

Cane Island

Orlando, Florida



Investment
Prospectus

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Ben Jefferis
Sourcing Manager

Introduction

With the US property market usually in the news for all the wrong reasons, I believe we may have found a glimmer of light in otherwise uncertain times. The US sub prime crisis has resulted in one of the most influential property crashes in modern history, which we believe is now nearing its inflection point and could create an equally astounding opportunity. Prices in many areas of America have now fallen below the cost to build and as a result, offer the long term investor an unprecedented opportunity for capital appreciation.

Of all of the markets affected by the down turn; Florida appears to be one of the best placed to rebound. A combination of global demand for tourism, lack of new building supply and a strengthening dollar allows investors to purchase property at a fraction 2005 prices during their peak.

Florida is arguably one of the world's largest tourist destinations, with visitor numbers actually increasing during the last 2 years.

Our research clearly shows that the Florida market offers exceptional long term value and we are not alone in this sentiment. McCabe research and Consulting LCC believes there to be \$30 Billion in funds earmarked for the undervalued Florida real estate market.

The Cane Island resort was originally pre-launched in 2005 with prices starting from \$319,990 for a 2 bedroom fully furnished apartment, the same size units today are selling for \$149,990 an astounding 53% less. If prices were to return to 2005 levels an incredible 113% capital appreciation would be achieved.

These rent ready apartments are already completed, 58 of these are currently being successfully let and managed by Amazing Vacation Homes who have relationships with TUI and hotelbeds.com.

It is not often we see such astounding value as this, with the US dollar set to appreciate rapidly and finance readily available. This appears to be a very strong proposal for capital appreciation in a market about to turn a very dramatic corner.

Ben Jefferis

Florida - An Overview

Below is a brief summary of the reasons why Property Frontiers recommend Florida as a good investment opportunity. For a full report please ask your consultant.

Economy

With the 4th largest economy in the USA, Florida's economic outlook still looks good despite the economic slow down. It's population continues to grow by 300,000 per year and by 2010 is expected to break the 20 million mark and become the most populous state in the country.

Visitor numbers continue to grow

In 2007 over 84 million people visited the state of Florida and the tourist industry makes up a large part of the economy. The industry is still flourishing with tourist arrivals increasing by 5% since the beginning of the year with vacancy rates only at 8.1% last month, according to Visit Florida.

Orlando is a well established tourist resort offering an abundance of attractions including's world famous theme parks such as Walt Disney World (the 3rd most visited destination in the world), Universal Studios and Sea World. For this reason Orlando accounts for over 60% of Florida's tourists and generates steady year-round occupancy levels.



Real Estate Market at Inflection Point

Recent economic turbulence has seen property prices in the US fall well below their 2006 peaks – the state of Florida is no exception. However the latest statistics regarding the Orlando housing market suggest that confidence in the market may indeed be turning.

According to the national Association of Home Builders the number of housing starts has decreased on average by 24% in the USA, but Florida experiencing one of the worst declines at 48%. This will lead to a housing shortage in the future and bodes well for the investor.

Sales for July 08 totaled 1,436 which was only 88 below that of July 07. Plus the month on month price change has also started to slow as both American and foreign investors are starting to look for bargains.

Location

Cane Island is situated in the popular resort of Kissimmee, conveniently located on the Highway 192 and just 8 minutes drive from the gates of Walt Disney World.



Master Plan



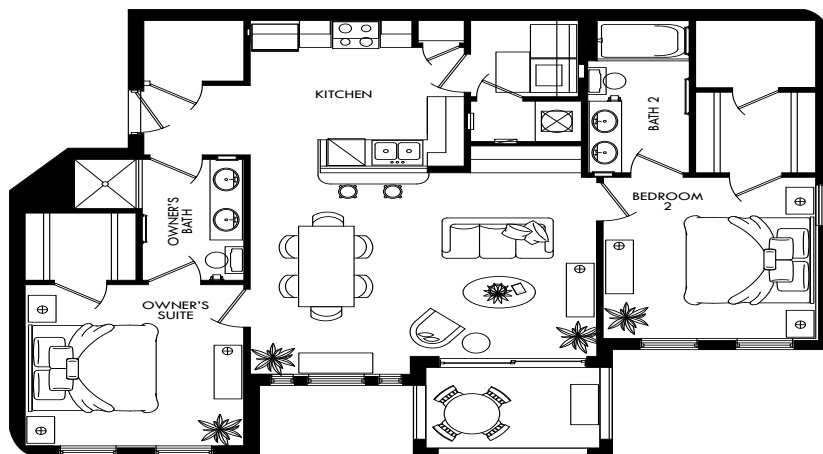
This securely gated community contains 260 completed luxury apartments ranging from 2-4 bedrooms.

The project completed in 2007 and has been fully operational for over 1 year with impressive occupancy rates.

Amenities include:

- 3,700 sqft clubhouse
- Kid's Club
- Swimming Pool, Fitness Centre, covered Spa and Sauna
- Games Room
- Restaurants
- Cafes & Bars
- Sun Deck

Investment Options



All of the apartments at Cane Island are delivered fully furnished.

All kitchens have a full-sized washer & dryer, refrigerator, microwave, glass-top range and dishwasher.

The fixtures and furnishings are to a turn-key standard. For a full breakdown of the furniture included please ask your consultant.

The floor plan above is for an Aruba, 2 bedroom apartment. Barbados 3 bedroom and Cayman 4 bedroom apartments are also available, please ask your consultant for plans of these.

Payment Schedule

- A fully refundable deposit of \$5,000 is required to secure your reservation
- 30% of the total purchase price is payable upon signing the Sales and Purchase Agreement (SPA) if a mortgage is taken
- 100% of the total purchase price is payable upon signing of the SPA if no mortgage is required

Rental Management & Yields

Amazing Vacation Homes Inc. are the main rental management company at Cane Island. They currently have 58 of the apartments on their books and have developed successful relationships with established travel companies who are actively selling the resort.

Their main client is Hotelbeds.com who are part of the TUI Travel Group and have a good international presence. Your consultant can provide you with more details of other companies marketing the resort through AVH.

Visit www.amazingvacationhomesfl.com for more information on the recommended management company.



Based on last years performance, Amazing Vacation Homes are forecasting the occupancies and annual incomes detailed below.

Using the on-going costs indicated on the previous page, owners can expect to achieve the yields given in the table below.

Unit Type	Weeks occupied	Average Annual Income	Gross Yields	Average Running Costs	Net Annual Income	Property Price	% yield
2 bed	42	\$21,000	14.00%	\$12,492	\$8,508	\$149,990	5.67%
3 bed	42	\$25,000	14.71%	\$14,012	\$10,988	\$169,990	6.46%
4 bed	34	\$23,000	11.50%	\$14,500	\$8,500	\$199,990	4.25%

Property Prices

Prices at all time low

Due to the drop in the US real estate market, unit prices at Cane Island are now up to 54% below launch prices.

High Potential Appreciation

With research suggesting that the real estate market is showing signs of recovery, the capital appreciation at this project has enormous potential. The table below demonstrates the gains that can be achieved if an apartment at Cane Island just returns to its launch price.

Unit Type	Prices now from:	Launch Price in Nov 05 from:	Capital Appreciation if launch price achieved	% difference
2 bed	\$149990	\$319990	\$170000	+ 113%
3 bed	\$169990	\$365990	\$196000	+115%
4 bed	\$199990	\$395990	\$196000	+ 98%

When purchasing using a 70% LTV mortgage and without any personal income through renting empty weeks at the apartment our forecasts suggest this would generate a slight annual loss (see page 10 for an example return on investment). However when you take into consideration the the potential capital appreciation to be gained at Cane Island just by reaching launch prices once more, we feel this is a very sound investment opportunity.

Operating Costs

The calculations below are based on a 3 bedroom apartment at Cane Island Resort. Taking up the rental income option and using a mortgage of 70% LTV at 7.125% interest over 30 years.

Exchange rate is \$1.85:£1

	USD	GBP
Purchase Price:	\$169,990	£91,886
70% loan-to-value mortgage:	\$118,993	£64,321
Cash Invested (30%):	\$50,997	£27,566
Purchase cost (legal):4.5%	\$7,650	£4,135
Total Cash Invested:	\$58,647	£31,701

Annual Income can be calculated as:

Rental return for 42 weeks a year	\$25,000	£13,514
Home Owners Association (includes Water, Sewer, Cable, Internet, Maintenance & Insurance inc. Pest Control)	\$4,740	£2,562
Condo Running Costs (Management, Electricity, Phone, Cleans & Sales Tax of 13%)	\$5,772	£3,120
AVH Commission (14% average on Rental Income)	\$3,500	£1,892
Annual mortgage repayments:	\$9,625	£5,203
County Property Tax:	\$2,550	£1,378
Cash needed per year:	-\$1,187	-£642

For this apartment, approximately £650 per year is required to fund the upkeep and rental. However with the prices currently 54% below launch prices and indications that the market is at a turning point, if prices were to return to 2005 levels an incredible 78% capital appreciation would be achieved.

Costs

On-Going Costs

Home Owners Association

There is a fee of \$395 per month payable to the Home Owners Association. This is to cover the cost of water, sewerage, cable, internet and the maintenance and insurance of the building (including pest control).

Condo Running Costs

The recommended management company Amazing Vacation Homes Inc. have estimated the running costs for each type of apartment. In this they have included a management charge, electricity, telephone and cleaning expenses. Your consultant will be able to provide you with a full breakdown.

County Property Tax

This is very similar to council tax. An estimated amount is collected on a monthly basis and placed in an escrow account and paid when the tax is due to the county in November. This is approximately 1.5% of your purchase price.

Management Fees

Amazing Vacation Homes Inc will charge 20% commission on the rental income as a management fee for the apartment. However, if the booking is made via Hotelbeds.com they only charge 10% due to the volume of passengers they provide. For this reason AVH estimate average commissions over the year to be 14%.

Your consultant will be able to provide a copy of the management agreement for your perusal should you require.



Closing Costs

When purchasing using a mortgage

The acquisition taxes and costs amount to approx 4% to 4.5% of the purchase cost when purchasing using a mortgage.

When purchasing with 100% cash

The acquisition taxes and costs amount to approx 1.5% of the purchase cost.

The costs include purchase stamps on the purchase price and mortgage and pre paid payments (property taxes, insurance).

Your consultant will be able to provide a detailed account of the purchase procedure on request.

Finance

Finance

Cane Island Foreign National & Domestic Loan Programme:

- 1 year 7.125 then LIBOR ARM + 3.875% adjustable every 12 months
- 30% down payment
- Owner Occupied, Second Home, Investment Property option
- Full Documentation – verified income, employment, assets (all funds for closing and reserves have to be verified in a US Bank prior to closing)
- Maximum Debt to Income – 45%
- 6 months reserve requirement
- No Prepayment Penalties

The mortgage rates and terms contained in this page are provided by the relevant mortgage bank as of September 2008 and may vary. Property Frontiers does not make representation of warranty, either express or implied, as to the accuracy of such information or any future changes made by the mortgage bank.

Next Steps

While the operational costs show that the project, at this early stage, is not going to be an income generator, the real focus here is on the significant capital gains potential. The fact that investors are able to purchase completed and fully furnished properties for less than they cost to build shows substantial room for growth. If in the next two years these properties only achieve their 2005 sales value it would mean a 113% capital appreciation.

While Walt Disney World and other major attractions in Orlando continue to see growing numbers of visitors and the population of Florida continues to grow by 300,000 per year it is not surprising that we are now seeing the multi-million dollar property funds starting to move into this market. The key question is not will the Orlando property market recover - but when?

To reserve a unit please contact your consultant.



01865 202 700



info@propertyfrontiers.com

Enquiry Form

Cane Island, Florida, USA

If you would like to speak to a consultant to discuss the Cane Island development in more detail, please complete and return this form. When you view the form on a computer, you can type directly into the text fields, or select options with the mouse, before either submitting electronically, or printing and sending to us by post or fax.

Property Details

Unit Type (if known)

Do you intend to purchase using a Mortgage? Yes No

Would you like to be contacted by Frontiers Financial Services to discuss your mortgage requirements? Yes No

Personal Details

Please write clearly in block letters and black ink

Full Name

Date of Birth

Country of Residence

Gender (please circle) Male Female

Address

Post Code

Phone

Mobile

Email

Fax

Nationality

Occupation



Having completed the form you can [submit it electronically](#) by clicking the 'Submit Form' button on the left. Alternatively, print it out and either post it to [Property Frontiers, 102-104 St Aldate's, Oxford, OX1 1BT](#) or fax to [01865 244 466](#).