



CICADA INVESTMENTS US FORECLOSED PROPERTY

INVESTMENT OVERVIEW

“The property market in Detroit is currently outperforming many of the more familiar US property markets in both capital growth and rental return. Low purchase price and consistent year round rental returns make Detroit an ideal buy to let investment.”



INTRODUCTION

Redundancies and a reduction in easily available credit have led to previously unseen volumes of mortgage foreclosures in the US. As a result banks and mortgage lenders have record numbers of foreclosed properties available, assets which they need to liquidate as a matter of urgency.

Cicada Investments specialise in sourcing, refurbishing and marketing US foreclosed properties from a secure UK base. We identify residential properties that are able to yield good rental returns in addition to a strong resale value on exit.

Detroit is currently one of the strongest US markets in terms of growth and rental return. Unlike many other US regions, prices are rebounding and there is a strong year round demand for rental property due to the expanding local industry. Low purchase price and high rental returns make Detroit an ideal buy to let investment market.

Detroit is a varied market but key locations in the city have shown house price increases of more than 20% in the last 12 months. At the peak of the market, the properties that Cicada Investments source were selling in excess of \$100,000, 60% more than our current package fee.

Investment highlights:

- ✓ Quality detached houses from £27,500
- ✓ Typical 12% net yield after year one
- ✓ Full title deeds and freehold ownership
- ✓ Full internal and external refurbishment
- ✓ Clean, clear and debt free title
- ✓ Title insurance
- ✓ 1 year warranty and maintenance contract
- ✓ Fully tenanted and managed
- ✓ Realistic exit strategy and sales support

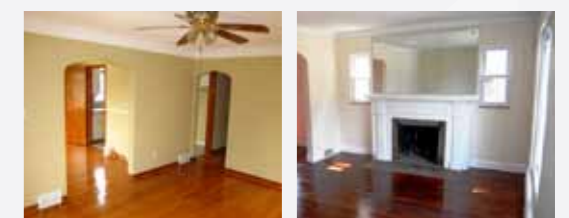
Cicada Investments are a London based company and have been operating in the Detroit region since 2008. In 2010 we sold in excess of 100 properties to our UK investors. The US housing market is at its lowest for decades, now is the time to invest.



Invest with confidence:

As a member of the AIPPA, Cicada Investments has been vetted and approved by voluntarily committing to industry regulation.

For further information please contact a member of our London team on **020 7481 6875**



INVESTMENT OPPORTUNITY

“Cicada Investments £27,500 package includes freehold, brick built, detached houses in the best locations in Detroit. These properties are tenant ready with typical net yields of 12% per annum.”



£27,500 INVESTMENT PACKAGE

Cicada Investments specialise in sourcing high quality foreclosed properties in areas of high rental demand. By concentrating on areas of industrial growth, job creation and domestic rental demand we are able to provide clients with properties which offer huge potential capital appreciation in addition to a strong and consistent rental income.

By purchasing foreclosed properties at highly discounted rates through trade agreements we are able to complete a full refurbishment on every property whilst still maintaining a sale price well below what is available on the open market.

The £27,500 investment package includes:

- ✓ Foreclosed property
- ✓ Internal and external refurbishment
- ✓ Freehold title (clean and debt free)
- ✓ 1 year warranty and maintenance contract
- ✓ Attorney fees
- ✓ Cicada Investments fee
- ✓ Tenant ready and fully managed

Investment overview:

Purchase cost: £27,500 (\$44,000)

Annual rent: £5,625 (\$9,000)

Typical annual net yield after year one: 12%

INVESTMENT OVERVIEW

Provision of clean freehold title:

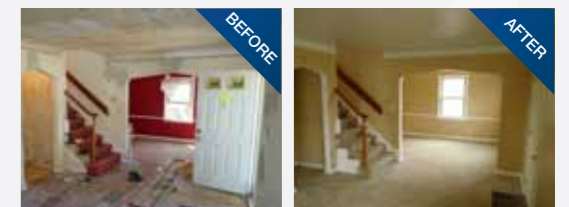
A US attorney will audit the title in order to identify and remove any associated issues such as existing debt, border disputes or outstanding taxes. This process ensures a clean freehold title is provided and is covered within the investment package cost. Title insurance is also included as part of the purchase which covers the work being administered.

Full refurbishment:

All work on the property is completed to the highest standards and is included in the single package fee. All work and general maintenance is covered by a one year warranty.

Fully managed service:

All Cicada Investments properties can be let through our letting partner for typical net yields of 12% per annum after year one. All properties are tenant ready and can generate a rental income within 10 weeks of purchase.



WHY DETROIT?

“Cities like Detroit boast killer buying opportunities...home prices have shot up 20% in the last year and manufacturing and auto jobs are beginning to rebound... it's a bargain to buy in Detroit.”

CNN Money, October 2010.



THE KEY REASONS TO INVEST IN DETROIT:

Detroit currently represents one of the strongest housing markets for investors in all of the USA. The huge potential for growth, strong domestic rental market, and affordability of housing all combine to make Detroit an ideal buy to let opportunity. High levels of investment by government and flourishing local industry are all helping to ensure a bright future for the region. Below are just some of the factors driving this unique property market.

Growth of the Automotive Industry

Car manufacturing in Detroit is booming and the auto makers are enjoying an incredible up-swing. Detroit is home to three of the world's largest car manufacturers in Ford, GM and Chrysler. The recent success of these global companies has been well documented in the financial press. Ford's 2010 annual profit of \$6.6 billion was the highest in a decade, General Motors reported 2011 first quarter profits of \$3.2 billion, more than three times higher than its \$900 million profit of last year and Chrysler Group has seen thirteen straight months of year on year US sales growth. As a result the motor industry is hiring again, and in a big way.

Expansion in Manufacturing

Detroit's high trained tech work force accustomed to manufacturing has also made Detroit the obvious choice for other key industries such as the renewable energy sector. The production of wind turbines, solar panels and fuel cell batteries for electric and hybrid cars are creating thousands of jobs and bringing huge investment to the area. Technology job postings in Detroit doubled last year making it the fastest expanding region in the whole of the USA.

Investment in Health Care Sector

The healthcare sector is a fast growing industry in Detroit. Evidence of this includes the \$850 Million purchase of the Detroit Medical Centre (DMC) by Vanguard Health Systems, which will create 15,000 new roles by 2015. Vanguard also plans to invest an additional \$77 Million in Detroit's Sinai Grace Hospital.

Incredible Demand for Rental Property

A lack of readily available credit and the requirement for high mortgage deposits currently keep the opportunity to buy out of reach of many of the local population. For this reason the Detroit lettings market is producing very high rental returns. With our packaged investment annual net yields of 11-14% are easily achieved.

Property Prices Rising

The dramatic drop in house prices across the USA since the market peak in 2006 has on the whole made properties more affordable. The median home price in Detroit is currently lower than the median family income. A 2010 survey by Moody's Inc (Economic & Consumer Credit Analysts) forecast that house prices in Detroit are "set to increase by 33.1 percent over the next 4 years".



“Both G.M. and Ford are profitable for the first time in years.”

The New York Times, October 2010



“We have a whole slew of job postings out there currently, we're just on a growth binge.”

Doug Van Dagens

- Ford Motor Company, March 2011



“Technology job postings in the Detroit area doubled last year, making it the fastest-expanding region in the country.”

Bloomberg, March 2011

VISIT DETROIT

“Huge numbers of investors are buying foreclosed property in Detroit. Why not see for yourself why Detroit is the number one place to invest in the US.”

DETROIT INSPECTION VISIT

The greater Detroit area has a population of over 4 million and like any US city it has a wide variety of things to do and places to see. Although renowned as the home of the automotive industry, motown is also famous for the music produced in the 1960's and 1970's. The city is also home to the Detroit Tigers, the Red Wings and the Detroit Lions sports teams. In addition to many museums and music venues.

The three day trip is intended to allow our customers to see first hand the city of Detroit and the quality of properties that Cicada Investments source and refurbish for the rental market. Why not see for yourself why so many investors are making the decision to build a portfolio in Detroit with Cicada Investments.

Day 1: Orientation

- Morning flight: London Heathrow direct to Detroit
- Meet and greet
- Transfers to hotel
- Evening meal

Day 2: Viewing day

- View properties before refurbishment
- View properties during and after refurbishment
- View available properties for sale
- Meet with contractors
- Meet with management agents
- Evening meal

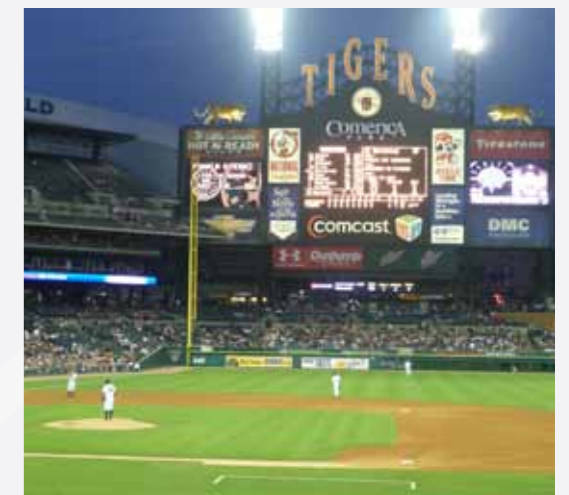
Day 3: Viewing day

- Morning trip to Grosse Pointe
- Viewing of available properties for sale
- Transfers to airport
- Evening flight: Detroit direct to London Heathrow

- ✓ £1,250 payment includes return flight to Detroit
- ✓ 2 night stay at Westin Hotel, transfers to and from hotel
- ✓ Breakfast and evening meals
- ✓ 3 day transport

Total cost of visit: £1,250

For further information about visiting Detroit please contact a member of our London team by emailing: info@cicadainvestments-usa.co.uk or by calling us on 020 7481 6875



FAQ'S

We have compiled this list of frequently asked questions to assist you with any queries that you may have.

If you cannot find the information that you require please do not hesitate to contact one of our consultants who will be happy to clarify any aspect of this investment opportunity.

WHY INVEST WITH CICADA INVESTMENTS?

The advantages of investing in the US at this time are clear. Investors have the opportunity to benefit from some of the lowest property prices for years. Low prices however do not guarantee good value, and properties that carry a low price tag at public auction often do so for good reason.

The main objective when selecting an investment is to ensure that not only can the property meet the required target rental income but that the property has fantastic re-sale potential. This is achieved through the local knowledge of our US realty partners and the extensive research which we conduct prior to purchase.

HOW IS THE PURCHASE STRUCTURED?

Once you have chosen your property our partners in the States will supply you with a Purchasers Agreement and Closing Documents. Once signed and returned with the balance you will become the freehold owner of the property.

DOES MY INVESTMENT INCLUDE FREEHOLD OWNERSHIP OF THE PROPERTY?

Yes. Upon completion you will receive full title deeds for the property. All properties are secured on a freehold basis.

WHAT IS SEV TAX?

State Equalised Value Tax, which is similar to Council Tax in the UK, is applicable to all home owners in Detroit. Unlike the UK, US landlords are responsible for SEV tax payments. SEV rates for the properties that Cicada Investments source average around £1,500 per annum. Payment of the SEV tax can be arranged through our letting agent partners. All investors are responsible for paying their own SEV tax.

WHAT IS THE TOTAL COST AND ARE THERE ANY HIDDEN CHARGES?

In addition to Cicada Investments' £27,500 package fee you will be required to pay the settlement costs on your property. This payment is made directly to the title closing company in Detroit and is a one off fee of approximately £2,750. This fee encompasses the advance SEV tax payment for the calendar period, the LLC set up fee, the closing & processing fees, annual insurance, title insurance and the property management fee. Please note that all set up costs and annual costs have been taken into account when calculating the typical net yield of 12% quoted in this brochure.

WHEN CAN I EXIT MY INVESTMENT?

All properties are sold on a freehold basis. You can sell the investment at any time subject to any tenancy agreement you have in place.

WILL I REQUIRE A SOLICITOR FOR THIS INVESTMENT?

All title work and conveyancing is carried out by a qualified US attorney however Cicada Investments does recommend that you seek your own legal advice.

WHY ARE FORECLOSED PROPERTIES SO CHEAP?

Redundancies and a reduction in easily available credit have led to previously unseen numbers of mortgage foreclosures in the US. As a result banks and mortgage lenders have record numbers of foreclosed properties, assets which they need to liquidate as a matter of urgency. For this reason cash buyers can achieve tremendous value in this market.

CAN I VISIT DETROIT TO BETTER UNDERSTAND THE MARKET?

Yes. Cicada Investments offer a three day inspection trip provides potential investors with the opportunity to really understand the Detroit property market in addition to meeting all of our operational partners on the ground. This includes the letting agent, construction teams and the attorneys. Whilst on the trip potential investors can select a house first hand and view examples of finished refurbishments. The cost of the subsidised inspection trip is £1,250 per person. Please speak with a member of the team for more details.

WHAT ARE MY RENTAL OPTIONS?

Our packaged investment includes a 12 month rental contract. Beyond the 12 months you may choose to renew this contract or source a letting agent of your own choice. As the freehold owner of the property you are free to rent or sell according to your own personal investment strategy.

On average properties sourced through Cicada Investments rent for \$750 per calendar month. The first month's rent on your property will be taken by the letting agent as a finders-fee for placing the tenant. From month two of the tenancy a standard 8% commission will apply to the management contract. For this reason clients receive their first rental within approximately 12 months of purchase.

As is standard in the UK tenants are required to pay their first month's rent in advance and to leave the equivalent of one month's rent as a damage deposit with the letting agent.

HOW WILL I RECEIVE MY RENTAL INCOME?

As part of the purchase a qualified US attorney will set up a bank account on our clients behalf for which there is a one off administration fee of \$250. This allows for direct monthly payments by the letting agent. An online login for the account is included which ensures banking access 24 hours a day.

WHO WILL OCCUPY MY PROPERTY?

Cicada Investment's properties are concentrated in the Zip Codes surrounding Grosse Pointe, areas such as the East English Village and Morningside Neighbourhoods in addition to the Western Suburbs of Detroit. These locations are well suited to both working families and young professionals alike. Tenants here are working Americans requiring rental property for a longer term.

DO I NEED TO FURNISH THE PROPERTY?

Properties are rented on an unfurnished basis. This is standard practise in the US where the majority of tenants tend to furnish rental properties themselves (including white goods).

DO I REQUIRE INSURANCE?

Yes and Cicada Investments can recommend a provider. Their standard insurance policy includes \$1,000,000 public liability and \$50,000 buildings cover (annual payment \$670). If you wish to increase your cover a more specific policy can be arranged. Please speak to a member of our team for more details.

CAN ANYONE INVEST IN CICADA INVESTMENTS US PROPERTY INVESTMENT PACKAGE?

Yes, provided that you can supply the required proof of identity (a copy of passport or driving license and recent utility bill) prior to purchase.

DO I HAVE TO PAY INCOME TAX AND CAPITAL GAINS TAX?

All investors are responsible for paying their own tax.

Income Tax and Capital Gains Tax needs to be declared. Capital Gains Tax will be paid if and when you decide to sell the property. Cicada Investments are not authorised to give advice on UK or US tax and we recommend seeking your own tax advice.

CAN I VISIT CICADA INVESTMENTS' OFFICES AND MEET THE STAFF?

Certainly, we welcome all potential investors to visit our offices in London. We appreciate that much of our business is conducted over the telephone but we also encourage the value of face-to-face meetings whenever possible.



Invest with confidence:

As a member of the AIPP, Cicada Investments has been vetted and approved by voluntarily committing to industry regulation.



CICADA INVESTMENTS
4 ROYAL MINT COURT
LONDON
EC3N 4HJ

T: 020 7481 6875
F: 020 7220 4436

W: WWW.CICADAINVESTMENTS-USA.CO.UK
E: INFO@CICADAINVESTMENTS-USA.CO.UK