UNDERSTANDING AND USING REAL ESTATE AUCTIONS

For Real Property and Trust & Estates Attorneys:
Legal Aspects of Real Estate Auctions and the Role of Legal Counsel
Presentation to ABA Section of Real Property, Trust and Estate Law’s 20th Annual Symposia

By
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Chicago • New York • Denver • Scottsdale • Houston • Monterrey, Mexico

SHELDON GOOD & COMPANY
Alan Kravets is president and part owner of Sheldon Good & Company. He was head of a 30 person law firm 20 years and received his undergraduate degree at the University of Michigan Business Administration and his Juris Doctor from the University of Michigan Law School. He is licensed as both an attorney and real estate broker in 15 states. Mr. Kravets has been personally responsible for $1 Billion Dollars of loan workouts for various lenders and other real estate auction transactions, much of which took place during the FSCIC/RTC days. He was a key participant in the workout between Donald Trump and a group of participant lenders, resulting in the $19 million sellout of the remaining condominium units of Trump Plaza of the Palm Beaches; he represented IBM in the sale of their Dayton, NJ facility with significant environmental issues for $10 million; he was instrumental in the most expensive residential real estate sold in the Chicagoland area in 2006, the sale of the Horizon Farms Equestrian Estate for $19.3 million and many others.

Mr. Kravets generously shares his experience as a frequent lecturer and active trade association member. He was chosen as a member of Lambda Alpha International, an honorary land economics society and The Economic Club of Chicago, is a board member of the International Association of Attorneys and Executives in Corporate Real Estate (AECRE), a member of the Chicago Bar Association, Turnaround Management Association (TMA), the American Bankruptcy Institute (ABI) and the Illinois Hotel and Lodging Association (IHLA).

He is also philanthropically minded, and spearheads the Sheldon Good & Company charitable auction program, raising millions for charities including the American Heart Association, Special Olympics, Junior Achievement and the Congressional Medal of Honor Foundation and others.
Who Are We – Real Estate Auctioneers

- Founded in 1965, innovated the concept
- Over 40,000 properties, more than $10 billion in sales
- Widely recognized as preeminent real estate auctioneer
- Largest real estate auction firm in North America, widely acknowledged in Forbes, Fortune, Wall Street Journal and other prestigious publications
- Offices in New York, Chicago, Denver, Houston, Detroit, Phoenix, Atlanta and Monterrey, Mexico
- International experience with virtually every asset class
- Closing rate of 95% when seller accepts high bid
Sheldon Good & Company Highlights

- **Largest open outcry real estate auction in the US**
  - Three manufactured home community portfolio auctions, the third sale alone totaled $215,000,000 of real estate. We bid a cap rate, not the price.

- **Prestigious clients**
  - 88 units at Trump Plaza of the Palm Beaches for $19,000,000
  - Portfolios for ALCOA and Newell-Rubbermaid
  - Portfolio of 340 Single family homes for $24,000,000

- **Maximize value -- FAST**
  - Absolute auction of four office buildings in Orlando, FL
  - Results: 7.12 cap rate in an 8.5 cap rate market, total price $15,500,000 – no contingencies, all cash, closed in 45 days

- **Auctions work for all asset classes**
  - Open outcry auction of One Community Center, a Class A office building in suburban St. Louis, a reserve sale where the seller accepted the $18,000,000 high bid.

- **Auctions successfully sell land portfolios**
  - 140 acres of land in Rockford, IL; a family trust
  - $48,214 per acre for $6,749,960 – highest price per acre in the country
We Come Highly Recommended
SHELDON GOOD & COMPANY
ADVANTAGES AND CREDENTIALS
Professionally Credentialed Employees

Approximately 2/3 of our staff possesses at least one graduate degree in law, marketing, finance or economics. Partners and associates are leaders and participating members in the National Association of REALTORS®. Many are members in real estate associations, trade associations and honorary societies worldwide. All brokers and salespersons are mandated to pass continuing education exams before renewals so our staff is continually enhancing their credentials.

Inclusion of brokerage community in negotiations and real estate sales.
**Authority in the Media**

- Sheldon Good & Company is a highly sought after source for information about the real estate auction industry, and real estate market in general.
- **Frequently quoted in:**
  - The Wall Street Journal
  - USA Today
  - The New York Times
  - Fortune Magazine
  - Business Week
  - PBS’s Nightly Business Report
  - FNN Nightly News
  - Forbes
- **Recognized by Harvard to educate graduate students**
- **Only auction guest on PBS’s “Wall Street Week”**
Published Articles

- List of some prestigious publications who have published works by Sheldon Good & Company partners and associates:
  - National Association of REALTORS® publications
  - Real Estate Today
  - The Texas REALTOR®
  - The Florida REALTOR®
  - The National Law Journal
  - Property and Probate
  - NACORE Executive
  - The Journal of Real Estate Development
  - Real Estate News
  - Development
  - Real Estate Review
  - Secured Lender
  - American Bankers Association publication, Trusts & Investments
  - SIOR’s Professional Report
Affiliations

- **Exclusive endorsement of America’s Community Bankers (ACB Development Services, Inc.)**
  - Formerly called The Savings & Community Bankers of America and the U.S. League of Savings Institutions

- **Exclusive endorsement of the International Association of Corporate Real Estate Executives (NACORE – now known as CoreNet)**

- **Exclusive endorsement of the International Real Estate Federation – U.S. Chapter (FIABCI-USA)**

- **Affiliated with the Urban Land Institute, five-year contract to conduct auctions at key ULI functions and canvas ULI members**
Sheldon Good & Company is a licensed as a real estate corporation, employs licensed real estate sales people and possesses the accompanying real estate auctioneer and real estate licenses as follows:

<table>
<thead>
<tr>
<th>State</th>
<th>State</th>
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<th>State</th>
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</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>Indiana</td>
<td>Nevada</td>
<td>South Carolina</td>
</tr>
<tr>
<td>Arizona</td>
<td>Iowa</td>
<td>New Hampshire</td>
<td>South Dakota</td>
</tr>
<tr>
<td>Arkansas</td>
<td>Kansas</td>
<td>New Jersey</td>
<td>Tennessee</td>
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<tr>
<td>California</td>
<td>Kentucky</td>
<td>New Mexico</td>
<td>Texas</td>
</tr>
<tr>
<td>Colorado</td>
<td>Louisiana</td>
<td>New York</td>
<td>Utah</td>
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<tr>
<td>Connecticut</td>
<td>Maryland</td>
<td>North Carolina</td>
<td>Vermont</td>
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<td>Delaware</td>
<td>Massachusetts</td>
<td>North Dakota</td>
<td>Virginia</td>
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<td>District of Columbia</td>
<td>Michigan</td>
<td>Ohio</td>
<td>Washington</td>
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<td>Idaho</td>
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<tr>
<td>Illinois</td>
<td>Nebraska</td>
<td>Rhode Island</td>
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*Sheldon Good & Company is currently licensed or has coop/affiliate licenses in all 50 states. Subject to change.
What Goes Around, Comes Around

On March 26, 1990, the Resolution Trust Corporation (RTC) prepared a study as a result of conducting thousands of auctions which stated:

“Well conducted auctions can approximate the sales prices obtained by other methods of sales, in aggregate, if not on each property. Key characteristics of successful auctions are:

- Complete marketing of the properties so that the auctions brings even greater market exposure than would normally be attained through a normal listing arrangement;
- Accurate, sufficient information on each of the properties available to potential purchasers; and
- Ample time and opportunity for prospective bidders to inspect the property and property records.

Well conducted auctions with extensive marketing, and which enable the RTC to reduce its actual and opportunity costs of money, are consistent with the RTC’s mandated objectives of 1) maximizing the net present value return from the sale of assets; and 2) minimizing the impact of such transactions on local real estate financial markets.

CONCLUSION:

If an auction exposes property to the market sufficiently and is otherwise properly conducted, disposition prices will establish the market value.”
According to the chief counsel of FSLIC at the time, the work out effort of the FSLIC/RTC recovered 68% of the value of the total RTC portfolio.

The $350 million dollar of residential, commercial and industrial auction sales Sheldon Good & Company executed for RTC produced returns of closer to 90%.
Comparing Today to the Great Depression

**Similarities:**
- Preceding period of excessive debt
- Subsequent massive deflation in asset prices
- Corresponding trauma in the banking and financial system
- Resulting economic slowdown that spread quickly and dramatically throughout the rest of the world

**Differences:**

<table>
<thead>
<tr>
<th></th>
<th>Great Depression (Early Years: 1929-1932)</th>
<th>Today</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Contraction</td>
<td>25% unemployment</td>
<td>7.2% unemployment</td>
</tr>
<tr>
<td>Banks</td>
<td>Hundreds of failures, no deposit insurance</td>
<td>~20 failures, increased deposit insurance coverage amt</td>
</tr>
<tr>
<td>Monetary Policy</td>
<td>Decreased money supply</td>
<td>Massive liquidity injections; rate cuts</td>
</tr>
<tr>
<td>Federal Government Policy</td>
<td>Small steps, raised taxes, tariffs</td>
<td>Massive economic stimulus and recapitalization of financial system</td>
</tr>
<tr>
<td>Global Response</td>
<td>“Beggar thy neighbor” policies raised tariffs and destroyed world trade</td>
<td>“Rush to rescue” policies to aid banking systems</td>
</tr>
</tbody>
</table>

Source: Fidelity December 31, 2008
Comment

- **Housing must lead the recovery.**
  - We must sell the surplus inventory.

- **Banks must lend but it is not a constitutional right to own a home.**
  - You must be able to afford a home and qualify for a mortgage.

- **Significant paradigm shift of value.**
  - We’re caught now because appraisals using comparables with September-December 2008 are questionable in helping the seller and buyer find the real market value.
  - That’s what auctions provide for each party – auctions today can find the value.
REAL ESTATE AUCTIONS TODAY
Sellers emphasize analysis of time value of money, lost opportunity and the true cost of holding and marketing property.

eCommerce and technology embraced auctions, gained tremendous acceptance (eBay).

“Baby Boomers” have high acceptance more than any other demographic.

In 2007, the National Auctioneers Association reported $58.7 billion real estate sold at auction, 22% of a $270 billion industry.

Auctions produce a commercially reasonable sale satisfying the uniform commercial code sale by many mezzanine lenders.

Trust departments rely on the transparency of the process to satisfy fiduciary responsibilities.
Auctions Work Well in Any Market

- **Strategy in a down market**
  - Systematic price reductions rarely work to maximize price. The reduction in the prices that don’t produce additional sales merely confirms to the buyer that the prices will come down. The Buyer has no motivation to make the buying decision now, as they will just continue to wait for the price to come down.
  - The buyer doesn’t know what to pay for the property and therefore, they are not going to make the buying decision for fear that they are going to be paying too much for the property.

- **Four alternatives to sell property in a slow market**
  - A systematic reduction in price, but generally it does not produce velocity in sales and in fact lowers the ceiling to negotiate prices;
  - Raise prices – create scarcity and snob appeal;
  - Bulk sale to a private investor, which generally results in a very high discount between 30-60%;
  - Bulk sale (in effect at retail with competitive bidding) in an AUCTION setting, which would produce a discount significantly less than a bulk sale to a private investor.
THE
SHELDON GOOD & COMPANY METHOD
Why An Auction?

- Creates the illusion of a great deal and fear of loss
- Eliminates high cost of carry. Turns non-earning assets into cash.
- Accelerated, structured sale – not a liquidation
- Focused attention of all potential buyers
- Deadline forces buyers to act immediately
- Sale of competitive product frozen during the auction
- Seller controls the process; buyer is only allowed to fill in name and price
- Property sold as-is, non-contingent basis
- Establish value without price ceiling
- Competitive bidding is exciting, maximizes value
- Bidding in the alternative – best for multiple properties
- For the trust and estate sellers, it provides a transparent process, satisfying a high fiduciary bar
# Types of Auctions

*Works for all classes of property*

<table>
<thead>
<tr>
<th>Open Outcry</th>
<th>Sealed Bid Convertible</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Price is the sole consideration&lt;br&gt;• Fungible market and by demonstrating the demand for the property publicly, a higher price is likely to be obtained&lt;br&gt;• All bidders are required to bid on identical terms&lt;br&gt;• All bidders are interchangeable&lt;br&gt;• A low or no minimum bid strategy is needed to attract interest in the property</td>
<td>• Bids are submitted privately&lt;br&gt;• Seller and Auctioneer review the bids during an irrevocable period and determine the best bid for the property&lt;br&gt;• Convertible means that, if during the marketing or during the bid evaluation period it is determined we are going to see bids from multiple parties (depth of market), and the amounts of the bids will be close, we can convert the offering into an open outcry auction and have the bidders bid face-to-face in a run-off or privately in a best and final sale</td>
</tr>
</tbody>
</table>

• Bids are submitted in writing<br>• Results may or may not be disclosed to the open marketplace<br>• Each bidder is advised to submit their highest bid
## Offering Structure

### Without Reserve/Absolute
- No reserve
- Property is sold to the highest bidder regardless of price
- Strongest calling card, attracts purchasers from the greatest geographic area
- Buyer can justify effort spent in due diligence because they know the property will be sold at auction
- Estimates the additional worry that the buyer will hold out until after the auction in an attempt to negotiate a fairer price afterwards

### Minimum Bid
- The property will be sold at any price equal to or greater than the minimum bid
- Effective if the minimum bid is substantially lower than the buyer's expected price
- If the minimum bid is too high (market value) this discourages people from investigating the property or bidding at the auction
- Effective if a significant upward movement in the bidding of at least 35%

### With Reserve – No Stated Price
- Seller guarantees no definite price
- Low “suggested opening bid” is published and seller reserves the right to accept or reject the highest bid either at the auction or within three to five days of the auction
Method of Bidding

- Low to high
- High to low
- Using cap rate
- Using price per acre
- Using price per square foot
- Using amount of rent (leasehold auction)
Legal Issues

- The Uniform Commercial Code does NOT apply to Real Estate but it is common among Auctioneers and the Courts to carry the practice over to real estate auctions.

- Completion of an auction sale is by:
  - The fall of the hammer
  - Any other customary manner – saying “sold,” ringing of the bell

- Timing of sale and acceptance of bids

- Auctions with reserve and without reserve

- Auctions without reserve (Absolute Auctions)

- E-marketing of auctions must comply with the licensing of the state in which the Property is located
Marketing Mix

Surround the buyer 360°

PRINT
Newspaper
Magazine
Trade association

CO-BROKERAGE ALLIANCES

FINANCING

ELECTRONIC
Internet posting services
Company website
Email blasts

RADIO

SIGNAGE

PUBLIC RELATIONS

DIRECT
Postcards
Letters
Brochures
Blast fax
Web banners

Chicago • New York • Denver • Scottsdale • Houston • Monterrey, Mexico
Innovative implementation strategies mitigate problems because they are based on best practices that set the industry standard.

**Considerations:**
- Customer service focus
- Track record
- Consultative approach
- Transaction strength
- Technology adaptability
- Financial expertise
- National scope
- International Expertise

- 99% closing ratio
- "Quick Close" option
- Depth of auctioneers and ringmen
- Licensed: CCIMs/Lawyers, MBAs, CPAs
- Deal structure/regulatory compliance
- Environmental/contingencies
- Seller financing/third party lender
- SGC personnel
- Sales office
- Complete orientation
- Media
- Signage
- PR
- Brochures
- Direct mail
- Telemarketing
- Internet
All marketing efforts are tracked in order to assure we understand the marketplace – we want no surprises on auction day.

Marketing inputs resulting in call-ins:
• Public relations
• Print & radio
• Telemarketing
• Direct mail
• E-Marketing
• Signage
Compensation, Fees & Costs

- **Retainer/work charge**: In some cases, such as a reserve sale, a retainer; a work charge or no sale fee may be required since the seller has the sole right to accept or reject any or all bids.

- **Commission structure**: To be determined dictated by type of asset, location and complexity of assignment. Offset by a buyer’s premium between 6% and 10% paid to the seller, which mostly offset the commissions and marketing.

- **Buyer’s Premium (Unique in auctions)**: The buyer pays a Buyer’s Premium (between 6% and 10%) – the premium is calculated as a percentage of the high bid price and is added to that amount to create the total sales price paid by the high bidder – all of which goes to the seller to offset commissions.
Compensation, Fees & Costs

- **Cooperating Broker:** To encourage other brokers to bring their clients, a fee of 1½% to 3% of the high bid price is paid by the seller to the co-op broker – paid by the seller.

- **Marketing Budget:** In addition to our commission, the seller is responsible for the costs of the auction marketing program – paid in advance of the program and usually 1%-3% of the gross sales price.

**Notes:**
1) For each engagement, each budget starts at zero and is built based on what we feel it takes to have a successful sale and what markets to target – international, national, regional or local.
2) The net effective cost is very low because the buyer premium offsets most or all of the commissions and marketing.
Example of the Buyers Premium

1.3 Calculation of Purchase Price and Earnest Money.

(a) High Bid Price
(b) Purchaser’s Premium (equal to 10% of the High Bid Price)
(c) Extra, if any
(d) Purchase Price (sum of (a), (b) and (c))
(e) Initial Earnest Money
(f) Additional Earnest Money (10% of (d), less (e))

1.4 Payment of Purchase Price. The purchase price for the Property shall be the “Purchase Price” set forth in Section 1.3(d) above, and shall be paid as follows:

(a) Concurrently with the execution of this Agreement, Purchaser shall deposit into a strict joint order escrow trust established with the Escrow Agent, as earnest money hereunder, the sum stated in Section 1.3 of this Agreement. Such “Initial Earnest Money” is payable by certified or cashier’s check made to the order of Escrow Agent.

(b) Within four (4) business days of the execution of this Agreement, Purchaser shall deposit into the escrow trust described in subsection (a) above the amount which, when taken together with the Initial Earnest Money, shall equal ten percent (10%) of the Purchase Price (the “Additional Earnest Money”). The Additional Earnest Money is payable by certified or cashier’s check or in such other form mutually agreed by Buyer and Seller) made payable to the order of Escrow Agent and delivered to Escrow Agent on or before 5:00 p.m. Chicago, Illinois time four business days following the execution of this Agreement. All sums deposited by the Purchaser as Initial Earnest Money and Additional Earnest Money from time to time shall hereinafter be referred to as the “Earnest Money”. The Earnest Money shall be held and disbursed by the Escrow Agent pursuant to Article 9 of this Agreement.

(c) The balance of the Purchase Price shall be paid in accordance with Section 5.4 of this Agreement.
## Select Assignments

<table>
<thead>
<tr>
<th>Client</th>
<th>Asset Class</th>
<th>Properties</th>
<th>States</th>
<th>Marketing Cost</th>
<th>Sales</th>
<th>Marketing Cost as a % of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARC</td>
<td>12</td>
<td>71</td>
<td>15</td>
<td>$1,000,000</td>
<td>$215,000,000</td>
<td>0.5%</td>
</tr>
<tr>
<td>Alcoa</td>
<td>1, 2, 5</td>
<td>11</td>
<td>8</td>
<td>$550,000</td>
<td>$20,000,000</td>
<td>2.8%</td>
</tr>
<tr>
<td>American Ski Company</td>
<td>7,11</td>
<td>180</td>
<td>1</td>
<td>$325,000</td>
<td>$14,500,000</td>
<td>2.2%</td>
</tr>
<tr>
<td>Amoco</td>
<td>1, 2, 6</td>
<td>38</td>
<td>3</td>
<td>$265,000</td>
<td>$4,500,000</td>
<td>5.9%</td>
</tr>
<tr>
<td>BP Oil (1)</td>
<td>1, 2, 6</td>
<td>44</td>
<td>1 (1)</td>
<td>$110,000</td>
<td>$2,200,000</td>
<td>5.0%</td>
</tr>
<tr>
<td>ConRail</td>
<td>1, 2, 8</td>
<td>91</td>
<td>4</td>
<td>$175,000</td>
<td>$2,800,000</td>
<td>6.3%</td>
</tr>
<tr>
<td>Confederated Life (2)</td>
<td>3, 4, 7, 9</td>
<td>22</td>
<td>4 (2)</td>
<td>$515,000</td>
<td>$37,760,000</td>
<td>1.4%</td>
</tr>
<tr>
<td>First Federal Rochester</td>
<td>10</td>
<td>350</td>
<td>3</td>
<td>$375,000</td>
<td>$35,000,000</td>
<td>1.1%</td>
</tr>
<tr>
<td>Interwest</td>
<td>7</td>
<td>32</td>
<td>1</td>
<td>$325,000</td>
<td>$11,000,000</td>
<td>2.9%</td>
</tr>
<tr>
<td>Metropolitan Life</td>
<td>11</td>
<td>1</td>
<td>1</td>
<td>$30,000</td>
<td>$3,450,000</td>
<td>0.8%</td>
</tr>
<tr>
<td>New York Life (3)</td>
<td>3</td>
<td>7</td>
<td>4 (3)</td>
<td>$175,000</td>
<td>$10,000,000</td>
<td>1.8%</td>
</tr>
<tr>
<td>Resolution Trust Co. (RTC)</td>
<td>1-10</td>
<td>235</td>
<td>7</td>
<td>$1,000,000</td>
<td>$176,000,000</td>
<td>0.6%</td>
</tr>
<tr>
<td>Trump Plaza (FL) (4)</td>
<td>7, 10</td>
<td>72</td>
<td>1 (4)</td>
<td>$575,000</td>
<td>$17,110,000</td>
<td>3.4%</td>
</tr>
<tr>
<td>United Homes (5)</td>
<td>10</td>
<td>320</td>
<td>3 (5)</td>
<td>$365,000</td>
<td>$19,300,000</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

**Notes:**
- Properties all throughout Ohio from Cleveland to Cincinnati. Auction held in Columbus, OH.
- Properties located in 4 Provinces across Canada from Alberta to Ontario. One week Caravan Auction held from Edmonton to Saskatoon to Winnipeg to Toronto.
- Properties located in Alaska, Wyoming, Oklahoma and Kentucky. One week Caravan Auction from Anchorage, AK to Casper, WY to Tulsa OK to Henderson, KY.
- One Condominium building - Simulcast Auction held in New York, Chicago and Palm Beach.
- Separate Auction Forums - Illinois, Michigan and Arizona.
- Inquiry Volume - calls ranged from 450 to 20,000+ per program. For example: Amoco logged 2,200+ calls, First Federal Rochester logged 20,000+ calls, United Homes logged 4000+ calls, Confederated Life logged 950+ calls - all managed with superior results.
ALCOA
Fifteen Properties Located in Eight States

- Six manufacturing/warehouse facilities
- Local, Regional, National & International buyers
- Results:
  - 14 of 15 properties sold within parameters set for the entire portfolio
  - Portfolio value $20 million
## ALCOA
### Fifteen Properties Located in Eight States

<table>
<thead>
<tr>
<th>Property #</th>
<th>Auction Strategy</th>
<th>Property Type</th>
<th>Offering Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lebanon, PA</td>
<td>Sealed Bid</td>
<td>771,445 Sq. Ft. Plant on 122 Acres</td>
<td>Minimum Bid $1.5 million Sold for $1,000,000</td>
</tr>
<tr>
<td>Lebanon, PA</td>
<td>Sealed Bid Convertible</td>
<td>4 Vacant Land Parcels</td>
<td>With Reserve – Sold $506,000</td>
</tr>
<tr>
<td>Newton, MA</td>
<td>Sealed Bid</td>
<td>9 Buildings totaling 256,000 Sq. Ft. Industrial on 11.1 Acre redevelopment site</td>
<td>With Reserve – Sold $12,980,000</td>
</tr>
<tr>
<td>Jonesboro, GA</td>
<td>Open Outcry</td>
<td>279,650 Sq. Ft. Mfg/Warehouse Facility on 11.5 Acres</td>
<td>With Reserve – Sold $1,237,500</td>
</tr>
<tr>
<td>Fairburn, GA</td>
<td>Open Outcry</td>
<td>92,260 Sq. Ft. Industrial Bldg. on 20 Acres</td>
<td>Minimum Bid $600,000 Sold $1,375,000</td>
</tr>
<tr>
<td>Franklin, IN</td>
<td>Sealed Bid</td>
<td>286,500 Sq. Ft. Mfg./Distribution Facility on 23 Acres</td>
<td>With Reserve</td>
</tr>
<tr>
<td>Mt. Vernon, KY</td>
<td>Sealed Bid</td>
<td>13,000 Sq. Ft. High-Tech Industrial Facility on 5.8 Acres</td>
<td>With Reserve $236,500</td>
</tr>
<tr>
<td>Lafayette, IN</td>
<td>Open Outcry</td>
<td>2.15 Acre Commercial/Retail Development Site</td>
<td>Minimum Bid $100,000 Per Acre Sold $237,160</td>
</tr>
<tr>
<td>Sidney, OH</td>
<td>Open Outcry</td>
<td>2 Industrial Development Sites on 25 Acres</td>
<td>Minimum Bid $100,000 Per Acre Sold $139,733</td>
</tr>
<tr>
<td>Morris, IL</td>
<td>Sealed Bid</td>
<td>87 Acre Development Site</td>
<td>With Reserve – Sold $330,018</td>
</tr>
<tr>
<td>Sparks, NV</td>
<td>Sealed Bid</td>
<td>Divisible 60-Acre Industrial Development Site</td>
<td>Absolute Regardless of Price</td>
</tr>
</tbody>
</table>
ALCOA
Newton, MA

- **11.1-Acre Redevelopment Site at 55 Tower Road**
- **Marketing Program:**
  - Local, Regional & National
- **Style:**
  - Sealed Bid
- **Results:**
  - Appraised Value: $12.85 million
  - Sales Price: $12.98 million
  - Percent of appraisal: 101%

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**Outstanding 11.1-Acre Redevelopment Site**
55 Tower Road, Newton, Massachusetts

Certified or cashier’s check required at 5% of bid price.

**ADDITIONAL INFORMATION**
- Approximately 11.1 acres
- Or 415,000 square feet
- Street access on Tower Road
- Headquarters for Boston-based manufacturer
- Improved site with two buildings
- Excellent location in dynamic residential, retail, commercial, and industrial development area
- Minutes from in state and out-of-state major transportation hub
- Route 93, Route 123, Route 128, I-95, and Boston Logan International Airport, which is just 30 minutes away.

**FAVORABLE FEATURES**
- Strategic location
- Excellent access
- Diverse market
- Wide variety of uses
- Strong tenant mix
- Low local property taxes
- Available for immediate occupancy
- Excellent investment potential

**APPRAISED VALUE:**
$12.85 million

**SALES PRICE:**
$12.98 million

**PERCENT OF APPRAISAL:**
101%

---

**SHELTON GOOD & COMPANY**
Chicago • New York • Denver • Scottsdale • Houston • Monterrey, Mexico
Newell-Rubbermaid

Eight Properties in Five States

- Manufacturing, Warehouse and Distribution Facilities
- Results:
  - All 8 properties sold
  - Local, Regional and National Buyers
**Newell-Rubbermaid**  
*Eight Properties in Five States*

<table>
<thead>
<tr>
<th>Property #</th>
<th>Auction Strategy</th>
<th>Property Type</th>
<th>Offering Method</th>
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</thead>
<tbody>
<tr>
<td>Manitowoc, WI</td>
<td>Open Outcry</td>
<td>28,000 Sq. Ft. Industrial Bldg. on 3 Acres</td>
<td>To be sold Absolute Sold $55,000</td>
</tr>
<tr>
<td>Manitowoc, WI</td>
<td>Open Outcry</td>
<td>99,000 Sq. Ft. Industrial Facility on 2.89 Acres</td>
<td>To be sold Absolute Sold $143,000</td>
</tr>
<tr>
<td>Manitowoc, WI</td>
<td>Open Outcry</td>
<td>175,000 Sq. Ft. Mfg. Bldg. on 7.72 Acres</td>
<td>To be sold Absolute, Sold $390,500</td>
</tr>
<tr>
<td>Manitowoc, WI</td>
<td>Open Outcry</td>
<td>900,000 Sq. Ft. Industrial Bldg. on 3.75 Acres</td>
<td>To be sold Absolute, Sold $20*</td>
</tr>
<tr>
<td>Shelbyville, TN</td>
<td>Open Outcry</td>
<td>119,000 Sq. Ft. Two Industrial Bldgs. On 4.25 Acres</td>
<td>To be sold Absolute, Sold $33,000</td>
</tr>
<tr>
<td>Athens, GA</td>
<td>Open Outcry</td>
<td>179,000 Sq. Ft. Premium Industrial Facility on 39.3 Acres</td>
<td>To be sold subject to a minimum bid of $1.6 million Sold $1,760,000</td>
</tr>
<tr>
<td>Sturgis, MI</td>
<td>Open Outcry</td>
<td>877,355 Sq. Ft. Industrial Facility on 56 Acres</td>
<td>To be sold subject to a minimum bid of $1.6 million Sold $500,000</td>
</tr>
<tr>
<td>Ogdensburg, NY</td>
<td>Open Outcry</td>
<td>63,400 Sq. Ft. Industrial Facility on 5.28 Acres</td>
<td>To be sold Absolute, Sold $12,500</td>
</tr>
</tbody>
</table>

*$1,000,000 environmental liability. We coupled this sale so the buyer had to purchase this piece if they wanted another more valuable program.

**Chicago • New York • Denver • Scottsdale • Houston • Monterrey, Mexico**
National Investment Portfolio Sale
Four Locations in Florida

- Four industrial and office properties 100% leased with regional and national tenants
- Combined net operating income $1.1 million
- Target sale price $13 million – 8.5 CAP
- Sale price at auction $15.5 million – 7.1 CAP
- Note: Sold absolute without reserve with a $7.0 million mortgage on the property
401 Industrial Way West
Eatontown, NJ

- **140,000 Sq. Ft. Class A Industrial Building**
- **Marketing Program:**
  - Local, Regional & National
- **Time frame:**
  - 60 days sold/90 days closed
- **Style:**
  - Open Outcry/Multiple Seller
- **Results:**
  - Opening bid $3.3 million
  - Sold for $4.5 million pre auction
  - Met deadline of year-end sale requirement
  - Identified new user which 1 ½ years of conventional marketing did not surface
  - Price exceeded sellers’ expectations
MacArthur Trust
Barrington Hills, IL

- **Divisible 430 Acre Development Site**
- **Marketing Program:**
  - Local, Regional & National
- **Style:**
  - Sealed Bid
- **Results:**
  - Sold for $5.7 million

**Note:** Forced buyers to bid in the alternative

1. With Zoning contingencies
2. Without – ALL cash
6877 Goreway Drive
Mississauga, Ontario

- **98,300 Sq. Foot Headquarters**
  - Former Hewlett Packard Office

- **Marketing Program:**
  - Local & Regional

- **Time frame:**
  - 6 Weeks

- **Style:**
  - Open Outcry

- **Results:**
  - Difficult to value, uncertain market situation
  - 100 inquiries/30 inspections
  - Sold 200% over opening bid
Commercial Properties and Landsites
Multiple locations across IL, IN and WI

- Former Development & Gas Station Sites in 8 Acre Parcels
- Marketing Program:
  - Local, Regional & National
- Results:
  - 700+ calls in 220 cities
  - 45 properties offered
  - 4 removed from sale by Amoco because of new Environmental concerns
  - 36 sold on auction day
  - 87.7% Sold Auction day
  - 5 post auction properties available, 3 sold post auction

- 39 TOTAL PROPERTIES SOLD
- 95% OF TOTAL PROPERTIES SOLD
- GROSS SALES (approx): $4,500,000

Chicago • New York • Denver • Scottsdale • Houston • Monterrey, Mexico
72 Manufactured Home Communities Throughout Fifteen States

- Publicly traded REIT wanted to exit certain markets
- Largest commercial real estate auction in U.S. real estate history
- Bid via cap rate – lowest cap rate wins -- with winning bidder able to select choice of one or 71 communities
- Total sale, $215 million
Manistee National Golf & Resort
Manistee, MI

- Open Outcry - Public Course 36 holes
- Minimum Bid Strategy $3,675,000
- Sold for $4,803,750
- Quick Closed in 10 days for 1% discount
- All Cash, No Contingencies
- Marketed in March/April Course was not opened during most of the marketing program.
Horizon Farms
Barrington, IL

- 400 acre Equestrian Estate
- 10,000 sq. ft. Main House
- Largest residential trophy home sale in the Chicagoland area in 2006
- Largest Conservation Easement in Illinois limited the redevelopment or subdivision of the 400 acres to 9 trophy homes - up to 44,000 sq. ft. livable.
- Sold for $19.3 Million
Miramar
Newport, Rhode Island

- One-of-a-kind “Gilded Age” mansion located on eight oceanfront acres
- Sold for $17,500,100 -- a record price for a single family home sale in Rhode Island.