

NOTE: I recently received a phone call regarding a coal mining property I am selling in Kentucky from a consultant who over the past twenty years has developed a cookie cutter for allowing the seller to take all cash with minimal tax impact, even if not re-investing the proceeds back into mining. This could be very worthwhile if you are the seller, worried about tax impact, and if your transaction fits his specific criteria. After reading his follow-up letter below, you may like to investigate further or take advantage of a no cost analysis. For further details please email me at fasthorses@elkhorn.me

Glenn-

Thank you for your time earlier this afternoon discussing the energy properties that you are selling, and I look forward to working with you in the future should you become aware of any properties that conform to our firm's acquisitions profile.

Our firm, works with various investor groups who acquire "C" corporations and other similarly taxed business entities that are selling appreciated real property. It is a very attractive alternative for owners that are contemplating "cashing-out" and not reinvesting the proceeds their company receives from the sale of its real property.

In instances where a corporation enters into a contract to sell its real property at a sizable taxable gain, our qualified investor groups will purchase the corporate stock at a price substantially greater than the amount the owners of the corporation would otherwise take in if the company paid its capital gains tax and distributed the net proceeds. Based upon the timing, size, and other considerations including pricing, we will determine which specific investor group is best suited for each acquisition candidate.

Under our ownership, the company will reinvest for a long-term period via a §1031 Tax Deferred Exchange and subsequently make a sub-chapter "S" election, a process which over time we anticipate will bring a greater value that we share upfront with the former shareholders as a "premium" for their stock.

Our investor groups can acquire the following business entity types:

'C' Corporations

Co-Operatives

LLC filing as a "C" Corp for tax purposes - (foreigners almost always own U.S. property this way for estate & other reasons)

Corporations owned by foreigners

Corporations formed prior to 1986

Publicly-traded corporations

Wholly owned subsidiaries of "C" Corporations (either LLCs, partnerships, or other wholly owned subsidiaries with a high outside/low inside basis)

Companies that have lost "S" election or have recently converted to an "S" Corporation within the last nine years

Corporations intending on going public

Business or complex trusts that pay severable tax

As you know, most buyers typically prefer to buy assets rather than stock because in an asset sale:

The basis is stepped up to the purchase price and is generally eligible for tax depreciation or amortization and less gain is realized if pieces of the property are later developed and sold;

The financing is more readily available at competitive rates; and

Buyers are not at risk for any of the corporate liabilities.

Conversely, shareholders of a "C" corporation generally prefer to sell stock, because in a stock sale:

Sales proceeds are taxed once at the personal capital gains level;

Certainty and finality of the transaction;

No reinvestment risks or holding requirements;

Little or no wind-down costs to close corporate books; and

Selling shareholders generally have a clean exit and minimize the exposure of unknown contingent corporate liabilities

At no cost or obligation, we will prepare a comparative analysis based on the facts and circumstances that is tailored to the shareholders' objectives. Our investor groups can close the transaction quickly and the acquisition is typically for all cash with no holdbacks, providing the sellers with a clean exit. These analyses can be very beneficial in evaluating both asset and other stock offers and facilitate marketing campaigns in both formats.

Our investor groups' stock acquisition format is a "seller-friendly" transaction, and our ability to work through difficult circumstances and numerous closings throughout the United States speaks for itself. We have personally worked with companies such as Cargill, other owners of private companies such as the former President of the Florida Cattlemen's Association, not-for-profit entities such as The Nature Conservancy; and at the appropriate time, we will gladly provide references.

Given the tightening credit market and scarcity of aggressive asset offers in the current real estate market, our investor groups' pricing and stock acquisition structure has become even more meaningful to selling shareholders. In some instances, our investor groups' stock purchase price may allow a company to accept a lower sales price for its real property while overall still netting the shareholders the same (or greater) after-tax proceeds and consequentially make a transaction possible.

Please confirm receipt of our email, and if you have any further questions about our acquisition model, please do not hesitate to contact us.

Best regards,
Vince

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