

MANUFACTURED HOME COMMUNITIES OFFERING

76 SPACES
LOCUST GROVE
 1617 East Avenue I
 Lancaster, CA 93535



INVESTMENT HIGHLIGHTS

- Four Year, \$72.66 Increase Approved. First Year + CPI Used in Current Income Only
- Well Water Included in the Rent
- 100% Occupied
- 2.5 Star MHC with a Single Tenant Commercial Unit (Feed Store)
- Additional Unused Acreage for Storage

LOCATION HIGHLIGHTS

- One Hour from Los Angeles
- Close to Schools, Shopping, Medical & Transportation
- High Demand Rental Area
- Heart of the Antelope Valley

OFFERING SUMMARY

Price	\$1,610,000
Down Payment	(44%) \$710,000
Loan Amount	\$900,000
Loan Type	New
Interest Rate	6.6%
Spaces	76
Price Per Space	\$21,184
Year Built	1957
Lot Size	408,592 / 9.38 Acres
Current Cap Rate	6.55%
Pro Forma Cap Rate	7.98%
Current GRM	6.00
Pro Forma GRM	5.52
Current Net Cash Flow After Debt Service	5.71%
Pro Forma Net Cash Flow After Debt Service	9.59%
Current Total Return	5.71%
Pro Forma Total Return	9.59%

Listed by:

DOUGLAS A. DANNY
 Vice President Investments
 Senior Director
 National Manufactured Home Communities Group
 Tel: (858) 373-3100 x 3222
 Fax: (858) 373-3264
 ddanny@marcusmillichap.com
 www.mhpbroker.com

Marcus & Millichap
 NATIONAL MANUFACTURED HOME COMMUNITIES GROUP

Offices Nationwide

Listing Office: 9255 Towne Centre Drive, Suite 700
 San Diego, CA 92121 • Tel: (858) 373-3100 Fax: (858) 373-3110

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SPACE MIX

No. of Spaces	Space Type	Current Rents	Monthly Income	Pro Forma Rents	Monthly Income
74	SingleWide /DoubleWi	\$183	\$13,517	\$207	\$15,281
1	RV	\$275	\$275	\$290	\$290
1	Store (SeeIncomeBrea				
76	Total		\$13,792		\$15,571

OPERATING DATA

	Current	Pro Forma
INCOME		
Gross Potential Rent	\$165,504	\$186,852
Other Income	18817	20673
Utility Income	83933	83933
Gross Potential Income	\$268,254	\$291,458
Vacancy/Collection Allow.	<u>1.0% 1,655</u>	<u>1.0% 1,869</u>
Effective Gross Income	\$266,599	\$289,589
Expenses	161,081	161,081
Net Operating Income	\$105,518	\$128,508
Debt Service	71,614	71,614
Net Cash Flow After Debt Service	<u>5.7% \$33,904</u>	<u>9.6% \$56,894</u>
Total Return	<u>5.7% \$33,904</u>	<u>9.6% \$56,894</u>



INVESTMENT OVERVIEW

Locust Grove is a 75 space 2.5-star Manufactured Home Community, a single tenant commercial unit (feed store) and approximately 1.5 acres of vacant C-2 property on Avenue I all situated on a 9.38 acre parcel. Located near the Sierra Highway corridor, the property is 100% occupied and is in a high-demand rental area of Lancaster. Subject to City of Lancaster rent control, the property has rents of \$183 which are at the low end of the rent spectrum. The City has granted a \$72.66 rent increase spread over the next four years. The current income reflects the \$18.17 increase effective August 1, 2006 plus the annual CPI increase applied to fully applicable rent of \$182.66 effective February 1, 2007. There is ample open space at the rear of the park (north) and front of the park (southeast corner) for other potential uses; mini-storage & open RV or vehicle storage is a possibility. There is a new block wall on the eastern lot line that runs the length of the property. There is also a newly installed wrought iron fence on the north side of the property. The Seller has recently installed 230 feet of new sewer line and has upgraded the water service (onsite well) with a new submersible pump, booster pump and new electrical panel. 77 brand new meters have been installed on the property (44 electric and 33 gas). There is a pool, spa, laundry room, RV storage and office onsite and there is ample off street parking for the residents. The property is well-served with city sewer and sub-metered gas and electric.

	Current	Pro Forma
EXPENSES		
Real Estate Taxes	\$19,800	\$19,800
Insurance / WC	4,100	4,100
On-Site Management	35,316	35,316
Utilities	81,498	81,498
Repairs & Maintenance	4,952	4,952
Billing Service	897	897
General & Administrative	3,193	3,193
Replacement & Reserves	7,600	7,600
Licenses & Permits	2,957	2,957
Total Other Expenses	768	768
Total Expenses	\$161,081	\$161,081
Expenses per Space	\$2,119	\$2,119
% of EGI	60.4%	55.6%

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