



# Hughes Capital Investor Update

## Buy and Hold Fund Grows Team and Improves Long-Term Strategy

We are pleased to announce that, by the time you read this update, we will have seven full-time remote employees — “boots on the ground” — in St. Louis, Cleveland, Akron, Memphis, and Birmingham. Since last month’s update (when we had already hired our first full-time employee in St. Louis), we have added another employee in St. Louis, one in each city of Memphis and Birmingham, and three full-time employees covering Cleveland and Akron (two will concentrate on initial and tenant turnover rehabs with the third employee handling property management and acquisitions).

As we enter 2019, we’ll be moving in a direction that will bring additional improvements to our acquisition and rehab processes and that should have positive effects for the fund over the long-haul. One of the challenges we have found with a number of the lower price band homes is that, after we invest the necessary costs for rehab, a property will sometimes move up into a higher price band. To save the time and cost of rehabbing lower price band homes that end up in a higher price band anyway, we have modified our purchasing strategy to focus on homes in the \$45,000 to \$75,000 range — a slightly higher price band. If we start by purchasing just a notch up, we can reduce the amount of time and cost for the rehab. The homes tend to be a better product overall, but a higher price point means tighter margins which will slightly lower our returns this year. We believe this will be the best direction for the long-term profitability of the fund.

## 1031 Program “Rings In” the New Year

The holidays notwithstanding, December and early January have been very busy months! It seemed like all of the properties on the market in our 1031 Exchange program closed within a few weeks of one another. It has been a lot of work coordinating the details, but we are not complaining and are happy to see the fruits of our labor. Talk about “ringing in” the new year with something to celebrate!

We’ll leave you with another progress report from

Major, our partner overseeing Polo Estates, ROI Strategies’ South Carolina mobile home park.

Sincerely,

Handwritten signature of Steve Sixberry in black ink.

Steve Sixberry

Handwritten signature of Greg Hughes in black ink.

Greg Hughes

## Polo Estates Renovations on Schedule

(Submitted by Major, the GM of Polo Estates)

*“The community is coming along. As of today, the mailbox kiosk has been finished and new mailbox keys given to residents. I had court this past week for the six discrimination cases filed, and all have been dismissed with no cause. Those tenants will be evicted later this month. SCEG [South Carolina Electric & Gas] has only seven street lights left to install. Paving is nearly finished with five parking lots remaining to be paved and parking lines to be painted. The water meters are nearly finished being installed. I anticipate all meters and new supply line hookups to be finished by the end of the week. This is important as it will allow us to locate leaks and notify tenants to repair the leak before we get a big water bill from the city.*

*Speaking of leaks, attached is a picture of what 7 AM looked like to me. [We’ve included Major’s picture below.] The driver of a dumpster truck drove into a lot, instead of backing up, and broke one of the 2-inch main water supply shutoff valves. Not a big deal, was simple and easy to fix. However, it was better than any coffee I know to give a kick in the morning.”*



**This broken main water valve at ROI Strategies’ mobile home park was easily fixed, but it’s a good reminder of why it’s better to be an investor and not a landlord!**