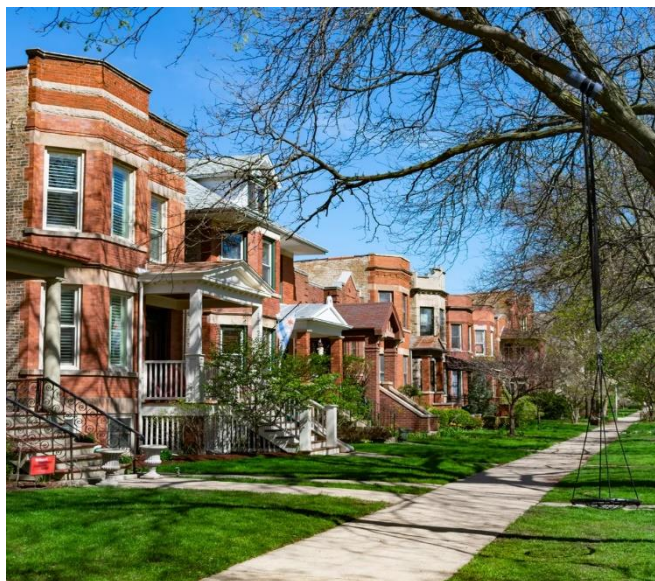


## Profimex Covid-19 Market Research Update

As our team is constantly monitoring the current market environment and working with our partners on managing our portfolio, we would like to share some interesting news articles and graphs that we have seen over the past week.

In general, while the world is experiencing a simultaneous demand and supply shock and unprecedented unemployment figures, we have found indicators that can indicate a recovery in the near term. Additionally, we find it positive that governments across the western world are working on stimulating their respective countries. From our research, an emerging theme is that Investment groups well capitalized and follow conservative underwriting are those that will be able to weather the current crisis and find new opportunities.

### Millions of Americans didn't pay rent on April 1. Now what?



With millions of renters having rent due, well over a million renters have decided to strike and forgo paying rent as a backlash. While politicians have demanded that rent and mortgage payments be frozen during the Covid-19 crisis, rents haven't yet found relief. If millions of rents in the US choose to not pay their rents, this can exacerbate the current negative global economic climate. The reason is because many property owners that are undercapitalize/over levered may foreclose on their properties and lose the keys.

*Within our existing portfolio, we do not expect to make any distribution for at least the first quarter of 2020. We believe that it is important to have a prudent cash flow policy during this time, and have reserves of additional funds.*

# PROFIMEX<sup>®</sup>

## Investing in CRE in a Volatile Market



CrowdStreet's Ian Formigle, Chief Investment Officer, was joined by Dr. Julia Freybote of Portland State University and Karlin Conklin of Investors Management Group, in a discussion about "investing during volatility: The state of the commercial real estate market and future investing considerations." During their discussion they ranked their outlooks on different sectors in the real estate market. While most asset classes will experience a short-term decline in pricing, there are still attractive deals to be found in every sector. For example, retail investments that have a grocery anchored tenants and last mile distribution centers may experience a boon.

*At Profimex, we are seeking out unique individual investment opportunities that reflect buying high value cash flowing properties at a discount to market.*

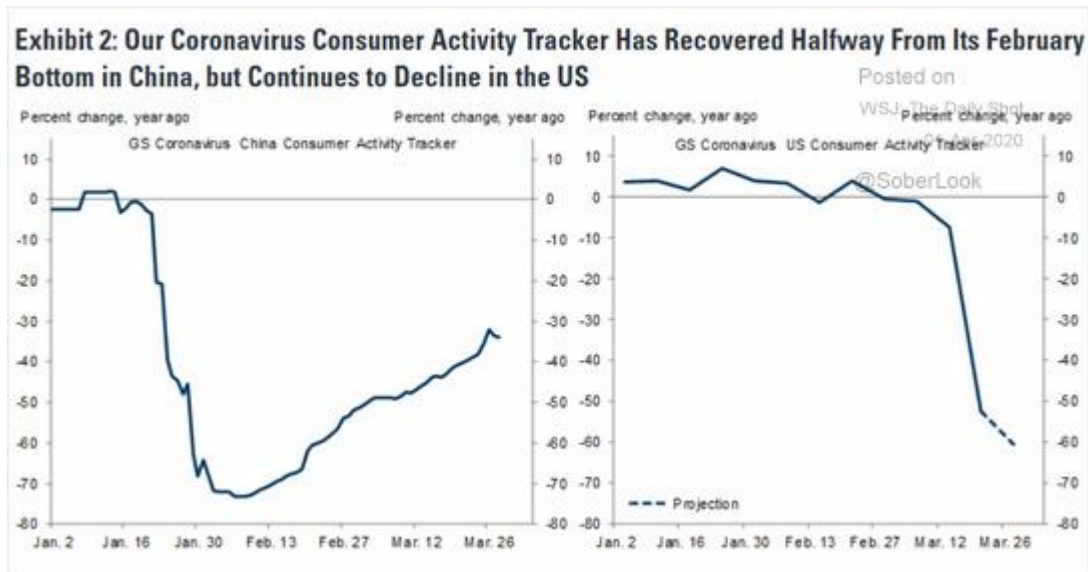
## Federal Government Moves to Protect Apartment Owners, Tenants



Financially strapped apartment landlords with government-backed mortgages can avoid foreclosure if they don't evict tenants, the Federal Housing Finance Agency said Monday. This measure was included in the recently approved \$2 trillion US government stimulus. Millions of renters will need to assistance in paying for rent during the crisis.

*Assisting property owners can help mitigate any additional strain on the real estate debt market.*

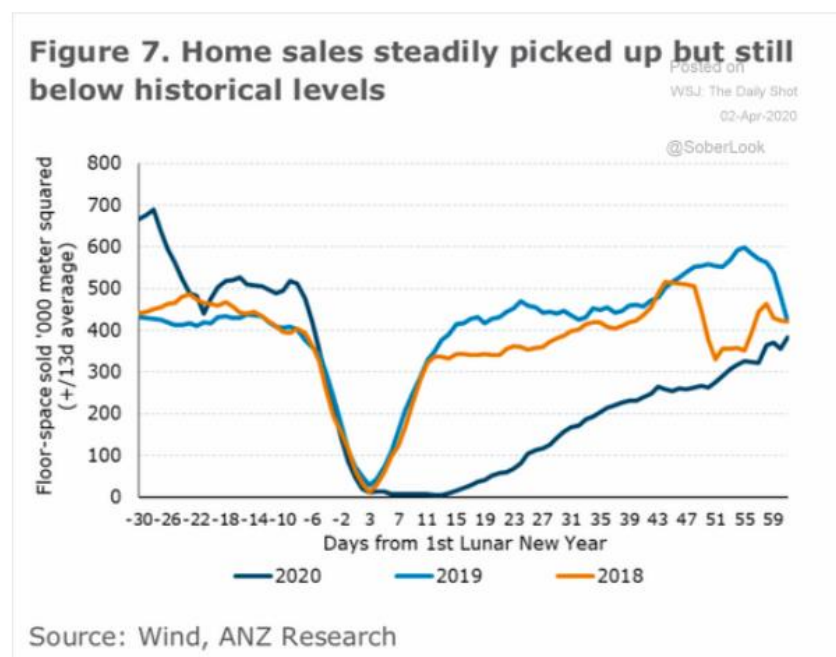
## China Vs US. – Coronavirus Consumer Activity Tracker



Since China experienced the onslaught of Covid-19 prior to the US, it's current economic activity is a great leading indicator in how the US economy might look in the near term. In China, we are seeing a flattish V – recovery. Prior to this crisis the US economy was being lead primarily by the strong consumer confidence and spending. A recovery for in consumer activity can greatly help bring about an economic recovery.

*While we are living in uncertain times and can not know for certain what the future will hold, the recent uptick in China's economic activity and government stimulus efforts around the world (i.e. \$2 trillion US stimulus bill) allow us to remain optimistic in the near term economic recovery.*

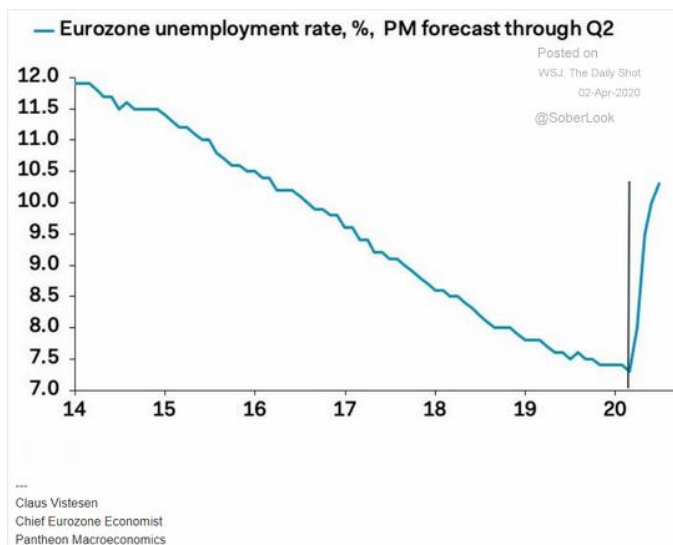
## Home Sales Recovery in the US



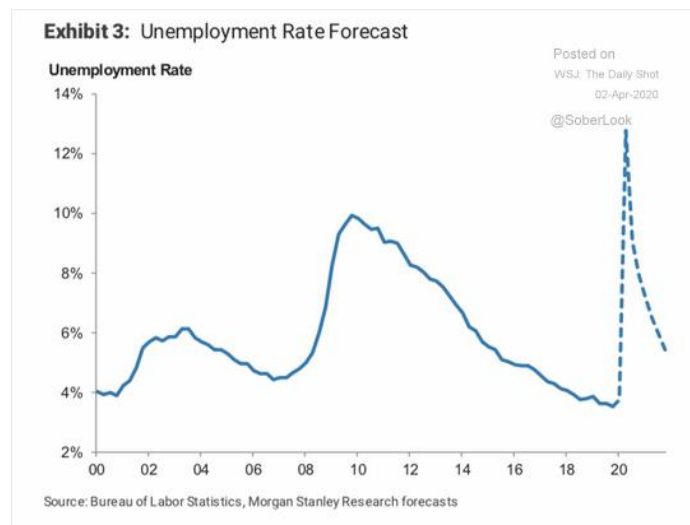
The graph depicts a seeming recovery in the real estate housing market. A recovery in home sales can be a positive indicator for the real estate market. The Coronavirus crisis occurred at the backdrop of a historically strong employment market, a stable business environment, and a low interest rate environment. With government stimulus, a rebound in economic activity will help further stimulate the housing market, and, in turn, the real estate market.



## Eurozone and US Unemployment



A sharp increase in unemployment rate is expected from the Covid-19 crisis. What we believe is important to focus on as well is the unemployment rate trend prior. The Eurozone had a healthy employment base prior to the crisis.



While the US economy will be hard hit by the almost vertical increase unemployment, the projected rebound and decline in unemployment will help be a boon to the US economy towards the second half of the year.

## Businesses Can't Pay Rent. That's a Threat to the \$3 Trillion Commercial Mortgage Market.

Many businesses are opting to try to renegotiate and postpone rent payments as they work to minimize their layoffs and not go bankrupt. Companies that are not able to pay their rent may cause many property owners to default on their debt, forcing lenders to write down loan values; which would further strain lenders. Thomas Barrack, chief executive of real-estate fund manager Colony Capital Inc., warned of a "potential blockage" in the commercial mortgage market as stable properties suddenly no longer generate cash flow. "Addressing this major looming crisis in liquidity in a coordinated manner will be essential in averting a crisis in credit and a long-term economic recession," Mr. Barrack wrote in a Medium blog post on Sunday.

*The crisis today isn't the same one as in 2008. The financial system prior to the Covid-19 crisis was stable and sound. That being said, when a property owner or company experience a short-term cash flow problem, it can create a liquidity crisis for that entity. To prevent a looming liquidity crisis, we have seen the Federal Reserve take swift action to backstop the financial system.*

[\(Read\)](#)

## How The Jewish People Will Be Celebrating Passover Around The World?



With the Seder being the most widely practiced Jewish Holiday, this article deep dives into the apparent dilemma that celebrating the Seder brings to Jewish people this year. Next week's Passover Seder will change, in practical and spiritual terms, thanks to the quarantine. ([Read](#))