

Mobile Home Park LP Investment Update – March 2020

In late March you should have received the T5013 (Statement of Partnership Income) for the 2019 tax year.

Monthly cash distributions to investors commenced on August 15, 2017 at the targeted, annualized rate of 8% and is anticipated to continue in 2020 and 2021, unless we sell the Eckville MHP, lose more tenants there or are unable to refinance at favourable terms with ever more fickle Alberta lenders. The property is now listed for sale for \$2.2M and we had a few serious inquiries and offers. It is tough right now to fill the vacant 24 pads in a flat Alberta economy with no sizable upside in sight.

Both MHPs are well managed. We may raise rents in Rocky Mountain House later this year another \$25, in line with other quality parks. The Eckville MHP rents will likely be flat to moderately declining even if we lose more mobile homes as stressed out owners leave voluntarily or are forced out by their lenders via foreclosures. Most economic indicators in Alberta, be they home prices, insolvencies, hiring, oil prices, investment spending, GDP growth, wages or immigration have returned to very light green from red last year, but barely . For more details on these macro-economic indicators please visit www.facebook.com/prestprop. With these tepid green indicators and much tighter mortgage underwriting criteria introduced in early 2018, we have seen a modest rental demand increase, lower vacancies and thus, flat'ish property values and NOI but nothing major in 2020. The mortgage on Eckville is due in May and may impact cash-flow and distributable if we don't sell the park as the NOI is now lower than 3 years go.

➔ The CoronaVirus may throw a wrinkle at 2Q or 3Q distributions if rent collections are impacted. We shall see and update you as and when it happens as the situation is fluid.

Should you have any questions, please contact us anytime by phone or email. We appreciate the trust placed in us.

Sincerely,
Thomas & Mike
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