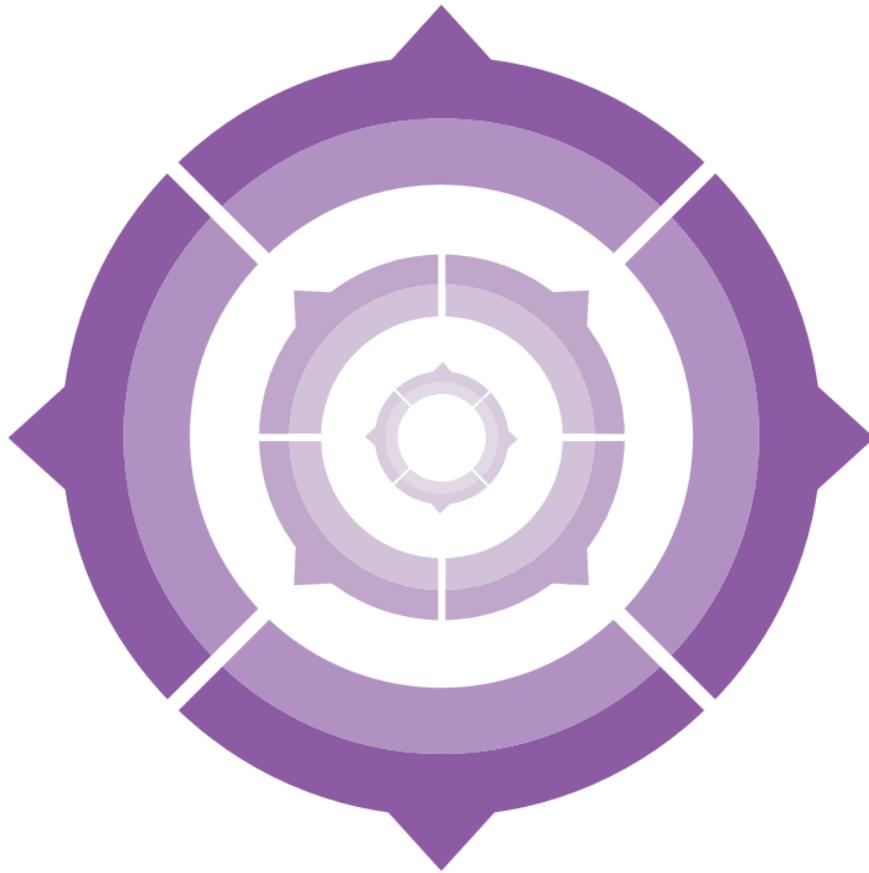


CROWDFUNDING MARKET REPORT

FACTS AND FIGURES Q2 2014 BY CROWD VALLEY INC



**CROWD
VALLEY**

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EXECUTIVE SUMMARY

Being an infrastructure provider for the international crowdfunding market, Crowd Valley has gained a central position in this space. This gives the company a broad overview on the sector's most recent developments, with data collected on thousands of individuals and companies to date. The present report is based on surveying a randomly-selected sample of more than 100 individuals and companies out of the ones that have expressed an interest in entering the crowdfunding market during the second quarter of 2014. Therefore, the analysis provides probably the first data-driven insights on how the international crowdfunding sector is developing in Q2 2014.

The demand for crowdfunding technologies is still mainly based in the USA and it is above all directed at equity investment models for private companies. Nevertheless, during this quarter Crowd Valley observed a steep increase in the demand for real estate platforms. Other regions including Europe also play a major role in the crowdfunding sector, representing a significant proportion of the total demand for crowdfunding services.

In Q2 2014, the variety of organizations and professionals interested in entering this new financial market is even vaster. In particular, many actors coming from the traditional finance sector (i.e. broker dealers, asset managers, investment advisors, private equity funds, etc.) have shown an interest in crowdfunding. This seems to confirm what Crowd Valley always believed: crowdfunding will bring about a paradigm shift, affecting not only the early stage finance world, but the entire financial industry.

INTRODUCTION

Many important milestones have been achieved in the securities crowdfunding industry in the second quarter of 2014. In addition to the important regulatory changes in Europe, specifically the UK, France and Spain in Q1 2014, Q2 has seen continued change in a positive direction. Large countries like Australia, India, China and Japan have started drafting rules for securities crowdfunding.

In this report, Crowd Valley has examined a randomly-selected sample of more than 100 observations from across six continents, in order to unveil some of the most interesting trends in the crowdfunding sector, which are presented in the following sections.

Disclaimer on data collection

It should be taken into account that the sample used to analyze the market trends is composed only of organizations and professionals who approached Crowd Valley due to interest in one or more of the company's services.

INVESTMENT MODELS

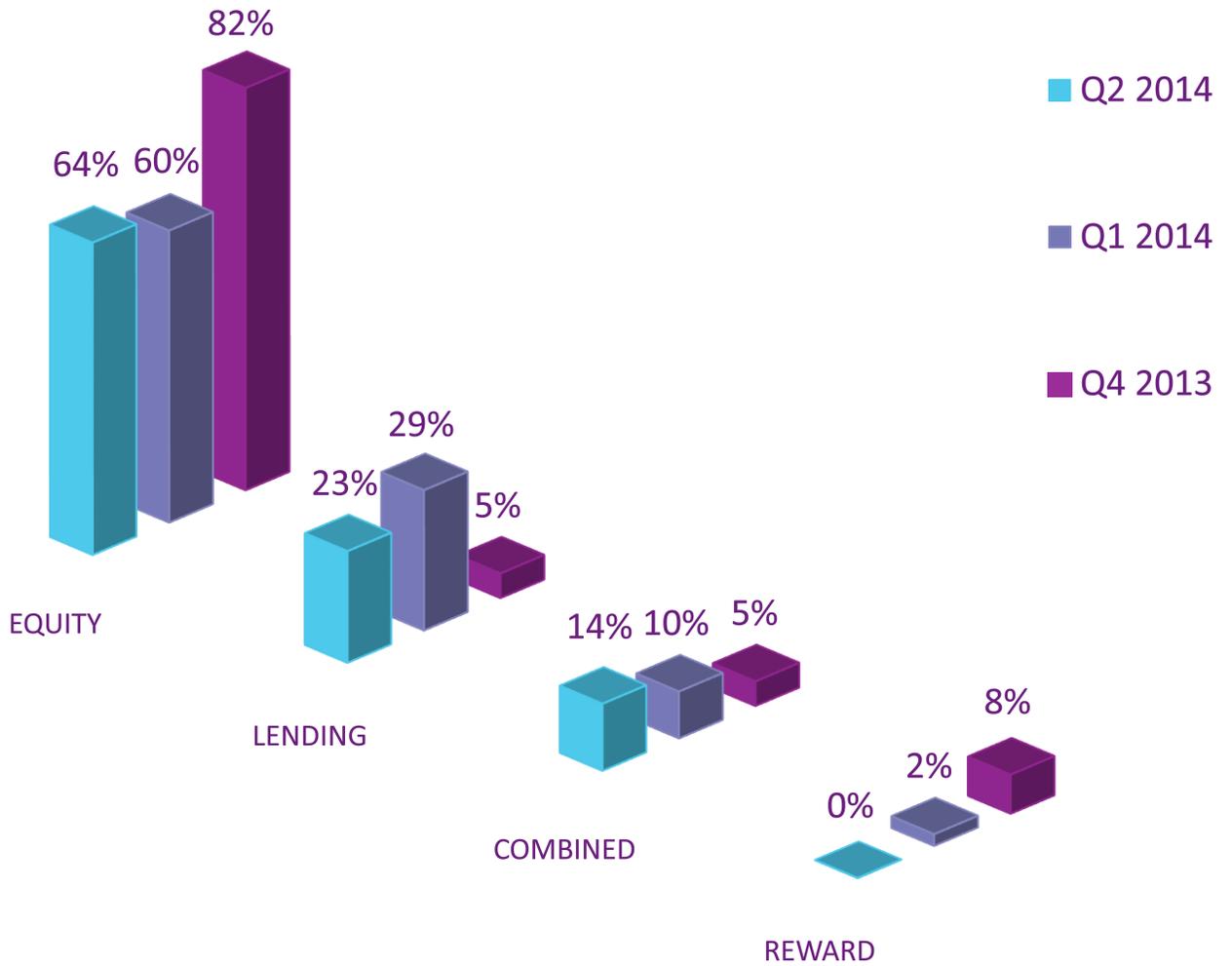
Being a provider of technologies, services and methodologies for securities professional looking to get involved in this new financial market, Crowd Valley seeks to understand the demand for the different investment models.

The company identified four main categories of investment models:

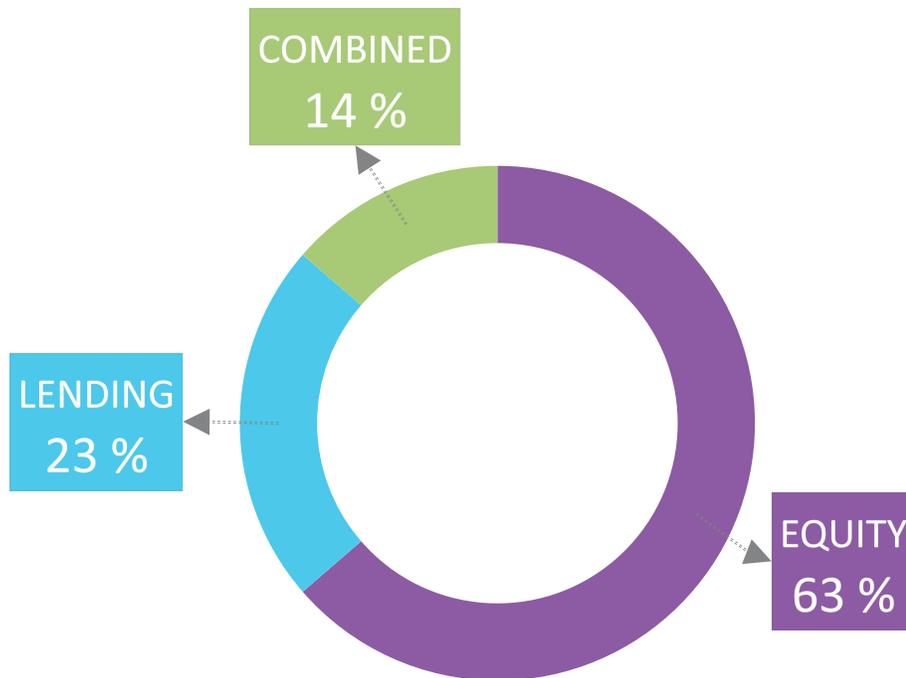
- 1) Equity-based crowdfunding;
- 2) Lending, which includes peer-to-peer lending, business loans and other forms of lending;
- 3) Reward-based crowdfunding;
- 4) Combined, which refers to those cases where two or more of the aforementioned models are combined in one platform.

The charts below show the percentages each investment model held on the total demand for crowdfunding operations during Q4 2013, Q1 2014 as well as Q2 2014. Equity crowdfunding still holds its ground as the funding model with the highest demand, making a slight increase in market share from the previous quarter. The demand for lending models has fallen from 29% to 23% during the most recent quarter. Although the demand for equity and lending models is seemingly volatile, we have spotted two consistent quarter-over-quarter trends in reward as well as combined funding models. The demand for combined funding models has steadily risen from 5% to 14% during the past three quarters, this could be because companies are realizing the value in giving investors access to different types of opportunities through the same portal. The demand for reward based crowdfunding has fallen from 8% to 0% during the past three quarters, factors that are influencing this could involve large portals securing their dominant position in the reward-based sector, and the market getting more sophisticated, realizing that crowdfunding in more than just rewards..

INVESTMENT MODELS



INVESTMENT MODELS Q2 2014



ASSET TYPES

Many people still associate crowdfunding with startups, even though during the past two years, this new fundraising methodology has been used to enable investments in many other assets than startups alone. Crowd Valley has directly witnessed a rising demand for crowdfunding portals for other assets such as real estate, cleantech and energy among many others. In particular the company identified five main categories of assets:

- 1) Real Estate;
- 2) Private Companies;
- 3) Collateralized and Uncollateralized loans (P2P Lending);
- 4) P2P Lending;
- 5) Other Real Assets, which include, among others, energy, cleantech and life science;

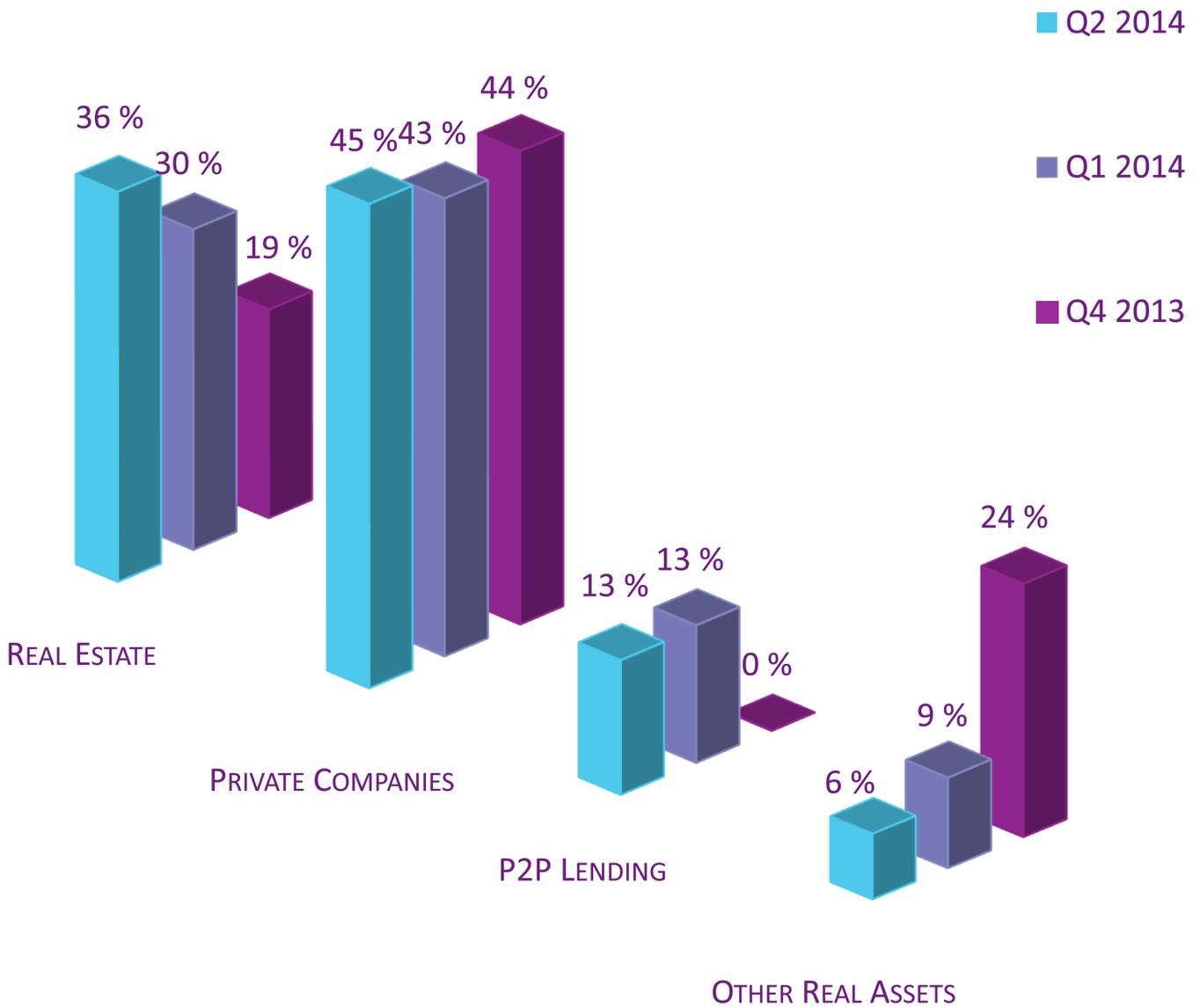
The charts below represent the total demand for crowdfunding platforms or services divided into assets types.

The demand for private company funding portals has stayed at a similar level relative to the other asset classes at 45%.

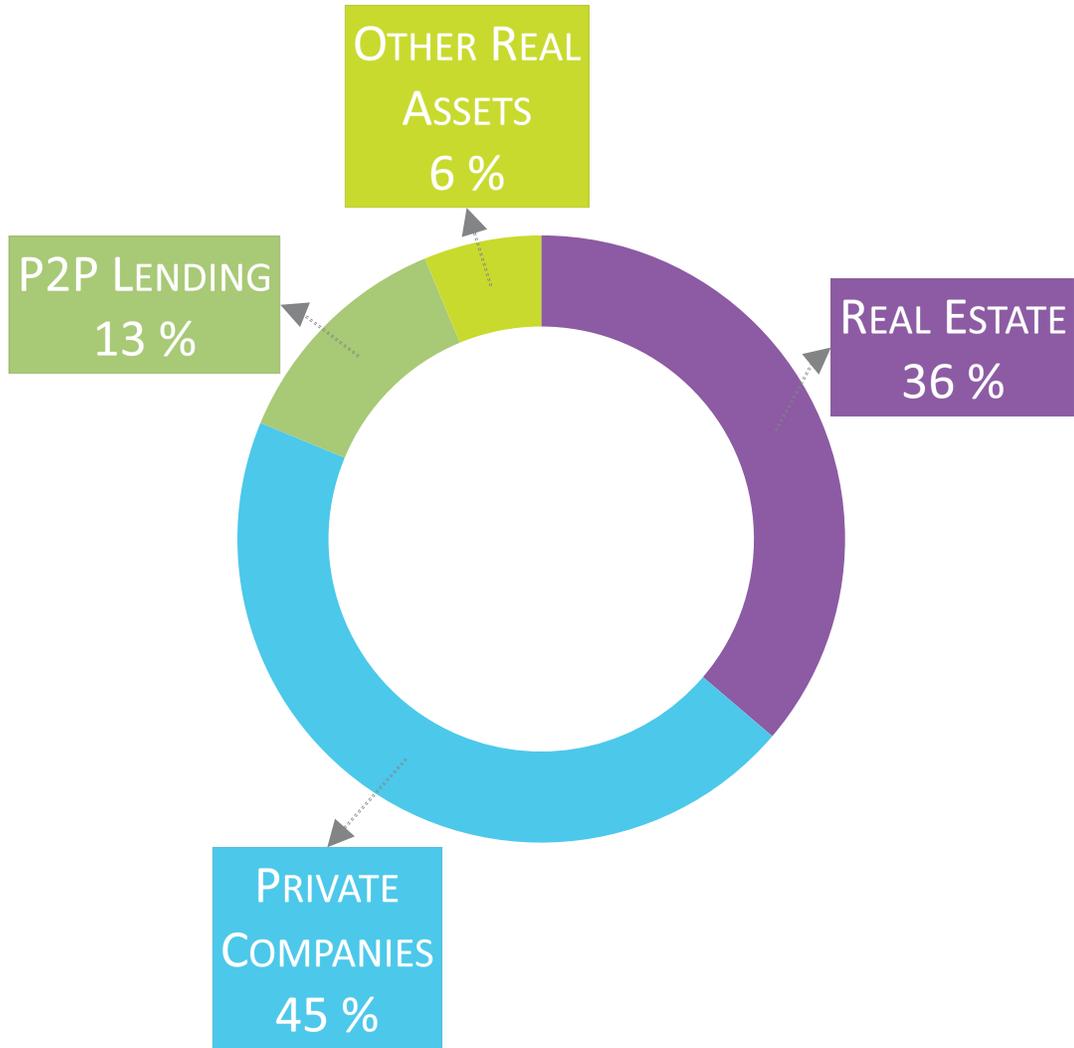
Real estate crowdfunding is continuing its growth trend, as markets are realizing the value in being able to split high-value assets such as real estate into smaller, more investable shares.

The relative demand of P2P funding portals is at the same level as Q1 2014, while “Other Real Assets” has fallen 3 percentage points.

ASSET TYPES



ASSET TYPES Q2 2014



CLIENT PROFILE

Crowd Valley has been approached by many organizations and professionals interested in its crowdfunding technologies or related services. The variety in the potential clients' profiles is particularly interesting. The company has identified several types of organizations which were then grouped in the following categories:

- 1) New Company, which refers to potential clients who are going to create a new company for the crowdfunding activity;
- 2) Other, which includes already established companies that are planning to expand their operations into crowdfunding.
- 3) Investment advisor
- 4) Private Equity Fund;
- 5) Broker-Dealer representatives;
- 6) Asset Manager;
- 7) Bank
- 8) Already existing Crowdfunding Platform;
- 9) Incubator;
- 10) Angel Network;

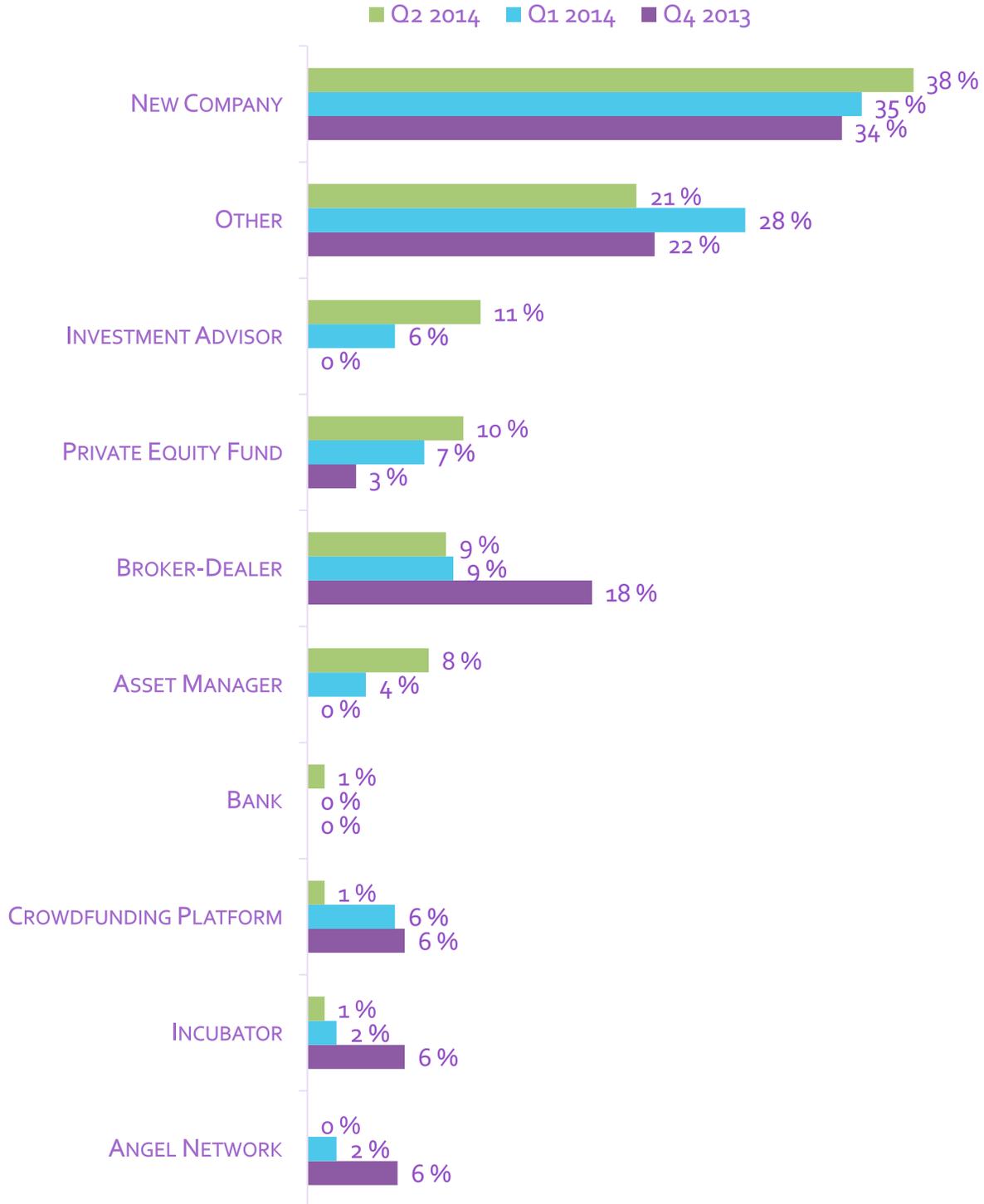
As the data shows, the most amount of interest in new funding portals is coming from new companies, e.g. companies that have been recently founded and would like to enter the crowdfunding space as new

CLIENT PROFILE

portals, this has been a growing trend in the three previous quarters. We have seen a sharp growth in interest from investment advisors, increasing from 0% in Q4 2013 all the way to 11% in Q2 2014. Private Equity funds are also increasingly looking into crowdfunding options when it comes to expanding online operations. The crowdfunding model allows Private Equity funds to raise capital in a very cost-efficient manner from a wider pool of investors compared to conventional approaches. Asset Managers are showing increased interest in crowdfunding possibilities. We believe that asset management companies see this as a more modern and efficient approach when it comes to raising capital, similar to Private Equity Funds. In this past quarter, we have also seen interest from banks for the first time.

This past quarter has shown us the true disruptive power of crowdfunding, as we have seen growing interest coming from conventional financial institutions such as banks, asset managers, Private Equity funds, and investment advisors.

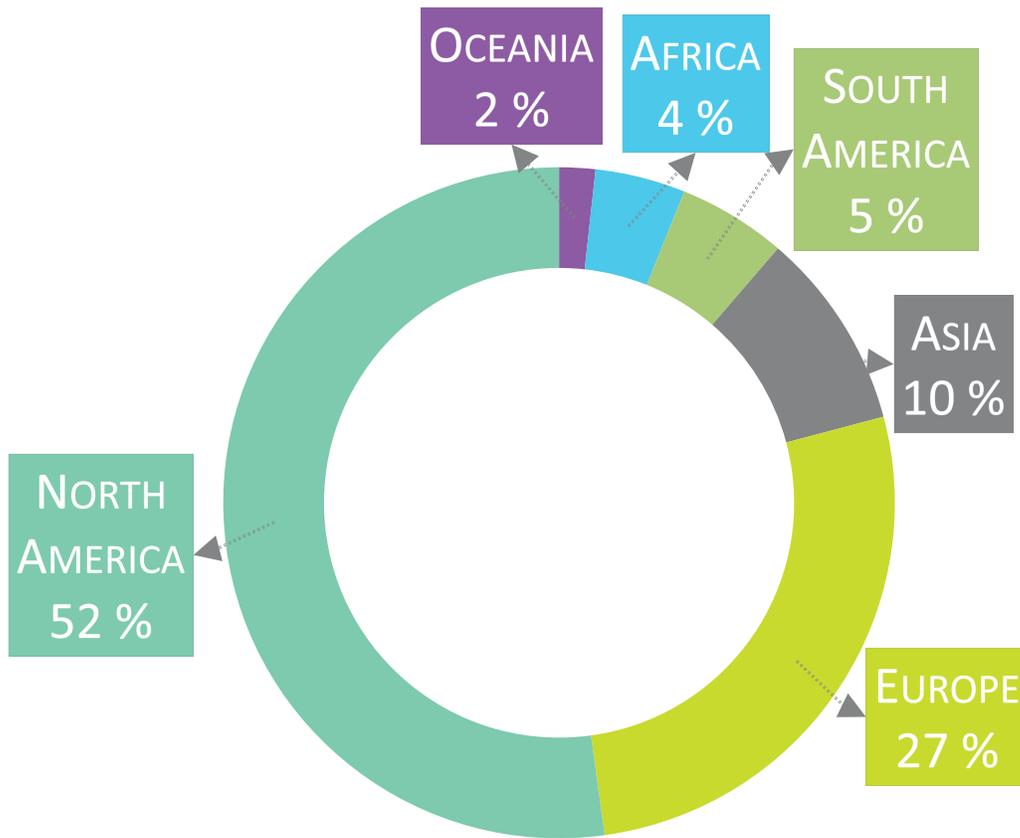
ORGANIZATION TYPES



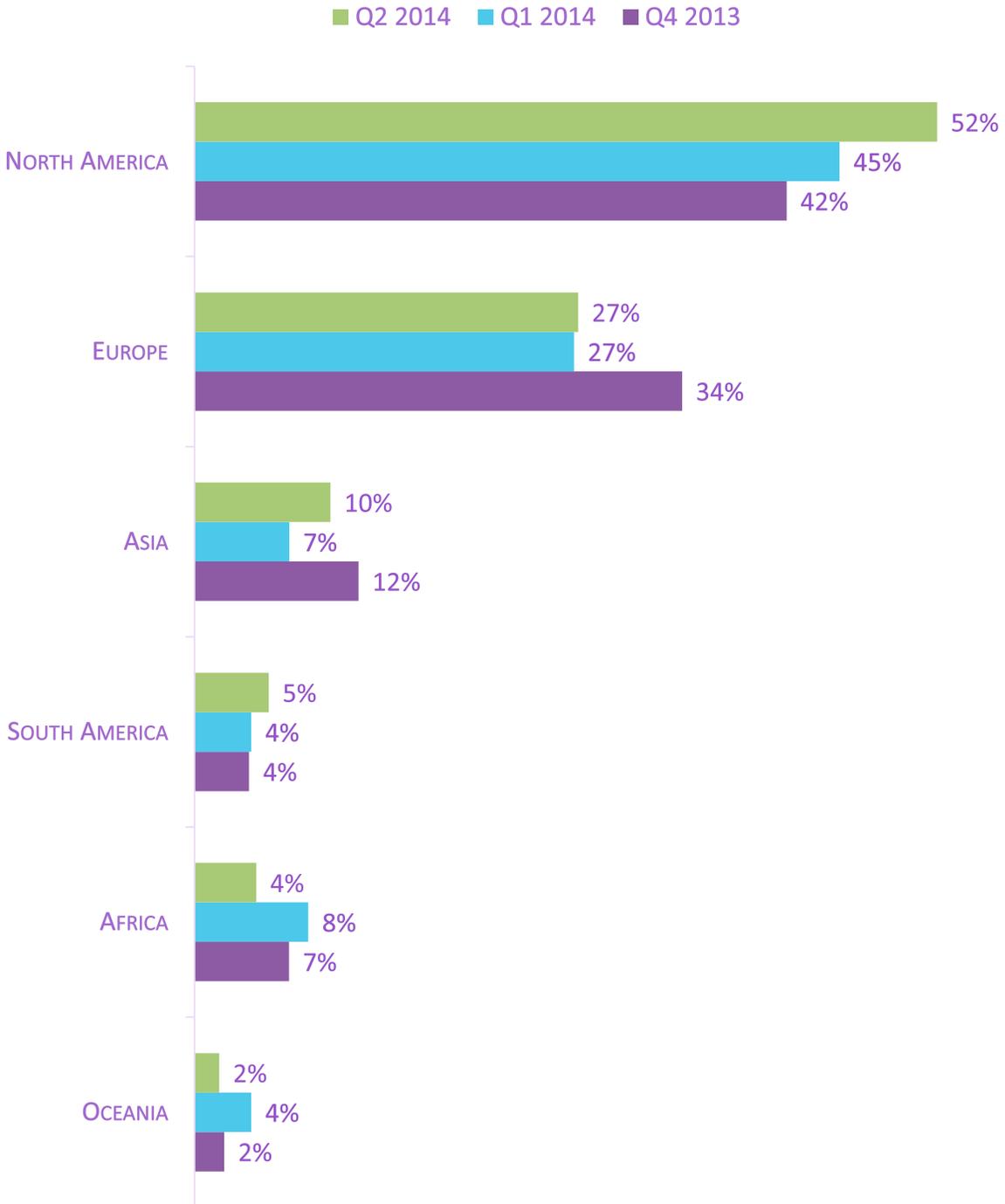
THE GEOGRAPHY OF CROWDFUNDING PLATFORMS

The demand for crowdfunding services is global. In fact, as shown by the following chart, the organizations and the professionals who have approached Crowd Valley since the start of its operations are from six different continents. North America, driven by the US, which is still the main market, improves its position, with its percentage increasing from 45% in Q1 to 52% in Q2. Interest from the Americas as well as Asia has grown in this quarter relative to other continents, while Europe is at the same level and the rest of the continents have fallen in rank. We have also seen the UK coming back after a slight dip in the previous quarter.

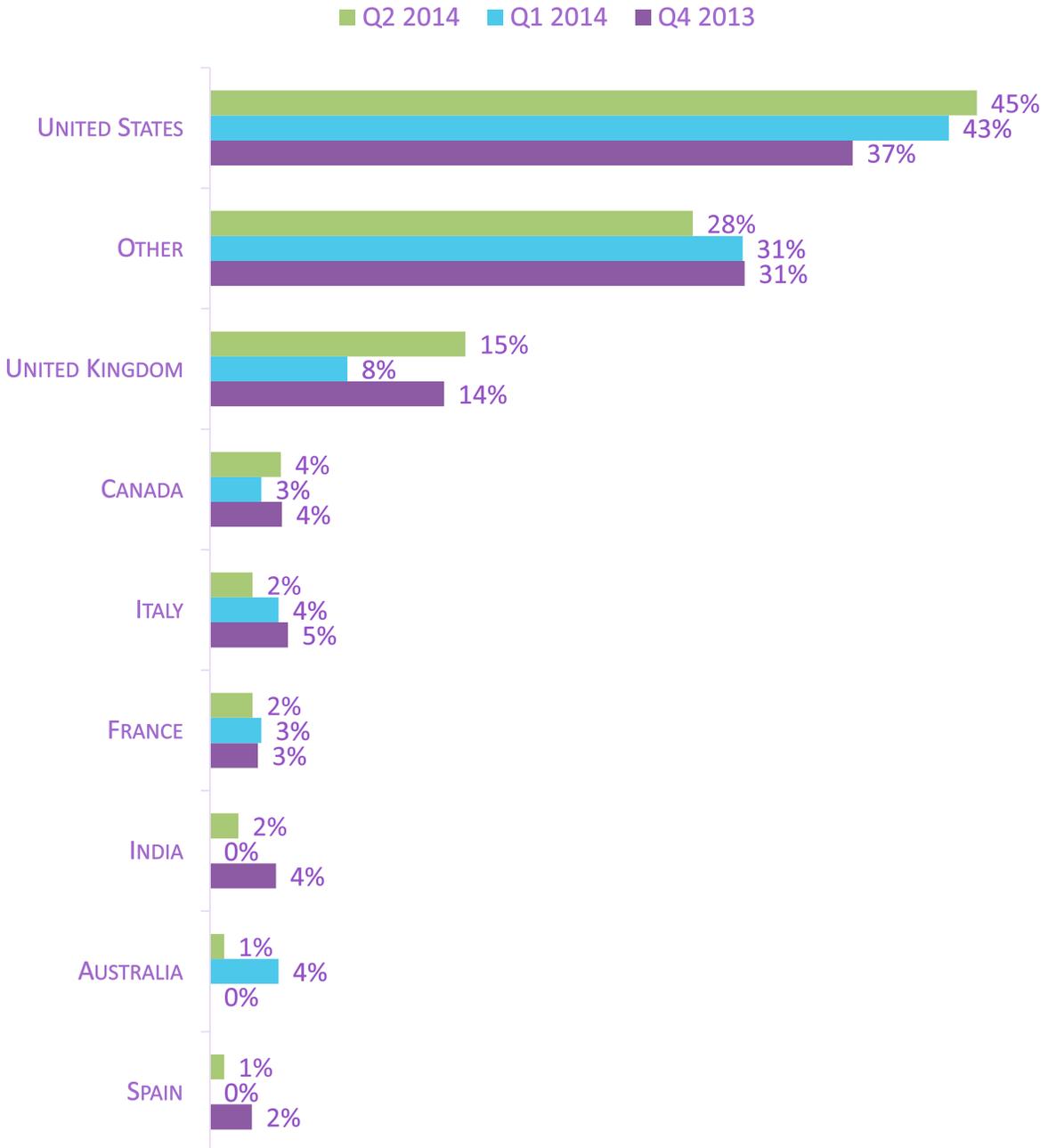
CROWDFUNDING IN REGIONS Q2 2014



TOP REGIONS



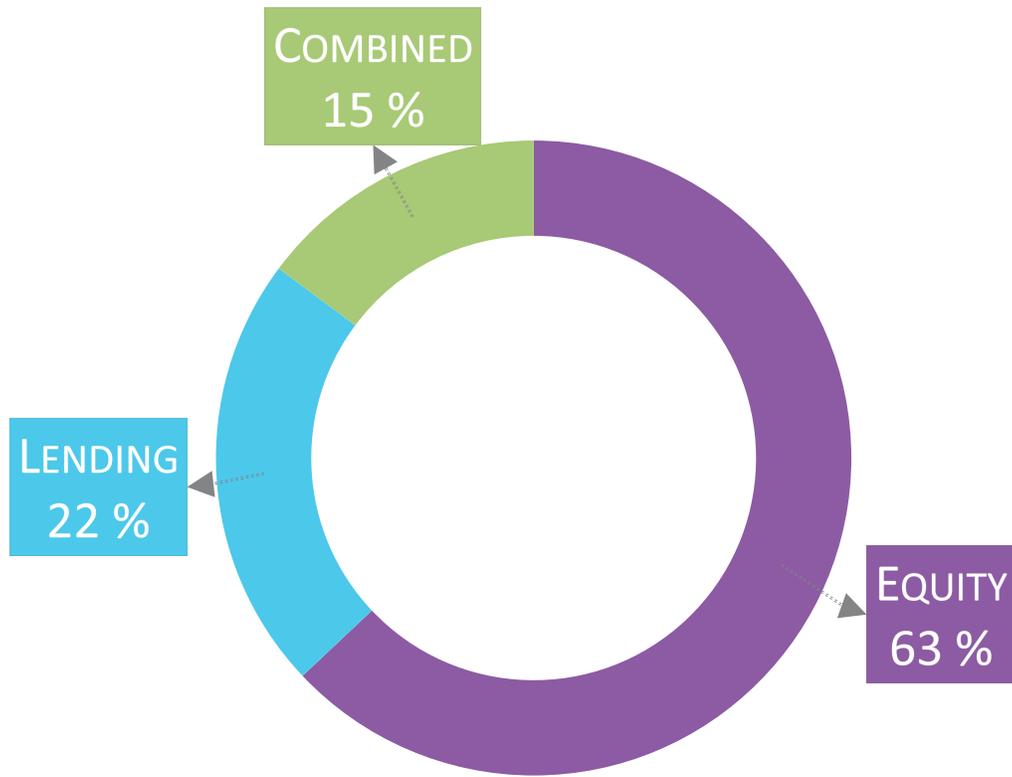
TOP LOCATIONS



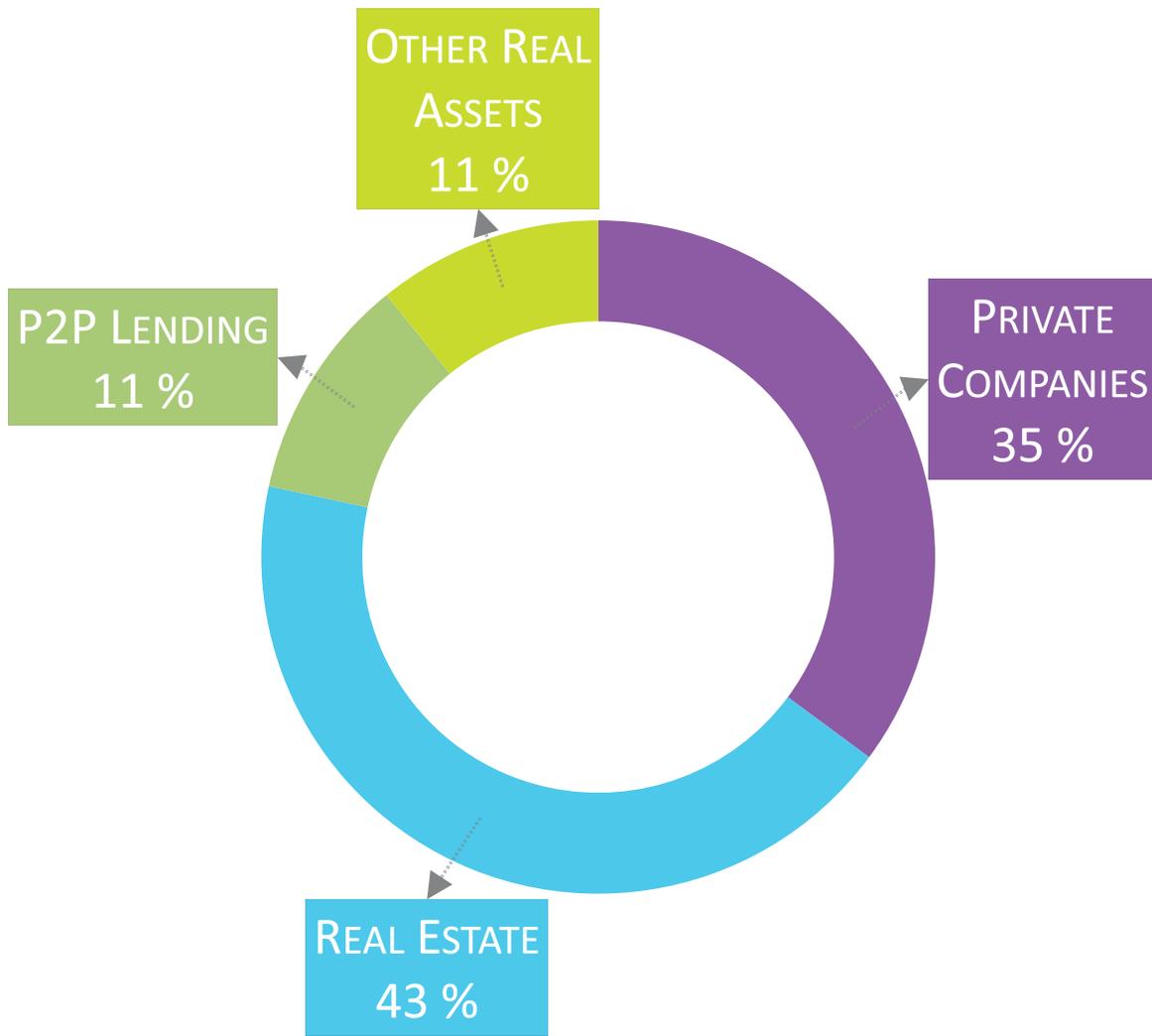
FOCUS ON THE US Q2 2014

Even though the demand for Crowd Valley's crowdfunding services and technologies is global, the biggest market remains the USA (45% in Q2 2014), where the market is large and experiencing stronger demand than elsewhere. Thus, this section presents facts and figures focusing only on the US market. It is particularly interesting to notice that, although "New Company" is the main category, the actors from the traditional finance sector (i.e. Broker-Dealers, Private Equity Funds, Asset Managers and Investment Advisors) play a significant role.

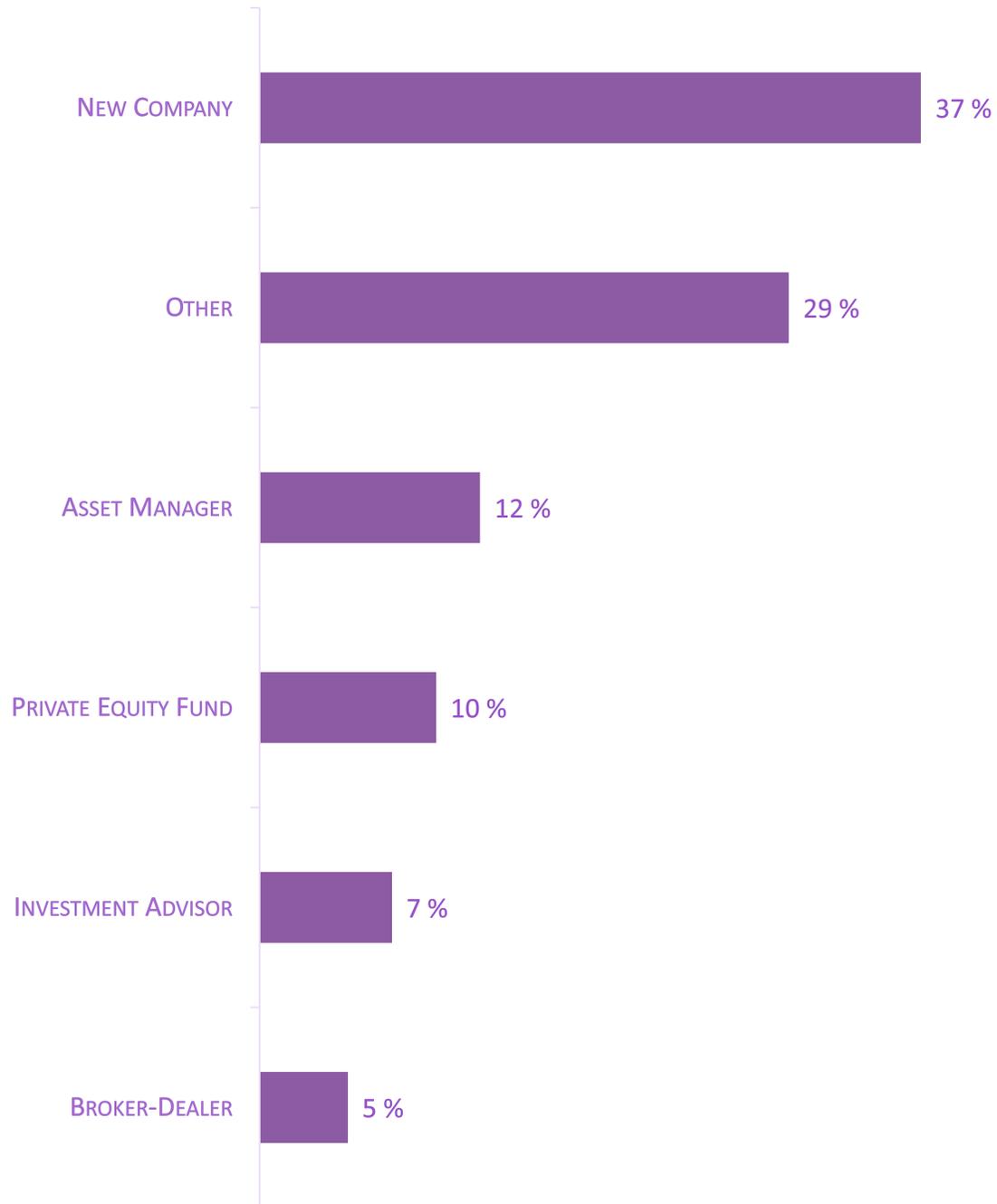
INVESTMENT MODELS IN THE US Q2 2014



ASSET TYPES IN THE US Q2 2014



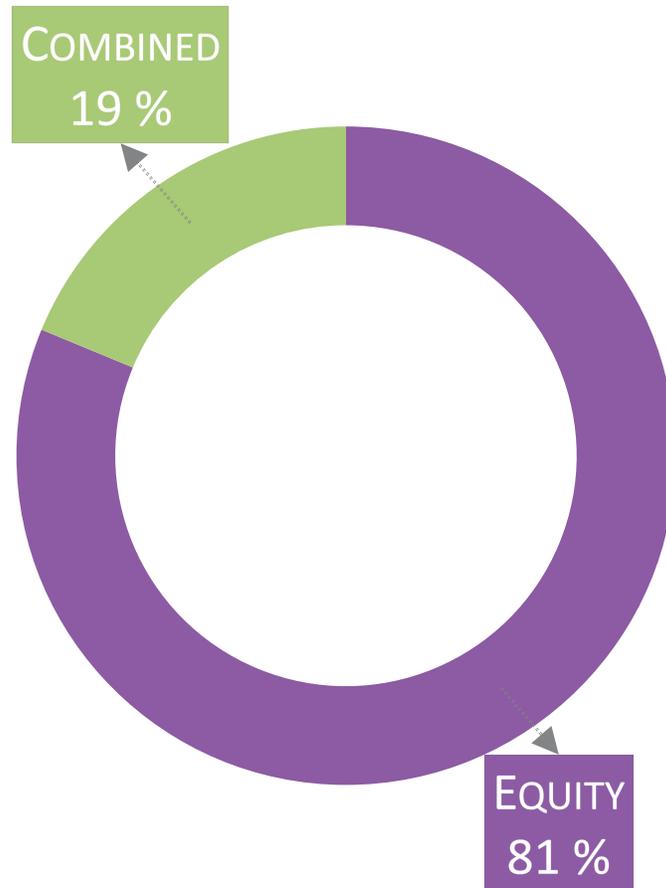
ORGANIZATION TYPES IN THE US



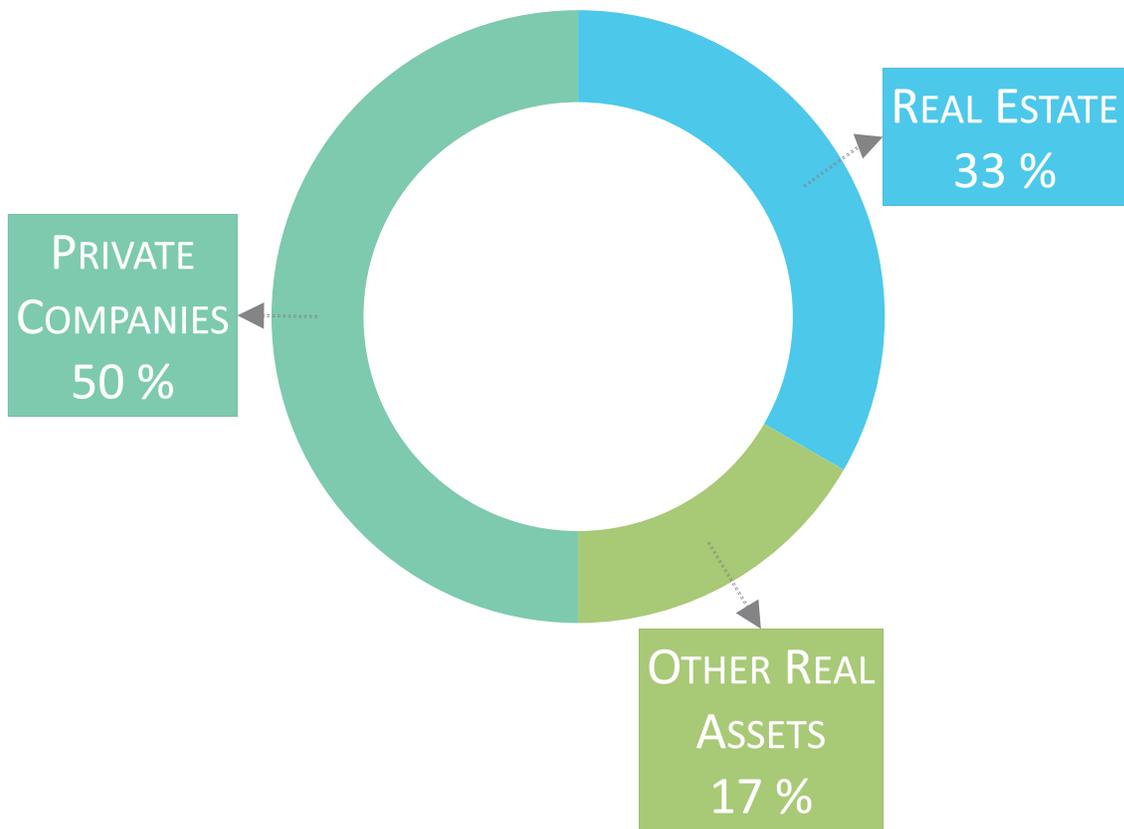
FOCUS ON THE FINANCIAL SERVICES INDUSTRY

Given that in Q2 2014 the demand from traditional financial industry actors represents a significant part of the total demand for crowdfunding services, Crowd Valley decided to focus on these types of actors in the following section. The charts below highlight the investment models and the asset types most required by the financial industry actors. As it was easy to anticipate, the demand for reward crowdfunding platforms is null, while there is strong demand for equity based platforms, and little demand for combined equity and debt crowdfunding platforms. Private companies are the most requested asset type, followed by real estate.

INVESTMENT MODELS IN THE FINANCIAL INDUSTRY



ASSET TYPES IN THE FINANCIAL INDUSTRY



CONCLUSIONS

The present report presents facts and figures obtained analyzing the data the company collected during Q2 2014. In particular, in the second quarter of 2014, the organization observed the following new trends:

- 1) Real estate is the asset category where demand has increased the most;
- 2) New relevant actors from the traditional finance world, such as private equity funds and asset managers, are looking to enter the crowdfunding ecosystem;
- 3) USA still remains the main market, followed by the UK;
- 4) Traditional finance world actors are especially interested in Real Estate crowdfunding;
- 5) Retail banks and insurance companies have started looking into securities crowdfunding;

Real estate crowdfunding platforms have seen a significant increase in demand over several quarters. During the same period, traditional financial services actors have shown increased interest in this market as well, even catching the attention of retail banks and insurance companies.

By publishing this information Crowd Valley aims to expand the current knowledge about this new, transparent financial sector and to support regulators and other relevant stakeholders in the global ecosystem in evaluating the market's evolution. The company will continue publish similar reports on a regular basis.

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