

Q2 2018 FUND UPDATE

DEAR PARTNERS

I am pleased to report the Worcester Fund returned 2.63% in the 2nd quarter of 2018 and is up 5.19% year to date. Performance since inception is summarized below. Performance is always stated net of fees, depreciation expense deductions, and individual account performance varies based on timing of contributions.

INVESTMENT OBJECTIVES

The fund's objectives are to provide investors capital preservation, dependable income, and capital appreciation — by acquiring, developing, operating and improving under-performing multi-family real estate, as well as making real estate loans in the Kansas City area.



WORCESTER FUND OVERVIEW

SUMMARY OF EQUITY OFFERING

PREFERRED RETURN	8% annual, paid quarterly
EXCESS DISTRIBUTABLE CASH	Class A (>\$1mm investment) 70% to investor, 30% to sponsor
	Class B (\$250-\$1mm invested) - 60% to investor, 40% to sponsors
	Class C (<\$250m invested) 50% to investor, 50% to sponsor
MANAGEMENT FEE	1.50%
MINIMUM INVESTMENT	\$50,000
ELIGIBLE INVESTORS	Accredited Investors
TARGET RETURN	9-12%

SUMMARY OF DEBT OFFERING

LENGTH OF INVESTMENT	TERMS
2 YEARS, 3 YEARS, OR 4 YEARS	Earn 5.5%, 6.0%, and 6.5% interest respectively
MINIMUM INVESTMENT	\$50,000
ELIGIBLE INVESTORS	Accredited Investors
SECURITY	Senior to Equity unit holders
DISTRIBUTIONS	Interest is paid quarterly

FUND PERFORMANCE - AS OF 6/30/18

	Worcester Fund	S&P 500	Barclays Agg
Q1 2018	2.50%	-1.0%	-1.46%
Q2 2018	2.63%	3.43%	-0.16%
YTD 2018	5.19%	1.67%	-1.62%
1 year	8.05%	14.37%	-0.40%
Since Inception	8.05%		

Inception date: 6/21/2017

FUND ASSETS - AS OF 6/30/18

Date	Fund Assets
12/31/2017	\$2,435,500
3/31/2018	\$2,463,375
6/30/2018	\$5,096,533

ALLOCATION - AS OF 6/30/18

Cash	18%
Cash	73%
Assets	9%

Contact Peter McHugh at 816 558-6402 or petermchugh@worcester-investments.com for more information

PORTFOLIO UPDATE

REAL ESTATE HOLDINGS

We continue to own WI Staley and 2 AirBnB homes within the fund. Both performed well during the quarter. Specifically, Staley was 95% occupied and the AirBnB homes were rented out 66% of the available days.

We did not add any new multi-family assets to the fund in Quarter 2, 2018 given the frothiness in the market.

However we did make an acquisition during the quarter which will close in mid July. This property is a short sale purchase which the fund will invest in upon closing in mid July. We are also planning to add Lakeview Crossings, a new 123 unit townhouse development in Blue Springs MO and an investment in 909 Walnut when they close later in 2018 and early 2019.

PRIVATE LOANS

The market for private loans continues to be very good. Borrowers with above average to high credit scores are offering good collateral to back loans that pay 10-13% interest. Banks continue to frustrate potential borrowers and our ability to underwrite quickly is a competitive advantage that we maintain in this market. As a result we continue to like this investment opportunity for fund assets, particularly, during this environment of high prices and limited availability of good value add opportunities in the multi-family segment.



SUMMARY

We feel we have stayed consistent in our approach to find, fund, fix, and facilitate great real estate opportunities in the Kansas City area. We have avoided overpaying for properties and will continue to source great deals for shareholders. We ascribe to the old saying that in the real estate industry, you make your money when you buy as much as you do when you sell.

With assets exceeding \$5mm as of the end of Q2 2018, a growing network for private loan opportunities, and good

acquisition opportunities which leverage our infrastructure, we feel we can deploy additional assets and continue to deliver returns in the 9-13% range after fees and expenses.

We value and appreciate our partnership with you and look forward to updating you next quarter.

***Sincerely,
The Worcester Team***