

The world has certainly changed since our last update in Q1 2020.

To say that the past eight months in the hospitality industry has been devastating and unprecedented would be a severe understatement. From early March and up till October 1, 2020, Belize, and in particular the town of San Pedro, was closed to the outside world. It's only been in the last few months that local professionals (including the bookkeepers and accountants for Mahogany Bay Resort) have been returning to work after a countrywide lockdown, and hence the financial results from Q4 2019 and Q1 2020 have only recently been made available.

We have two (2) video Owners Report updates to share with you from Mahogany Bay Management, from June 18, 2020 and September 1, 2020, respectively. The situation with Belize tourism and the country being under lockdown has been fluid and ever-changing.

We have been trying to determine at what point we have sufficient information to provide a substantive update and accurate assessment of the economic impact of Covid on our Fund and all of our investment. We have been awaiting an accounting from Mahogany Bay Management as to the total cost to all Mahogany Bay Resort owners, and our Fund specifically, for the ongoing costs through Q2 and Q3 during which all resort operations have been closed. Now that the Belize airport has reopened as of just days ago (October 1, 2020), and Mahogany Bay Resort is scheduled to reopen end of October 2020, we have a clearer picture of our costs and obligations through Q3 2020.

We will present an Executive Summary version of the video updates, followed by links to the in-depth video conference call presentations which we highly encourage everyone to watch.

RECENT PAST

- 2019 was a banner year for Mahogany Bay Resort and our partnership, ... a year that saw the first glimpse of profitability at 8.7% on revenue growth of 143% from the prior year.
- Despite the profit generated in 2019, we ended Q3 2019 with approximately \$47,402.50 (*) of outstanding expenses carried forward from prior years, of which \$5,808.71 was extinguished by the 2019 net profit.
- Q1 of 2020 marked another record quarter for the Resort, and our partnership yielded \$17,088.26 of net operating income, which we were looking forward to paying down our deficit.
- Q1 also marked a considerable milestone for the ownership group, as we were able to successfully negotiate a 50% discount in the management fee from 20% of gross income to 10% of gross income for a period of no less than 2 years. The management fee rebate will go into effect once we are current on all of our invoices, and represents monies that will trickle down directly to our bottom line in the future.

(*) - \$47,402.50 of outstanding expenses, less \$18,454.70 cash on hand = \$28,947.80 deficit

THE PRESENT

- In early March, COVID hit and brought the hospitality industry to its knees, including a complete lockdown and closing of all Belizean borders to foreign travel in and out of Belize.
- This resulted in a complete shutdown and closure of Mahogany Bay Resort, save and except for a skeleton crew sufficient to keep the Property and all its assets secure, and to keep key operation systems functional.

- The Belize International Airport (BZE) was scheduled to reopen August 15, 2020, but this date was subsequently pushed back to October 1, 2020, due to a recent surge of COVID cases in Belize.
- The Belize International Airport (BZE) did successfully reopen just days ago, on October 1, 2020, with strict guidelines and COVID rapid-tests upon arrival for all incoming passengers.
- MBV is planning to reopen its doors at the end of October 2020. By the end of August, over 40% of the available inventory for the month of December was booked, mainly from reservation vouchers that were carried forward from prior bookings.
- Whether or not new guests decide to book last-minute travel, or existing guests decide to cancel last minute, will largely be a function of travel guidelines set forth by Belize and by the United States, as well as the overall comfort level people will have traveling internationally during this holiday season. It will also be a function of the COVID pandemic, and the effect it is having on both countries in the months to come.
- Many Caribbean island nations that have reopened for tourism in the wake of COVID, have subsequently had to close down due to nearly instantaneous resurgences in their positive cases, as people are increasingly social and less diligent.
- All the while, the Resort has continued to incur bare-bones operational expenses (e.g. security, lighting, landscaping, pool filtration, operators to answer inbound calls and questions, etc.) and unfortunately these expenses need to be paid to avoid a total loss.
- As a result, Mahogany Bay Management has invoiced all lot owners for their proportionate share of the aforementioned operating expenses for Q2, Q3 and October 2020, the seven (7) months the Resort was closed.
- We are left with no option but to do a capital raise to cover our proportionate share of Resort expenses as well as our account arrears, and to have sufficient funds on hand for our upcoming annual property insurance premiums. We also want to ensure that we have a contingency reserve in place in case we do not see positive income in Q4 of this year, and we are asked to shoulder our share of operating expenses coming into 2021.
- While this result is unexpected and certainly undesirable, we feel it's better to pay to protect our asset, than to allow the Resort property to depreciate and be ransacked.

BOTTOM LINE

They say timing is everything, and unfortunately just as Mahogany Bay Resort was hitting its stride and beginning to generate cash flow, the world was hit by the greatest pandemic in a century. On the one hand, we now have the operational experience, stellar reputation, and dominant Belize market share and leadership, to pick up quickly where we left off.

On the other hand, Mahogany Bay Resort, like just about every international hotel in the world, is having to “reset the clock” and start the long, slow climb back to occupancy in a highly volatile environment. At this point, where the future will lead us is uncertain, but what we know for sure is that we have a winning asset, and a competent team.

RECOMMENDED VIEWING

In the last few months, we did two in-depth Zoom conference calls with Mahogany Bay Management, during what has been a very fluid situation. In the first video recording, Management presented a very candid overview of how strongly the Resort was performing at the end of Q1 going into COVID, and exactly what happened as Belize went into full lockdown and closed borders. They also share their vision and plan for the future and for reopening of the Resort.

The second video was a webinar in early September, for Owners of built units in the Rental Pool. The agenda covered the upcoming reopening of Mahogany Bay Resort (MBR) in late October, the financial performance and forecast of MBR, and how we all, as investors in MBR, will move forward to restart the property in Q4 2020.

We highly encourage anyone interested in understanding the details of this investment further, to take the time to watch the two videos. We also respectfully request that you do not forward the Owner Reports of the links to the accompanying videos, as requested by Mahogany Bay Management.

CAPITAL RAISE

After applying our 2019 profit, and using our funds on hand to pay down our arrears, we have a balance in arrears of \$8,028.69. In addition, there are \$48,736.47 in new invoices for our three Parcels, for our proportionate share of the operating costs of the Resort over these last seven months of the Resort being closed. We also have our annual property insurance premiums coming due this month, and while we have not received the invoice as of yet, we should expect that it will be similar to our 2019 annual premiums in the amount of \$21,990. Furthermore, we do not know how Q4 will materialize as Belize transitions back to an open economy for international tourism, so we need to be prepared for a potential shortfall and loss in Q4. For that reason, we are accounting for an additional \$21,244.84 in contingency reserve, to ensure that we are positioned to cover any shortfall in our share of operating expenses as we come into 2021.

The total amount of capital raise needed is \$100,000 to fulfill our obligations, and give us a contingency reserve going into 2021, as shown below.

MB Belize Fund I, LLC	2020			
	Lot 331	Lot 315	Lot 213	
PROPERTY MANAGEMENT ANNUAL FEE				
2019 - PMA Annual Fee	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00	
2020 - PMA Annual Fee	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00	
Q2 2020 - RMA/PMA/RESORT EXPENSES				
April/May/June	\$ 3,100.00	\$ 3,808.10	\$ 354.67	
Q3 2020 - RMA/PMA/RESORT EXPENSES				
July/August/September	\$ 3,137.90	\$ 3,853.99	\$ 354.67	
Q4 2020 - RMA/PMA/RESORT EXPENSES				
October	\$ 1,408.85	\$ 1,730.36	\$ -	
ASSESSMENT	\$ 3,359.31	\$ 4,125.93	\$ -	
FINANCE CHARGE (ARREARS)	505.52	585.52	\$ 1,711.65	
				TOTALS:
SUBTOTAL (NEW CHARGES):	\$ 18,411.58	\$ 21,003.90	\$ 9,320.99	\$ 48,736.47
Past Due Balance:	\$ 389.97	\$ (1,328.03)	\$ 8,966.75	\$ 8,028.69
BALANCE DUE:	\$ 18,801.55	\$ 19,675.87	\$ 18,287.74	\$ 56,765.16
PROPERTY INSURANCE - 2020/2021	\$ 7,440.00	\$ 7,854.00	\$ 6,696.00	\$ 21,990.00
(Based on 2019 policy costs.)				
CONTINGENCY:	\$ -	\$ -	\$ -	\$ 21,244.84
TOTALS:	\$ 26,241.55	\$ 27,529.87	\$ 24,983.74	\$ 78,755.16
				\$ 100,000.00

Mahogany Bay Management has given us until October 26, 2020 to make payment of our current balance due in the amount of \$56,765.16. So long as our balance is paid in full at that time, and we remain current on our account status, we will have a twofold benefit. First, we will receive a rebate, or discount, of our management fees from 20% to 10% beginning with Q4 2020; and second, MBM will only charge a reduced finance charge of 8%, rather than 24% on our previous arrears.

Included below are the P&L statements for 2019, and for Q1 2020.

MB Belize Fund I, LLC		2019
		TOTAL YTD
REVENUE		
Q1 (Jan/Feb/March)		\$ 81,849.53
Q2 (Apr/May/June)		\$ 58,146.53
Q3 (July/Aug/Sept)		\$ 55,859.78
Q4 (Oct/Nov/Dec)		\$ 68,296.86
Hilton Net Reimbursements		\$ 9,135.65
TOTAL REVENUE		\$ 273,288.35
OPERATING EXPENSES		
Total Resort Expenses		\$ (153,727.47)
Management Fees		\$ (54,657.67)
Management Fee Rebate		\$ -
Taxes		\$ (4,610.27)
TOTAL OPERATING EXPENSES		\$ (212,995.41)
NET OPERATING INCOME		\$ 60,292.94
MAINTENANCE & UTILITY EXPENSES		
RMA M&U		\$ (33,664.69)
PMA M&U		\$ (20,819.54)
TOTAL M&U EXPENSES		\$ (54,484.23)
NET INCOME		\$ 5,808.71

MB Belize Fund I, LLC		2020
		TOTAL Q1
REVENUE		
Q1 (Jan/Feb/March)		\$ 87,936.45
Q2 (Apr/May/June)		0
Q3 (July/Aug/Sept)		0
Q4 (Oct/Nov/Dec)		0
Hilton Net Reimbursements		\$ 1,977.53
TOTAL REVENUE		\$ 89,913.98
OPERATING EXPENSES		
Total Resort Expenses		\$ (39,381.94)
Management Fees		\$ (17,982.79)
Management Fee Rebate		\$ -
Taxes		\$ (1,538.88)
TOTAL OPERATING EXPENSES		\$ (58,903.61)
NET OPERATING INCOME		\$ 31,010.37
MAINTENANCE & UTILITY EXPENSES		
RMA M&U		\$ (9,220.89)
PMA M&U		\$ (4,701.22)
Misc. PMA RMA OPEX		\$ -
TOTAL M&U EXPENSES		\$ (13,922.11)
NET INCOME		\$ 17,088.26

Based on the 2019 year-end total, our management fee rebate for 2019 would have been **\$27,328.84** (or one-half of \$54,657.67), had the rebate been in effect at that time. The point being, that this will be a significant benefit to our bottom line in years to come.

As always, thank you for your patience and support, and we will continue to keep you posted as meaningful news unfolds.

Kind Regards,

John D. Turley and the Belize Asset Management Team
MB Belize Fund I, LLC

Capital Raise – COVID 2020
MB Belize Fund I, LLC

Dear _____:

The total amount of the 2020 MB Belize Fund I, LLC Capital Raise is \$100,000 US. This amount pays all outstanding invoices and arrears, to include the invoices for our proportionate share of the costs to carry, maintain, and protect the Resort during the seven month COVID shutdown.

There are also \$21,990 set aside for our upcoming annual property insurance coverage as well as just over \$20,000 in contingency reserve to ensure that we can weather the resort reopening in Q4 2020 and cover our expenses going into 2021.

Based on your investment of \$_____ in MB Belize Fund I, LLC, your proportionate share of the 2020 Capital Raise for MB Belize Fund I, LLC is \$_____.

This amount is to be paid by ACH or bank wire transfer to the attached bank wiring instructions on or before, **Monday, October 26, 2020**, so that we may remit the necessary funds to Mahogany Bay Management by the October 26 deadline.

While it has been our fervent wish and desire to not have to do a capital raise for our Fund, the COVID pandemic and complete shutdown of Mahogany Bay Resort, and the country of Belize, for a period of seven months made this step inevitable.

Every lot owner is being required to step up to pay their proportionate share of expenses, and thus far the positive response has been overwhelming. The Mahogany Bay Management Team is poised to reopen the Resort later this month, and to bring the Resort back to profitability as quickly as possible.

Please add **\$20** to the amount of your wire transfer, to cover incoming wire fees to the Wells Fargo account for MB Belize Fund I, LLC.

Once funds have been remitted by either ACH or bank wire transfer, please email a payment confirmation to team@belizeassetmanagement.com.

Sincerely,

John D. Turley & the Belize Asset Management Team
MB Belize Fund I, LLC