

Dear Valued Investor,

As an integral part of the Heritage Multi-Sector Fund I (the “Fund”) family, we are pleased to share with you the quarterly investor newsletter from Q1, 2020. The Fund has completed its ninth full quarter of operations. Growing in a profitable and well-managed way continues to be our highest priority.

Since its inception, the Fund has strived to acquire performing and deferred assets. Loans made by the Fund are secured by various types of collateral, including real estate located throughout the United States. By completing these acquisitions consistent with our philosophy and process, the Fund was able to maintain its assets under management to just over \$4,762,000 at the end of Q1, represented by total investor capital.

The Fund produced a quarterly return of 1.93% bringing the “return since inception” to 7.43% (both annualized figures).

In an effort to keep the Fund diversified, the Fund’s assets are spread over multiple deal operators, borrowers and multiple industries in various geographic locations therefore reducing the overall exposure to any one market. Because the Fund can purchase and originate assets at favorable terms, loans are collateralized at desirable “loan to value” (LTV) ratios. Of course, the LTV is an assessed or approximate ratio and is not in any way certain or guaranteed.

With the impacts of covid-19 and the ensuing deterioration of domestic and global market conditions, the Fund has suspended accepting any new investor capital, funding new assets/acquisitions, investor quarterly cash distributions as well as accepting any redemption requests. These steps will allow the Fund to preserve as much cash as possible. It is unknown at this time as to how the overall market conditions, new regulations and borrower behavior will ultimately impact the operations and Fund assets. While we have no idea what the overall ramifications will be, or how long the effects will last, we are taking the steps we deem prudent and important, in our best assessment of the order of their importance to safeguard, preserve and protect your investment to the best of our ability.

We expect to continue increasing loss reserves, see an increase of borrower defaults and otherwise slowing of overall income to the Fund for the foreseeable future. This will have ongoing implications to the Funds operations, performance and investor distributions.

We have engaged Redwood Real Estate Administration to administer the day to day accounting, statement production and process investor capital. Through this third-party administration company, there is additional transparency and accounting support, amongst other services provided to the Fund and its investors. All of our strategic vendors remain operational although we may experience delays in communications and other deliverables as they work through their contingent operational backup plans.

These unprecedented market conditions will require a significant amount of patience from all stakeholders, including borrowers, vendors, investors and managers. Our entire management team continues to be fully operational and will be providing ongoing periodic updates.

Thank you for your continued interest, trust and confidence. Be well and safe.

Regards,

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