

SUGAR MILL GLEN LLC (“Seller”)
C/o Avalon Commercial LLC
841 Bishop Street Suite 1601
Honolulu, HI 96813



NON-BINDING LETTER OF INTEREST (“LOI”)

Dear Sirs:

Thank you for providing preliminary information regarding your intention to offer for sale the unencumbered fee simple interest in subdivided vacant I-2, Industrial zoned lots at Sugar Mill Center at Mill Town. We understand and agree any such offering is wholly contingent upon prior final subdivision approval by proper governmental authority and satisfactory completion of all required subdivision infrastructure.

We further understand the following:

Property Owner: Sugar Mill Glen, LLC, a Hawaii limited liability company.

Property: The property (“Property”) shall be comprised of approximately _____ square feet.

Terms and Conditions of Purchase:

Purchase Price: _____ and 00/100 US Dollars (\$ _____/SF).

Other Terms: Subject to final negotiation of a Purchase/Sale Agreement, if any.

Target Delivery Date: Estimated to be in the 1st Quarter of 2007.

Representation: Undersigned and Property Owner (sometimes jointly referred to herein as “Principal Parties”) acknowledge that prior to Undersigned’s submittal of this LOI it has been disclosed and agreed that only Avalon Commercial LLC represents the Property Owner only and only _____ represents the Undersigned only in this potential transaction. There are no other brokers involved in this transaction. Avalon Commercial shall pay Undersigned’s Broker a real estate commission as shall be agreed in a Separate Broker’s Agreement. Any claims for commissions by anyone other than Avalon Commercial and Undersigned’s Broker shall be the Undersigned’s sole responsibility.

Non-Binding Nature: This LOI is intended to simply register our potential interest in the Property, subject to final subdivision approval and mutual agreement of all the terms and conditions of a binding Purchase/Sale Agreement between us, if any. This LOI shall not be construed as an offer to sell or purchase and shall not be deemed to create a binding contract or agreement, implied or otherwise, between the Principal Parties. No contract or purchase agreement shall be deemed to exist between the Property Owner and the Undersigned unless and until a definitive Purchase/Sale Agreement has been executed by and between the Principal Parties.

Conditions Precedent to Acceptance hereof by Property Owner: Prior receipt by Property Owner of executed: 1) Broker-Client Registration Letter and 2) Cooperating Broker’s Separate Agreement, attached.

The terms of this letter shall not be disclosed by either Undersigned or its agent(s) to any third party unless and until the Principal Parties sign a mutually agreed Purchase/Sale Agreement, if any. Thereafter, such Purchase/Sale Agreement shall govern the confidentiality of any transaction.

Sincerely,

_____, as “Undersigned”

By: _____

Title: _____

Date: _____

ACKNOWLEDGED BY PROPERTY OWNER:

SUGAR MILL GLEN LLC, a Hawaii limited liability company.

By: Avalon SMC, LLC, its Manager

By: Avalon Development Company LLC, its Manager

By: _____
Christine Camp Friedman, its Manager

Date: _____

Reference Date: _____



AVALON COMMERCIAL LLC
841 Bishop Street Suite 1601
Honolulu, HI 96813

BROKER/CLIENT EXCLUSIVE AGENCY REGISTRATION LETTER

Dear Sirs:

_____, a duly registered and licensed Hawaii real estate brokerage firm in good standing with the State of Hawaii and with the Hawaii Real Estate Commission (“Broker”) hereby registers with **AVALON COMMERCIAL LLC** (“Agent”) its exclusive agency appointment by the below identified entity (“Client”) for the purpose of Client’s desire to acquire vacant, I-2 Intensive Industrial District zoned land at Sugar Mill Center at Mill Town (“Project”).

When this Letter is fully executed, then the registration period (“Registration Period”) during which Broker’s Agency shall remain in effect is for one (1) calendar year from the above Reference Date, unless Broker’s agency is terminated earlier in writing by Client. At the expiration of the Registration Period, or earlier termination by Client of Broker’s agency, this Broker/Client Exclusive Agency Registration Letter shall automatically expire and shall be of no further force and effect.

For the successful purchase by Client of any portion of the Project that closes escrow during the Registration Period, Broker shall receive a commission at close of escrow from funds held in escrow, subject to full execution of a Cooperating Broker’s Separate Agreement between Broker and Agent and pursuant to the terms and conditions thereof.

Client and Broker further agree, acknowledge and accept the following:

1. Only Agent and its agents, officers and employees represent Sugar Mill Glen, LLC (“Property Owner”) only. Only Broker and its agents, officers and employees represent Client only.
2. Neither Agent nor Property Owner offers any sub-agency to Client’s Broker and Client’s Broker makes no claim of any sub-agency.
3. The availability of any fee simple land within the Project is wholly contingent upon final subdivision approval, which is not guaranteed. Accordingly, no future sale is being offered by Agent or Property Owner.
4. In the event of a successful close of escrow and acquisition of Property, if any, by Client, then Broker and Client hereby agree to indemnify, defend and hold harmless Property Owner and Agent, and each of their respective members, managers, affiliates, officers, employees and agents, from any claims for commissions made by any entity other than Broker.
5. Broker and Client hereby both acknowledge receipt and retention of a copy of this Letter.

Sincerely,
Buyer’s Real Estate Broker Firm Name (“Broker”):

Hawaii Real Estate License Number: _____

By: _____
Name: _____
Title: _____

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| Agreed, Acknowledged and Accepted: |
| Client: _____ |
| By: _____ |
| Name: _____ |
| Title: _____ |
| Date: _____ |

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|---|
| Agreed, Acknowledged and Accepted: |
| Agent: Avalon Commercial LLC |
| By: _____ |
| Title: _____ |
| Date: _____ |

COOPERATING BROKER'S
SEPARATE AGREEMENT



RE: **Prospective Buyer:** Legal Name: _____
Address: _____
Phone: _____ Fax: _____

Property Description: Vacant, I-2 Intensive Industrial District zoned land at Sugar Mill Center at Mill Town ("Project"), comprising approximately _____ square feet, being designated unit/lot number(s) _____ ("Property").

PROPERTY OWNER'S AGENT AND COOPERATING BROKER HEREBY AGREE:

1. Cooperating Broker's individual active licensee appointed to handle Prospective Buyer's desired Property acquisition is: _____, Lic. No.: _____.
2. Property Owner's Agent shall direct escrow to pay directly to Cooperating Broker, at close of escrow, two and one-half percent (2½%) of the full purchase/sale price, in consideration of assistance given by Cooperating Broker. If closing and recordation do not occur, then no commissions shall be due Cooperating Broker.
3. In the event of default by Prospective Buyer under a purchase/sale agreement between Prospective Buyer and Property Owner and retention of all, or any portion, of Prospective Buyer's deposit(s) by Property Owner, Cooperating Broker shall not be entitled to any portion thereof.
4. If Prospective Buyer notifies Property Owner in writing before the full execution of a purchase/sale agreement that Cooperating Broker no longer represents Prospective Buyer in connection with the acquisition of the Property, this Agreement shall automatically and immediately be terminated and have no further force and effect, and no commissions shall be due to Cooperating Broker at close of escrow.
5. Cooperating Broker shall defend, indemnify and hold Property Owner and Property Owner's Agent harmless from and against any claims for commissions by any third party on account of Prospective Buyer's acquisition of the Property.
6. No subagency is offered to Cooperating Broker by either Property Owner or Property Owner's Agent; nor is any subagency accepted by Cooperating Broker.
7. The availability of any fee simple land within the Project, including but not necessarily limited to the Property, is wholly contingent upon issuance of final subdivision approval for the Project by the City and County of Honolulu, which is not guaranteed, and therefore no binding purchase/sale agreement can be entered into until final subdivision approval has been obtained. Cooperating Broker nevertheless is interested in obtaining information about the Project on behalf of its clients, has affirmatively requested the same from Property Owner's Agent, and acknowledges that neither Property Owner nor Property Owner's Agent has engaged in any unlawful or prohibited marketing or offering of the Property prior to final subdivision approval.

Cooperating Broker acknowledges receiving and retaining a copy of this Agreement.

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| AGREED, ACKNOWLEDGED AND ACCEPTED: | |
| Cooperating Broker: _____ | |
| By: _____ | |
| Name: _____ | |
| Title: _____ | |
| Address: _____ | |
| Phone: _____ | Fax: _____ |
| E-mail: _____ | Office ID No. _____ |
| Date: _____ | |

| | |
|---|----------------------------|
| AGREED, ACKNOWLEDGED AND ACCEPTED: | |
| Property Owner's Agent: <u>Avalon Commercial LLC</u> | |
| By: _____ | |
| Name: _____ | |
| Title: _____ | |
| Address: <u>841 Bishop Street, Suite 1601</u> | |
| <u>Honolulu, HI 96813</u> | |
| Phone: <u>(808) 587-7770</u> | Fax: <u>(808) 587-7769</u> |
| E-mail: _____ | Office ID No. _____ |
| Date: _____ | |