

Buy and Hold Fund Continues to Grow and Diversify

We now have more than 1,900 doors under management within the portfolio and a total of **\$154 million assets under management**. Of this \$154 million, \$53 million is owned by the Buy and Hold Fund, \$63 million are titled properties held in investors' names, and the remaining \$38 million are purchased properties in various stages, from rehab to ready for sale to the fund. Of the titled properties held by investors, a portion is 1031 Exchanges, and the other portion includes cash investors who are using outside financing to leverage their investment and increase their return.

In our five primary markets (Akron, Toledo, and Cleveland, OH; St. Louis, MO; and Birmingham, AL), our average occupancy rate has decreased from 95% to 94%. It's not a terrible dip, and it's due primarily to being able to evict some of the residents who could not get rental assistance, refused to work with us, or are not capable of paying their rent. **We also saw a small downtick in collected rent in July, with August ticking back up. Overall, this hasn't affected our investors' return in any major way.**

Many investors have chosen to use their investment in the Buy and Hold Fund as a down payment to buy homes from us, increasing their return up into the 15% to 20% range. Because of the high demand for homes, we are continuing to add investors to a queue for available homes. **This queue has grown to \$33 million.** We have increased our

amount purchased each month to satisfy this demand but are now dealing with the backlog of completing all the rehab work.

The \$38 million in property we've purchased are in various stages of completion. If you are interested in getting financing to purchase some homes, let us know sooner rather than later by getting in touch with our team at 775-297-4970. **You can have your money working the whole time in the Buy and Hold Fund, and then redeem as necessary for your down payment when the properties are ready to be financed.**

We have been researching more regions to purchase properties in for quite some time and have narrowed it down to four. **Huntsville and Montgomery, Alabama look promising, and they are on the top of our list.** One big advantage is we are already setup in Alabama, which makes it easier to launch a new market there. The other two markets are Shreveport, Louisiana, and Little Rock, Arkansas, which also fit our market criteria, but we consider these "secondary markets" for now.

Our Investor Relations Department is Growing

As many of you know, Stacy Silva, our Director of Investor Relations, has been very busy lately. We hired four new Investor Relations Advisors who all started simultaneously on August 10th. Prior to this, Stacy was handling the *entire* investor roster. **Bringing new people on is all part of our growth plan to make the experience for our investors better and better as time goes on.**

Liquidity Accounts Have Been a Hit

We are glad to see all the interest in Hughes Capital Liquidity Accounts. It means we are solving a problem for all those dollars that are just sitting there in your bank or money market account, not making any (or very little) return. Hughes Capital Liquidity Accounts pay 3.91% interest. With Liquidity Accounts, you have quick access to your invested money, with the option to withdraw some or all of your money in less than 30 days. The minimum initial deposit is \$50,000, and withdrawals occur on the last business day of every month. **Your money will be in priority position in the Buy and Hold Fund (which means that, in the unlikely event that a catastrophe impacts the Fund and we can't pay everyone, you are among the first to get your money).** Your money is backed by more than \$53 million in cash and tangible assets in the fund.

Finally, Our Second Multifamily Complex Has Been Purchased

It has been a long time coming, but we expect to close on our second multifamily complex of 100 units in mid-September (which is when we're writing this; if anything changes by the time you receive this, we'll let you know). **The complex is called The Versailles and it's located in St. Louis, where our first 88-unit multifamily complex, Ridgeview, is located.** For all of you who have had the opportunity to visit the real Versailles in Paris, you will not mistake The Versailles in St. Louis for the real thing! **It is workforce housing, which is our target market.**

We are actively looking for more properties, but as you know, the market is tight. We've had a lot of interest in the multifamily division from investors, but we are not ready to make these properties available just yet. Ridgeview is going through an extensive rehab and Versailles is still too new to the portfolio. In about 180 days, we expect to be able to start offering them as investments.

Until next time,

 

Steve Sixberry

Greg Hughes