

Two Sevens Capital Residential Limited Partnership “I”

CONFIDENTIAL INFORMATION MEMORANDUM



“Limeridge”

125 Limeridge Road West, Hamilton, ON

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Introduction

Two Sevens Capital Residential LP I (the "Fund") provides an opportunity for qualified investors to co-invest directly into an exclusive, growth oriented, income generating, multi-family real estate asset, alongside deeply experienced professional investment managers and operators.

The following is a Confidential Information Memorandum (CIM) that describes the investor experience, contains detailed information about our business, the market opportunity, the investment return profile, deal structure, as well as our investment managers and sponsors.

What's Inside?

- Investment strategy
- Investment return profile
- Overview of the assets
- How the investment fund works
- Background and experience of the management team

What is the Opportunity?

To participate in the acquisition of 19 condo titled townhome rentals to be sold as individual units.

What's in It for You?

- Great potential for returns
- Hands-off approach to real estate investing
- Mix of annual cash yield and appreciation
- Capital protection and stability in the event of a residential real estate market downturn

How Is This Done?

While the property is being held, this investment is designed to provide an annualized tax-preferred cash distribution, equivalent to a 6% yield made up of distributable income, interest income, and return of capital.

It should be noted that the property is being acquired at a wholesale price. Within the up to 5-year holding period, the townhomes will be sold individually at higher retail prices as titled condo units. Townhome prices in Hamilton have

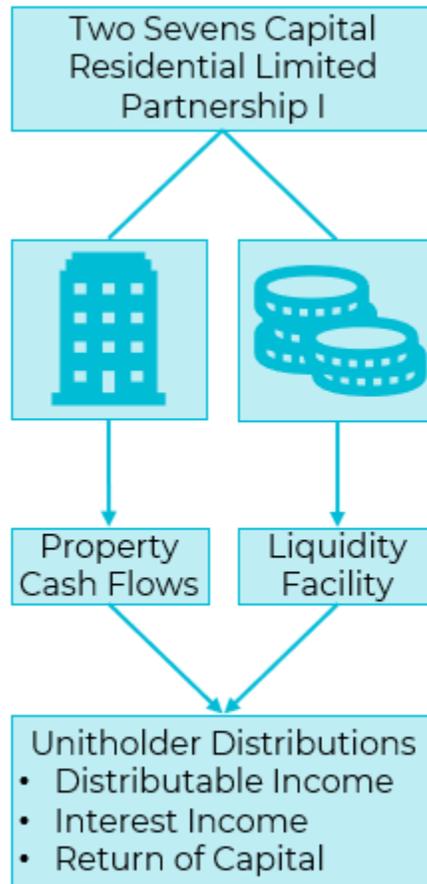
appreciated 8.3% annually over the last 10 years. Upon exiting the investment, investors will be financially rewarded from the appreciation of the property.

Investment Strategy

Fund Strategy	Private Equity Real Estate
Asset Type	Multi-Family
Investment Strategy (Modified Core-plus)	<ul style="list-style-type: none"> • Modified Core-plus are high-quality assets in secondary market. • We chose Modified Core-plus assets because returns have a significantly greater appreciation component than typical Core-plus opportunities due to units appreciating at accelerated residential house price growth rates. • Provides annual income return.
Investment Thesis	<ul style="list-style-type: none"> • Buy at a wholesale price and sell at a higher retail price. • During the holding period, the property produces positive cash flow and appreciates with the general residential real estate market. It also has downside protection and stability of being valued as a commercial real estate asset in event of a residential real estate market downturn. • Condo titled townhomes in surrounding neighbourhood selling at prices higher than our per unit acquisition value. • Townhome prices in Hamilton have appreciated 8.3% annually over the last 10 years. • Current rent roll is 10-15% below market. We expect overall complex rents to grow more than 5% annually. This will significantly increase the property's cash flows and valuation.
Exit Strategy	<ul style="list-style-type: none"> • Management will establish a condo corporation and initiate a sales program to sell off units individually to homeowners or investors.
Bank Note	<ul style="list-style-type: none"> • To provide liquidity for distributions
Holding Period	Up to 5 years

Investment Structure

This investment has two holdings. First, the property. Second, a bank note. The property produces cash flows, and the bank note provides a liquidity facility that supports consistent unitholder distributions.



Return Profile

Projected Return Metrics

Scenario	Equity Multiple	Compound Annual Growth Rate (CAGR)
Hamilton Historical Growth	1.50x	8.47%
Manager Expected Growth**	1.72x	11.43%

*After costs and fees. Please refer to the “Class A Costs and Fees” section for more details.

**The asset was previously owned by an affiliate of the managers. Given our knowledge and experience with this asset and submarket, we expect the asset price to grow at a much higher rate than the average Hamilton historical price growth rates. Using the Hamilton price growth rates represents a conservative estimate that we have used for financial modelling purposes throughout the rest of this document.

***The price of the purchase was set via an open market bid process and a third-party assessment.

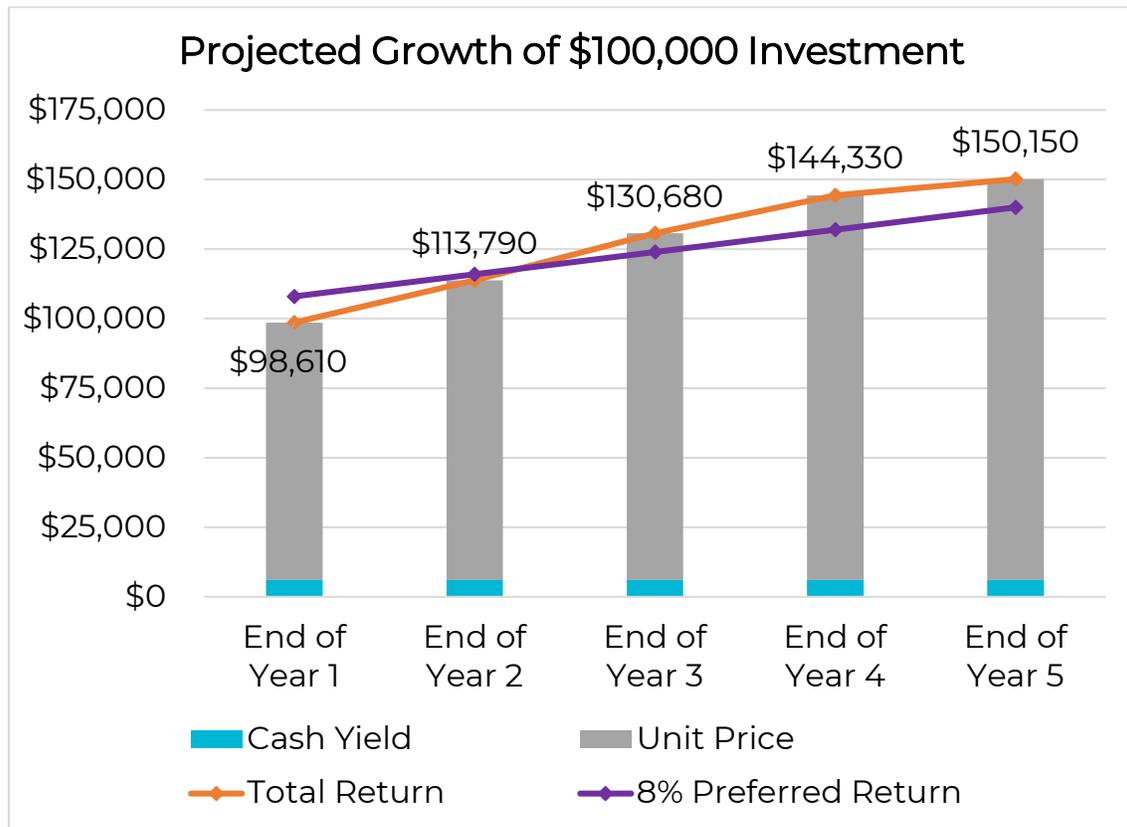
Equity Multiple is a term used to describe how much money an investor gets back for every \$1 invested. For example, a 1.50x Equity Multiple means that investors are projected to receive \$1.50 back for every dollar invested. Essentially, an investor could nearly double their money in 5 years.

The return on this investment has 2 components. The first component (A) is annual 6% cash yield (distribution). The second component (B) is the appreciation of the unit price. The cash yield (A) plus the unit price (B) make up the total return (C).

Projected Growth of \$100,000 Investment

	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5
(A) Cash Yield	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
(B) Unit Price (Net Asset Value)	\$92,610	\$107,790	\$124,680	\$138,330	\$144,150
Total Return (C) = (A)+(B)	\$98,610	\$113,790	\$130,680	\$144,330	\$150,150
Cumulative 8% Preferred Return	\$8,000	\$16,000	\$24,000	\$32,000	\$40,000

* After costs and fees. Please refer to the “Class A Costs and Fees” section for more details.

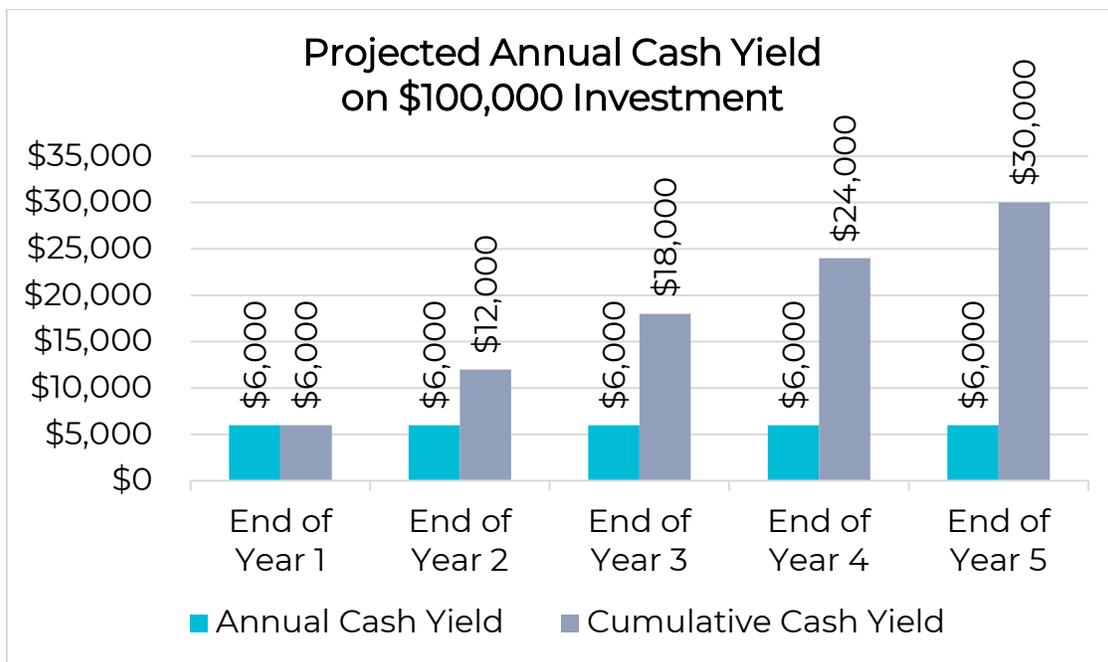


*After costs and fees.

Projected Annual Cash Yield on \$100,000 Investment

	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5
Annual Cash Yield	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Cumulative Cash Yield	\$6,000	\$12,000	\$18,000	\$24,000	\$30,000

* After costs and fees. Please refer to the “Class A Costs and Fees” section for more details.



*After costs and fees.

Real Estate Asset Metrics

Going-in Cap Rate	4.5%
Acquisition Value	\$6,237,860
Acquisition Value per Unit	\$328,308 per unit
Cash Flow	Annual Net Operating Income starting at approximately \$278,000 in Year 1 and growing to approximately \$320,000 in Year 5.

Real Estate Asset Description

Building Location	<ul style="list-style-type: none"> • 125 Limeridge Road West, Hamilton, ON. • Family friendly Rolston neighbourhood on the top of the escarpment of Hamilton Mountain. • Ideal location with proximity to major shopping and retail, grocery, parks & recreation, and restaurants. • Suburban atmosphere and with metropolitan downtown amenities of only a few minutes away. • Easy access to Lincoln Alexander Parkway.
Building Description	<ul style="list-style-type: none"> • Built 1971 • 19 condo titled townhouse units to be acquired (out of 20 units in complex) • All units 3 bed, 1.5 bath with separate entrances and carports • Additional 11 surface parking spots • All units have been fully renovated over the past 3 years including kitchen, bathrooms, flooring, trim, lighting, plumbing, paint, appliances. • Major infrastructure improvements over the past 3 years include roof, windows, parking lot asphalt, side and rear yard fences, car ports, install of A/C units in all townhouse.
Lot Description	<ul style="list-style-type: none"> • 1.45 acres • Rectangular shaped parcel of land

Key Dates and Milestones

Projected Dates	Event
Summer 2019	Fund opens for investment
August 31, 2019	Acquisition of the Property
Fall 2019	Close of Class A units
Winter 2020	Valuation and restatement of Net Asset Value (NAV)
Spring 2020	Audited financial statements sent to investors

Property Photos



Select Nearby Amenities

Commercial

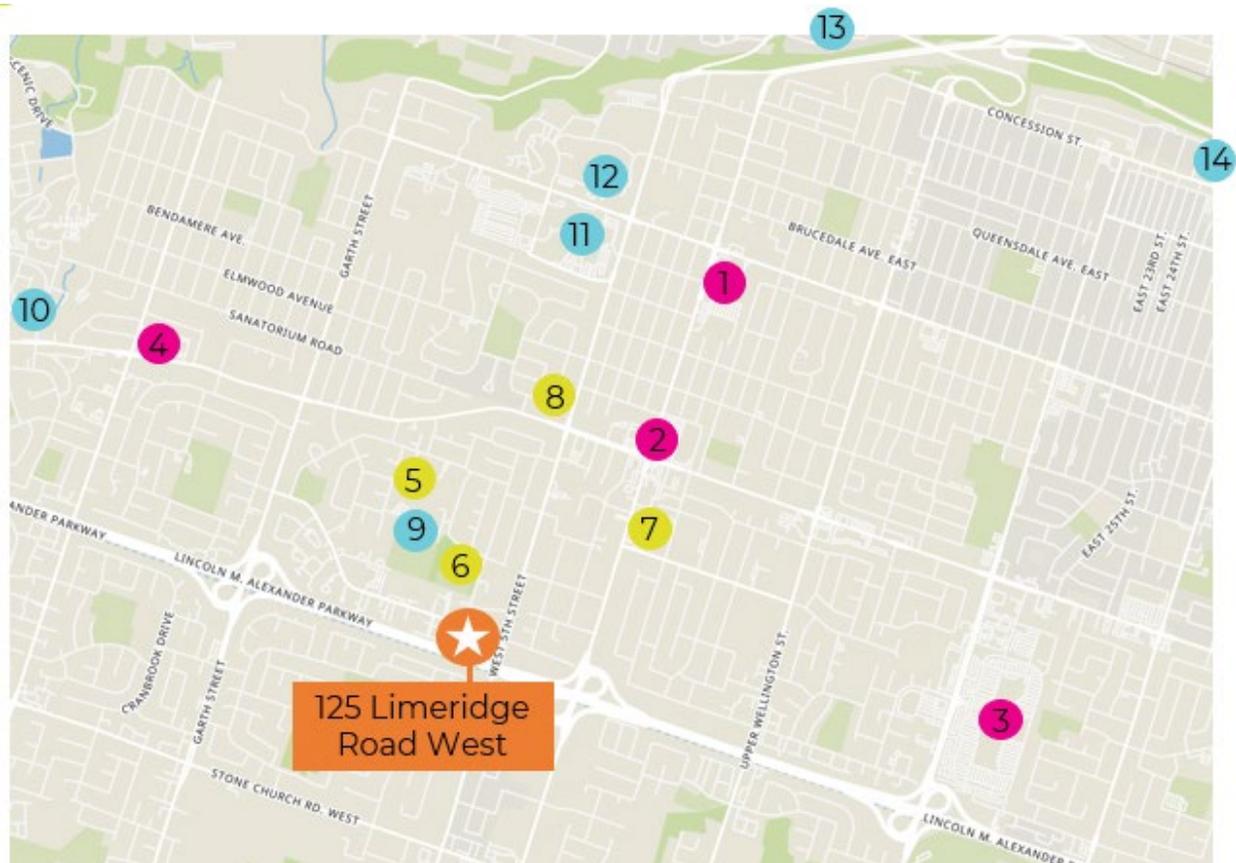
- 1 SmartCentres Hamilton Mountain
- 2 Metro, No Frills, Canadian Tire
- 3 CF Limeridge Mall
- 4 Westcliff Mall

Recreation

- 5 Westmount Recreation Centre (Community Centre & Indoor Pool)
- 6 Captain Cornelius Park
- 7 Dave Andreychuk Mountain Arena & Skating Centre
- 8 Public Library Terryberry Branch

Institutional

- 9 Westview Elementary (JK - 5)
- Westwood Elementary (6 - 8)
- Westmount Secondary (9 - 12)
- Catholic Elementary School (JK - 8)
- 10 Hamilton Health Sciences
- 11 Mohawk College
- 12 St Joseph's Hospital
- 13 Hamilton Go Centre (Commuter Train)
- 14 Juravinski Hospital



*Please refer to the section entitled “Additional Nearby Amenities” for a complete listing.

How to Purchase Units

- Speak with a representative from Two Sevens Capital by reaching out to invest@twosevenscapital.com
- Review relevant investment materials
- Know how much you're investing
- Set aside funds so they are ready for investment
- Review and sign the electronic Subscription Agreement and Limited Partnership Agreement via DocuSign
- Prepare personal cheque, certified cheque, bank draft or wire transfer

Offering Profile

Issuer	Two Sevens Capital Residential LP I
Investment Amount	Up to \$2,800,000 (28,000 units)
Offering	Limited Partnership Units in a single asset LP.
Securities Offered	Up to 28,000 Class A units with an 8% annual preferred return, and 6% annual cash yield.
Price per Security	\$100 per Class A unit
Offering Period	Until Fall 2019 in one or more closings processed on a first come-first-served basis.
Use of Proceeds	<ul style="list-style-type: none"> • To acquire all outstanding equity in the multi-family commercial real estate asset located at 125 Limeridge Road West, Hamilton, ON by subscribing for units in Limeridge Limited Partnership, a single purpose LP. • To purchase a Bank Note that provides a liquidity facility that supports consistent unitholder distributions.
Currently Listed or Quoted	No. These securities do not trade on any exchange or market.
Minimum Subscription Amount	\$100,000, unless waived at the discretion of the General Partner or Manager.
Payment Terms	Personal cheque, certified cheque, bank draft or wire transfer.

Information Rights Granted to Limited Partners	Annual audited financial statements, quarterly financial summaries, ad-hoc updates and communications prepared by the General Partner or Manager, and any other information rights afforded under the Limited Partnership Act of Ontario.
Tax Considerations	Investment in this Limited Partnership may subject the investor to receive distributions with various tax treatments, including but not limited to Return-of-Capital, Dividends, Interest Income, and Capital Gains. While tax efficiency is a principal goal for this investment type and structure, the General Partners and Managers do not certify any specific tax treatment related to holding this investment. The General Partners and Managers will provide annual financial reporting that should be sufficient enough to support an investor's tax filing obligations. It should also be noted that all investors will be responsible for the preparation of their own tax filings in respect of any potential taxable events connected to participation in this investment.
Selling Agents	The Issuers may retain agents to sell Units of the Limited Partnership.
Resale Restrictions	Investors are restricted from selling LP Units for an agreed upon term of the investment. There are certain exceptions to this described in the Limited Partnership Agreement.
Early Redemption Privilege	An early redemption privilege may be offered to investors annually on a best-efforts basis, at the discretion of the General Partner. An early redemption, full or in part, will be subject to a redemption fee of 2% of NAV. The redemption fee may be waived at the discretion of the Manager or the General Partner. Redemption Provisions are described in more detail in the associated Limited Partnership Agreement.

Hamilton, ON as a Place to Invest

- Waterfront city in Greater Toronto Area.
- Third fastest growing metropolitan city in Canada with a current population of 650,000 including 60,000 post-secondary students.
- Highest median wages and lowest unemployment rates in Ontario.
- Low vacancy rates and 4%+ average annual rental price increase.
- Seven straight years of over \$1 billion of building permits issued.
- Historically a steel and manufacturing city that has reinvented itself into a hub for healthcare, health research, education, and logistics (international airport and busiest marine port in Ontario). Recently named an advanced manufacturing supercluster along with Toronto and Waterloo.
- Home to McMaster University (30,000 students) and Mohawk College (30,000 students).
- National companies are now establishing their headquarters in Hamilton as an alternative to Toronto because of Greater Hamilton's transit accessible downtown and its well-educated and multi skilled workforce. Further, Hamilton is a great place to work, live, and play.
- The Province of Ontario has designated Hamilton as an Urban Growth Centre. As a result, improvements are being implemented to ensure that Hamilton can meet its increasing population and infrastructure demands. Funding has been allocated to improve transit times, pedestrian connectivity, re-develop the waterfront, expand the current airport industrial park, widen road lanes, add more parking lots, and improve street facades. In short, Hamilton is well positioned to continue its upward growth curve into the future.
- Hamilton is 50 minutes by car to downtown Toronto via 403/QEW highway. It is 1 hour by commuter train to downtown Toronto via Lakeshore West Go Train line. Express trains every 15 minutes during rush hours and regular schedule trains every 30 minutes.

Team

General Partners / Co-Sponsors	<ul style="list-style-type: none"> Two Sevens Capital Partners Ltd. – As Co-Sponsor & Capital Partner, responsible for establishing the investor-level Limited Partnership (this LP). Pulis Real Estate GP Inc. – As Co-Sponsor & Operating Partner, responsible for establishing the operations-level Limited Partnership.
Managers	<ul style="list-style-type: none"> Two Sevens Capital Management Ltd. – As Equity Manager, responsible for all investors’ equity invested in the Asset, and providing governance oversight of the Asset Manager. Pulis Real Estate GP Inc. – As Asset Manager, responsible for Acquisitions, Financing, and Operations of the Asset. Drake Property Management – As Property Manager of the Asset.
Governing Law	Ontario
Auditor	Bateman & MacKay
Legal Counsel	Carson Law

About Us

Two Sevens Capital	<ul style="list-style-type: none"> Private investment boutique for growth-minded individuals, and fiscally sophisticated families. Our value is 3-fold: <ul style="list-style-type: none"> <i>Diligence</i> – Asking the right questions and putting governance in place to protect and grow investor capital <i>Selection</i> – Of opportunities and best in class co-sponsors <i>Direct Access</i> – To private and alternative investments Our principles: <ul style="list-style-type: none"> Wealth Creation > Wealth Management Do More, For More These principles guide the opportunities we select for our clients, and how we communicate and develop long-lasting relationships with our clients. Ultimately,
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	<p>our goal is to have our clients “Do” (invest), “More” (re-invest in future opportunities), “For More” (refer us to their friends and family).</p> <ul style="list-style-type: none"> • Combined professional experience exceeds 40+ years in the areas of Wealth, Investment and Portfolio Management, Private Equity, New Ventures, and Corporate, Commercial & Real Estate Law.
Pulis Estate GP Inc.	<ul style="list-style-type: none"> • Expert in executing value-add multi-family strategies: identifying, acquiring, renovating, managing, and exiting. • Successful value-add track record in Hamilton, ON. • Current portfolio valued at over \$70+ million. • Multigenerational family-owned business. Principals have over 70 years of combined real estate experience.
Drake Property Management	<ul style="list-style-type: none"> • Specializes in managing value-add properties through their renovation stages and into maturity in Hamilton, ON. • Currently manages a rental portfolio of 500+ residential units.

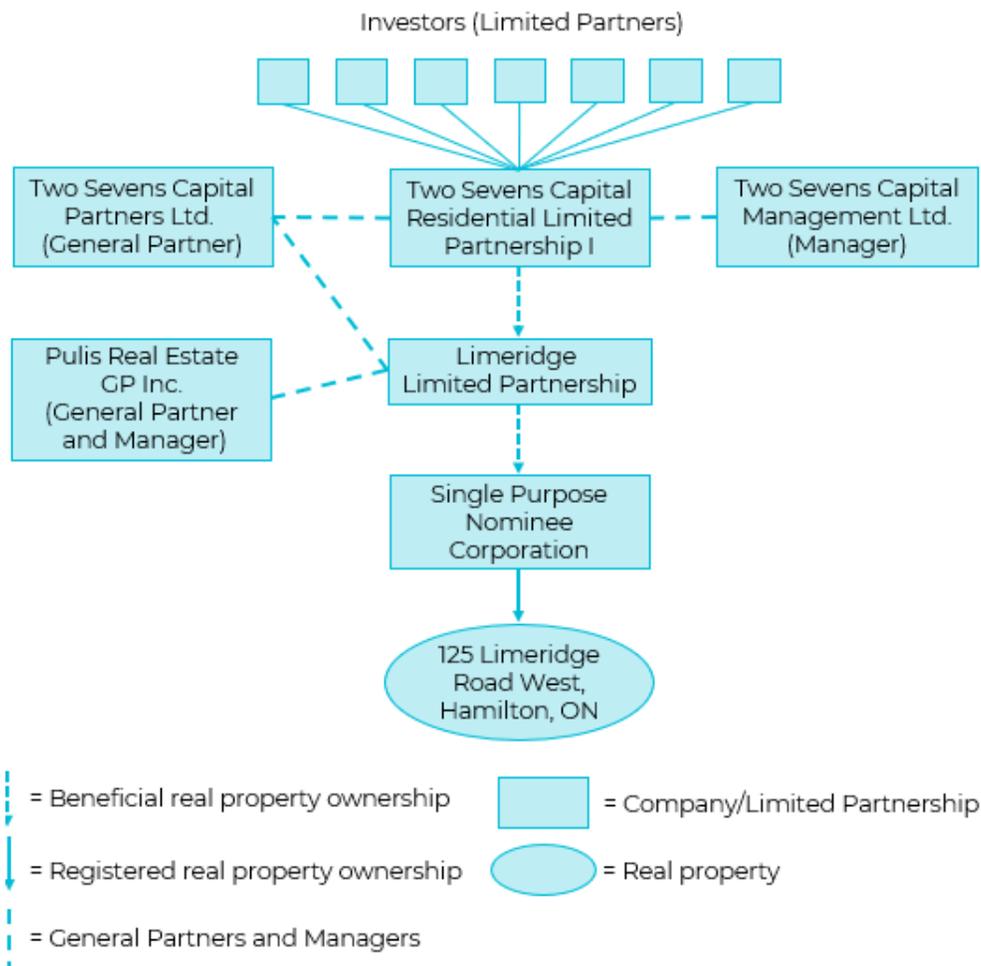
Fund Legal Structure

The fund’s legal structure has been optimized for ease of transaction and to limit liability for investors (Limited Partners).

At the bottom of our legal structure is a Single Purpose Nominee Corporation setup to hold the title to 125 Limeridge Road West in Hamilton, ON. This structure is used because Limited Partnerships cannot hold real estate title.

The Limeridge Limited Partnership is setup to hold the property, whereas the Two Sevens Capital Residential Limited Partnership I is setup to hold the investor capital.

As an investor, you become a Limited Partner in Two Sevens Capital Residential Limited Partnership I which is the beneficial owner of the Limeridge Limited Partnership which is the beneficial owner of the Single Purpose Nominee Corporation which holds the title to the property.



Profit Sharing

Allocation of Profits	<ul style="list-style-type: none"> • First, 100% to Class A Units until cumulative distributions equal the Original Capital Contributions (return of capital) • Second, 100% to Class A units until cumulative distributions equal 8% annual preferred return. Thereafter, 50% to Class A units; 50% to General Partners.
Carried Interest (or promote)	General Partners only achieve carried interest after investors receive a full return of capital, plus their preferred return. Once achieved, 50% of profits go to the General Partners as carried interest.

Costs and Fees

Phase of Operation	Basis for Fee	Amount of Fee
Capital Raise Fee	Fees charged by the Equity Manager to market the offering, initiate Investor Relations, and to administer the capital raising process.	One-time fee of 4% of investor capital raised.
LP Acquisition Fee	Fees charged by the Equity Manager for Due Diligence of the Asset and Asset Manager, and to administer the acquisition of Limeridge LP Units.	One-time fee of 1% of investor equity invested.
Pulis Acquisition Fee	Fees charged by the Asset Manager to administer research, analysis, negotiation, and closing of the Asset.	One-time fee of 2% of acquisition value.
Financing Guarantor Fee	Fees charged by the General Partners for personally guaranteeing the debt (mortgages) required to acquire the Asset.	One-time fee of 1% of debt.
Equity Management Fee	Fees charged by the Equity Manager for providing ongoing Investor Relations, and governance oversight of the Asset Manager.	Annual fee of 1% of NAV, paid monthly.
Fund Legal and Administrative Costs	Costs are initially paid by the General Partner and/or the Equity Manager who is later reimbursed by the fund. Costs cover the fund's start-up and ongoing legal and administrative costs.	Up to \$50,000 from the fund.

Detailed Costs and Fees

Class A Per Unit Costs and Fees

	Today	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5
Capital Raise Fee	\$4.52	-	-	-	-	-
LP Acquisition Fee	\$1.13	-	-	-	-	-
Pulis Acquisition Fee	\$4.92	-	-	-	-	-
Financing Guarantor Fee	\$1.01	-	-	-	-	-
Equity Management Fee	-	\$1.11	\$1.28	\$1.47	\$1.62	\$1.69
Fund Legal and Administration Cost	\$1.43	-	-	-	-	-
Real Estate Agent Cost	\$4.92	-	-	-	-	-
Land Transfer Tax Cost	\$2.23	-	-	-	-	-
Closing Costs	-	-	-	-	-	\$12.98
Total Costs and Fees	\$20.16	\$1.11	\$1.28	\$1.47	\$1.62	\$14.67

Detailed Investor Experience

Class A – Return Profile

Equity Multiple	Compound Annual Growth Rate (CAGR)
1.50x	8.47%

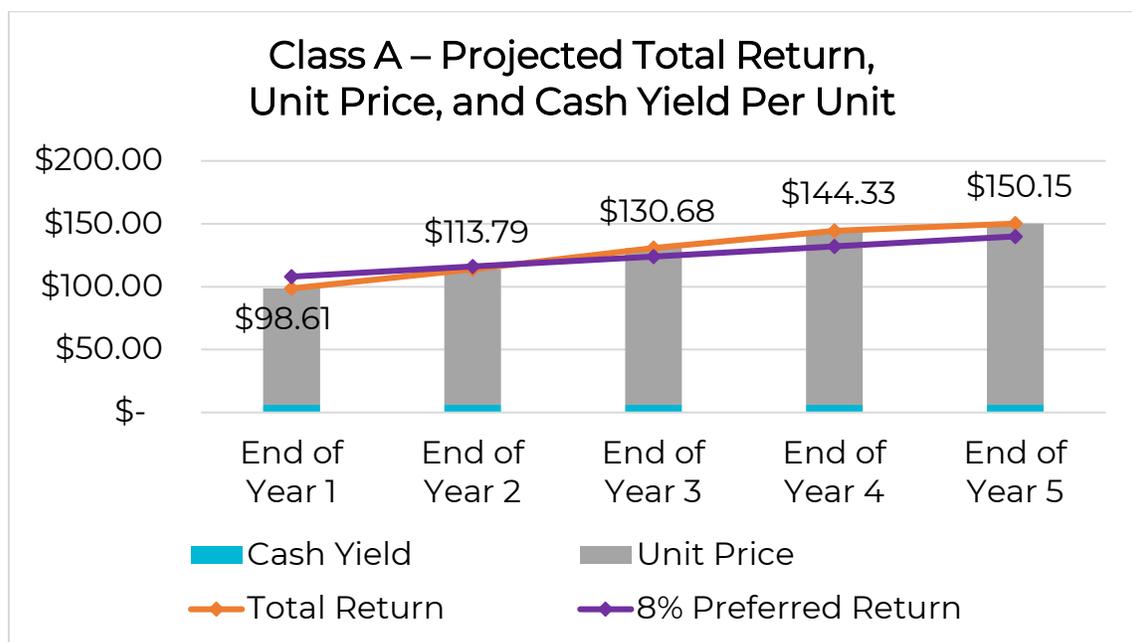
*After costs and fees.

The return on this investment has 2 components. The first component (A) is annual 6% cash yield (distribution). The second component (B) is the appreciation of the unit price. The cash yield (A) plus the unit price (B) make up the total return (C).

Class A – Projected Total Return, Unit Price, Cash Yield Per Unit

	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5
(A) Cash Yield	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
(B) Unit Price (Net Asset Value)	\$92.61	\$107.79	\$124.68	\$138.33	\$144.15
Total Return (C) = (A)+(B)	\$98.61	\$113.79	\$130.68	\$144.33	\$150.15
Cumulative 8% Preferred Return	\$8.00	\$16.00	\$24.00	\$32.00	\$40.00

*After costs and fees.



*After costs and fees.

Detailed Asset Performance

Real Estate Asset Level and Bank Note Level Performance

Class A	Today	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5
Building Value	\$6,237,860	\$6,606,300	\$7,154,623	\$7,748,457	\$8,391,578	\$9,088,080
(A) Building Net Cash Flow	-	\$62,320	\$72,009	\$82,010	\$92,334	\$102,989
(B) Bank Note @ 1.75%	\$612,701	\$486,714	\$363,407	\$242,599	\$125,681	\$15,531
(C) Bank Note Interest	-	\$10,722	\$8,517	\$6,360	\$4,245	\$2,199

*Cash Yields are equal to (A) + (C). Any shortfalls of the cash yield are made up for by drawing down the principal balance of the bank note (B).

Additional Nearby Amenities

Amenity	Details
Limeridge Mall	<ul style="list-style-type: none"> • Car: 7 minutes • Bus: 20-30 minutes • Roots, Sephora, Pandora, Aldo, Lululemon, Lids, Le Chateau, La Vie En Rose, La Senza, Jean Machine, Hudson's Bay, Dynamite, Home Outfitters, H&M, Garage, Hallmark, Freshley Squeezed, Bourbon St Grill, KFC, Villa Madina and Yogen Fruz, and more.
Canadian Tire/Walmart Supercentre	<ul style="list-style-type: none"> • Car: 4 minutes • Bus: 12 minutes • Walmart, Canadian Tire, Tony's No Frills, RBC Royal Bank, Samir Super Market & Kabab House, The UPS Store, Purolator, Grovery Dental Care, Metro Pharmacy, Rexall Pharma Plus, Quiznos, Pizza Pizza, and more.

Westcliffe Mall	<ul style="list-style-type: none"> • Car: 5 minutes • Bus: 20 minutes • Food Basics, The Beer Store, Home Hardware, CIBC, BMO, Rexall, Dollarama, Cutting Edge, Gino's Pizza, Good Health Mart, KFC, Subway, and more.
Costco	<ul style="list-style-type: none"> • Car: 10 minutes
Movie Theaters	<ul style="list-style-type: none"> • Cineplex Cinemas Hamilton Mountain (car: 9 minutes) • Landmark Cinemas (car: 10 minutes) • Westdale Theatre (car 13 minutes)
Other Entertainment / Restaurants	<ul style="list-style-type: none"> • Places nearby for all age groups • Splitsville Hamilton (Bowling, car: 8 minutes) • Chedoke Civil Golf Course (car: 15 minutes) • Core Entertainment (Theater, car: 10 minutes) • Escape Canada (Escape Room, car: 12 minutes) • Toast Wine Bar (car: 10 minutes) • State & Main Kitchen & Bar (car: 4 minutes)
Hospital / Medical centres	<ul style="list-style-type: none"> • All 0 - 5 km away • St Joseph's Healthcare Hamilton • Psychiatric Hospital • Hamilton Health Sciences • McMaster Children's Hospital • Hamilton General Hospital • Ron Joyce's Children's Health Care Centre

The Two Sevens' Philosophy: Our 4 Real Estate Fund Strategies

Fund Strategy	Fund Description
Core	<ul style="list-style-type: none"> • Lowest risk/reward profile. • High-quality, well-occupied and stable assets in primary markets and locations. • Returns are dominated by annual income return, not appreciation.
Core-plus	<ul style="list-style-type: none"> • High-quality assets in secondary markets/locations or slightly risky assets in primary markets/locations. • Returns are dominated by annual income return, with only a fraction coming from appreciation.
Value-add	<ul style="list-style-type: none"> • Assets improved via re-leasing, operational efficiency and capital improvements. • Market/location is secondary to the opportunity to add value. • Returns are dominated by appreciation, not annual income.
Opportunistic	<ul style="list-style-type: none"> • Highest risk/reward profile. • Repositioning and redeveloping of distressed buildings (poorly operated, vacant or outdated), or investing in new development opportunities. • Market/location is secondary to the opportunity. • Returns are dominated by appreciation, with a lot of the return coming at the end of the holding period.

The Two Sevens' Philosophy: Our Five Step Property Acquisition Process

Pulis Real Estate GP Inc., as the Asset Manager is responsible for the fund's acquisition. Pulis follows a proven acquisition strategy that personifies Two Sevens' philosophy of the Five Step Property Acquisition Process.

The following section describes our five-step property acquisition process. We've included this here to demonstrate the level of research, thoughtfulness, diligence, and care that goes into selecting property for our real estate-based investment products.

1. Research

Research is a critical part of finding the right properties to acquire. In this step, we start out by finding the right city to invest in, then the right neighbourhood, then the right property.

Find the City	We start our search by finding cities with strong job growth. This is important because job growth drives higher rents, and higher rents lead to higher asset values, and higher returns for our investors.
Find the Neighbourhood	Next, we look for safe, family-oriented neighborhoods with good schools, and tons of amenities such as shopping, entertainment, and recreation.
Find the Property	Next, we identify properties that we'd be interested in purchasing. This includes a mix of for sale properties and not for sale (off market) properties we may be able to acquire.

2. Analyze

In this step, we analyze investment opportunities, build financial models, and decide if we should make offers to purchase.

Narrow the List Down	From our target property list, we narrow the list down to properties that have the best investment potential. From there, we further narrow the list down to find the opportunities that best suit our target deal size (dollar value) and unit type (size, number of bedrooms etc.)
Collect Financial Information	Next, we collect financial operating numbers from sellers and begin a process called “underwriting.” At this point, we expect to receive two types of documents from sellers. 1) Rent Roll 2) Cash Flow Statement.
Analyze Building Rents	The Rent Roll states how much each unit rents for on a monthly basis and any other revenue sources such as parking or laundry income.
Analyze Market Rents	Next, we do market research to determine current market rents for a unit type and quality. We do this to see if current building rents are close to market rents, and if there are is the potential to increase them.
Analyze Building Expenses	Next, we look at the Cash Flow Statement to analyze the expenses to see if they’re in line with market rates and/or if there are opportunities to reduce expenses. Typical building expenses include property management fees, leasing fees, property taxes, utilities (gas, water, electric), maintenance expenses (grass cutting, snow removal, regular repairs and upkeep), garbage removal, insurance etc.
Financial Modelling	Next, we build a financial model called a “Pro-forma” to determine what the investment experience will look like over the investment period.
Kick the Bricks	We do a walk-thru of the property to confirm the property is as advertised.
Decide to Place Offers	Finally, we have enough information to decide if we want to continue to invest time and energy into pursuing properties and move into the Offer and Negotiation phase of the acquisition process.

3. Present Offer and Negotiate

In this step, we prepare offers and negotiate with sellers, and conduct physical due diligence on a property.

Prepare the Offer	To determine the offer price, we use our pro-forma financial model and combine it with market research about cap rates and recent sale transactions.
Submit Offer	Next, we submit offers and wait for responses. When an offer is accepted, further due diligence begins.
Offer Accepted	At this stage, we start looking for a mortgage and conduct extensive physical due diligence. We hire professional inspectors to look at all major mechanical, electrical, and structural systems.
Re-Negotiate with Seller	If any major issues are found during our inspection, we re-negotiate with the seller to bring the price down to compensate for the cost of fixing any issues.

4. Close

In this step, we close on the property and complete the acquisition.

Final Walk-Through	We do a final walk-through of the property to make sure everything is in the same condition as it was when it was inspected by the professional inspectors. We look for any new problems that may have sprung up such as new roof leaks, pipe bursts, and other major system failures.
Waive Conditions	Next, we waive inspection conditions, and financing conditions for our mortgage. To do this, we submit paperwork to the seller indicating we're satisfied with the physical condition of the property and that we have the financing in place to move forward with the purchase. Once conditions are waived, we're legally obligated to purchase the property. In a scenario where the final walk-through reveals new issues, we can choose not to purchase the property and instead forfeit our initial deposit/earnest money (typically around 1% of the purchase price) – this is a rare scenario.

Send Insurance Binder to Lender	Mortgage lenders require buyers to provide them with an Insurance Binder (proof of insurance) before they will release the funds necessary to close on a purchase. Our job is to have the insurance in place and provide the Insurance Binder to our lender before closing time.
Final Paperwork	At this stage in the process, there is some final paperwork to do, checks need to clear, and title needs to be transferred. Once that's done, we're the owners! For us, closing is a smooth process because we prepare well in advance and have all the necessary documentation ready beforehand.
Get the Keys	The last step of the closing process is picking up the keys. If the townhouse complex is master keyed, one key can override and open all the locks. If a property isn't master keyed, we ask sellers to clearly label each key for us. Finally, we ask sellers to provide us with anything that's relevant to the management of the building such as user manuals, warranties, key fobs, garage openers, codes etc.

5. Manage

In this step we take on the management of the property. Management has 3 parts: Equity Management, Asset Management, and Property Management.

Equity Management	The role of the Equity Manager is to manage the relationship with the investor base and continue to provide investment oversight and guidance to the Asset Manager. All investor communications and reports are handled by the Equity Manager to keep investors informed about key milestones and operating metrics.
Asset Management	The role of the Asset Manager after closing is to develop operating and capital budgets, hire and oversee the property manager, find ways to increase revenues (e.g. through strategic renovation programs), evaluate and revise the financing strategy, conduct market research, prepare financial projections, manage cash flows, determine the financial performance of the property, calculate returns, and provide hold or sell recommendations.

Property Management	The role of the Property Manager is to handle the day-to-day management activities of the property. Key duties are to collect rents, lease vacant units, deal with tenant issues, enforce property rules and regulations, serve eviction notices in cases of non-payment, maintain the building and grounds, respond to maintenance requests from tenants, pay operating expenses of the property (e.g. utility bills, property taxes), and work with on-site staff and coordinate with contractors.
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The Two Sevens' Philosophy: Our Relationship Roadmap™

At Two Sevens Capital, relationships of trust and mutual respect are what drives our business forward. To ensure the success of our relationships, we've developed an 8-stage guide called The Relationship Roadmap™. The roadmap helps potential investors identify the current stage of our relationship with them. The Relationship Roadmap™ also articulates at each stage our goals, how potential investors benefit, and how we'd them to feel during our relationship with them.

The 8-stages of The Relationship Roadmap™

1. The Awareness Snapshot™
2. The Value Template™
3. The Partner Profile™
4. The Opportunity Matrix™
5. The Discovery Navigator™
6. The Partner Launchpad™
7. The Care Plan™
8. The Tribe Expander™

Stage Name	Our Goal	Benefit to You	How We'd Like You To Feel
The Awareness Snapshot™	Our goal is that you become aware of Two Sevens Capital.	You become aware of alternative investing.	At this stage, we want you to feel that Two Sevens Capital is something different.
The Value Template™	Our goal is that you have a working understanding of what we do and the benefits of alternative investing.	You feel confident that we can deliver and supply an exciting alternative investment.	At this stage, we want you to feel confident in our capabilities and have a desire to get involved.
The Partner Profile™	Our goal is to help you determine whether you qualify to become a partner.	You know if you're a fit and you know if you can make an investment right now.	At this stage, we want you to feel that you've earned the opportunity to become a partner.
The Opportunity Matrix™	Our goal is that you understand our opportunities.	You know what's available for investment today.	At this stage, we want you to feel excitement and a desire for a better future.
The Discovery Navigator™	Our goal is that you can make an informed decision about subscription.	You know why an opportunity is right for you.	At this stage, we want you to feel informed, at ease, and prepared to commit.
The Partner Launchpad™	Our goal is that you subscribe to our opportunities.	You become a partner.	At this stage, we want you to feel involved and happy to be a part of the tribe.

Stage Name	Our Goal	Benefit to You	How We'd Like You To Feel
The Care Plan™	Our goal is that you're kept updated regularly and are well informed.	You're always in the know.	At this stage, we want you to feel important, cared for, and that you've made a great investment.
The Tribe Expander™	Our goal is that you refer Two Sevens Capital to your friends and family.	You can share the experience and excitement with friends and family.	At this stage, we want you to feel like you must tell others about us.

Definitions

Accredited Investor

Generally speaking, an Accredited Investor is an individual who either alone or with a spouse has a net worth exceeding \$1,000,000; or whose income before taxes exceeds \$200,000 in each of the two most recent calendar years; or whose income before taxes combined with that of a spouse exceeds \$300,000 in each of the two most recent calendar years. Accredited Investors can also be Trusts or Companies that meet certain net asset thresholds. To see if you qualify, please contact invest@twosevenscapital.com

Net Asset Value (NAV)

NAV is the net value of the fund and is calculated as the total value of the fund's assets minus its total liabilities. NAV is used to calculate the unit price. Unit Price = NAV / Number of Units Outstanding

Preferred Return

A preferred return describes the Limited Partners claims on profits. Limited Partners with preferred returns will be the first to receive their full initial investment back along with a set percentage investment return (the preferred return) before profits are split according to an agreed upon formula. See "Profit Sharing" for a description of the profit splitting formula.

Carried Interest

Carried interest is a profit-sharing incentive to align the interests of the Limited Partners with those of the General Partners to maximize the value of the investment. Carried interest is only received by the General Partners once the Limited Partners receive a full return of their invested capital back to them and their accumulated annual preferred return.

Return of Capital (ROC)

Return of Capital is usually considered the most tax efficient type of distribution investors can receive. Taxes on Return of Capital are deferred until the investment is sold.

Return of Capital occurs when an investor receives a portion of their original investment back in the form of a distribution. Return of Capital is not considered income or capital gains. However, Return of Capital reduces the Adjusted Cost Base (ACB) of the investment by the amount that has been distributed.

Compound Annual Growth Rate (CAGR)

CAGR is the growth rate (or return) that an investor receives from the initial investment value to the ending investment value. CAGR assumes that the investment compounds over the holding period of the investment.

$$\text{CAGR} = (\text{Ending Value} / \text{Starting Value})^{1 / \text{Holding Period in Years}} - 1$$

Equity Multiple

In commercial real estate, the Equity Multiple is defined as the total cash distributions from an investment, divided by the total equity invested into a project. For example, if \$1,000,000 of equity is invested into a project and all cash distributions received from the project total \$3,000,000 then the Equity Multiple is \$3,000,000 / \$1,000,000 = 3.0x. In this example, an Equity Multiple of 3.0x simply means that for every \$1 invested into the project, an investor can expect to receive \$3 back (this \$3 includes the initial \$1 investment). An Equity Multiple greater than 1.0x means you're getting back more cash than you invested, while an Equity Multiple less than 1.0x means you get back less cash than you invested.

Net Operating Income (NOI)

In commercial real estate, Net Operating Income is calculated using the industry-standard definition of gross income received (revenue) from the property minus operating expenses. Gross income means primarily rents but can also include other income stream such as parking fees, vending machines fees, and laundry facilities. Operating expenses include all the expenses required to operate the property such as property management fees, utilities (gas, water, electric), property taxes, insurance, repairs and maintenance, landscaping and snow removal, and garbage removal. Net Operating Income doesn't reflect debt service payments (principal and interest), capex, or depreciation and amortization.

Capitalization (Cap) Rate

In commercial real estate, a Cap Rate is the Net Operating Income (NOI) of a property divided by its asset value, expressed in percent. For example, a property with an NOI of \$100,000 and a value of \$1,000,000 would have a Cap Rate of 10%.

Single Purpose LP

In commercial real estate legal structures, single purpose LPs are used to hold single assets with the owners of the single purpose LP being the investors.

Frequently Asked Questions

Q. What is Two Sevens Capital Residential Limited Partnership I?

A. Two Sevens Capital Residential Limited Partnership I is a newly formed limited partnership for the specific purpose of acquiring all outstanding equity in the Multi-Family Commercial Real Estate Asset at 125 Limeridge Road West in Hamilton, ON by subscribing for units in Limeridge Limited Partnership, a single purpose LP.

Q. Who is the manager?

A. Two Sevens Capital Management Ltd. And Pulis Real Estate GP Inc. See the "Team" section for further details.

Q. Is there a minimum or maximum initial offering amount to be sold?

A. Please see the "Offering Profile" section for more details.

Q. What is the minimum invest amount allowed?

A. \$100,000, unless waived at the discretion of the General Partner or Manager.

Q. What kind of return may be expected by investors?

A. Please refer to the “Return Profile” section.

Q. What are the key dates for this investment?

A. Please refer to the “Key Dates” section.

Q. What is the investment exit strategy?

A. Please refer to the “Investment Strategy” section.

Q. What is the holding period of this investment?

A. 5 years. Please refer to the “Return Profile” section for more details.

Q. Where can I buy Units?

A. To purchase units, please contact invest@twosevenscapital.com

Q. What is involved in the Subscription process?

A. Please refer to the “How to Purchase Units” section.

Q. Who is the issuer of the Units?

A. Two Sevens Capital Limited Partnership I.

Q. Who may invest?

A. Units are available for purchase by Accredited Investors as well as family and friends of the issuer. Please contact invest@twosevenscapital.com to see if you qualify.

Q. May I make an investment through a registered account?

A. No. Investments must be made with non-registered capital.

Q. Do you have a redemption program?

A. A redemption privilege may be offered to investors annually on a best-efforts basis at the discretion of the General Partner. Redemption provisions are described in detail in the Limited Partnership Agreement.

Q. How can I sell my units?

A. You’ll be restricted from selling your LP Units for an indefinite period. There are certain resale provisions described in the Limited Partnership Agreement.

Q. When will I get my detailed tax information?

A. Please refer to the “Offering Profile” and “Key Dates” sections for more details.

Q. Will I be charged upfront selling commissions?

A. Not Directly. Please refer to the “Fees” section for more details.

Q. Will I be notified of how my investment is doing?

A. Our Limited Partners (investors) will be provided with annual audited financial statements, quarterly financial summaries, ad-hoc updates and communications prepared by the General Partner or Manager, and any other information rights afforded under the Limited Partnership Act of Ontario. Please refer to the “Offering Profile” and “Key Dates” sections for more details.

Q. Who can help answer my question about the offering?

A. Please direct questions to invest@twosevenscapital.com

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