

APRIL 2022



RENEWABLE ENERGY ROYALTIES

**Investing in a cleaner future**

TSX.V: RE  
OTCQX: RROYF

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Our objective is to acquire a portfolio of **growing, long-term, stable, and diversified royalties\*** that will provide our investors with **long-term sustainable cash flows.**

\*Royalty is a sum of money paid on a recurring basis, generally based on a % of gross revenue

# Who We Are



## First mover royalty company in the renewable and sustainable energy sector

- ✓ Listed on the TSX-V in November 2018



## \$44M+ Raised and invested into a diversified portfolio of over 100+ royalties

- ✓ Solar, wind, hydro, RNG, energy storage and efficiency
- ✓ Canada, USA, and European Union



## Growth oriented company with strong track record for execution

- ✓ 2021 Globe and Mail's Top Growing Companies
- ✓ \$26M invested in the past 7 months



## ESG and Impact focused company

- ✓ Meets United Nations Sustainable Development Goals



# Key Investment Highlights



▶ **First mover advantage** using proven royalty business model

▶ **Strong risk adjusted returns**

- \$0.04/yr dividend per share and capital growth
- Long-term recurring cash flows from royalty revenues
- 18% weighted average IRR on recent investments

▶ **High growth** company in a high growth industry

- Revenue CAGR of 172% from 2016 to 2020
- \$26m invested in the past 7 months
- Significant backlog of transactions
- Rapidly growing demand for sustainable energy solutions

▶ **Strong risk mitigation**

- Diversified portfolio in technology and jurisdiction
- Capital preservation through secured loan structures
- Focus on projects with operating or near-term cash flows

▶ **Experienced and recognized management team**

- Canada 2020 Clean 50 Winner
- Globe and Mail Top Growing Companies in Canada



# Management Team



**Bernard Tan**  
CEO

15+ Years in corporate finance, resources, and technology, CPA, CA, MBA (Finance), Former CFO of TSX public company, Former CFO of Hunter Dickinson, CIMM Young Leadership Award



**Peter Leighton**  
COO

25+ Years in M&A and project development in the energy sector, Former President and COO of Finavera, Former COO of Accenture's Business Services for Utilities, Clean50 winner



**Luqman Khan**  
CFO

20+ Years in accounting and business management CFO of publicly listed TSX-V mineral resource company, CPA, CGA, Previously with Ernst and Young in their assurance practice



**Bryce Anderson**  
VP, Investments

8+ Years in construction, maintenance, design and finance, CFA & CAIA charter holder, RIPC Holder from RIA, BEng in Mechanical Engineering



**Alistair Howard**  
VP, Corporate Development

12+ Years renewable energy, Former Director of Project Development for Boralex, MEng from McGill, PEng, Former Vice-Chair of Clean Energy BC



**Shane Grovue**  
VP, Growth & ESG

15+ Years in engineering, management and finance in clean energy and technology development, PEng, PMP, MBAs from INSEAD & Tsinghua University



**Talia Beckett**  
VP, Communications & Sustainability

10+ Years in PR, communications, international business, Masters Degree from University of London, BC Export Award for International Business

# Board of Directors

## **Marchand Synman** **Chairman & Director**

- Co-Founder of RER
- Director and Chief Operating Officer of Hunter Dickinson Inc.
- 20+ years of senior executive experience in global corporate finance M&A, financing and divestiture activities
- Chartered Accountant (South Africa) & Chartered Accountant (Australia & New Zealand)

## **Stephen Cheeseman** **Director (Independent)**

- President of Chinook Power, where he developed 142 MW Quality Wind Project
- Current Director of Clean Energy BC
- Winner of Canada Clean 16 award for his dedication and contribution to sustainability and clean capitalism

## **Rene Carrier** **Director (Independent)**

- President of Euro- American Capital Corporation, a private investment company. Currently serves as an independent director on various publicly traded companies
- Founding Director of International Royalty Corp. ("IRCC") from 2003 until sale in 2010 for \$700M

## **Gord Fretwell** **Director (Independent)**

- Experienced securities and corporate finance lawyer. Principal of Gordon Fretwell Law Corporation
- Currently serves as an independent director on various publicly traded companies
- Founding Director of International Royalty Corp. ("IRCC") from 2003 until sale in 2010 for \$700M

## **Jill Leversage** **Director (Independent)**

- 30 years of senior investment banking executive and private equity experience
- Former Managing Director, Corporate & Investment Banking for TD Securities, a global investment bank
- Director of various public and private company boards (Vancouver Airport Authority, ICBC, MAG Silver)
- Chartered Business Valuator and a Fellow of the Institute of Chartered Accountants of BC

## **Paul Larkin** **Director (Independent)**

- President of the New Dawn Group, an investment and financial consulting firm, primarily involved in corporate finance, merchant banking and administrative management of public companies
- Founding Director, Chairman of the audit and special purpose committees of US Geothermal Inc. which was sold to Ormat Technologies, Inc. (NYSE:ORA)



## Recent Investments

Client	Type	Jurisdiction	Term	Amount CAD	Interest Rate	Royalty
Teichos Energy (Oct 2021)	Solar PV	United States	1.5 Years	\$ 2,816,000*	10 %	1 – 2% of Gross Revenues 15 years
Switch Power (Nov 2021)	Battery Storage	Canada	2 Years	\$ 7,400,000	10%	5% of Gross Revenues 10 to 15 years
Fusefoward (Dec 2021)	Energy Efficiency	Canada	3 Years	\$ 3,000,000	8%	\$ 284,000/year 10 years
Outagamie (February 2022)	Renewable Natural Gas	United States	3 Years	\$ 5,888,000*	13.5%	\$ 235,000/year 10 years*
NOMAD (March 2022)	Mobile Battery Storage	United States	5 Years	\$ 7,168,000*	12%	3.5% of Sales during loan term

**\$ 26.3 Million Invested in Past 6 Months with an Expected IRR of 18%**

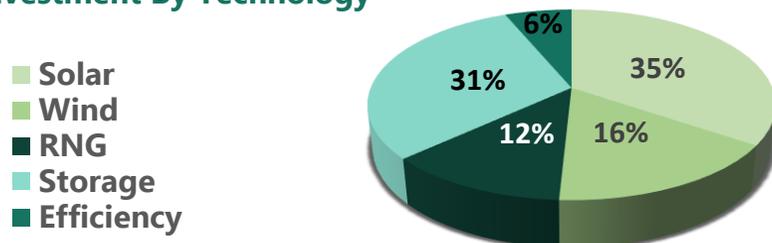


\* US dollar transactions are converted at an exchange rate of 1.28 Canadian dollar to 1 US dollar.

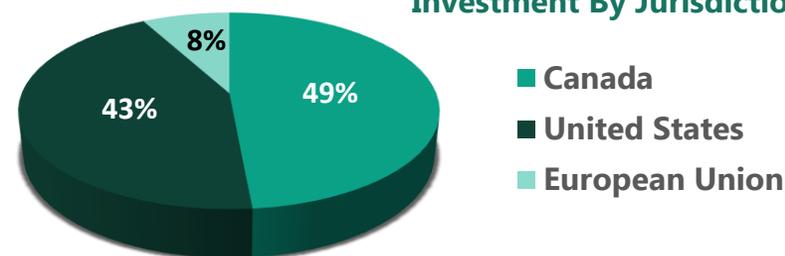
# Royalty Portfolio and Investments Made to Date<sup>1</sup>

Client	Technology	Status	Country	Capacity (MW)	# of Royalties	Amount (CAD) <sup>2</sup>	Operator	Customer
Aeolis	Wind	Operational	Canada	102	1	\$ 1,240,000	AltaGas	BC Hydro
Fresh Air	Solar	Operational	Canada	40	4	\$ 1,870,000	Northland Power	Hydro One
OntarioCo	Solar	Operational	Canada	22	60	\$ 5,000,000	OntarioCo	Hydro One
Belltown	Solar	Operational	USA	78	1	\$ 3,584,000	Adapture Renewables	Vistra Energy
Alpin Sun	Solar	Development	USA	352	4	\$ 1,280,000	Pattern Energy	Large US Bank
Jadepower	Wind, Solar, Hydro	Operational	Europe	39	6	\$ 3,800,000	Jadepower	Local Utility, EU
Scotian Wind	Wind	Operational	Canada	40	12	\$ 4,640,000	WEB Windenergie	Nova Scotia Power
Switch	Battery Storage	Combination	Canada	23	14	\$ 7,400,000	Switch Power	REITs
Teichos	Solar	Development	USA	27	1	\$ 2,816,000	Teichos Energy	Large US Utility
FuseForward	Energy Efficiency	Operational	Canada	1	1	\$ 3,000,000	FuseForward	Utilities, REITs
Outagamie	Renewable Natural Gas	Development	USA	1	1	\$ 5,888,000	OCEP	California
NOMAD	Mobile Battery Storage	Development	USA	7	6	\$ 7,168,000	NOMAD	Regional Utilities
				<b>732</b>	<b>111</b>	<b>\$ 47,686,000</b>		

Investment By Technology



Investment By Jurisdiction

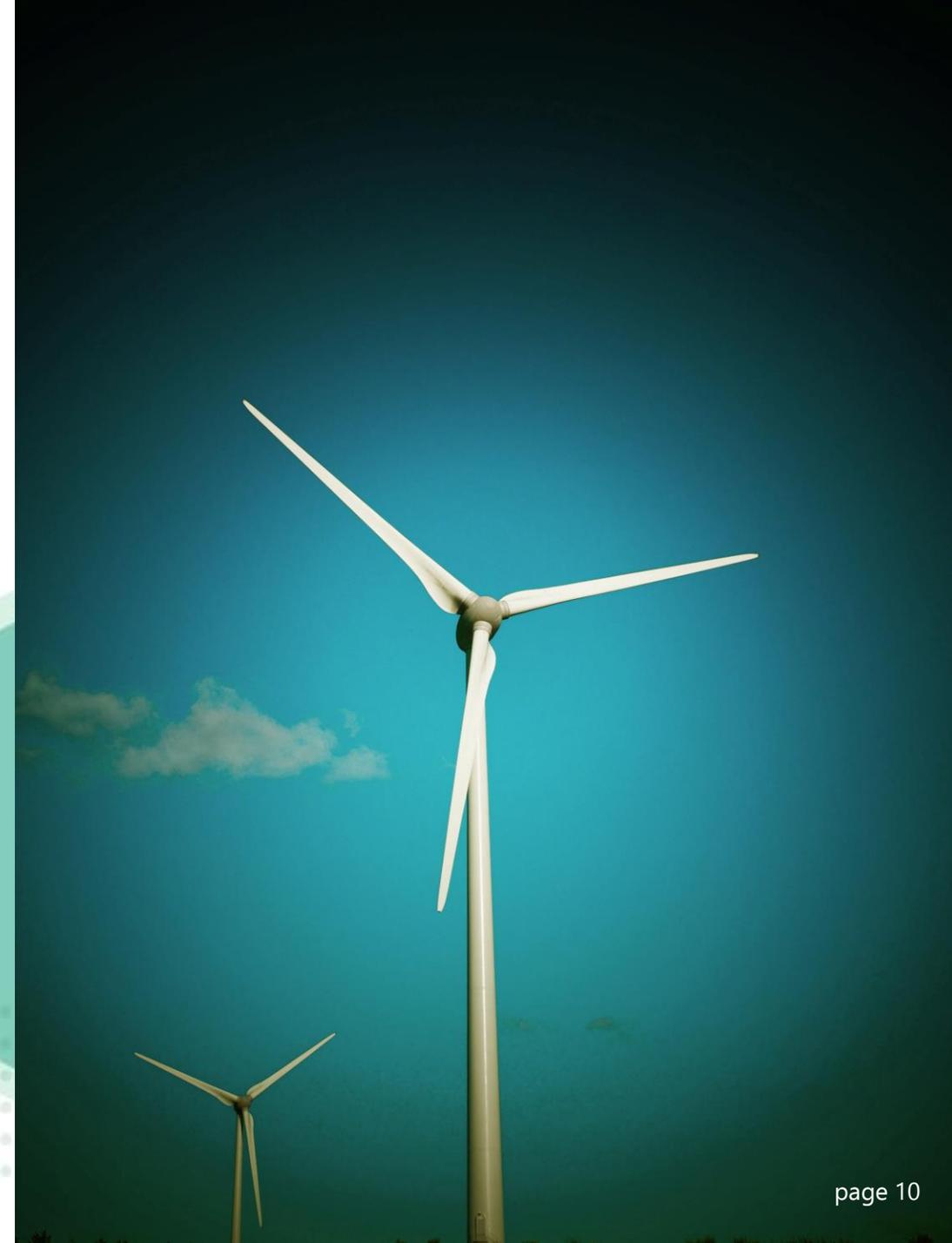


1. The above table includes all historic royalty investments made to date, including those that have subsequently been bought out. There are 106 royalties in our current portfolio, net of buy outs.  
 2. US dollar transactions are converted at an exchange rate of 1.28 Canadian dollar to 1 US dollar.

## Strong Backlog for Growth

Client	Use of Funds	Amount (CAD)
Solar Co. #1 (Can)	Acquisition financing	\$ 1,536,000
Battery Co. #1 (Aus)	Construction finance	\$ 4,700,000
Battery Co. #2 (US)	Sale-leaseback of operating assets	\$ 5,888,000
Solar Co. #2 (US)	Interconnection deposits	\$ 2,816,000
Solar Co. #3 (EUR)	Acquisition financing	\$ 4,725,000
RNG Co #1 (EUR)	Acquisition financing	\$ 5,400,000
Battery Co. #1 (Aus)	Construction finance	\$ 4,700,000
Solar Co. #1 (Can)	Acquisition financing	\$ 14,080,000
Wind Co. #1 (Can)	Royalty sale	\$ 1,000,000
		<b>\$ 44,845,000</b>

**NOTE:** The above non-binding letters of intent are still subject to completion of due diligence to the satisfaction of the company, negotiation of definitive documents, satisfaction of condition precedents for each transaction, and approval of the company's Board of Directors. No assurance is provided that any or all of the non-binding letters of intent will result in a completed transaction.

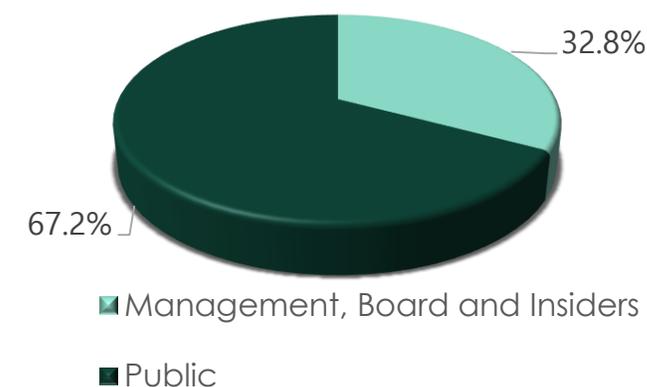


# Capitalization and Financial Snapshot

CAPITAL STRUCTURE	Amount
Current Share Price:	\$0.95 <sup>1</sup>
Market Capitalization:	\$31.63
<b>Common Shares O/S (mm):</b>	<b>33.29</b>
Warrants (@\$1.33, \$1.44, \$1.48) (mm):	0.44
Options (@\$0.82) (mm):	2.65
Convertible Debt (@\$1.00) (mm):	1.71
<b>Fully Diluted (mm):</b>	<b>38.09</b>

FINANCIALS <sup>2</sup>	CAD
Revenue (LTM, mm):	\$1.79
Cash (mm):	\$15.92
Working Capital (mm):	\$9.29
Total Assets (mm):	\$26.21
Total Liabilities (mm): <sup>3</sup>	\$11.38
Annualized Dividend per Share:	\$0.04

Basic % Ownership



1. As at April 12, 2022

2. As at September 30, 2021

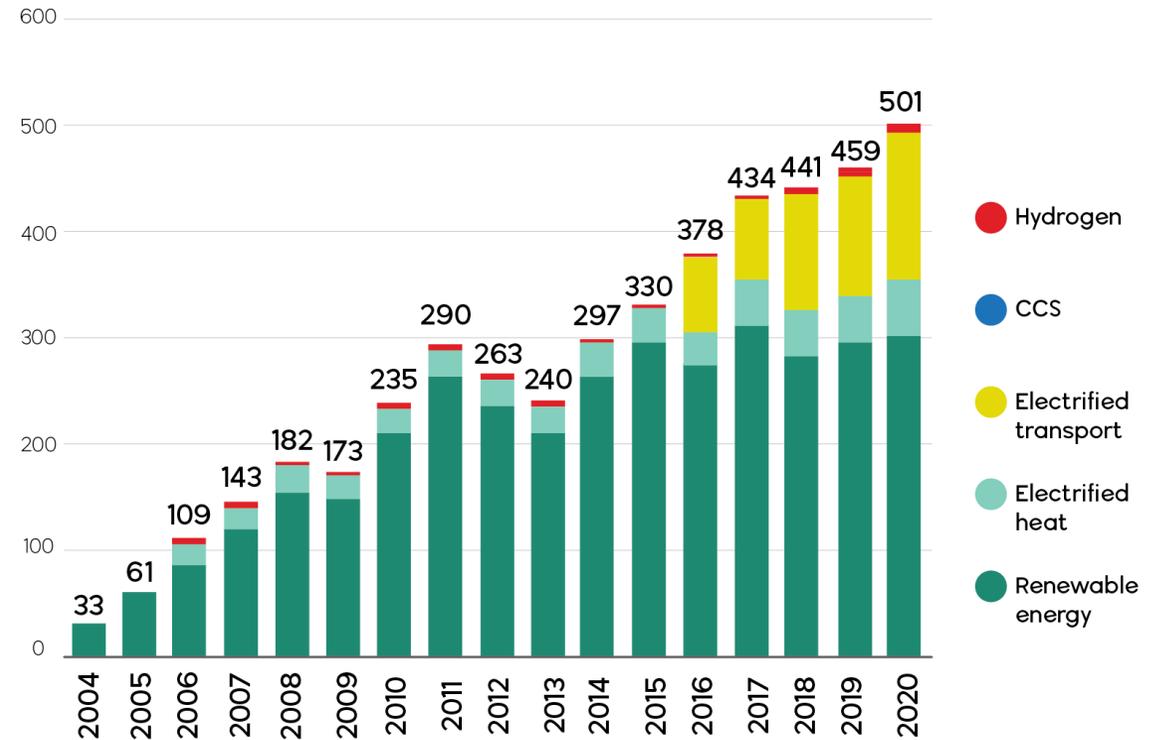
3. \$9.4M represents the 6%, 5-year green bond raised completed in March of 2021, additional \$10.3M green bond was raised in December of 2021

# Market Opportunity

## RENEWABLE ENERGY MARKET<sup>1</sup>:

- Over \$3.6 trillion has been invested into the global energy transition over the last 10 years
- In 2020, \$501 billion was invested
  - \$304 billion was into new renewable generation capacity
  - Growing despite slowdown in global economy and pandemic
- IRENA estimates that \$4.4 trillion per year until 2050 will be needed to reach the UN objective of maintaining the 1.5-degree target

## GLOBAL ENERGY TRANSITION INVESTMENT 2004 - 2020<sup>2</sup>



1. Source: International Renewable Energy Agency. June 2021. World Energy Transitions Outlook: 1.5 Degree Pathway. Page 28 <https://www.irena.org/publications/2021/Jun/World-Energy-Transitions-Outlook>  
 2. Source: BloombergNEF. Note: electrified heat figures begin in 2006; electrified transport in 2016; hydrogen and CCS in 2018

# Renewable Energy Market

- Onshore wind and solar are now the cheapest across more than two-thirds of the world<sup>1</sup>
- By 2030, they will undercut the cost of commissioned coal and gas almost everywhere



## TECHNOLOGY COST - DECLINES SINCE 2010<sup>1</sup>



**85%**



**49%**



**85%**

## RENEWABLE ENERGY CAPACITY GENERATION CAGR FOR NET ZERO BY 2050 CAGRs<sup>2</sup>



**SOLAR**

**11.8%**



**WIND**

**9.6%**



**GEO THERMAL**

**7.5%**



**BIOENERGY**

**5.2%**



**HYDRO**

**2.2%**



1. Source: BloombergNEF. April 28, 2020. *Scale-up of Solar and Wind Puts Existing Coal, Gas at Risk*. <https://about.bnef.com/blog/scale-up-of-solar-and-wind-puts-existing-coal-gas-at-risk/>  
 2. Source: International Energy Agency. May 2021. *Net Zero by 2050: A Roadmap for the Global Energy Sector*. Page 198 [Net Zero by 2050 – Analysis - IEA](#)

# Value Driven Business Model

## WHAT WE INVEST IN:

- Only renewable and sustainable energy, no fossil fuel-based projects
- Strong ability to offset GHG
- Only commercially proven technology
- Projects operating or near operating, with long-term revenue off-takes
- Near-term cash flows
- Target IRRs in 10-20%+ range

## WHERE WE INVEST:

- OECD and EU countries
- Primary focus on North America and Europe

# Value Driven Business Model

## HOW WE INVEST:

- Short-term secure loans (6 months to 3 years)
- Long-term royalties (15-20 years)
  - Royalties based on revenues and long-term cash-flow streams
- Re-investment of capital from short-term loans allows us to create additional new royalties from the same capital and grow our portfolio



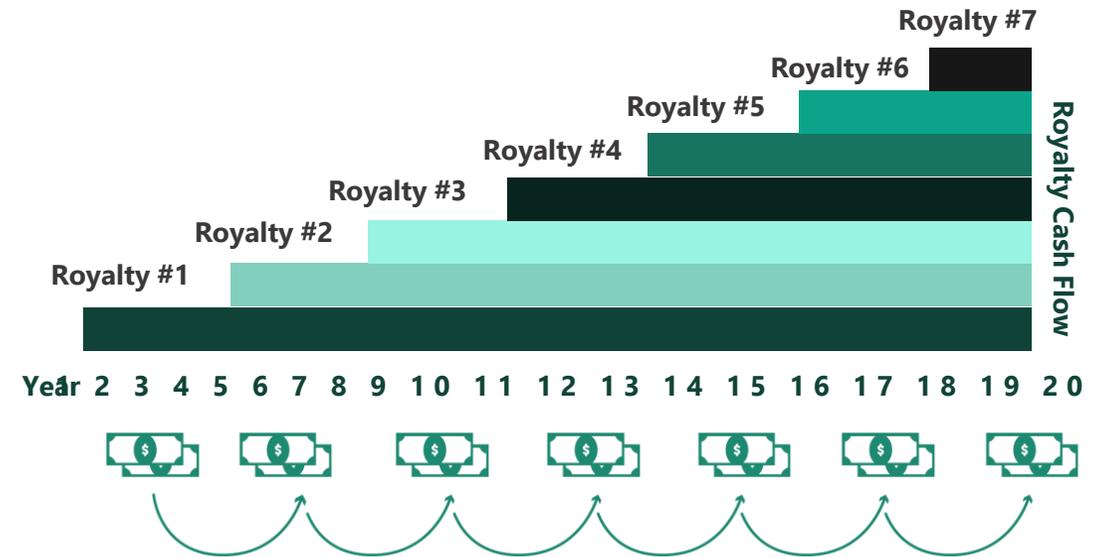
PROTECTION



GROWTH



## COMPOUNDING EFFECT OF ROYALTY AND LOAN STRUCTURE



- Our investment structure allows for a quick payback and recycling of capital, to generate and grow new royalties

# Royalty Model Advantage

	Royalty Company	Developer	Operator
<b>Economic interest</b>	✓ Top-line	Bottom-line	Bottom-line
<b>Return Targets</b>	✓ High	✓ High	Low
<b>Risk</b>	✓ Low	High	✓ Low
<b>Time to Cash Flows</b>	✓ Immediate	Distant	✓ Immediate
<b>Operating Costs</b>	✓ Low corporate & transaction	High project development costs	Moderate manage operating assets
<b>Investment Size</b>	✓ Small to medium	✓ Small to medium	Large
<b>Sustaining Capital</b>	✓ None	Yes	Yes
<b>Construction Capital</b>	✓ None	Yes	Yes
<b>Growth Prospects</b>	✓ High	✓ High	Low
<b>Technology Diversification</b>	✓ High, broad based	Low, 1 to 2 types	✓ Moderate, 1 to 2 types
<b>Jurisdiction Diversification</b>	✓ High, globally focused	Low, 1 to 2 countries	✓ Moderate, 2 to 3 countries



**PROTECTION**

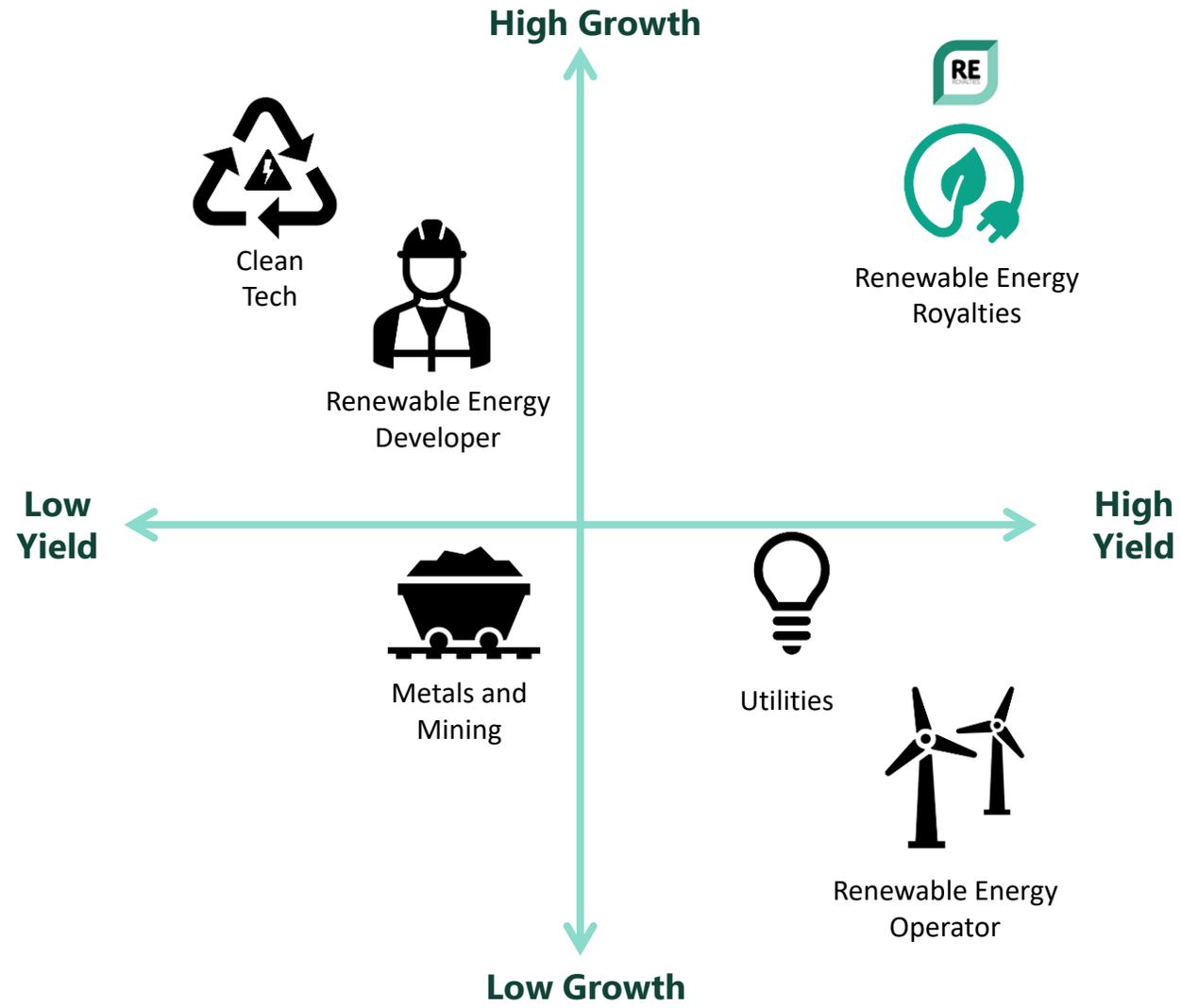


**GROWTH**



\*The table above is a generalization of the industry and is not an indication of expected returns

# The Investment Difference



# Comparable Valuations<sup>1</sup>

Company	Ticker	Stock Price	Mkt Cap.	EV	EV/Revenue	
					LTM	P/NAV
<i>All Values in CAD</i>				(\$M)	(x)	(x)
<b>Diversified Royalty Peers</b>						
Alaris Equity Partners Income Trust	TSX:AD.UN	\$19.36	\$871	\$1,270	6.0x	1.1x
Diversified Royalty Corp.	TSX:DIV	\$3.09	\$379	\$541	14.5x	2.0x
Altius Renewable Royalties Corp.	TSX:ARR	\$11.67	\$309	\$247	N/A	1.5x
Carbon Streaming Corp.	NEO:NETZ	\$6.85	\$320	\$189	N/A	4.1x
Star Royalties Ltd.	TSXV:STRR	\$0.65	\$48	\$42	56.4x	1.2x
				<b>Median</b>	<b>14.5x</b>	<b>1.5x</b>
<b>Renewable Energy Peers</b>						
Tidewater Renewables Ltd.	TSX:LCFS	\$13.63	\$473	\$554	16.0x	0.9x
Cielo Waste Solutions Corp.	TSXV:CMC	\$0.28	\$185	\$195	N/A	5.5x
Greenlane Renewables Inc.	TSX:GRN	\$1.05	\$158	\$127	2.3x	2.8x
Jade Power Trust	TSXV:JPWR.UN	\$3.49	\$78	\$90	5.1x	1.6x
EverGen Infrastructure Corp.	TSXV:EVGN	\$4.30	\$57	\$47	6.8x	0.9x
UGE International Ltd.	TSXV:UGE	\$1.02	\$33	\$43	17.6x	N/A
Greenbriar Capital Corp.	TSXV:GRB	\$1.25	\$39	\$40	N/A	7.8x
Solar Alliance Energy Inc.	TSXV:SOLR	\$0.11	\$30	\$27	8.4x	N/A
Synex Renewable Energy Corporation	TSX:SXI	\$3.05	\$12	\$27	7.7x	2.3x
				<b>Median</b>	<b>7.7x</b>	<b>2.3x</b>
<b>Mining &amp; Natural Resources Royalty Peers</b>						
Franco-Nevada Corporation	TSX:FNV	\$208.31	\$39,858	\$39,176	24.1x	5.2x
Wheaton Precious Metals Corp.	TSX:WPM	\$63.32	\$28,575	\$28,293	18.6x	3.6x
Osisko Gold Royalties Ltd	TSX:OR	\$17.43	\$3,222	\$3,680	16.4x	1.8x
Sandstorm Gold Ltd.	TSX:SSL	\$11.37	\$2,185	\$2,168	14.9x	2.9x
Nomad Royalty Company Ltd.	TSX:NSR	\$10.23	\$629	\$743	21.6x	1.7x
Electric Royalties Ltd.	TSXV:ELEC	\$0.34	\$27	\$24	N/A	1.9x
				<b>Median</b>	<b>18.6x</b>	<b>2.4x</b>
<b>RE Royalties Ltd.</b>	<b>TSXV:RE</b>	<b>\$0.95</b>	<b>\$32</b>	<b>\$27</b>	<b>15.0x</b>	<b>2.1x</b>



1.Prices retrieved from CapIQ and corporate filings as of close on April 12, 2022  
2.Negative and outlier multiples (>75x) have been replaced with N/A

# Key Investment Highlights

- **First mover advantage** using proven royalty business model
- **Strong risk adjusted returns**
  - \$0.04/yr dividend per share and capital growth
  - Long-term recurring cash flows from royalty revenues
  - 18% weighted average IRR on recent investments
- **High growth** company in a high growth industry
  - Revenue CAGR of 172% from 2016 to 2020
  - \$26m invested in the past 7 months
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# THANK-YOU

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## APPENDIX

## Our Vision and Values



**We are creating a cleaner future by investing in renewable and sustainable energy.**



**We aim to help investors earn a strong return and make a positive impact on the environment.**

- ▶ **The projects we invest in are at the forefront of innovation, addressing the UN's Sustainable Development Goals (SDGs) while delivering economic growth.**
- ▶ **We believe in doing the right thing for people and the planet.**
- ▶ **We are working to accelerate the transition to a more sustainable future.**

# Our Investment Policy

## **RE Royalties (the “Company”) Investment Policy is to achieve the following long-term objectives:**

- Acquire long-term renewable energy royalty streams backed by power purchase agreements from credit worthy utilities or facilities that operate in strong merchant markets with stable power pricing
- Reinvest royalty income, interest and capital repayment cash flows to acquire new royalties on an on-going basis to drive growth
- Maintain a low operating cost structure (relative to other renewable energy companies)
- Use debt financing to acquire additional royalties in order to enhance financial returns for shareholders



# How We Screen Investments

## The Company screens and acquires royalties based on three major principles:

- **CAPITAL PROTECTION:** Client must be able to provide sufficient collateral to guarantee and protect the Company's royalty investments. Each transaction must be structured to maximize security and safeguard the investment. Projects must be able to clearly demonstrate long-term operational performance, profitability and liquidation value, in the event the Company has to step in to either operate or sell the projects.
- **IMMEDIACY OF CASH FLOW:** Projects must have a very clear path to cash flows and generate sufficient margins to be able to service the long-term royalty payments.
- **RISK-ADJUSTED RETURN:** Each royalty transaction must be able to generate internal rates of returns above the Company's long-term financial targets given the different types, and level of risk on each deal.

# How We Secure Investments

## The Company's royalty investments are typically protected using a combination of the following strategies:

- ✓ **Senior-secured:** The Company will seek to ensure that its investments are ranked in priority to other debts. In the event of a default by a client, this should ensure that the Company maintains the ability to control the default process and also ensure priority payment on any potential sale of the assets.
- ✓ **Over-collateralization:** The Company will seek to collateralize its investment against a value that is greater than its investment. The Company conducts a valuation analysis of each client's assets through a combination of discounted cash flow analysis from its operational assets, comparable valuations, or cash flow multiples. This should ensure the Company will be able to recover its original investment and targeted returns in the event of a default.
- ✓ **Cross-collateralization:** The Company will seek to cross-collateralize its investment against a portfolio of assets. This should provide additional protection in the event one asset triggers a potential default, as the Company should be able to monetize the client's other assets which were not subject to the default.
- ✓ **Asset level security:** The Company will seek to register security claims where available against the actual assets such as cash, receivables, deposits, land, contracts and equipment that the Client may own.
- ✓ **Guarantees, cross-guarantees and share pledges:** The Company will seek to obtain guarantees from the client's parent company or affiliated companies for the Company's royalty investments. The Company will also ensure that the clients pledge the shares of their respective subsidiary companies as guarantees.
- ✓ **Step-in rights:** The Company will seek to obtain step-in rights with the client to operate the assets in the event of a default. This should ensure that the assets will continue to operate in an optimal manner and that the Company will be able to achieve a proper recoverable value on our investment.

# Socially Conscious Investing – Setting The Stage



(“SDGs”)



**SDGs:** In 2015, the United Nations developed 17 SDGs to bring attention to **Responsible Investing (“RI”)**.

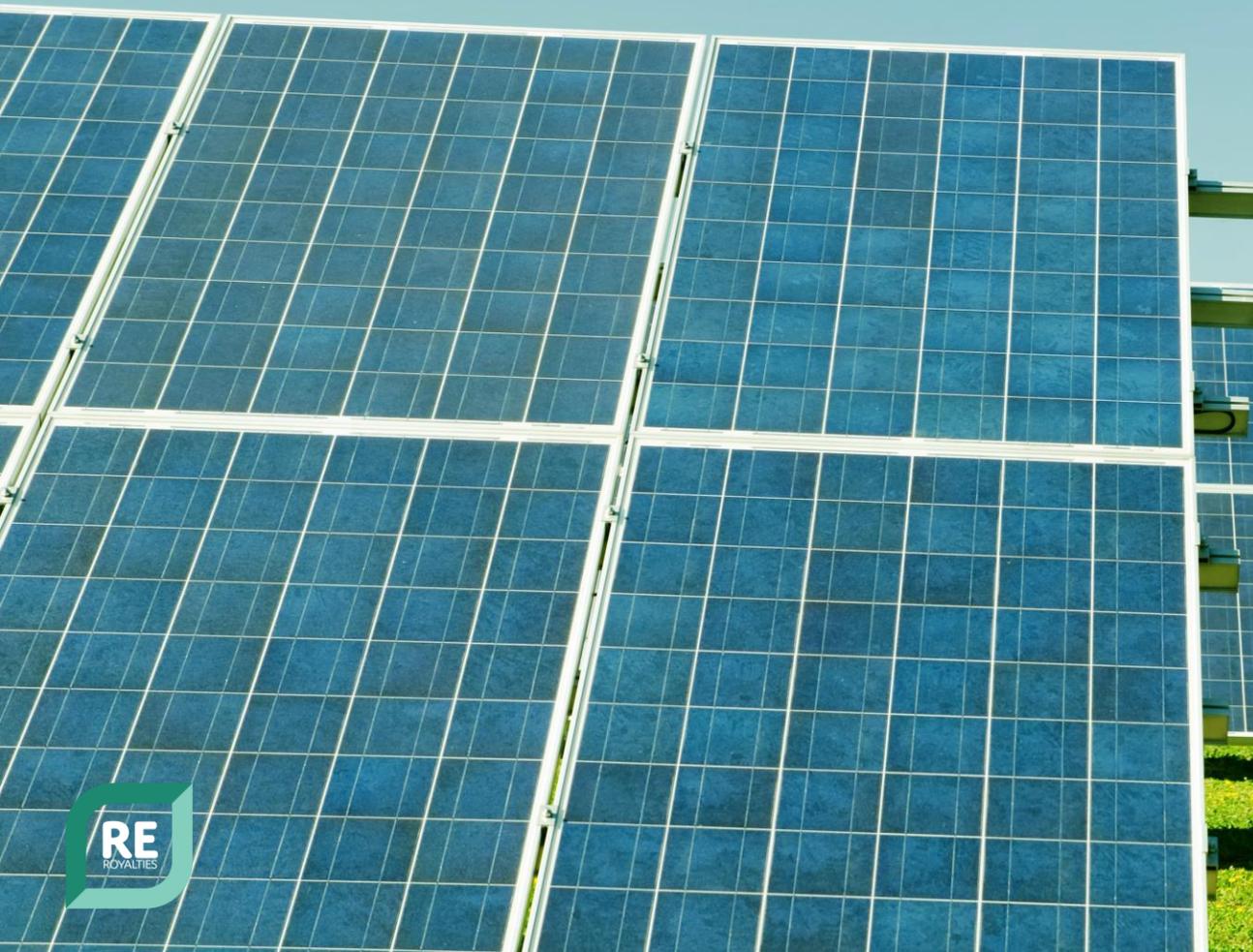
**RI:** The Principles for Responsible Investing (PRI) encourage investors to enhance returns and better manage risks. The PRI consider **Environmental, Social and Governance (“ESG”)** factors of an investment.

**ESG:** ESG criteria are a set of standards used by **socially conscious investors** to screen potential investments.

## RE ROYALTIES SDGS



# Switch Power: Acquisition Loan & Royalty



## SWITCH POWER NEED

- Acquire portfolio of 4 operating and 10 late-stage development BESS projects in Ontario
- Provide energy savings to industrial and commercial hosts (i.e. investment grade REITs) under long-term contracts

## DEAL STRUCTURE

- \$3.1 million secured loan, 2-Year term, 10% interest p.a.
- \$4.3 million secured loan, 2-Year term, 8.6% interest p.a.
- 3-5% gross revenue scaling royalty on 14 projects
- Royalty for life of the batteries (10-15 years) + extensions

## BENEFITS

- Switch Power: Acquisition certainty, commercial flexibility, non-dilutive financing
- RE Royalties: Immediate cash flow from operating projects, exposure to high growth area, asset security

# Teichos Energy: Loan & Royalty

## TEICHOS ENERGY NEED

- Post a US\$2.2 million letter of credit with the grid operator as financial security for late stage 27MW solar project in Pennsylvania
- Expected to reach commercial operation in 2023

## DEAL STRUCTURE

- RER posted the letter of credit on behalf of Teichos
- Secured loan, term of up to 18 months, 10% interest p.a.
- 1% gross revenue royalty for 15 years upon COD, escalating depending on extension terms

## BENEFITS

- Teichos: Move up the development value accretion curve, free up development funds, non-dilutive
- RE Royalties: Cash is still in our bank account, low likelihood of LC drawn, upside on royalty once COD





# Outagamie Clean Energy Partners: Loan & Royalty

## OUTAGAMIE CLEAN ENERGY PARTNERS (OCEP)

- Provided a US\$4.6 million secured loan to finance the construction of a biogas to RNG project
- Expected to reduce emissions by more than 20,000 metric tonnes of CO<sub>2</sub> equivalent per year

## DEAL STRUCTURE

- US\$4.6m secured loan, 3-years, 13.5% per annum, interest free for first 2-years and amortized over the final year
- Fixed annual royalty payment of 4% of invested capital for 10 years upon repayment of the loan

## BENEFITS

- OCEP: Will enable OCEP to complete upgrades at an existing digester facility at a dairy farm near Green Bay, Wisconsin
- RE Royalties: Further diversifies our portfolio across a new energy type

# NOMAD Transportable Power Systems Inc: Working Capital Loan & Royalty

## NOMAD'S NEED

- Provide a US\$5.6 million loan to NOMAD to complete construction on the first transportable power units for sale to utilities, commercial and industrial customers
- Nomad require working capital to build inventory to meet customer orders

## DEAL STRUCTURE

- RER provides a US\$5.6M senior secured working capital loan
- 5 years, 12% interest p.a.
- 3.5% gross revenue royalty on all units sold that are built with the loan and any recycled capital after the initial sales

## BENEFITS

- NOMAD: Non-dilutive capital that can be used to deliver its first units to customers
- RE Royalties: The larger number of turns on the inventory, the larger the royalty received

