

R|H Asset Management

Investment Prospectus

Non-Disclosure and Confidentiality Agreement

The Recipient hereby agrees that all financial and other information ("Information") that it has and will receive concerning HR Ventures LLC (d/b/a R|H Asset Management) is confidential and will not be disclosed to any individual or entity without prior written consent.

Our Business Model – Identify Unique Opportunities

R|H Asset Management (“RH AM”) acquires and holds residential and commercial real estate for long-term positive cash flow and appreciation in the greater Boston area. Additionally, our development arm acquires, redevelops, and sells its residential assets for short-term capital gain.

Cash Flow is King... Appreciation is a Bonus

Many investors purchase investment assets with a primary exit plan based on appreciating market prices. While this is true of most cyclical market cycles, appreciation should never be any investor’s primary exit strategy, especially if holding an asset less than 5-10 years. RH AM’s primary underwriting focuses on anticipated cash flows by the end of year 1 or 2. We target properties ripe for positive cash flow in the short term and potential price appreciation over the long term. We source properties that have one or more of the following characteristics:

- Functional obsolescence
- Inexperienced or poor property management
- Deferred maintenance or structural deficiencies
- Financial stress of an owner
- Problem tenants
- Below-market rents and/or acquisition price
- Future potential development opportunities of the existing building and/or land

The Best Time to Invest in Real Estate is... Always

Since 2008, R|H Asset Management has developed a strong understanding of the greater Boston area. The properties we acquire are located in markets known for their value, desirability to live, strong supporting labor markets, and proximity to public transportation. We do not purchase properties in markets where finding quality tenants will be a challenge or where the general tenant base will cause significantly increased annual maintenance and repairs.

Because we focus on cash flow and not price appreciation, acquiring long term assets can happen at any stage of a market cycle - not just during a seller’s market. In fact, the best opportunities typically arise during buyer’s markets when prices are depressed relative to rent income.

Our investors help fund opportunities that RH AM will source and underwrite. The minimum investment for any offering is \$100,000. Investor funds are used to cover acquisition costs including down payment, closing costs, and a finder’s fee. A percentage of each property acquired may be available as partial equity positions to investment partners. Each property is held under a unique limited liability company separate from other companies in our portfolio and uses an operating agreement specific to the investment needs and desires of the members.

To ensure the alignment of goals between members and investors, RH AM will typically retain 100% ownership of each property, unless the investor contributes an amount significant enough to earn a secured equity position. RH AM will always retain a majority equity stake for any property where a secured position is offered and available.

Reviewing Investment Opportunities

Before committing any funds, you will have an opportunity to review a property-specific prospectus that details the investment opportunity. There is no requirement to invest and you should not invest with us if you are not comfortable with our business, the property, the amount, and the timeframe to be invested. All discussions with us are confidential, and your investment terms and note are never shared with anyone else.

- We generally limit involvement to five or fewer investors per asset.
- Investors can expect to receive a formal prospectus, which includes the property's characteristics, including photos, any construction budget, comparable rents, a market write up on the property's surrounding area, and a repositioning and lease-up strategy based on recent market activity.

Once you receive your package, we will expect to receive confirmation of your participation within 48 hours. Upon your approval, we may expect to receive your funds within another 48 hours. Certain projects may have extended timeframes and not every project will require funding this quickly. In situations where we must act quickly, your funds will allow us to purchase the property and commence the repositioning process as soon as we close.

Each potential acquisition comes to us through different avenues and with unique seller motivations. We focus on identifying those motivations and offering maximum value for sellers by reducing hurdles typical to the sales process. To that extent, we always negotiate terms that permit for due diligence and a quick exit if we identify any encumbrances after an accepted offer is signed.

Guaranteed Work by Licensed and Insured Contractors

RH AM uses a system of recruiting and retaining quality contractors that are not only licensed and insured but also warranty their work for at least one year. By working with us, our contractors have the ability to grow their businesses alongside ours and receive steady work. This strategy eliminates the worry and need for the contractor to continually wonder about where their next job is coming from. Not every contractor will fit our business model, but the right ones make all the difference in providing quality work on time and on budget. We are extremely proud to be job creators and having a diverse crew of skilled labor involved in every project.

Before any contractor new to our team is hired, they must provide the following documents:

- Proof and confirmation with the state of applicable current licensure - no disciplinary actions allowed.
- Proof of liability and worker's comp insurance.
 - We contact the insurance company and verify there have been no claims made in the prior two years.
 - All contractors must add us as additionally insured parties specific to their scope of work.
- Minimum of three references.
- Photos of work samples and/or personal visit to their current projects.
- Minimum 1-year warranty on all labor and materials provided.

We also perform due diligence via background checks, liens and lawsuits, public records, social media, etc.

Our Track Record and Returns

Since 2008, RH AM has purchased and sold \$40M in real estate and currently holds \$9.5M in long-term assets. RH AM has partnered with investors on short and long-term projects and has never failed to repay an investor as agreed to per our loan documents. We are seeking investors comfortable with 3 to 10 year investment periods and will put the same safeguards in place as we do for our short-term investors.

We Manage the Property – You Enjoy the Return

RH AM retains sole authority for day-to-day operations and capital improvements of each asset. Our investment package will outline any initial capital improvements we plan to make as well as the anticipated performance on a monthly and annual basis for the projected holding period.

While at some point the company may consider adding partner owners who have voting rights towards corporate decisions, it should be clear that investors into specific investment vehicles will have no operating control over the corporate entity in part or as a whole.

Your Potential Returns

When an investment opportunity becomes available, we will initiate a “call for investors” - typically after our offer is accepted by the seller of a target property. If required, each investor will submit an accredited investor affidavit. Investors will receive a “preferred” rate of return, typically a percentage of their base investment regardless of asset performance, to be paid as a quarterly dividend. Secondary returns above the preferred rate, if available, will be discussed in the investor package. Once an investor verbally commits funds, we will draft the terms of the investment for review and signature.

Underwriting the Property

Our priority to investors is to prevent loss of principal and provide quarterly returns. We never underwrite a deal based wholly on price appreciation. When evaluating a potential purchase, we typically look at a minimum hold of 5 years. The cash flow after the property is stabilized, if applicable, will always support our investors, cover all operational expenses, taxes, debt service, and a minimum of 5% reserves for future capital expenses. Excess cash flow is then allocated to RH AM or split between RH AM and investors - this will be detailed in the investment package.

Completing the Investment Cycle

When the investment period is nearing conclusion, two options will be presented: extend the investment period with a new term sheet or return investor principal with a final dividend payment. The options presented will depend on our future strategy with the property - we may sell the property for long-term capital gain, sell the property and trade up via 1031 exchange, or continue to hold the property. If we continue to hold the property, we may continue with investors or cash out some or all investors by refinancing the property. Each property will present its own unique long-term strategy.

Our Portfolio

Since 2008, we have acquired 30 units across 8 properties, owned personally or under separate LLCs. Below are the properties we own, some basic information about each, and their FY2020 performance (or anticipated performance if newly acquired/stabilized).

Property Address	Unit Count	Purchase Price	Purchase Year	Current Value	Debt Coverage Ratio	Cash on Cash Return
34 Edison Green	3	\$355,000	2008	\$1.1M	1.54	28.57%
504 Talbot Ave	3	\$440,000	2012	\$1.1M	2.07	21.31%
510 Talbot Ave	3	\$450,000	2013	\$1.1M	2.54	47.29%
56 Carruth St	2	\$625,000	2015	\$1.2M	1.35^	13.00-15.00%^
44 Columbus St	2	\$160,000	2015	\$350K	2.25	10.28%
171 Plymouth St	6	\$1,100,000	2017	\$1.2M	1.79	15.51%
17 Van Winkle St	3	\$795,000	2019	\$1.0M	See Note*	
89 Woodrow Ave	8	\$1,330,000	2020	\$1.3M	See Note**	

^Owner Occupied - figures reflect financials if fully rented and not owner occupied.

**Asset is stabilized but will be sold in 2021.*

***Asset is projected to be stabilized by mid-2021. We are also in the early stages of a development proposal for land that came with the building.*

Current Value is an estimate based on a recent appraisal or comparative market analysis.

Debt Coverage Ratio is the amount of net operating income (income minus operating expenses) divided by the debt service (principal and interest). Lenders typically require 1.20-1.25x as an additional way to determine maximum loan amounts, beside the typical appraisal process.

Cash on Cash Return is the pre-tax cash flow divided by the total amount invested (typically the down payment, closing costs and any initial capex).

Properties purchased between 2008 and 2015 have seen price appreciation. Some appreciation was forced (i.e. capital improvements), while the rest was due to market conditions and a general housing supply shortage. Our recent acquisitions required capital improvements but are positioned for strong performance in the short and long term.

About Us



Daniel Rubin graduated from Northeastern University with a Computer Engineering degree in 2007, just as the Great Recession was starting. In 2008, he purchased his first three-family in Dorchester and began his career as a property owner, living in one unit and renting out the others. He saw many houses in the area needing work and this turned into his passion - improving properties and revitalizing neighborhoods.

In 2010, Dan partnered with Ray Hurteau to form HRV Homes (now known as R|H Investment Group) to rehab their first property. It now consists of a development division and an investment division. The development division typically operates in South Boston, Dorchester, Somerville, and Brookline while the investment division typically acquires properties in Greater Boston and surrounding areas. Dan has the vision and market knowledge to find the next opportunity.

Dan is a licensed real estate agent and is responsible for managing acquisitions, marketing and social media, designing layouts, selecting finish materials and colors, and acting as the general contractor by coordinating with and directing all sub-contractors for each project. Dan ensures all work is completed to our quality standards - no detail is too small.



Ray Hurteau worked for his father many summers in high school as a carpenter's apprentice. Believing he would never swing a hammer again after being covered in sawdust and insulation, he also attended Northeastern University and graduated in 2007 with dual minors in business and management information systems.

When Dan and Ray started HRV Homes while working full time, Ray created many different financial models and property analysis spreadsheets and, like Dan, saw the long-term value of investing in real estate. After successfully rehabbing their first property, they purchased two rental properties within walking distance of a MBTA station.

Ray is a licensed construction supervisor and responsible for permitting, underwriting potential acquisitions, managing all labor contracts and insurance policies, securing acquisition and construction financing, paying all bills, creating income projections and budgets, bookkeeping, tax planning, property management, and maintaining company records.

Dan and Ray left their jobs in 2015 and 2016 to work in real estate full time. R|H Investment Group completes two to four short-term projects each year and uses the income to grow the company, pay themselves, and acquire cash flowing investment properties. By having a balanced portfolio of short- and long-term development projects and investment properties, the company can withstand market downturns by pausing projects and focusing on rentals.

Portfolio Renovations & Value-Add Samples

Property Address: 504 Talbot Avenue - Dorchester, MA

Property Type: Three Family Residential

Scope of Improvements: Remove problem tenant and renovate apartment, convert heating system to gas, and replace rusted electrical subpanels

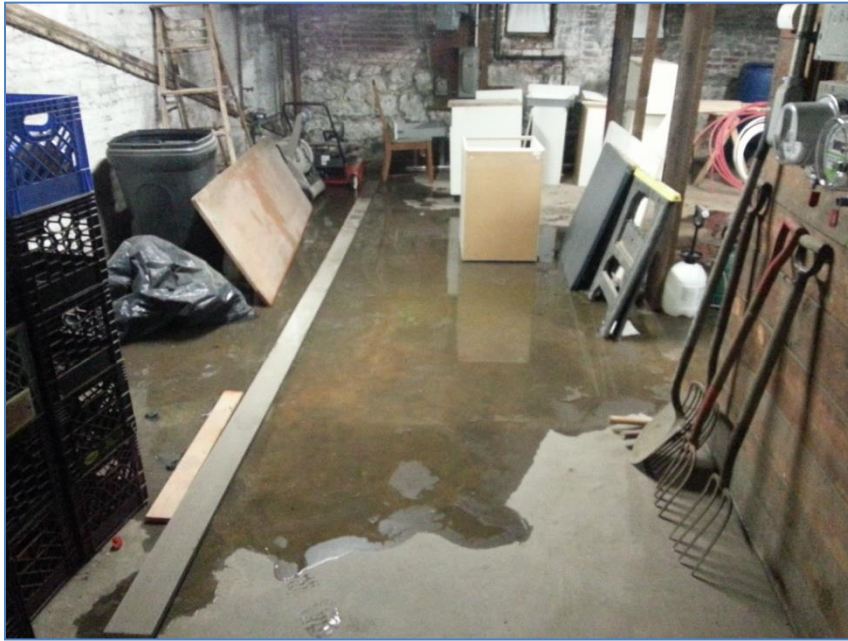








Property Address: 510 Talbot Avenue - Dorchester, MA
Property Type: Three Family Residential
Scope of Improvements: Kitchen and bath upgrades, repainting



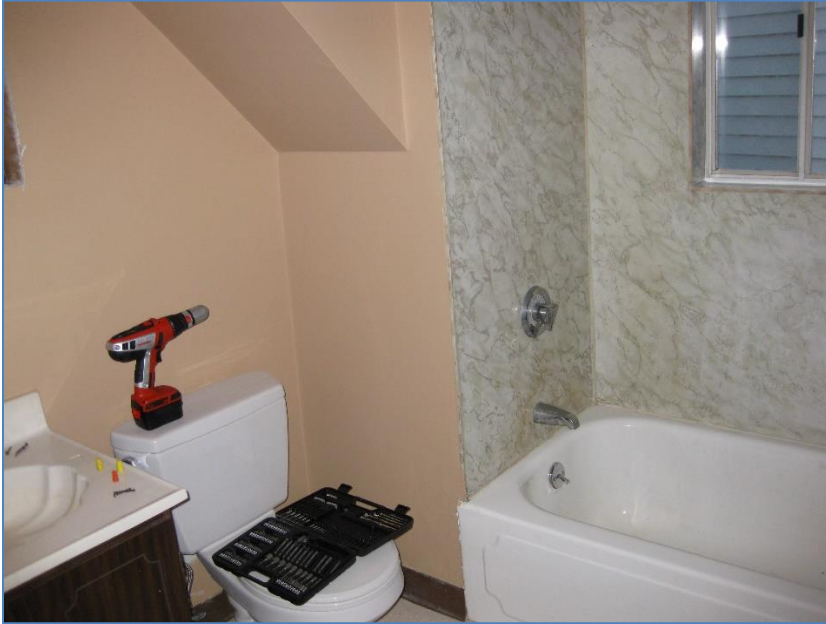




Property Address: 34 Edison Green - Dorchester, MA

Property Type: Three Family Residential

Scope of Improvements: Renovate two apartments





Property Address: 171 Plymouth Street - Bridgewater, MA

Property Type: Six Unit Residential

Scope of Improvements: Renovate two apartments & add laundry room





Property Address: 44 Columbus Street - Manchester, NH

Property Type: Two Unit Residential

Scope of Improvements: Renovate two apartments



