

Hacienda Matapalo

Attached you will find a scenario illustrating the return potential on a unit at Hacienda Matapalo. Please notice that these returns reflect renting the unit for only half of the year and utilize an **extremely conservative** weekly rental amount. It is important to note that the demand for rental units in this area is **very** high and the supply is quite limited. Therefore most owners are able to rent their units for strong prices year round.

I would encourage you to check out one or more of the independent websites dedicated to listing available rentals in the Central South Pacific region of Costa Rica. For example, www.homeaway.com, www.vacationhomerentals.com, www.vacationrentals.com, www.go2travel.com, www.greatrentals.com, are all independent websites which allow owners of homes and condo's around the world to list their available rentals any place on the globe. Log on and check out the rental market in the area of Hacienda Matapalo. You can simply type in **Dominical** or **Manuel Antonio** on the "city" area on their home page. These are the closest points of reference headings. Additionally I would urge you to check out, www.LosSuenosRentals.com. Los Suenos is a community that has some, **but not all** of the same amenities found at Hacienda Matapalo. You will find that it is difficult to locate any desirable or even **remotely comparable** 3-bedroom, 3-bathroom rentals for anything less than \$2,000 per week or 2-bedroom, 2 ½ -bathroom rental for anything less than \$1400 per week. One-bedroom Ocean View units are **extremely** rare and if you can even find one they usually rent for at least \$1000 per week.

Comparable is the important word here, as nearly all the other rental units you will find are without any of the multitude of amenities that Hacienda Matapalo has to offer. Nor are most of these other units as close to the ocean as Hacienda Matapalo. Residents and guests at Hacienda Matapalo will have use of the **clubhouse, fitness center, spa, pools, equestrian facility with horses, tennis courts, basketball courts, access to the nature preserve, hiking trails, use of the private beach club, access to the restaurants and other convenience stores/facilities on site, access to high speed internet, 24-hour security and the list goes on and on.** Amenities as comprehensive as this are typically only found at **ultra exclusive 5 star resorts!** Ask yourself, for the same price or even a few dollars more, wouldn't you rather stay at Hacienda Matapalo? Where would your family rather vacation? Simply put, I want you to see for yourself just how conservative my rental projections are for a home, condo or villa of this magnitude at Hacienda Matapalo.

Additionally, you will notice that again I was very conservative in using just 5% as an assumed rate of appreciation. In reality this area could and should appreciate at around 30% per year for the coming years as the Guanacaste region has for the last decade. This is a statistical fact as reported on CNBC!

No one can dispute that once the new International Airport (*located less than 60 minutes south of Hacienda Matapalo*), the Marina Pez Vela, arguably the most significant and exclusive marina in all of Central America (*located just 17 minutes north of Hacienda Matapalo*), and the New Costanera Highway are complete, this area will see **explosive appreciation on an annual basis for at least the next decade!**

We wish to thank you for your interest in Hacienda Matapalo and the rental opportunities available to all our owners. Please remember that while you are always welcome to handle the rentals yourself, we will have a rental program in place to handle **ALL** aspects of renting at Hacienda Matapalo; all you need to do is tell us when you want to use the unit for yourself, and where to send your rental income.

Real Estate Law requires us to disclose that this is a hypothetical return based upon conservative projections from readily available third-party data and historical figures; as these rental and appreciation rates are subject to market forces and can fluctuate, this is not a guarantee.

Ocean View Tetira Villa

This Tetira Villa offers stunning Ocean Views and is situated at approximately 500 feet above sea level. This Tetira building is a unique 5-story stack of villas, with only ONE UNIT PER FLOOR. Therefore these villas have NO common walls with their neighbors and feature panoramic views from all sides. These units have 1,450 total square feet, with 2-bedrooms and 2-bathrooms. The current pre-construction price for this **First Floor Ocean View Condominium is \$ 410,000.**

Assumptions:

- Assuming bank financing at a 70 % LTV @ 7 % 30 Year amortization
- Therefore you will be able to obtain a \$ 287,000 1st mortgage for purchase.
- Consequently you need a total of \$ 123,000 for down payment.
- This is pre-construction so you must remember that until closing (approximately 3 years from now), **NO** mortgage payments will be required. Monthly mortgage payments begin at closing.
- Upon closing monthly carrying costs with principal, interest, taxes, utilities, and homeowner's fees should be approximately \$ 2,410 (\$ 1,910 month P&I, \$ 125 month tax, \$ 75 month electric, and estimated \$ 300 month HOA fees). Your annual carrying costs should be \$28,920 per year.
- Assuming you rent the home just 26 weeks per year (1/2 the year) at **\$ 1,400 per week** (*this is a conservative estimate, that is just \$ 200 per night!*), and use the home yourself the other 26 weeks, your annual gross income should be \$ 36,400. This will more than cover your annual carrying costs and provide you with \$ 7,480 per year in positive cash flow.
- Assuming a modest 5% annual appreciation makes the selling price \$ 549,000 in 6 years.

The Math:

*Sell the Villa for \$ 549,000 in year 6.	\$549,000	<i>Sales price</i>
*Less your 1 st mortgage pay off \$277,607 Bank Financing	- 277,607	<i>1st. mortgage</i>
*Equals	271,393	
*Less 6% selling sales commission	- 32,940	<i>Selling Brokerage</i>
*Equals the net proceeds of the sale	\$ 238,453	<i>Net sale proceeds</i>
*Add your 3 years of Positive Cash Flow	+ 22,440	<i>3 yrs. Of Cash Flow</i>
*Equals	\$ 260,893	<i>Total Proceeds</i>
*Less your initial investment of \$ 123,000	- 123,000	<i>Initial investment</i>
*Equals the return on your investment	\$ 137,893	<i>Return on Investment</i>

Your initial investment of \$ 123,000 has now grown to \$ 260,893. This represents a Total Return of just over 112 % ($\$ 123,000 \times 112.108 \% = \$ 137,893$). Your average annual return is over 18% ($112.108 \% / 6 = 18.684 \%$).

Your cash on cash return is just over 11 %. Cash flow of \$ 7,480 divided by the \$ 123,000 down payment equals 6.08 %. Now add the 5% annual appreciation on equity to that and you get 11.08% cash on cash return.

<u>Your Returns:</u>	Total Return is over	112 %
	Average Annual Return is over	18 %
	Total Cash on Cash Return is over	11 %

(Cash-on-cash assumes you don't sell the property; rather you keep it for cash flow and appreciation)

Please note these projected returns are based upon the unit being rented only **HALF** the year with **VERY** conservative rental rates. Your returns would be much **HIGHER** if you rented your unit for more than half the year and charged market rents. Additionally if you sold the unit yourself (without a Realtor) you would be effectively putting that sales commission in **YOUR** pocket.

RENTAL PROGRAM

Thank you for your interest in our rental program at Hacienda Matapalo. This feature is very important to many of our clients who plan to use their homes only part time and are depending upon a strong rental income to help out with covering the cost of ownership at Hacienda Matapalo. We take the responsibility to provide a successful program very seriously and we pledge to invest the same time, energy and creativity in making the program a success as we have invested in our project as a whole. There are specific reasons why we are confident in our ability to perform this service with excellent results.

1. We have accomplished true mastery of internet marketing as evidenced by our sales success. Internet marketing is key to a successful vacation rental business.
2. We refer you to a recent issue of our community Newsletter which is a virtual encyclopedia of activities in and around Hacienda Matapalo. Please visit the link at Community Newsletter. All of the features and activities that draw tourists to Costa Rica can be done in and around our property. Hacienda Matapalo is an end destination resort for the vacationer. Please look at the Table of Contents to fully appreciate this point.
3. There is a world-wide network of travel agents who will find our complete package deals to be “an easy sell” as they will be all inclusive as to accommodations and activities.
4. We will provide transportation to and from the airport, concierge service, tour service, an abundance of restaurant and dining experiences as well as a grocery store and food delivery services. There will be separate activities for children both at our amenities (including our Beach Club) and activity sites nearby. Each adventure tour activity listed in our Newsletter will be available through guest concierge services.
5. Vacationers will receive credit for their vacation expense toward purchase of units at Hacienda Matapalo.
6. Unlike most developers, our rental program will not be a profit center. It will be run at break-even and considered an amenity of Hacienda Matapalo. It will be turned over to the Homeowners Association to be owned and operated by the residents of Hacienda Matapalo. This will allow our residents to keep more of the rental income than at other developments.
7. Those who choose Hacienda Matapalo for their vacation rental will have the time of their lives. We will treat them like family.