



# CHICAGO FORECLOSURE PROPERTY INVESTMENTS

## Investment Overview

Foreclosed and repossessed properties offer an exceptional opportunity for investors to buy real estate for well below market value and earn substantial profits when reselling them.

Such properties become available when homeowners default on their mortgages and the mortgage lenders repossess the homes. Under such circumstances, the lenders' only goal is to get their money out as quickly as possible, so they slash prices to make them very attractive to new buyers.

Generally, such deals are available only sparingly; there is great demand and competition among bargain-hunters to purchase them, and discounts are limited to between 10-30%.

However, due to the global economic crisis, which has led to an 81% rise in default rates in America, many overburdened lenders are offering homes at discounts that can reach 70% from today's reduced market values. In some cases, these prices are just 15% of the price the homes sold for when the economy was strong and the real estate market was hot.

This unusual window of opportunity will only remain open for a very short period of time. Once credit conditions ease and the banks liquidity has improved, these deep-discount bargains will no longer be available.

GPI, in partnership with a Chicago based investment group, (hereinafter referred to as the company) has already purchased 28 foreclosed and repossessed residential properties from local financial institutions at prices as low as 30 cents on the dollar.

Our conservative expectation is that we will achieve a double digit cash-on-cash return annually for the next 3 to 5 years and eventually sell the properties for a substantial profit.

## Executive Summary


Foreclosure activity is largely confined to low-income neighborhoods, where high levels of sub-prime and adjustable rate mortgages (ARMs) led to high levels of foreclosures. Traditionally, foreclosed properties have been marketed by lenders much like any property owner. Lenders could expect to get market value for such properties, often covering all or most of the outstanding debt secured by the property.

Today, the sheer numbers of foreclosures flooding lenders' portfolios are making the traditional model of disposing of such property unreasonable for many lenders. The cost of holding and managing the properties, compounded by their declining values (particularly in areas experiencing high volumes of foreclosure activity) is generating increasing pressure to dispose of this property as quickly as possible, often at deep discounts to market value.

The US foreclosure rate rose 81% in 2008, according to a January 15, 2009 article in the New York Times, quoting RealtyTrac, an online foreclosure property database, as their source. RealtyTrac noted that a total of 3.2 million foreclosure filings – default notices, auction sale notices and bank repossessions – were reported on 2.3 million American properties during the year.

We selected Chicago, Illinois as our focal point. The Company management includes a local real estate management and legal team which maintain excellent connections with the local housing market. Chicago's foreclosure rate rose 54.7 percent in 2008 to 115,063 compared to 2007 and 126.01% compared to 2006 according to Realty Trac. In December 2008 alone, there were 7,188 foreclosure filings in Cook County Illinois, where Chicago is located. As many as 4 of every 100 housing units are in foreclosure in some parts of Chicago and the trend shows no signs of reversal.

After acquiring the properties, the Company will refurbish them to comply with the Department of Housing and Urban Development's standards for rental to tenants who qualify for federal housing subsidies under the Section 8 rental voucher program. As this program covers a significant portion of the rent, such tenants are regarded as low-risk and stable, with little chance of default or non-payment.



## Company Operations

The acquisition arm of the Company will be responsible for locating and acquiring portfolios of properties that fit our acquisition criteria in terms of location, price, condition and a variety of other factors. Such criteria are designed to evolve based on ever-changing market dynamics as well as through a system designed to track the effect of each such criterion on ultimate cash flow.

Following acquisition, the Company will work together with general and sub contractors to prepare a checklist and timeline outlining all work necessary to bring the property to rentable condition as quickly as possible while taking into consideration the realities associated with construction. The property will then be assigned to a general contractor for implementation of the plan.

The Company will be involved in every phase of construction to ensure that the construction plan and timeline are being implemented to the greatest degree possible. Once construction is complete and a property is fully integrated into the company marketing program, the property will be considered stabilized and will be turned over a management company. Concurrent with the construction of a given unit, the Company will begin to market the property for rental. The Company will implement a multi-pronged marketing program to give maximum exposure of the properties to the target population.

The marketing program will include traditional media advertising as well as creative associations and partnerships with community groups and organizations. The Company intends to work closely with the Chicago Housing Authority and community groups to become Chicago's premier provider of subsidized homes.

The Company will, depending upon future market conditions, explore various avenues by which some or all of the properties may be disposed of. Such disposition strategies may include: lease to sale arrangements, company, or third party-financed sales to homeowners, or bulk-portfolio sale to a REIT or other real estate operator. Alternatively, the Company is organized and prepared to hold and manage its real estate rental portfolio long term.



## Summary

Current market conditions are providing an unprecedented opportunity for investors to purchase houses in areas of high demand at prices reduced to a fraction of their value in today's distressed market.

This opportunity will be available only for a very short time period, as some economic recovery can be expected in late 2009. As the economy stabilizes the foreclosure rate is likely to drop and banks may no longer feel pressured to unload repossessed properties at deep discounts.

We anticipate double digit returns just taking annual rental income into account. While there is no guarantee how quickly prices will rise or to what levels, we anticipate that even with a modest economic recovery over the next 3 to 5 years, the potential for returns of 300-500% over that time frame is not unrealistic.

Investors should expect to remain in the program for a period of 3 to 5 years, or until the Company deems it most suitable to exit with the maximum profits under any of or a combination of the scenarios defined in 6. Company Operations above.

The information contained herein pertains to the business and affairs of Global Property Investments (GPI) and affiliated persons and entities. It does not purport to be all-inclusive or to contain all of the information, which a third party may desire or require for purposes of entering into a business or other relationship with GPI, whose ownership, officers, employees or agents (hereinafter collectively referred to as the Company) make no representation or warranty, express or implied, as to the accuracy or completeness of this information, and no liability of any kind whatsoever is assumed by GPI with respect thereto.

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The preceding information does not represent an offer to purchase securities and is intended only as a general presentation of the potential investment. Each investment is limited to 35 investors according to clause 15 of the relevant Israel Securities Authority statute. The investment will be executed via detailed and specific written investment agreements and documentation from the Company. It is also possible that the investment plan will not be consummated or that there may be material changes in its underlying economic calculations and/or anticipated profits.

## 7731 S Wolcott Ave, Chicago IL 60620

3 beds, 1.0 baths, 1,410 sq ft



7700 S Wolcott Ave, Chicago, IL – Sold for \$146,000 on 07/09/2009  
7705 S Winchester Ave, Chicago, IL – Sold for \$180,000 on 01/07/2009  
7736 S Winchester Ave, Chicago, IL - Sold for \$159,000 on 07/31/2009

Purchase Price	\$ 45,000	Rehab	\$ 15,000
Legal Fees	\$ 1,195	Construction Manager	\$ 2,500
Closing Costs	\$ 1,620	Marketing Fee	\$ 3,527
Title policy-research	\$ 720	Total Projected Cost	\$ 74,062
Brokerage	\$ 1,250		
Estimated Monthly Rent	\$ 1,300	Management Fee	\$ 1,560
Estimated Annual Rent	\$ 15,600	Repairs Reserve	\$ 1,200
Average RE Taxes	\$ 2,500	NOI	\$ 9,060
Estimated Insurance	\$ 1,200	ROI	12.23%
Estimated Water	\$ 80		

## 7811 S Colfax Ave, Chicago IL 60649

4 beds, 1.0 baths, 1,225 sq ft



7811 S Saginaw Ave, Chicago, IL - Sold for \$182,000 on 06/24/2009

7711 S Oglesby Ave, Chicago, IL – Sold for \$194,500 on 11/06/2009

2419 E 75th St, Chicago, IL – Sold for \$160,000 on: 10/29/2009

Purchase Price	\$ 12,000	Rehab	\$ 42,000
Legal Fees	\$ 1,100	Construction Manager	\$ 4,200
Closing Costs	\$ 850	Marketing Fee	\$ 3,094
Title policy-research	\$ 480	Total Projected Cost	\$ 64,974
Brokerage	\$ 1,250		
Estimated Monthly Rent	\$ 1,400	Management Fee	\$ 1,680
Estimated Annual Rent	\$ 16,800	Repairs Reserve	\$ 1,200
Average RE Taxes	\$ 2,500	NOI	\$ 10,140
Estimated Insurance	\$ 1,200	ROI	15.61%
Estimated Water	\$ 80		

## 7011 S Calumet Ave, Chicago IL 60637

4 beds, 2.0 baths, 1,931 sq ft



320 E 70th St, Chicago, IL – Sold for \$140,000 on 07/30/2009  
6859 S Calumet Ave, Chicago, IL - Sold for \$150,000 on 08/10/2009  
7134 S Prairie Ave, Chicago, IL – Sold for \$168,500 on 11/09/2009

Purchase Price	\$ 20,000	Rehab	\$ 38,000
Legal Fees	\$ 950	Construction Manager	\$ 3,500
Closing Costs	\$ 720	Marketing Fee	\$ 3,242
Title policy-research	\$ 320	Total Projected Cost	\$ 68,082
Brokerage	\$ 1,350		
Estimated Monthly Rent	\$ 1,400	Management Fee	\$ 1,680
Estimated Annual Rent	\$ 16,800	Repairs Reserve	\$ 1,200
Average RE Taxes	\$ 2,500	NOI	\$ 10,140
Estimated Insurance	\$ 1,200	ROI	14.89%
Estimated Water	\$ 80		

## 7755 S Langley Ave, Chicago IL 60619

4 beds, 2.5 baths, 2,381 sq ft



7639 S Langley Ave, Chicago, IL - Sold for \$180,000 on 03/24/2009

7751 S Langley Ave, Chicago, IL - Sold for \$110,000 on 07/15/2009

7728 S Champlain Ave, Chicago, IL - Sold for \$160,000 on 04/03/2009

Purchase Price	\$ 32,000	Rehab	\$ 30,000
Legal Fees	\$ 950	Construction Manager	\$ 3,500
Closing Costs	\$ 1,152	Marketing Fee	\$ 3,486
Title policy-research	\$ 512	Total Projected Cost	\$ 73,200
Brokerage	\$ 1,600		
Estimated Monthly Rent	\$ 1,400	Management Fee	\$ 1,680
Estimated Annual Rent	\$ 16,800	Repairs Reserve	\$ 1,200
Average RE Taxes	\$ 2,500	NOI	\$ 10,140
Estimated Insurance	\$ 1,200	ROI	13.85%
Estimated Water	\$ 80		

## 8927 S Union Ave, Chicago, IL 60620

Bedrooms: 3 - Bathroom: 1 Sq. Ft: 940



8821 S Emerald Ave, Chicago, IL – Sold for \$165,000 on 08/19/2009

8940 S Normal Ave, Chicago, IL – Sold for \$160,000 on 02/24/2009

9033 S Morgan St, Chicago, IL – Sold for \$160,000 on 02/27/2009

Purchase Price	\$ 26,000	Rehab	\$ 32,000
Legal Fees	\$ 800	Construction Manager	\$ 2,450
Closing Costs	\$ 936	Marketing Fee	\$ 2,500
Title policy-research	\$ 416	Total Projected Cost	\$ 66,302
Brokerage	\$ 1,200		

Estimated Monthly Rent	\$ 1,200	Management Fee	\$ 1,440
Estimated Annual Rent	\$ 14,400	Repairs Reserve	\$ 1,200
Average RE Taxes	\$ 2,500	NOI	\$ 7,980
Estimated Insurance	\$ 1,200	ROI	12.04%
Estimated Water	\$ 80		

## 6737 S Oakley Ave, Chicago, IL 60635

Bedrooms: 5 - Bathrooms: 2 - Sq. Ft: 1529



6725 S Oakley Ave, Chicago, IL - Sold for \$150,000 on 05/07/2009

6750 S Oakley Ave, Chicago, IL – Sold for \$145,000 on 05/18/2009

Purchase Price	\$ 25,000	Rehab	\$ 46,000
Legal Fees	\$ 950	Construction Manager	\$ 3,500
Closing Costs	\$ 900	Marketing Fee	\$ 3,900
Title policy-research	\$ 400	Total Projected Cost	\$ 81,900
Brokerage	\$ 1,250		

Estimated Monthly Rent	\$ 1,400	Management Fee	\$ 1,680
Estimated Annual Rent	\$ 16,800	Repairs Reserve	\$ 1,200
Average RE Taxes	\$ 2,500	NOI	\$ 10,140
Estimated Insurance	\$ 1,200	ROI	12.38%
Estimated Water	\$ 80		

8636 S Kingston Ave Chicago IL 60617



8500 S Essex Ave, Chicago, IL - Sold on 03/13/2009 for \$175,000  
8519 S Kingston Ave, Chicago, IL 60617 - Sold on 10/21/2009 for \$152,000  
8409 S Colfax Ave, Chicago, IL 60617 - Sold on 11/05/2009 for \$118,000

Purchase Price	\$ 20,000	Rehab	\$ 49,000
Legal Fees	\$ 1,685	Construction Manager	\$ 4,900
Closing Costs	\$ 600	Marketing Fee	\$ 3,888
Title policy-research	\$ 320	Total Projected Cost	\$ 81,643
Brokerage	\$ 1,250		
Estimated Monthly Rent	\$ 1,950	Management Fee	\$ 2,340
Estimated Annual Rent	\$ 23,400	Repairs Reserve	\$ 2,000
Average RE Taxes	\$ 2,500	NOI	\$ 14,310
Estimated Insurance	\$ 2,000	ROI	17.53%
Estimated Water	\$ 250		