

Fee-Simple Real-Estate Example

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Background:

ICON purchases hard to sell real estate that has: demonstrated a market value well below the client's asking price, a characteristic (physical, location, etc.) that leads to a potentially lengthy marketing timeframe, or, any other factor that makes a quick, reliable closing not readily achievable through the traditional marketing process.

ICON purchases fee-simple real estate using the same process as any investor, developer, single use tenant, etc. Starting with a P&S agreement, ICON initiates virtually the same due diligence as any other buyer. Upon satisfactory completion of due diligence (typical due diligence periods are 30-90 days depending on the complexity of the property, usually 30-45 days if a Phase II Environmental Report is not required), ICON closes on the real estate. ICON typically does not finance our acquisitions and thus can close quickly.

Upon closing, ICON will remarket the real estate, many times using the same broker (they know the property the best and know who might have been interested buyers at the "right" price).

Clients that sell real estate to ICON then purchase a predetermined amount of media advertising from ICON. This media is delivered by ICON for the same price and with exactly the same terms and conditions (positioning, cancellation options, added value and payment terms, etc.) as would otherwise be provided by the clients' advertising agency. The existing advertising agency continues to plan and price the media advertising, ICON simply completes the planned media execution.

Assumptions:

- Land and Building is owned with a book value of \$1 million.
- Assumed fair market value after closing expenses is \$300,000.
- ICON has performed due diligence on Client's media advertising and determined that ICON has a 20% leverage/trade factor.

Possible Barter Transaction:

- ICON pays Client \$100,000 at contract signing as a refundable deposit (subject to completion of the real-estate due diligence) and the balance of \$900,000 (net of traditional closing adjustments for real-estate taxes, etc.) at closing.
- Client agrees to purchase \$5,000,000 of media advertising from ICON.
- ICON assumes the risk of selling the real estate for the assumed fair market value of \$300,000 with no consequence for Client if there is a shortfall.

Transaction Results:

- Client receives their full asking price and incurs no economic loss from the sale of underperforming real estate.
- Client purchases the same media at the same price as they would have in their normal course of business.
- ICON receives proceeds from resale of property to a third party.