

THE GWENT GROUP, Inc.

Capability Statement

The GWENT Group, Inc. is a consulting firm established in 1948, by Indiana University School of Business faculty, to provide management advisory services. The Asset Management Consulting Division was created in 1975, Management Education and Research Corp. division in 1949, the Real Estate and Business Trends division in 1952, and the association management and planning division in 1976.

This structure has allowed, by design, a varied set of clients. It has allowed GWENT to build expertise in a specific industry from the top down. By doing strategic planning for national associations, developing their educational programs through our GWENT Educational Design Blueprint, then fulfilling key management consulting assignments to leading industry member firms, GWENT becomes totally immersed in an industry. GWENT has done this in multiple industries.

Two of the industries where GWENT has had the deepest, and broadest, of experiences are real estate and auction marketing. In both the auction industry, and in real estate, we can show strong examples of the cross over between assignments. The principals in the firm have extensive records of providing such services to these industries. Stephen J. Martin, GWENT's Chairman and CEO, is a recognized authority in both real estate and auction marketing.

For example, for use in the accelerated marketing of real estate, GWENT has developed an exclusive Request for Proposal (RFP) system, which includes a GWENT Group proprietary grading system for responses from auction marketing firms. Designed to assist clients in the selection of a specific auction marketing firm to sell a particular project, it allows the client greater confidence that they have selected the appropriate firm for their specific project. It also insulates them from numerous marketing calls from firms seeking business from their company, as these calls can be deflected to GWENT, as the client's consultant for such matters.

Gwent maintains lists of auction marketing firm specialists, in various different industries, from which to help clients select an appropriate auction marketing firm for their needs. How did GWENT develop this deep understanding of the auction marketing system and the industry? It was developed through an extensive research capability focused on the auction industry during the time that GWENT was the exclusive national education consultant to the National Auctioneer's Association for 27 years and continues today.

During that period of time GWENT developed, under client contract, the Auction Marketing Institute, the Certified Auctioneers Institute and the designations CAI, AARE, GPPA, and GAA; all designations for the auction industry granted by the National Auctioneers Association and their educational foundations. Martin was also instrumental in starting the National Association Of Realtors® Auction Focus Group. All of these activities involved utilizing research tools such as the GWENT Group designed Common Body of Knowledge (CBK) studies, involving interviews of thousand's of auctioneers focusing on their indications of keys for success in all areas of their business. This gave GWENT a database of elements for predicting an auction company success that had never been developed before, and has not been researched by any other party since.

These activities led to consulting assignments with over 35 major auction marketing firms in the past twenty years to develop strategic marketing, internal development plans and succession plans. These assignments have varied in depth and breadth.

One such assignment was to take a heavy equipment auction marketing firm from sales of \$160 million a year to over \$800 million per year in the space of three years. As part of this assignment the privately held company shareholders asked GWENT, to initiate steps for a public offering of the company. GWENT brought all the players together to accomplish this task, including recruiting several corporate board members who were recruited for their involvement in other IPO's and in managing publicly traded companies. Just as the IPO was being prepared, a large financial services firm made an offer for the company that exceeded the projected IPO net to the controlling shareholders and thus the company did not go public. The company was acquired and the shareholders achieved a very significant return. This assignment gave GWENT considerable understanding of the steps involved in an IPO, especially the structuring of the auction company, and the management of the public relations necessary to provide a positive media image. During this period Martin spent ten days a month, for fourteen months, working inside the client's offices and auditing auction marketing activities as a part of the marketing team for developmental land and equipment auctions.

The Asset Management Division of TGG has enabled its clients from both the public and private sectors to obtain the highest return from assets determined to be in excess of current need. Our involvement in consultation to the real estate industry, and the financial services sector of the US economy has been diverse. We have done projects for financial institutions, university foundations, governmental agencies at both the federal and state levels, Fortune 500 companies and large title-holders.

Since 1975, the GWENT asset management consulting unit has served governments, corporations, and investors here, and abroad. This has given us the opportunity to evaluate many different systems for the marketing and/or acquisition of property. We are recognized authorities on the auction method of marketing, for both real and personal property, and as such, are quoted frequently by the Wall Street Journal, Forbes, Fortune, Business Week, USA Today, most city business journals, and by a number of the national daily newspapers.

The auction form of marketing contains many nuances that those only casually familiar with the activity may not understand. The sale of industrial, commercial/retail, hospitality, developable land, agricultural land, residential multi-family or residential property all have different steps, processes and marketing approaches. Each has different issues, which must be considered during the planning, marketing and executing of an auction marketing sale. GWENT understands these differences. Based on the multiple experiences we have had since 1975, we understand the questions to ask, and the subsequent answers needed, when selecting the right firm.

Various GWENT Group Assignments

GWENT has had numerous client assignments that have developed the skills of the company in becoming the premier consulting firm regarding auction marketing in North America. The following items are just a few which describe our activities in the industry.

- As a prime contractor for the Resolution Trust Corporation (RTC), GWENT created the National Database Collection System to track the billions of dollars of assets being liquidated throughout the nation. This gave us many new insights as to what works in the different marketplaces throughout the US. We monitored all the auctions conducted for the RTC. We analyzed what worked, and what did not, in each situation. This, and other situations of a similar nature, enabled GWENT to develop an understanding of the different marketing approaches needed in the various regions of the United States. "One size fits all", doesn't always work in accelerated marketing of real estate; this is a fact which we understand well. Such assignments have also provided us with significant insight into the requirements for behind the scenes planning and pre-auction event activities that adds to the success of a well planned and executed accelerated marketing real estate event.
- GWENT helped develop, and oversee, Latham Auctioneers, the company selected to sell over a billion dollars in assets controlled by the US government. Over multiple assignments, we moved the company from a regional auction firm in the South East to the exclusive auction firm for HUD, VA and FHA selling 1000's of homes weekly across the United States in ballroom sales attended by 1,000's of consumers. We oversaw marketing, sale planning, determination of order of sale, and closing of all properties sold within 30 days at over 18 locations across the USA. We then helped the company obtain the largest government contract ever let for auction marketing services of both real and personal property.
- The US Marshal's Service selected GWENT to assist in the establishment of systems design, training and initial oversight for all the RICO and Customs seized items, including real estate for the division that today would be the US Department of Homeland Security. This included everything from thoro-bred racing stables to a 15-story office / retail commercial building. This contract was eventually placed in a JV with Latham and a consortium of service providers across the country.
- Fortune 500 companies, such as GE Capital have used GWENT's knowledge and ability to determine the feasibility of various different auction marketing processes and the subsequent screening of auction marketing firms to sell everything from entire shipyards, to national trucking firms, assets of major manufacturing plants, and of large construction firms. One assignment involved the determination of the best way to liquidate equipment coming off-lease in oil fields in several Gulf state countries and determining which auction companies might be involved in those operations. Another was to provide in-depth background on the industry and several international auction marketing firms for potential acquisition.
- GWENT was selected to pick the auction firm for the sale of the largest dry-dock facility on the west coast of the USA. This assignment came with a very short time frame. As one can imagine, the market for such a facility was very limited, yet the firm selected by GWENT, utilizing the auction method of marketing, accomplished a successful transaction within a very limited time frame.
- GWENT has had numerous assignments from title-holders and developers to review their situation for potential liquidation of excess assets by the auction method of marketing. In many cases, GWENT has been able to assist in the process; in other cases our recommendation has been to consider another approach.

- Internationally, GWENT has performed several assignments in Canada and the UK. In two cases GWENT was asked to determine how UK based auction firms might best enter the US market. These assignments were carried out, and today, both firms have a market presence as US entities.

- A large, national commercial brokerage company used GWENT to review a plan for the development and offering of commercial auction marketing services through their national and regional offices. One such assignment was requested, and completed, directly with the Office of the President of one of the largest and most successful commercial brokerage firms in the US. An additional assignment of this nature was for the former CENDANT Corporation, which was developing an accelerated marketing unit plan for all their franchise operations- Century 21, ERA and Coldwell Banker.

- Many times GWENT has been retained to manage the entire liquidation process, including assistance in the selection, and subsequent oversight, of the auction marketing firm selected to conduct the auction(s) for the title-holder. Usually, these relationships are protected by the GWENT initiated NDA, issued to protect the title-holder. Almost all GWENT's client relationships include an NDA to protect the seller.

- One client has given us permission to use their case as an example. First Capital Corporation, of Bloomington Indiana is one example of a liquidation of an excess recreational real estate lake development exceeding \$2,500,000. This property was acquired as "boot" in a very large 1031 Exchange was totally excess to company's operations. The sale included a water company, commercial land and residential lake lots. GWENT was retained to oversee the entire auction marketing process. This involved our RFP process, proprietary grading of the proposals, recommendations for small improvements to enhance the attractiveness of the property to be sold at auction and assistance in determining the order of the properties for sale. At the auction event, GWENT made certain that the selected auction company followed their marketing plan and supervised the closing room operations for successful bidders. GWENT then reviewed the Auction Summary Report, issued by the auction company post-closing, assuring that all aspects of the auction contract had been met. The results of this auction far exceeded the original expectations of the title-holders.

Other times GWENT determines the best channel of distribution for excess property and simply oversees the title-holders interests in the oversight of the auction marketing process. GWENT has done multiple such assignments for developers and financial institutions.

Financial institutions, foundations, governmental entities and private portfolio holders have retained GWENT to provide auction advisory services to assure that the selection of the auction marketing firm is done correctly. From multi-family projects, to developable land, to commercial buildings, to agricultural land, and industrial uses GWENT has assisted both private and public title-holders in the reallocation of their real estate assets.

Does GWENT Understand Real Estate?

For the traditional real estate market, GWENT has developed significant strategic planning and training activities for firms of various sizes. Through one subsidiary GWENT has trained over 320,000 real estate licensees since 1969. It provides ongoing proactive planning sessions for real estate professionals preparing for the rapid change

occurring in the industry. GWENT has provided advisory services to many different brokerage operations on many different issues. They have also acted as both agents, and principals, in multiple different commercial sales.

The principals of the firm are licensed and designated long time real estate brokers, with national reputations in their fields. They have taught real estate at the undergraduate and graduate level, as well as for national Societies, Councils and Institutes. They have been featured speakers at the NAR national meetings, the Appraisal Institute, and other real estate organizations. The GWENT Group principals are co-authors of over fourteen texts in real estate and auction related topics, including specialty texts in the auction field (4) and real estate. For over twenty years their principles and practices real estate text was the number two selling text in the USA. Their auction guides are used by auction training facilities from coast-to-coast, including a number of university based real estate programs.

The strategic planning unit of the company has provided services to start-ups and emerging companies up to specific projects for RCA. Over 15 national non-profits benefited from the planning and facilitation skills of the GWENT group in developing strategic plans for their organizations from the Boy Scouts of America to facilitation for Presidential Advisory Group functions of the National Association of Realtors®.

GWENT has also participated, as a training partner, in the provision of auction training services to foreign governments emerging from decades of communist controls allowing for a swift transition to a free market economy. As a partner with New Venture Development Corporation of Washington D.C., we provided such training to Estonia and other Balkan nations.

GWENT stands ready to assist your company in the reallocation of excess assets.

The GWENT Group, Inc.

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