

### Process Overview

Established in 2019, R2 Capital Partners Inc. (“**R2**” or the “**Company**”) is a forward-thinking, vertically integrated real estate investment firm redeveloping underutilized buildings in improving neighborhoods into modern thriving communities. R2 is headquartered in Calgary, Alberta, with two additional offices in Winnipeg, Manitoba and Los Angeles, California. R2’s investment focus is on secondary and tertiary multifamily communities throughout Canada and the United States, and it offers a full service operating platform including expertise in acquisitions, financing, property operations, renovations, accounting, risk management, market research and other related support functions. R2’s philosophy is built on strong fundamentals and opportunities for value creation without depending on macroeconomic factors for success. R2 previously invested \$20 million through its Fund I, realizing **net historical IRR of over 30%**.

**R2 is now seeking to raise equity capital for its Fund II for a total of \$20.0 million<sup>(1)</sup>.** R2 is seeking **\$17.0 million (85%)** (target Investor **IRR: 24.4%**) from outside investors (the “**Investor(s)**”), with the remaining \$3.0 million (15%) anticipated to be funded by management and Fund I’s existing lead investors. R2 has engaged Alcedio Securities Inc., a subsidiary of Alcedio Capital Inc. (together “**Alcedio**”) as its exclusive financial advisor to assist with the process.

1. Option to increase total offering size to \$30.0 mm.

### R2 Investment Strategy

#### Select Target Markets<sup>(2)</sup>



- Urban population centers in up-and-coming markets
- Improving job growth and diverse economic market
- Pro-landlord states and provinces
- Increasing rental demand for multi-family properties
- Growing tech, service industry, employment, etc.
- Prospective for above-market GRM<sup>(3)</sup>

#### Value-Add Strategy

Source	Buy / Finance	Stabilize / Manage
<ul style="list-style-type: none"> <li>Secondary and tertiary value-driven markets</li> <li>Target mismanaged, small-mid size underutilized properties</li> <li>Direct-to-owner campaigns / strong local relationships with brokers and communities</li> <li>Expense control opportunities</li> <li>In-house software to optimize property sourcing</li> </ul>	<ul style="list-style-type: none"> <li>Off-market properties cash flowing from day one</li> <li>Discount to replacement cost (<i>force appreciation</i>)</li> <li>Long-term, fixed-rate financing</li> <li>Leveraged structure to optimize returns &amp; limit downside risk to investor</li> <li>Consistent quarterly returns distributed</li> <li>Active refinancing to unlock liquidity</li> </ul>	<ul style="list-style-type: none"> <li>Cost-efficient strategic renovations/ amenities create new construction feel and offer better rental value than newer structures</li> <li>Vertically integrated with experience optimizing, repositioning and stabilizing</li> <li>Extensive network increases responsiveness and service quality</li> <li>Position for optimal NOI<sup>(4)</sup> and accretive exit</li> </ul>



2. Photos represent select potential jurisdictions.  
 3. Gross Rent Multiplier (“**GRM**”).  
 4. Net Operating Income (“**NOI**”).  
 5. Single Family Homes (“**SFH**”).

#### Revenue

- ✓ Raise rents to market
- ✓ Provide internet in rent
- ✓ Bill back utilities
- ✓ Fees (parking, pet, storage, garbage, etc.)
- ✓ Short-term rental (“**STR**”), furnished, extended stay
- ✓ Third-party advertising, etc.

#### Expenses

- ✓ Appeal property tax assessment
- ✓ Energy audit (energy saving renovations)
- ✓ Vertical integrated STR mgmt.
- ✓ Government grants
- ✓ Renegotiate expenses (lawn, garbage, snow, cleaning, etc.)

### Fund II Overview by Area

#### Canadian Prairies

- Start date: May 1, 2021
- 15% of Fund II
- 75% Leverage
- 50% STR / 50% LTR
- Levered IRR: 69% STR / 26% LTR

#### Canadian West Coast

- Start date: July 1, 2021
- 20% of Fund II
- 75% Leverage
- 50% STR / 50% LTR
- Levered IRR: 63% STR / 45% LTR

#### U.S. College Strategy

- Start date: April 1, 2021
- 12.5% of Fund II
- 70% Leverage
- 100% STR
- 112% levered IRR



#### Eastern Canada

- Start date: April 1, 2021
- 15% of Fund II
- 75% Leverage
- 7.5% STR / 92.5% LTR
- Levered IRR: 40% STR / 46% LTR

#### SE U.S.

- Start date: June 1, 2021
- 25% of Fund II
- 70% Leverage
- 10% STR / 90% LTR
- Levered IRR: 62% STR / 28% LTR

#### SE U.S. STR / SFH<sup>(5)</sup>

- Start date: April 1, 2021
- 12.5% of Fund II
- 70% Leverage
- 100% STR
- 56% levered IRR



## Fund II Structure

<b>Fund II Size:</b>	Fund total: \$20.0 mm (option to increase total offering size to \$30.0) R2 contribution: \$3.0 mm   Investor contribution: \$17.0 mm
<b>Capital Requirement:</b>	January 1, 2021: \$1.0 mm (total) / \$850k (Investor) March 1, 2021: \$9.0 mm (total) / \$7.65 mm (Investor) December 1, 2021: \$10.0 mm (total) / \$8.5 (Investor)
<b>Target Investor IRR:</b>	24.4% (2.6x equity multiple)
<b>Fund Term:</b>	Seven years, with the option to extend by one year
<b>Property Type:</b>	Residential long-term rental ("LTR") and STR
<b>Investment Strategy:</b>	Value-add strategy targeting discounted residential properties in Canada and the U.S.
<b>Minimum Investment:</b>	\$500,000 Canadian dollars
<b>Distributions:</b>	Preferred return I (8%): profit sharing of 80% Investor / 20% R2 Preferred return II (20%): profit sharing of 40% Investor / 60% R2
<b>Fees:</b>	Management fee: 1.5%; acquisition fee: 1.0%; disposition fee: 1.0%

## Managing Partners

### Brock Rogerson, CIM, FMA, DMS Managing Partner & Director

- 18+ years experience in multiple finance/ consulting related capacities
- Developed real estate portfolio of 200+ units in Canada (IRR >30%)
- Co-Founder of Sure Home Stays, LP
- Member of the REIN<sup>(1)</sup> for six years; multiple nominations as outstanding real estate investor

### Spencer Riche Managing Partner & Acquisitions

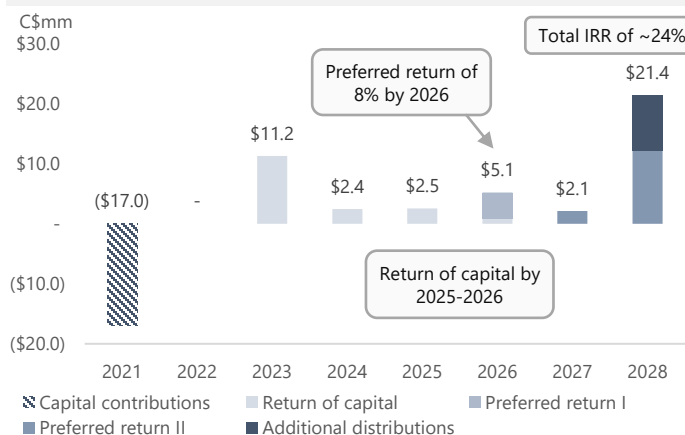
- Leads asset management (\$20+ mm)
- Experience in real estate and JV, private deals, renovations and management
- Co-Founder of Sure Home Stays, LP

1. Real Estate Investment Network ("REIN")

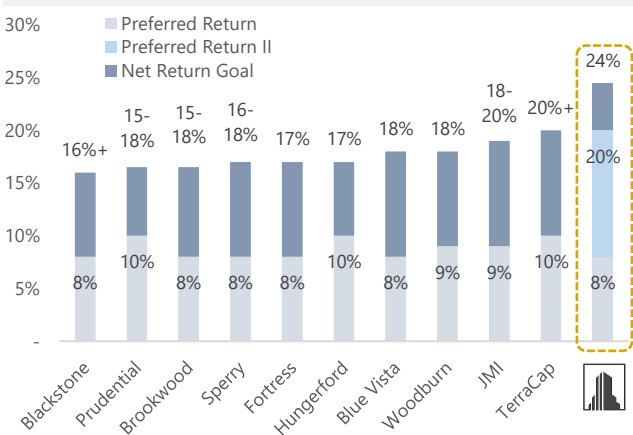
2. Rental arbitrage: renting long-term and re-renting on a short-term basis on Sure Home Stays, Airbnb, etc.

## Strong Investor Returns

### Forecasted Fund II Distributions to Investors<sup>(3)</sup>



### Targeted Net Returns of Select Real Estate Funds<sup>(4)</sup>



3. Forecasted fund distributions to investors are based on the financial model prepared by Alcedio and R2.

4. Source: Global Capital Funding Group; R2 targeted returns represents projected IRR to investors.

## The Rise of Short-Term Rental

### Sure Home Stays, LP

- Property leasing company partnering with property owners (i.e. R2) to maximize revenue, stabilize cash flow and optimize financing options
- STR is an attractive complement to investments, capitalizing on rental arbitrage<sup>(2)</sup>
- Utilizes latest technology (examples below) and a wide network of professionals



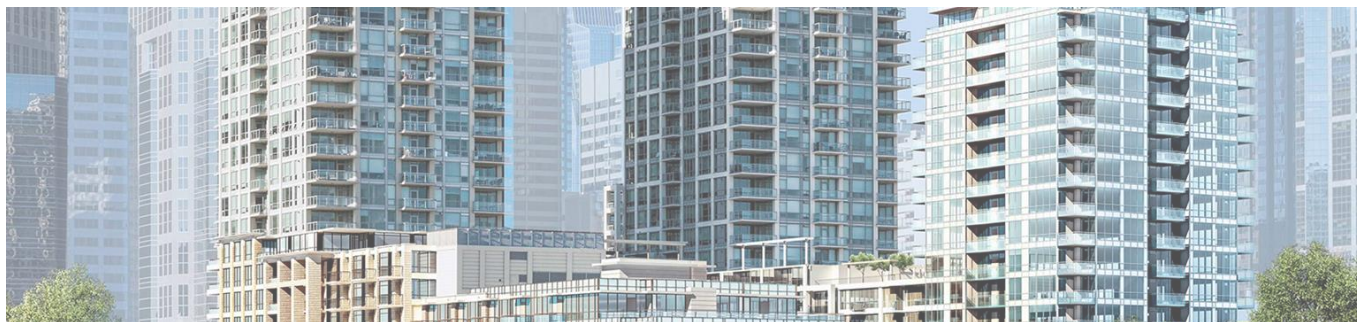
STR / technological advancements are "game-changers" in the real estate investment universe (streamlining & scalability)

First-movers in real estate/hospitality are beginning to shift strategies to capitalize on the emerging STR trend

## R2 Track Record: Select Transactions (Saint John, New Brunswick)

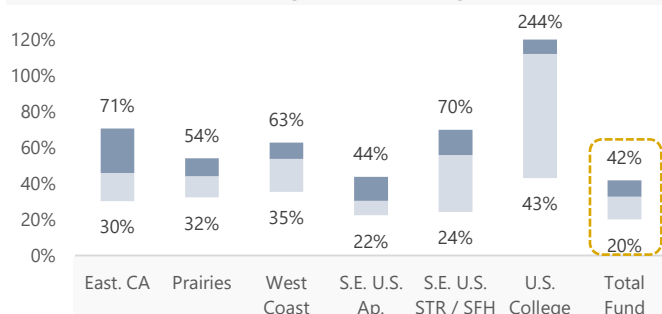
<b>75 Prince William St.</b>	<b>30 Cedar Street</b>	<b>37 Victoria Avenue</b>	<b>63-61 Union St.</b>	<b>546 Martha Ave.</b>
<b>Purchase:</b> \$1.7 mm (Apr-20) <b>Appraisal:</b> \$2.1 mm (Mar-20) <b>ROI:</b> 119%	<b>Purchase:</b> \$115,000 (Dec-19) <b>Appraisal:</b> \$339,000 (Jul-20) <b>ROI:</b> 83%	<b>Purchase:</b> \$40,000 (Apr-19) <b>Appraisal:</b> \$126,000 (Jul-19) <b>ROC:</b> 107% <sup>(5)</sup>	<b>Purchase:</b> \$3.5 mm (Dec-18) <b>Appraisal:</b> \$6.9 mm (Nov-20) <b>ROI:</b> 85%	<b>Purchase:</b> \$1.0 mm (Apr-18) <b>Appraisal:</b> \$1.8 mm (Sep-20) <b>ROI:</b> 241%

5. Return on Capital ("ROC"); Refinanced within 6 months, returned 107% of capital post-purchase.

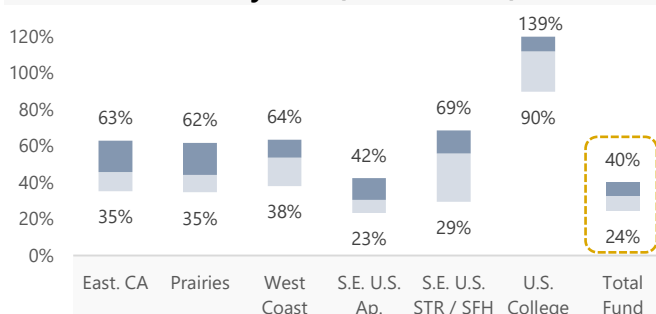


## Levered Fund II IRR Forecast Sensitivities

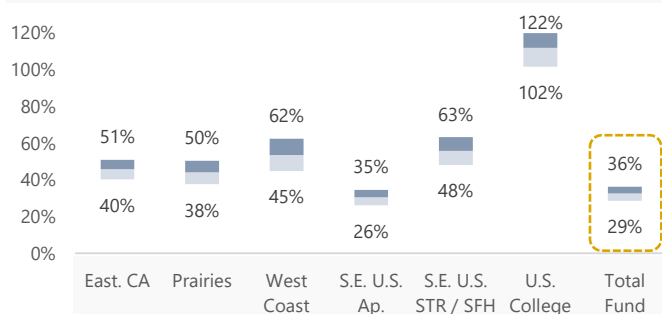
### GRM (+1.0x / -0.5x)



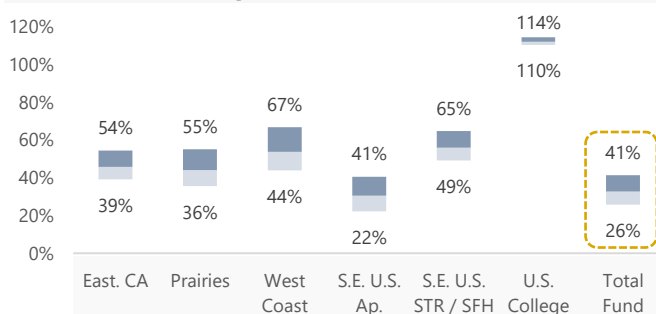
### Vacancy Rate (+10% / -10%)



### Interest Rates (+2.0% / -2.0%)



### Exit Cap Rates (+2.0% / -2.0%)



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## Contact Information

**Sergio Terrazas**  
Executive Managing Director  
1.403.809.7001  
[sergio@alcediocapital.com](mailto:sergio@alcediocapital.com)

**Brett Long, MBA**  
Managing Director  
1.403.999.7240  
[brett@alcediocapital.com](mailto:brett@alcediocapital.com)

**Haley Talbot, CFA**  
VP, Investment Banking  
1.403.969.0954  
[haley.talbot@alcediocapital.com](mailto:haley.talbot@alcediocapital.com)

**Stephanie Blais**  
Associate  
1.403.542.5815  
[stephanie.blais@alcediocapital.com](mailto:stephanie.blais@alcediocapital.com)