

PRESS RELEASE

SANTEE, CALIFORNIA

DECEMBER 19, 2002

MINORITY LAND INTEREST SUBJECT TO MOBILE HOME PARK LEASE SELLS

The sale of a 13.82% leased fee ownership interest in the land improved by the Highlands Mobile Home Park located at 7467 Mission Gorge Road, Santee, CA, closed December 19, 2002 for \$785,000. John Grant of Park Brokerage Inc. represented the buyer and the seller in the sale.

The 47.73 acre parcel of land was originally leased in 1971 to a developer that built the 306 space, five star manufactured housing community in 1973 and operated it as a typical rental mobile home park. The tenant association in the park later purchased the leasehold interest in 1996. The lease has 24 years remaining and terminates in October/2026. Upon termination of the lease, the mobile home tenants would then become "typical" renters again.

The buyer was Oroville Land Associates LLC c/o Village Properties of San Francisco. The seller of the 13.82% tenancy in common interest was David John Brice and Rhonda Ann Brice.

The capitalization rate was 6% and the buyer paid all cash. The lease is triple net and has an annual CPI increase.

John Grant commented, "Many mobile home parks in Southern California were built in the 1960's and 1970's on leased land. In the 1960's and 1970's mobile home parks were built as an interim use with the thought of redeveloping the property into a higher land use when the mobile home park ground lease expired. From a combination of mobile home parks becoming very valuable and state and local laws making it very difficult or impossible to relocate the mobile home tenancy, mobile home parks are now a permanent land use. As the mobile home park land leases get closer to expiration, the value of the reversion of the improvements to the land owner become more and more valuable".

Grant added, "The property traded like a bond with its 6% capitalization rate or yield and completely passive, 24 year, triple net lease. While the minority interest was a negative, you can use a minority tenancy in common interest as part of a tax deferred exchange, and the buyer did use the tenant in common interest as part of an exchange. A minority tenancy in common interest is much more attractive and does not get discounted nearly as much as a minority partnership interest".

Grant said, "Because of the reversion in 24 years where the land owners become the owner of the mobile home park improvements, the property had a internal rate of return of approximately 12%. If the land and mobile home park were owned together today, the 13.82% interest would be worth approximately \$2,500,000. As the lease gets shorter each year and the reversion gets a year closer, the value of the reversion to the land owners get higher and higher".

John Grant sells and finances manufactured housing community and RV parks exclusively throughout the states of California, Arizona, and Nevada. He has sold 91 manufactured housing communities and RV parks in the last fourteen years and financed over 100. For further information you can contact John at 800-987-3363.

Grant deed document recording number 2002-1161275