

Buy and Hold Fund Continues to Grow and Diversify

We now have nearly 2,000 doors under management within the portfolio and a total of \$177 Million assets under management.

Of this \$177 Million, \$58 Million are assets of the Buy and Hold Fund, \$74 Million are titled properties held in investors' names, and the remaining \$45 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 are composed of 1031 Exchanges, and the other portion includes cash investors who are using outside financing to leverage their investment to 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 94% to 92%. This is primarily due to being able to evict some 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 down tick in collected rent in December, which is usual for the time of year.**

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 \$35 Million. **We have increased our amount purchased each month to satisfy this demand** but are still dealing with the backlog of completing all the rehab work.

The \$45 Million in property we've purchased are in various stages of completion. We are making progress on the rehabs, but we're not where we hoped and expected to be at this point; we do think we have turned the corner and the process should continue to accelerate from here forward. 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 CallHughesCapital.com. **You can have your money working the whole time it's in the Buy and Hold Fund, and then redeem as necessary for your down payment when the properties are ready to be financed.**

As we reported in our Q3 update, we've been actively researching more regions in which to purchase properties. **Huntsville and Montgomery, Alabama both looked promising — but as of now, they have not met our criteria to the scale we were hoping for, so not much to report on there yet.**

Exciting News: We Are Entering the Senior Housing Market

This is preliminary as of writing this in mid-December, but we currently have 2-to-4 deals on the table for properties in the senior housing market. **We are not going to enter the operational side of the business;** we are seeking out the best operators out there and putting together a joint venture with them. Our role in the deal is to provide the capital. We don't know what the structure of this will look like yet — it most likely could be another fund, or we could syndicate the deals at the beginning. We also plan to be able to offer these properties for 1031 Exchanges.

You might remember that we've written before about exploring the multifamily market, which we haven't stop looking into. **However, we found senior housing to be far more compelling when you compare the two markets.** As of now, the multifamily market is selling at very low capitalization rates that, most of the time, don't make sense for the risk-reward ratio.

Small Change to Hughes Capital Liquidity Accounts

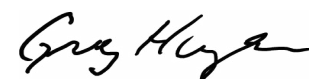
We are changing how the Liquidity Accounts interest is set. We originally based it on SOFR, using that index to adjust the interest rate monthly. SOFR has moved back and

forth between .01% and .05%. So, instead of making our accounting department adjust the accounts every month, we have decided to set the interest rate to a flat 3.9%. It will still compound annually like it did before, at the end of each year. This change will merely simplify the process, which was amounting a lot of work for minuscule changes. In the future, if we need to adjust the interest rate, we will give everyone a minimum of a 30-day notice.

Until next time,



Steve Sixberry



Greg Hughes