

INTRODUCTION

On behalf of our entire staff and management, it is our pleasure to present a proposal for the sale of 826+/- acres located in Loiza, Puerto Rico.

As we composed this proposal, we took into account historical sales data and our advertising effectiveness data, among other important statistics. Though we have included a large amount of information in the following pages, we hope that you will find it to be concise, well organized, and useful to you in making your decision regarding the sale of your property.



OUR UNIQUE QUALIFICATIONS

J.P. King Auction Company is the oldest real estate auction company in the United States. J.P. King, Sr. founded the company in 1915. After nearly 50 years of operation as a sole proprietorship, the company incorporated in 1964 under the laws of the State of Alabama. As of today, members of the King family have owned and continuously operated J.P. King Auction Company for nearly a century.

Craig King, a member of the fourth generation of the King family, has served as President of J.P. King Auction Company since 1986. Under his leadership and expertise, the company has grown from a strong regional firm to a powerful, nationwide marketing company on the leading edge of the auction industry.

J.P. King has always served its clients by applying technology to the auction marketplace. We developed many of the methods and techniques that are now commonplace within the industry. One of our most important pioneering concepts has been the use of the auction, in combination with a significant marketing campaign, to sell premier properties. Since the 1970's, we have maintained an excellent track record of selling premier homes, farms, ranches, and land, as well as high-end commercial and development properties for sellers all over North America. J.P. King Auction Company has auctioned more than 10,000 properties in 48 states and abroad.

Our track record of selling premier property at auction is unparalleled. We have sold and closed numerous properties with sales prices greater than \$10 million. On average, J.P. King has completed one sale in excess of \$5 million every 90 days for the past 15 years.

J.P. King has sold and closed many of America's best-known and most valuable properties. In recent years we sold and closed Parachute Ranch located in Grand Junction, CO for \$28 million, the largest single-asset property sold in J.P. King's history; Tekaya located in Lake Tahoe, Tahoe, CA for \$10.7 million, the highest priced ever sold waterfront home in J.P. King's history which sold to Michael Spanos, Executive Vice President of the San Diego Chargers; Valentin Estate owned by retired major league baseball star John Valentin, located on the Navasink River in Middletown, NJ sold and closed for \$7.4 million; NBA Superstar Karl Malone's Utah Estate sold and closed for \$2.75 million; Grand Calumet Farms, located in Lexington, Kentucky, one of the nation's most famous horse breeding facilities sold to Count Henry D. Kwaitkowski for \$19.9 million; and the Kiawah Island Ocean Golf Course in South Carolina, home of the 1991 Ryder Cup. At \$27.0 million, Kiawah is one of the most valuable real properties ever sold at auction. We also sold and closed Camp Creek Ranch, located in Joseph, Oregon, for \$11.7 million, one of the highest sales prices achieved for a recreational property by utilizing the auction method of marketing. In addition, J.P. King sold and closed Star Harbor for \$5.6 million, at the time, the highest price ever paid for a non-waterfront residential property in the Ft. Lauderdale region; and Fontanel, the Nashville home of country music legend, Barbara Mandrell.

Today, J.P. King Auction Company maintains its position as the industry leader by combining its unparalleled experience with a high level of integrity and professionalism. Buyers and sellers alike expect and receive a high level of service from our company. In order to serve clients better, we work to improve all aspects of the auction process.

J.P. King has placed an emphasis on the continuing education of its personnel. Seven executives and marketing consultants have completed requirements for the prestigious CAI designation. The CAI is the highest designation awarded to members of the auction industry. In order to achieve this status, auctioneers must complete a three year executive development program held each spring at Indiana University. Candidates must also adhere to the standards of practice and code of ethics as outlined by the Auction Marketing Institute and must also dedicate a significant amount of time to approved continuing education each year. Less than the top five percent of the auction industry has achieved the CAI designation.

J.P. King's success has attracted the attention of real estate buyers and sellers everywhere, including celebrities, athletes, and Fortune 500 corporate executives. We have sold properties to entities owned or controlled by executives such as Philip Anschutz, Qwest Communications; Michael Spanos, Executive VP of San Diego Chargers; Thomas Gruber, Blockbuster Entertainment executive and founder; John Valentin, Houston Astros pro baseball player, Music industry standouts, Chris Blackwell of Polygram Records, country music artist Ronnie Milsap, talent manager Dale Morris, and Joe Galante, chairman of RCA Label Group Nashville have purchased at J.P. King Auctions. Brian Jordan of the Los Angeles Dodgers bought his home in Orlando at a J.P. King Auction.

Other notable responses to J.P. King marketing campaigns or buyers of properties at J.P. King auctions include: Mike Piazza, NY Mets pro baseball player; Jeff Fisher, Tennessee Titans pro football coach; Daryl Hannah, actress; Matt Williams, AZ Diamondbacks pro baseball player; Eddie George, Dallas Cowboys pro football player; Tracy McGrady, Orlando Magic pro basketball player; Jack Lemmon, actor; Theresa Longaberger, CEO of Basket City USA; George Strait, country music superstar; Delta Burke, actress; Grant Hill, pro basketball player; and Merle Haggard, country music superstar.

Our sellers desire an expeditious sale of their property and understand that our aggressive marketing campaigns deliver top dollar prices on auction day. Our buyers appreciate our integrity and the quality properties we offer for sale. Many of our sellers and buyers are repeat clients and customers.

With nearly a century of experience in the industry, we look forward to handling the sale of your property.



VALUE-ADDED SERVICES

After nearly a century as a real estate auction company, we offer more value to our clients today than ever before. A few of the reasons sellers have selected our company include:

Unparalleled Experience

J.P. King has more experience selling premier real estate at auction than any other company in the world. For four generations, members of the King family have specialized in real estate sales. As the industry leader, we have worked to define the components of a successful real estate auction. We now offer these services in a single package to our clients. In addition, our individual executives, associates, and employees have tremendous experience in their individual roles.



A Focus on Client Service

J.P. King focuses on providing superior service to its clients. We craft each aspect of our recommended marketing campaign and auction strategy to provide optimal results to our sellers. We take the hassle out of real estate sales by handling each transaction from initial preparations to closing. We have built our company by exceeding our seller's expectations of our service. Our sellers know when they have retained J.P. King, they have secured a turn-key solution for the timely and advantageous sale of their property.

A Close Relationship with Sellers

J.P. King focuses on maintaining a close relationship with sellers in order to better serve them. We keep sellers informed as to the progress of the auction marketing campaign as it happens. Marketing Consultants and Project Managers are in constant contact with sellers about every aspect of the auction. Their communication ranges from informative weekly auction status reports reflecting responses to the marketing campaign to seeking suggestions from our clients.



A Close Relationship with Buyers

J.P. King realizes that it cannot be successful without maintaining good relations with auction buyers. We have a database of potential buyers of unsurpassed size and quality and our executives and associates also have close personal relationships with purchasers of all types of real estate. Many bidders have purchased at multiple J.P. King Auctions.



Unique Buyer Education Processes

J.P. King focuses on educating the potential buyers that respond to each auction marketing campaign. Our project managers gather an enormous amount of information about the properties to be sold and then produce extensive information packages. We realize that the more knowledge the purchaser can obtain before the auction, the more comfortable he or she will be with bidding during the auction. We place ourselves in the shoes of the buyer and understand what information potential purchasers need to evaluate the property properly. Our goal is to make all relevant information easily accessible to all potential bidders. Our educational efforts result in higher sales prices on sale day.



Attention to Detail

Offering a property at auction requires the coordination of a comprehensive marketing campaign and auction day event. Expert management of logistics is required to do it all on a timely basis. J.P. King's attention to detail and organization helps make sure deadlines are met and all potential bidders attend our auction day events. Our quality staff goes the extra mile to make sure the auction marketing campaign is done right.

J. P. King Creates a Property Image

J.P. King works to position each property as an individual auction opportunity with its own easily identifiable image. In an effort to distinguish the property from similar properties in the area, we will create or develop a persona for the property. Our creative and appealing property names and individual property brands engage buyers and result in a more effective advertising campaign.

A J.P. King Property is Showcased

Rather than present a seller's property as one of many sellers' properties being offered at the same auction, J.P. King has realized the benefit of focusing a custom marketing campaign on the sale of one seller's valuable asset. In this manner, sellers avoid competing with other properties that may appeal to the pool of bidders interested in your property. Our sellers also realize the benefits of being able to position their property through a more specialized marketing effort. J.P. King sellers do not have to concern themselves with the possibility of their auction buyers choosing to purchase other sellers' properties of similar or lesser values in a multi-seller sale.

Incomparable Auction Day Staff

The importance of a coordinated auction day crew to the successful sale of a premier property cannot be overestimated. J.P. King's sale day staff is the best in the business. Our stellar bid assistants and auctioneers make our clients money. They are skilled in prompting high bids and know how to employ advanced crowd psychology to encourage bidding. The registration personnel and auction administrator greet bidders and oversee a smooth contracting process. Our auction day staff is prepared to share property and auction specific information with bidders. Each member of the staff is experienced in their individual role and works with our company on a full time basis.



Superior Buyer Broker Incentive Program

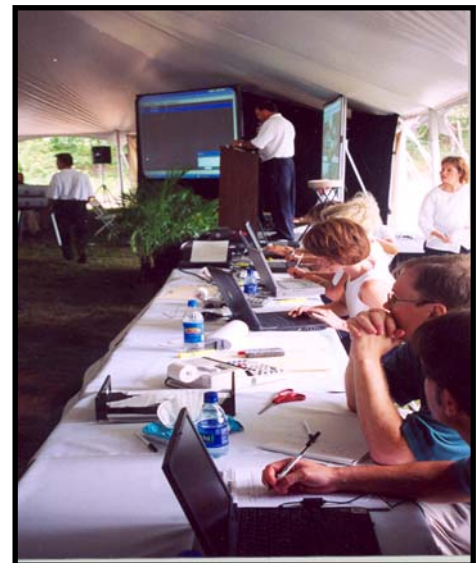


During the past three years, brokers have represented the high bidders of an incredible 53 percent of J.P. King auctions. This statistic has had a tremendously positive effect on our sellers' bottom line. Real estate brokers looking for an opportunity to earn a fee perceive a J.P. King auction as a perfect opportunity for their buyer clients to enter into a contingency free contract with a definite closing date. Brokers pay attention to our auctions and often bring buyers who

would not have otherwise attended the sale. Buyer brokers have also been helpful to us in pre-selling approximately 15 percent of our property offerings.

J.P. King Puts Technology to Work

Over the past ten years, computers have revolutionized the business world. The auction industry is no exception. J.P. King has been a leader in the use of technology and advanced techniques to make its clients more money. Through the efforts of our skilled technology department, our website is recognized as the finest in the auction industry, and received visits by nearly half a million individuals last year. The Multiple Parcel Bidding System and simultaneous online remote bidding are two additional developments we have refined to the benefit of our clients. We constantly use technology to market properties and conduct better auctions.



PHILOSOPHY

J.P. King Auction Company is the nation's oldest operating real estate auction firm. Since its founding in 1915, the company has continued its tradition of excellent service, professionalism and innovation. J.P. King has become one of the world's largest real estate auction companies with more than 100 employees and associates located throughout North America. Through nearly nine decades in the auction business, our company has determined that the following elements are of utmost importance in attaining the highest possible sales price at auction.

A successful auction depends on the completion of three specific tasks:

Expose the property

Educate the buyers

Close the transaction

As an exclusive selling agent, it is essential that we acknowledge and undertake these three equally important assignments with an understanding of their importance and bearing on the results of the sale. A commitment to the completion of these three objectives will ensure a successful sale.

This proposal is designed to demonstrate our focus on the successful completion of these essential tasks. J.P. King has formulated each feature of this proposal to generate the maximum achievable sales price for your property.

What drives a successful auction?

In a word, motivated bidders! Specifically, a successful auction is one in which bidders compete vigorously for the privilege of buying your property.

We never lose sight of this. It drives every decision and recommendation, including the type of auction used; the timing, the place, the advertising and much more. At every stage, we are driven by two simple, time-proven realities:

- 1. More bidders = Higher sales prices**
- 2. Bidders pursue the prospect of a low sale price.**

Paradoxically, the best way to get a high price for your property is to entice bidders with the prospect of a “bargain.” A large pool of motivated bidders will result in the kind of spirited bidding contest that gets you the best possible price.

To a large extent, the success of your auction will be determined by the priorities you set for yourself. If your top priority is to maintain a safety net, you will tend to make choices that limit the appeal to bidders, and this will tend to result in a lower sale price. If your priority is to get the best possible sale price, you will structure your sale in a way that motivates largest possible pool of bidders.



Types of auctions

Because J.P. King is experienced in all types of auctions, we are able to help you select the method that will get the best results for your specific property. We will work closely with you to evaluate a wide variety of factors, including the type of property, location, sales history, buyer profile and existing mortgage, as well as your risk tolerance, the vitality of the local market and other key variables.

Absolute Auction

An absolute auction, in which the seller agrees to sell to the highest bidder without a minimum or reserve, tends to attract the most bidders of any type of auction. Prospective bidders -- knowing that the property will sell -- turn out in greater numbers, resulting in the kind of competitive bidding that drives up the sale price. However, the absolute auction is not right for all sellers. For example, if there is a large mortgage on the property, the sale price could conceivably be lower than the existing mortgage. It is also vitally important that the seller be prepared to accept the market's valuation on the auction day, as expressed in the bidding.

Auction with Reserve

A reserve auction, also called an “auction subject to confirmation,” leaves the auction-day choice of whether to sell to the highest bidder in the seller’s hands. While this method offers downside protection to the seller, it may reduce the appeal of the auction for bidders by eliminating the possibility of purchasing the property at a discounted price. As a result, reserve auctions typically result in lower sale prices than absolute auctions.



EXPOSURE

EVENT TIMING

In order to allow our marketing department adequate time for the promotion of the property, we typically schedule the auction date approximately 90 to 120 days from the execution of the auction marketing agreement.

NEWSPAPERS

Newspaper advertising is one of the simplest, most cost effective elements of marketing campaign. Newspapers form the backbone of the marketing campaign, allowing us to gain access to affluent buyers through global, national and regional papers, while engaging other buyers with ties to the region through an aggressive campaign in the local papers. Judging from the results of past marketing campaigns and the specific nature of your property, our marketing department recommends advertising in the following publications:

NEWSPAPER / PUBLICATION	CIRCULATION	SECTION	SIZE	INSERTION	AMOUNT
WALL STREET JOURNAL					
Global	2,075,282	Fri	2x6	4x	\$31,752.00
NEW YORK TIMES	1,700,000	Sun	3x4	4x	\$39,408.00
CHICAGO TRIBUNE	1,016,103	Sun	3x4	3x	\$10,664.64
LOS ANGELES TIMES	580,161	Sun	3.75x3.5	4x	\$13,180.00
ATLANTA JOURNAL	660,445	Sun	3x3	3x	\$13,907.97
MIAMI HERALD	505,739	Sun	3x4	4x	\$9,226.56
SAN JUAN STAR - Puerto Rico (deadlines are 9 days prior)	104,000	Sun	3x3	5x	\$5,625.00
LONDON DAILY TIMES	2,303,743	Sun	3x3	3x	\$16,754.40
YOMIURI SHIMBUN - Tokyo	5,965,000	Sun	1/8 pg	3x	\$11,400.00

All rates & dates subject to change.

PERIODICALS

As part of the concentrated marketing campaign for your property, we also recommend placing an attractive advertisement in select publications. These magazines and journals have attracted many qualified buyers to our auctions:

NEWSPAPER / PUBLICATION	CIRCULATION	SECTION	SIZE	INSERTION	AMOUNT
ROBB REPORT (deadline 5/1; release 6/1)	118,382	Monthly	f pg color	1x	\$6,250.00
DUPONT REGISTRY (deadline 4/23; release 5/22)	80,000	Monthly	f pg color	1x	\$3,995.00
NATIONAL RE INVESTOR (deadline 5/4; release 6/1)	35,210	Monthly	1/4 pg b&w	1x	\$4,371.00
RE PORTFOLIO MAGAZINE (deadline 3/24; release 5/1)	16,678	Bi-Monthly	1/2 pg color	1x	\$3,530.00
DEALMAKER'S	7,800	Weekly	1/4 pg b&w	1x	\$560.00

All rates & dates subject to change.

ADVERTISEMENT DESIGN

Multi-Media Advertising Agency specializes in the publication of promotional media for J.P. King. Honored by the National Auctioneer's Association, they are innovators in the creation and design of outstanding property brochures and other marketing materials utilized in our advertising campaigns. It is essential for advertisements to catch the eye and the attention of the potential buyers. Multi-Media produces top of the line, camera-ready advertisements for publication in the recommended media. This professional production ensures visual quality and typographical accuracy.

Proposed Expense: \$2,500.00

PROPERTY BROCHURE

Multi-Media Advertising Agency will also produce a high quality, full color marketing piece, illustrating the property's features and benefits. Our brochures have won numerous National Auctioneers Association Awards, and are the standard of reference for high-end real estate promotional materials. Design experts will collaborate in the production of a brochure that will showcase your property and the surrounding area. Our materials will catch the attention of interested buyers. We will produce 20,000 full UV color, six panel brochures.

Proposed Expense: \$13,459.00

PHOTOGRAPHY

Our ability to produce effective brochures and other marketing materials depends on the availability of top quality photography. J.P. King will arrange for quality photography that portrays the property in the best light possible.

Proposed Expense: \$2,500.00

DIRECT MAILING OF BROCHURES

J.P. King's clients are fortunate to have access to the industry's largest premier property mailing list. Our proprietary database of extensive prospects is the envy of the industry. Our mailing list is strategically sorted to produce a direct mailing matrix for each auction. We will mail 19,000 brochures to a combination of high-income individuals, professionals, millionaires, celebrities, professional athletes, CEO's, investors, developers, builders, and brokers. The remaining brochures will be distributed by the Site Director and other J.P. King personnel.

Proposed Expense: \$15,799.00

MAILING LIST

We also supplement our already rich database through the purchase of a target mailing list. The combination of a purchased list with our database creates an incomparable marketing tool.

Proposed Expense: \$4,500.00

WEB PAGE DESIGN AND INTERNET PROMOTION

The incredibly rapid development of the Internet has allowed technology conscious companies to take advantage of yet another cost effective method of promoting real estate. J.P. King's website designers will develop an elegant, high quality, and effective website for your property at www.jpking.com that will serve as a point of reference for many interested buyers. On an annual basis, approximately 500,000 unique individuals visit the J.P. King website. On average these visitors viewed close to five pages apiece, staying on the site for upwards of six minutes per visitor. These web statistics are unsurpassed in the auction industry.

Web Media Placement: Preparation and placement of announcement of your auction in venues that use news search engines (news.google.com, news.yahoo.com), blogs and other vehicles to reach prospects specifically seeking information on your type of property through searches, email notifications and RSS news feeds.

Proposed Expense: \$5,000.00



AUCTION INFORMATION CALL CENTER

Our auction information department serves a dual-purpose role within J.P. King. Not only do they receive all incoming calls from the marketing campaign, they call potential buyers to inform them of the opportunity to purchase property at your auction. Their efforts include calls to prospects responding to our marketing campaign, as well as those who have responded to similar types of properties in the past. The auction information department also works in conjunction with our marketing department to develop a calling matrix that will include area executives, brokers, and high-income individuals.



Proposed Expense: \$6,000.00

SIGNS

In this technologically oriented age, many people are apt to discount the effectiveness of this traditional form of advertising. At J.P. King, however, we understand that signs help get properties sold. Over the years, signage has attracted and directed many bidders to our sales. We will install large and attractive signs on your property and at strategic locations to promote the auction and to guide prospective bidders to the property itself.



Proposed Expense: \$2,500.00

TOTAL PROPOSED EXPOSURE EXPENSES: \$222,882.57

EDUCATION

Our emphasis on educating prospective buyers pays big dividends for our clients. Not only do we attract the attention of the market for the property, we also ensure that they become knowledgeable about the properties we sell. Only a well informed bidder will pay his or her maximum price for a property. We make sure that potential buyers understand the terms of sale and the unique characteristics and benefits of the property before auction day. Our efforts to inform, disclose, and educate lead to the highest sales prices achievable. Probably the most tangible and important effect of our emphasis on education, however, is our unparalleled closing ratio. We have found that when properties are accurately described, and the conditions of sale are thoroughly understood in advance, a smooth and rapid closing will result.

PROJECT MANAGEMENT

J.P. King will assign a professional Project Manager to administer the marketing process and auction event logistics. These detail-oriented coordinators gather, manage, and distribute auction information to prospective purchasers. Though your Marketing Consultant will remain your personal liaison with J.P. King, the Project Manager will be responsible for the day to day details of the marketing campaign and sale. The Project Manager will be in direct communication with you during the marketing process, assembling information, seeking approvals of auction publications, and presenting weekly status reports. While based at our headquarters in Gadsden, Alabama, the Project Manager will travel to your property to become familiar with its location and features. This direct contact with the property will allow the Project Manager to respond quickly and effectively to the many detailed inquiries from prospective buyers.



Proposed Expense: \$4,000.00

ONLINE PROPERTY INFORMATION PACKAGE (PIP)

In our efforts to address the educational needs of our prospective buyers, J.P. King has committed to make all relevant auction and property information available on the Internet. Potential buyers can refer to the documents available there at will; or they can choose to print the entire package for quick and portable reference. We will also prepare and overnight a copy of the PIP in printed form for a nominal fee, if requested. The PIP is one of the most important aspects of all our educational efforts. In the assembly of these documents, we anticipate the questions and needs of a prospective buyer.



The PIP includes an executive summary of the characteristics, specifics, and features of the property, as well as demographic information concerning the surrounding area. The package also includes copies of auction documents. Bidders at the auction will have had ample time to review the terms and conditions of sale and the real estate sales contract before auction day. This thorough educational package not only serves to make the buyers comfortable with the property and how it will be offered, but it also insures a smooth closing. Purchasers appreciate this extensive due diligence package and we understand the importance of its universal availability.

Proposed Expense: \$1,500.00

PROPERTY TOUR PLAN

One or more of our professional Site Directors will carry out the property tour plan, yet another key element of the educational portion of the marketing campaign. On scheduled dates before the auction, the Site Director will meet with prospective buyers at the property to conduct tours, to supervise inspections, and to answer all relevant questions. Not only will our experienced professionals show the property to the potential buyers in its most advantageous light, but they will also begin building a rapport with these interested parties. This personal interaction encourages high attendance on auction day, and also allows us insight into the buyers' thought processes before the auction begins. The staff will arrive before the beginning of the showing period to familiarize themselves with the property and its location. At this time, the staff will be able to canvass local businesses, potential buyers, and brokers, distributing promotional material as they go. The showing staff works diligently throughout the showing period to promote the property to prospective buyers. These professionals add a great deal of value to your sale. The communications process with potential purchasers requires onsite telephone and fax lines, the cost of which will be the responsibility of the seller, should they not already be available.

Proposed Expense: \$20,500.00

SURVEYING AND ENGINEERING

Often the services of a surveyor and engineer are needed to prepare the property for sale. The potential to divide the property often enhances its sales price. A survey or professionally prepared sales map is essential to our Site Director during the showing period in order to answer buyer questions. Marked corners also greatly assist buyers during property tours. We have a great deal of experience working with surveyors and engineers, and will assist in guiding them in their development of sales maps and in proposing property divisions. We understand the manner in which a particular property needs to be offered to bring top dollar and will work with your designated surveyor to accomplish this. You will be responsible for the costs associated with retaining a surveyor or engineer to divide and prepare the property for sale. Often surveying and engineering expenses can be passed on to the buyers at the auction via the terms and conditions of sale.

Proposed Expense: To Be Paid Directly By Seller

TOTAL PROPOSED EDUCATION EXPENSES: \$26,000.00

CLOSURE

Once our marketing campaign has exposed the property and the educational process has neared its completion, we will begin the closure of the sale of your property. This step requires by far the most expertise and experience. We have developed several programs designed to benefit you during this process. We are proud of the fact that our auction day personnel and auction event structure are among the best in the industry.

SALE TERMS

We generally conduct sales for cash, where the buyer must pay ten percent down on auction day and the balance at closing. We recommend that closing occur within thirty days of the date of auction. All buyers must agree to your terms and conditions of sale before being allowed to participate in the auction. The property will sell with no contingencies, and the purchaser will not be allowed to modify the auction real estate sales contract.

BUYER'S PREMIUM

We have found that the use of a Buyer's Premium effectively generates additional value for our clients. A Buyer's Premium is a percentage of the high bid price paid by the purchaser and added to the high bid price to arrive at the total contract sale price. We advertise and announce the presence of the Buyer's Premium throughout the marketing campaign.

A Buyer's Premium adds to our sellers' bottom line and offsets the auction expenses. For this auction, we recommend a TEN PERCENT (10.00%) Buyer's Premium.

We recommend that FOUR AND ONE-HALF PERCENT (4.50%) of the Buyer's Premium proceeds based on the Total Control Price (incentive portion) be allocated to fund the following programs designed to maximize the value of the property.

- **BROKER INCENTIVE PROGRAM.** In order to secure the participation of the brokerage community in the auction process, J.P. King promotes the Broker Incentive Program. The compensation of licensed real estate brokers is based on the amount of the written opening bid they secure from their potential buyer. Should their client be the successful purchaser, they will be paid THREE PERCENT (3.00%) of the written opening bid amount submitted to our office 48 hours before the auction, and ONE PERCENT (1.00%) of the difference between their client's opening bid and the final contract sales price. Thus, the broker can earn maximum commission only through the submission of a high opening bid. The higher an opening bid, the more commission the broker can earn. This program has produced excellent opening offers for our sales and has also aided us in conveying many properties before the auction for outstanding prices. We sell to buyers represented by brokers at an average of 52% of our auctions. We have the attention of the traditional brokerage community and they, via our incentive program, add value to our auctions.
- **BUYER INCENTIVE PROGRAM.** Just as we give brokers an incentive to participate in the auction and commit to opening bids, J.P. King motivates buyers to participate in the Buyer Incentive Program by deducting ONE AND ONE-HALF

PERCENT (1.50%) of any purchaser's written opening bid from the Buyer's Premium proceeds for the property. Buyers must submit bids 48 hours before the auction. This program encourages buyers to bid aggressively from the beginning of their interaction with the property. Since its implementation, the program has delivered higher overall sales prices for our clients, along with a dramatic increase in the number of properties sold before the auction.

Any unused or remaining portions of the FOUR AND ONE-HALF PERCENT (4.50%) allocated to fund the two above mentioned programs will be divided equally between the seller and J.P. King.

The remaining portion of the Buyer's Premium not allocated to fund the Broker Incentive Program and the Buyer Incentive Program will be paid to the seller.

AUCTION DAY

Sale day represents the culmination of many weeks of work and careful planning. We structure auction day in order to create a bidding environment where every possible advantage exists for our sellers. By this point, the marketing campaign will have attracted the market for the property. Our staff will have educated the buyers so they feel comfortable with both the property and the auction. All that remains is to close the transaction in an event charged with energy and enthusiasm.

The J.P. King auction day staff will arrive at the sale site well in advance of the auction. The auction environment will be setup to grant the auctioneer maximum visibility and access to the audience. Caterers will prepare hors d'oeuvres and refreshments, and the auction musician will create a celebratory atmosphere.

Our bid assistants greet all prospective bidders as they arrive. They then describe the auction process, answer questions, and proceed to secure verbal opening offers before the sale starts from any bidder and/or broker who has not already committed to an opening bid.

REGISTRATION REQUIREMENTS

Auction registration will begin about two hours before the scheduled auction time. As the prospective buyers arrive, they will be asked to report to a registration station where they will either demonstrate a cashier's check made payable to themselves for the



required amount or will produce an approved bank letter of guaranty, signed by an authorized representative of the bank, guaranteeing the bidders funds up to the required amount. Each bidder must present either the check or the bank letter to be allowed to register to bid. As a result, the escrow agent will collect a significant portion of the ten percent down payment due on auction day in certified or guaranteed funds when the bidder either signs over their cashier's check to the escrow agent or writes a check on the account guaranteed by the bank letter. The remainder of the down payment will be funded with a personal or company check.

STARTING THE AUCTION

The auction process will begin with a reading of the terms and conditions of sale. The auctioneer will then go through a demonstration of a round of bidding in order to familiarize the bidders with his chant. Then, the auctioneer will highlight the benefits and features of the property and begin the auction in earnest. The auction will begin with the highest offer obtained by our bid assistants or previously submitted via the Buyer Incentive and Broker Incentive Programs.

SALE METHODOLOGY

Throughout the history of J.P. King Auction Company, we have pioneered techniques and utilized technology to obtain the greatest sales price possible for our clients. Over the years, we realized, in order for a seller to maximize the value of a particular property, the property must be offered in as many parcels as feasible. This broadens the buyer base, allowing more bidders to participate in the bidding process.

We have the ability to offer land tracts in parcels and as an entirety so that the property will sell for it's highest and best use in the most desirable manner as determined by buyers. No other method can offer you this advantage. A larger gross sale will result.

HIGH BIDDER'S CHOICE

From our experience of selling land parcels, we know that the manner in which the parcels are offered at the auction has a significant bearing on the prices obtained. For this reason, we recommend offering the parcels initially by a method innovated by J. P. King III, the **High Bidder's Choice Method**. The High Bidder's Choice Method *maximizes* the bidding competition, forcing all bidders to participate in each round of bidding. The parcels will be bid by the acre and the bid amount will be multiplied by the number of acres for the parcel of their choice to arrive at the purchase price for that parcel. The highest bidder will have their choice of any or all available parcels at that same price per acre.

After the highest bidder has made their selection, their selection is announced to all bidders and that parcel is deleted from the available inventory in the Phase I portion of the auction and a new round of bidding begins with the new highest bidder again choosing from the remaining inventory. This process continues until all parcels have been selected.

MULTIPLE PARCEL BIDDING

In the past, we offered the parcels one at a time using the high bidder's choice method only. If, at the end of the bidding, there was interest in combining parcels, we accepted bids for combinations of parcels which also allowed us to engage buyers interested in the entirety. Unfortunately, at this time we did not have a means of allowing the buyers whose parcels were being combined to get back in the bidding process by increasing their own bids.

Now, after advent of portable computers and LCD projectors, we have a Phase II offering of the parcels which is a computerized method of bidding that allows bidders to rebid parcels, combine any parcels or bid on the entirety. This phase allows single parcel buyers to bid against such combinations. The Multiple Parcel Bidding System accepts any bid for any individual parcel or combination of parcels at any time as long as that bid increases the gross sales price of the property. Purchasers can truly customize the configuration of their purchase and will pay more for the property as a result. Our clients appreciate this focus on the bottom line. The rapidly calculating computer informs our bid assistants who encourage bidders to purchase the property as they desire it.



Bidders are allowed to bid on individual parcels or combinations of parcels. These potential purchasers can rebid or group any way they so desire with a 5% increase over the price achieved from the previous bid(s). All bids remain open until the conclusion of the auction. All bidders have the opportunity to increase their bids on any parcel, combination of parcels, or as an entirety. This method allows for all bidders to have equal opportunity to increase their bids until they either secure the final bid on their selection, or the bidding exceeds what they are willing to pay.

CONTRACTING AND CLOSING

Of course, our role as your representative continues after the excitement of auction day is complete. Our contracting staff will be in attendance at the event and will ensure that all contracts are completed efficiently and accurately and that all earnest money deposits are collected according to the terms and conditions of the sale. After sale day, these professionals will follow up with the closing agent to ensure a timely closing and that the correct distribution of proceeds occurs.



AUCTION DAY PERSONNEL

J.P. King is proud to offer its clients the finest and most experienced real estate auction staff in the world. Your professional auction day staff will include an auctioneer, our team of experienced bid assistants and a registration and contracting team.

Proposed Expense: \$5,000.00

**TRAVEL**

This expense includes the auction travel, transportation, food, and lodging costs.

Proposed Expense: \$13,400.00

SALE SITE AND EQUIPMENT RENTAL

We recommend that the auction be held at a local meeting room or hotel ballroom. We will require the rental of tables, chairs, and other important related items.

Proposed Expense: \$5,000.00

HOSPITALITY AND ENTERTAINMENT

Our buyers and sellers enjoy auction day because we make it a unique and exciting event. A professional musician or musical group will set an upbeat and pleasant tone. As an additional benefit, their music will give the bid assistants the background cover they need to carry on private conversations with prospective bidders. We will also make refreshments available at the sale.

Proposed Expense: \$2,500.00

SHIPPING

This expense includes the shipping of materials, equipment, and documents required to conduct the marketing campaign and auction.

Proposed Expense: \$5,000.00

MISCELLANEOUS

This expense includes but is not limited to Broker fees, licensing fees and additional legal expense.

Proposed Expense: \$20,000.00

TOTAL PROPOSED CLOSURE EXPENSES: \$50,900.00

COMMISSION

J.P. King is to be paid a commission from the seller of TEN PERCENT (10.00%) of the total contract price for the property payable at the time of closing, plus the engagement fee which is payable upon the execution of the auction marketing agreement.

AUCTION EXPENSE SUMMARY

Proposed Exposure Expenses: \$222,882.57

Proposed Education Expenses: \$26,000.00

Proposed Closure Expenses: \$50,900.00

TOTAL PROPOSED EXPENSES: \$299,782.57



OPTIONAL MARKETING ELEMENTS

Outlined below are elements that could be beneficial to the development of the tailored auction marketing campaign for your auction. Our marketing department has presented these additional elements for your consideration. Should you select any of these items, they will be at an additional expense.

NEWSPAPER / PUBLICATION	CIRCULATION	SECTION	SIZE	INSERTION	AMOUNT
CCIM (deadline 5/12; release 7/1)	16,133	Bi-Monthly	1/2 pg b&w	1x	\$1,941.20

PUBLIC RELATIONS CAMPAIGN

J.P. King's public relations campaigns present our clients and the subject property in their most positive light and consistently generate coverage in local, regional, and national media that cannot be duplicated through paid advertising. We target key editors, beat reporters and producers, identify the story angle that will meet their editorial needs, and develop high-quality releases, supplemented by personal telephone calls, interviews, photos, and other materials. Our campaigns typically generate coverage that yields more than two dollars in publicity for every dollar spent based on the cost of buying equivalent advertising space alone. The real value is even greater, however, because it often results in coverage on section fronts and other spaces that are not available for purchase. These results leverage your marketing budget and result in more bidders and higher sale prices. Includes Web Media Placement to maximize exposure through news engine searches, blogs and RSS feeds.

A television news story can provide exposure that would cost \$5,000 or more in many markets at regular advertising rates. J.P. King has recently innovated the practice of providing local broadcast media with studio-produced DVDs of president Craig King answering questions about your property and your auction. This is a cost-effective and valuable way to better promote TV news coverage, which creates substantial word-of-mouth advertising and serves to stimulate print coverage as well.

Proposed Expense: \$5,700.00