



**SPYGLASS**

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South Florida Distressed Housing  
**CANAL CIRCLE, GREENACRES, FL 33464**

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Prepared December 2010  
**Confidential Memorandum**

# Executive Summary

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### Property Description:

A two story, two bedroom, 1.5 bathroom, townhouse, backing on to a canal in a well regarded development in Palm Beach County, South Florida. In total 1166 SQ.FT. This property last sold for \$155,000 in 2005 and similar homes in the same development sold at up to \$190,000 at the peak of the housing market.

### Investment Summary:

This townhome represents the opportunity to purchase a foreclosed home, in an excellent position for rentals to the local market. The realistic rental value of this unit is \$950 per calendar month. The property requires in the region of \$5,500 of work to bring it to a rentable condition. The development has a pool, lakes and tennis courts.



investment Summary	
Purchase Price	\$26,900
Re-Hab	\$5,500
Closing Costs	\$1,500
Total Purchase Price	\$33,900
Gross Rent P.A.	\$11,400
Net Rent P.A.	\$5,244

# Investment Period

This property would sit well in any rental portfolio and after all costs will bring in a yield of 15.7% per annum, in monetary terms \$5,244. Over the five year period the property will return an approximate total of \$26,220 in accrued net rent. Along with the net sales return of \$86,800 after closing costs and sales commissions.



View from the Balcony

HOLDING INCOME/EXPENDITURE	Month	Year 1	Year 2	Year 3	Year 4	Year 5
<b>INCOME</b>						
GROSS RENT	\$950.00	\$11,400	\$11,400	\$11,400	\$11,400	\$11,400
<b>EXPENSES</b>						
HOA	\$243	\$2,916	\$2,916	\$2,916	\$2,916	\$2,916
TAXES	\$125	\$1,498	\$1,498	\$1,498	\$1,498	\$1,498
INSURANCE	\$50	\$600	\$600	\$600	\$600	\$600
MANAGEMENT	\$95	\$1,140	\$1,140	\$1,140	\$1,140	\$1,140
<b>TOTAL EXPENSES</b>	<b>\$513</b>	<b>\$6,156</b>	<b>\$6,156</b>	<b>\$6,156</b>	<b>\$6,156</b>	<b>\$6,156</b>
NET RENT	\$437	\$5,244	\$5,244	\$5,244	\$5,244	\$5,244
ACCUMULATIVE NET INCOME	\$437	\$5,244	\$10,488	\$15,732	\$20,976	\$26,220

# Exit

Given the value of the property at the recent peak was \$190,000 it is reasonable to assume that in a period of five years or earlier a target exit price of at least \$95,000 or 50% of peak value will be attained. We have used these figures for our illustrations as they are likely to err on the side of caution.

Total predicted net capital gain over the five years is \$55,100. Total net rent income is \$26,220.

Spyglass offers two purchase methods, either we will take a \$5,000 sourcing fee at completion of the initial purchase or we will enter into an agreement with the investor that we will split any gain from the capital uplift when we come to sell. All rental income will belong to the Investor. In the later case Spyglass will continue to asset manage the property with no additional charges.

In this specific example this would translate as the investor will receive \$26,220 in rental income plus 50% of the net capital gain or \$27,550, a total return of \$53,770 plus initial capital invested. A return of 31.7% per year for five years. And Spyglass does all the work.

Exit Financials	
Target Exit Price	\$95,000
Closing Costs (legal fees etc)	\$2,400
Commissions @ 4%	\$3,600
Net Exit Value	\$89,000
Net Profit (Net Exit Value-Total Purchase Price)	\$55,100
Total Investment Gain including Rental Income	\$81,320
Total Gain as a Percentage (5 Year Hold)	239.88%
Cash on Cash Annualised Return	47.97%

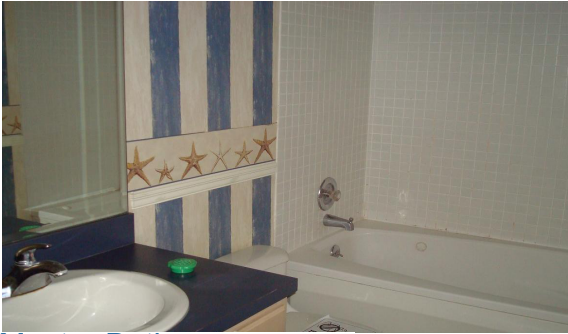
# Pictures



Community Tennis Court



Master Bedroom



Master Bathroom



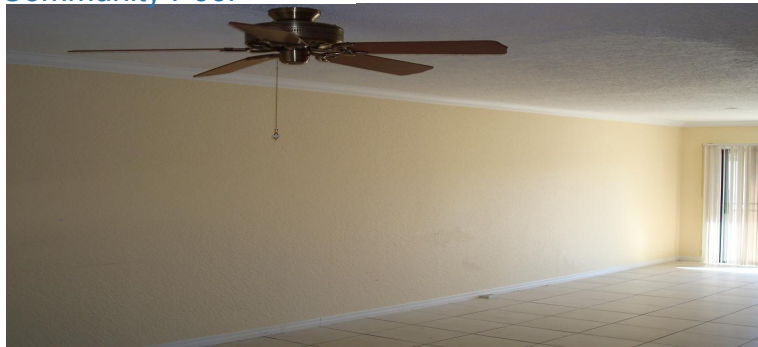
View from Porch



Community Pool



Kitchen



Living Room



Downstairs Cloakroom



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