Online marketplace for commercial mortgages powered by end-to-end accelerated underwiring technology

CAPTURISK

Princeton, New Jersey

Our team

Shyam Gopalaswamy, FRM®

Founder | CEO

- 20+ years lender from Bank of America
- Managed risk for over $150mm in assets and loans

George Dell, SRA, MAI, ASA, CRE

Head of Valuations

- 40+ years as a certified appraiser and instructor
- Passionate about data science and statistics

Viji Kesavan

CTO

- 17+ years core technology leader from Bank of America
- Led numerous fintech initiatives with a team of 100+ developers and engineers both onshore and offshore

Our advisors

Johnny Adams

CEO for First Security Bank in Conway, Arkansas with over $8 billion in assets

Also, a change leader at the Risk Management Association (RMA) a premier trade group

Naeem Zafar

A seasoned executive who has led five high-tech businesses and co-founded seven startup companies,

Also, steeped in the Silicon Valley culture and teaches at the University of California, Berkeley since 2005.

This is our unfair advantage – Our Team

- Execution
- Real estate appraisals
- Banking and risk
- Banking technology and data science.

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Problem

Appraisal and credit underwriting of commercial properties are

- ❑ **Fragmented**
- ❑ **Extremely manual leading to tedious closing times – 2 to 3 months**
- ❑ **Process and methods have remained the same for over 20 years**

Solution

Ripe for disruption with post pandemic “all things digital” society

- ✓ **Digital appraisal with minimal human input**
- ✓ **Integrate with credit function for accelerated decisioning**
- ✓ **Online marketplace for borrowers, lenders and appraisers**

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Our Solution: mezza9.com

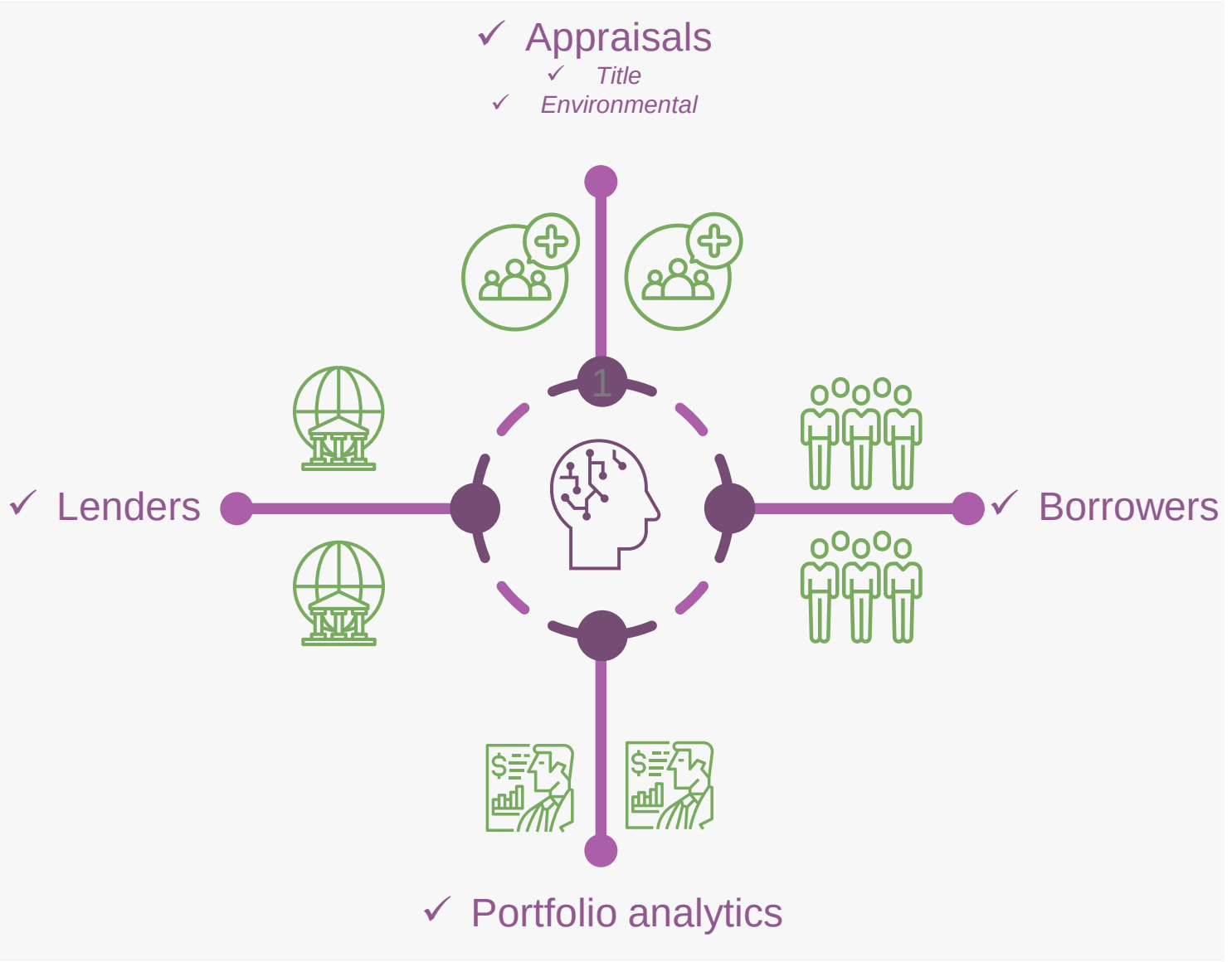
Use data and technology to

- ✓ **Create one online platform for borrowers, lenders, appraisers and other service providers to exchange information**
- ✓ **Digitally enhanced property appraisals**
- ✓ **Accelerated loan decisioning**

Immediate benefit not available in the market

- ✓ **One application for both the appraisal department and loan department for our lending partners**
- ✓ **Borrower and Collateral can be pre-screened for quick "Go-No Go"**
- ✓ **On demand or frequent valuations of CRE portfolio as against once a quarter update**

**CRE- Commercial real estate*



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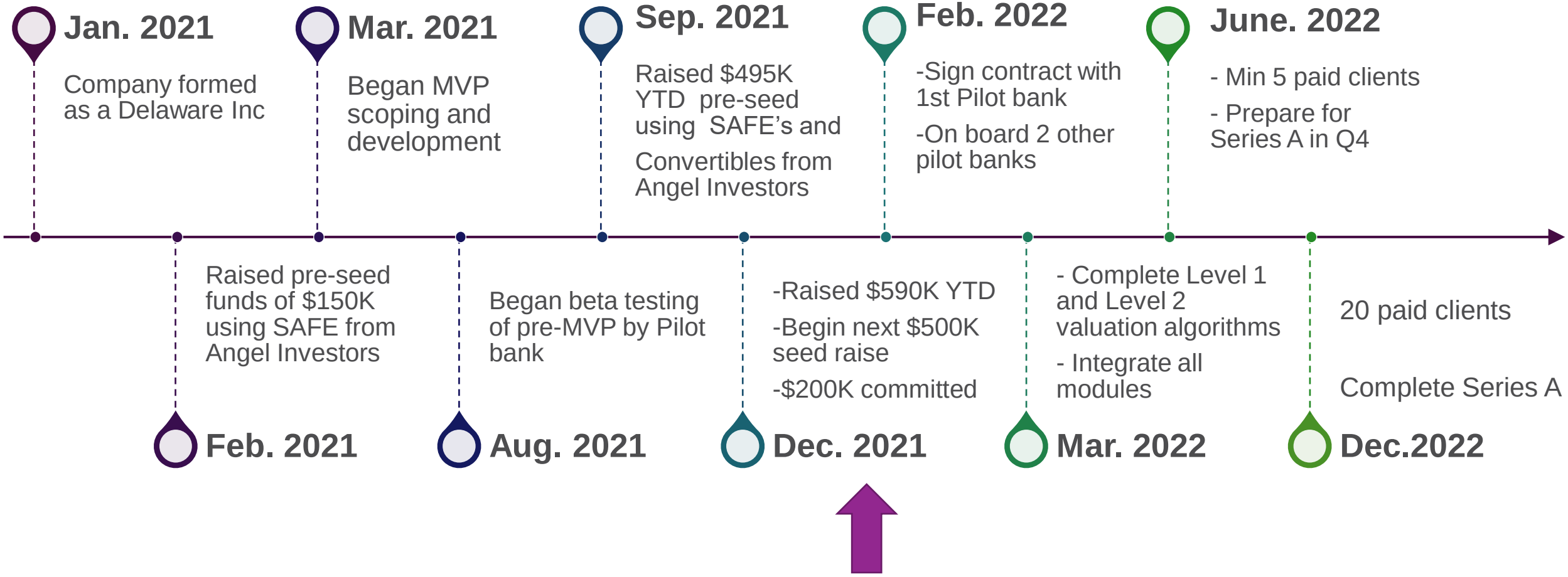
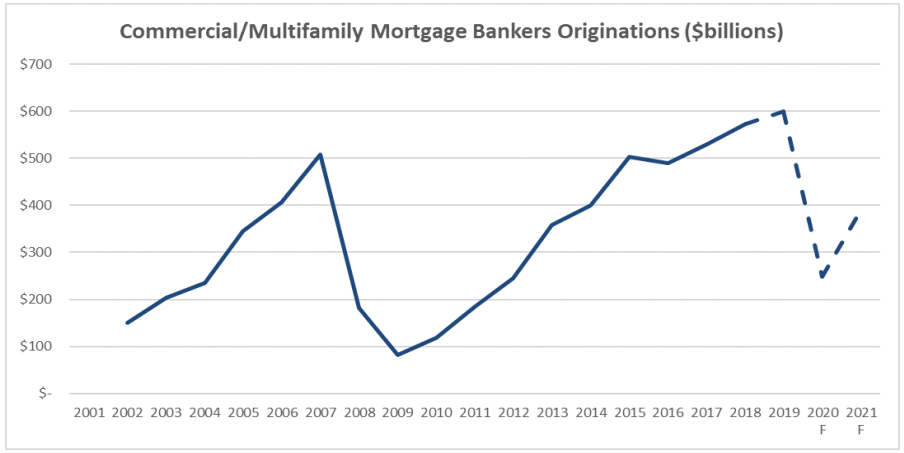
History & short-term goals

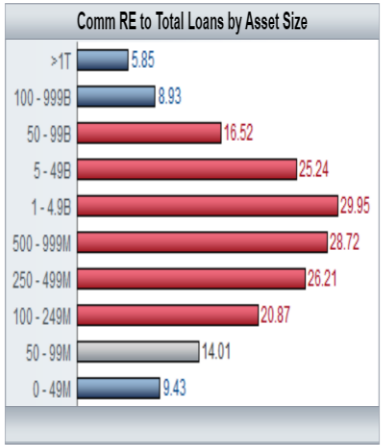


Total addressable market



Source: Mba.org July 16 2020, Mortgage Bankers Association Commercial Real Estate Finance Forecast

Asset Size	# Inst	Total Loans	Comm RE	Perc
>1 Trillion	4	3,519,022,891,000	205,692,000,000	5.85
100-999 Billion	26	3,020,355,165,000	269,828,810,000	8.93
50-99 Billion	17	781,393,816,000	129,098,972,000	16.52
5-49 Billion	197	1,979,700,149,000	499,658,881,000	25.24
1-4.9 Billion	629	877,001,663,000	262,660,914,000	29.95
500-999 Million	686	332,861,649,000	95,608,491,000	28.72
250-499 Million	1,001	237,103,345,000	62,145,161,000	26.21
100-249 Million	1,266	132,329,385,000	27,615,905,000	20.87
50-99 Million	586	25,098,877,000	3,515,488,000	14.01
0-49 Million	313	5,440,093,000	513,020,000	9.43
	4,725	10,910,307,033,000	1,556,337,642,000	14.26



<u>For $400 Billion loan volume, servicing cost are an average 2%.</u>

- Origination – 0.5 %
- **Underwriting – 0.5 %**
- Servicing – 0.5 %
- Other – 0.5 %

<u>For Example:</u>

- A $10B size bank holds about 20% in CRE or $2B portfolio
- Approx. 20% is annual transaction or $400mm

- If average loan size is $2mm, they are making 200 loans / year
  - Cost of appraisal @ $4000/loan = $800K / year
  - 4 Full time analysts @ $125k/year = $500K / year
  - 2 Full time Sr. lenders @ $200/year = $400K / year
  - One or more software vendors = $100K / year
    - Total = $1.8mm / year

Source: MBANJ Conference speakers notes and from attendee conversations

About 800 lenders that fit our criteria spending $2mm/year = $1.6 billion / year market

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Competition and services offered

	CAPTURISK	bowery, RIMS Central, GLOBALDMS, MOUNTAINSEED, realquantum	VALCRE	CoStar, CoreLogic, BLACK KNIGHT, COMPSTAK	eval.com, Valnow, ACCURATE GROUP	FUNDRISE, Lev	RealAtom
CRE (Commercial real estate) focused	✓	✓	✓	✓	✓	✓	✓
CRE Data providers				✓			
Appraisal order management	✓	✓	✓				
Traditional valuations		✓	✓		✓		
Basic Automated valuations	✓				✓		
Risk based Automated valuations	✓						
Digital Appraisal builder	✓		✓				
Appraisals Integrated with Loan department	✓						
Borrower/tenant predictive analytics	✓					✓	
End to End loan underwriting	✓						
Digital marketplace for lenders and borrowers	✓					✓	✓
Community bank focused	✓						✓
Crowd funded / Capital market funded						✓	✓

Combined

Appraisals

Credit

Business model

<u>Primary source: SaaS</u>

Monthly subscription fees from lenders

Fee structure can be tailored to one or all modules

<u>Secondary source:</u>

- *Buyers/Sellers/Brokers - $ / report*

- *Appraisers - $$ / report*

- *Portfolio analytics - $$$ / Analysis*
  - *Investors,*
  - *Insurance companies and*
  - *fund owners*

SaaS + Transactional Pricing Model

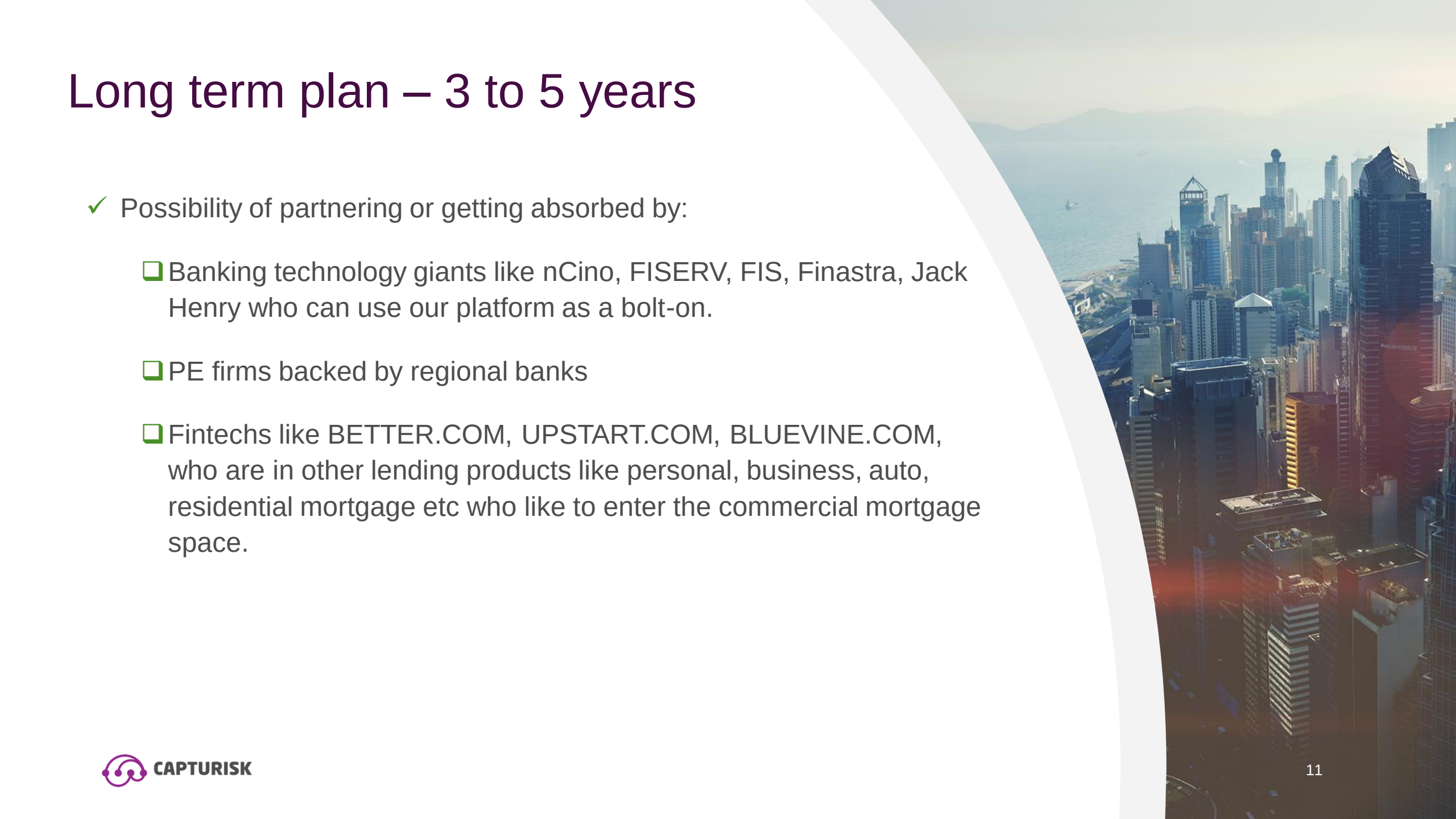
Marketing channel	Description	Cost/ License
Primary targets - Regional Banks	Acquired through one-on-one relationships and B2B marketing campaigns	Pilots - $5000 / month 2023 - $10,000 / month 2024 - $12,000 / month
Secondary targets - CUs - Credit Unions	Acquired through one-on-one relationships and B2B marketing campaigns	**$7000 to $10,000** /month
Other sources of revenue: Appraisers and Fund managers	PROFESSIONAL grade valuation reports used by • Appraisers to augment their traditional appraisals • Asset owners use daily valuation to Mark to Model their portfolio	**$500** /report *Assume 10 reports / Month
Buyers / Sellers	On demand report access to our PREMIUM valuation report	**$99** / report

Financial projections

11/25/2021 Name	2021 Annual	2022 Annual	2023 Annual	2024 Annual
CEO	$ 70,200	$ 120,000	$ 240,000	$ 300,000
Technology	$ 539,442	$ 1,136,869	$ 2,273,737	$ 3,980,241
Sales and Marketing	$ 10,000	$ 640,000	$ 1,202,500	$ 2,169,375
Data Science	$ 75,000	$ 795,000	$ 970,000	$ 1,182,500
Risk & Compliance	$ -	$ 205,000	$ 475,000	$ 591,250
Customer Support	$ -	$ 300,396	$ 600,792	$ 750,990
Back Office	$ -	$ 60,000	$ 180,000	$ 360,000
Utiities ,Rent etc	$ 22,000	$ 24,000	$ 48,000	$ 96,000
Annual Expenses	$ 716,642	$ 3,281,265	$ 5,990,029	$ 9,430,356
Lenders aquired/year		20	36	60
Revenue/Lender/Month		$ 10,000	$ 10,000	$ 12,000
Annual Revenue	**$ -**	**$ 850,000**	**$ 4,260,000**	**$ 10,920,000**
Gross PnL	($716,642)	($2,431,265)	($1,730,029)	$1,489,644 ★
Beg CASH	$ -	$ 23,358	$ 592,093	$ 862,064
Fund Raise + profits	$ 740,000	$ 3,000,000	$ 2,000,000	$ -
Ending CASH	$ 23,358	$ 592,093	$ 862,064	$ 2,351,708

★ *This is our BASE case where we turn (gross) PnL positive beginning Q2' 2024*

Long term plan – 3 to 5 years



- ✓ Possibility of partnering or getting absorbed by:
  - ❑ Banking technology giants like nCino, FISERV, FIS, Finastra, Jack Henry who can use our platform as a bolt-on.
  - ❑ PE firms backed by regional banks
  - ❑ Fintechs like BETTER.COM, UPSTART.COM, BLUEVINE.COM, who are in other lending products like personal, business, auto, residential mortgage etc who like to enter the commercial mortgage space.

Thank you

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Appendix: Total addressable market – slice of the savings

For a typical lender in our Niche

✓Potential cost savings of about $500K or about 27%

-reducing appraisal cost by 30%

-saving manual hours by 20%

-eliminating the need for multiple vendor by 25%

✓Potential to reduce decision time from months to weeks

Appendix – New money to license data and hire Quantitative team (hiring in progress)

Will be accepting soon

Head of Quantitative finance and engineering

- 25+ years seasoned executive from Bank of America, BlackRock, Prudential and many other financial institutions.
- Lead a team of four to build a quant hedge fund from the start-up to $2.5 billion AUM in 2.5 years

Will be accepting soon

VP of Data science and Machine Learning

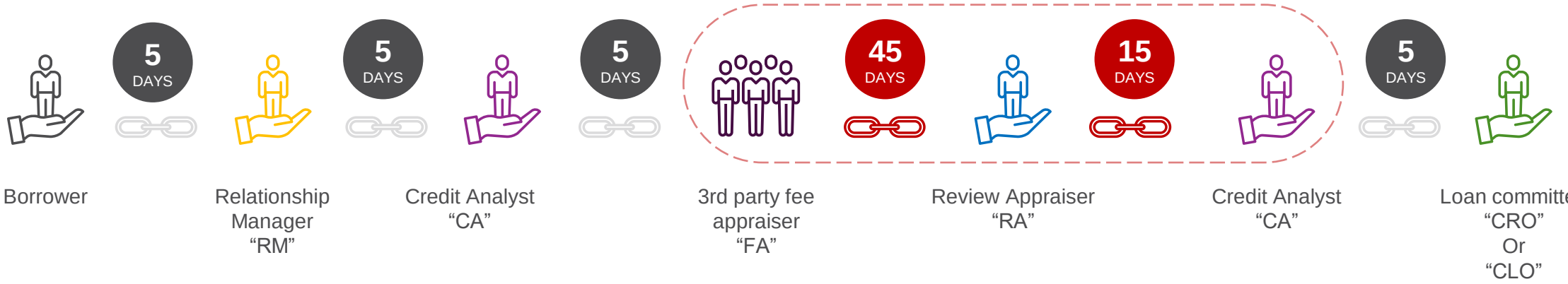
- 17+ years with extensive experience applying advanced analytics, AI and machine learning
- Expert in big data and statistical modeling for financial institutions

Will be accepting soon

Advisor - Data science and Governance

- CDO Magazine's Global Data Power Women List 2020
- Broad business and technology experience leading digital transformation initiatives

Appendix: Current loan approval process (any sized bank)



- Process has not changed in 30 years
  - Bulky PDF reports
  - More manual less automation

Loan Decision

Best case	**45 days**
Most cases	**~ 80 days**