



Hughes Capital Investor Update



Here are a couple examples of the buy and hold's clean, safe, rehabbed homes with affordable rents.

A Peek Inside the Fund's Homes

On two separate occasions during live presentations last month, I was asked by event-goers if the buy and hold fund's homes are located "in the slums." On both occasions, I answered the question as best I could, but I left feeling like I could have done a better job at it.

Part of the reason I struggled with a clear answer is that, when we started buying homes for the fund in January 2017, we made a few bulk purchases that included homes that ran the gamut as far as rehab status. We knew that some of the houses would be "homeruns," some would basically "fit the bill," and some would be real "dogs." (Yes, the "dog houses" were mostly in what you and I would probably consider the slums!) So, when faced with this question, I had it in my head that there were a few rough homes in the fund's portfolio.

However, once I had some time to think about it, I realized that this is not the case at all. All homes are initially purchased *outside* of the fund by another company we own — Home Partners — and only become our fund homes when they meet our set of criteria. Home Partners also handles the rehab and/or sells the properties to local investors who are better suited to make a profit from them.

Home Partners even takes a loss on some of the homes that don't make the cut. It's all part of the process, and it's why we do what we do as fund managers in a non-traditional investment: work out the problems that no one else wants to deal with, so that we can produce healthy returns for our investors!

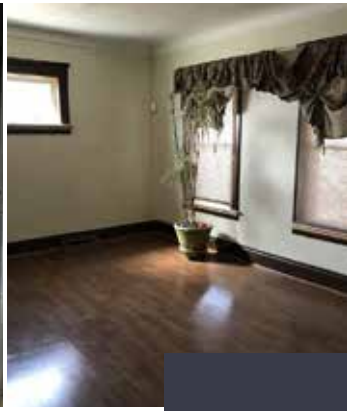
The properties that become our fund homes might be smaller and older than most, but the neighborhoods are not necessarily bad or unlivable. Since a picture is worth *at least* 1,000 words, I've started including photos of some of the homes in my presentations and in our marketing materials. This way, people can take a peek for themselves. (We're including a few sample photos in this update, too.)

The majority of the fund's homes remind me of the smaller, older houses in Southwest Reno, but the fund's homes cost about \$300,000 less and rent for 3X the rent-to-price ratio. Those homes in Reno are nice, and, although you might find one with a pink bathtub, they are great family homes! (If you wait long enough, pink bathtubs just might be back *en vogue*, along with beehive hairdos.)

Want to view the homes yourself? Flip the page over for a list of ten addresses you can type into a Google Map search.

To easily view the homes via Google search, simply type an address from the list on the back of this update, pull up the map, and click on the icon with the picture in the bottom left corner that says "Street View." That will put you right in front of the home. *Once you're there, take a drive around the neighborhood, and get a feel for what it is like.* I think you will be pleasantly surprised! Heck, it might even bring back a memory or two of one of your own former homes.

1163 WOODRUFF
CLEVELAND



324 TROY
TOLEDO

Here are the addresses of ten fund homes you can look up right now via Google Maps:

- 235 E. Fox St. South Bend IN 46613
- 6019 Park Ave Kansas City MO 64130
- 3943 W. 22nd St. Cleveland OH 44109
- 1328 Woodley Ave. Terre Haute IN 47804
- 311 Whittemore St. Toledo OH 43605
- 1458 Larchmont Rd. Cleveland OH 44110
- 515 31st St. Ensley Birmingham AL 35218
- 1911 E. Purdue Rd. Muncie IN 47303
- 356 Sumner St. Toledo OH 43609
- 3122 Benjestown Rd. Memphis TN 38127

My wife, Tanja, and I were looking through old photos last week, when we came across one of Tanja and me, before we were married, in front of my first home. (It wasn't as nice as most of the homes we have in the fund!) The picture is 33 years old; Tanja and I will celebrate our 30th anniversary this year. She didn't quite have a beehive hairdo back then; it was more of a half hive. She is as beautiful today as she was then, but without the half hive.

The fund's Data Room is live online as a password-protected portal on our website. There, you will find: a detailed asset list, complete financials, background checks on Steve and me, our legal counsel and CPA, and exterior and interior photos and specs for several of the homes. **Contact Stacy at Stacy@HughesCapital.com or (775) 636-8394 for the password.**

Until next time,

Greg Hughes

Steve Sixberry

Tanja and Greg in front of
Greg's 1st home, 1985

