

January
2024



INVESTOR UPDATE

Investment Updates from MPI Family Office on
Properties in the Consortium of Wealth Network.



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Embassy Suites Lubbock, TX

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STRATEGIC PARTNER | LLOYD JONES, LLC **COW LUBBOCK, LLC**

PROPERTY TYPE: HOTEL REFURBISHMENT

The Lubbock project is showing excellent progress, with positive reports and a cost segregation report due in Q1 from Lloyd Jones, aimed at enhancing cash flow. The project is also being evaluated for its market value through Broker's Opinions of Value (BOVs), setting the stage for a hopeful threefold return in 2024.

CapEx | Property Improvement Plan

With the Property Improvement Plan (PIP) 30% complete and on target for full completion by March 2023, we're making strides in enhancing our hotel's appeal and operational efficiency, despite some delays due to material shortages and weather challenges. The roof renovation, an essential part of the PIP, is 50% completed by our contractors but has faced slowdowns due to adverse weather. This progress, though challenged, underscores our commitment to capitalizing on the area's economic growth and event-driven demand, promising a brighter outlook for our hotel's performance.

Sale | 3x Return in 2024

In Q1, Lloyd Jones plans to obtain BOVs to strategically list the property, aiming for an asking price between \$18 to \$21 million. This pricing reflects a potential to triple the initial \$7 million investment, highlighting the property's enhanced value and the optimistic market outlook. This move is a calculated step towards maximizing returns and capitalizing on the property's market readiness.

STRATEGIC PARTNER | LLOYD JONES, LLC COW LUBBOCK, LLC



OCCUPANCY | EMBASSY SUITES LUBBOCK

Occupancy rates are currently in the upper 70% range, experiencing a seasonal slowdown. Banks are targeting a 78-83% occupancy rate for the sale period. To address this, our on-site management team is actively engaging with the local community to boost occupancy, with upcoming sports tournaments expected to contribute significantly. Additionally, ongoing renovations and new furniture position Lloyd Jones to increase rates per stay, further enhancing occupancy levels and overall profitability.

COW LUBBOCK, LLC FINANCIAL REPORT



DESCRIPTION	ACTUAL	PRO FORMA	VARIANCE
Total Operating Revenue	\$6,443,763.48	\$6,653,977.35	-\$210,213.87
Total Department Expenses	\$2,544,266.60	\$2,521,585.18	\$22,681.42
Total Department Profit	\$3,899,496.88	\$4,132,392.17	-\$232,895.29
Total Undistributed Expenses	\$2,477,205.78	\$2,728,862.62	-\$251,659.84
Gross Operating Profit	\$1,422,291.10	\$1,403,526.55	\$18,764.55
Income Before Non Operating Income and Expenses	\$1,183,428.21	\$1,203,907.22	-\$20,479.01
Total Non Operating Income and Expenses	\$290,146.27	\$372,186.36	-\$82,040.09
EBITDA	\$893,281.94	\$831,720.86	\$61,561.08
Interest, Taxes, Depreciation, Amortization	\$903,893.44		\$903,893.44
Net Income	-\$14,611.50	\$831,720.86	\$846,332.36



PROPERTY TYPE: PRIVATE PAY SENIOR HOUSING

Chris Findlay, the owner of LJ and the property's asset manager, brings a strong track record and valuable connections in the market, and we have seen an upward trend on Granbury, increasing the likelihood of success. Strategic enhancements have the potential to improve the property's financial position, setting the stage for future investor returns. In Q3 2023, Lloyd Jones introduced a new executive director to enhance occupancy and align the property with proforma expectations. With this fresh management team, the property is gaining positive momentum. To illustrate, in July 2023, occupancy hit a low of 72%, but by Q4 2023, it had risen to 77%.

Capital Expenditures

Construction is nearing completion, significantly enhancing the building's overall appeal, with a steady pace of 5 residents moving in each month. Our current growth strategy includes negotiating with the lender to release \$250K allocated for a generator in the memory care unit, unlocking an opportunity in our value add strategy.

The property faces most of its vacancy issues in the 16-bed Independent Living unit. Lloyd Jones believes the property is more competitive in the Assisted Living market, as the Independent Living setup requires more amenities than the property currently offers. To boost revenue, LJ plans to convert 10-12 Independent Living units into Assisted Living units, with funding allocated from a portion of the \$250K originally reserved for the generator. We're actively pursuing the lender's approval to release these funds for the renovation.



Chris Findlay & AVIVA Granbury Celebrated Completed Renovations

With this planned renovation, Lloyd Jones anticipates a significant increase of \$250K in NOI, making it a strategically advantageous move.

Distributions Outlook

Due to a tight 2024 budget, distributions are not projected at this time. However, if Lloyd Jones can execute the planned transition to more Assisted Living units, implement rent increases, and boost occupancy, distributions may be possible by Q1 2025.



Options & Growth

1. Increased Revenue

In this very volatile market of consistent rate increases, we are fortunate to have fixed-rate debt. That said, occupancy must be above 80% to cover the debt, so we are working with the lender on a recovery plan due to missed Debt Service Coverage Ratio with the planned occupancy and revenue increases, we forecast covering debt service by Q1 2024.

2. Growth Strategy

Lloyd Jones aims to attract new residents at lower care levels, then gradually transition them to higher levels of care as their needs progress. This nurtures resident retention while optimizing revenue.

3. Tiered Care Levels

Lloyd Jones has implemented new tiered care levels, including Memory Care, Assisted Living, and Independent Living. This has led to a substantial revenue increase, from \$8K per month to \$42K per month in January 2024.

4. Tax Savings

Through effective negotiation, real estate taxes were successfully reduced from \$12K down to \$7K, resulting in \$5K in savings annually and strengthening the property's financial footing.

03**STRATEGIC PARTNER | LLOYD JONES, LLC**
COW COUNTRY CLUB, LLC

PROPERTY TYPE: PRIVATE PAY SENIOR HOUSING

Renovations have significantly enhanced the property, promising to improve occupancy rates, which have been a challenge. Operationally, expenses have been efficiently managed, generating savings and contributing to Lloyd Jones achieving a \$1.5M NOI in 2023. There's considerable potential for growth through rent increases, with expectations to surpass NOI projections in 2024. Although there have been no distributions yet, Lloyd Jones is optimistic about initiating them by Q2 or Q3 2024, pending refinancing. The proximity of the top-level management team, all living within 30 minutes and frequently visiting, underscores their commitment and positive outlook for the property.

Distributions Update | Restructuring On-Site Management Team

Distributions have been delayed, but Lloyd Jones reports meeting the budgeted NOI despite lower occupancy rates. We remain optimistic about delivering investors a return on investment (IR) that exceeds proforma.

Expense Control | Labor Cost & Achieving NOI

The on-site management team has effectively controlled labor costs, etc., enabling Lloyd Jones to achieve the projected NOI of \$1.5 million through expense management.

**Ammentities are Plenty at AVIVA
County Club Heights in Woburn, MA**



STRATEGIC PARTNER | LLOYD JONES, LLC
COW COUNTRY CLUB, LLC



Property Outlooks

1. Occupancy

Occupancy rates in the building are steady, remaining around 80%, impacted by 8 move-outs, including some attrition due to mortality. Lloyd Jones has responded aggressively, replacing the sales manager in November 2023, which led to an increase of 3 move-ins in December. Despite this progress, they are determined to make further changes swiftly if needed to improve occupancy.

2. Room Rate Increases

As of January 1, 2024, Lloyd Jones implemented a 15% rate increase for all residents, which remains competitive as it's still below area comparables, indicating potential for further rate adjustments. They plan to introduce an additional 8% increase in 2025.

3. Distributions

In summary, distributions are anticipated upon property refinancing. In Q4 2023, the lender granted a waiver due to a Debt Service Coverage Ratio (DSCR) of 1.0 (because of FED rate increases) slightly below the required 1.25. Currently, \$500K is reserved for debt service, with the expectation that the lender will release these funds by the end of June, provided Lloyd Jones can demonstrate a DSCR of 1.25 during the first two quarters of 2024. If these conditions are met and a refinancing plan is on track, investors can look forward to receiving distributions.

4. Refinance

If Lloyd Jones can increase occupancy by Q2, it will prepare the property for refinancing. However, at that point, it may not qualify for fixed-rate agency debt, potentially resulting in a more costly refinance. An alternative option is to hold off until Q3 or Q4 when the financial figures are somewhat stronger and agency debt becomes a viable and cost-effective option.

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STRATEGIC PARTNER | FULTON PEAK CAPITAL, LLC COW OCEANVIEW PORTFOLIO, LLC

PROPERTY TYPE: MULTI-FAMILY DEVELOPMENT

We have strategically decided to allocate cash reserves to enhance the Oceanview property's financial position, as we prepare it for a promising sale later in 2024. While this decision temporarily postpones distributions, it fuels our optimism for a successful and lucrative transaction that will ultimately benefit our investors.

Occupancy Gains | Significant Year-over-Year Progress

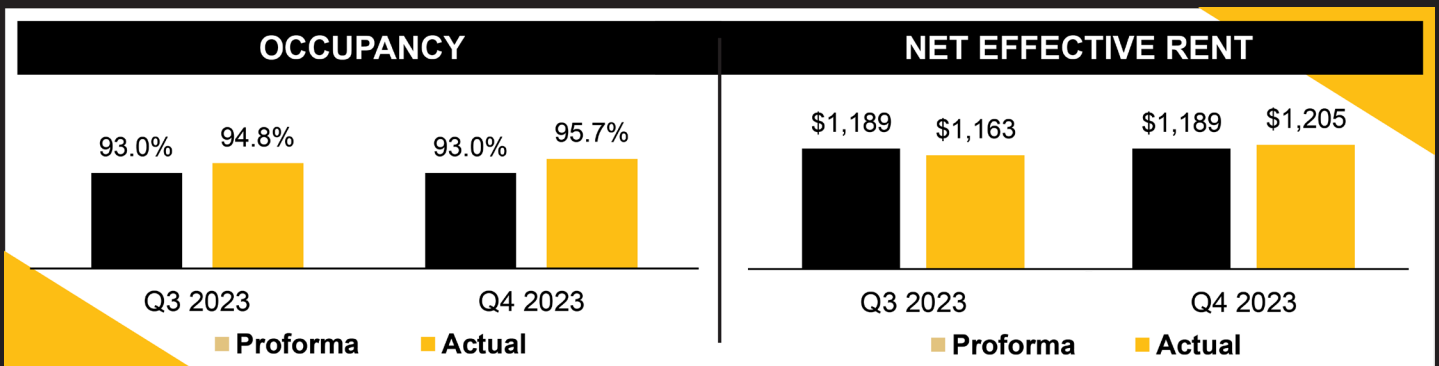
Our average occupancy in Q4 2023 reached an impressive 95.7%, surpassing our proforma expectations of 93% and marking a significant leap from 78% in Q4 2022. This remarkable improvement demonstrates our property's strong rebound from challenges faced in a post-covid market.

Revenue Update | Impressive Growth

NOI has experienced a remarkable 72.4% year-over-year growth, while Total Revenue has shown a steady increase of 26.5%. These substantial improvements can be primarily attributed to rising occupancy rates and effective expense reduction measures.



Leased rents have seen a notable surge of 30.8% since acquisition, now averaging \$1,207 per unit per month, surpassing the proforma estimate of \$1,189. In Q4 2023, we initiated 5 leases, comprising 11 new move-ins and four renewals. These leases collectively achieved a blended average premium of \$107 per unit per month, equivalent to an 11.5% increase. Particularly noteworthy were two renewals that presented excellent mark-to-market opportunities, each resulting in a remarkable \$195 increase over their previous rental rates.



STRATEGIC PARTNER | FULTON PEAK CAPITAL, LLC COW OCEANVIEW PORTFOLIO, LLC

Challenges & Expense Control:

We are actively monitoring expenses for potential savings. Some controllable expenses have surpassed proforma expectations, driven by investments in repairs, contracts, and utility rate increases. Nonetheless, our commitment to expense management remains steadfast as we seek ways to enhance financial performance.



Distributions & Financial Strategy at Oceanview:

In line with our overall financial strategy at Oceanview, we have elected to temporarily suspend distributions, redirecting these funds to strengthen the property's cash reserves. This strategic approach aligns with our preparations for a potential sale of the Oceanview property later in 2024. It ensures that we maintain a robust financial position to capitalize on market opportunities while safeguarding investor interests.

OV Coast in Norfolk, VA





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INVESTOR
UPDATE



JANUARY 2024

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