



TVR 2 Q1 2023 Shareholder Letter

April 21st, 2023

Round 2 aka, our second portfolio is well underway and we're eager to share with you our vision for this journey. This is your first opportunity to read one of our shareholder letters as an investor in STR 2. So, sit back and enjoy.

This is an early bet, a big bet, in an emerging, rarely before scaled asset class of STRs. We recognize the trust and confidence you've invested in us and with us. We recognize that the unknowns feel difficult to overcome but we also recognize that we're leading with data and behavioral shifts in how people travel, work, and play.

There was a time in the 90s when storage was overlooked. No one believed it would become an asset class of choice. Even till this day, most operators are mom and pops. But it trades at significantly reduced cap rates vs where it was. It got compressed. Why?

Human behavior. The dot com boom brought the likes of Amazon which shifted behavior to buying more things, therefore needing more space to store things. People needed more things with time as well. New gadgets, confined spaces. More apartment living. City living. Behaviors drove asset compression. And we believe we'll see this in STRs more than ever, accelerated by the COVID pandemic.

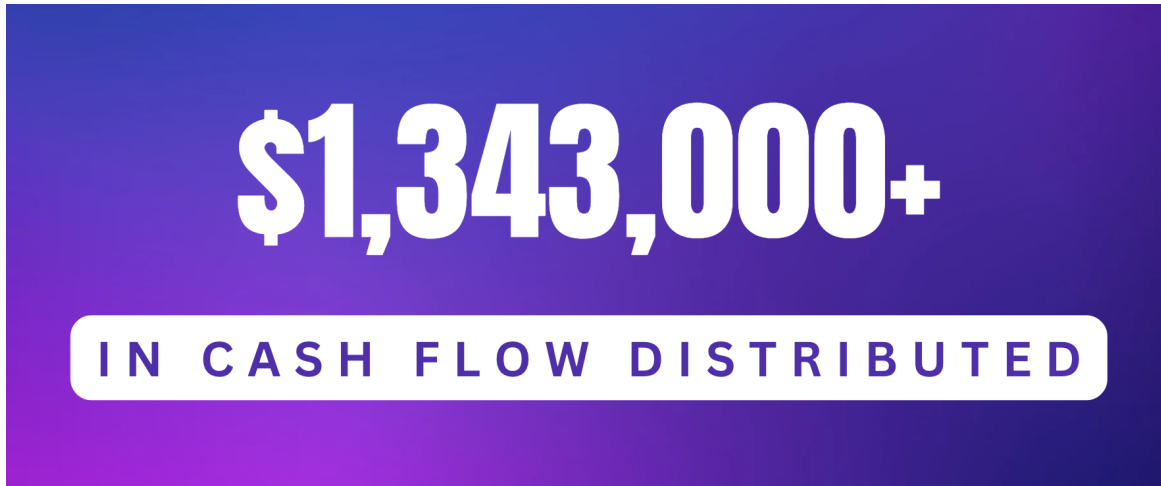
So, cheers to this fun, exciting journey we're on and a reminder that we're just getting started. Below you'll find insights but predominantly this time around, you'll get a major look at how our first STR 1 portfolio is performing as an indicator of where this portfolio is headed in the future. *Of course, past performance doesn't indicate future performance.*

As always, we're excited to have you as our partners on this journey. We will always strive to keep you informed, updated, educated, and share everything transparently. If you have any questions, feedback, or concerns, please feel free to reach out.

Sief Khafagi
Principal



Our first portfolio that this portfolio (TVR 2) is modeled after, just passed \$1M+ in distributions for investors. Early investors, those who came in right about where you did, are now achieving their 2% quarterly pref, ahead of schedule.



TVR 2 Portfolio Overview

What to Know: We optimize for a balance of Cash-on-Cash (CoC) and Internal Rate of Return (IRR), over a long period of sustainable equity growth. CoC is your yield. IRR is your total, all-inclusive return on capital invested, including both cash yield and equity gain. CoC will serve as the short-term return on capital while total IRR serves as the true barometer of a return because it factors everything inclusively, including time.

Total Capital	~\$7,948,000
Occupancy for the Quarter	N/A - no live properties yet
Average Daily Rate (ADR)	N/A - no live properties yet
Gross Rental Revenue This Quarter	N/A - no live properties yet
Market Rental Revenue	N/A - no live properties yet
Revenue Pacing vs Seasonality	N/A - no live properties yet
OpEx Ratio for the Quarter	N/A - no live properties yet
Net Operating Income	N/A - no live properties yet
Distributable Cash Flow	N/A - no live properties yet
Portfolio DSCR (annual)	N/A - no live properties yet
Trending Asset Level Cash on Cash (CoC)	N/A - no live properties yet

****These are the metrics that generally we target as key performance indicators of our portfolio. Increases or decreases are either quarter over quarter or vs market. All metrics are seasonally adjusted as the short term rental market is seasonal. Most if not all metrics may not reflect 100% accuracy if revenue, expenses or reallocation (or other) of capital falls between 2 quarters, it may be categorized in one or the other (recognized or not).**

CONFIDENTIAL - THIS SUMMARY CONTAINS FORWARD-LOOKING STATEMENTS CONCERNING INTENTIONS, PROJECTIONS, AND BELIEFS CONCERNING THE FUTURE ACTIVITIES AND RESULTS OF OPERATIONS AND OTHER FUTURE EVENTS OR CONDITIONS. ACTUAL RESULTS WILL DIFFER, AND MAY DIFFER MATERIALLY, FROM THOSE PROJECTED. THIS WILL LIKELY BE DUE TO A VARIETY OF FACTORS, SOME OF WHICH ARE BEYOND THE CONTROL OF THE CIRCUMSTANCES AND REAL TIME EVENTS IN PLAY. THIS IS NOT AN OFFER TO BUY OR SOLICIT SECURITIES.



Mission and Goals

Our goal is to build the **best passive experience** possible for a new and emerging asset class. That asset class is short-term rentals, on a larger scale than has been operated and offered before. We strive for risk adjusted returns and balanced cash-on-cash vs long-term equity growth. What does this mean?

We're hyper focused at delivering short-term yield. Aka, cash distributions to you. After a full ramp period, we expect each portfolio to return double digit yield on the asset level.

We're also hyper focused at delivering long-term equity growth in an emerging asset class. Today, most single family homes operated as STRs don't trade on yield (a cap rate). We believe that's primarily due to the lack of size of a portfolio and therefore, one can not attract institutional level terms or buyers. Not even larger single operators.

We're changing that. With building a scalable, optimized portfolio that buyers will buy based on yield. It's part business, part real estate, part fun. Our entire thesis is "buy on value, sell on yield" and we continue to strive towards that.

We benchmark our returns vs other managed investments. Multifamily, storage, even equities and more. We do not benchmark our returns against your day-to-day STR operator with one or several units with DIY management. That is a job. Not an investment.

Outsized returns don't happen by accident. They happen with strategic approaches and optimistic perspectives in an early or emerging way, led by the people and talent operating those assets. Our team is positioned as one of the best in the industry. We think like owners first, *because we are them*. We own dozens of STRs personally and have over 25+ years of combined experience doing so. Our tech + data driven approach is a 1st in this space.

While this may feel like an alternative investment, it's simply a traditional asset class (single family homes) operated in an alternative way (short-term rental). We hope to serve as an alternative option in your portfolio for years/decades to come.

Why We Started This

In short, access. STRs, done by yourself, are hard work. You can certainly DIY. But many of us don't have the time, knowledge, or want to do it that way. It becomes a job. We already have those. So, we built an option based on the feedback of the family, friends, and colleagues we heard from. Today, we've welcomed hundreds who are benefiting from cash flow, long-term equity growth, and tax benefits of real estate. The experience is meant to be passive, easy, and fun.



Capital & Company

We've welcomed right under \$8M in capital or so with another \$2M+ in commitments outstanding. We're currently 100% allocated. Our companies continue to efficiently serve our communities and investors.

Techvestor is our proprietary tech enabled platform we've built to support scaling the best STR portfolio we can envision.

Superhost Labs is our property management & brand/media affiliate that drives all the operations (OpCo) that you see today, and in the future, potentially our disposition partner as we continue to build the turnkey STR ecosystem.

SS2 is our manager of this offering.

Fund Lifecycle

When we think about performance, we model a bell curve. A bell curve has a ramp, stabilized median, and then a wind down.

In our projected 5-year hold, we project these phases to look something like this:

- Ramp = Months 0 - 18
- Stabilization / Optimization = Months 15 - 48
- Wind Down = Months 36 - 60

We're currently very early in the ramp phase.

Performance

In the future, you'll see performance updates here, on both the market and portfolio level.

Distributions

In the future, you'll see distribution updates here.

As a sneak peek, STR1, our first portfolio just sent out over \$570,000 in Q1 2023 distributions, crossed over \$1M+ in distributions since inception and saw a 23x growth in Net Operating Income when comparing Q1 of 2023 vs. Q1 of 2022.

What We're Buying and Where



We've got 18 properties under contract or under renovation, and we expect the first few projects to launch this quarter in Q2. We're currently allocated to Scottsdale, Poconos, Clearwater and McGaheysville, representing a well balanced approach to seasonality, demand, and risk.

We continue to be bullish on secondary markets that are drivable destinations from larger metros.

Equity vs Debt Ratio

At acquisition across the portfolio, we hold a ~29% equity position. This does not factor in the extensive value-add (renovations and improvements we've made) or the likely increase in value based on market conditions. We project we're into the 30s for an equity position when factoring in the forced equity we've added to properties.

This is a healthy debt-to-equity ratio when we think about how exposed we are to the market, or a possible pull back and may increase or decrease our LTV over time with net new adds.

All of our debt we hold is fixed, minimum 10 year loan terms with ZERO balloon payments and/or floating rates during the first 10 years.

We have the flexibility and more importantly **time**, to navigate.

We're trending to hold about 4-6% of invested capital in cash as operating reserves primarily as a hedge during our ramp period. As more and more properties continue to come online, we'll re-evaluate our position.

Tax Benefits & Depreciation

In the future, you'll see depreciation updates here.

Forecasting Future Performance

In the future, we'll project how we're trending.

For the time being, let's look at how STR1 is performing as a potential indicator for STR2.

For properties with at least a 3 month operating history, we're trending well into the double digits (10-12%+), factoring both seasonality and pacing. As properties start to stabilize we'll continue to see "red" months turn green and "green" months turn greener, indicating better and better yield.



To better illustrate this, please take a look at this chart coined the “STR ETF”**** below:

2023											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
0.1%	1.7%	2.0%	0.4%	0.4%	0.3%	0.6%	0.0%	0.5%	0.8%	0.6%	0.6%
0.9%	1.5%	2.3%	1.5%	0.9%	0.4%	0.6%	0.4%	0.7%	1.3%	1.0%	0.6%
0.5%	0.5%	0.2%	0.6%	1.6%	1.6%	2.0%	1.7%	-0.1%	0.2%	0.6%	-0.8%
1.4%	0.6%	-0.1%	1.1%	1.1%	0.5%	2.0%	1.9%	0.5%	0.1%	0.0%	-0.3%
0.4%	1.6%	1.7%	0.7%	0.7%	0.7%	1.0%	0.7%	0.0%	0.5%	0.5%	-0.9%
0.8%	-0.1%	1.0%	1.3%	0.1%	1.8%	2.1%	2.0%	2.6%	2.5%	1.4%	0.0%
1.7%	0.9%	0.1%	0.1%	1.1%	2.1%	2.4%	2.6%	1.0%	0.7%	0.9%	0.1%
0.0%	0.2%	-0.3%	-0.1%	0.5%	1.2%	1.4%	1.7%	0.5%	0.5%	0.1%	0.3%
0.2%	0.0%	1.3%	0.1%	0.5%	0.6%	2.3%	0.5%	0.7%	1.5%	1.2%	1.6%
1.8%	0.6%	0.8%	0.9%	0.0%	1.0%	2.8%	2.5%	1.6%	0.4%	0.6%	1.3%
2.4%	0.9%	0.8%	2.6%	1.3%	2.1%	4.7%	4.3%	0.6%	1.4%	-0.2%	1.1%
0.7%	-0.7%	-0.1%	1.0%	1.3%	2.5%	2.7%	1.6%	1.0%	0.9%	0.1%	-0.3%
-0.5%	-0.6%	1.1%	0.7%	1.0%	2.0%	2.2%	1.3%	0.8%	0.7%	-0.2%	-0.3%
0.5%	0.6%	0.7%	1.3%	1.8%	1.1%	1.6%	1.7%	0.9%	1.4%	0.9%	1.2%
0.8%	0.3%	0.0%	0.1%	0.2%	0.8%	1.6%	1.6%	1.0%	0.7%	0.9%	0.0%
0.4%	1.2%	0.2%	1.1%	1.6%	0.8%	1.3%	1.5%	0.6%	1.2%	0.9%	0.4%
0.2%	0.3%	0.5%	0.9%	1.4%	0.7%	1.1%	1.3%	0.7%	0.9%	0.8%	0.4%
1.1%	2.6%	1.5%	1.0%	0.5%	0.1%	0.0%	0.2%	0.5%	0.9%	0.9%	0.7%
1.7%	1.0%	0.3%	0.5%	0.5%	0.6%	2.5%	0.8%	0.9%	0.8%	1.4%	1.2%
1.5%	0.5%	-0.1%	0.3%	0.4%	0.8%	1.7%	2.0%	1.3%	1.2%	1.0%	0.5%
0.4%	-1.7%	0.4%	1.1%	1.4%	2.7%	3.1%	1.1%	0.9%	0.8%	0.0%	-0.1%
0.7%	-1.5%	0.3%	1.2%	1.5%	2.9%	3.3%	1.2%	1.0%	0.9%	0.1%	-0.3%
-0.1%	2.7%	2.6%	1.7%	1.6%	2.1%	2.3%	2.2%	1.0%	1.4%	1.6%	1.9%
1.8%	0.1%	0.1%	0.0%	0.2%	1.1%	2.1%	2.2%	0.1%	0.9%	1.0%	0.4%
1.9%	3.0%	3.3%	2.2%	1.2%	0.6%	0.6%	0.7%	0.8%	1.8%	1.7%	1.4%
0.8%	1.8%	1.6%	1.1%	0.6%	0.9%	1.1%	0.2%	-0.3%	0.1%	0.4%	0.5%
0.3%	1.4%	1.7%	0.9%	0.4%	-0.1%	-0.1%	-0.2%	-0.3%	0.4%	0.7%	0.2%
2.1%	0.0%	0.0%	0.8%	-0.1%	0.8%	2.2%	2.6%	0.5%	0.6%	0.8%	1.3%
0.2%	0.2%	0.0%	0.4%	0.1%	0.2%	0.7%	0.0%	-0.3%	0.9%	1.0%	1.5%
2.5%	0.5%	0.9%	1.2%	0.0%	1.3%	3.1%	3.6%	0.7%	0.5%	0.9%	2.0%
0.2%	1.1%	1.2%	1.0%	0.9%	1.6%	1.7%	0.9%	0.3%	0.6%	0.1%	0.8%
2.0%	1.5%	0.9%	1.1%	0.0%	1.2%	2.8%	3.2%	0.6%	0.4%	1.8%	1.7%
0.6%	1.3%	1.8%	1.7%	0.9%	0.6%	1.2%	0.7%	0.3%	0.5%	2.5%	1.2%
0.9%	1.0%	0.3%	0.9%	-0.1%	0.9%	2.5%	2.8%	0.5%	0.3%	1.6%	1.4%
-0.2%	-0.6%	0.3%	0.1%	0.3%	1.4%	2.4%	0.9%	0.0%	0.7%	0.8%	1.0%
-0.4%	-0.4%	0.3%	0.1%	0.3%	1.4%	2.4%	0.9%	0.0%	0.6%	0.8%	1.0%
-0.2%	2.2%	1.4%	0.9%	0.3%	0.2%	0.2%	0.2%	0.6%	0.8%	0.7%	0.6%
0.3%	0.0%	1.1%	1.2%	1.5%	2.7%	2.9%	1.3%	0.9%	0.7%	-0.3%	-0.3%
0.3%	0.5%	1.3%	1.3%	1.7%	3.0%	3.2%	1.5%	1.0%	0.8%	-0.3%	-0.4%
0.1%	0.5%	1.4%	0.8%	0.2%	-0.2%	-0.2%	-0.2%	0.0%	0.1%	0.3%	0.0%
0.2%	0.5%	0.4%	0.9%	0.1%	0.4%	1.5%	1.4%	-0.3%	0.3%	-0.2%	-0.3%
0.1%	-0.5%	0.4%	0.8%	1.1%	2.4%	3.0%	1.1%	0.6%	0.5%	-0.4%	-0.5%
0.2%	-0.2%	1.1%	1.0%	1.3%	2.8%	3.4%	1.3%	0.8%	0.7%	-0.3%	-0.4%

This data is for STR 1, not TVR 2 LLC. It's to be used as an indicator****



Vertical Integration

One of our strategic advantages in driving performance is by far and large our vertically integrated ops teams through the OpCo, Superhost Labs, which we built proprietary workflows and talent to scale, design, and stand up homes faster than ever before. It's not only more cost effective than the alternatives, it:

- increases speed to launch (aka faster to revenue)
- decreases the need for continuous improvements (fixing things)
- has an exclusive national team of STR talent driving key data-driven decision making
- provides significant economies of scale on supplies
- provides vendor, construction, and design networks that are proprietary to our strategy

Reflecting back, this was by far the best decision given the circumstances of potential vendors like Vacasa (bleeding labor and cash) and companies like AvantStay pulling back their services. Smaller companies couldn't deliver revenue and profitability targets given they lacked the tools and understanding on a national scale. Being vertically integrated isn't just a competitive advantage, it was a must do to execute this business plan.

What We're Excited About

Mom & Pop operators continue to enter the market with smart phone photos, little-to-no thought on design, no automation, and without proper management. In short, they're cutting corners. This asset class continues to show significant room for growth with the current landscape (over 90%) of all operators being individuals. They're not data driven or have the extensive team that we have.

We've been able to attract and retain top talent in the space. Current STR operators and heavy weights (see them towards the end of this update) have joined us and continue to do so.

We're in the early innings of institutions. We've continued to field calls and partnerships with groups large and small, who are seeking to acquire and enter this space at scale. But no one wants to do the work of finding, designing, running, operating, and stabilizing like we are. We'll enjoy the fruits of our labor in the future and in the present with above average yield.

We must remember we're operating a traditional asset in an alternative way. That's it. It's not rocket science. Operations is a huge value-add in this sector.

Because these are STRs without long-term fixed leases, we can adapt quickly. ADRs (average daily rates) increase? We can increase prices. Demand increases? We can increase prices.



Inflation rips through the US and COGS (cost of goods) increases? We can increase prices relative to market. Many asset classes can't do this.

Your Investor Portal

You can see all metrics, photos (befores and afters), and even Matterports (walk the properties visually) inside your portal at techvestor.investnext.com.