



Hughes Capital Investor Update

Economies of Scale Help Ease Property Management Duties for 250+ Homes

The biggest challenge we've had with our buy and hold fund is the ongoing property management of so many properties. Our fund already owns over 250 homes and is expected to grow to 10 times that amount over the years. To combat this issue, we are moving at an accelerated pace to hire new team members in Cleveland, Memphis, Birmingham, and Jackson. We recently hired our first remote team member in St. Louis and have been interviewing candidates in the other markets. Now that we have enough properties in each market, it makes more sense to have our own boots-on-the-ground employees working their own local areas. **These economies of scale will make our lives easier as we continue to grow and acquire new properties.**

When I was a kid, our neighbor owned five 7-Eleven convenience stores. He taught me a simple lesson that I have never forgotten. If you own a single 7-Eleven you have bought yourself a job, but if you own five you can and must hire managers to help run them all. The economies of scale allowed him to afford to not be the only leader, manager, supervisor, etc. for his business. **It is the same for us as we own enough homes in each of the markets to have our own team members instead of being forced to rely on vendors that never manage the homes like they own them.**

ROI Strategies Mobile Home Park Close to Finish Line

Here is another update from our partner, Major, taking care of the South Carolina mobile home park.

Three abandoned homes in the park are being demolished and removed from the park. Two of which are at the entrance of the park and a real eyesore. We are looking forward to placing updated and pleasant looking homes in their place.

These homes have a wait list for current good tenants and for their families to purchase these homes. The wireless water meters are set to be installed on or around December 15th. Finally, I will be getting bids to install three picket vinyl fencing along the roadway for

both entrances, a large park sign with community logo, and landscaping for the entry sign.

Gentlemen, we so very close to the finish line on this project. The goal is to be finished by early January. At which time we will plan to start filling vacant lots with additional mobile homes. With experience and now knowing how fast homes sell, I believe we can fill and sell a majority of the remaining lots before the second quarter of 2019.

Finally, I wanted to give a sliver of evidence of proof for the many tales I have encountered with this project. While I was digging up the last water main for valve installation, I heard the subtle, stealthy chuckle of one of the last five chickens of the Polo Estates bloodline. Having my trusty fishing net close by, I had my manager, Deborah, corral the chickens toward the rear of a nearby mobile home as I waited to ambush them as they came around the corner. I was able to snag two of them. I gave them to a nearby tenant who took them to a "farm" far away. There are only three chickens left... finally. Time is on our side.



Our partner, Major, with his new catch.

Sincerely,

A handwritten signature in black ink that reads "Steve Sixberry".

Steve Sixberry

A handwritten signature in black ink that reads "Greg Hughes".

Greg Hughes