January 2023

INVESTOR REPORT
4th Quarter 2022

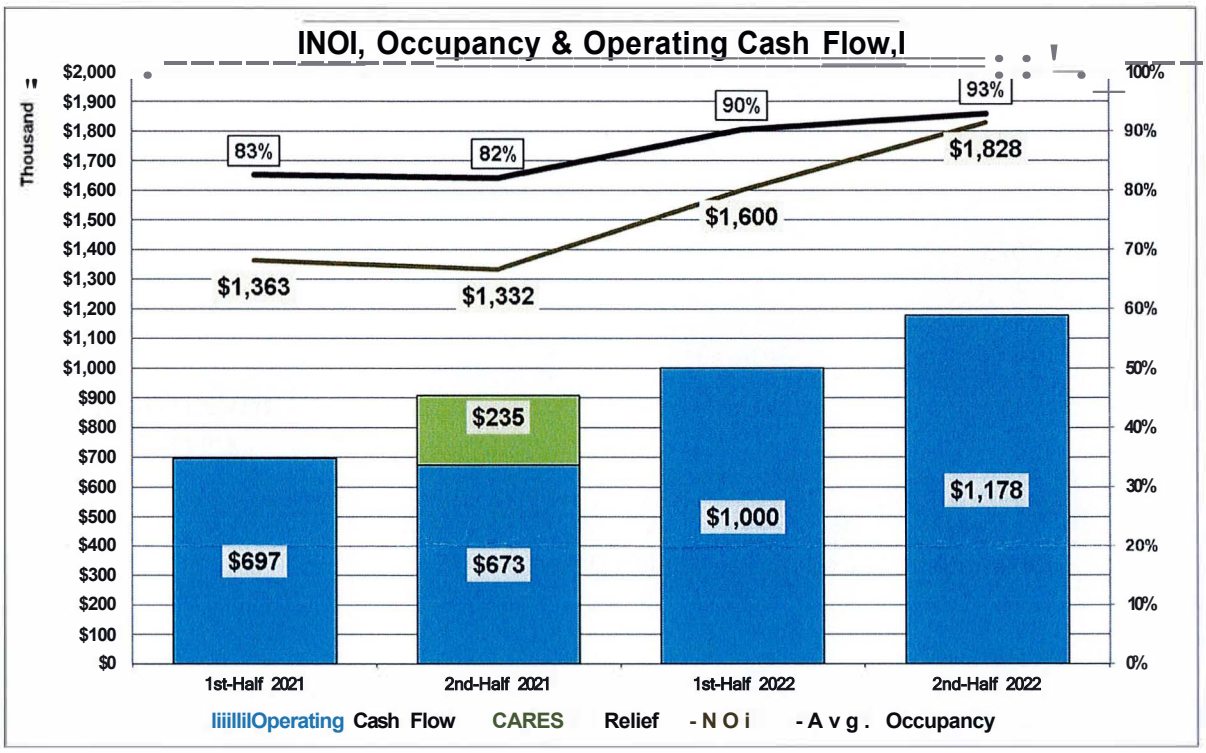
RE: Desert Point, LLC d.b.a. Fairwinds – Desert Point

Dear Investor:

The senior housing industry is moving through a gradual rebound from the lows of 2021. Since hitting bottom in the second quarter of 2021, census across the senior housing industry has been slowly rebuilding, with five straight quarters of growth. And this story has indeed played out at Fairwinds – Desert Point.

After hitting a low of 79% in the spring of 2021, occupancy has been slowly rebuilding and reached a solid 93% during the second half of the year. This represents a 3% growth over the first half of the year. Increased rental rates, combined with the higher census, resulted in a Revenue increase of an impressive 8% compared to the first half of the year. Driven by a tight labor market and higher food and supply costs, Expenses increased by 5% when compared to the same period. The combined effect of a solid increase in Revenue countered by increased Expenses resulted in an increase in Net Operating Income (NOI) of 14%, compared to the prior six-month period. While NOI for 2022 was notably 66% higher than the prior year at 3.42 million, it was only 87% of the income produced in 2019. Expectations are for a strong year in 2023.

As occupancy rebounds, the industry looks to rate increases as the solution to ever-growing expenses. The property plans to move rental rates by 6% this spring, while still improving census. With talk of a looming recession and a struggling housing market, this approach has some risks. We will monitor the operational strategy closely and adjust if needed.



Enclosed you will find a check that represents your portion of the distribution to Class A Members for the current quarter. Looking forward to the year ahead, we anticipate distributions will improve slowly as the year progresses, hinging on a continuation of strong occupancy.