. For the years ended December 31, 2023 and 2022, capital contributions totaled approximately $14.0 million and $172.6 million, respectively.

Distributions shall be made to the Operating Member and the Investor Member pro rata in proportion to their respective ownership percentages. For the years ended December 31, 2023 and 2022, the Company's total distributions declared to Members was approximately $48.2 million and $117.5 million, respectively. Approximately $0 and $929,000 of distributions were payable as of December 31, 2023 and 2022, respectively.

The Company's net income or loss is allocated to Operating Member and the Investor Member pro rata in proportion to their respective ownership percentages.

**10. Property Management Agreements**

The Company enters into property management agreements with third parties for all properties. As of December 31, 2023, the Company has active agreements with two third party property managers. Property management fees for these agreements are 2.5% of gross receipts as defined in the property management agreements, with minimums ranging from $5,000 to $8,500 per month. The agreements automatically renew for monthly or yearly periods, and may be terminated by either party via written notice. As of December 31, 2023, there are four and three properties, respectively, managed by each of the two property managers.

For the years ended December 31, 2023 and 2022, the Company incurred property management fees of approximately $1.2 million, which are included in "Property operations and maintenance" expense on the accompanying consolidated statements of operations.

**11. Related Party Transactions**

*Operating Expenses*

Under the terms of the Operating Agreement, the Company shall pay or reimburse the Operating Member for expenses incurred directly related to the operation, maintenance, and administration of the Company. For the years ended December 31, 2023 and 2022, the Operating Member incurred approximately $0 and $4,000, respectively, of reimbursable operating costs on our behalf. As of December 31, 2023 and 2022, no reimbursable operating costs were payable.

*Affiliate Service Agreement*

Effective January 1, 2022, the Company entered into a real estate services agreement (the "Service Agreement") with Fundrise Real Estate, LLC, a subsidiary of the Sponsor. The Service Agreement outlines various services Fundrise Real Estate, LLC agrees to perform as an independent contractor on a non-exclusive basis, including but not limited to real estate asset management, origination and acquisition services, loan servicing, and development and entitlement services. Compensation for such services is paid to Fundrise Real Estate, LLC as described in the Service Agreement.

For the years ended December 31, 2023 and 2022, the Company incurred asset management fees of approximately $3.1 million and $3.1 million, respectively, and debt servicing fees of approximately $482,000 and $439,000, respectively, which are both included in “Asset management and other fees” on the accompanying consolidated statements of operations. For the years ended December 31, 2023 and 2022, the Company incurred development fees of approximately $96,000 and $0, respectively, which are included in “Investments in real estate held for improvement” on the accompanying consolidated balance sheets. As of December 31, 2023 and 2022, approximately $265,000 and $310,000, respectively, were payable to Fundrise Real Estate, LLC.

For the years ended December 31, 2023 and 2022, the Company incurred capital markets fees of approximately $0 and $1.2 million, respectively. As of December 31, 2023 and 2022, no capital markets fees were payable to Fundrise Real Estate, LLC.

We pay a one-time acquisition fee equal to 1.0% of the purchase price of each real estate property acquired. Acquisition fees are capitalized in “Investments in rental real estate properties” and “Investments in real estate held for improvement” in the consolidated balance sheets. For the years ended December 31, 2023 and 2022, total acquisition fees paid were approximately $0 and $1.4 million, respectively. As of December 31, 2023 and 2022, no acquisition fees were payable.

We pay a one-time disposition fee equal to 1.0% of the sales price of each real estate property sold. For the years ended December 31, 2023 and 2022, total disposition fees paid were approximately $974,000 and $0, respectively, and are included in “Loss on asset dispositions” in the consolidated statements of operations. As of December 31, 2023 and 2022, no disposition fees were payable.

## 12. Commitments and Contingencies

*Litigation*

In the ordinary course of business, we may become subject to litigation or claims. As of December 31, 2023 and 2022, there were no material pending legal proceedings to which the Company is a party.

## 13. Subsequent Events

In connection with the preparation of the accompanying consolidated financial statements, we have evaluated events and transactions occurring through February 23, 2024, for potential recognition or disclosure. We have determined that there are no events and transactions that have occurred through February 23, 2024 that require potential recognition or disclosure.

**Supplementary Information**

**Consolidating Balance Sheet**
*(Amounts in thousands)*

| | Fundrise MF JV 1, LLC<br>*rounded*<br>**As of December 31, 2023** | Fundrise MF PORTFOLIO, LLC<br>*rounded*<br>**As of December 31, 2023** | Fundrise MF FACILITY 1 BORROWER, LLC<br>*rounded*<br>**As of December 31, 2023** | Fundrise MF TRS 1, LLC<br>*rounded*<br>**As of December 31, 2023** | FRMF-GTOWN-OPS, LP<br>*rounded*<br>**As of December 31, 2023** | FRMF-ODESSA, LLC<br>*Rounded*<br>**As of December 31, 2023** |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash | $ 2,493 | $ - | $ 614 | $ - | $ 378 | $ 173 |
| Restricted cash | - | - | - | - | 1,452 | 1,635 |
| Other assets, net | 43 | - | 1,748 | - | 43 | 331 |
| Derivative financial instrument | - | - | - | - | - | 853 |
| Investments in subsidiaries | 227,338 | 227,284 | 120,696 | - | - | - |
| Investments in real estate held for improvement | - | - | - | - | - | - |
| Investments in rental real estate properties, net | - | - | - | - | 47,169 | 79,420 |
| **Total Assets** | **$ 229,874** | **$ 227,284** | **$ 123,058** | **$ -** | **$ 49,042** | **$ 82,412** |
| | | | | | | |
| **LIABILITIES AND MEMBERS' EQUITY** | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued expenses | $ 155 | $ - | $ 84 | $ 8 | $ 1,294 | $ 592 |
| Due to related parties | 275 | 2 | 16 | - | - | - |
| Rental security deposits and other liabilities | - | - | - | - | 111 | 172 |
| Mortgages payable, net | - | - | - | - | 31,407 | 64,001 |
| Credit facility | - | - | 143,263 | - | - | - |
| **Total Liabilities** | **430** | **2** | **143,363** | **8** | **32,812** | **64,765** |
| | | | | | | |
| **Total Members' Equity** | **229,444** | **227,282** | **(20,305)** | **(8)** | **16,230** | **17,647** |
| **Total Liabilities and Members' Equity** | **$ 229,874** | **$ 227,284** | **$ 123,058** | **$ -** | **$ 49,042** | **$ 82,412** |

**Supplementary Information (continued)**

**Consolidating Balance Sheet**
**(continued)**
*(Amounts in thousands)*

| | FRMF-MAITLAND, LLC | FRMF-CHARLESTON, LLC | FRMF-HUMBLE, LP | FRMF-PINELLAS, LLC | FR HERON BAY, LLC | FRMF-WOODLANDS, LP |
|---|---|---|---|---|---|---|
| | *rounded* | *rounded* | *rounded* | *rounded* | *rounded* | *rounded* |
| | **As of December 31, 2023** | **As of December 31, 2023** | **As of December 31, 2023** | **As of December 31, 2023** | **As of December 31, 2023** | **As of December 31, 2023** |
| **ASSETS** | | | | | | |
| Cash | $ 659 | $ 1,170 | $ 1,746 | $ 720 | $ - | $ 1,871 |
| Restricted cash | 103 | 147 | - | - | - | 140 |
| Other assets, net | 126 | 88 | 237 | 594 | - | 109 |
| Derivative financial instrument | - | - | - | - | - | - |
| Investments in subsidiaries | - | - | - | - | - | - |
| Investments in real estate held for improvement | - | - | - | - | 7,522 | - |
| Investments in rental real estate properties, net | 76,575 | 50,987 | - | - | - | 52,125 |
| **Total Assets** | **$ 77,463** | **$ 52,392** | **$ 1,983** | **$ 1,314** | **$ 7,522** | **$ 54,245** |
| | | | | | | |
| **LIABILITIES AND MEMBERS' EQUITY** | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued expenses | $ 90 | $ 899 | $ 150 | $ 75 | $ 47 | $ 1,050 |
| Due to related parties | - | - | - | - | - | - |
| Rental security deposits and other liabilities | 113 | 155 | - | - | - | 147 |
| Mortgages payable, net | - | - | - | - | - | - |
| Credit facility | - | - | - | - | - | - |
| **Total Liabilities** | **203** | **1,054** | **150** | **75** | **47** | **1,197** |
| | | | | | | |
| **Total Members' Equity** | **77,260** | **51,338** | **1,833** | **1,239** | **7,475** | **53,048** |
| **Total Liabilities and Members' Equity** | **$ 77,463** | **$ 52,392** | **$ 1,983** | **$ 1,314** | **$ 7,522** | **$ 54,245** |

**Supplementary Information (continued)**

**Consolidating Balance Sheet**
**(continued)**
*(Amounts in thousands)*

| | FRMF-VEGAS, LLC | FRMF-MYRTLE, LLC | *Eliminations* | *MF JV 1, LLC Consolidated* |
|---|---|---|---|---|
| | *rounded* | *rounded* | *rounded* | *rounded* |
| | **As of December 31, 2023** | **As of December 31, 2023** | **As of December 31, 2023** | **As of December 31, 2023** |
| **ASSETS** | | | | |
| Cash | $ 504 | $ 217 | $ - | $ 10,545 |
| Restricted cash | 109 | 79 | - | 3,665 |
| Other assets, net | 149 | 62 | - | 3,530 |
| Derivative financial instrument | - | - | - | 853 |
| Investments in subsidiaries | - | - | (575,318) | - |
| Investments in real estate held for improvement | - | - | - | 7,522 |
| Investments in rental real estate properties, net | 76,667 | 53,086 | - | 436,029 |
| **Total Assets** | **$ 77,429** | **$ 53,444** | **$ (575,318)** | **$ 462,144** |
| | | | | |
| **LIABILITIES AND MEMBERS' EQUITY** | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | $ 93 | $ 960 | $ - | $ 5,497 |
| Due to related parties | - | - | - | 293 |
| Rental security deposits and other liabilities | 111 | 82 | - | 891 |
| Mortgages payable, net | - | 29,310 | - | 124,718 |
| Credit facility | - | - | - | 143,263 |
| **Total Liabilities** | **204** | **30,352** | **-** | **274,662** |
| | | | | |
| **Total Members' Equity** | **77,225** | **23,092** | **(575,318)** | **187,482** |
| **Total Liabilities and Members' Equity** | **$ 77,429** | **$ 53,444** | **$ (575,318)** | **$ 462,144** |

**Supplementary Information (continued)**

## Consolidating Statement of Operations

*(Amounts in thousands)*

| | Fundrise MF JV 1, LLC | Fundrise MF PORTFOLIO, LLC | Fundrise MF FACILITY 1 BORROWER, LLC | Fundrise MF TRS 1, LLC | FRMF-GTOWN-OPS, LP | FRMF-ODESSA, LLC |
|---|---|---|---|---|---|---|
| | *rounded* | *rounded* | *rounded* | *rounded* | *rounded* | *rounded* |
| | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** |
| **Revenue** | | | | | | |
| Rental revenue | $ - | $ - | $ - | $ - | $ 4,627 | $ 7,763 |
| Other revenue | 153 | - | - | - | 389 | 759 |
| **Total Revenue** | **153** | **-** | **-** | **-** | **5,016** | **8,522** |
| **Expenses** | | | | | | |
| Property operations and maintenance | - | - | - | - | 2,449 | 3,463 |
| Depreciation and amortization | - | - | - | - | 1,707 | 3,022 |
| Asset management and other fees | 3,571 | - | - | - | - | - |
| General and administrative expenses | 312 | 11 | 37 | 22 | - | - |
| **Total Expenses** | **3,883** | **11** | **37** | **22** | **4,156** | **6,485** |
| **Other Income (Expense)** | | | | | | |
| Interest expense | - | - | (12,250) | - | (850) | (3,984) |
| Loss on asset dispositions | - | - | - | - | - | - |
| Increase (decrease) in fair value of derivative financial instrument | - | - | - | - | - | (413) |
| **Total Other Income (Expenses)** | **-** | **-** | **(12,250)** | **-** | **(850)** | **(4,397)** |
| **Net Income (Loss)** | **$ (3,730)** | **$ (11)** | **$ (12,287)** | **$ (22)** | **$ 10** | **$ (2,360)** |

**Supplementary Information (continued)**

**Consolidating Statement of Operations**
**(continued)**
*(Amounts in thousands)*

| | FRMF-MAITLAND, LLC | FRMF-CHARLESTON, LLC | FRMF-HUMBLE, LP | FRMF-PINELLAS, LLC | FR HERON BAY, LLC | FRMF-WOODLANDS, LP |
|---|---|---|---|---|---|---|
| | *rounded* | *rounded* | *rounded* | *rounded* | *rounded* | *rounded* |
| | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** | **For the Year Ended December 31, 2023** |
| **Revenue** | | | | | | |
| Rental revenue | $ 6,931 | $ 4,752 | $ 4,148 | $ 4,809 | $ - | $ 4,396 |
| Other revenue | 442 | 506 | 399 | 430 | - | 388 |
| **Total Revenue** | **7,373** | **5,258** | **4,547** | **5,239** | **-** | **4,784** |
| | | | | | | |
| **Expenses** | | | | | | - |
| Property operations and maintenance | 3,194 | 2,473 | 3,021 | 2,583 | - | 2,820 |
| Depreciation and amortization | 2,804 | 1,964 | 1,430 | 2,018 | - | 1,892 |
| Asset management and other fees | - | - | - | - | - | - |
| General and administrative expenses | - | - | - | - | - | - |
| **Total Expenses** | **5,998** | **4,437** | **4,451** | **4,601** | **-** | **4,712** |
| | | | | | | |
| **Other Income (Expense)** | | | | | | |
| Interest expense | - | - | - | (1,780) | - | - |
| Loss on asset dispositions | - | - | (3,518) | (8,786) | - | - |
| Increase (decrease) in fair value of derivative financial instrument | - | - | - | - | - | - |
| **Total Other Income (Expenses)** | **-** | **-** | **(3,518)** | **(10,566)** | **-** | **-** |
| | | | | | | |
| **Net Income (Loss)** | **$ 1,375** | **$ 821** | **$ (3,422)** | **$ (9,928)** | **$ -** | **$ 72** |

**Supplementary Information (continued)**

**Consolidating Statement of Operations**
**(continued)**
*(Amounts in thousands)*

| | FRMF-VEGAS, LLC<br>*rounded*<br>**For the Year Ended December 31, 2023** | FRMF-MYRTLE, LLC<br>*rounded*<br>**For the Year Ended December 31, 2023** | *Eliminations*<br>*rounded*<br>**For the Year Ended December 31, 2023** | *MF JV 1, LLC Consolidated*<br>*rounded*<br>**For the Year Ended December 31, 2023** |
|---|---|---|---|---|
| **Revenue** | | | | |
| Rental revenue | $ 3,672 | $ 2,530 | $ - | $ 43,628 |
| Other revenue | 776 | 239 | - | 4,481 |
| **Total Revenue** | **4,448** | **2,769** | **-** | **$ 48,109** |
| | | | | |
| **Expenses** | | | | |
| Property operations and maintenance | 1,708 | 1,822 | - | 23,533 |
| Depreciation and amortization | 2,078 | 1,956 | - | 18,871 |
| Asset management and other fees | - | - | - | 3,571 |
| General and administrative expenses | - | - | - | 382 |
| **Total Expenses** | **3,786** | **3,778** | **-** | **46,357** |
| | | | | |
| **Other Income (Expense)** | | | | |
| Interest expense | (1,836) | (2,090) | - | (22,790) |
| Loss on asset dispositions | - | - | - | (12,304) |
| Increase (decrease) in fair value of derivative financial instrument | - | - | - | (413) |
| **Total Other Income (Expenses)** | **(1,836)** | **(2,090)** | **-** | **(35,507)** |
| | | | | |
| **Net Income (Loss)** | **$ (1,174)** | **$ (3,099)** | **$ -** | **$ (33,755)** |