

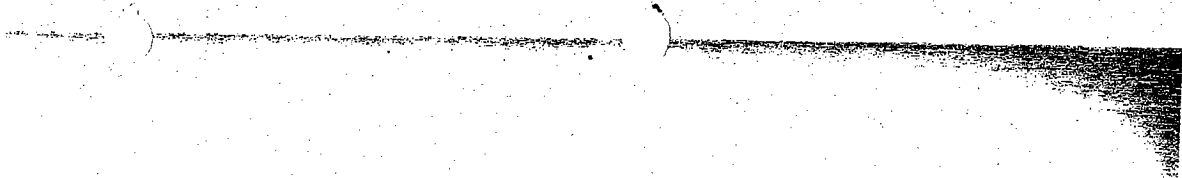
GROVE FARM COMPANY, INCORPORATED

FINANCIAL ADVISOR PROPOSALS

<u>NO.</u>	<u>NAME</u>
1)	Aspen Venture Group, LLC
2)	Dole Capital, LLC
3)	Jefferies & Company, Inc.
4)	Ernst & Young LLP
5)	Chase Securities, Inc.
6)	Deloitte & Touche
7)	Kennedy-Wilson International
8)	Deutsche Banc

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Strictly private & confidential



Grove Farm Company, Incorporated

Proposal to advise Grove Farm Company on strategic alternatives

February 2000

Deutsche Banc Alex. Brown is the marketing name for the US investment banking services of BT Alex. Brown Inc. and Deutsche Bank Securities Incorporated, which are indirect subsidiaries of Deutsche Bank AG.

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Introduction

Section 1

Section 1

Introduction



Introduction

Deutsche Banc Alex. Brown is pleased to present discussion materials for strategic alternatives including the possible disposition (the "Assignment") of Grove Farm Company, Incorporated ("Grove Farm" or the "Company"). Deutsche Banc Alex. Brown has extensive experience in marketing real estate companies and structuring creative solutions to enhance the value of assets and companies. Deutsche Banc Alex. Brown highly enthusiastic about the opportunity to arrange for the potential disposition of the Company in a manner which maximizes proceeds for shareholders.

The Deutsche Banc Alex. Brown team will meet and exceed the needs and requirements of Grove Farm for this transaction for several reasons.

- *Unparalleled advisory and structured finance experience*
 - Deutsche Banc Alex. Brown has completed more than 30 real estate advisory and structured transactions valued at more than \$3.9 billion
- *Unparalleled capital markets expertise*
 - Deutsche Banc Alex. Brown has the ability to structure senior debt, mezzanine debt, preferred and common equity to assist a potential buyer in acquiring the Company
- *Unparalleled ability to market and close transactions*
 - With a professional staff around the world, Deutsche Banc Alex. Brown has access to international investors in every significant market. We can pre-market any transaction in any part of the globe
- *Hawaii market knowledge*
 - Deutsche Banc Alex. Brown in the US and Deutsche Bank AG in Japan's Real Estate Investment Banking ("REIB") offices offer a wealth of experience in sale advisory assignments and have a unique perspective on the real estate market in Hawaii which is driven by US and Asian economic forces



Review of Company objectives

We understand the Company's primary objectives to include the following:

- Evaluate the strategic alternatives available to the Company including a potential sale
- Determine the fairness of the current offer from Scott Blum
- Should the Blum offer prove to be unfair, identify a buyer who will place the highest value on the Company, while respecting Grove Farm's responsibilities to its community
- Develop attractive acquisition financing strategies to enhance the value of the Company to a potential acquirer

These preliminary objectives will be expanded upon and refined throughout the underwriting process.



Overview of the Company

- The Company was founded by George N. Wilcox in 1864 and today is primarily owned by members of the Wilcox family. The Company owns approximately 22,000 acres of land in Kauai and is in the asset management business. Formerly a sugar plantation, the Company ceased its sugar operations in 1974. In addition to leasing its agricultural lands, the company is engaged in the development of its lands.
- The Company is the owner and operator of Kukui Grove Shopping Center, the largest shopping center on Kauai, and is continuing with the development of Puakea, a planned community development
- The Company is privately held and its securities are infrequently traded and are subject to a right of first refusal in favor of the Company



Description of assignment

Section 2

Section 2

Description of assignment



Proposed transaction

Scott Blum Offer

In a letter of intent to the Company, Scott Blum, the founder of Buy.com, proposed to acquire all of the outstanding shares of Grove Farm at a price of \$125/share for the Company's 171,122 shares of common stock, for a total of approximately \$21.4 million and another \$68.7 million of assumed liabilities.

The letter of intent required that the holders of at least 75% of the Company's stock vote in favor of the transaction. Although the board of directors of the Company recommended to the shareholders that they vote in favor of the proposed transaction, only approximately 66% of the shareholders did so. However, the holders of approximately 90% of the shares indicated that they would be willing to consider selling their shares under the right circumstances. The proposed buyer, Scott Blum, has indicated that he would consider resubmitting his proposal if a suitable arrangement can be worked out.

With a 54% ownership stake in Buy.com, Mr. Blum has a current net worth of approximately \$1.5 billion, following Buy.com's IPO on February 8, 2000. Mr. Blum is the son-in-law of Hugh Klebahn, the chairman and chief executive officer of Grove Farm. Mr. Klebahn was not a member of the Grove Farm board of committee that reviewed the offer.



Balance sheet

Consolidated balance sheets December 31, 1998 and 1997

	1998	1997
(\$000)		
Assets		
Cash	\$1,554	\$817
Trade receivables - Net of allowance of \$529 and \$1,158	657	479
Inventories	732	1,070
Prepaid expenses and other	45	54
Nonrecourse collateralized property - Net	34,417	34,671
Property, Plant and equipment - Net	31,911	34,751
Other assets	1,093	1,772
Total	\$70,409	\$73,614
Liabilities and stockholders' equity		
Accounts payable and accruals	\$499	\$458
Interest payable	642	625
Project nonrecourse borrowings	34,524	34,524
Deferred interest	722	354
Long-term debt	31,042	30,510
Capital lease obligations	319	853
Postretirement benefit obligations	-	4,689
Other liabilities	992	1,236
Stockholders' equity		
Common stock - authorized, 250,000 shares of \$20 par value; issued 171,126 and 171,942 shares	3,423	3,439
Additional paid-in capital	147	148
Deficit	(1,901)	(3,222)
Stockholders' equity	1,669	365
Total	\$70,409	\$73,614



Description of assignment

Section 2

Income statement

Consolidated statements of operations Years ended December 31, 1998 and 1997

	1998	1997
	(\$000)	
Agricultural and other land leasing - gross profit (loss)	\$ 126	\$ 190
Rock crushing - gross profit (loss)	454	(362)
Realty - gross profit (loss)	(1,422)	(2,824)
Shopping center and village - gross profit (loss)	(339)	(770)
Sewage treatment plant - gross profit (loss)	(547)	(604)
General and administrative expenses and other	(759)	(1,418)
Operating loss	(2,487)	(5,788)
Other income (expense)		-
Termination of pension and postretirement benefit plans	3,426	1,377
Gain on sales of property	606	(180)
Interest expense	(265)	150
Interest and dividend income	57	-
Other income	3,824	1,347
Income (loss) before income taxes	1,337	(4,441)
Income tax benefit	-	-
Net income (loss)	\$1,337	(\$4,441)

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Marketing strengths and potential concerns

Marketing strengths

- 22,000 acres of pristine, virtually undeveloped land
- Ownership of Kauai's largest shopping center
- Experienced, in-place management team
- Significant development opportunities
- Vibrant US economy, particularly on the West Coast
- Limited recovery of Japanese tourism

Potential concerns

- Weak economic conditions in Kauai as the aftermath of the Asian crisis continues to have a negative effect on Kauai's tourism, real estate and construction markets
- Persistent losses from operations
- Local opposition and government restrictions on development of the land
- Economic disruptions from storms such as Hurricane Iniki in 1992, which caused \$1.6 billion in damage



Section 3

Strategic alternatives / Company disposition



Disposition alternatives

We explored several alternatives for the disposition of the Company:

1. Leveraged recapitalization of the Company
2. JV with a financial partner
3. Outright sale of the Company

Leveraged recapitalization of the Company

We believe that it would be extremely difficult to refinance the Company's existing debt in a cost-effective manner because of the poor cash flow of the Company and its reliance on asset sales to generate income. A leveraged recapitalization for the Company is not a viable disposition alternative.

JV with a financial partner

Based on our extensive experience structuring joint ventures between owner/operators of real estate and financial partners, we believe that a joint venture is not a viable disposition alternative. The majority of institutional investors prefer a moderate level of leverage (50% – 60% LTV) and require a return of 12% – 15% with the owner/operator retaining an interest of 20% – 30%. Given the high level of leverage for the Company and lack of current return, the proceeds from a typical joint venture would be insufficient to repay the outstanding Company debt.



Disposition of the Company

We believe that an outright sale of the Company is the optimal strategy for Grove Farm shareholders because it will provide the capital necessary to repay the outstanding debt and provide shareholders with a sizable amount of cash.



Section 4

Marketing process



Marketing process

A team of professionals from our Real Estate Investment Banking Group will assist you in the disposition of the Company. This financial advisory role would involve six interrelated tasks which are outlined below:

Phase I

- **Company underwriting** – Deutsche Banc Alex. Brown will gain an understanding of the Company's objectives and will help outline potential areas of concern as well as present alternative solutions which address these concerns as constructively as possible. As part of that process, Deutsche Banc Alex. Brown will evaluate both the economic and qualitative features of the Company in order to determine its level of attractiveness to prospective buyers and devise a value enhancement strategy for the Company. The underwriting phase will include the following:
 - evaluation of existing appraisal and real estate market data
 - an independent evaluation of the Company using a discounted cash flow analysis
 - an asset based firm valuation determined by real estate value
 - Deutsche Banc Alex. Brown will prepare a presentation to the Board of Directors and recommend a course of action to maximize shareholder value
 - should it be requested by the Company, Deutsche Banc Alex. Brown will prepare a fairness opinion on the offer from Scott Blum.

Phase II

Should the Board of Directors determine that it would prefer to widely market the Company, Deutsche Banc Alex. Brown would engage in the following activities:

- **Preparation of marketing materials** – Deutsche Banc Alex. Brown will create an offering memorandum that will include the following:
 - an overview of the investment opportunity
 - a detailed description and economic overview of the Company
 - a timetable of events under which the transaction will be completed and by which each investor will be asked to abide

It is anticipated that this memorandum will be completed and available for the Company's review within two weeks of the completion of the Company underwriting.

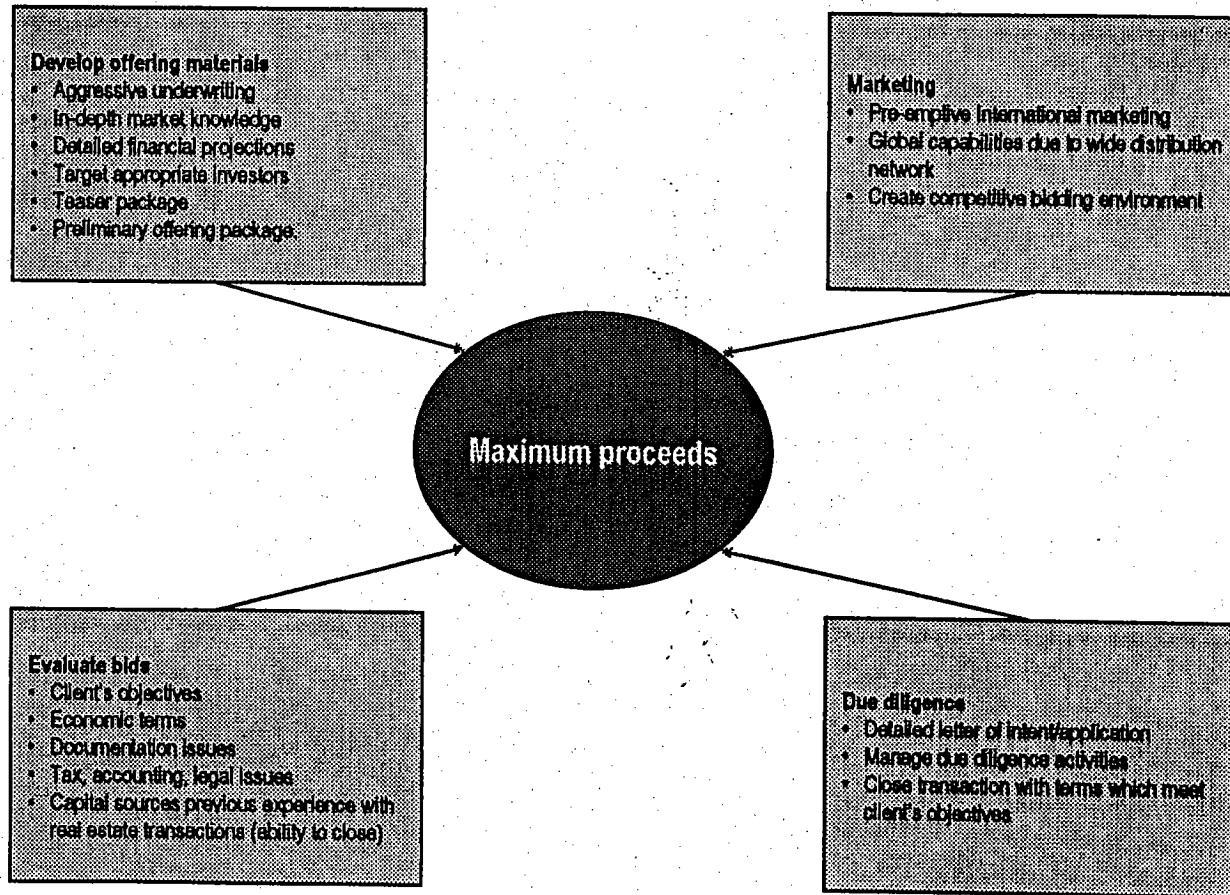


Marketing process (continued)

- **Creation and Implementation of detailed marketing plan** – Deutsche Banc Alex. Brown will identify, pre-qualify and prioritize potential buyers. Prospective capital sources will be selected for their perceived interest in the offering and financial capability to perform, on a timely basis, under the terms of the transaction. We will work closely with Investment Banking representatives from our European and Asian offices to ensure a global marketing effort. These offices will identify potential investors who appear to meet your Company's requirements for a buyer. The opportunity will be presented to each approved investor in face-to-face sessions where we can better evaluate the investor's responses and true level of interest.
- **Preparation of due diligence information** – Deutsche Banc Alex. Brown, in conjunction with the Company, will coordinate the preparation of appropriate back-up materials which will be provided to qualified buyers in their detailed investigation of the Company. In addition, Deutsche Banc Alex. Brown will help coordinate tours of company assets and meetings with the Company's management to solidify the interest of prospective investors. Deutsche Banc Alex. Brown will also provide initial indications regarding possible leverage and interest rates in financing the transaction to prospective buyers.
- **Document negotiation** – The status of all marketing efforts will be systematically communicated to the Company in order to facilitate the final selection of an investor. Deutsche Banc Alex. Brown will then assist the project team in negotiating the sale agreement and/or other documentation as appropriate.
- **Transaction closing** – The final phase of Deutsche Banc Alex. Brown's involvement will be the coordination of all activities required to consummate the transaction. Deutsche Banc Alex. Brown anticipates that a transaction can be closed within 120 – 150 days from market entry (a total of 180 – 210 days overall). The foregoing assumes that all information is received in a timely manner.



Marketing process summary

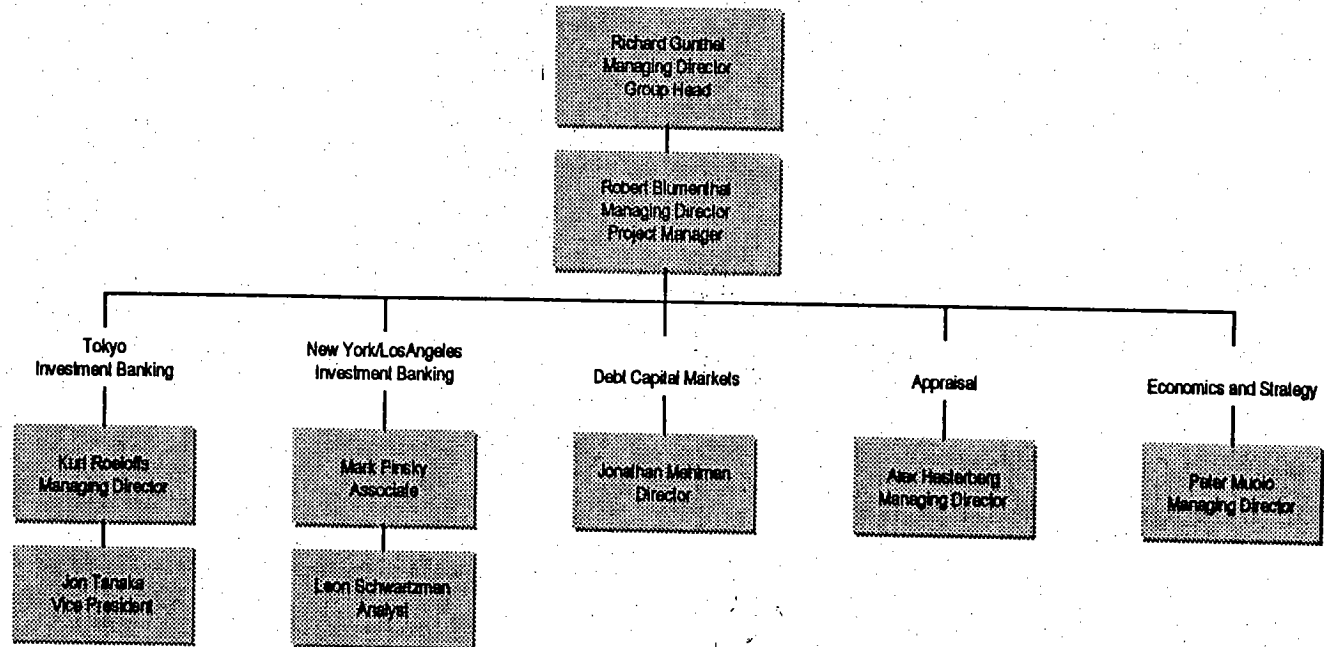


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Deal team





New York

Robert S. Blumenthal, Managing Director

Robert S. Blumenthal joined Deutsche Bank in 1987 as a Vice President and was elected Managing Director in 1990. Mr. Blumenthal is currently managing the Finance and Origination Unit, primarily covering public and private real estate companies and corporate real estate subsidiaries throughout the United States.

Since joining Deutsche Bank, Mr. Blumenthal has advised on or completed in excess of \$10 billion of real estate assignments or transactions. His numerous clients include real estate investment trusts, major developers, investors, corporations, funds, and financial institutions. He has senior experience in numerous rated securitized financings, public equity issuances, private equity placements, mezzanine financings, off balance-sheet acquisition and development programs, and disposition advisory assignments.

Prior to joining Deutsche Bank, Mr. Blumenthal was a Vice President of Salomon Brothers Inc., Real Estate Finance Group. From 1981 to 1987, he participated in a wide range of activities including private placements, joint ventures, secondary commercial "whole loan" sales, and corporate real estate advisory services. From 1978 to 1980, Mr. Blumenthal was a Senior Planner for Raymond Parish Pine and Weiner, a urban planning and real estate consulting firm. At RPPW, he represented numerous municipalities and private owners on land use, development, and public/private partnership issues. His most significant assignment was his role as planning consultant to the South Bronx Redevelopment Office in preparing a multi-billion dollar housing and commercial real estate revitalization plan.



New York (continued)

Mr. Blumenthal received a BA degree, magna cum laude, from SUNY – New Paltz and an MPA from New York University's Graduate School of Public Administration. Other academic pursuits include his position as a full Professor of Real Estate Finance at New York University's MS in Real Estate Development and Investment Program, as well as many contributions to professional and academic publications. In addition Mr. Blumenthal was awarded the 1998 NYU Award for Teaching Excellence. Moreover, he has been conference chairperson for the 1997 and 1998 industry recognized NYU Real Estate Capital Markets Conference and is the designated chairperson for 2000. Mr. Blumenthal is on the Advisory board of the Real Estate Institute of New York University. He has also received the Apgar Award for Excellence for Real Estate publications by the National Association of Corporate Real Estate Executives (NACORE).

Mr. Blumenthal is a licensed NYS Real Estate Broker, and holds NASD Series 24 – Principal, Series 7 – Registered Representative and 63 designations. He has professional affiliations with the Urban Land Institute, International Council of Shopping Centers and the Real Estate Board of New York.



Tokyo

Jon Tanaka, Vice President

Jon Tanaka joined Real Estate Investment Banking in 1998, after having worked in Investment Banking in New York for seven years covering Japanese corporate and financial institutions in the US. While in New York, he completed over \$1.4 billion of transactions in acquisitions, structured finance and credit derivative. In Japan Jon has led the acquisition of several portfolios of non-performing loans secured by real estate from Japanese banks and financed a portfolio of distressed loans. Currently he is focusing on developing our client business in advisory, secured lending and securitization. Most recently, Mr. Tanaka served as real estate advisor to Ripplewood Holdings in its announced \$1 billion acquisition of The Long-Term Credit Bank of Japan.

Jon has a MBA from the Haas School of Business at the University of California at Berkeley, and a BA cum laude in East Asian Studies from Harvard University. He is a recipient of a National Scholarship from the Japanese Ministry of Education for graduate study at Kyoto University. He is fluent in Japanese.



Los Angeles

Mark Pinsky, Associate

Mr. Pinsky is an Associate in the Los Angeles office of the Deutsche Banc Alex. Brown Real Estate Investment Banking Group. Since joining the firm in 1997, Mr. Pinsky has been involved in the origination and structuring of commercial real estate transactions for a variety of REITs, operating companies and private developers. Mr. Pinsky has also participated in advisory assignments for several commercial real estate companies.

Prior to joining Deutsche Banc Alex. Brown, Mr. Pinsky held various positions at Citicorp and Lehman Brothers, where he was involved with the structuring of public and private debt and equity financings.

Mr. Pinsky received a MBA from the University of Chicago (Honors) with concentrations in Finance and Accounting and a BS in Finance (major) and History (minor) from Indiana University (High Honors). He holds a Series 7 and Series 63 securities license.

Leon Schwartzman, Analyst

Leon Schwartzman joined Deutsche Banc Alex. Brown as an analyst in 1998 with the Real Estate Investment Bank. He is primarily responsible for the financial analysis and modeling of various real estate investment banking transactions originated in the Western US.

Mr. Schwartzman graduated cum laude from the University of California, Los Angeles in 1998 with a BA in Business-Economics and a minor in Accounting.



Timetable of marketing process

Phase I

Offering memorandum and due diligence

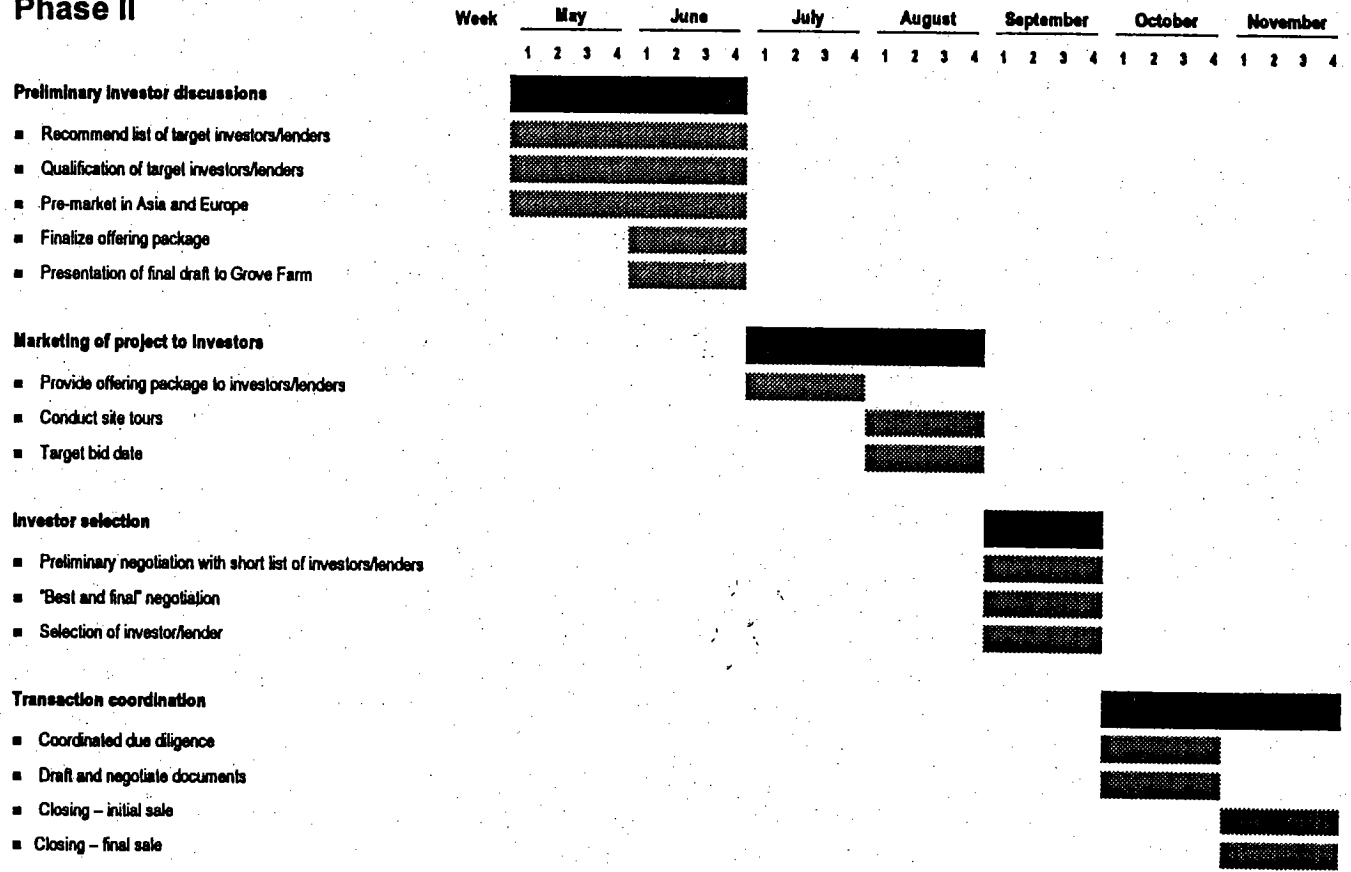
- Project underwriting
- Evaluate value enhancement strategies
- Recommendation for Board of Directors
- Issue fairness opinion

Week	March				April			
	1	2	3	4	1	2	3	4
	[Redacted]							
	[Redacted]				[Redacted]			
	[Redacted]				[Redacted]			
	[Redacted]				[Redacted]			
	[Redacted]							



Timetable of marketing process (continued)

Phase II





Fee structure

Section 5

Section 5

Fee structure

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Fee structure

- \$37,500 monthly fee upon commencement of Phase I – to be credited against success fee or break-up fee
- \$700,000 for the issuance of a fairness opinion
- Success fee of 1.25% on the value of Grove Farm (including the Company's debt) if the Company is sold to anyone other than Scott Blum, less the cost of the fairness opinion
- Break-up fee of \$250,000 if a transaction is not consummated
- Reimbursement of all reasonable out-of-pocket expenses incurred during the course of the engagement



Section 6

Deutsche Banc Alex. Brown capabilities



Deutsche Banc Alex. Brown capabilities

- Global distribution capabilities
- Extensive international sale advisory assignments
- Senior level access to the domestic pension funds, pension fund advisors, offshore funds, life insurance companies and advisory communities as well as access to institutional, corporate and high net worth individual investors
- Extensive experience with Hawaii real estate market



Unprecedented combination of strength and innovation

The merger of Deutsche Bank and Deutsche Bank creates an unparalleled investment banking group with the size and strength of Deutsche Bank and the industry-focused specialization and entrepreneurship of Alex. Brown

- Insight and influence on a global scale
 - largest bank in the world by total assets
 - provides a full range of financial and strategic advisory services to the world's leading corporations, financial institutions, and governments
 - global reach and local expertise through a network of 99 principal offices and locations in 49 countries worldwide
- Reputation for innovation and creativity
 - premier firm for dynamic and growing companies in rapidly evolving industries
 - leadership positions in all major US markets for growth capital – equity, debt, convertible securities and leveraged loans
 - knowledge-driven, industry-focused approach



Full-service investment banking

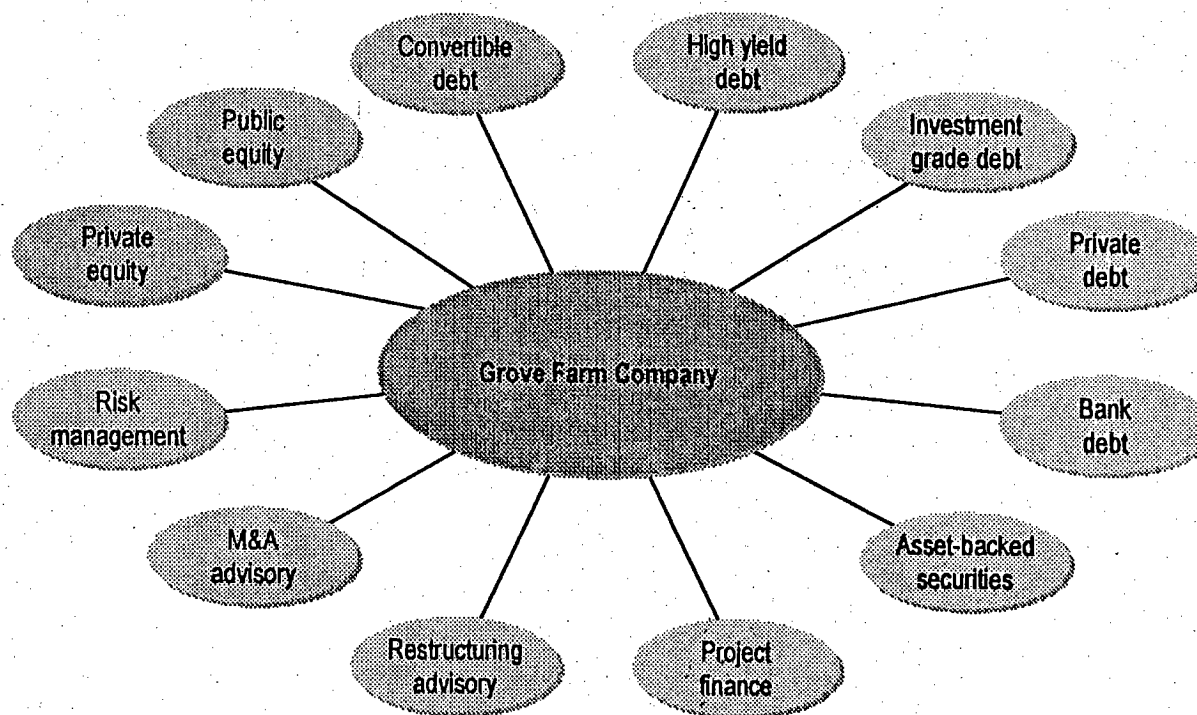
- Global force across all debt products
 - worldwide leader in international bonds, leveraged loans, and project finance
 - focused expertise in US highly leveraged loans and high yield bonds
 - European market leader in eurobonds, corporate eurozone issues, syndicated loans, and securitizations
- Major underwriter of international equity
 - long history of leadership in US IPOs
 - top European equity bookrunner; market leader in European equity-linked products
- Premier global M&A practice
 - closed more than 990 transactions worldwide since January 1996, representing more than US\$394 billion in transaction value
 - combines industry focus with regional specialization, serving companies from start-ups to multinationals
- Preeminent research capabilities
 - global network of more than 700 analysts, with teams rated in the top 5 in over 50 sectors
 - ranked #1 in the US for quality of research¹; leading provider of emerging growth research
 - top-ranked firm in all major surveys for advice and research on the euro; Europe's largest research house

¹ Ranked #1 in quality of research among the top 80 small and mid-cap portfolio managers in 1998



Fully integrated financing solutions

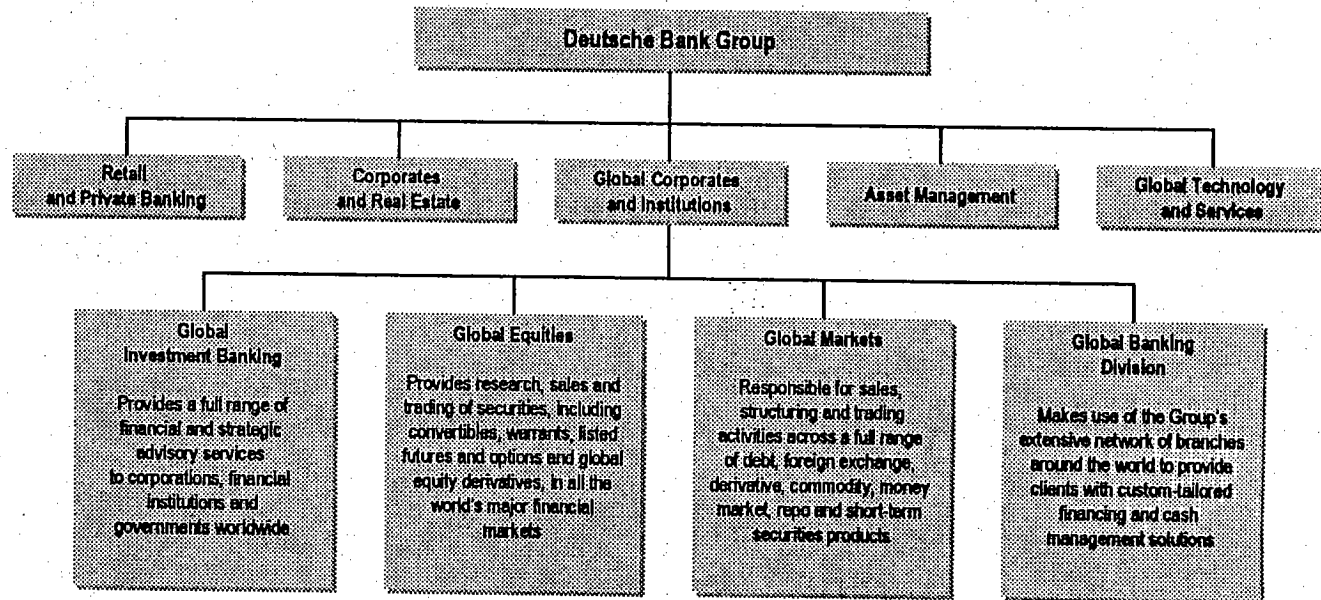
Deutsche Banc Alex. Brown provides broad and deep product expertise to support every stage of a company's growth





Investment banking within Deutsche Bank

Global Corporates and Institutions (GCI) is the universal banking division of the Deutsche Bank Group, providing integrated services to clients worldwide



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Leading from a position of strength

Deutsche Bank is a world-class financial services company that has been successful internationally for over a century. Today it employs over 95,000 people and is represented in more than sixty countries.

- Deutsche Bank is one of the most highly rated public banks in the world, with total assets exceeding €834 billion¹ and a market capitalization of over €35 billion. Net income before tax in 1998 rose by DEM5.8 billion to DEM7.9 billion
- Universal bank with clear corporate structure
 - Deutsche Bank is comprised of five independent group divisions: Global Corporates and Institutions; Asset Management; Global Technology and Services; Retail and Private Banking; and Corporates and Real Estate
- Bank-wide adherence to a "quartet" of corporate goals: long-term growth; customer satisfaction; staff motivation; and social commitment
 - successful program of expansion in major markets
 - leading supporter of social, scientific and cultural causes worldwide
- Reputation for quality
 - only German bank stock in the Dow Jones Euro Stoxx 50
 - winner of numerous international awards, including Euromoney's "Most Improved Bank" for 1999
 - equity analysts validate global strategy; bullish on stock

¹ As of September 30, 1999



The world's largest capital resources

	(\$bn)	Total assets
1	Deutsche Bank	\$735.2
2	UBS	687.4
3	Citigroup/Salomon Smith Barney	668.6
4	Bank of America	617.8
5	Bank of Tokyo-Mitsubishi	579.8

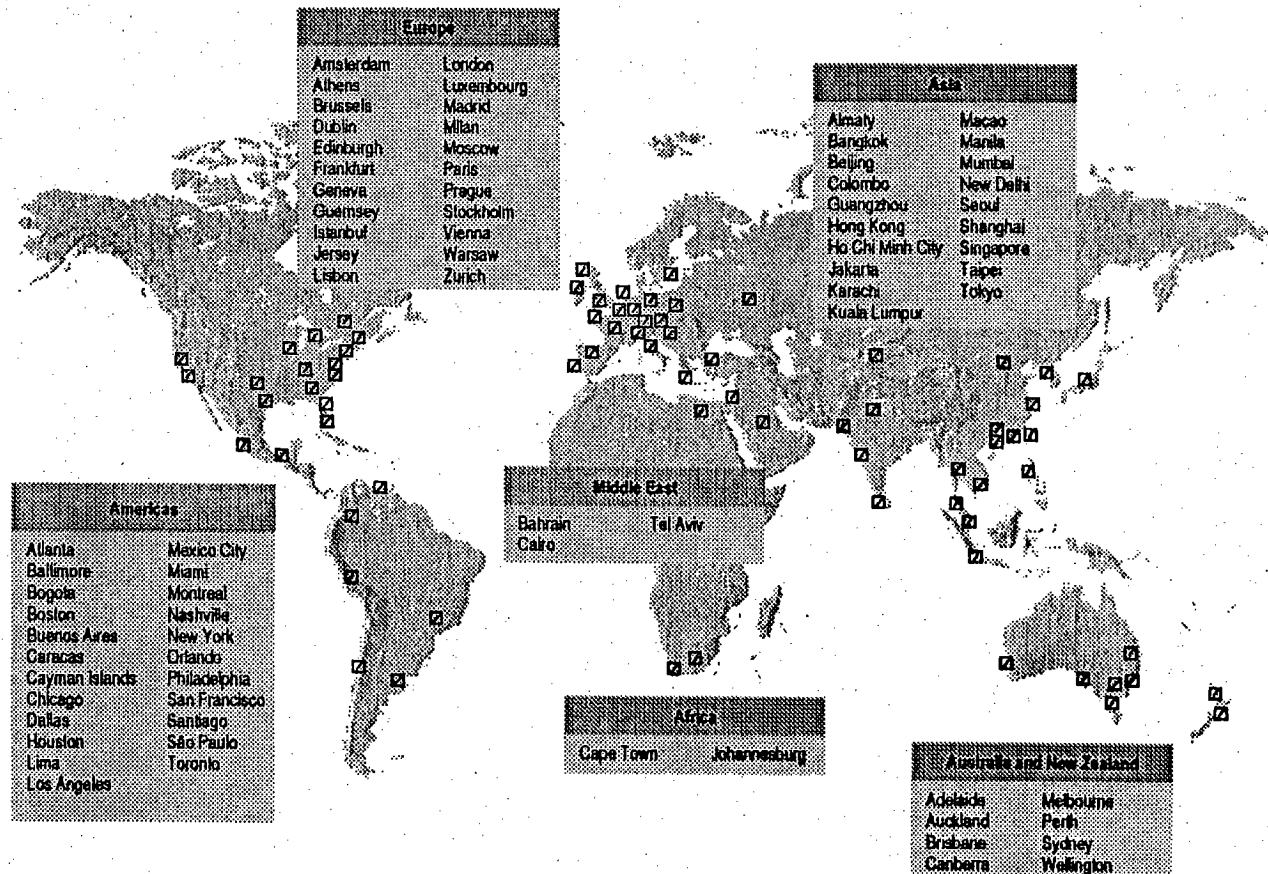
Assets as of December 31, 1998

Source: *American Banker*, August 5, 1999



Global excellence with local expertise: principal offices worldwide

Principal offices and locations	
Offices/locations	Countries
99	43





Section 7

Real estate investment bank



Leader in real estate investment banking

- **Full-service global Investment Banking Group**
- **Established 1983** – longest record of continual service to real estate industry among major investment banks
- **140 dedicated real estate professionals** throughout North America, Europe and Asia
- **Unmatched experience and stability** – 15 front line Managing Directors, with nearly 16 average years of real estate industry experience and 16 average years with the Firm
- **Unique record of Innovation** and “firsts” in advisory and direct investment
- **Broad product line**, including equity, fixed-income, bank, strategic advisory, and principal finance



“Unmatched experience and stability”

Head of real estate investment banking and financial institutions

Richard Gunthel (30)

Managing Directors

Direct investment

David Brush (12)

Asia

Kurt Roeloffs (10)
Ken Nakajima (13)
Morgan Laughlin (10)

Canada

Peter Tesche (18)

Credit

Alexander Johnson (27)

Client advisory

Robert Blumenthal (12)
Jeffrey Beevsky (13)
Jacques Brand (9)
David Genovese (9)
Howard Guja (26)
E. Robert Kent, Jr. (25)

Distribution

Kent Jewett (8)
Paul Turovsky (15)

Europe

David Fitterman (18)
George Kountouris (6)

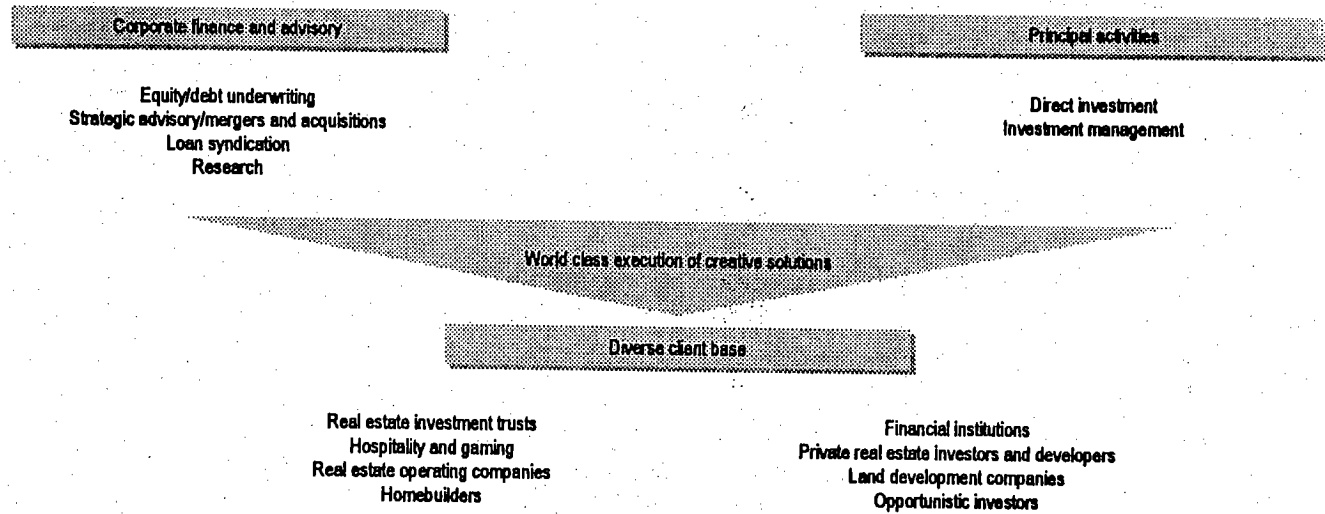
REIB management

Robin Scheman (10)

Years with Deutsche Banc Alex. Brown or Deutsche Securities Ltd. are in parenthesis



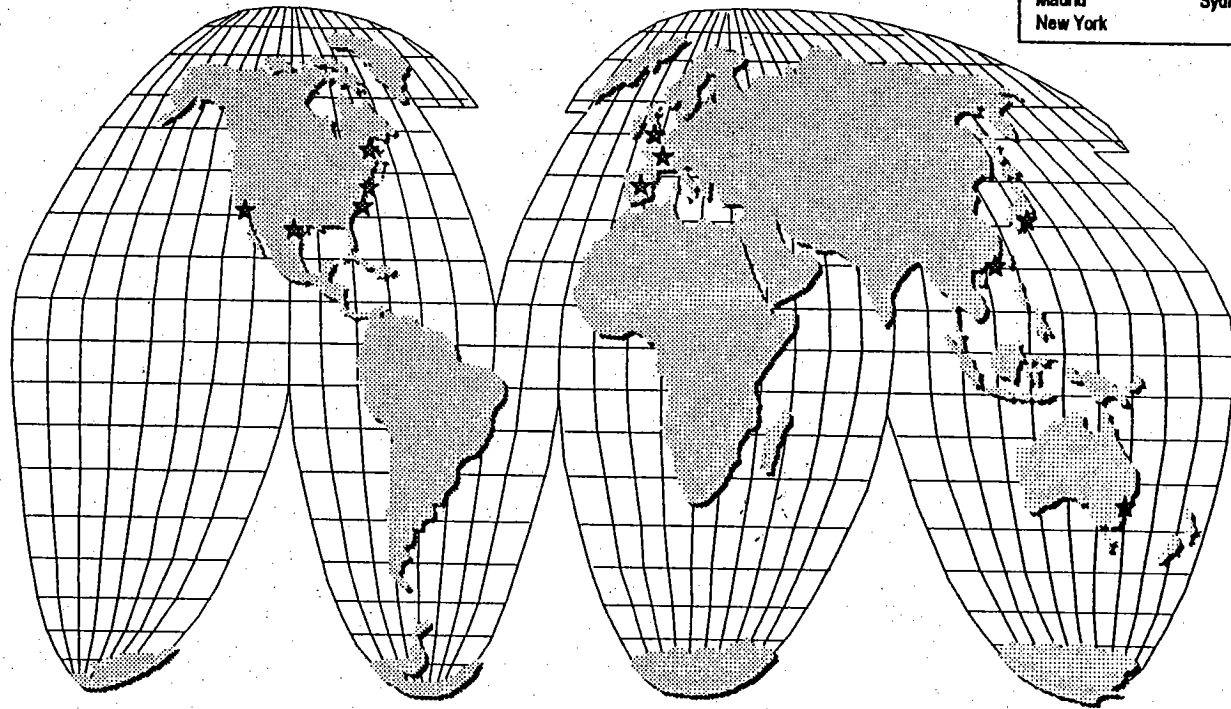
Broad range of products and services





“Global presence: 140 real estate professionals worldwide”

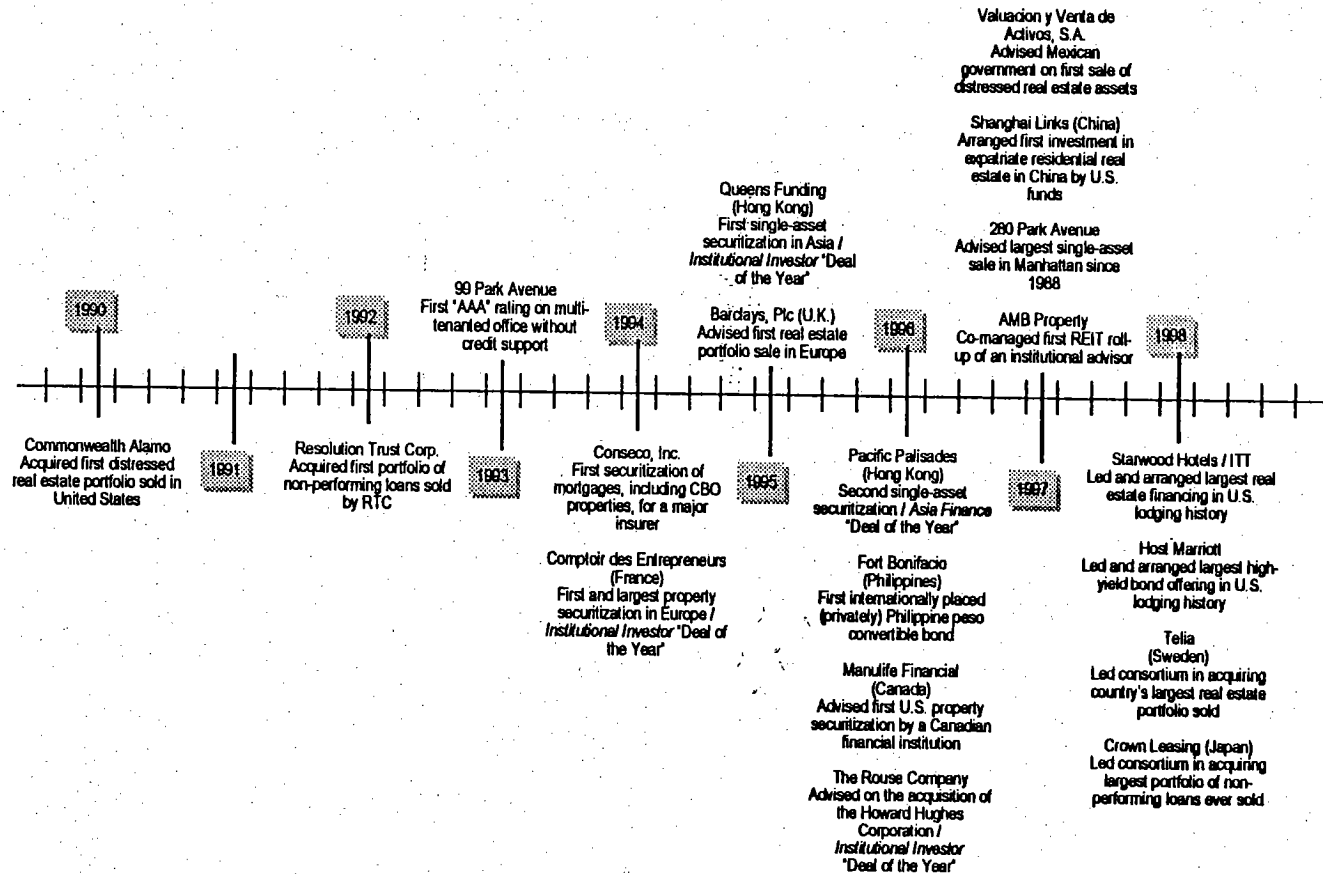
Real estate investment banking offices	
Baltimore	Paris
Dallas	Tokyo
London	Toronto
Los Angeles	Hong Kong
Madrid	Sydney
New York	





"Record of innovation"

Recognized for continued innovation, receiving four "Deal of the Year" awards since 1994



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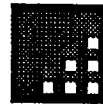
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Premier client base



S T A R W O O D



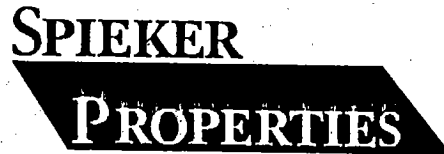
CORPORATE
OFFICE
PROPERTIES



Glimcher Realty Trust



CORNERSTONE
PROPERTIES



HOST MARRIOTT
CORPORATION

Hemingway PLC



THE ROUSE COMPANY
founded 1938 listed New York Stock Exchange: RSE



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Corporate finance and advisory services

Deutsche Banc Alex. Brown
Real Estate Investment Bank
products and services

Equity/equity-linked underwriting

- Common
- Perpetual preferred
- Convertible preferred
- Convertible debt

Fixed income/debt underwriting

- Investment grade
- High yield
- Cross-over credits
- Securitization (CMBS)
- Lease-backed bonds

Sales advisory/mergers and acquisitions

- Acquisition and divestiture advisory
- Merger advisory
- Portfolio/asset dispositions
- Recapitalizations
- Restructurings
- Privatizations

Loan syndication

- Revolving lines of credit
- Acquisition facilities
- Portfolio/asset financing
- Mezzanine debt



Real estate investment bank

Equity/equity linked underwriting – real estate

- Ranked 6th in equity issues with 15 offerings totaling \$1.9 billion¹
- Since 1994, Deutsche Banc Alex. Brown has raised nearly \$12 billion in equity for clients
- Global capabilities
 - led the only two UK property company IPOs in 1998 (£100 million)
 - sole underwriter of first preferred share offering for Spanish property company (US\$40 million)

Fixed income/debt underwriting – real estate

- Ranked 2nd in high yield underwriting with nearly \$3.8 billion in proceeds²
- Since 1994, Deutsche Banc Alex. Brown has raised nearly \$18 billion in fixed-income for our clients

¹ Source: Securities Data Corp. (01/01/98 – 9/30/99). (Excludes mortgage REITs and UIT offerings.)

² Source: Securities Data Corp. (01/01/98 – 9/30/99)



Real estate investment bank (continued)

Sales advisory/mergers and acquisitions – real estate

- Ranked 1st in portfolio sales advisory with \$3.1 billion¹
- Ranked 8th in M&A with \$6.3 billion²
- Since 1994, Deutsche Banc Alex. Brown has been involved in sale advisory assignments of nearly \$30 billion
- Since 1994, Deutsche Banc Alex. Brown/Wolfensohn has been involved in M&A activity of over \$156 billion

Loan syndication – real estate

- Rank 3rd in loan syndication with nearly \$26.0 billion in proceeds³
- Since 1994, Deutsche Banc Alex. Brown has raised more than \$63 billion in bank financing for our clients

¹ Source: Real Estate Alert '97

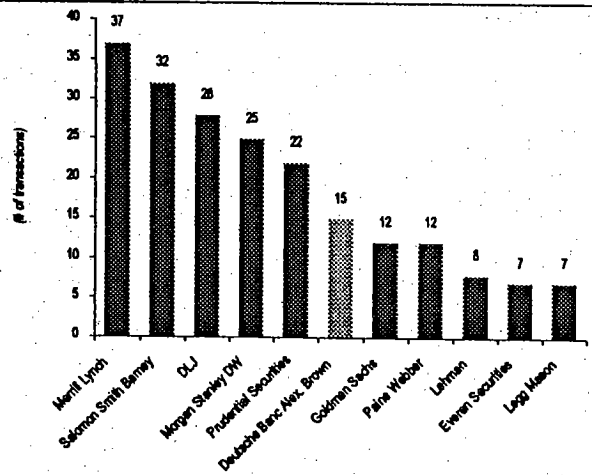
² Source: Securities Data Corp. (1/1/98 – 9/30/99). Based on transactions announced and completed in 1998.

³ Source: Loan Pricing Corp. (1/1/98 – 9/30/99)

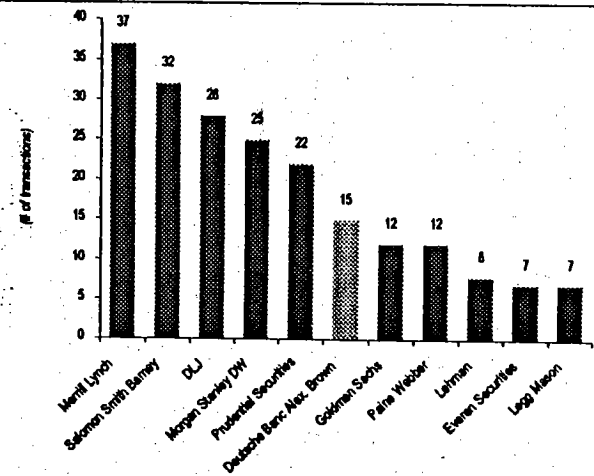


Real estate investment bank (continued)

Equity



High yield



- (1) Source: Securities Data Corp. Full Credit to lead and co-lead managers. Excludes UIT and Mortgage REIT issues. (01/01/98 – 09/30/99).
- (2) Source: Securities Data Corp. Full credit to lead and co-lead managers. (01/01/98 – 09/30/99).

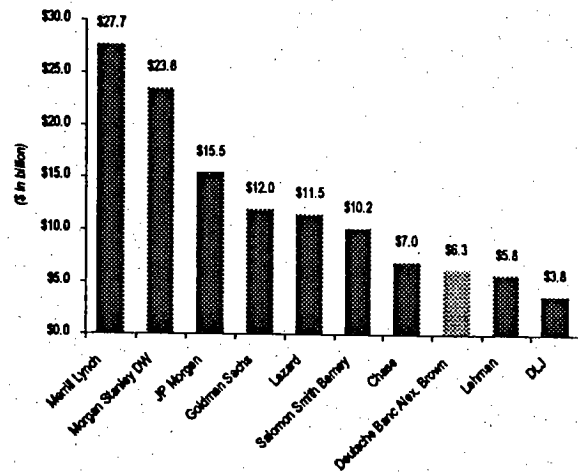
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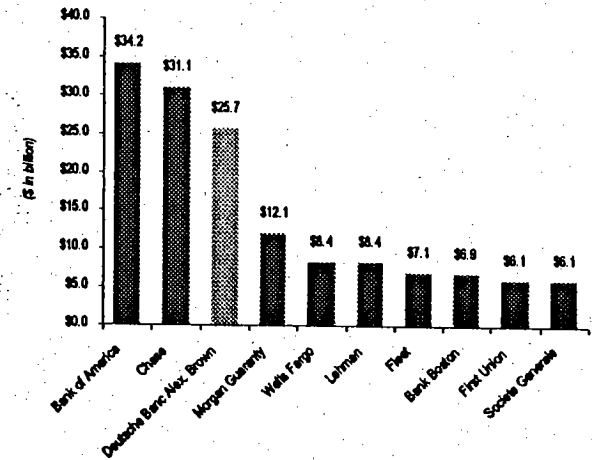


Real estate investment bank (continued)

M&A



Loan syndication



(1) Source: Securities Data Corp. Full credit to both advisors. (01/01/98 – 09/30/99).
 (2) Source: Loan Pricing Corp. Full credit to Adm., Documentation and Syndication Agent. (01/01/98 – 09/30/99).

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Selected recent equity transactions

Deutsche Banc Alex. Brown

Host Marriott Corp.

\$100,000,000
Perpetual cumulative
preferred securities

Co-manager

July 1999
(United States)

This announcement appears as a matter of record only.

Deutsche Banc Alex. Brown

Filo SA

Pts 9.4bn
Rights issue

Co-lead manager

June 1999
(Spain)

This announcement appears as a matter of record only.

Deutsche Banc Alex. Brown

Eskmuir Properties P/C

£50,000,000
Initial public offering

Lead manager/sole broker

May 1998
(United Kingdom)

This announcement appears as a matter of record only.

Deutsche Banc Alex. Brown

Canary Wharf Ltd.

£2.2bn
Initial public offering

Co-lead manager

March 1998
(United Kingdom)

This announcement appears as a matter of record only.



Selected recent debt transactions

Deutsche Banc Alex. Brown

Host Marriott Corporation

\$665,000,000
CMBS

Co-lead manager

August 1999

This announcement appears as a matter of record only.

Deutsche Banc Alex. Brown

Florida Panthers Holdings, Inc.

\$340,000,000
Senior subordinated notes

Co-manager

April 1999

This announcement appears as a matter of record only.

Deutsche Banc Alex. Brown

BTR-2 Trust

\$447,045,142
CMBS

Lead manager

March 1999

This announcement appears as a matter of record only.

Deutsche Banc Alex. Brown

Health Care REIT

\$100,000,000
Senior notes offering

Lead manager

March 1998

This announcement appears as a matter of record only.



Selected recent sales advisory/M&A transactions

Deutsche Banc Alex. Brown
Commonwealth Atlantic Properties
\$250,000,000
Sale of assets to Vornado Realty Trust

Financial advisor
March 1999
This announcement appears as a matter of record only.

Deutsche Banc Alex. Brown
Harrah's Entertainment Inc.
\$525,000,000
Acquisition of Rio Hotel & Casino, Inc.

Financial advisor
January 1999
This announcement appears as a matter of record only.

Deutsche Banc Alex. Brown
Hemingway Properties PLC
£28,600,000
Acquisition of Olives Property PLC

Financial advisor
October 1998
This announcement appears as a matter of record only.

Deutsche Banc Alex. Brown
Bradley Real Estate Inc.
\$150,000,000
Acquisition of MidAmerica Realty Corp.

Financial advisor
August 1998
This announcement appears as a matter of record only.

Deutsche Bank Group
Ripplewood Holdings
\$1,000,000,000
Acquisition of Long-Term Credit Bank of Japan

Financial Advisor
February 2000
This announcement appears as a matter of record only.



Selected recent loan syndication transactions

Deutsche Banc Alex. Brown
Punch Taverna
 US\$920,000,000
 Securitization
 Acquisition of 1,428 pubs from
 Bass Plc
 Arranger
 March 1998

This announcement appears as a matter of record only.

Deutsche Banc Alex. Brown
Universal City Florida Hotel Venture
 \$342,000,000
 Construction financing -
 Universal Florida Resort
 Syndication Agent
 July 1998

This announcement appears as a matter of record only.

Deutsche Banc Alex. Brown
Cornerstone Properties
 \$550,000,000
 Credit facility
 Merger with William Wilson & Assoc.
 Agent
 November 1998

This announcement appears as a matter of record only.

Deutsche Banc Alex. Brown
Harrah's Entertainment Inc.
 \$1,600,000,000
 Credit facility
 Co-head arranger
 Syndication Agent
 May 1999

This announcement appears as a matter of record only.



Building client relationships



**CORNERSTONE
PROPERTIES**

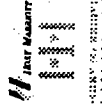
Cornerstone properties

A leading office real estate investment trust and a client of Deutsche Banc Alex. Brown since 1995. The bank and its affiliates have arranged 11 equity, bond and bank financings for Cornerstone, including managing the company's IPO, raising more than \$2 billion.

Oct. 1995	\$105 million bridge financing – Lead
Nov. 1995	\$36 million bridge financing – Lead
May 1996	\$10 million senior unsecured credit facility – Lead
Oct. 1996	\$200 million standby bridge financing – Lead
Mar. 1997	\$75 million bridge financing – Lead
Apr. 1997	\$225.4 million IPO – Co-manager
Nov. 1997	\$350 million senior unsecured credit facility – Lead
Dec. 1997	\$80 million forward starting swap – Arranger
Jan. 1998	\$215 million common stock offering – Co-manager
Jan. 1998	\$80 million first mortgage financing – Lead
Nov. 1998	\$550 million revolving credit facility – Agent and financial advisor



Building client relationships (continued)



Host Marriott Corp

A leading lodging company and a client of Deutsche Banc Alex. Brown since 1993. The Company has repeatedly turned to Deutsche Banc Alex. Brown for its financing and advisory needs, having completed several of the largest and most noteworthy transactions of the 1990s. In 1998, Deutsche Banc Alex. Brown advised the Company on its reorganization as a REIT.

Nov. 1993	Marriott restructuring – M&A advisory
Nov. 1993	\$1.525 billion exchange offers and consent solicitations – Advisory
Jan. 1994	\$242 million follow on offering – Co-manager
Nov. 1994	\$230 million credit facility – Lead agent
May 1995	\$600 million notes offering – Co-manager
Nov. 1996	\$550 million QUIPS – Co-manager
June 1997	\$500 million credit facility – Lead agent
June 1997	\$540 million Forum acquisition – M&A advisory
July 1997	\$600 million notes offering – Co-manager
Aug. 1998	REIT conversion – M&A advisory
Aug. 1998	\$1.25 billion credit facility – Lead agent
Aug. 1998	\$1.7 billion notes offering – Lead manager (joint book runner)
Dec. 1998	\$500 million notes offering – Joint lead book running manager
Dec. 1998	Spin-off of its senior assisted living operations – M&A advisory
Feb. 1999	\$300 million notes offering – Lead manager (joint book runner)
July 1999	\$100 million perpetual cumulative preferred offering – Co-manager
Aug. 1999	\$665 million collateralized mortgage backed securities – Co-lead manager

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Building client relationships (continued)



Harrah's Entertainment, Inc.

Harrah's Entertainment, Inc. is one of the most recognized and respected names in the casino entertainment industry, operating 18 casinos in the United States under the Harrah's, Showboat and Rio brand names. Harrah's has been a client of Deutsche Banc Alex. Brown's since 1995 and during that time we have advised on and financed several of their key acquisitions.

July 1995	\$1.18 billion spin-off by The Promus Companies of its hotel brands into a new corporation. The remaining Company, which consists of the Harrah's brand, all Harrah's assets and a majority of the Promus headquarter assets, is then renamed Harrah's Entertainment, Inc. - M&A advisory
Nov. 1996	\$82 million credit facility - Administrative agent
Dec. 1996	\$1.1 billion credit facility - Administrative agent
June 1998	\$2.1 billion Showboat Inc. acquisition - M&A advisory
Dec. 1998	\$750 million notes offering - Co-manager
Jan. 1999	\$525 million Rio Hotel & Casino acquisition - M&A advisory
April 1999	Sale of interests in Star City Holdings - M&A advisory
May 1999	\$1.6 billion credit facility - Co-lead arranger and syndication agent
Pending	\$425 million Players International acquisition - M&A advisory



Building client relationships (continued)

The Rouse Company

THE ROUSE COMPANY
Member since 1999 Equal Opportunity Housing Lender Member since 1999 Equal Housing Opportunity Lender

A leading retail real estate investment trust and a client of Deutsche Banc Alex. Brown since 1956. The Company has repeatedly turned to Deutsche Banc Alex. Brown for its financing and advisory needs, including leading the Company's IPO.

1956	Initial public offering – Lead
Jan. 1993	\$120 million debt offering – Co-manager
Feb. 1993	\$175 million convertible preferred – Co-manager
Nov. 1995	\$100 million perpetual preferred stock offering – Co-manager
June 1996	\$52 million acquisition of the Howard Hughes Corporation – M&A Advisory
Feb. 1997	\$200 million convertible preferred stock offering – Lead
July 1998	\$800 million credit facility – Lead
April 1999	\$200 million notes offering – Co-lead manager



Building client relationships (continued)

Laing properties/Eskmuir properties

UK listed real estate investment company originally with assets in UK, US and Canada, with which we had no historic relationship. When the Company was acquired in a hostile bid, the relationship team supported the management in building a new business which was floated last year.

1989	£75 million 21 year unsecured bond issue – <i>Lead manager</i>
1990	Stockbroker for hostile bid defense – <i>M&A advisory</i>
1992	£50 million revolving credit facility for new entity – <i>Sole provider</i>
1995	£50 million 25 year first mortgage debenture issue – <i>Sole lead manager</i>
1996	£50 million 24 first mortgage debenture issue – <i>Sole lead manager</i>
1998	£50 million initial public offering – <i>Sole advisor and broker</i>



Real estate asset dispositions

Deutsche Bank has demonstrated its ability to provide its clients with access to a deep investor base for the disposition of institutional quality real estate assets across the United States and abroad. Several current and recently closed asset dispositions managed by Deutsche Bank are summarized below.

Boca Raton Resort & Club: Deutsche Bank advised on the \$325 million acquisition of the Boca Raton Resort & Club to Florida Partners Holdings Inc., a Florida public company controlled by Wayne Huizenga. This acquisition followed a \$165 million financing arranged by the Real Estate Investment Bank on behalf of the Boca Raton Resort & Club.

280 Park Avenue: Deutsche Bank served as exclusive financial advisor in the sale of this premier Class A office building to Boston Properties. Total consideration for this sale was \$321 million.

Liberty Center: Deutsche Bank served as exclusive financial advisor in the sale of two office properties totaling 901,000 square feet in the Detroit metropolitan area.



Real estate asset dispositions (continued)

Bergen County office building: Deutsche Bank served as exclusive financial advisor in the sale of a five-story, 474,801 square foot corporate headquarters complex.

Indian River Plantation: Deutsche Bank served as exclusive financial advisor in the sale of Indian River Plantation, a 300-unit oceanfront island destination resort located in Stuart, Florida.

Deering Bay Communities: Deutsche Bank served as exclusive financial advisor in the sale of the land and improvements of a prestigious Miami residential community situated on 220 acres.

Greyrock: Deutsche Bank served as exclusive financial advisor in the sale of Greyrock Plaza, a 187,573 square foot office building and 161-unit apartment complex located in Stamford, Connecticut. Total consideration for this sale was \$36.1 million.

Woodmont Office Center: Deutsche Bank served as exclusive financial advisor in the sale of a first mortgage loan secured by the Woodmont Office Center, a 182,000 square foot office building located in Rockville, Maryland.



Real estate asset dispositions (continued)

Executive Center at Southbank: Deutsche Bank served as exclusive financial advisor in the sale of the Executive Center at Southbank, a 140,157 square foot office complex located in Phoenix, Arizona.

French Insurance Company: Deutsche Bank arranged a \$800 million structured sale of a portfolio of shopping malls, located in France, Spain and Italy, on behalf of a leading French Insurance Company.

Atlantic Gulf Communities Corporation: Deutsche Bank acted as exclusive financial advisor to Atlantic Gulf in the sale of two master planned communities located in Florida to a partnership of two institutional investors.

345 Park Avenue South: Deutsche Bank served as exclusive financial advisor in the sale of the leasehold interest in 345 Park Avenue South, a 276,438 square foot office property located in Manhattan's Midtown South office district. Total consideration for this sale was \$22.5 million.



Real estate asset dispositions (continued)

San Diego Office Portfolio: Deutsche Bank arranged the sale of a 460,000 square foot portfolio of office and research and development properties located in suburban San Diego. Total consideration for this sale was in excess of \$46 million.

Hotel Bel-Air: Deutsche Bank arranged the sale of the Hotel Bel-Air to the Royal Family of Brunei on behalf of the Long-Term Credit Bank of Japan. This 92-room property was sold for a price in excess of \$60 million or approximately \$700,000 per room.

Marriott International Pension Fund: Deutsche Bank served as exclusive financial advisor to the Marriott International Pension Fund in the sale of a portfolio of six Courtyard by Marriott Hotels located throughout the United States. Deutsche Bank simultaneously arranged debt financing for the investor's acquisition with a domestic life insurance company. Total consideration for this sale was \$66 million.



Real estate asset dispositions (continued)

Philadelphia office portfolio: Deutsche Bank arranged the sale of a 1.75 million square foot office portfolio located in Philadelphia's Central Business District and suburban markets. Total consideration for this sale was approximately \$172 million.

The Ellipse at Ballston: Deutsche Bank arranged the sale of The Ellipse at Ballston, a 196,000 square foot office building located in Arlington, Virginia.

Multi-state office portfolio: Deutsche Bank arranged the sale of a portfolio of four multi-tenanted office properties located in Atlanta, Raleigh, and Phoenix to an affiliate of Dole Foods Company. Total consideration for this sale was approximately \$50 million.

Warehouse complex: Deutsche Bank arranged the sale of a three building flex warehouse complex located outside of Baltimore, Maryland.

Sale of 40 Wal-Mart stores: On behalf of an institutional investor, Deutsche Bank sold a portfolio of 40 retail stores net leased to Wal-Mart for \$116 million.



Real estate asset dispositions (continued)

State Teachers' Retirement System of Ohio: Deutsche Bank acted as financial advisor to the State Teachers' Retirement System of Ohio in connection with the sale of a portfolio of 77 net leased properties for approximately \$200 million.

Sale of portfolio net leased to Kmart: Deutsche Bank sold, on behalf of a private family trust, a portfolio of properties net leased to Kmart for \$86 million.

Sale of net leased distribution facility: Deutsche Bank sold, on behalf of a private investor, a strategic distribution facility net leased to an investment grade retailer for approximately \$50 million.



Recent Deutsche Banc Alex. Brown off-balance sheet, JV and structured finance transactions

Client	Transaction description	Transaction size
Kmart	Off-balance sheet joint venture development program	\$500,000,000
Kmart Big Beaver I & II	Joint venture development program	400,000,000
Prime Group Realty Trust	Off-balance sheet joint venture for major office building	280,000,000
Public Storage, Inc.	Off-balance sheet equity joint venture financing program	220,000,000
Kroger/Midland	Joint venture development program	200,000,000
Conseco/CNC	Lease-backed notes	196,000,000
Kmart/Dana Capital	Leveraged lease placement	172,000,000
Water Garden II	Off-balance sheet equity joint venture financing program	155,000,000
Kmart/KMS II & III	Sale of lease-backed notes and real estate equity	150,000,000
Borders Group, PLC	Off-balance sheet joint venture development facility	150,000,000
Ramco-Gershenson Properties Trust	Off-balance sheet joint venture development program	125,000,000
KMS/Wal-Mart	Sale of net leased portfolio	116,000,000
Zaremba/Kmart	Off-balance sheet joint venture development program	100,000,000
Shurgard/Freemont Partners	Off-balance sheet joint venture development program	73,000,000
Marriott/Philip Morris	Leveraged sale and lease-backed notes	66,000,000
Star Markets Co.	Leveraged sale and lease-backed notes	45,000,000
Schnuck Markets	Lease-backed notes	43,000,000
The Kroger Co.	Lease-backed notes	35,000,000
Ford	Lease-backed notes and equity advisory	20,000,000
Total		\$3,046,000,000



Appendix I

Hawaii economic overview



Hawaii economic overview⁽¹⁾

- Indicators of Hawaii's economy confirm Deutsche Banc Alex. Brown's earlier view that modest economic gains are developing but that no breakout recovery is yet discernable
- Total employment in the state is up 0.6% in November. This represents the highest year-to-year growth registered by the state since January 1997, but that represented a false start and a similar pattern could be occurring now. Total personal income growth through the third quarter does not yet register any improvement from the sub-par growth range of the past four years
- Tourism remains the key to Hawaii's economy, and conditions in this crucial sector remained mixed currently but are likely on the verge of a turnaround. While westbound visitor totals are increasing, eastbound visitor flows from Asia continue to fall, despite the onset of recovery in Asia. Hawaii is also hurt by weakness in exports to Asia, which account for 72% of the state's exports, with fully half going to Japan, which is yet to break out of its own prolonged stagnation. The timing and pace of recovery throughout Asia remains the crucial factor in the timing and strength of a Hawaiian recovery
- After improving in early 1999, Hawaii's jobless rate has stalled around 5.4% in recent months, keeping it among the highest in the nation
- Hawaii general tax revenues are up 5.3% in the October-November period from the same period in 1998. This is a positive sign of economic growth. But like employment, this economic indicator has had numerous false starts over the past few years. The most recent was in 1998, when state general tax collections increased throughout the whole year, peaking at a year-to-year increase of 9.9% in the second quarter, only to suffer renewed weakness over the first three quarters of 1999

(1) Source: Deutsche Bank Investment Banking Research & Strategy



Hawaii economic overview (continued)

- Tourism is Hawaii's primary economic driver, and here too the picture remains mixed. There is an unmistakable recovery in westbound visitor arrivals from the US mainland. The estimated 1.2 million westbound visitors in the fourth quarter (extrapolating from October and November monthly figures), represents the highest westbound visitor total to Hawaii since 1991, the start of Hawaii's downturn. California's expansion remains a key ingredient in this comeback
- Unfortunately, Hawaii still suffers from declining eastbound visitor arrivals, notwithstanding the economic recovery underway in Asia. Our fourth quarter estimate using October and November reports places the eastbound visitor total at just under 568,000, the lowest figure since 1991. This likely represents the early stages of the Asian recovery, which has yet to generate the sustained income and job gains and concomitant increase in consumer confidence to generate increases in discretionary consumer travel. Our expectation remains that this will begin to come back, slowly at first, but potentially within this year. Since continued declines in eastbound visitors are offsetting gains in westbound tourism, any recovery in travel from Asia to Hawaii will help the key tourism industry to recover from its prolonged downturn. While smaller in absolute numbers than westbound visitors, Asian visitors historically have stayed longer and spent more per day while in the state. Hawaii could also begin to see some benefit in coming quarters from increased length of visitor stays, both eastbound and westbound, which would help boost the economy. Owing to its role as keystone of the Hawaii economy, a solid, sustained recovery in tourism is necessary for the Hawaiian economy to expand
- The modest gains in overall tourist totals in recent quarters has helped push hotel occupancies up. Seasonally adjusted Hawaii hotel occupancies in the fourth quarter were an estimated 76%, a sharp recovery from the year-ago low of 70.4%, and the best for the state's hotel operators since 1996



Hawaii economic overview (continued)

- Hawaii's population dropped 0.4% in 1999, the third-worst rate among the 50 states and significantly less than the nation's 1% population increase. This is the first decline in Hawaii population in memory. This weak demographic indicator represents the fallout from years of economic stagnation, as Hawaiians move elsewhere for economic opportunity. The drag on the state's economy resulting from a shrinking population is very real, as population-driven businesses including homebuilding, finance, personal services, media, and retail all suffer from weak demographics. Improvement in Hawaii's economic prospects would help stem the out-migration from the state. But this will require a clear and convincing recovery, more than what the state's economic indicators have demonstrated so far
- Total existing resales of homes and condominiums in Hawaii dipped to a 17,500 annual rate in the July-September period, from 18,700 in the second quarter. This modest weakening still left year-over-year sales 15.9% above the year-ago level
- Honolulu home prices have shown no sign of recovery, as home prices remain around the \$300,000 mark, significantly below the \$375,000 peak of 1990

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9601 Wilshire Blvd., Suite 220, Beverly Hills, CA 90210
Tel: 310-887-6410 Fax: 310-887-6459
Email: mricks@kennedywilson.com

facsimile

To: Mr. Randolph G. Moore	From: Mary Ricks
Fax: 808-266-1419	Pages: 11 (Including cover)
Phone: 808-266-1411	Date: 02/14/00
Re: Grove Farm Company, Inc Proposal	CC:

Urgent For Review Please Comment Please Reply Please Recycle

● **Comments:**

Dear Mr. Moore:

Please find attached a copy of our proposal for financial advisory services in regard to Grove Farm Company, Inc.

Three original copies of this proposal were sent to you via UPS on Friday, so you should receive those at some point today.

We very much look forward to the possibility of working with you on this very exciting opportunity.

Yours sincerely,

Mary L. Ricks
Managing Director



9601 Wilshire Blvd., Suite 220, Beverly Hills, CA 90210
Tel: 310-887-6400 Fax: 310-887-6459

February 14, 2000

Mr. Randolph G. Moore
Chairman, Special Committee
GROVE FARM COMPANY, INCORPORATED
C/o Kaneohe Ranch
1199 Auolo Road
Kailua, Hawaii 96734

**RE: PROPOSAL FOR FINANCIAL ADVISORY SERVICES REPRESENTING
GROVE FARM COMPANY, INCORPORATED**

Dear Mr. Moore:

Thank you very much for the opportunity to present our proposal to act as your financial advisor.

We believe our firm is uniquely qualified to assist you in this effort based upon the following factors. The key executives that comprise the team have diverse backgrounds including experience as a public company which trades its shares on the open market as real estate securities, banking experience, real estate experience and a specialty in selling large land parcels on the Hawaiian islands. As a public company ourselves, we understand what it means to create shareholder value and to mitigate liabilities. We are expert negotiators.

Additionally, our ability to assist you in the analysis to determine Grove Farm's best course of action is critical to maximizing net proceeds to shareholders. Grove Farm together with Kennedy-Wilson must undertake a thorough evaluation of each asset to determine its likely holding period, the carrying cost associated with it, the cost of sale, the most likely buyers, if a sale is warranted and if so, what process will be utilized; and the fair market value of each asset.

Following please find our proposal, which addresses Kennedy-Wilson's corporate overview, proposed team with biographies and our proposed fees and compensation.

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Kennedy-Wilson Overview

KWI is a full service real estate company, which is organized to provide a superior quality of service to our clients. Over the last decade we have successfully pioneered innovative domestic and international marketing campaigns, and as a result we are recognized around the world as a leader in the real estate industry.

KWI is headquartered in Beverly Hills, with offices in New York, Chicago, Minneapolis, Washington D.C., Houston and Downtown Los Angeles. In Asia we have offices in Tokyo, Hong Kong and Jakarta. We have developed a unique and successful global marketing presence.

Over the last five years KWI has invested substantial capital to enhance our company in order to provide our customers with the best service and results in the real estate industry. That rich tradition has continued with the acquisition of Heitman Properties Ltd., R & B Commercial, TRF Pacific, The Fults Group, Synermark and Jones Lang Wootten.

The addition of these six firms to our team has added a variety of new services, which we can provide to our existing client base as well as a portfolio of properties under management which consists of over 75 million square feet of retail, office, industrial, and residential properties.

Since our formation, KWI has successfully concluded in excess of \$9 billion of real estate transactions. KWI has strategically established offices in areas where international trade in real estate investments is the strongest.

In the United States, we have succeeded in selling all types of commercial property and land parcels and we have developed a reputation for offering properties in an efficient, professional, and well-informed manner. Our extensive international organization coupled with our numerous internationally marketed offerings have proved to be an excellent source of outreach to investors who wish to acquire real estate in domestic and foreign markets.

Proposed Marketing Team

Name	Title
William McMorrow	Chairman & CEO
Lewis Halpert	President
Mary Ricks	Managing Director
Marc Heenan	Vice President
Michael Burke	Analyst
Kathryn Grant	Marketing Director

This assignment is extremely important to our company and will have the direct focus of Kennedy-Wilson International's senior management, including William McMorrow, Lewis Halpert and Mary Ricks.

William J. McMorrow
Chairman and Chief Executive Officer



William J. McMorrow is chairman and chief executive officer of Kennedy-Wilson International, a diversified international real estate services firm headquartered in Beverly Hills. As the architect of the firm's expansion into real estate brokerage, property management and investment services, Mr. McMorrow has grown the company from one office, which was opened in 1988, to 10 regional offices around the world with an excess of 1,000 employees. Today Kennedy-Wilson is a leader in its field, servicing more than \$8 billion of real estate on an annual basis, managing some 75 million square feet of retail, office, residential and industrial properties throughout the United States and servicing some 85 markets in 35 states nationally.

Kennedy-Wilson – which became a public company in 1992 (NASDAQ NM: KWIC), with current management continuing to own approximately 60% of outstanding stock – provides real estate investment sales, property management and leasing services, construction management development and acquisition, and technical consulting services worldwide through its offices in Los Angeles, San Francisco, Seattle, New York, Chicago, Washington, D.C., Dallas, Houston, Austin, Minneapolis, Tokyo and Hong Kong. As the premier U.S.-based real estate services firm in Japan, Kennedy-Wilson provides brokerage, management and investment services to Japanese and international investors from its six offices throughout the country, including Tokyo, which serves as a regional headquarters.

Prior to joining Kennedy-Wilson in 1988, Mr. McMorrow had more than 17 years of finance experience, specializing in the area of problem real estate for financial institutions and insurance companies. For five years he was the executive vice president and chairman of the Credit Policy Committee at Imperial Bank in Los Angeles. During his tenure there, he was responsible for restructuring the bank's real estate assets, as well

as the marketing and disposition of more than \$300 million of its properties. Additionally, Mr. McMorrow has held senior positions with a variety of financial services firms, including eight years as vice president at Fidelity Bank in Pennsylvania.

Mr. McMorrow makes it a priority to link his professional career with community needs. In 1997 he founded the Donald F. Kennedy Youth Foundation. Named in honor of the founder of Kennedy-Wilson, this charitable organization provides scholarships for needy youth, enabling them to further their college education.

Mr. McMorrow also devotes his time and energy to a variety of civic and philanthropic causes. He is a member of the Board of Visitors at the George L. Graziadio School of Business and Management at Pepperdine University. He also actively supports the George Smith A-T Foundation, City of Hope, the Museum of Flying in Santa Monica, California, and various other community and civic organizations.

Born in Los Angeles, Mr. McMorrow attended Loyola High School and received his undergraduate degree and Master of Business Administration from the University of Southern California. He currently resides in Santa Monica with his wife, Leslie and their son Tyler.

Lewis Halpert

Executive Managing Director & President of Residential Properties Group



Mr. Halpert has over twenty years experience in all facets of real estate sales, project development, brokerage management and marketing. As a Partner, Managing Director and board member of Kennedy-Wilson International, Mr. Halpert is actively involved in developing new business opportunities. He currently oversees all residential investments in Kennedy-Wilson's Residential Properties Group, which currently has over 300 homes in various development phases.

Prior to joining Kennedy-Wilson, Mr. Halpert was owner of Halpert and Associates, Inc., an independent brokerage firm. The majority of their business was working closely with major financial institutions throughout California and assisting with the sales and marketing of OREO property. As a principal of Halpert & Stevens Group, which later evolved into HSM, he was personally involved with the real estate acquisition, rehabilitation and resale of hundreds of millions of dollars of commercial and residential properties.

Mr. Halpert holds a Bachelor of Arts Degree from California State University at Sonoma.

Freeman A. Lyle
Chief Financial Officer and Executive Vice President



Freeman A. Lyle, has been the chief financial officer since joining the firm in 1996. He is responsible for all of the company's financial matters including arranging and maintaining acquisition credit facilities. In addition, Mr. Lyle has been instrumental in seeking funds in excess of \$200 million for the firm's commercial investment sales and residential properties groups.

Prior to joining Kennedy-Wilson, Mr. Lyle was the President of Lyle Realty Group, Inc., an entrepreneurial company that provided investment, brokerage, financing, management and consulting to property owners and lenders nationwide. He also served as Vice President of Finance at R & B Asset Management Company, Inc., a start-up division of R & B Realty Group, a \$5 billion international firm. During his tenure, he was responsible for the bottom-line performance of a diversified portfolio of \$300 million in real estate and loans located in 12 states.

Mr. Lyle received his Bachelor of Science degree at California State University at Northridge and a Master of Business Administration from the University of Southern California.

Mary L. Ricks
Managing Director



Ms. Ricks is a Managing Director of Kennedy-Wilson International and is responsible for the firm's U.S. West Coast Investment Brokerage Group. The division implements high-powered marketing strategies for all types of properties and real estate backed financial instruments including land parcels, hotels and resorts, retail, office building and golf courses.

Among some of Ms. Ricks career highlights include the sale of 100 Wilshire a \$91,000,000 office project in California, the Ko'olau Golf Course in Hawaii and the Lake Arrowhead Village, a 225,000 square foot shopping Center in California. Additionally Ms. Ricks has sold several thousands of acres of land in Hawaii.

Since joining Kennedy-Wilson in 1990, Ms. Ricks has been responsible for marketing efforts with total sales in excess of \$2 billion. She was instrumental in the firm's expansion into Australia in 1993 where she spearheaded the disposition of major Australian commercial properties throughout the country totaling \$225 million. Prior to this position, Ms. Ricks was a commercial broker for the Hanes Company in Woodland Hills, California for three years.

Ms. Ricks received a Bachelor's Degree in Business Economics from the University of California, Los Angeles.

Marc P. Heenan
Vice President

Mr. Heenan recently joined Kennedy-Wilson International as Vice President. Mr. Heenan is responsible for marketing investment properties, financial analysis and research. Mr. Heenan graduated from the University of California at Los Angeles and recently received his MBA from the Anderson School of Business at UCLA.

Previously, Mr. Heenan worked at the investment banking firm Merrill Lynch as a Financial Analyst in the Los Angeles office. Also included in his duties is extensive involvement in the due diligence process. This process generally involves legal and title analysis, contract negotiation, environmental and physical investigation, lease review, and other forms of property due diligence.

Michael V. Burke
Financial Analyst

Mr. Burke recently joined Kennedy-Wilson International's (KWI) Commercial Real Estate Group as a Financial Analyst. Mr. Burke's primary responsibilities are to perform financial analyses, valuations and market research.

Previous to accepting the position with KWI, Mr. Burke was a Financial Analyst for Sunterra Corporation, a market leader in the Vacation Ownership industry, where he worked with the Acquisitions & Development group. Prior to that, Mr. Burke worked for the Archon Group within the Commercial Real Estate division performing financial analyses and formulating strategies regarding the acquisition and disposition of assets.

Mr. Burke received a Bachelor's Degree in Business Administration with an emphasis in Real Estate from the University of Southern California.

Analysis and Marketing Strategy

The KWI team will spend time carefully analyzing what options Grove Farm has available to them and what would create the best value for the shareholders. A key element in this analysis involves creating a process aimed not only at obtaining the highest and best price for the shareholders but also one that will be absent conflicts and continuing liability. Exposure and a competitive offering are important factors in achieving this goal.

Given the finance and real estate backgrounds that the key individuals of our team possess KWI is fully equipped to analyze all of Grove Farm's options including; a sale of the company, a bulk sale of the real estate, sales of individual assets.

Our objective is to maximize the sales proceeds. We will achieve this with the execution of a well-conceived marketing plan. Our presentation of confidential materials to a qualified audience of investors, our forecasting and underwriting conclusions, our three step marketing approach: Notice of Offering, Investment Offering Memorandum and Due Diligence Packages are recognized as leading the industry in information technology for real estate assets.

Comparable Sales Experience

Should the board of directors and KWI determine that a sale of the company or its assets is warranted KWI is uniquely qualified to act as the advisor having recently developed and implemented similar successful worldwide marketing campaigns for many "unique" properties located throughout the Hawaiian islands.

Some recent examples of KWI Hawaii sales are as follows:

Makalei Plantations – Situated just above the Kona Airport, this 1,000 acre parcel was partially entitled for 81 AG-3 homesites with much of the remainder zoned AG-3 with some set aside for conservation. To facilitate the sale, KWI negotiated a water agreement with the county, which provided water, at the buyer's expense (approximately \$1 Million), to this site and future water service to another site, which is now under contract. In addition to the water agreement, KWI managed the re-approval of entitlements that had lapsed. The site sold to the CEO of a public company headquartered on the mainland.

Ko'olau Golf Course – This 18 hole championship golf course and an additional 1,000 undevelopable acres was sold to an investor from Hong Kong. Our international marketing campaign for the property was designed to provide maximum exposure. We tailored a competitive sealed bid process for the property, which resulted in multiple bids. Although the sale was difficult as the property was operating at a loss each year and needed several million dollars for capital improvements, the buyer closed escrow at the initial agreed upon price and terms.



Puako Mauka – This 3,000-acre site, located across Queen Ka'ahumanu Highway from Mauna Lani, is entitled for 2,600 homes and 6 golf courses and sold to an entrepreneur

from the mainland. KWI completed a reconsolidating of an existing subdivision along with the initial development of potable and brackish water and roadway agreements to enhance and protect each lot. Ultimately, the investor's plan for the property is to develop a golf course and a few hundred homesites.

Ouli Land – Just outside of Waimea, this property consists of approximately 450 acres and was previously entitled for a residential development of one acre lots. The buyer who was a local Hawaiian buyer scaled the development down and is in the final stages of development approval.

Captain Cook 660 – Situated south of Kona, this unentitled 660-acre parcel of raw land was purchased by a developer from Arizona who intends to entitle the property and build a single family lot development on the site.

\$154,000,000 First Trust Deed Secured by the Waikiki Landmark – A consortium of Japanese Banks led by Mitsui Trust hired Kennedy-Wilson International to advise them in the sale of the note. The sale was extremely complicated due to the hostile borrower, an unfavorable ground lease and the depressed economy in Honolulu. KWI conducted a sealed bid sale, which culminated in multiple offers from a variety of potential buyers most of whom were from the mainland.

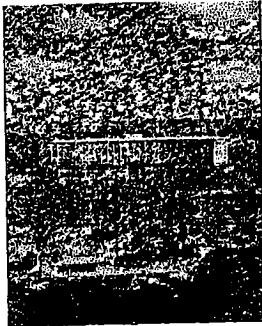


The sale was successfully completed to an opportunity group from the mainland.

The "JBP" site is located in Oahu, Hawaii. This offering consisted of seven parcels, totaling 88,813 square feet located along Kalakaua Avenue in Waikiki. Based upon the Seller's needs KWI quietly marketed the site for sale. This was a limited offering in which we exposed the property to a pre-approved list of 50 investors. The site was sold to a land speculator from California who has a long term hold planned for the property.



Hilo Hawaiian Hotel - is currently in the market for sale. Kennedy-Wilson has been marketing this property for sale through a sealed bid sale. Our buyer list includes potential buyers from both the mainland and from Hawaii. The property is extremely well located within the Hilo market and offers potential buyers an excellent cash on cash return.



Proposed Fees and Compensation

We will commit the full resources of the KWI team listed above toward the successful completion of this assignment. KWI is pleased to suggest the following proposed fees and compensation structure for your consideration:

Expenses

KWI shall charge Grove Farm for our direct out of pocket costs to be billed and paid monthly. Prior to the start of our assignment KWI and Grove Farm shall agree on a not to exceed expense cap. Should KWI need to bring on outside consultants to assist KWI then their cost and expenses shall be covered. Again, we will agree on a not to exceed cap up front.

Fees

The success fee to be paid to KWI shall vary depending upon the type of sale achieved. If a corporate transaction is consummated then the fee shall be 1.5% of the total transaction price. A discounted fee shall be negotiated if a sale of the company takes place with the current offeror.

If a real estate transaction is consummated on a one off basis then the fee shall be 3% for the first \$30,000,000 of gross sales, 2% for the next \$30,000,000 of gross sales and 1% of gross sales thereafter.

If the real estate is sold in bulk on one buyer then the fee shall be 1.5% of the gross sales price.

Summary

Critical to our success has been our ability to listen to the needs of our clients and to provide a high quality of professional service demanded.

This investment team has been responsible for handling a number of significant transactions utilizing creative marketing campaigns, which have resulted in a highly competitive marketing environment, which invariably results in aggressive sales prices and closed escrows.

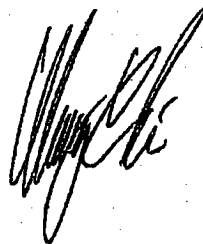
Grove Farm Company, Incorporated can be assured of a personal marketing effort to potential investors whether they are local, national or international in operations. Our success is inextricably tied to the success of this assignment. This ensures you that the Grove Farm assets will truly be marketed via a professional, competitive and cost effective international marketing campaign.

We would be happy to meet with you in Hawaii to discuss our proposal in greater detail. Again, thank you for the opportunity to present our proposal for your consideration. We look forward to working with you on this exciting assignment.

Sincerely,



Lewis Halpert
President



Mary Ricks
Managing Director

G29598



**Deloitte &
Touche**

Deloitte & Touche LLP
50 Fremont Street
San Francisco, California 94105-2230

Telephone: (415) 763-4000
Facsimile: (415) 763-4329

February 14, 2000

Mr. Randolph G. Moore
Chairman, Special Board Committee
Grove Farm Company, Incorporated
P.O. Box 662069, Puhi Rural Branch
Lihue, Hawaii 96766-7069

Via Telefax (808) 246-9470

Dear Mr. Moore:

Thank you for spending time on the phone with me late last week so I could better understand Grove Farm's recent request for professional consulting services.

With the benefit of your input, the 1998 Annual Report and the draft 1999 financial statements, I have begun the process of understanding Grove Farm's investments, recent history and current financial condition. As we discussed, there has been insufficient time to develop a thorough presentation of Deloitte & Touche's qualifications to serve Grove Farm. I have drafted this letter regarding my preliminary ideas on how we can productively and independently serve Grove Farm, its shareholders and management.

Given my review of the documents presented and my understanding that the Board has received an unsolicited offer to purchase the company, I believe your objective to retain an advisor to facilitate your deliberations is wholly appropriate. Over the last 15 years, 10 of which have been with Deloitte & Touche, I have been of service to parties involved in mergers and acquisitions, strategic planning, and various forms of disputes amongst Board members, management, and shareholders. Resolution of concerns within the context of those situations has best been resolved with the assistance of an outside party who is objective, experienced and most importantly, completely independent.

As we have the pleasure of serving as your independent auditing firm, you are familiar with the breadth and depth of Deloitte & Touche's professionals across the country and the globe. The timing of your request has not allowed me to gather the materials necessary to presenting an overview of those resources which is targeted to your specific situation. Please know that we have the technical and industry resources to resolve your questions, concerns and needs. With that said, I believe it almost more important that you focus not solely on the firm you select to advise you, but the individual who will lead that effort on behalf of that firm.

To that end, I would like to provide you a summary of why I am confident in my ability to be of service to Grove Farm. First, I have 15 years of experience in the area of business valuation, mergers and acquisitions, and strategic planning for middle market companies. During my tenure at Deloitte & Touche, I have managed real estate appraisal and consulting professionals and am particularly experienced with the relationship between real estate asset values and the value of the business

**Deloitte Touche
Tomatsu**

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Mr. Randolph G. Moore
Grove Farm Company, Incorporated
February 14, 2000
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enterprises which hold them. That experience ranges from consultations regarding world class ski resorts, to hotel and golf resorts, agricultural enterprises, and quarry operations. Each of these experiences has involved either a merger and acquisition or dispute of some kind. In addition to technical financial expertise, these projects have required complete objectivity and independence as well as the ability to facilitate a focus on common objectives, resolving differences, educating the parties on the technical aspects of the decision making process and coming to agreement. Finally, having spent a good deal of time on Kauai over the last several years, I have a degree of familiarity with the economic situation and other important considerations. My appreciation of the Garden Island has caused me to purchase a parcel of land in Haena upon which I hope to build a home to which I can retire.

At the risk of being presumptuous, having very little information about Grove Farm and the issues it is facing, I offer an outline of the steps I believe may be appropriate in the subject case. The following are preliminary ideas and would be refined with the benefit of your valuable input.

- Review existing financial and operational information. This would include prior work performed by other consultants and appraisers. Often, there is no need to "re-create the wheel" and I would suspect that much of the data needed in the current advisory project has already been developed by the company.
- Interview key stakeholders. Central to a consulting project of this nature is the perspective of Board members, management personnel and shareholders. The collection of these individuals know more about Grove Farm, the market in which it operates and other key considerations than an outsider will ever know. Input from stakeholders allows not only for expeditious access to this information, but the identification of key emotional issues which impact the process of defining next steps for the company.
- Analyze key data and present options in a clear manner. There is an art to transforming data into information and then analyzing that information for the purpose of conveying insight. Essentially, combined with facilitation skills, this is the essence of professional consulting. As many of the issues facing the company are of a financial nature, it is important that you select an advisor who can not only develop the appropriate analysis but communicate important observations and insights to those who may not deal with financial matters regularly. One aspect of this effort is a thorough analysis of the offer which has been presented to Grove Farm, and creatively looking for means by which to resolve concerns, if any, about the offer.
- Present value ranges. Based upon accepted valuation methods, market data, information already obtained by the company, as well as fresh analysis, I believe it will be important to develop reasonable ranges of value for Grove Farm's equity. Sensitivity analyses to account for different scenarios and assumptions will be an important aspect of this effort. Most important will be the ability to communicate the importance of key value drivers and the means by which value is estimated for an enterprise like Grove Farm.
- Finally, facilitate the decision making process. Ultimately, a project of this nature is effective only if important decision can be reached and implemented. Defining what those decisions are is

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Mr. Randolph G. Moore
Grove Farm Company, Incorporated
February 14, 2000
Page 3

a key part of the process and obtaining buy in to the factors which impact those decisions is central.

These efforts would be founded upon objectivity, confidentiality and independence. Of course, the timing and cost of professional services is an important consideration. This is especially true for Grove Farm, given its financial condition. Clearly, we will need to refine a specific scope of work and timetable. For your planning purposes and based upon my experience, I would expect a project of this nature to require professional fees ranging from \$80,000 to \$120,000, plus expenses. I would expect the effort could be completed within a 4 to 6 week timetable. Again, these are preliminary estimates to facilitate your planning for the retention of an advisor and are subject to mutual discussion and refinement.

I am hopeful this brief letter is responsive to your request. Again, while the timing of your request did not allow for the development of a formal proposal, I trust this outline of my thinking will facilitate your consideration of Deloitte & Touche to independently be of assistance to Grove Farm. I would be pleased to discuss these issues in greater detail and provide additional background concerning not only my background and experience but those of my colleagues. Should you have additional questions, please contact me at (415) 783-4219. We look forward to the opportunity to be of service to Grove Farm.

Sincerely,



Mark J. Maxson
Principal

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February 14, 2000

Randolph G. Moore
Chairman, Special Committee
Grove Farm Company, Inc.
C/o Kaneohe Ranch
1199 Auola Road
Kailua, Hawaii 96734

Dear Mr. Moore:

Thank you for your interest in Chase Securities Inc. ("Chase") and for the opportunity to have the Chase team offer you a proposal to work as your exclusive financial advisor in connection with a possible transaction.

Chase would welcome the opportunity to work with the Grove Farm Company, Inc. (the "Company") on various strategic alternatives and their impact on the Company's shareholders. Based on (i) the information we have received to date, (ii) the capabilities of the multi-disciplinary team we have assembled, and (iii) our firm's M&A advisory expertise and real estate land valuation experience, we strongly believe that Chase is in a unique position to act as financial advisor to the Company. The attached presentation provides a more comprehensive view on our qualifications and experience.

We understand that the Special Committee's objectives are (i) to establish a valuation of the Grove Farm Company including its existing properties and operating subsidiaries, (ii) examine the strategic alternatives for the Company, considering the ongoing economic environment in Hawaii, and its current capital structure, and (iii) evaluate the merits of a proposed transaction and possibly prepare a fairness opinion.

The Company's assets are primarily comprised of improved land for development and agricultural use, much of which is presently leased. Additionally, there are several developed commercial properties. Some of the properties are also encumbered by mortgages that will limit potential cash flow over the foreseeable future.

Given the size of the Company's holdings, the complexities associated with securing further entitlements, and a continued pronounced regional recession, it is our view that it will be both a challenging assignment and that our evaluation may not provide options more favorable to the shareholders than the offer previously considered. We do, however, believe that our evaluation will fully and creatively explore all alternatives to maximize value to the shareholders.

Given the importance of this assignment to the Special Committee and its shareholders, this transaction would receive the highest level of attention and urgency from the team at Chase

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dedicated to this process. The core team working with you on this transaction would consist of Peter Baccile, Head of Real Estate and Lodging Investment Banking; Gary Gordon, Managing Director and John Kenyon, Vice President – Real Estate Underwriting & Evaluation; Michael Goldberg, Vice President and Lance Alstodt, Associate – Global Mergers & Acquisitions and Jose Arechederra, Associate - Real Estate & Lodging Investment Banking.

In connection with the mandate Chase would focus on the following key tasks:

Phase I – Establish Valuation

- i) Familiarize ourselves with the Company's assets, strategic plan, financial and operating performance, current financial condition, business, and operations,
- ii) Review all prior studies performed,
- iii) Evaluate the present capitalization structure and impact on value,
- iv) Evaluate local economic and market conditions,
- v) Evaluate the depth of demand for the Company's assets and logical categories of buyers,
- vi) Perform a detailed valuation analysis of the Company based on methodologies including:
 - Bulk sale vs. development or a combination of the two using discounted cash flow methodologies
 - Comparable transactions analysis, if any

Phase II – Evaluate Strategic Alternatives and Proposed Transaction

- i) Work with Grove's management to conduct an in-depth review of the Company's business plans, projections and operating strategies,
- ii) Evaluate the Strategic Alternatives in conjunction with the appropriate structure and terms and conditions, incorporating tax and accounting ramifications,
- iii) Evaluate the merits of the proposed transaction,
- iv) Based on preliminary available information, we would evaluate various options including:
 - a) Sale of the Company
 - b) Sale of selected assets
 - c) Creation of a Joint Venture
 - d) Recapitalization or
 - e) Combination thereof
- v) If requested, assist the Company with identifying, contacting, and distributing information to other potential buyers,
- vi) If requested, consult with and advise the Company as to the reasonableness of bids received from potential buyers,
- vii) If requested, assist the Company in direct negotiations with potential buyers,

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- viii) If requested, advise the Company as to the structure, purchase price and the terms and conditions of the elected transaction,

Phase III – Prepare Fairness Opinion

- i) If requested, and if Chase and the Company mutually agree that it is advisable, Chase will render a fairness opinion for a contemplated transaction and will be available to present our findings to the Company's Board of Directors.

Timing

Phases I and II are anticipated to be delivered within 8 to 12 weeks depending upon the quality of internal reporting, documentation and/or the need to develop additional data to support our conclusions. Upon the Company's decision to proceed with a contemplated transaction, we are prepared to deliver a Fairness Opinion within 3 weeks.

Compensation

As compensation for Chase's advisory services, we propose the following fee schedule:

- i) A fee of \$750,000, payable upon the completion of Phase I and Phase II,
- ii) An additional payment of \$250,000 payable upon the completion of Phase III; and
- iii) A contingent fee to be agreed upon if a transaction is consummated with a per share value in excess of the previously unsolicited bid offer of \$125 per share

In addition, the Company would reimburse Chase for all reasonable out-of-pocket expenses incurred with the engagement, including third party fees such as consultants or outside advisors. If these terms and conditions are acceptable to you, we can have a formal engagement letter drafted and forwarded to you at your convenience.

Once again, we appreciate the opportunity to be considered as an advisor and to work with you and your team and would welcome the opportunity to assist the Grove Farm Company, Inc. in maximizing the value of the Company to its shareholders.

Sincerely,

Gary G. Gordon

cc: P. Baccile
J. Kenyon
M. Goldberg
J. Arechederra

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Grove Farm Company, Inc.

Chase Securities, Inc.

February 14, 2000

G29606



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I. Executive Summary

Executive Summary Overview

Chase Securities, Inc. ("CSI") is pleased to offer its proposal to serve as financial advisor to Grove Farm Company, Inc. ("Grove").

- CSI's understanding is that your objectives are to:
 - Establish a valuation of the Company based on its existing properties and operating subsidiaries
 - Examine the strategic alternatives for the Company, considering the ongoing economic environment in Kauai, Hawaii, and its current capital structure
 - Evaluate the proposed transaction and prepare a fairness opinion

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Executive Summary Chase Strengths

Chase Securities Inc. ("Chase") is uniquely qualified to assist Grove in evaluating its strategic alternatives, a task which requires a multi-disciplinary approach combining financial advisory and land valuation. As a real estate lender as well as a financial advisor, Chase has a broad array of transactional experience involving land and the many complex issues associated with its development

Real Estate / M&A Expertise

- Chase has strong valuation and M&A advisory expertise with both public and private real estate companies

Long Standing Investor Relationships

- Chase has deep relationships with a majority of the potential acquirers including opportunity funds, and public and private investors

Various Internal Resources to Draw Upon

- Chase can draw upon its internal real estate resources to efficiently execute the transaction, including its dedicated underwriting and evaluation, appraisal, construction and environmental/engineering services, and market and investor research groups

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Executive Summary Land Transaction Experience

Chase's broad experience as an advisor and/or creditor on previous land transactions will optimally position Grove for a transaction

Deal	Description	Chase Role
Arvida	Developer of large planned communities	Project Finance
Levitt Homes	Homebuilder/ developer in Southern US and Puerto Rico	Advisory
Public Service Corp. of NM	Land Holdings in New Mexico and Arizona	Sell-side advisory
Castle & Cooke (Dole Pineapple)	Spin-off of land development company	Finance/ Advisory
LA Sherwood CC	Luxury master planned community	Financing
Grand Harbor, Vero Beach	Planned Community	Real Estate Advisory/ Debt recap.
FM Properties	Land development company	Finance/ Sell-side advisory
First Colony, TX (Sugarland)	Master planned community	Equity raising
Woodlands, TX	Master planned community	Financing
Homdel	Corporate owned surplus land	Disposition advisory
Calton Homes	Regional homebuilder and developer	Sell-side advisory
UDC Homes	SW homebuilder and developer	Debtor in Possession (DIP) financing
Bally's Grand	Paris casino land	Fairness Opinion
Perini Construction	Spin-off of land and commercial properties	Fairness Opinion
Newport Development, NJ	Mixed use land development, located on Hudson River	Financing
Alto Palermo	Developer of Retail /Apartment communities in Argentina	Financing / Advisory

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II. Execution

Execution
Client Focus – Multi-disciplinary Deal Team

<p>Real Estate & Lodging</p> <p>Peter E. Baccile, MD Jose Archederra, Associate</p>	<p>R.E. Underwriting & Evaluation</p> <p>Gary Gordon, MD John Kenyon, VP</p>
<p>Grove Farm Company, Inc.</p>	
<p>Global Mergers and Acquisitions</p> <p>Michael Goldberg, VP Lance Alstodt, Associate</p>	

- CSI has assembled a multi-disciplinary deal team with world-class industry expertise, broad investor coverage and specialized product knowledge to ensure a successful financial advisory (see Appendix for Team Biographies)

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Execution Process

Phase I – Establish Valuation

- Familiarize ourselves with the Company's assets, strategic plan, financial and operating performance, current financial condition, business, and operations,
- Review all prior studies performed,
- Evaluate the present capitalisation structure and impact on value,
- Evaluate local economic and market conditions,
- Evaluate the depth of demand for the Company's assets and logical categories of buyers,
- Perform a detailed valuation analysis of the Company based on methodologies including:
 - Bulk sale vs. development or a combination of the two using discounted cash flow methodologies
 - Comparable transactions analysis, if any

Phase II – Evaluate Strategic Alternatives and Proposed Transaction

- Work with Grove's management to conduct an in-depth review of the Company's business plans, projections and operating strategies,
- Evaluate the Strategic Alternatives in conjunction with the appropriate structure and terms and conditions, incorporating tax and accounting ramifications,
- Evaluate the merits of the proposed transaction,
- Based on preliminary available information, we would evaluate various options including:
 - Sale of selected assets
 - Creation of a Joint Venture
 - Recapitalization or combination thereof
- If requested, assist the Company with identifying, contacting, and distributing information to other potential buyers,
- If requested, consult with and advise the Company as to the reasonableness of bids received from potential buyers,

G29614

Execution Process

- If requested, assist the Company in direct negotiations with potential buyers,
- If requested, advise the Company as to the structure, purchase price and the terms and conditions of the elected transaction,

Phase III --Prepare Fairness Opinion

- If requested, and if Chase and the Company mutually agree that it is advisable, Chase will render a Fairness Opinion for a contemplated transaction and will be available to present our findings to the Company's Board of Directors

III. Deal Team

Deal Team

Real Estate Advisory

Peter E. Baccile

Title: Managing Director and Group Head

Background: Mr. Baccile is head of Global Real Estate & Lodging Investment Banking. The group's 1998 transaction volume exceeded \$45 billion in mergers and acquisitions, syndicated finance, CMBS, high grade and high yield bonds, equity placements & property sales, and corporate real estate financings. Prior to joining Chase Securities Inc. in 1998, Mr. Baccile spent 11 years in the real estate investment banking group at JP Morgan, where he was Managing Director and co-head of the Americas. While at JP Morgan, Mr. Baccile's responsibilities included heading the real estate mergers and acquisitions business where he completed transactions totaling \$20 billion, coverage of domestic and international real estate investors and lenders, project and due diligence oversight for a number of property-backed and real estate portfolio securitizations which raised over \$600 million. In addition, he executed property sales totaling over \$2 billion, restructurings totaling over \$2.5 billion, new business origination, and coverage of a select list of clients including public and private developers, real estate companies, REITs, and major institutions active in the real estate industry.

Education: Mr. Baccile received an MBA from and was a Fuqua Scholar at The Fuqua School of Business at Duke University and a BS from Cornell University.

Michael Goldberg

Title: Vice President

Background: Mr. Goldberg is a Vice President in the Global Mergers & Acquisitions Group. Mr. Goldberg joined Chemical Bank in 1990 as an Associate in the Corporate Finance Division where he has worked extensively on acquisitions, divestitures, valuations and advisory assignments in a number of industries with a current focus on real estate. Mr. Goldberg is responsible for coordinating real estate merger and acquisition dialogue with Chase's real estate client relationships as well as initiating and executing transactions. Prior to specializing in the real estate industry, Mr. Goldberg worked extensively in the healthcare and forest products industries advising clients on a broad spectrum of merger and acquisition activity. Prior to joining Chemical, Mr. Goldberg worked in the Direct Investments Group at Shearson Lehman Brothers where he structured limited partnerships in the real estate, cable television and equipment leasing industries.

Education: Mr. Goldberg received a B.S.M. in Finance from the A.B. Freeman School of Business at Tulane University and an M.B.A. in Finance and International Business from the Columbia Business School. He also attended the London School of Economics and Political Science.

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Deal Team

Real Estate Underwriting & Evaluation

Gary Gordon

Title: Managing Director

Background: Mr. Gordon manages the Real Estate Underwriting and Advisory Group. The Group is responsible for providing strategic real estate advice in connection with some of the Bank's most significant merchant and investment banking transactions. Mr. Gordon also oversees Chase's appraisal, construction and environmental due diligence. He has extensive land development, portfolio evaluation and corporate real estate experience. Mr. Gordon has played a key role in evaluating real estate exposure in connection with Chase's mergers and has worked on numerous transactions involving the financing, acquisition and disposition of real estate. Mr. Gordon is a member of the Urban Land Institute, the American Institute of Real Estate Appraisers (MAI) and holds the Counselors of Real Estate (CRE) designation.

Education: He has an M.S. degree in Urban Studies from Rensselaer Polytechnic Institute and an undergraduate degree from Harpur College - State University of New York at Binghamton, where he graduated Omicron Delta Epsilon in Economics.

John Kenyon

Title: Vice President

Background: Mr. Kenyon has extensive experience valuing complex and varied income producing properties including: office and industrial buildings; regional malls and shopping centers; hotels; mixed-use buildings; multi family residential properties; residential and commercial subdivisions; condominiums; and raw land. Mr. Kenyon specializes in portfolio evaluation and the valuation of problem assets including advice on asset management, loan workout, and property acquisition and disposition. He has also provided valuation advisory services for corporate restructurings and leverage buyouts where real estate issues were pivotal. Mr. Kenyon is a Member of the Appraisal Institute (MAI) and the American Society of Real Estate Counselors (CRE). Prior to joining Chase, Mr. Kenyon had experience in public real estate operations and urban planning, including employment with the Westchester County Department of Planning. Mr. Kenyon's experience with the County included work in local zoning referrals and assistance to municipal and county agencies.

Education: He received his Master of Science in Urban Planning from Columbia University and his Bachelor of Science (with honor) from The State University of New York - Binghamton.

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IV. Chase Qualifications

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Chase Qualifications Overview

Chase is a leading advisor, transactor, financier and investor to worldwide real estate and lodging companies

Market Leadership	<ul style="list-style-type: none">⇒ #1 Syndicated Loan Underwriter in 1999⇒ #3 Corporate Bond Issuance in 1999⇒ Top 10 in CMBS and Mergers & Acquisitions in 1999
Industry Knowledge	<ul style="list-style-type: none">⇒ In-depth knowledge and coverage of all major real estate sectors⇒ Superb access to both internal and external market research⇒ Innovative structuring solutions and advice
Client Relationships	<ul style="list-style-type: none">⇒ Tremendously strong and long-standing relationships with the world's largest and most sophisticated real estate & lodging companies⇒ Direct access with these companies at the CEO level
Product Expertise	<ul style="list-style-type: none">⇒ The full spectrum of real estate advisory and financing solutions⇒ Complete access to the public and private real estate capital markets
Experience	<ul style="list-style-type: none">⇒ Professionals which have advised on more than \$30 billion in real estate M&A transactions in the last two years⇒ Loan syndications totalling more than \$28 billion in the last two years⇒ Client managers with an average of more than 15 years of real estate industry experience
Global Reach	<ul style="list-style-type: none">⇒ Over 60 real estate professionals located in New York, Houston and Los Angeles providing superior execution in today's global markets⇒ Access to Chase's worldwide network of investment banking offices, clients and investors

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**Chase is the
fastest growing
franchise on
Wall Street**

Chase Qualifications Well-Established Leadership Positions

U.S. Syndicated Loan League Table Rankings

Manager	Full Year 1999	Market Share %	Full Year 1998	Market Share %
Chase	1	33.8	1	26.1
Bank of America	2	21.2	2	16.9
Citigroup	3	8.9	4	8.5
JP Morgan	4	5.5	3	10.3
Bank One	5	4.6	5	5.4
Deutsche Bank	6	3.1	6	4.6
Fleet Boston	7	3.0	7	2.9
Credit Suisse First Boston	8	1.9	13	1.1
First Union	9	1.8	11	2.1
Bank of New York	10	1.7	8	2.4

Source: TFSD; Full credit to Book Manager (Run dated 12/31/99)

High Yield Securities League Table Rankings

Manager	Full Year 1999	Market Share %	Full Year 1998	Market Share %
Donaldson, Lufkin & Jenrette	1	18.0	1	15.7
Salomon Smith Barney	2	14.6	3	12.8
Goldman, Sachs	3	11.6	5	6.8
Chase	4	11.1	8	6.1
Morgan Stanley Dean Witter	5	7.9	2	13.1
Merrill Lynch	6	6.7	4	8.2
Credit Suisse First Boston	7	4.8	10	5.3
Lehman Brothers	8	4.7	9	5.3
Bear, Stearns	9	4.6	8	5.5
Bank of America	10	2.9	11	2.4

Source: MCM; Full credit to Book-Running Manager; Excludes Sovereigns, Preferreds and Split-Related Issues

Investment Grade Bond League Table Rankings

Manager	Full Year 1999	Market Share %	Full Year 1998	Market Share %
Merrill Lynch	1	22.2	1	21.4
Salomon Smith Barney	2	14.7	3	13.4
Chase	3	11.4	6	7.8
Goldman, Sachs	4	9.7	2	13.5
Morgan Stanley Dean Witter	5	8.9	4	12.6
Credit Suisse First Boston	6	6.6	5	8.0
Lehman Brothers	7	5.8	8	6.0
Bank of America	8	5.6	10	2.1
JP Morgan	9	4.3	7	6.5
Bear, Stearns	10	2.2	9	2.7

Source: TFSD; Full credit to Book Manager (equal if joint); Excludes Sovereigns, Federal Credit Agencies & ABS; Includes MTNs, U.S. & Euro denominated Globets, 144As and Split-Related.

Mergers and Acquisitions League Table Rankings

Manager	Full Year 1999	Market Share %	Full Year 1998	Market Share %
Goldman, Sachs	1	37.4	1	46.8
Morgan Stanley Dean Witter	2	33.4	3	25.6
Merrill Lynch	3	27.5	2	32.2
Salomon Smith Barney	4	21.2	4	24.1
Credit Suisse First Boston	5	14.6	5	17.8
Chase	6	13.6	6	11.1
Donaldson, Lufkin & Jenrette	7	12.0	7	11.6
Lehman Brothers	8	11.2	8	10.0
Warburg Dillon Read	9	10.6	15	2.7
Bear, Stearns	10	9.6	10	7.6

Source: TFSD; All US announced deals

Chase Qualifications Selected REALIB Advisory Transactions



\$1.0 Billion Equity Investment
\$2.5 Billion Financing

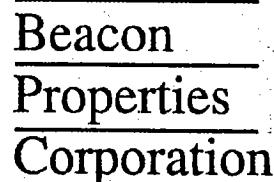


STARWOOD

M&A Buy-Side Advisor for
ITT Acquisition
\$14.6 Billion



M&A Buyside Advisor for Beacon
Properties Acquisition
\$4.0 Billion⁽¹⁾



Acquisition by Equity Office Properties of
Beacon Properties
\$4.0 Billion⁽¹⁾



M&A Buyside Advisor for Evans
Withycombe Acquisition
\$1.1 Billion⁽¹⁾



M&A Buyside Advisor for Wellsford
Acquisition
\$1.0 Billion⁽¹⁾



M&A Buyside Advisor for American
Apartment Communities Acquisition
\$800 Million⁽¹⁾



Acquisition by Simon
Property Group of CPI
\$6.0 Billion

⁽¹⁾ Transactions completed by current REALIB executives prior to joining Chase

Chase Qualifications Selected REALIB Advisory Transactions⁽¹⁾



**Bay
Apartment
Communities**

Merger of Equals with Avalon Properties
\$2.0 Billion



M&A Sell-Side Advisor for sale of
Compass Management and Leasing, Inc.
\$180.0 Million



Corporate Sell-Side Advisory for sale
to Whitehall/Westmont
\$349.0 Million



Shareholders' Rights Plan⁽¹⁾

Central Parking

Buy-side Advisor for Acquisition of Kinney
\$225.0 Million

Chastain Capital Corporation



Strategic Advisor to Chastain Capital
Corporation in the Company's
Recapitalization effort



**BRINKER
INTERNATIONAL**

Sale/leaseback financing secured by 62
Restaurants and three office buildings
Exclusive Financial Advisor
\$124.0 Million



**Associated Estates
Realty Corporation**

Shareholders' Rights Plan and M&A Buyside
Advisor in Acquisition of MIG Properties
\$122.0 Million⁽¹⁾

⁽¹⁾ Transactions completed by current REALIB executives prior to joining Chase

G29623



G29624

February 11, 2000

VIA OVERNIGHT DELIVERY

Mr. Randolph Moore
Chairman, Special Committee
Grove Farm Company, Incorporated
c/o Kaneohe Ranch
1199 Auloa Road
Kailua, Hawaii 96734

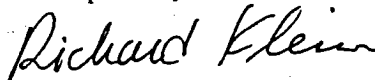
Re: Proposal to Serve Grove Farm Company, Incorporated

Dear Randy,

We are pleased to enclose our proposal to Grove Farm Company, Incorporated in response to your letter of February 2, 2000. We have briefly outlined our unique qualifications to become your advisor on this important assignment.

As we discussed, we will be prepared to discuss alternative fee arrangements in detail with you during our oral presentation. We very much appreciate being included in your selection process and look forward to our meeting to discuss the proposal in greater detail. In the meantime, should you have any questions, please feel free to give me a call at 310-785-4095.

Respectfully,



Richard H. Klein
Partner

Confidential

FINANCIAL ADVISORY
SERVICES

Proposal to

Grove Farm Company, Incorporated

 **ERNST & YOUNG**
FROM THOUGHT TO FINISH.™

G29626

Executive Summary: Selecting your Advisor

Ernst & Young LLP (E&Y) is pleased to respond to your request for proposal to provide financial advisory services to the Special Committee of Grove Farm Company, Inc. (the "Company"). We know how challenging your decision making process will be in the coming months as you evaluate the various strategic alternatives available to the Company, including a possible sale.

This will be a very important time in the Company's long history - a time when it will be imperative to have a *thoughtful, experienced and trusted advisor* who can *effectively analyze, communicate and help implement* the strategic direction you select for the Company.

Ernst & Young through the EY Kenneth Leventhal Real Estate Group ("EYKL") has enjoyed a very successful and value-driven relationship with Grove Farm for several years. It is because of this relationship, our detailed understanding of the Company's assets, people and culture and E&Y's diverse skills, market understanding and proven experience in similar situations, that we are confident that we would be the best choice as your financial advisor.

We believe that the following reasons make selecting E&Y as your financial advisor a compelling and smart business decision:

- No learning curve required, resulting in faster analysis and execution.
- Dominant market presence in Hawaii.
- Very deep bench of experienced personnel.
- The global resources of a 95,000-person firm.
- Proven methodology and interdisciplinary approach.
- Unmatched skills and experience in the real estate industry.
- Seamless integration of the economic, accounting, tax and capital markets considerations.
- Global reputation of capital markets execution capabilities.

The following pages will outline our approach to the financial advisor role, describe similar assignments that demonstrate our expertise in serving clients with needs similar to the Company and detail the key team members that will participate in the assignment. We understand the confidential nature of this engagement and will only discuss the material with E&Y personnel directly involved with the engagement and with those other professionals that you designate.

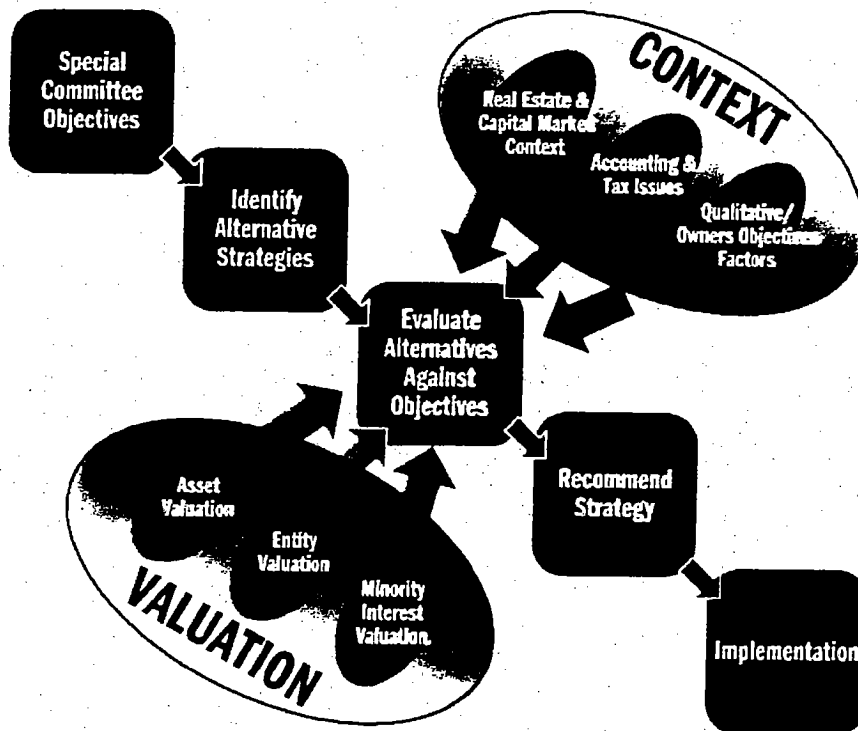
Fulfilling the responsibilities of the Special Committee will be a complex and exciting process. Our team stands ready to assist you with the commitment and full resources of E&Y.

Engagement Approach

Each client's needs are different and we customize our services accordingly. In every case, we seek to understand our clients' objectives and concerns as they assess the alternatives that are before them with regard to financial opportunities and potential transactions. Further, we represent the best interests of our clients during all phases of initiating and implementing a transaction, should that be the outcome of our recommendations. We build a strong information base from market and industry data as well as financial analysis, to help owners and management make the right decisions.

As Grove Farm's financial advisor, E&Y proposes to assist the Company identify the alternative financial strategies that are appropriate and realistically available in the marketplace, assess those options in light of ownership's objectives and recommend a strategy for execution. We can further assist the Company in the execution of any recommended strategy including an evaluation of a transaction and preparation of a fairness opinion. The graphic below summarizes our approach as the Special Committee's financial advisor.

Approach Overview



Grove Farm Company

Confirm Special Committee Objectives

E&Y will meet with the Special Committee and, as requested, various shareholder groups to understand the key issues facing these constituencies and the Company that may potentially impact the choice of final recommendation to the Board of Directors.

Identify Alternative Strategies

E&Y will identify alternative financial strategies that may be appropriate to consider. These strategies may include: sale of assets, entity merger, auction/sale of company, IPO, refinance, and exchange of assets.

Evaluate Alternatives Against Objectives

Our experience tells us that it is likely the evaluation of alternatives will include many quantitative and qualitative components. The quantitative "bottom-line" is the after-tax value to shareholders. This will require an understanding of an asset valuation, entity valuation, or, in certain circumstances, the valuation of a minority interest, within the context of the capital and real estate market conditions. These values are further impacted by tax and accounting implications. The qualitative issues may include evaluations of timing, risk, liquidity/form of compensation, future ownership goals and cultural fit. Based on these analyses, the alternative strategies will be evaluated against your criteria/objectives.

Recommend Strategy

E&Y will summarize our analysis and present our recommendations to the Special Committee. Upon acceptance of this recommendation, E&Y will prepare an implementation plan to execute the recommended strategy.

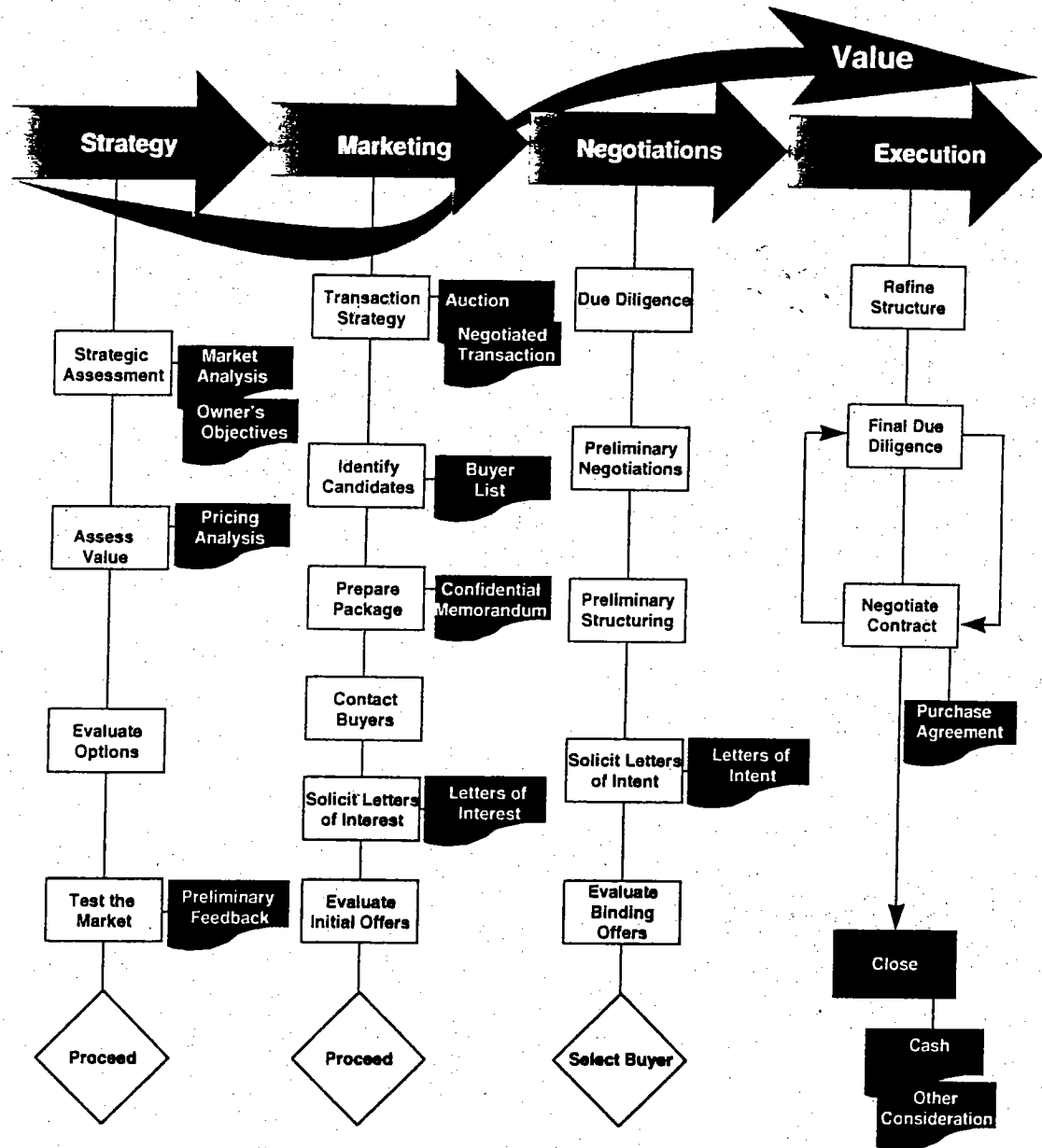
Implement Transaction

As part of our responsibilities as your financial advisor, E&Y anticipates managing the implementation program and, along with legal counsel, assist in executing the approved transaction. Also, at the request of the Special Committee, E&Y will be prepared to issue a fairness opinion on the final transaction.

The chart on the following page depicts our methodology for transaction execution. The precise process and timeline will depend on the actual type of transaction selected.

Grove Farm Company

The Transaction Process ... Maximizing Shareholder Value



Demonstrated Success in Serving Our Clients

At E&Y, we are proud of our many client successes. For your review, we have highlighted engagements that demonstrate E&Y's unique capabilities, creative problem-solving, and comprehensive industry knowledge. Several of our clients faced similar challenges and opportunities as the Company faces today.

Financial Advisory Services

Publicly-Traded Hawaiian Agriculture and Real Estate Company—E&Y was retained as financial advisor to a Special Committee of the Board of Directors to develop and recommend alternative strategies to maximize shareholder value. We met with various shareholder groups to better understand their ownership objectives and vision of the Company's future. We performed real estate and entity valuation analyses and presented a wide range of alternatives. We helped prioritize the various shareholder objectives and created a unique tax efficient concept that was acceptable to the various stakeholders. In the end, our work served as a catalyst for resolving diverse shareholder interests and a satisfactory transaction.

Catellus—E&Y was engaged to evaluate alternatives to improve shareholder value. Our analysis included an evaluation of management, their goals and objectives, real estate assets, management functions, the company's capital structure and possible entity transactions (merger, swap of stock for stock, entity sale, joint venture, acquisition of other companies) that would provide shareholders with increased value and liquidity. The stock price as of the date of analysis was approximately \$7 per share. After various management changes and changes in company strategy, current trading price is in excess of \$18. Many of the changes were the result of our findings and recommendations.

Estate of Samuel Mills Damon—E&Y was engaged to evaluate real estate business plan alternatives related to the ongoing operations and the potential trust termination of the Estate. The business plan alternatives were evaluated in the context of real estate market conditions, leasehold/leased fee issues, capital flows, business strategy and related operating and organizational practices. Our engagement objective was to qualitatively and quantitatively evaluate operating scenarios for purposes of determining residual benefits to the beneficiaries. Our engagement required extensive financial modeling, trust accounting and entity/organizational level analyses.

The Estate of Howard Hughes—E&Y was engaged by the Estate of Howard Hughes to evaluate various alternatives related to the distribution of assets to the beneficiaries. Numerous capital alternatives were evaluated, including liquidation, mergers, joint ventures, and contributions to REITs under a variety of operating conditions. Our engagement procedures included an evaluation of all real estate assets, management diagnostics and reviews of business plans, capital and real estate markets analyses, tax issues and possible capital transactions. Our analyses were presented to a diverse beneficiary group that ultimately led to the successful transaction with The Rouse Company that involved stock, and the assumption of debt and cash. The transaction minimized taxes owed and allowed the beneficiaries to participate in the upside of The Rouse Company.

Grove Farm Company

Public Real Estate Operating Company—E&Y is presently engaged to assist a public real estate company with various business plan alternatives related to its assets, entity structure, organization and market position for purposes of maximizing shareholder value. Our analyses include an assessment of current business and company strategic plans, its real estate holdings, capital markets, entity structure (benefits and opportunities related to a potential capital transaction) and the quantification of potential shareholder benefits.

Dole Foods/Castle & Cooke—E&Y was engaged to analyze and value all of the real estate holdings of Castle & Cooke, a publicly traded company that was created through the tax-free spin-off by Dole Foods. We assisted Dole/Castle with evaluating structural issues related to the spin-off, the valuation of the assets for tax, accounting and SEC purposes, and other general tax and consulting advice. We are currently assisting Castle & Cooke evaluate methods of reducing cost and improving real estate performance for a number of its assets.

Ginnie Mae—Serving as the financial advisor to the Government National Mortgage Association (Ginnie Mae), E&Y designed, developed and implemented the Ginnie Mae Multiclass Securities Program. We continue to oversee the program operations and periodic program enhancements. EYKL also designed, developed and implemented various mortgage-backed securities products in response to market demands and to assist Ginnie Mae in increasing liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing. Since the inception of the Multiclass Securities Program in mid-1994, E&Y has overseen the issuance of approximately \$20 billion of mortgage-backed securities guaranteed by Ginnie Mae.

Fortune 100 Company—E&Y was asked to assist this company in the analysis of transaction alternatives and ultimately to dispose of its \$1.0 billion real estate portfolio. The assets included large land holdings, master planned communities, several resorts, hotels and golf courses, office and other commercial holdings. We provided the Board with a range of alternative solutions, assisted in the marketing of the package and evaluated the buyers proposals.

Selected Transaction Experience

Lotus Pineapple Company—E&Y was hired to privatize the pineapple industry in Puerto Rico which was plagued with high labor costs, inefficient production and an obsolete plant. Lotus Pineapple was an integrated production and processing business owned by the Land Authority of Puerto Rico. For this project, we assessed the financial condition, looked at the potential for the brand, marketed the business to both financial and strategic investors and sold it to a tropical juice company for cash.

Metropolitan Life Insurance—E&Y Corporate Finance acted as lead advisor throughout the sale process of Metwest Agribusiness, an 11,000 acre apple, stone fruit, almond and wine grape operation in Fresno, California. E&Y provided confidential information to a wide range of U.S. and international buyers. We marketed the business, negotiated the price and assisted in all phases of documentation. The transaction took five months to reach a preliminary agreement and eight months to close. The buyer was a commercial real estate investor with Japanese equity interests.

Grove Farm Company

Major Financial Institution—E&Y successfully completed the sale of a sub-performing/non-performing \$293 million mortgage loan portfolio for a major financial institution. E&Y had complete responsibility for the entire transaction from inception to post-closing, with the limited exception of outsourcing broker opinions, CD-ROMs and loan transfer document preparation. This project included a comprehensive range of loan sale advisory services such as data assembly, loan/asset portfolio valuation, development of all offering materials, bidder due diligence supervision, bid analysis, and coordination of all closing and transfer legal documents. Effective data presentation and an overall transaction strategy enabled the client to realize one of the highest pricing executions of all similar transactions completed over the past 12 to 18 months.

Major International Company—E&Y was asked to help this company sell its U.S. food ingredient operations. A sale of the entire U.S. operation was made to a major Canadian company with similar lines of business.

Privately-owned Specialty Chemical Company—E&Y was engaged in a transaction with a company that was seeking long-term funds for expansion and acquisition. E&Y helped the company establish a new banking relationship providing both revolving credit and long term funds.

International Food Company—E&Y was engaged to help this company divest its, beef, chicken, and sauce manufacturing operations. A successful management buy-out was completed which also maximized the value to the selling shareholders.

Major Food Company—E&Y was approached by a major food company that wanted to sell certain manufacturing operations serving several important customers. A transaction was completed with a supply contract to continue services to the customers.

Recognized Fruit and Vegetable Processing Company—E&Y was engaged to help this company raise cash through a sale. A review of the market was made and a sale was concluded to an acquirer with the best strategic bid.

The Preeminent Provider of Real Estate Services

In addition to our firm's involvement in the financial advisory arena, we have also been intricately involved in all aspects of the real estate industry for many decades and offer more industry-specific professionals than any other firm.

EYKL is the premier real estate professional services firm in the United States with an international reputation. The combination of our unsurpassed real estate expertise and technical abilities, along with our daily contacts with financial institutions and investment bankers, places us in a superb position to propose ideas that enhance our clients' business. Our valuation methodologies and appraisal opinions are among the most respected and relied upon in the world.

EYKL is a leading expert in developing strategic business plans, analyzing operations, and providing a wide variety of consulting support to the key players in the real estate industry. Our dominance in serving this industry is demonstrated by our client base.

Grove Farm Company

Real Estate Advisors—We serve 14% of the largest real estate advisors, including Hancock Timber Resource Group, Koll Bren Realty Advisors, Lowe Enterprises, Inc., PM Realty Advisors, Principal Financial Group, Teachers Ins. & Annuity/TIAA Real Estate Account, and Westbrook Partners.

Real Estate Investment Trust Industry—EYKL audits more than 25% of the real estate investment trust industry, including Arden Realty, Alexandria Real Estate Equities, BRE Properties, Capstead Mortgage Corporation, Equity Residential Properties, Health Care REIT, Health and Retirement Properties Trust, Public Storage, Town & Country Trust, and Westfield America.

Real Estate Owners/Developers—We serve many of America's largest real estate owners/developers, including Arden Realty, Ashley Capital, Inc., CMD Realty Investors, Crow Holdings, The Koll Development Company, Liberty Property Trust, Lexford, Inc., Lincoln Property, National Realty & Development Company, Prime Realty Trust, and Westcor Partners.

Home Builders—We provide services to 40% of America's largest home builders, including Forecast Group, Hovnanian Enterprises, Kaufman & Broad, Lewis Homes, Pulte Homes, The Ryland Group, Schuler Homes, Shea Homes, Toll Brothers, and Trammell Crow Residential.

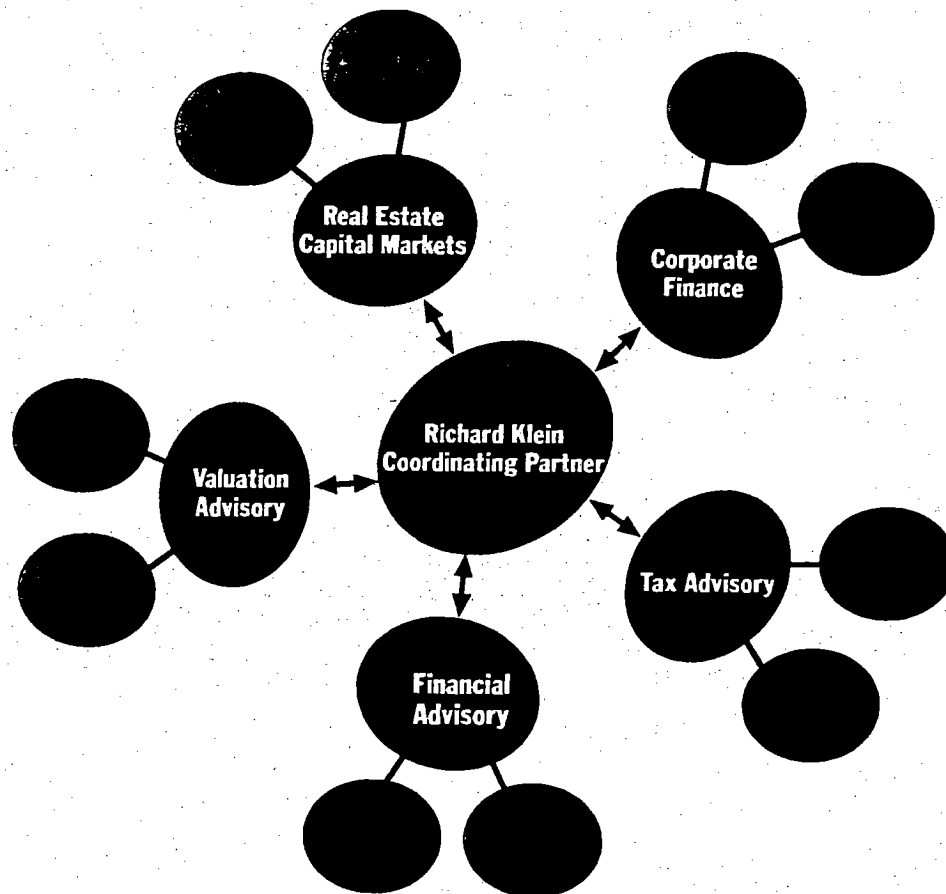
It takes experience and insight to serve the demands of today's real estate companies. We are dedicated to delivering the ideas, solutions, and measurable results to build and grow our clients' business.

Grove Farm Company

The Team to Serve Grove Farm Company

A significant factor in achieving our firm's leadership position has been the flexibility of our staff and the quality of client service. For this engagement, we have assembled an experienced management team which consists of highly qualified individuals with expertise in the various areas required by this undertaking. The engagement will be led by Richard Klein who brings significant, direct, successful experience with the Company. Capable members from our Real Estate Advisory, Corporate Finance, Real Estate Capital Markets groups and tax and accounting professionals will be carefully utilized to ensure that our professional services are performed in an efficient and timely manner.

The team assembled to serve the Company has extensive experience in serving clients with goals and objectives similar to yours. The following chart provides an overview of the proposed engagement team. Profiles detailing the qualifications of our proposed service team then follow.





Richard Klein will act as coordinating partner for all services provided to the Company. Richard has more than 20 years of real estate experience in servicing a variety of publicly held and privately owned businesses. He has an intimate understanding of the goals and objectives of the Company through his involvement on previous engagements and is known by both management and the Board of Directors. Richard has extensive securitization, REIT strategic planning and M&A experience and serves as the capital markets expert for EYKL Los Angeles. Additionally, he has advised clients on structuring syndications and joint venture arrangements, management agreements, contracts to purchase or sell, sale/lease-back transactions, business and asset valuations, financial and organizational restructurings and other business undertakings.



Anthony Aaron is partner and directs the Financial Valuation Services Group in the West Region of E&Y. He is a Chartered Financial Analyst (CFA) and a senior member of the American Society of Appraisers, tested and accredited in business valuation. He specializes in the valuation of capital stock and related securities. His areas of expertise include valuation of common stock, preferred stock, minority and majority interests, privately held interests, and unusual securities. These studies have addressed a variety of value premises, including fair market value, fair value, investment value, intrinsic value, fundamental value, and liquidation value.

Engagements performed in this area have included estate planning, support of merger and acquisition negotiations, changes in business ownership, capital restructuring, and litigation support. He has provided both deposition and courtroom testimony on several occasions. Anthony has also performed and directed numerous valuation studies of intangible assets for purchase price allocation, prepared for both tax reporting purposes and financial accounting purposes.



Gary Basil handles tax consulting for all phases of real estate development, syndication and securitization. His client involvement includes business and personal tax planning, ownership structure determinations, disposition and/or liquidation analyses and restructuring engagements. He is also involved with joint ventures and syndication consulting which includes critique of legal documentation and property projections to ensure continuity of economic agreement with documented structure and commitments. Gary's clients include REIT's, real estate opportunity funds, and residential and commercial property developers.

Grove Farm Company



Chris Campbell is the firm's team leader for public transactions and has done \$10 billion in M&A work on behalf of special committees. Before joining E&Y, he was with Salomon Brothers for 10 years.



Frederick Chin will serve as the real estate valuation partner to the Company. Fred is the EYKL National Director of Real Estate Appraisal/Valuation Services and will bring his unique expertise to the Company. He has extensive background in evaluating real estate projects and entities for acquisition, disposition, repositioning, restructuring or litigation purposes and significant experience throughout the Hawaiian Islands. He is an expert in valuation and market analyses of complex assets and portfolios. In addition, Fred has a comprehensive understanding of regional and local economic capital market trends and conditions related to the demand and price of various real estate products.



Gerald Cohen will serve as an advisor offering capital markets expertise. Gerald is the partner-in-charge of the Real Estate Capital Markets Group of EYKL. Previously, Gerald was the President and CEO of Harlan Company, Inc., a specialty real estate investment banking firm. His experience includes serving as the Managing Director of Real Estate for Peers & Co., an investment banking firm wholly owned by The Long-Term Credit Bank of Japan, specializing in cross-border advisory assignments and transactions. He also served as the Partner of National Acquisitions for The Shidler Group, an owner/operator of commercial properties.



Stephen Duffy has more than 17 years of management consulting experience in all aspects of real estate and financial services; strategic real estate planning, debt restructuring, business systems and operations, market analysis and valuation services. Select clients served by Steve include WalMart, Red Robin, Del Taco, Shell Oil, Simon deBartolo, Wells Fargo/First Interstate, The Santa Margarita Company and Newhall Land & Farming.

Grove Farm Company



David Key will serve as an advisor to the Company delivering his unique expertise in providing corporate finance services to clients in the agriculture and food sector. For 18 years, David has worked as a commercial banker and an investment banker handling transactions for food companies, livestock producers, seed and chemical companies, and life science companies. His responsibilities included managing client relationships, raising capital for both strategic and financial sources on behalf of clients and sourcing new business in the U.S., Europe and Latin America. David's deal list can be broken down approximately as follows: 37 sales or divestitures; 15 debt or equity financings; 12 restructurings and workouts; 10 business valuations; 5 acquisition searches; and 2 private equity syndications.

Eric Solomon will serve as a national tax advisor to the Company. Eric is a partner with Ernst & Young's Mergers & Acquisitions Group in the National Tax Department. He has more than 18 years of experience in corporate taxation, both in private practice and in the government, and continues to advise in all substantive areas of corporate taxation, with particular emphasis on tax-free reorganizations and spin-offs. Before joining E&Y, Eric served at the Internal Revenue Service for five years where he was Assistant Chief Counsel (Corporate) and then Deputy Associate Chief Counsel (Domestic Technical).

Suzanne McConney is a senior manager who focuses on the Hospitality and Leisure Industries and has been a key team member involved in previous assignments for Grove Farm Company. She has worked in these industries since 1986 and has extensive experience throughout the Caribbean, the Continental US, Hawaii and the United Kingdom. In addition to her consulting experience, she was the Executive Vice President and CFO of a Caribbean hotel company and was responsible for the company's development and expansion program for 5 years. This has provided her with practical insights into the development and operation of hotel and golf projects.

Some of the areas in which Suzanne specializes in are strategic planning, preparation of financing and business plans, structuring debt and equity financing, preparation of re-financing/work out plans for distressed companies, organizational restructuring, and market financial and cash flow analysis.

Carol Schwartz is a senior manager and specializes in strategy planning for real estate companies and corporate real estate divisions, including corporate strategy, business planning and organization design, new business identification and core process re-engineering. Carol has advised clients with regard to alternative exit strategy analysis in both public and private markets, and conducted corporate and asset-related sales. She has also prepared market feasibility studies and asset-related marketing and strategy plans.

Carol has provided strategic planning services to a variety of clients including home builders, REITs, real estate developers and investors, real estate service providers, *Fortune 500* corporations and various government agencies. Carol received her MBA from Harvard University and received a Masters in Architecture and Bachelor of Science in Architecture from MIT.

Proposed Fees

From our initial perspective of the assignment, we see several alternative fee approaches that might be desirable to the Special Committee. Accordingly, we would like to discuss these concepts in a face-to-face meeting.

G29640



Randy Moore

From: "Robert Basic" <rbasic@jefco.com>
To: <rmoore@hawaii.rr.com>
Cc: "Bob Werle" <bwerte@jefco.com>
Sent: Friday, February 11, 2000 2:29 PM
Attach: letter.doc; Engage.doc; pitch.doc
Subject: Jefferies' Proposal - Financial Advisor to Grove Farms

Dear Mr. Moore,

Per Bob Werle's request, please find attached to this email an intro letter, engagement letter, and pitch book pertaining to your request for proposal for financial advisory services to Grove Farms. These materials are also being sent to you in printed form via FedEx and should reach you by Monday afternoon. If you have any problems receiving or opening any of the attached files, please call me at (310) 575-5206 or email me at rbasic@jefco.com.

Bob's number is (310) 575-5266.

(See attached file: letter.doc)(See attached file: Engage.doc)(See attached file: pitch.doc)

G29641

2/11/00

February 11, 2000

Mr. Randolph G. Moore
Chairman, Special Committee
Grove Farm Company, Incorporated
c/o Kaneohe Ranch
1199 Auola Road
Kailua, Hawaii 96734

Dear Randolph:

It was a pleasure speaking to you on the telephone this past Wednesday. I appreciate the background that you shared with me regarding Grove Farm Company, Incorporated. I now have a greater understanding of the objectives of the special committee of the board of directors and the desire to retain a financial advisor.

In response to your request for proposals from prospective financial advisors, I have enclosed for your review certain information. This information includes a description of Jefferies & Company, Inc. outlining our qualifications, as well as a proposed engagement letter for the assignment with the special committee of the board of directors of Grove Farm Company, Incorporated. As you will see, this information outlines in detail Jefferies capabilities to assist Grove Farm in attaining its objectives.

Jefferies has acted as financial advisor in over 90 transactions with a disclosed transaction value in excess of \$13.2 billion. The information included in **Tab 3** highlights Jefferies' M&A expertise. Of particular note, we have recently acted as financial advisor to Kimco Realty Corporation in its \$936 million acquisition of The Price REIT, Inc., to American Residential Services in its \$287 million merger with The ServiceMaster Company, and to Club Regina Resorts, Inc. in its \$232 million purchase of hotel and vacation ownership assets from Bancomer S.A. Institucion de Banca Multiple, Grupo Financiero. Additionally, members of the Jefferies' team have extensive years of experience working with a variety of real estate concerns in Hawaii.

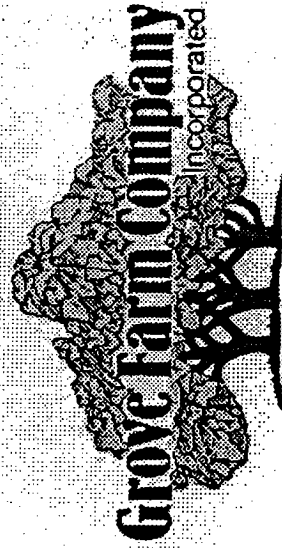
Again I hope that this information is useful to the special committee in your consideration of a financial advisor. I look forward to further discussing with you Jefferies' capabilities and the details of the potential assignment. Please feel free to contact me at (310) 575-5266.

Sincerely,

Robert M. Werle
Managing Director

G29642

PRESENTATION TO:



JEFFERIES
& COMPANY, INC.

February 11, 2000

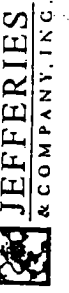
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INTRODUCTION TO JEFFERIES

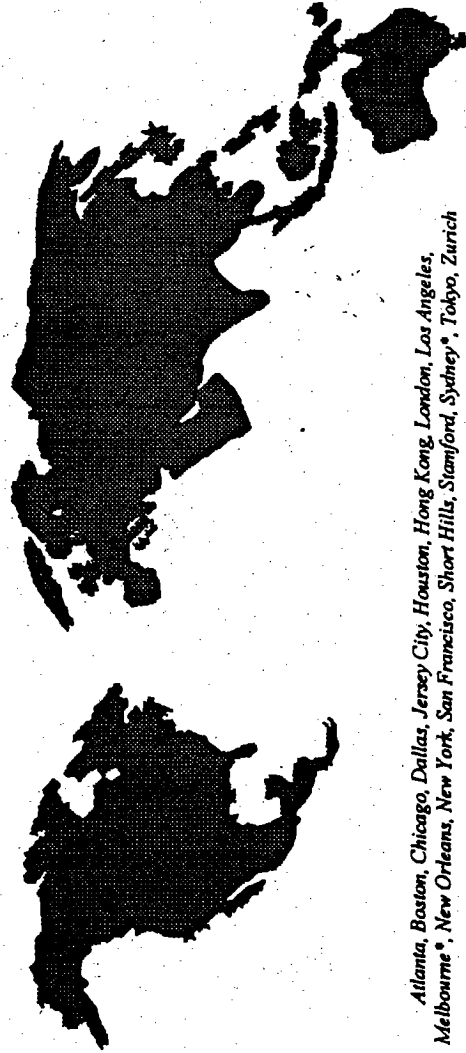
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JEFFERIES & COMPANY, INC.

OVERVIEW

- Full service investment banking firm to middle market growth companies
- Expertise in equity, high yield, and convertible underwriting and trading, as well as research and acquisition finance
- Wholly-owned subsidiary of Jefferies Group, Inc., a publicly traded company (NYSE Symbol: JEF) with market capitalization of \$470.0 million and over 900 employees in 16 offices internationally
- Jefferies Group has received an investment grade rating from Standard & Poor's and Moody's



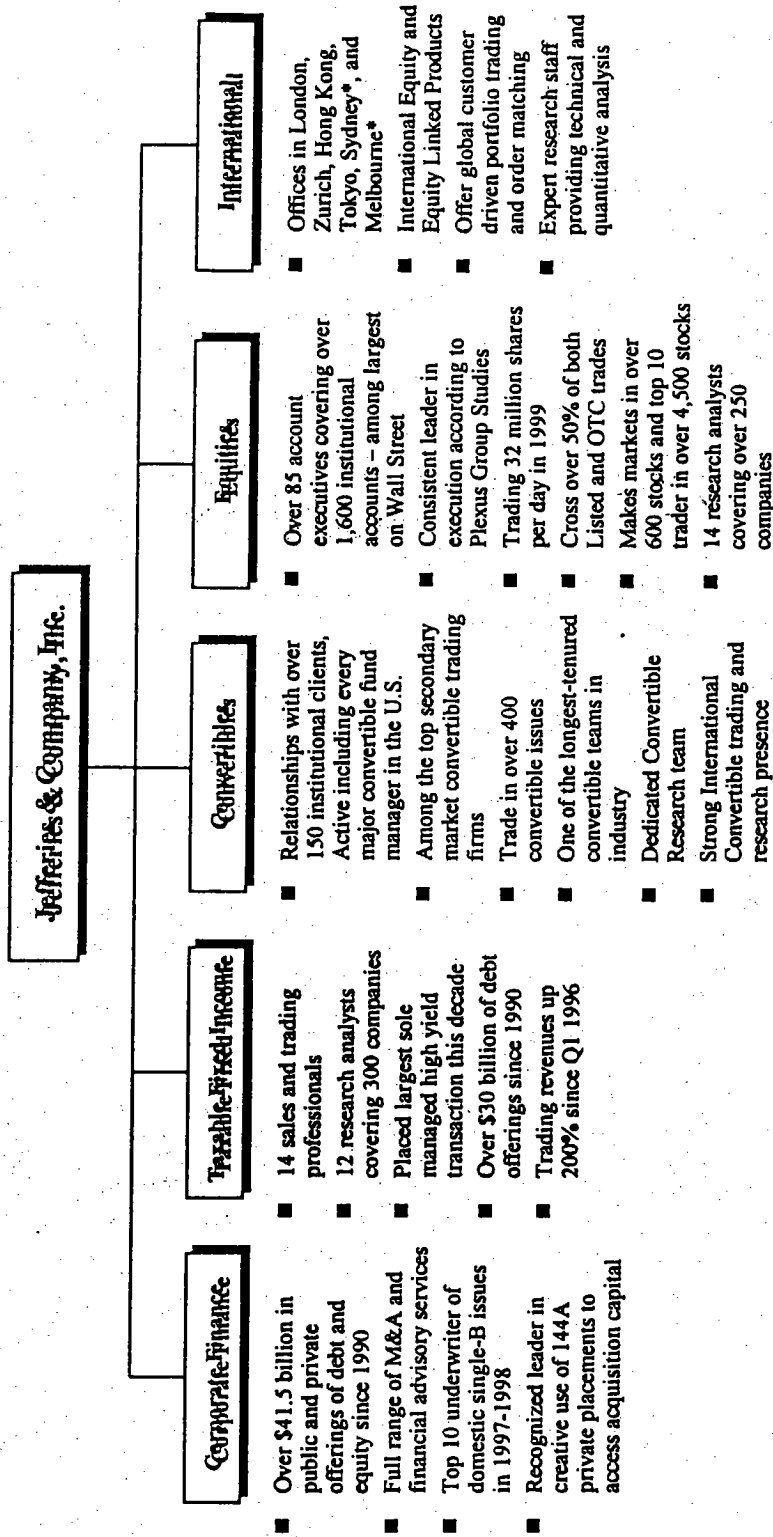
Atlanta, Boston, Chicago, Dallas, Jersey City, Houston, Hong Kong, London, Los Angeles, Melbourne, New Orleans, New York, San Francisco, Short Hills, Stamford, Sydney*, Tokyo, Zurich*

* Offices of international affiliate BBY.

G29646

JEFFERIES & COMPANY, INC.

FULL SERVICE INVESTMENT BANK

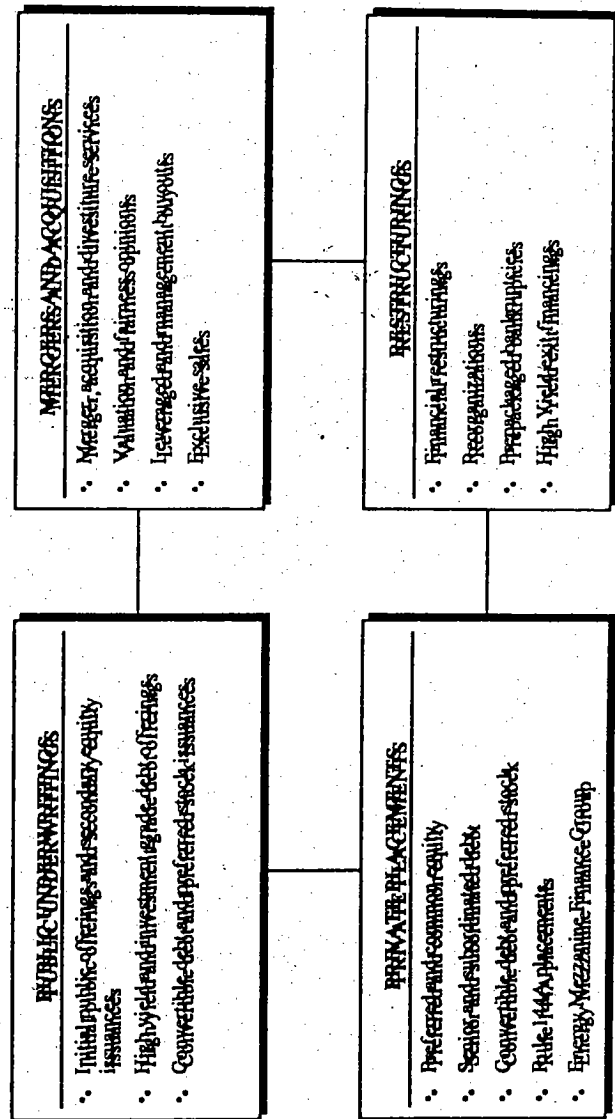


* Offices of international affiliate BBY.

JEFFERIES & COMPANY, INC.

OVERVIEW OF CORPORATE FINANCE

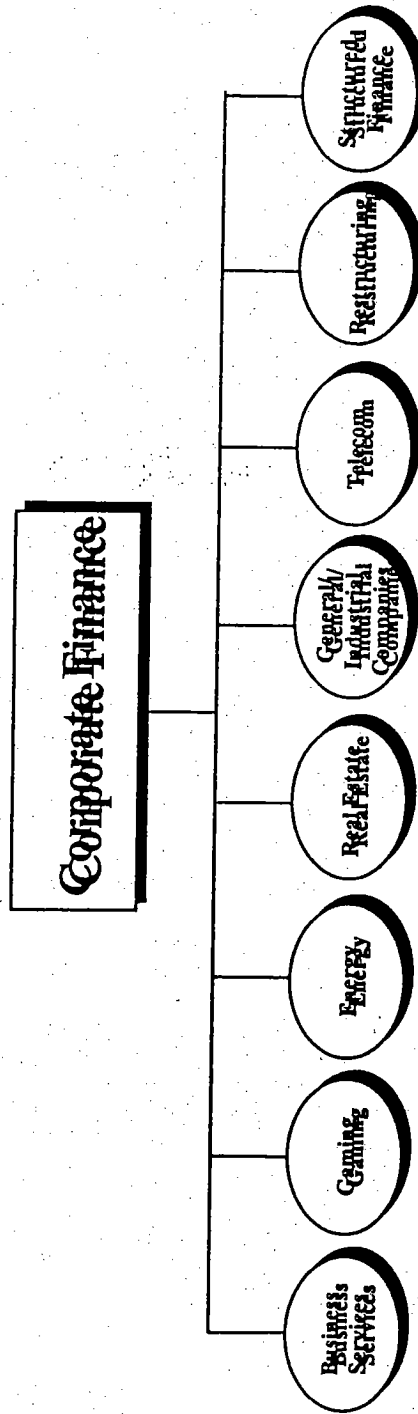
- Currently has over 140 employees compared to 30 in 1991
- Emphasize specific industry expertise and long-term client relationships
- Senior professionals involved in every transaction
- Close interaction with research, sales, trading and syndicate departments
- Provide ongoing financial advisory and corporate development services to clients



JEFFERIES & COMPANY, INC.

INDUSTRY EXPERIENCE

- Jefferies has a talented and experienced group of bankers and analysts dedicated to specific industries



G29649

JEFFERIES & COMPANY, INC.

DISTRIBUTION IS THE KEY TO JEFFERIES GROWTH

High Yield Distribution

- Ranked in top 10 on Wall Street in domestic single B rated high yield offerings from 1997 through 1998
- Trades in and offers extensive after-market research for most high yield issues
- One of the lowest default rates of any major underwriter

Equity Distribution

- One of the largest equity institutional salesforces in the industry
- Cover over 2,000 domestic and foreign institutions — more than any other firm
- In 1998, Jefferies traded nearly 12 billion shares
- Dominate off-market and third-market trading with over 50% share of the entire market
- Trading 32 million shares per day in 1999

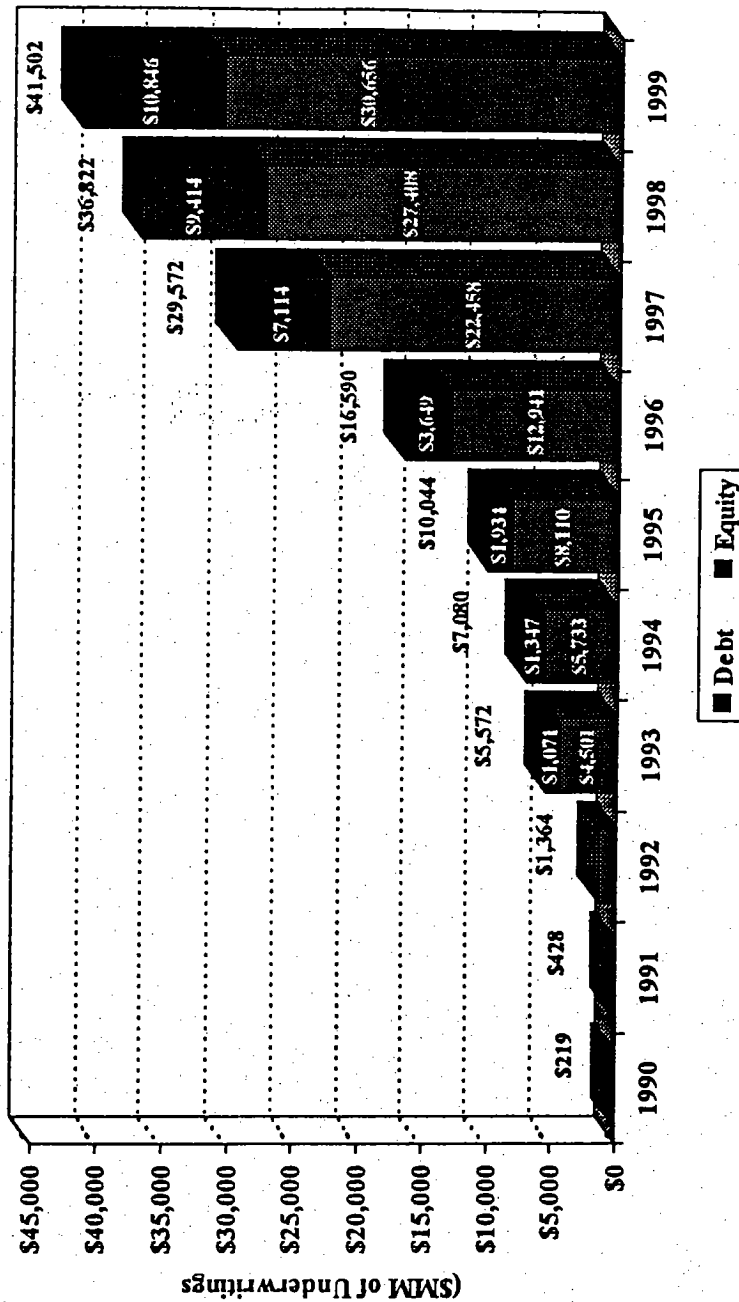
Convertible Distribution

- Jefferies is one of the top five traders in the secondary convertible securities market
- Eleven experienced and dedicated domestic convertible securities professionals
- Maintains active relationships with over 150 institutional and corporate clients
- Jefferies trades in over 400 different convertible securities issues

G29650

JEFFERIES & COMPANY, INC.

TOTAL AMOUNT OF DEBT AND EQUITY FINANCINGS SINCE 1990 (\$ in Millions)

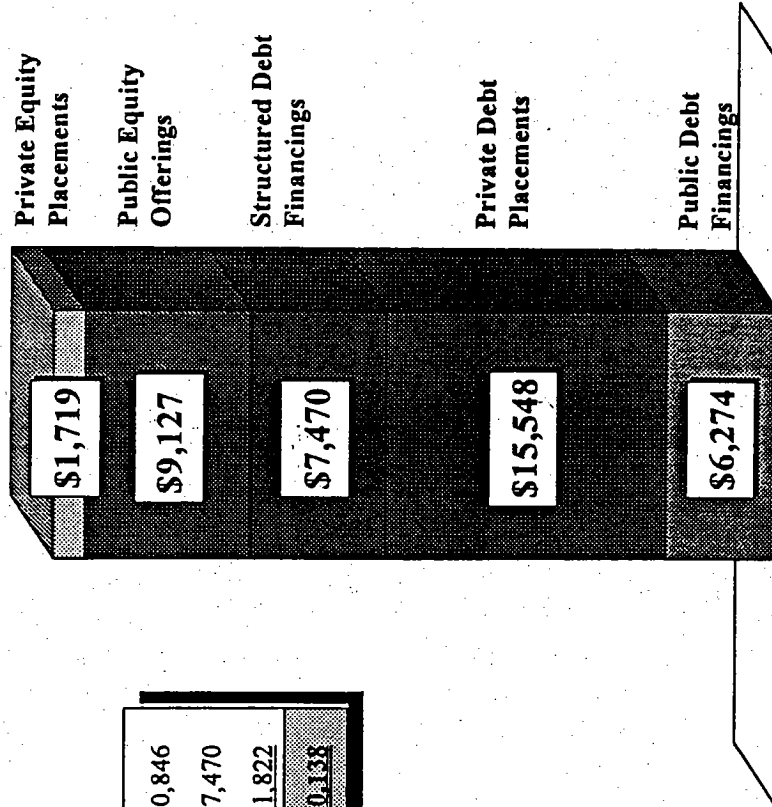


G29651

JEFFERIES & COMPANY, INC.

FINANCINGS COMPLETED SINCE JANUARY 1993 (\$ in Millions)

Total Equity Offerings.....	\$ 10,846
Total Structured Debt Financings	7,470
Total Debt Financings.....	21,822
Total Financings	\$ 40,138



G29652

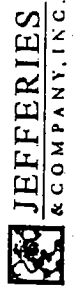
JEFFERIES & COMPANY, INC.

SUPERIOR EQUITY TRADING CAPABILITIES

- One of the largest salesforces on Wall Street
- Rated the best brokerage firm among the major full-service firms⁽¹⁾
 - Ranked first for overall execution for Nasdaq and exchange-listed stocks
 - Ranked first for executing difficult trades for Nasdaq stocks
- Ranked first by AutoEx™ for crossing over 50% of our listed trades in the twelve months ended June 30, 1997, nearly twice the closest competitor
- Jefferies Group operates the world's largest electronic trading network — ITG's POSIT, serving more than 300 major institutional clients and over 150 broker dealers

Exchange Listed Stocks ⁽²⁾ 12 Months Ended 06/97			Nasdaq Listed Stocks 12 Months Ended 06/97		
Firm	Points	Rating	Firm	Points	Rating
1. Jefferies	48	4.00	1. Jefferies	46	3.83
2. Cantor Fitzgerald	47	3.92	2. Salomon Brothers	45	3.75
3. Bear Stearns	43	3.58	3. Oppenheimer	43	3.58

(1) Source: Plexus Group. August 11, 1997.
 (2) NYSE and AMEX.



JEFFERIES & COMPANY, INC.

JEFFERIES HAS RAISED OVER \$40 BILLION IN FINANCINGS SINCE 1993 (\$ in Millions, Except Number of Transactions)

Type of Financing	Amount	Number of Transactions	Average Size	Issuance Range
Public Debt.....	\$ 6,274.0	36	\$ 174.3	\$ 75.0 - \$ 800.0
Private Debt.....	15,548.2	124	125.4	10.0 - 1,130.0
Public Equity	9,127.4	118	77.4	6.6 - 750.0
Private Equity	1,765.9	31	57.0	5.0 - 240.0
Structured Finance	<u>7,469.9</u>	<u>19</u>	<u>393.2</u>	9.5 - 1,350.0
Total	<u>\$ 40,185.4</u>	<u>328</u>	<u>\$ 122.5</u>	
Convertible Debt.....	\$ 890.0	9	\$ 98.9	\$ 50.0 - \$ 180.0
Convertible Equity	972.2	11	88.4	5.3 - 400.3

G29654

JEFFERIES & COMPANY, INC.

JEFFERIES' HIGH YIELD CAPABILITIES

- Jefferies has never failed to complete a high yield offering
- Ranked #9 in Domestic Single B High Yield Issuance from 1997 through 1998
- Ranked #3 in Domestic Single B High Yield Issuances for deals less than \$100 million from 1997 through 1998
- Originated the unique add-on offering methodology, *SUPERtack*™
- Leader in add-on offerings with 22 transactions totaling over \$1.4 billion in proceeds, comprising nearly 20% of the transactions completed since 1997

1997 - 1998 Domestic Single B High Yield Issues⁽¹⁾

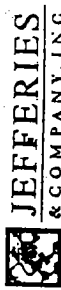
Lead Manager	Proceeds (\$ in millions)	Overall Rank	%	Number of Issues
Donaldson, Lufkin & Jenrette	\$16,141.2	1	13.7%	110
Salomon Smith Barney	15,866.4	2	13.5	76
Chase Manhattan Corporation	12,325.8	3	10.4	86
Bankers Trust	9,819.2	4	8.3	78
Morgan Stanley Dean Witter	8,749.2	5	7.4	46
Merrill Lynch & Co.	6,767.3	6	5.7	45
Bear Stearns	6,342.6	7	5.4	39
Lehman Brothers	5,738.3	8	4.9	37
Jefferies & Company, Inc.	5,663.3	9	4.8	41
Bank of America Corp.	5,638.9	10	4.8	45
CIBC Wood Gundy Securities	4,362.9	11	3.7	32
Goldman, Sachs & Co.	4,171.5	12	3.5	25
JP Morgan & Co. Inc.	3,551.2	13	3.0	18
Credit Suisse First Boston	3,198.1	14	2.7	32
Warburg Dillon Read	1,769.1	15	1.5	11

Source: Securities Data Company and Jefferies & Company, Inc.

(1) Domestic high yield debt rated B+, B, or B- by S&P. Excludes split rated debt.
 (2) Full credit given to lead underwriter based on gross proceeds from issuance. Credit split 50/50 for joint lead underwriting.

"Tack-On" Debt Offering Rankings by Underwriter⁽²⁾

Rank	Placement Agent	Number of Deals	% Deals	\$MM	% of \$MM
1	Jefferies & Company, Inc.	22	13.5%	\$1,417.4	17.7%
2	Chase Securities	14	8.5%	1,099.5	13.7
3	Goldman Sachs	7	6.0	753.2	9.4
7	Salomon Smith Barney	9	7.9	715.5	8.9
5	Deutsche Bank Alex Brown	7	6.5	684.4	8.6
4	Donaldson, Lufkin & Jenrette	12	11.1	669.7	8.4
6	Morgan Stanley Dean Witter	7	6.0	577.2	7.2
8	Credit Suisse First Boston	5	4.6	392.5	4.9
9	Bear Stearns	5	4.6	284.1	3.6
10	JP Morgan	3	2.8	187.9	2.3
11	Bank of America Securities	2	1.9	178.1	2.2
12	Merrill Lynch	2	1.4	170.0	2.1
13	Warburg Dillon Read	2	1.9	156.9	2.0
14	NetWest	1	0.9	140.4	1.8
15	First Union Bank	3	2.8	116.8	1.5
16	Lehman Brothers	2	1.4	92.3	1.2
17	CIBC World Markets	3	2.8	87.5	1.1
18	Prudential Securities	2	1.9	83.7	1.0
19	BankBoston	2	1.9	80.0	1.0
20	Barclays Capital	1	0.5	75.0	0.9
21	Friedman, Billings, Ramsey	1	0.2	40.4	0.5
Total		161	100.0%	\$8,002.5	100.0%

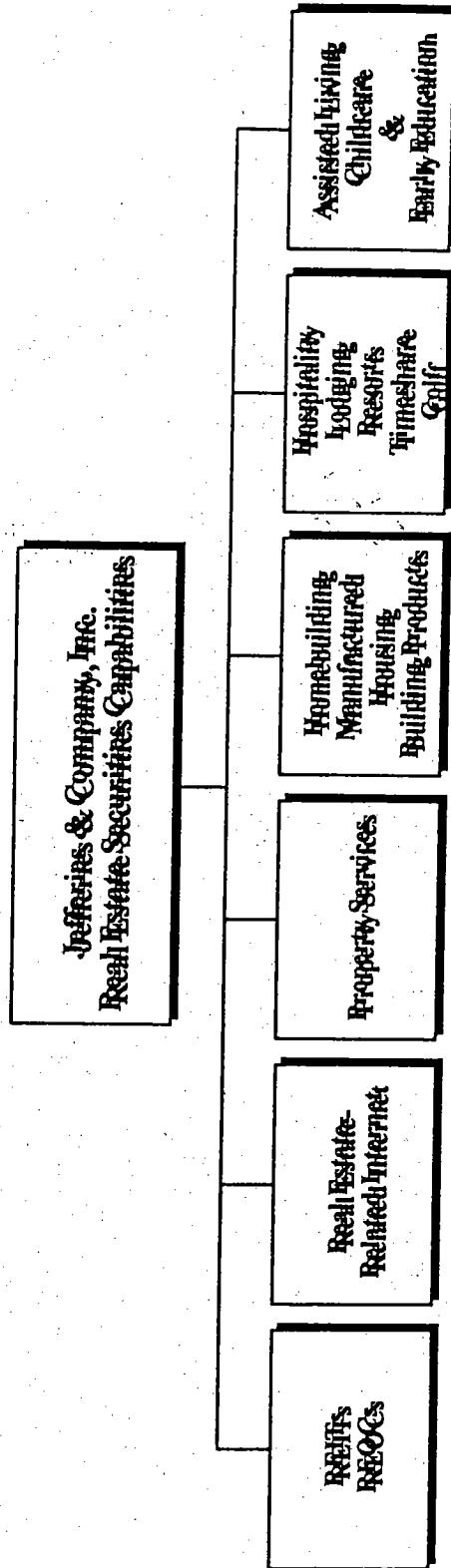


REAL ESTATE CAPABILITIES

REAL ESTATE CAPABILITIES

INTRODUCTION

- Jefferies has historically maintained a powerful trading presence in the securities of real estate-related companies
- In 1996, Jefferies initiated corporate finance coverage of the real estate securities industry
- Jefferies has established itself as a leading full-service investment bank to real estate companies, with investment banking efforts targeted in the following areas:



G29657

REAL ESTATE CAPABILITIES

INVESTMENT BANKING AND BROKERAGE SERVICES

- **Leading trade position in real estate securities**
 - Top 5 trader in each of the last three years
 - Among the most well versed sales professionals on Wall Street






- **Track record of real estate capital markets and M&A transactions**

- **Highly experienced real estate professionals**
 - Senior professionals average over 15 years of experience on Wall Street providing financing or research for real estate-related companies

- **Major investment banking presence in selected real estate market segments**
 - Office/industrial, retail and multi-family REITs
 - Homebuilding
 - Property services companies
 - Timeshare and leisure
 - Real estate-related Internet

REAL ESTATE CAPABILITIES



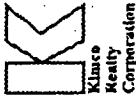

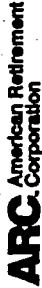


TRACK RECORD -- JANUARY 1997 TO PRESENT

Company	Transaction Description
 ARS <small>AMERICAN RESIDENTIAL SERVICES, INC.</small>	<ul style="list-style-type: none"> • American Residential Services, Inc. • Financial advisor in \$283.9 million merger with The ServiceMaster Company
 ENGLE <small>HOME</small>	<ul style="list-style-type: none"> • Engle Homes, Inc. • \$100.0 million sole managed senior notes add-on offering • \$50.0 million sole managed senior notes add-on offering • \$41.9 million co-managed secondary equity offering
 BUILDING ONE SERVICES CORPORATION	<ul style="list-style-type: none"> • Building One Services Corporation • \$200.0 million co-managed senior subordinated notes offering
 FLORIDA PANTHERS	<ul style="list-style-type: none"> • Florida Panthers Holdings, Inc. • \$340.0 million co-managed senior subordinated notes offering
 STANDARD PACIFIC	<ul style="list-style-type: none"> • Standard Pacific Corp. • \$100.0 million co-managed senior notes offering

G29659

REAL ESTATE CAPABILITIES

TRACK RECORD – JANUARY 1997 TO PRESENT (CONT'D)

Company	Transaction Description
 LNR Property Corp.	<ul style="list-style-type: none"> • \$100.0 million co-managed senior subordinated notes offering
 GroupMAC	<ul style="list-style-type: none"> • \$130.0 million co-managed senior subordinated notes offering
 Kimco Realty Corporation	<ul style="list-style-type: none"> • Financial advisor in \$936.0 million merger with The Price REIT, Inc. • \$32.0 million overnight transaction
 Club Regina Resorts, Inc.	<ul style="list-style-type: none"> • Financial advisor in \$232.0 million purchase of hotel & timeshare assets
 ARC American Retirement Corporation	<ul style="list-style-type: none"> • \$100.0 million sole managed senior notes offering • \$72.0 million co-managed secondary equity offering
 Schuler Homes, Inc.	<ul style="list-style-type: none"> • \$100.0 million co-managed senior notes offering
 PAN PACIFIC RETAIL PROPERTIES Inc.	<ul style="list-style-type: none"> • Advisor in \$35.0 million secured financing

G29660

REAL ESTATE CAPABILITIES

HIGH YIELD RESEARCH COVERAGE UNIVERSE

Homebuilding

Beazer Homes USA, Inc.
Capital Pacific Holdings, Inc.
D.R. Horton, Inc.
Del Webb Corporation
Engle Homes, Inc.
The Fortress Group, Inc.
Hovnanian Enterprises, Inc.
Kaufman and Broad Home Corporation
M.D.C. Holdings, Inc.
NVR, Inc.
Oriole Homes Corp.
The Presley Companies
The Ryland Group, Inc.
Schuler Homes, Inc.
Standard Pacific Corp.
Toll Brothers, Inc.
U.S. Home Corporation

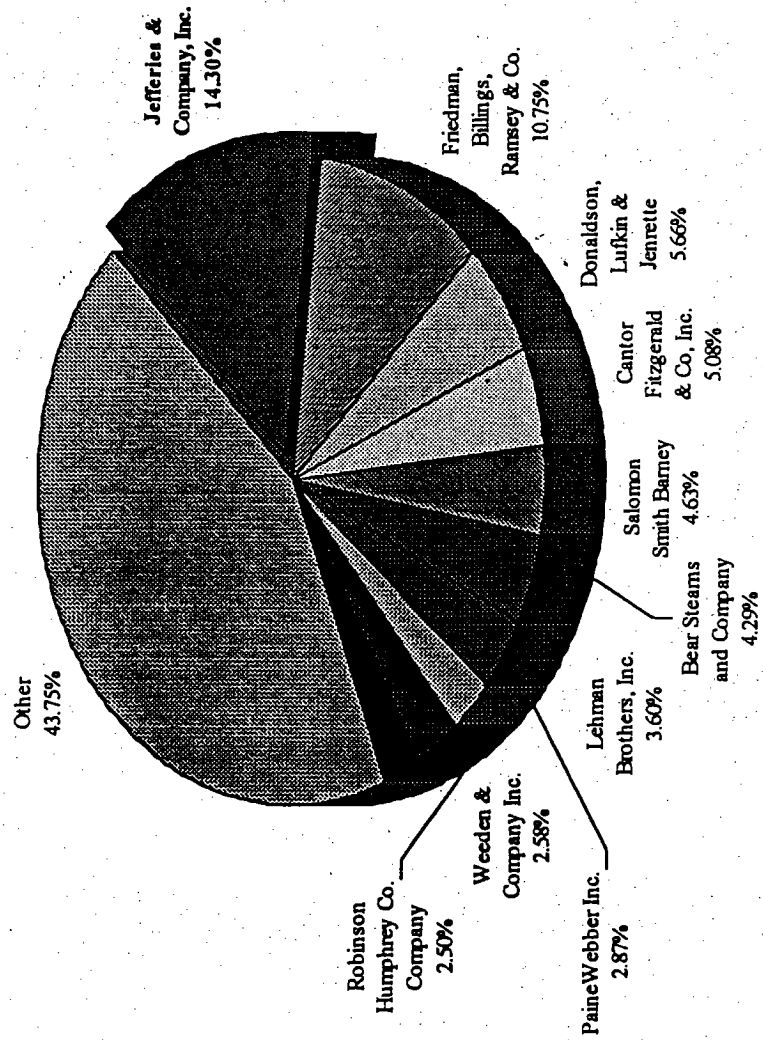
Property Services/REOCs/ Vacation Ownership

Raintree Resorts International, Inc.
LNR Property Corporation

REAL ESTATE CAPABILITIES

NUMBER ONE TRADER FOR OUR INVESTMENT BANKING CLIENTS⁽¹⁾ (EQUITY REITS, REOCs, PROPERTY SERVICES AND HOMEBUILDERS)

AutEx/BlockDATA 1998 Advertised Trading Volume



⁽¹⁾ Number one ranking as measured by number of advertised shares traded.

REAL ESTATE TRADING CAPABILITIES

REAL ESTATE TRADING CAPABILITIES

Ranked in the Top Six for 1998 Trading Volume

Assisted Living	Rank	Industrial/Office REITs	Rank	Residential REITs	Rank
Capital Senior Living Corp.....	2	Great Lakes REIT, Inc.....	2	Apartment & Investment Management Co.....	2
CareMatrix Corp.....	4	Parkway Properties, Inc.....	2	BRE Properties, Inc.....	2
Brookdale Living Communities, Inc.....	5	Bedford Property Investors.....	4	Irvine Apartment Communities.....	4
Emeritus Corp.....	5	EastGroup Properties, Inc.....	4	Camden Property Trust.....	4
Sunrise Assisted Living, Inc.....	5	First Industrial Realty Trust.....	6	Essex Property Trust, Inc.....	6
Healthcare	Rank	American Real Estate Investment Corp.....	6	Security Capital Atlantic.....	6
Apria Healthcare Group.....	1	Manufactured Homes	Rank	Retail REITs	Rank
Health Care Property Investors, Inc.....	1	Oakwood Homes Corporation.....	1	Price Enterprises, Inc.....	1
LTC Properties, Inc.....	1	Palm Harbor Homes, Inc.....	1	Mid Atlantic Realty Trust.....	3
Atria Communities, Inc.....	3	Southern Energy Homes, Inc.....	2	CenterTrust Retail Properties.....	3
Health Care REIT, Inc.....	3	Champion Enterprises, Inc.....	2	Kranzoo Realty Trust.....	4
Meditrust Corp.....	3	Fleetwood Enterprises, Inc.....	3	The Macerich Co.....	4
Healthcare Realty Trust.....	4	Mortgage REITs	Rank	U.S. Restaurant Properties.....	4
Nursing Home Properties.....	4	American Residential Investment Trust.....	3	Chelsee GCA Realty, Inc.....	4
Universal Health Realty Income Trust.....	5	Imperial Credit Commercial Mortgage Investment Corp.....	3	Kimco Realty Corporation.....	5
Homebuilders	Rank	Owen Asset Investment Corp.....	4	CleveTrust Realty Investors.....	5
Engle Homes, Inc.....	1	Atlantic Realty Trust.....	5	Developers Diversified Realty.....	6
Ryland Group, Inc.....	1	Novastar Financial, Inc.....	5	Specialty/Other	Rank
Standard Pacific Corp.....	1	Property Services	Rank	CCA Prison Realty Trust.....	2
D.R. Horton, Inc.....	2	ABM Industries, Inc.....	1	Forest City Enterprises, Inc.....	2
M.D.C. Holdings, Inc.....	4	Hospitality Worldwide Services.....	1	LNR Property Corporation.....	2
NVR Inc.....	4	American Residential Services, Inc.....	1	PS Business Parks, Inc.....	2
Del Webb Corp.....	5	Building One Services Corp.....	2	Wellsford Real Properties, Inc.....	2
Hospitality/Leisure	Rank	Dames & Moore Group.....	2	First Union Real Estate Investment.....	2
Family Golf Centers, Inc.....	1	Reckson Service Industries, Inc.....	2	Security Capital U.S. Realty.....	3
Regal Hotel Group.....	1	Service Experts, Inc.....	2	United Asset Management.....	3
Menistar Hotels and Resorts.....	2	Counmach Laundry Corp.....	2	Catellus Development Corp.....	3
American Skiing Co.....	3	Insignia Financial Group, Inc.....	3	Rouse Co.....	4
Bristol Hotel Co.....	4	CB Richard Ellis Services, Inc.....	4	American Real Estate Partners.....	4
Golf Trust Of America, Inc.....	4	Trammell Crow Co.....	4	Buayan Strategic Realty Trust.....	5
Hotel Properties.....	4	Vacation Ownership	Rank	Security Capital Group.....	5
Innkeepers USA Trust.....	6	Fairfield Communities, Inc.....	4	Bright Horizons Family Solutions.....	5
Interstate Hotels Co.....	6	Silverleaf Resorts, Inc.....	4	Lexington Corporate Properties.....	6
Red Roof Inns, Inc.....	6				

93 Companies Where Jefferies Was a Top Six Trader in 1998

RECENT M&A TRANSACTIONS

JEFFERIES & COMPANY, INC.

RECENT M&A TRANSACTIONS

Buyer*	Seller*	Total Deal Value
<i>101 Main Street, L.L.P.</i>	Various limited partnerships	\$ 38.0 million
Abraxas Petroleum	Canadian Gas Gathering Systems (CGGS)	95.0
Airline Investment Partners	Hawaiian Airlines	135.0
Aker Maritime, Inc.	Undisclosed	NA
Alexander Energy	American Natural	42.6
Alliance Gaming Corporation	Bally Gaming	201.5
American Industrial Partners	Bucyrus International, Inc.	310.0
Apollo Advisors, L.P.	Breuner's Home Furnishings Corp.	40.0
Arrow Electronics, Inc.	Richey Electronics, Inc.	280.5
Asset Investors Corporation	Financial Asset Management LLC	11.7
Atlantic Express Transportation Corporation	Central New York Coach Sales & Service, Inc.	35.0
Bayard Drilling Technologies, Inc.	Jersey Bus Sales, Inc.	75.0
Belden & Blake Corp.	TransTexas Gas Corp. (Drilling Services)	10.3
Bellwether Exploration	Savoy Oil & Gas Inc.	28.0
Bucyrus International, Inc.	Hampton Resources Corp.	40.1
CitiCorp. Venture Capital	Marion Power Shovel Company	139.5
Clark Maierial Handling	Clark Maierial Handling	29.2
Club Regina Resorts, Inc.	Samsung Heavy Industries (Forklift Division)	232.0
Conoco, Inc. (DuPont)	Bancomet S.A. Institución de Banca Múltiple, Grupo Financiero	1,100.0
Convest Energy Corp.	TransTexas Gas (Lobo Properties)	27.7
Corporate Express, Inc.	Edisto Resources Corp.	278.1
Dailey International Inc.	Data Documents, Inc.	61.0
Dailey Petroleum Services Corp.	DAMCO	45.4
Daniel Industries, Inc.	Air Drilling International, Inc.	103.0
Dawson Production Services	Bettis Corporation	135.9
Dawson WellTech	Pride Petroleum Services, Inc.	21.0
DI Industries, Inc.	Well Solutions	104.0
DLB Oil & Gas	Greywolf Drilling	100.4
The Doe Run Resources Corporation	Veritas Energy Services	87.2
Energy Ventures, Inc.	WRT Energy Corporation	54.5
EVI, Inc.	Asarco, Inc. (Missouri Lead Division)	200.0
EVI, Inc.	GulfMark International, Inc.	2,600.0
	Weatherford Enterra	NA
	BMW Monarch (Lloydminster) Ltd.	NA

* Italicized companies were represented by Jefferies.

JEFFERIES & COMPANY, INC.

RECENT M&A TRANSACTIONS (CONT'D)

Buyer*	Seller*	Total Deal Value
EVI, Inc.	<i>Hydriil Company (XL Systems, Inc.)</i>	\$ 45.0 million
<i>Family Golf Centers</i>	Metro Golf	30.0
Fracmaster Ltd.	<i>TransTexas Gas Corp. (Pressure Pumping)</i>	30.0
GE Capital Structured Finance Group	<i>Abraxas Petroleum (Wyoming Properties)</i>	60.2
<i>Graham Field Health Products, Inc.</i>	Everest & Jennings Int'l Ltd.	63.1
<i>Grant Geophysical, Inc.</i>	Solid State Geophysical, Inc.	68.8
Grasso Corporation	Seahawk Services	6.0
<i>Hamilton Morgan LLC</i>	Phar Mor, Inc.	200.0
Hvide Marine Inc.	<i>Care Offshore S.A.</i>	290.0
ISIS	Compagnie Generale de Geophysique	NA
ISIS	Geoservices SA	NA
<i>Jackson Products, Inc.</i>	Allsafe	29.5
Key Energy Group	Crystaloid	6.0
Kidd, Kamm & Co.	<i>TransTexas Gas Corp. (Workover Services)</i>	20.5
<i>Kimco Realty Corporation</i>	<i>Wright Medical Technologies, Inc.</i>	15.0
<i>KN Energy, Inc.</i>	The Price REIT, Inc.	936.0
Management	American Oil and Gas Corp.	410.9
<i>Mauna Loa Macadamia Partners, L.P.</i>	<i>Wherehouse Entertainment, Inc.</i>	100.0
Morrison Petroleum	C. Brewer Homes, Inc.	40.0
<i>Mrs. Fields' Original Cookies, Inc.</i>	CCGS - Nevis Gas Plant	75.0
<i>Natchiq, Inc.</i>	Great American Cookie Corporation	29.5
Noble Drilling	Omega Service Industries	28.8
Offshore Logistics	<i>The Western Company of North America</i>	150.0
O'Neal Steel, Inc.	Grasso Corporation	22.0
<i>Packaged Ice, Inc.</i>	<i>Carolina Steel, Inc.</i>	45.0
Parker Drilling Company	Casco Ice and Cold Storage, Inc.	172.5
<i>Parker Drilling Company</i>	Mission Party Ice, Inc.	29.2
Patina Oil & Gas	Reddy Ice Corporation	59.0
	Southwest Ice, Inc.	
	SW Texas Packaged Ice, Inc.	
	<i>Hercules Offshore</i>	195.0
	Mallard Bay Drilling, Inc.	338.0
	Quail Tools, Inc.	65.0
	<i>Gerrity Oil & Gas</i>	135.0

* Italicized companies were represented by Jefferies.

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JEFFERIES & COMPANY, INC.

RECENT M&A TRANSACTIONS (CONT'D)

Buyer*	Seller*	Total Deal Value
Patterson Energy, Inc.	<i>Robertson Onshore Drilling Company</i>	\$ 41.8 million
Pride Petroleum Services, Inc.	<i>Forasol-Foramer N.Y.</i>	370.0
<i>Public Storage Properties XI, Inc.</i>	American Office Park Properties, Inc.	425.0
<i>QuadraMed Corporation</i>	Healthcare Recovery Inc., dba Synergy HMC	6.0
<i>QuadraMed Corporation</i>	Medicus Systems Corp.	42.0
R&B Falcon Corporation	Rothenberg Health Systems, Inc.	37.0
Republic Partners LP	<i>Cliffs Drilling Company</i>	562.5
<i>Richey Electronics, Inc.</i>	<i>Coho Energy</i>	19.5
Santa Fe Energy Resources, Inc.	MS Electronics	10.0
The ServiceMaster Company	<i>Home Oil Int. Argentina S.A.</i>	38.5
State Street	<i>American Residential Services, Inc.</i>	283.9
TCW Special Credits Fund V	<i>Abraxas Petroleum/J.P. Morgan</i>	29.5
<i>Tejas Power Corporation</i>	<i>Decorative Home Accents, Inc.</i>	50.0
<i>Terex Corporation</i>	Seagull Energy Corp., et al	153.5
	PPM, S.A.	90.0
Tom Brown, Inc.	Legris Industries, Inc.	
TransMontaigne Oil	<i>Presidio Oil Company</i>	195.0
<i>Trenergy (Malaysia)</i>	<i>Sheffield Exploration Co.</i>	9.0
US Office Products	Hercules Offshore	45.0
<i>Vialog Corporation</i>	<i>SFI Net, Inc.</i>	90.0
	Telephone Business Meetings, Inc.	57.1
	Conference Source International, Inc.	
	Call Points, Inc.	
	Kendall Square Teleconferencing, Inc.	
	American Conferencing Company, Inc.	
	Communications Development Corporation	
	<i>Cadipsa, S.A.</i>	
	<i>Discovery Zone, Inc.</i>	36.9
	<i>NODECO AS</i>	15.0
	Oilfield Drilling and Consulting	46.7
	Financial Subsidiary of a Fortune 100 Company	55.2
	Star Management Services, Inc.	20.0
	DLB Oil & Gas/Wexford Capital Management	55.0
	<i>Cherokee Resources</i>	85.0
	<i>Plop Golf</i>	33.0
		6.0
Vintage Petroleum, Inc.		
Wafra Investment Advisors, Inc.		
Weatherford International		
<i>Weatherford International</i>		
<i>West Coast Private Equity Partners, L.P.</i>		
<i>Western Micro Technology, Inc.</i>		
<i>WRT Energy Corporation</i>		
Wynn-Crosby		
Zevo Golf		

* Italicized companies were represented by Jefferies.

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APPENDIX

PROFESSIONALS

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PROFESSIONALS

CORPORATE FINANCE

Robert M. Werle – Mr. Werle is currently a *Managing Director* in the Corporate Finance Department of Jefferies & Company, Inc. Mr. Werle has over 15 years of investment banking experience, and has completed more than 115 transactions for investment grade and non-investment grade credits raising in excess of \$8.0 billion, including the public and private issuance of senior, subordinated and convertible debt, convertible and perpetual preferred equity and common equity. His experience includes over 75 transactions for real estate entities, including real estate investment trusts, homebuilders, building products and property services companies.

Prior to joining Jefferies in 1997, Mr. Werle was a Principal in Investment Banking at Robertson, Stephens & Company where he was one of two senior bankers hired to build a real estate industry group within the firm's investment banking effort. Before joining Robertson, Stephens & Company, Mr. Werle was a First Vice President at PaineWebber Incorporated where he coordinated all Los Angeles office real estate investment banking. Prior to joining PaineWebber Incorporated, Mr. Werle spent five years in the Corporate Finance Department at Drexel Burnham Lambert Incorporated.

Mr. Werle received an M.B.A. from the University of California at Los Angeles and a B.S. in Mechanical Engineering from Stanford University.

PROFESSIONALS

CORPORATE FINANCE (CONT'D)

George B. Rogers - Mr. Rogers is currently a *Vice President* in the Corporate Finance Department of Jefferies & Company, Inc. Prior to joining Jefferies, Mr. Rogers was a Vice President in the Real Estate Investment Banking Group at Robertson, Stephens & Company where he completed 23 equity transactions raising in excess of \$2.0 billion, including initial public offerings, follow-on offerings, overnight transactions and bought transactions. In addition, Mr. Rogers completed over \$100 million in mergers and acquisitions transactions at Robertson, Stephens. Prior to joining Robertson, Stephens, Mr. Rogers spent four years in the Real Estate Department of Credit Lyonnais USA, where he was responsible for completing over \$500 million in debt transactions including the real estate group's first REIT financing and the bank's largest real estate financing at the time.

Mr. Rogers received an M.B.A. from the J.L. Kellogg Graduate School of Management at Northwestern University and a B.A. in Economics from the University of California, Los Angeles.

Robert S. Basic - Mr. Basic is currently an *Analyst* in the Corporate Finance Department of Jefferies & Company, Inc. Prior to joining Jefferies, Mr. Basic was a summer intern at Towers Perrin.

Mr. Basic received a B.S. in Economics with a concentration in Finance and Accounting from The Wharton School of the University of Pennsylvania in 1998.

PROFESSIONALS

HIGH YIELD RESEARCH

Kenneth Bann – Mr. Bann is presently a *Senior Vice President*, High Yield Research, at Jefferies & Company, Inc. Mr. Bann joined Jefferies to provide high yield research coverage of the homebuilding and building products industries. Prior to joining Jefferies, Mr. Bann spent four years with Lehman Brothers, most recently as Senior Vice President, and covered the homebuilding and building products, supermarket and food products industries. Mr. Bann has been ranked as an *Institutional Investor All Star* in homebuilding for the last three years. From 1987 to 1994, Mr. Bann was a research analyst at Bear, Stearns where he established research coverage on the homebuilding and building products and supermarket industries. Mr. Bann has been ranked as an *Institutional Investor All Star* in supermarkets while at Bear, Stearns. Mr. Bann received a B.A. in History from Union College and an M.B.A. in Finance from Rutgers University.

-1725-

G29672

February 11, 2000

GROVE FARM COMPANY, INCORPORATED
c/o Kaneohe Ranch
1199 Auola Road
Kailua, Hawaii 96734

Attention: Randolph G. Moore
Chairman
Special Committee of the Board of Directors

Ladies and Gentlemen:

1. Retention. This letter agreement (the "Agreement") confirms that GROVE FARM COMPANY, INCORPORATED (the "Company"), has engaged Jefferies & Company, Inc. ("Jefferies" or the "Financial Advisor") to act as exclusive financial advisor to the Company in connection with the evaluation of the Company's strategic alternatives, including, without limitation the potential sale of the Company or any of its material assets through any structure or form of transaction including, but not limited to, a direct or indirect acquisition, merger, consolidation, restructuring, or any similar or related transaction, or a public or private debt or equity offering (any one or more of such alternatives, a "Transaction"). In connection with such engagement, Jefferies will assist the Company in negotiating the financial aspects of any Transaction and will advise the Company regarding valuation, structure and various financing strategies. If requested, Jefferies will render its written opinion (the "Fairness Opinion") as to whether or not the total consideration to be received in connection with the Transaction is fair to the shareholders of the Company, from a financial point of view. The Fairness Opinion shall be in such form or forms customary for transactions of this nature. Delivery of the Fairness Opinion shall be subject to the approval of Jefferies' Underwriting Assistance Committee and Jefferies shall be under no obligation to update the Fairness Opinion after it has been delivered. During the term of the Agreement, the Company agrees that it will not, directly or indirectly, effect any Transaction, or otherwise contact, approach or negotiate with respect thereto with any person or persons, other than through Jefferies as agent.

2. Information on the Company. In connection with Jefferies' activities hereunder, the Company will furnish Jefferies and its counsel with all material and information regarding the business and financial condition of the Company (all such

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GROVE FARM COMPANY, INCORPORATED

February 11, 2000

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information so furnished being the "Information") and, in the event the Company decides to pursue a public or private debt or equity offering, with an offering document with respect to the Company and the securities (such memorandum, including all exhibits or supplements thereto, the "Offering Materials"). The Company recognizes and confirms that Jefferies: (a) will use and rely solely on the Information, the Offering Materials and on information available from generally recognized public sources in performing the services contemplated by this Agreement without having independently verified the same; (b) is authorized as the Company's exclusive financial advisor, to transmit to any prospective participant in the Transaction a copy or copies of the Information, the Offering Materials and other legal documentation necessary or advisable in connection with the transactions contemplated hereby; (c) does not assume responsibility for the accuracy or completeness of the Information, the Offering Materials or such other information; (d) will not make an appraisal of any assets or liabilities of the Company; and (e) retains the right to continue to perform due diligence on the Company during the course of the engagement.

3. Use of Name. The Company agrees that any reference to Jefferies in any release, communication, or material distributed to prospective purchasers of the Company, is subject to Jefferies's prior written approval, which may be given or withheld in its sole discretion. If Jefferies resigns prior to the dissemination of any such release, communication or material, no reference shall be made therein to Jefferies, despite any prior written approval that may have been given therefor.

4. Use of Advice. No statements made or advice rendered by Jefferies in connection with the services performed by Jefferies pursuant to this Agreement will be quoted by, nor will any such statements or advice be referred to, in any report, document, release or other communication, whether written or oral, prepared, issued or transmitted by, the Company or any person or corporation controlling, controlled by or under common control with, the Company or any director, officer, employee, agent or representative of any such person, without the prior written authorization of Jefferies, which may be given or withheld in its sole discretion, except to the extent required by law (in which case the appropriate party shall so advise Jefferies in writing prior to such use and shall consult with Jefferies with respect to the form and timing of disclosure).

5. Compensation. In full payment for services rendered and to be rendered hereunder by Jefferies, the Company agrees to pay to Jefferies as follows:

(a) As consideration for Jefferies providing its services as exclusive financial advisor to the Company, the Company shall pay to Jefferies a non-refundable cash fee of \$50,000 per month for advisory services (the "Advisory Retainer"). The Advisory Retainer will commence on the date of this Agreement and will be payable at the end of each calendar month, with any partial month being adjusted on a pro rata basis assuming thirty days in that month. The Advisory Retainer shall not be credited against any other fee or fees to be paid to Jefferies in connection with any Transaction.

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GROVE FARM COMPANY, INCORPORATED

February 11, 2000

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(b) A non-refundable fee of \$200,000 upon the delivery of a Fairness Opinion by Jefferies to the Board of Directors of the Company.

(c) In the event a Transaction which commences or occurs during the term of this Agreement or within twelve months of Jefferies' services being terminated pursuant to Section 5(e) hereof is consummated other than a public or private debt or equity offering, the Company will pay Jefferies a fee based upon the aggregate consideration of the Transaction Value (as defined below)(the "Success Fee"). The Success Fee shall be the amount equal to the sum of 1.5% of the Transaction Value.

For the purposes hereof, "Transaction Value" shall mean the total proceeds and other consideration paid or received, or to be paid or received in connection with the Transaction (which consideration shall be deemed to include amounts in escrow), including, without limitation: (i) cash; (ii) notes, securities and other property; (iii) liabilities, including all debt, pension liabilities and guarantees, assumed, refinanced or extinguished; (iv) payments made in installments; and (v) contingent payments (whether or not related to future earnings or operations). For purposes of computing any fees payable to Jefferies hereunder, non-cash consideration shall be valued as follows: (x) publicly traded securities shall be valued at the average of their closing prices (as reported in The Wall Street Journal) for the five trading days prior to the closing of the Transaction and (y) any other non-cash consideration shall be valued at the fair market value thereof on the day prior to closing as determined in good faith by the Company and Jefferies. If the parties are unable to agree on the value of any other property, its value will be determined by arbitration in accordance with the rules of the American Arbitration Association and judgment upon the award entered by the arbitrators may be entered in any court having jurisdiction. Each party will pay its own costs in connection with the arbitration, and the cost of the arbitration itself will be borne equally by the parties.

(d) Compensation for any public or private debt or equity offering will be mutually determined in good faith by the Company and Jefferies and shall be based on the prevailing market for similar sources.

(e) In addition to the compensation to be paid to Jefferies as provided in Section 5(a), Section 5(b), Section 5(c) and Section 5(d) hereof, without regard to whether this Agreement expires, any Transaction is consummated or this Agreement is terminated, the Company shall pay to, or on behalf of, Jefferies, promptly as billed, all fees, disbursements and out-of-pocket expenses incurred by Jefferies in connection with its services to be rendered hereunder (including, without limitation, the fees and disbursements of Jefferies' counsel, travel and lodging expenses, word processing charges, messenger and duplicating services, facsimile expenses and other customary expenditures).

(f) Jefferies may resign at any time and the Company may terminate Jefferies' services at any time, each by giving notice to the other. If this Agreement

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GROVE FARM COMPANY, INCORPORATED

February 11, 2000

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expires, Jefferies resigns or the Company terminates Jefferies' services for any reason, Jefferies and its counsel shall be entitled to receive all of the amounts due pursuant to Section 5(a), Section 5(b) and Section 5(c) Section 5(d) and Section 5(e) hereof up to and including the effective date of such expiration, termination or resignation, as the case may be. If Jefferies' services hereunder are terminated by the Company, and the Company completes a transaction similar to any Transaction contemplated herein within one year of such termination, then the Company shall pay Jefferies concurrently with the closing of such transaction in cash the fees as outlined in Section 5(c) and Section 5(d).

(g) No fee paid or payable to Jefferies or any of its affiliates shall be credited against any other fee paid or payable to Jefferies or any of its affiliates.

6. Representations and Warranties. The Company represents and warrants to Jefferies that (a) this Agreement has been duly authorized, executed and delivered by the Company; and, assuming the due execution by Jefferies, constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, and (b) the Information and the Offering Materials will not, when delivered nor at the closing of any Transaction, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company shall advise Jefferies promptly of the occurrence of any event or any other change prior to the closing which results in the Information or the Offering Materials containing any untrue statement of a material fact or omitting to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

7. Indemnity. Limitation of Liability. In partial consideration of the services to be rendered hereunder the Company shall indemnify Jefferies and certain other Indemnified Persons (as defined in Schedule A) in accordance with Schedule A attached hereto. The Company shall not and shall cause its affiliates and their respective directors, officers, employees, shareholders and agents not to, initiate any action or proceeding against Jefferies or any other Indemnified Person in connection with this engagement or the Transaction unless such action or proceeding is based solely upon the bad faith or gross negligence of Jefferies or any such Indemnified Person. The parties hereto agree that Jefferies and the Indemnified Persons shall not, and shall not be deemed to, owe any fiduciary duties to the Company under this Agreement or otherwise.

8. Conditions of Engagement. It is understood that the execution of this Agreement shall not be deemed or construed as obligating Jefferies to purchase any securities which may be issued by the Company in connection with a Transaction and there is no obligation on the part of Jefferies to place such securities. Jefferies' services to be performed hereunder are subject to certain conditions, including, among others, (i) approval of Jefferies' Underwriting Assistance Committee, (ii) satisfactory completion of due diligence on the Company by Jefferies, (iii) the form and terms of any securities which are issued being mutually acceptable to the Company, Jefferies and prospective purchasers

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GROVE FARM COMPANY, INCORPORATED

February 11, 2000

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of the securities, (iv) market conditions, and (v) no adverse change in the condition of the Company.

9. Survival of Certain Provisions. The indemnity and contribution agreements contained in Schedule A to this Agreement and the provisions of Sections 2, 3, 4, 5, 6, 7, 14 and 15 of this Agreement and this Section 9 shall remain operative and in full force and effect regardless of (a) any investigation made by or on behalf of Jefferies, or by or on behalf of any affiliate of Jefferies or any person controlling either, (b) completion of any Transaction, (c) the resignation of Jefferies or any termination of Jefferies' services or (d) any amendment, expiration or termination of this Agreement, and shall be binding upon, and shall inure to the benefit of, any successors, assigns, heirs and personal representatives of the Company, Jefferies, and the Indemnified Persons.

10. Notices. Notice given pursuant to any of the provisions of this Agreement shall be in writing and shall be mailed or delivered (a) if to the Company, at the address set forth above, and (b) if to Jefferies, at the offices of Jefferies at 11100 Santa Monica Boulevard, Suite 1000, Los Angeles, California 90025, Attention: Jerry M. Gluck, Executive Vice President and General Counsel.

11. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

12. Assignment. This Agreement may not be assigned by either party hereto without the prior written consent of the other, to be given in the sole discretion of the party from whom such consent is being requested. Any attempted assignment of this Agreement made without such consent may be void, at the option of the non-assigning party.

13. Third Party Beneficiaries. This Agreement has been and is made solely for the benefit of the Company, Jefferies and the other Indemnified Persons referred to in Schedule A hereof and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement.

14. Construction and Choice of Law. This Agreement incorporates the entire understanding of the parties and supersedes all previous agreements relating to the subject matter hereof should they exist. This Agreement and any issue arising out of or relating to the parties' relationship hereunder shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to principles of conflicts of law.

15. Jurisdiction and Venue. Each party hereto consents specifically to the exclusive jurisdiction of the federal courts of the United States sitting in the Southern District of New York, or if such federal court declines to exercise jurisdiction over any action filed pursuant to this Agreement, the courts of the State of New York sitting in the County of New York, and any court to which an appeal may be taken in connection with

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GROVE FARM COMPANY, INCORPORATED

February 11, 2000

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any action filed pursuant to this Agreement, for the purposes of all legal proceedings arising out of or relating to this Agreement. In connection with the foregoing consent, each party irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the court's exercise of personal jurisdiction over each party to this Agreement or the laying of venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Each party further irrevocably waives its right to a trial by jury and consents that service of process may be effected in any manner permitted under the laws of the State of New York.

16. Headings. The section headings in this Agreement have been inserted as a matter of convenience of reference and are not part of this Agreement.

17. Press Announcements. At any time after the consummation or other public announcement of any Transaction, Jefferies may place an announcement in such newspapers and publications as it may choose, stating that Jefferies has acted as exclusive financial advisor to the Company in connection with a Transaction contemplated by this Agreement.

18. Amendment. This Agreement may not be modified or amended except in a writing duly executed by the parties hereto.

19. Term. Except as provided herein, this Agreement shall run from the date of this letter to a date of six months thereafter, unless extended by mutual consent of the parties (the "Term").

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GROVE FARM COMPANY, INCORPORATED

February 11, 2000

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Please sign and return an original and one copy of this letter to the undersigned to indicate your acceptance of the terms set forth herein, whereupon this letter and your acceptance shall constitute a binding agreement between the Company and Jefferies as of the date first above written.

Sincerely,

JEFFERIES & COMPANY, INC.

By _____

Robert M. Werle
Managing Director

Accepted and Agreed:

GROVE FARM COMPANY, INCORPORATED

By _____

Randolph G. Moore
Chairman, Special Committee
of the Board of Directors

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SCHEDULE A

February 11, 2000

JEFFERIES & COMPANY, INC.
11100 Santa Monica Boulevard, 10th Floor
Los Angeles, CA 90025

Ladies and Gentlemen:

This letter agreement is entered into pursuant to, and in order to induce Jefferies & Company, Inc. ("Jefferies" or the "Financial Advisor") to enter into, the engagement letter, dated February 11, 2000 (as amended from time to time in accordance with the terms thereof, the "Agreement"), between GROVE FARM COMPANY, INCORPORATED (the "Company") and Jefferies. Unless otherwise noted, all capitalized terms used herein shall have the meanings set forth in the Agreement.

Since Jefferies will be acting on behalf of the Company in connection with the transactions contemplated by the Agreement, and as part of the consideration for the agreement of Jefferies to furnish its services pursuant to such Agreement, the Company agrees to indemnify and hold harmless Jefferies and its affiliates and their respective officers, directors, partners, counsel, employees and agents, and any other persons controlling Jefferies or any of its affiliates within the meaning of either Section 15 of the Securities Act of 1933 or Section 20 of the Securities Exchange Act of 1934, and the respective agents, employees, officers, directors, partners, counsel and shareholders of such persons (Jefferies and each such other person being referred to as an "Indemnified Person"), to the fullest extent lawful, from and against all claims, liabilities, losses, damages and expenses (or actions in respect thereof), as incurred, related to or arising out of or in connection with (i) actions taken or omitted to be taken by the Company, its affiliates, employees or agents, (ii) actions taken or omitted to be taken by any Indemnified Person (including acts or omissions constituting ordinary negligence) pursuant to the terms of, or in connection with services rendered pursuant to, the Agreement or any Transaction or proposed transaction contemplated thereby or any Indemnified Person's role in connection therewith, provided, however, that the Company shall not be responsible for any losses, claims, damages, liabilities or expenses of any Indemnified Person to the extent, and only to the extent, that it is finally judicially determined that they result solely from actions taken or omitted to be taken by such Indemnified Person in bad faith or to be due solely to such Indemnified Person's gross negligence, and/or (iii) any untrue statement or alleged untrue statement of a material fact contained in any of the Information, the Offering Materials, or in any amendment or supplement thereto or arising out of or based upon any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading.

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JEFFERIES & COMPANY, INC.

February 11, 2000

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The Company shall not settle or compromise or consent to the entry of any judgment in or otherwise seek to terminate any pending or threatened action, claim, suit or proceeding in which any Indemnified Person is or could be a party and as to which indemnification or contribution could have been sought by such Indemnified Person hereunder (whether or not such Indemnified Person is a party thereto), unless such Indemnified Person has given its prior written consent or the settlement, compromise, consent or termination includes an express unconditional release of such Indemnified Person, satisfactory in form and substance to such Indemnified Person, from all losses, claims, damages or liabilities arising out of such action, claim, suit or proceeding.

If for any reason (other than the bad faith or gross negligence of an Indemnified Person as provided above) the foregoing indemnity is unavailable to an Indemnified Person or insufficient to hold an Indemnified Person harmless, then the Company, to the fullest extent permitted by law, shall contribute to the amount paid or payable by such Indemnified Person as a result of such claims, liabilities, losses, damages or expenses in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and by Jefferies on the other, from the Transaction or proposed transaction under the Agreement or, if allocation on that basis is not permitted under applicable law, in such proportion as is appropriate to reflect not only the relative benefits received by the Company on the one hand and Jefferies on the other, but also the relative fault of the Company and Jefferies, as well as any relevant equitable considerations. Notwithstanding the provisions hereof, the aggregate contribution of all Indemnified Persons to all claims, liabilities, losses, damages and expenses shall not exceed the amount of fees actually received by Jefferies pursuant to the Agreement with respect to the Transaction. It is hereby further agreed that the relative benefits to the Company on the one hand and Jefferies on the other with respect to any Transaction or proposed transaction contemplated by the Agreement shall be deemed to be in the same proportion as (i) the total value of the Transaction bears to (ii) the fees paid to Jefferies with respect to such Transaction. The relative fault of the Company on the one hand and Jefferies on the other with respect to the Transaction shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by Jefferies and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

No Indemnified Person shall have any liability to the Company or any officer, director, employee or affiliate thereof in connection with the services rendered pursuant to the Agreement except for any liability for claims, liabilities, losses or damages finally judicially determined to have resulted solely from actions taken or omitted to be taken by such Indemnified Person in bad faith or solely as a result of such Indemnified Person's gross negligence.

In addition, the Company agrees to reimburse the Indemnified Persons for all expenses (including, without limitation, fees and expenses of counsel) as they are incurred

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JEFFERIES & COMPANY, INC.

February 11, 2000

Page 3

in connection with investigating, preparing, defending or settling any such action or claim, whether or not in connection with litigation in which any Indemnified Person is a named party. If any of Jefferies' personnel appears as witnesses, are deposed or are otherwise involved in the defense of any action against Jefferies, the Company or the Company's officers or directors, the Company will pay Jefferies (i) with respect to each day that one of Jefferies' professional personnel appears as a witness or is deposed and/or (ii) with respect to each day that one of Jefferies' professional personnel is involved in the preparation therefor, (a) a fee of \$2,000 per day for each such person with respect to each appearance as a witness or for a deposition and (b) at a rate of \$200 per hour with respect to each hour of preparation for any such appearance and the Company will reimburse Jefferies for all reasonable expenses incurred by Jefferies by reason of any of its personnel being involved in any such action.

The indemnity, contribution and expense reimbursement obligations set forth herein (i) shall be in addition to any liability the Company may have to any Indemnified Person at common law or otherwise, (ii) shall survive the expiration of the Term, (iii) shall apply to any modification of Jefferies' engagement and shall remain in full force and effect following the completion or termination of the Agreement, (iv) shall remain operative and in full force and effect regardless of any investigation made by or on behalf of Jefferies or any other Indemnified Person and (v) shall be binding on any successor or assign of the Company and successors or assigns to all or substantially all of the Company's business and assets.

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JEFFERIES & COMPANY, INC.

February 11, 2000

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Please sign and return an original and one copy of this letter to the undersigned to indicate your acceptance of the terms set forth herein, whereupon this letter and your acceptance shall constitute a binding agreement between the Company and Jefferies as of the date of the Agreement.

Sincerely,

**GROVE FARM COMPANY,
INCORPORATED**

By

Randolph G. Moore
Chairman, Special Committee
of the Board of Directors

Accepted and Agreed:

JEFFERIES & COMPANY, INC.

By

Robert M. Werle
Managing Director

G29683

G29684

DOLE CAPITAL, LLC.
MEMBER NASD/SIPC
1255 NUUANU AVENUE, C-104
HONOLULU, HAWAII 96817
(808) 537-6007/FAX 536-5318
e-mail rsdole@aol.com

FAX TRANSMITTAL

FAX TO: Randolph G. Moore
Chairman, Grove Farm Special Committee

FAX NUMBER: 266-1419 DATE: 2/10/00

FROM: Richard Dole

RE: *Request for Proposals for Financial Advisory Services*

PAGES: 16 (INCLUDING COVER SHEET)

This fax may contain confidential information. If you receive this fax in error please notify the sender as noted above, and dispose of appropriately. Your cooperation is greatly appreciated.

I am sending you both by facsimile and e-mail proposals for financial advisory services. Should our proposal be acceptable to you, please sign the Agreement and return it to me, and I will promptly sign and return a copy to you.

In connection with the valuation, please furnish me with as much of the requested information as possible. This is an initial document request. As the analysis progresses, additional documents may be requested, although these requests should not delay the project.

Dole Capital LLC

1255 Nuuanu Avenue, C-104
Honolulu, Hawaii 96817
Member NASD/SIPC

Investment Banking Services

Telephone: (808) 537-6007
Facsimile: (808) 536-5318
e-mail: rsdole@aol.com

February 11, 2000

Mr. Randolph G. Moore
Chairman, Special Committee
Grove Farm Company, Incorporated
C/O Kaneohe Ranch
1199 Auloa Rd.
Kailua, HI 96734

Re: Request for Proposal for Financial Advisory Services

Dear Mr. Moore:

We are pleased to submit a proposal to address the February 2, 2000 *Request for Proposals for Financial Advisory Services ("RFP")* by Grove Farm's special committee of the board of directors. Our response is contained in separate attachments - a cover letter, a Financial Advisory Agreement, a Documents and Information Checklist, and information on our investment banking services.

I will represent Dole Capital, LLC for all professional services offered to the special committee and the board of directors of Grove Farm. I previously had been a senior business appraiser with Willamette Management Associates, Inc., a national business appraisal firm. While at Willamette Management, I was primarily responsible for the valuation of 8,054 shares of common stock of Grove Farm held by the Margaret S. Fisher Trust, as of May 1, 1987, the date of death, for purposes of determining applicable federal estate taxes and for the possible sale of 6,000 of these shares. The appraisal was submitted in October 1987, at a minority interest value that was not significantly different than the price per share proposed in Mr. Blum's recent letter of intent. Accordingly, I am familiar with the historical activities of Grove Farm. Other real estate companies I worked with (for valuation purposes) while at Willamette Management included Maui Land & Pineapple Company, Wailuku Agriculture, and Waiialua Sugar, among others.

Prior to forming Dole Capital, I headed the investment banking division of First Honolulu Securities, and was engaged in participating in underwritings of Hawaii real estate securities. Included were 5.2 million shares of Schuler Homes, Inc. on March 24, 1992; and 5.4 million shares of Castle & Cooke Homes, Inc. on March 4, 1993.

In addition to my capacity at Dole Capital, I am co-owner of a Hawaii real estate company, Kuroman Realty, Inc., a 36-year old firm specializing in business brokerage, property management, and commercial real estate leasing and brokerage in the State of

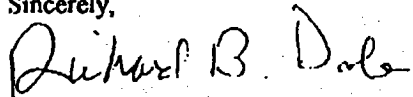
G29686

Hawaii.

Recent real estate valuation assignments included, among others, the Yamaguchi Family Limited Partnership in 1999; Dodo Mortuary, Inc. (a hybrid of a real estate and operating business) in 1998; Kualoa Ranch, Inc. in 1998; Hirano Brothers, Ltd. in 1998; Milk & Honey, Ltd. in 1998; Aloha Securities & Investment Company in 1997; the Kaya Family Limited Partnership in 1997; Kopoho Land & Development Corp. and Kopoho Land Partnership in 1996; Waikiki Malia Hotel, Inc. in 1996; and Magoon Estate, Ltd. and Magoon Brothers, Ltd. in 1996;

To assist you in assessing the services of Dole Capital, I am also enclosing some information about our firm. We appreciate the opportunity to participate in your *Request for Proposals for Financial Advisory Services*.

Sincerely,



Richard B. Dole, ASA, CFA, CFP
Chief Executive Officer

G29687

FINANCIAL ADVISORY AGREEMENT

Dole Capital, LLC, a Securities Exchange Commission registered investment banking firm engaged in the private placement of debt and equity capital, mergers and acquisitions consulting, business and securities valuation, and related financial advisory services in the State of Hawaii, hereafter called "Dole Capital," and Grove Farm Company, Incorporated, a Hawaii Corporation, hereafter called "Client," agree as follows:

1. **Description of services.** Dole Capital agrees to perform certain professional services for Client, described briefly as follows as to purpose and assignment, with the understanding that any modification to the assignment as stated below will be by an agreement signed by both parties.

To provide a current value of 100 percent of the 171,122 outstanding shares of common stock of Grove Farm Company, Incorporated, a Hawaii Corporation ("the Company"), for purposes of sale either to a specific buyer or a hypothetical buyer. In connection with the valuation, Dole Capital will provide Client with financial models and other information as requested by the Client, based on various scenarios.

Review of strategic alternatives to a sale of the Company, such as raising capital through private equity funds, insurance companies or other institutional and/or other accredited investors, participating in joint ventures, or pursuing a sale of certain assets of the Company (as opposed to the shares of the Company), or another business combination transaction (bearing in mind that the Seller's objectives may not necessarily be to just maximize price).

In the event that Client chooses the sale of the Company as the best alternative, financial advisory services may include, subject to a separate *Finder's Agreement*, identifying and approaching targeted third party entities, either on an auction or negotiated basis, which are viewed as most capable of completing a transaction in the Company's shares and/or assets, for purposes of soliciting indications of interest. Such financial advisory services would constitute assistance in the negotiation of the proposed transaction, considering the interests of the Buyer and Seller, which in addition to the offer price, would be comprised of terms and financing, and the feasibility of the transaction. The scope of the financial advisory services in this case would consist of not only identifying potential buyers, but also of providing financial models and other information as requested by the Client. Subject to the supplemental Finder's Agreement, Client may wish to utilize Dole Capital to prepare marketing document to be utilized in the marketing of the Company.

Pursuant to any proposed transaction in the Company's stock, Dole Capital will render an opinion as to the fairness, from a financial point of view, of the consideration to be delivered by the subject Buyer, to the selling shareholders in connection with the subject transaction.

2. **Date(s) services due.** Dole Capital will begin performance upon receipt of all information requested of Client in a separate documents request list, and will complete assignment(s), unless delayed or prevented by matters beyond Dole Capital's control, according to the following schedule:

Summary valuation report, which expresses an opinion of the investment value and fair market value of the Company and its shares, within thirty days of the receipt of all available requested information. A written review of strategic alternatives to a sale of the Company, together with their financial implications, within thirty days of the valuation report. As the Company's Finder for purposes of possibly identifying targeted third party Buyers of the Company and its shares or assets, Dole Capital would commence the Offering on such date (the "Commencement Date") as the marketing and related documents (collectively, the "Ancillary Documents") with respect to the Securities are furnished to Dole Capital. The evaluation of a proposed transaction and preparation of a fairness opinion will be rendered in approximately 30 days of the Client and Board of Director's approval of such transaction.

3. **Fees.** Dole Capital's fees for such financial advisory services will consist of \$20,000 for the preparation of the valuation analysis of the Company and its shares, of which \$10,000 is payable upon the execution of this Agreement, and the balance upon the submission of the valuation report. Fees for an evaluation of the Company's strategic alternatives would total \$10,000 (assuming Dole Capital is not responsible for the preparation of the marketing documents to be utilized in the possible marketing of the Company), payable upon the completion of such review. Dole Capital's fees for the evaluation of a proposed transaction and the preparation of a fairness opinion would be \$30,000, of which \$15,000 would be payable upon the submission of the fairness opinion, and the balance upon the closing of a proposed transaction.

In addition to the foregoing, such fees are exclusive of expenses such as travel, long distance telephone calls, purchases of data, copying and printing costs, and general excise taxes levied on fees. Accordingly, such expenses will be added to the proposed fees.

4. Client understands that Dole Capital will need prompt access to documents, materials, facilities, and/or Client's management personnel in order to perform its services in a timely and professional manner, and Client agrees to fulfill all such requests in a timely manner and to cooperate fully with Dole Capital. Client further understands and agrees that delays in providing data or information may result in a delay of the completion date of the project.

5. Dole Capital agrees to perform its services in a professional and objective manner. Client understands that Dole Capital does not guarantee the results of any analysis that it may undertake, but only agrees that any report or analysis shall represent Dole Capital's professional opinion based on the data given to or compiled by it. Dole Capital attempts to obtain and compile its data from reliable sources, but it cannot guarantee its accuracy or completeness.

6. Client warrants that the information and data it supplies to Dole Capital will be complete and accurate in every respect to the best of Client's knowledge; that any reports, analysis, or other documents prepared by Dole Capital will be used only in compliance with all applicable laws and regulations; and that Client will hold Dole Capital harmless for any breach of this warranty.

7. Any non-public information supplied by Client to Dole Capital will be treated as confidential. Any work product of this engagement is considered to be under the joint control of Client and Dole Capital and may not be used without consent of both parties.

8. Client agrees to indemnify and hold Dole Capital, its officers, members, agents, attorneys, and each person, if any, who controls Dole Capital, harmless against any and all liability, claim, loss, cost, and expense, of whatever kind or nature, which Dole Capital may incur, or be subject to, as a party, expert witness, witness or participant in connection with any dispute or litigation involving Client, within the meaning of Section 15 of the 1933 Securities Act, from and against all losses, demands, claims, damages, assessments, costs, or liabilities, joint and several, including legal fees and costs of investigation. This indemnity includes, without limitation, all out-of-pocket expenses as incurred (including attorney fees) and payment for time at standard hourly rates in effect at the time rendered to the extent Dole Capital attends, prepares for, or participates in meetings, hearings, depositions, trials, and all other proceedings. If Dole Capital must bring legal action to enforce this indemnity, Client agrees to pay all costs of such action.

9. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Hawaii applicable to contracts entered into and wholly to be performed within the State of Hawaii, without giving effect to principles of conflict of law. If this Agreement, or any monies due under the terms hereof, is placed in the hands of an attorney for collection of the account, Client promises and agrees to pay Dole Capital's attorney fees and collection costs, plus interest at the then legal rate, whether or not any legal action is filed. If any dispute or claim in law or equity arises out of this Agreement, Client and Dole Capital agree in good faith to attempt to settle such dispute or claim by mediation under the Commercial Mediation rules of the American Arbitration Association. If such mediation is not successful in resolving such dispute or claim, then such dispute or claim shall be decided by neutral binding arbitration before a single arbitrator in accordance with the Commercial Arbitration rules of the American Arbitration Association. Judgement upon the award rendered by the arbitrator may be entered in any court having jurisdiction in the State of Hawaii.

Dated this 15th day of February 2000 in Honolulu, Hawaii.

**Special Committee of the Board of
Directors of Grove Farm Company, Inc.**

Dole Capital, LLC

By: _____
Name: Randolph G. Moore
Title: Chairman
Address: c/o Kaneohe Ranch, 1199 Auola Rd.
Kailua, HI 96734
Telephone: (808) 266-1411

By: _____
Name: Richard B. Dole, ASA, CFA, CFP
Title: CEO
Address: 1255 Nuuanu Ave., C-104
Honolulu, HI 96817
Telephone: (808) 537-6007

**DOCUMENTS AND INFORMATION CHECKLIST
FOR VALUATION OF GROVE FARM COMPANY, INCORPORATED AND
SUBSIDIARIES**

Financial Statements

Grove Farm's audited financial statements for the calendar years ending December 31, 1993-1999.

Grove Farm's interim financial statements for the year-to-date and the same period during the prior year.

Grove Farm's federal and Hawaii State income tax returns for the calendar years ending December 31, 1992-1999.

Grove Farm's proforma financial statements for the latest full year, and/or financial statements for the latest interim period, based on the Company's reorganized structure.

Copies of any budgets and financial forecasts related to the business, earnings, cash flow, assets, liabilities, and prospects for Grove Farms and/or its subsidiaries.

List of subsidiaries or other businesses in which Grove Farm has an ownership interest, together with their financial statements.

Other Financial Data

List of cash accounts and any significant cash investments.

Current aged accounts receivable listing.

Current accounts payable list preferably aged.

Details on significant accrued liabilities.

List of notes payable and other interest bearing debt, together with loan covenants.

Current balances on bank lines of credit.

List of items comprising significant other liability balances.

Details on non-recourse collateralized property, including depreciation schedule.

Current fixed asset register and depreciation schedule.

Document List

2

Schedules of current annualized officers' and directors' compensation, including employee benefits.

List of accounts comprising significant major expense captions on the income statement, unless that data is presented on the income statement.

Certificates of insurance and schedule of Grove Farm's insurance in force (key-man life, property and casualty, liability).

Reports of other professionals:

- Appraisals of real property and other specific assets, including machinery & equipment
- Reports of other consultants, including financial studies and analyses (the 1998 strategic review ruling out joint venturing the Puakoa Development Project, among others).

Tax assessed values for the Company's Kauai properties.

A copy of the company's business plan, including strategic objectives

Other Operating Data

Price lists catalogs, or other real estate development information that may not be included in the company's business plan.

Marketing brochures, if any.

The Kukui Grove Shopping Center tenant list and rent roll

Organization chart.

Details of transactions with related parties.

Legal Documents

Articles of Association and by-laws, including stock trading restriction and any amendments thereof.

List of stockholders, showing the amount of stock or percentage owed by each person.

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Document List

3

Schedule of past transactions in the Company's capital stock, together with trading volumes, over the past five years.

Board of director/stockholder meeting minutes for the past five years.

Copies of stockholder agreements, including any stock option agreements.

Copies of any buy-sell agreements and/or offers to purchase or sell Company stock.

Copy of unsolicited letter of intent to acquire all of the shares of Grove Farm at a price of \$125 per share.

Copies of any buy-sell agreements.

Copies of indications of interests in several parcels owned by Grove Farm.

Copies of key managers' employment contracts.

Copies of any major sale or purchase contracts, including the sale of the rock crushing equipment to Jas. W. Glover, Ltd.

Copies of significant leases (as lessor and lessee) and loans, including notes receivable and notes payable

Copies of the Chaney, Brooks & Company management agreement for the management of the Kukui Grove Shopping Center and Village, the fiscal management of Puhi Sewer and Water Co., Inc., agricultural leases and industrial leases

Copy of the Billy Casper Golf Management agreement to manage the nine-hole golf course owned by the Company.

Copy of the agreement to license Grove Farm's quarries to Jas. W. Glover, Ltd., together with royalty agreement.

Copies of key managers' employment contracts.

Details of any litigation, including pending or threatened lawsuits.

Reports of examination issued by government agencies such as EPA, OSHA, IRS, the State of Hawaii, or EEOC.

Details of any employee benefit plans, including profit sharing plan.

Any collective bargaining agreements.

G29694

Document List

4

Other Company Data

Any written history on Grove Farm.

List of any of the following:

- a. Patents
- b. Copyrights
- c. Trademarks
- d. Similar intangibles

Details of any contingent liabilities (such as guarantees or warranties) or off balance sheet financing (such as letter of credit).

Resumes or a summary of the background and experience of all key personnel.

Copies of any other value indicators

Annual Report to the State of Hawaii *Department of Commerce and Consumer Affairs*, for the year ending December 31, 1998.

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INVESTMENT BANKING SERVICES

Dole Capital, LLC ("Dole Capital") is a specialty private equity investment banking firm, registered as a Broker/Dealer in accordance with Section 15(b) of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., and the State of Hawaii.

Utilizing a growing institutional network, activities are targeted for the private placement of debt and equity capital for various purposes to institutions, qualified corporations and accredited individuals, and mergers and acquisitions consulting. The scope of Dole Capital's work for its private capital clients may include, among other things, the analysis of its capital requirements, the design of securities to be offered in light of market conditions, negotiating financial terms and conditions, marketing to potential investors, and assistance in the closing the transaction. Its financial advisory services include business and securities valuation, and related financial advisory services in the State of Hawaii.

Dole Capital's Principal is Richard B. Dole, ASA, CFA, CFP, an experienced business broker and business appraiser specializing in Hawaii businesses since 1969.

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QUALIFICATIONS OF PRINCIPAL

RICHARD B. DOLE, ASA, CFA, CFP
CEO
Dole Capital, LLC
1255 Nuuanu Ave., C-104
Honolulu, Hawaii 96817
(808) 537-6007
rsdole@aol.com
<http://members.aol.com/rsdole/dolecapital.html>

EXPERIENCE

- 1998-Present Dole Capital, LLC**
Since September 1, 1998, chief executive officer of Dole Capital, LLC, a National Association of Securities Dealers ("NASD") member firm, registered with the Securities and Exchange Commission ("SEC") and the State of Hawaii. Dole Capital, LLC is a specialty investment-banking firm, whose activities consist of the private placement of securities to institutions, qualified corporations and accredited individuals, and mergers and acquisitions consulting. Financial advisory services also include business and securities valuation, including the appraisal of businesses and business interests for various purposes.
- 1988-Present Kuroman Realty, Inc.**
Since November 1, 1993, Vice President and Principal, and since August 31, 1996, chairman of the board and shareholder. Services include general business brokerage, and prior to the formation of Dole Capital, LLC, business valuation. Kuroman Realty is a 35-year-old business brokerage firm specializing in Hawaii businesses.
- 1995-1999 Hosoi Garden Mortuary, Inc.**
Member of the Board of Directors
- 1993-Present James D. Dole Trust**
Co-Trustee
- 1994-1997 Fry & Co.**
Director of Research. Provide investment research analysis on Hawaii based and West Coast companies with significant business interests in Hawaii, for purposes of identifying undervalued publicly traded investment opportunities for a select client base in Hawaii.

G29697

QUALIFICATIONS

2

1991-1994

First Honolulu Securities, Inc.

Security Analyst. Provide investment research analysis on Hawaii based and West Coast companies with significant business interests in Hawaii, for purposes of identifying undervalued publicly traded investment opportunities for a select client base in Hawaii, California, Oregon, and New York.

1980-1993

Willamette Management Associates, Inc.

Hawaii Regional Manager. Manage client projects for Willamette Management Associates, a national business appraisal and financial consulting firm, for the valuation of both publicly traded and privately owned companies, securities, and other business interests.

1982-1986

Christian Broadcasting Network, Inc.

Financial Planner. Offered financial planning services, particularly in the area of estate planning.

1974-1980

Bishop Trust Company, Ltd.

Second Vice President. Involved in investment portfolio management and analysis of Hawaii based securities.

1972-1974

Chartered Bank of London

Analyst and portfolio manager

1969-1972

First California Company

Security analyst

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QUALIFICATIONS

3

ACADEMIC AND PROFESSIONAL CREDENTIALS

B.S. Finance, University of Arizona

American Society of Appraisers (ASA),
Accredited Senior Appraiser, Business Valuation

Certified Financial Planner (CFP)

Chartered Financial Analyst (CFA)

Hawaii Real Estate Sales License

NASD Series 7, General Securities Representative

NASD Series 63, Uniform State Securities
Representative

NASD Series 4, Options Principal

NASD Series 24, General Securities Principal

NASD Series 28, Financial and Operational Principal for Introducing Broker-
Dealer

MSRB Series 53, Municipal Securities Principal

Author of "The Story of James Dole",
Island Heritage Publishing, 1990

Qualified as an expert witness on business valuation
issues in Family Court, State of Hawaii.

G29699

QUALIFICATIONS

4

PROFESSIONAL AFFILIATIONS

Association for Investment Management Research
(AIMR)

The Security Analysts of San Francisco

Past Regional Governor for Hawaii and Pacific,
and Far Eastern Regions of the American Society
of Appraisers

Past President of the Honolulu Chapter of the
American Society of Appraisers

Member of the National Association of Securities Dealers

Member of the Hawaii Venture Capital Association

Member of the Hawaii Employee Ownership and
Participation Advisory Committee, State of Hawaii

Member of the Hawaii Estate Planning Council

Member of the International Business Brokers Association

G29700

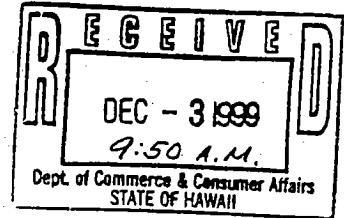


G29701

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

STATE OF HAWAII

In the Matter of the Organization)
)
 of)
)
 ASPEN VENTURE GROUP, LLC)
 _____)



ARTICLES OF ORGANIZATION
 OF
 ASPEN VENTURE GROUP, LLC

The undersigned, desiring to become organized as a limited liability company in accordance with the laws of the State of Hawaii and to obtain the rights and benefits conferred by those laws upon limited liability companies, hereby executes the following Articles of Organization under Section 203 of Hawaii's Uniform Limited Liability Company Act, Hawaii Revised Statutes, Chapter 428 (the "Act").

I.

NAME

The name of the limited liability company shall be ASPEN VENTURE GROUP, LLC (the "Company").

II.

OFFICE

The street address of the Company's initial designated office is: 841 Bishop Street, Suite 2020, Honolulu, Hawaii 96813.

III.

DESIGNATED AGENT FOR SERVICE OF PROCESS

The Company shall have and continuously maintain in the State of Hawaii an agent and street address of the agent for service of process on the Company.

The name and street address of the initial agent for service of process on the Company are: Michael Burns, 841 Bishop Street, Suite 2020, Honolulu, Hawaii 96813.

IV.

NAME AND ADDRESS OF ORGANIZER

The following person shall act as the Organizer of the Company:

MICHAEL BURNS
841 Bishop Street, Suite 2020
Honolulu, Hawaii 96813

V.

DURATION: TERM

The term of the Company shall be at-will, and the Company shall continue until dissolved pursuant to Act and the Operating Agreement of the Company.

VI.

MANAGEMENT OF THE COMPANY

The Company shall be "member-managed," and the name and permanent residence street address of the initial member is:

MICHAEL BURNS
570 Likini Street, #807
Honolulu, Hawaii 96818

VII.

LIABILITY OF MEMBER

No member of the Company, solely by virtue of being a member or manager, shall be liable for the debts, obligations and liabilities of the Company.

841 Bishop Street
Ste# 2020
Honolulu, HI. 96813

Phone: 808-585-8813
Fax: 808-533-7407
Email: AspenVG@pixi.com

Randolph G. Moore
Chairman, Special Committee
Grove Farm Company, Incorporated
c/o Kaneohe Ranch
1199 Auola Road
Kailua, HI 96734

Dear Mr. Moore:

Aspen Venture Group, LLC is pleased to submit a proposal, which will

- (1) Evaluate your Company strategic alternatives;
- (2) complete a valuation analysis of the Company and its shares; and
- (3) evaluate a proposed transaction.

Our fee for items 1 and 2 would be \$35,000 payable \$15,000 upon acceptance and the balance on completion. Time for item 3 would be billed hourly at \$250.00 an hour based on the input required from members of our team.

Fees for an assessment of fairness of a proposed transaction, which would entail transfer of the Board's liability, should Grove Farm desire such services, will be separately negotiated. We are prepared to undertake such an engagement but would do so only if the Board understood the significance of a fairness opinion in the context of legal liability.

In order to minimize our proposed fee, we intend to solicit management's opinion on land values, independently analyze market conditions, including comparables, if available, and reach a range of values without appraising each parcel of land owned by the company. We have concluded that updated appraisals on all real estate owned by Grove Farm would be, in our opinion, unnecessary and, in some instances, potentially misleading because of the absence of comparable sales.

Members of our team include (1) the undersigned; (2) Thomas M. Foley; and (3) John Candon.

Aspen Venture Group, LLC is a venture capital firm with a net worth in excess of \$50,000,000. Its primary corporate objective is the evaluation and financing of ongoing businesses, many of whom have exhausted conventional financing alternatives.

I currently serve as CEO of Aspen Venture Group. I have a Master's degree from Cal Berkeley in International Business and Marketing. During the past 20 years, I have evaluated businesses as a venture capitalist. The company at my direction is currently under contract to value, restructure and/or sell businesses ranging in focus from Internet start-ups to land rich cash poor companies in difficult markets. A list of pending projects, not subject to Confidentiality Agreements, has been forwarded by prior transmittal.

G29705

Randolph G. Moore
Chairman, Special Committee
Grove Farm Company, Incorporated
Page # 2 of 3

Thomas M. Foley has 30 years of experience in corporate, tax and real estate law. He was managing partner of two Honolulu law firms, has served as a trustee/director of numerous charitable groups, was a member of the first Tax Review Commission in Hawaii and is known by shareholders of your company, members of your board and your current law firm. His extensive background includes evaluation of financial statements and all other aspects of due diligence. He and his former firm were involved in and noted for large Hawaii based real estate acquisitions, municipal financing and business development. The firm in 1991-95 served as special counsel to the County of Kauai for municipal financing. Mr. Foley has also been involved in complicated restructures and has played a central role in developing and implementing strategic corporate alternatives for numerous clients. At present, he is consulting with the State House on tax, economic, health, and employee retirement issues.

John Candon, CPA, ASA, CBA, CFE provides business valuation, corporate finance and corporate recovery services. He is the former director of KPMG Peat Marwick's Hawaii-based corporate transactions practice. Prior to joining KPMG, Mr. Candon was the managing partner of a regional consulting practice, which provided business valuation, fraud investigation and bankruptcy trusteeship services. He has also held senior business valuation, fraud investigation and bankruptcy trusteeship services. He has also held senior positions with a commercial bank and a publicly-held visitor industry business in Hawaii.

With over 20 years of experience, his accomplishments include:

- # Business valuations for enterprises involved in estate investment.
- # Intangible asset valuations for assets such as customer relationships, financial instruments, leasehold interests, management agreements and franchises.
- # Acquisition assistance to buyers and sellers of business interests with regard to candidate identification, pricing, term structuring, and due diligence.

In addition to being a Certified Public Accountant, Mr. Candon is a Certified Business Appraiser and a Certified Fraud Examiner. He has also earned advanced recognition as a Senior Member of the American Society of Appraisers and is a Past President of the ASA's Hawaii Chapter; a past Chair of the Hawaii Society of CPAs= Management Consulting Services Committee; and a Life Member of the Association of Certified Fraud Examiners.

Mr. Candon is a frequent speaker on business risk issues. He has provided expert witness testimony at depositions and trials for a variety of issues including business valuations, economic damage calculations, bankruptcies, fraud and complex accounting treatments.

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Randolph G. Moore
Chairman, Special Committee
Grove Farm Company, Incorporated
Page # 3 of 3

Aspen Venture Group, LLC looks forward to your response. Should clarification of our proposal be required, please call me at 585-8813 or Tom Foley at 585-0919. Should our proposal be acceptable as drafted, please sign the enclosed copy of this letter and return with a check for \$15,000. We will commence work immediately.

Very truly yours,

ASPEN VENTURE GROUP, LLC

By _____
Its Manager

ACCEPTED:

GROVE FARM COMPANY, INC.

By _____
Its _____

G29707

ASPEN VENTURE GROUP

Your search request has found no DOCUMENTS.

Your search request can be converted into a FREESTYLE search.
FREESTYLE will retrieve the top 50 documents based on statistical ranking.
To run your search as a FREESTYLE search, type .fr and press ENTER.

To enter a new search request, type it and press the ENTER key, or you may edit the current request using the arrow keys. Be sure to move the cursor to the end of the request before entering it.

For further explanation, press the H key (for HELP) and then the ENTER key.

*No doc. in company
no stons file
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3/1/00

G29708

**Randolph G. Moore
Chairman, Special Committee
Grove Farm Company, Incorporated
c/o Kaneohe Ranch Company, Ltd.
1199 Auloa Road
Kailua, Hawaii 96734**

Telephone 808-266-1411
Fax 266-1419
Email rmoore@hawaii.rr.com

February 23, 2000

Mr. Richard B. Dole
Dole Capital, L.L.C.
1255 Nuuanu Avenue C-104
Honolulu 96817

Dear Richard:

The Grove Farm Special Committee invites you to visit with the Committee on Friday, February 25 at the Company's office in Puhi at 8:00 a.m. to discuss further your proposal to act as financial advisor to the Company and the Committee.

The Committee selected four parties for further discussion about their potential role as financial advisor, and will be meeting with all four on that date. The other parties are Aspen Venture Group, Kennedy-Wilson International and Deutsche Bank Alex. Brown. We have scheduled each of the visits with the prospective financial advisors for one hour.

We have the following specific questions (this list may not be exhaustive) regarding your role as the Company's financial advisor:

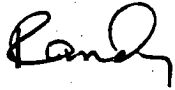
- 1) Describe the process you will use for your valuation analysis.
- 2) What do you see as Grove Farm's strategic alternatives and how will you evaluate them?
- 3) What do you think is/are the profile(s) of prospective purchasers of the Company?
- 4) How will you find the highest price buyer?
- 5) What kind of terms should we expect in a "finder's agreement"? What accommodation would you make if the highest price buyer were Scott Blum (who earlier offered \$125 per share)?
- 6) Would you agree to (a) undertaking for us a valuation/evaluation of strategic alternatives, (b) assuming the evaluation conclusion is "sell," we contract with another party to find a buyer and (c) you furnish a fairness opinion (assuming you believe the proposed transaction is fair to the selling shareholders)?
- 7) Describe your role in finding the highest price buyer for other clients.

G29330

Mr. Richard B. Dole
February 23, 2000
page 2

- 8) In your experience, how long does it take to prepare marketing materials, find the highest price buyer, and close a transaction?
 - 9) Could you provide us references relevant to this assignment?
- We are looking forward to meeting with you.

Sincerely,



G29331

G29332



Randolph G. Moore
2445-A Makiki Heights Drive
Honolulu, Hawaii 96822

February 14, 2000

To: Special Committee members
Subject: Proposals from prospective financial advisors

This memorandum incorporates all the information in the memorandum I distributed this morning (which Curly and Wil did not receive) and adds information on proposals I received later in the day.

For Bill, Pam and Bob, I am enclosing the proposals that came in today from Chase, Deloitte & Touche, Deutsche Banc Alex Brown, and Kennedy-Wilson. For Wil and Curly, you have these plus the proposals from Aspen, Dole, Ernst & Young/Kenneth Leventhal, and Jefferies.

We now have written proposals from seven prospective financial advisors and an partial proposal (no written fee proposal) from an eighth (Ernst & Young/Kenneth Leventhal) who would like to expand on its written proposal in a face-to-face meeting.

The eight proposals (listed in alphabetical order) are:

Aspen Venture Group LLC

Aspen will prepare a valuation analysis and evaluate strategic alternatives for \$35,000 (\$15,000 up front, the balance presumably upon completion). No stated time frame. Will not appraise each parcel of company land.

Aspen did not mention seeking prospective buyers.

Aspen will evaluate specific proposed transactions at a fee of \$250/hour.

Aspen will provide a fairness opinion if requested at a fee to be separately negotiated.

Chase Securities, Inc.

Chase will prepare a valuation analysis and evaluate strategic alternatives within 8 to 12 weeks for a fee of \$750,000 payable upon completion of this work.

G29333

page 2

Chase will assist Grove Farm in identifying, contacting and distributing information to potential buyers (other than Blum), will consult with and advise Grove Farm as to the reasonableness of bids received and will, if requested, assist Grove Farm in direct negotiations with potential buyers, all for a contingent fee to be agreed upon if a transaction is consummated in excess of \$125 per share.

Chase will provide a fairness opinion if requested within 3 weeks at a fee of \$250,000, payable when issued.

Deloitte & Touche LLP

This outline of a proposal comes from Deloitte & Touche's business advisory director in San Francisco. Deloitte will develop "reasonable ranges of value for Grove Farm's equity" and facilitate the Special Committee's and Board's decision-making process for \$80,000 to \$120,000 within a 4 to 6 week timetable.

These services do not include looking for a buyer. Deloitte does not provide fairness opinions. Deloitte's principal, Mark Maxson, believes the board will be able to discharge its obligations without the necessity of a fairness opinion.

Deutsche Banc Alex. Brown

Deutsche Banc has concluded that neither refinancing Grove Farm's debt nor seeking a joint venture partner are viable options, given Grove Farm's current debt level, and the optimum alternative is to find a buyer of Grove Farm.

Deutsche Banc will prepare valuations of Grove Farm and recommend a course of action to Grove Farm to maximize shareholder value. This process could be completed within one month.

Deutsche Banc's fee is \$37,500 per month, to be credited against any success fee or break-up fee.

Deutsche Banc will prepare an offering memorandum within two weeks of the completion of Grove Farm's decision to market the company, identify, pre-qualify and prioritize potential buyers, coordinate the preparation of due diligence information, assist in negotiating the sale agreement and closing the transaction. The market-entry to close will take 4 to 5 months. The success fee would be 1.25% of the value of Grove Farm (including the company's debt) if the buyer is other than Blum, less the cost of the fairness opinion.

The break-up fee if a transaction is not consummated is \$250,000.

Deutsche Bank will issue a fairness opinion for \$700,000. The structure of Deutsche Banc's fee proposal is that this fee is paid if Blum is the buyer, but not if some other party is the buyer.

G29334

page 3

Dole Capital, L.L.C.

Dole will prepare a valuation analysis for \$20,000 (\$10,000 up front, the balance upon submission of the report) and will complete this 30 days after being furnished all information requested.

Dole will prepare a written evaluation of strategic alternatives for \$10,000 and will complete this 30 days after completing the valuation analysis. This does not include preparation of any marketing documents.

The task of seeking prospective purchasers will be the subject of a separate "finder's agreement."

Dole will provide a fairness opinion within 30 days of a specific proposed transaction. The fee will be \$30,000, with half payable upon submission of the fairness opinion and half payable at the closing of the transaction.

Ernst & Young/Kenneth Leventhal

Richard Klein sent us a written pitch that did not include a fee structure. Orally he told me EYKL's fee structure would have this form:

- i) A monthly retainer, with a cap, for valuing the company and evaluating strategic alternatives. The retainer would be credited to the transaction fee, if there is a transaction.
- ii) A transaction fee of 1-2% of the total value of Grove Farm, including its debt, if EYKL is successful in finding a buyer at a price higher than Blum's.
- iii) A fairness opinion of \$300,000 to \$500,000 (it was not clear to me whether this would be applied to the transaction fee if the transaction were with someone other than Blum).

Richard's observation: "This could be a million dollar job, but if it's just a sale to Blum, it could be a lot less."

Jefferies & Company, Inc.

Jefferies will serve as financial advisor for \$50,000 per month (the "Advisory Retainer"), payable (pro-rated if appropriate) at the end of each month.

Jefferies will issue a fairness opinion for \$200,000, payable when delivered.

Grove Farm will pay Jefferies a Success Fee equal to 1.5% of the value of any transaction, including a transaction concluded within 12 months of the termination of Jefferies' services.

If a transaction includes any public or private debt or equity offering, Jefferies will be compensated as mutually agreed and based on the prevailing market for similar services.

G29335

page 4

Kennedy-Wilson International

Kennedy-Wilson is best known as an auction-oriented real estate broker. Its proposal to Grove Farm is to "evaluate each asset to determine its likely holding period, the carrying cost associated with it, the cost of sale, the most likely buyers, if a sale is warranted and if so, what process will be utilized, and the fair market value of each asset." Kennedy-Wilson will analyze all of Grove Farm's options, including a sale of the company, a bulk sale of the real estate and sales of individual assets.

Kennedy-Wilson will charge Grove Farm a success fee of 1.5% of the total transaction price (discounted if the buyer is Blum) for a sale of the total company or the sale of all its real estate; if individual parcels are sold then the fee will be 3% of the first \$30 million of aggregate sales price, 2% of the next \$30 million and 1% of anything over \$60 million.

All proposals

Grove Farm will reimburse the advisor for the advisor's out-of-pocket expenses.

Grove Farm will indemnify the advisor against all claims, losses and expenses arising out of actions taken or omitted by Grove Farm or by the advisor, unless the advisor's actions or omissions were in bad faith or gross negligence.

* * *

My observation of these proposals is:

- (1) We must be cognizant of Grove Farm's ability to pay a financial advisor, up-front, during the process, and upon the close of a transaction. For this reason we will need to rule out the proposals that require significant funds from Grove Farm before a closing. This appears to preclude at least Chase, who wants \$750,000 upon completion of its valuation and evaluation in 8 to 12 weeks. It may also put Jefferies out of the running.
- (2) All mainland proposers except Deloitte claim knowledge of Hawaii and ability to identify and market to prospective purchasers internationally.
- (3) We have two low-cost local prospective advisors: Aspen and Dole.
- (4) We need to get a better feel from particularly Aspen and Dole how they would value and then market the company.
- (5) We need a timetable and a fairness opinion fee proposal from Aspen.

G29336

page 5

(6) The combination that appears to offer the lowest out-of-pocket expenditure to Grove Farm prior to a closing is to select either Aspen or Dole to do the valuation and evaluation, have Kennedy-Wilson do the marketing, and have the local advisor provide a fairness opinion, assuming we feel we should have one (and assuming Aspen's is reasonable).

(7) Deutsche Banc, EYKL and Jefferies all have similar fee structures – a monthly retainer (\$37,500 for Deutsche Banc, \$50,000 for Jefferies and unknown for EYKL), a success fee (1.25% for Deutsche Banc, 1.5% for Jefferies and unknown for EYKL), and a fairness opinion fee (\$200,000 for Jefferies, payable when delivered; \$700,000 for Deutsche Banc, not specified whether payable when delivered or at closing, and \$300,000 to \$500,000 for EYKL). Jefferies' fees are additive – one fee is not a credit toward another. Both Deutsche Banc and EYKL will apply either their fairness opinion or their monthly retainer against their success fee. Jefferies is the higher cost of it and Deutsche Banc. We do not have enough information from EYKL to compare EYKL's cost to the other two.

* * *

We'll meet by conference telephone on Thursday at 3:30 p.m. Hawaii time to narrow the list down to four at the most, who will be invited to visit with the Special Committee on Kauai Friday Feb. 25. For this Thursday's meeting Bill Pratt and I will be at the Case law firm with Tod Tanaka (Jim Cribley will be in Florida for his father's 90th birthday). Hopefully Bob and Pam can be at the Grove Farm conference room. Wil will be at home. I will talk to Curly to determine his whereabouts.

G29337

G29338



Randolph G. Moore
2445-A Makiki Heights Drive
Honolulu, Hawaii 96822

February 13, 2000

To: Special Committee members
Subject: Proposals from prospective financial advisors

We have proposals from three prospective financial advisors and a fourth (Ernst & Young/Kenneth Leventhal) who will discuss the financial aspects of its proposal in a face-to-face meeting.

The three proposals are:

Aspen Venture Group LLC

Will prepare a valuation analysis and evaluate strategic alternatives for \$35,000 (\$15,000 up front, the balance presumably upon completion). No stated time frame. Will not appraise each parcel of company land.

Did not mention seeking prospective buyers.

Will evaluate specific proposed transactions at a fee of \$250/hour.

Will provide a fairness opinion if requested at a fee to be separately negotiated.

Dole Capital, L.L.C.

Will prepare a valuation analysis for \$20,000 (\$10,000 up front, the balance upon submission of the report) and will complete this 30 days after being furnished all information requested.

Will prepare a written evaluation of strategic alternatives for \$10,000 and will complete this 30 days after completing the valuation analysis. This does not include preparation of any marketing documents.

The task of seeking prospective purchasers will be the subject of a separate "finder's agreement."

Will provide a fairness opinion within 30 days of a specific proposed transaction. The fee will be \$30,000, with half payable upon submission of the fairness opinion and half payable at the closing of the transaction.

G29339

page 2

Jefferies & Company, Inc.

Will serve as financial advisor for \$50,000 per month (the "Advisory Retainer"), payable (pro-rated if appropriate) at the end of each month.

Will issue a fairness opinion for \$200,000, payable when delivered.

Grove Farm will pay Jefferies a Success Fee equal to 1.5% of the value of any transaction, including a transaction concluded within 12 months of the termination of Jefferies' services.

If a transaction includes any public or private debt or equity offering, Jefferies will be compensated as mutually agreed and based on the prevailing market for similar services.

All proposals

Grove Farm will reimburse the advisor for the advisor's out-of-pocket expenses.

Grove Farm will indemnify the advisor against all claims, losses and expenses arising out of actions taken or omitted by Grove Farm or by the advisor, unless the advisor's actions or omissions were in bad faith or gross negligence.

* * *

I expect we will receive proposals from Chase, Willamette Investment Advisors and Deloitte & Touche.

Randy --

G29340

G29341



Randolph G. Moore
Chairman, Special Committee
Grove Farm Company, Incorporated
c/o Kaneohe Ranch
1199 Auola Road
Kailua, Hawaii 96734

February 2, 2000

Mr. Richard B. Dole
Dole Capital, LLC
1255 Nuuanu Avenue, C-104
Honolulu, Hawaii 96817

Re: Request for Proposals for Financial Advisory Services

Dear Mr. Dole:

Grove Farm Company, Inc., a Hawaii corporation (the "Company"), through a special committee of its board of directors, is seeking to retain a financial advisor in connection with its review of the strategic alternatives available to the Company and the possible sale of the Company. I am a director of the Company and the chairman of the special committee.

The Company recently responded to an unsolicited letter of intent to acquire all of the shares of the Company. The letter of intent required that the holders of at least 75% of the Company's stock vote in favor of proceeding with the letter of intent and negotiating a definitive agreement with the proposed buyer. The board of directors recommended to the shareholders that they vote in favor of the letter of intent. At a meeting held on January 21, 2000, approximately two-thirds of the shares outstanding were voted in favor of proceeding with the letter of intent. Since 75% approval was required in order to proceed, the letter of intent terminated by its own terms. However, the holders of approximately 90% of the shares indicated that they would be willing to consider selling their shares under the right circumstances. The proposed buyer, Scott Blum, has indicated that he would consider resubmitting his proposal, if a suitable arrangement can be worked out to assure 75% approval.

In view of the interest shown by the shareholders, the Company's board of directors has appointed the special committee of disinterested directors to review and evaluate the strategic alternatives available to the Company and to make recommendations to the board, including whether or not the Company should be sold.

If the board determines that a sale of the Company would be in the best interests of the Company and its shareholders, the special committee is authorized to seek a potential buyer and negotiate a proposed transaction.

February 2, 2000
Page 2

The Company was founded in 1864 by George N. Wilcox and today is primarily owned by members of the Wilcox family. Its business is located on the Island of Kauai in the State of Hawaii. The Company owns approximately 22,000 acres of land and is in the asset management business. Formerly a sugar plantation, the Company ceased those operations in 1974 and, in addition to leasing its agricultural lands, is engaged in the business of the development of its lands. The Company is the owner and operator of Kukui Grove Shopping Center, the largest shopping center on Kauai, and continues with the development of Puakea, a planned community development. The Company has slightly more than \$60 million in debt. In his letter of intent, Mr. Blum proposed to acquire all of the outstanding shares at a price of \$125 per share, for a total of approximately \$21 million. The Company is privately held, and its securities which are infrequently traded are subject to a right of first refusal in favor of the Company. The Company has approximately 173 shareholders, with 171,122 shares of common stock currently outstanding.

The special committee is now soliciting proposals from qualified parties to serve as its financial advisor with respect to the following:

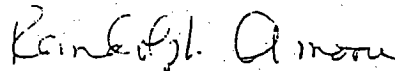
1. Evaluation of the Company's strategic alternatives.
2. Preparation of a valuation analysis of the Company and its shares.
3. Evaluation of a proposed transaction and preparation of a fairness opinion.

Your firm has been recommended to the committee as a potential advisor, and the special committee would greatly appreciate receiving a proposal from your firm. If your firm is interested in submitting a proposal, it should include a description of the persons who would be included in the representation, your proposed fees and compensation with respect to each of the foregoing matters, and your firm's recent experience with respect to real-estate based companies. Proposals must be received before February 14, 2000 in order to be considered.

You may also send your proposal to me by fax at 808-266-1419 or by e-mail at rmoores@hawaii.rr.com.

If you have any questions regarding these matters, please call me at 808-266-1411.

Very truly yours,



Randolph G. Moore

cc: Mr. Dole via fax 536-5318
James M. Cribley, Esq.
Case Bigelow & Lombardi

36745207009.4

G29343

RESEARCH AND NOTES

G29344

3-25

Richard Dole

1. Valuation

Market - comparable co.

Income

- Asset accumulation - floor.
- major assets + existing appraisals

- Discounted cash flow

- Liquidation v. going concern - depends

- Minority interest -

Real estate valuation

- Appraisals v. estimates

- RE. appraisers - major parties

- Hire someone else. [Cost?]

- Not asset valuation firms.

- Cash flow

- Business plan - start of company.

- Work off business plan + assumptions

regarding investment

- Ag

Strategic alternatives

④ Private equity markets - raise \$

- Financial buyer v. Strategic buyer

- Private placement process

- Exit strategy

- Strategic buyer

- Buyers don't want to invest +

G29347

pay debt, want to invest to grow + exit strategy.

• Advantage - stay in place
- IPO not viable

② Joint venture - strategic partner

- Key assets into LLC + shared control

- Probably pay less purchase for JV interest

③ Shop other buyer

④ Sell portion of assets

- Tax, timing + cost to carry

- Leave residual business - dissolve or sell remainder to strategic buyer who could enhance value

⑤ Sale of co.

1 Strategic Alternatives - marketing is related.

- Shopping co. will test value so it is related.

Marketing / Buyer

- Strategic Buyer

- Assets would fit 1st business.

- Buyer for part e.g. commercial v. ag.

G29348

- Limited market for the whole
- Open bidding w/ deadline
 - Proposals in different forms
 - Allow options
 - Varying factors
 - Timing, breaking fees

3. Profile - financial capability & knowledge.

- Wealthy investor who immediate need.

- MLP - \$12.50 - financial buyer.

Not a strategic / investment buyer

- Looking at return of capital & is instant, not looking to enhance value.

- Compare to buyer who would invest & plan to enhance.

- views Sutt as more a financial buyer.

- Marketing meetings to determine suitable buyer.

- Can't put ad in paper - public securities offering -

- Auction basis -

- Identify buyers

4. Marketing - Try to buy - speculation - sentimental - Capital gain.

- Auction

- Request for bid for assets & co.

- Sealed or unsealed

- A + B is possibility -

G29349

- Strategic buyer

- Can acquire assets & eliminate overhead
- Trusty buyer can't do it.

↳

- Auction

- Sealed bid w/o floor - viewed as "fire sale" -
- Floor of \$125. -

Finder's agreement =

- offsetting memo.
- % [?]

6. Yes. - fine + contract w/ marketing c.

7. Dole Capital is new firm, registered to do projects like this

- Projects prior to this was asset sales so did advertising.
- Haven't done this type or size of deal

- Have worked on private placement for American Samoa Business.

- worked on fairness op. w/ Wilkshire but Dole Capital has not done similar operation

8. How long?

- Marketing - depends on app. & status of bus. plan.

- If Dole loses it - 4 wks.

- Buyer - close - 6 months.
- 4 - 6 hrs. total.

9. References

- List provided.
- ~~We~~ won't contact until ok

Auction

- Earnest \$ to siphon out non qualified buyers
- Then non-reimbursable
- Pre-qualification bidders.
 - Go thru list first.
- Road show w/ 15-20 qualified buyers.
- Can't market publicly w/o register, so have to deny print.

3-25

Kennedy Wilson
Lewis Halpert
Mary Ricks
Marc Heenan.

Introduction

KW

- CEO name on team too.
- 88 - bought KW, was RE auction co. - middle market
- Lots of experience in HI.

Ricks

- Brokerage for western region.
- Marc Heenan - valuation + intelligence.

1. Valuations

- Improved PPTy
 - Discounted cash flow
 - Comparable Sales
 - In + outside Kauai
 - Land
 - Each piece = higher + best use
 - Comp. sales - difficult.
 - How would buyer look at it.
 - Other large landholdings + land sales.
 - Sold six large tracts on P. of Island
- G29352 Kula golf course - cons. land

- KW &

- Focus on time value, not price in day
- Difficult to value assets - range of values - don't know
 - Expose ppl to buyers on database to get broad range
- Can't get fixed price for trade.
- How long
 - 2-3 weeks, from all utilities
 - Materials - approx. r.p. index, description.

Copy valuation

- Look at the assets first, has experience or value w.
- Real estate play valuing assets
- ~~Estimate~~
- RE wages valued at less than net asset value of projects; fit that into.

Sale of assets - primary focus.

- Tax consequences.

2 Strategic alternatives

① Sell whole

② Sell RE indiv v. ③ bulk.

3. RE t. case only.

- would cover sale of stk. - acc. to buyer
- Don't have security license.

G29353

3. Buyer profile

- Maluaia Plantations

- CEO of public co.

- Koolhaa

- High net worth Hong Kong
investor

- Sourced by KW H.K. office

- Still capital in H.K. + Taiwan
looking for U.S. investments

↳ park capital safety

- There are Asian value buyer

↳ perception of this as

good value

- B.J. Island activities

good

- Market perceived as turning
around

- Office in H.K. w/ 25 brokers

- Pualoa - 3,000 acres in B.J.
Island

- Entrepreneurial U.S. investor

w/ \$ for Wall Street

- Land bank - not short

term development

- Similar appeal to G.F.

- Captain Cook

- Air conditioned developer

G29354

- 5 yrs. ~~ago~~ jet
- Ouli Land - y county Hawaii
 - Hi investor w/ U.S. capital
 - deny to vend lots
- Waikiki Landmark note
 - wall st. opp. fund - perception of Hi as opp.
- Waikiki site - same buyer 1 yr. later
- MLP - high but worth interest like Blum

K&D Database

- would go to different buyer pools & market
- want to put on website - has brought buyers.
- Koolau - news paper, WJ ads, Silicon Valley, Seattle Times + LA.

High price Buyer

- Competitive process needed
- 2 types.
 - 2 bidders. condit

~~So~~

- Koolau
 - Advertised, direct contact, all others.
 - Sealed bid sale
 - Disparate price

G29355

- Used multiple offers to get bid up.

- Next offer was lower, but offer provided leverage to go bid.

- Valued party + set exit price

- Care of range

- How do you filter out buyer w/ bad background -

- Process allows you to control

- Review potential buyers; lay out + investigate buyer background + profile + capability.

- Often sell to buyer who is not the highest.

- Window

- Stock market up - good time to sell.

- Car factor is community + other factors

5. Scott Blum

- Process

- Same work

- Try to max up + credibility

- 50% of regular fee - 75 band points = 3/4th

- will spend lots of time + do work.

- Keys buyer honest - make sure there's not someone else.

G29356

4. Marketing

1-3-4 weeks - marketing materials

- Pictures

- Pre diligence package

- Title, zoning, covenants

- Buyer's master executed bid.

- Give the Buyer as much info as possible, so buyer knows

- vs. pick buyer & then provide DD.

- will still have additional DD.

② 7-8 weeks for marketing

③ 8 weeks - 30 day DD, 30 day close

- Try to shorten DD by having it.
+ competitive process shorter.

→ Environmental / app.

- Phase I - likely required [time/cost]

- KW will provide comp. info. if

value is good - but don't

want published price - want
to drive up.

- Consider having it done w/ advance

- Sugar mill - A+B

- Do certain areas.

- Quarry -

Up front costs.

Valuation

- Out of pocket - \$30-35k

Marketing - advertisements - \$25k

G29357

3-1

Jellicoe 1.5% - transaction value 20M = 300,000
DB 1.25% - PP + debt = 80M = \$1.25M
- \$37,500 - 9 mos - \$325K + eqg. -
70010 f.o.

1.25M same fee = 0.15M

KW 1.5% trans total 0.25% Blm

$$\begin{aligned} & 30M \times 3.12\% = 900 \\ \text{wd } & 30.2\% = 600 \end{aligned}$$

- Videos - additional.

- No torched up fee.

#7. How do it - flexible

- would do what ~~it~~ themselves

so don't need -

8. Sentences

- Side in little - possibility

for -

- References available.

3-1

Aspen

Tom Foley brought together
- Atty

Mike Burns - firm mainland - VC, contacts, capital, exp.

John Cardon - CPA, business valuation

Steve Sofas

Cardon

- Appraisal - \$ + cents

- Financial advice

- objectives other than cash \$ + cents, e.g. sentimental

Steve Sofas - RE broker.

- 80/20: marketed Palm + Jid well till Iniki

- Familiar with Anne Fern assets

Tom Foley - CPA + tax atty

Burns - mostly exp.

Foley, Cardon + Sofas - work team

Relevant values

- Scott Darnell - MAI - director at KPMG - ^{of RE value} subscription

- Management input, recent sales

- Parcel by parcel valuation not permitted

- Tax impact of sales + NOL - more important
analysis + also takes tax long + value
not certain

G29360

- Investors will look to liquidity value + tax

Rand Katanull - would be doing ITS own analysis + Tritial analysis was not worth it \$/M.

- Feedback was why aren't we using Scott Blue.

- Will be advising SH of results

- Can we work directly with Scott?

- Bob feels the same way - how can we get SH over the top.

- Next - 1 dissidents

C - would like to get value:

G29361

Consequences

Evaluate as whole as sum of parts

- From RE - sum of parts may be better than whole, esp. gray lines w/ Oliver.
- Look at both ways - going concern v. liquidation.

RA. Challenge of valuation - 20,000 b/m land

- No recent large parcels
- Area of better value sh.
- May not be able to determine w/ certainty
- ~~asset~~ ^{value} would include tax analysis

Need to analyze sched other v. sched of RE
or

InterCorp - ski resort other - largest not work

- Have been looking for losses + RE.
- Possible whole buyer.

- Would remove website for company + proceed with
IL ditto to sell.

- Evaluate best options first, then proceed. - \$35,000

- The free spinoff. family considerations,

- How to deal w/ family issues

- First, value as starting pt for
litigation

- Then, could look at spinoff to family

What if: ① Co bring buyers - Miller J to Seneg

② Blm

Sales experts - West Coast

Prices gone much more

- Shopping Ctr - jewel (but lose cash flow)
 - Need to sell insit + service ^{the} dist
 - Vacation
 - Get theatre + anchor - 1 yr.

Small concert - good time to sell see

- 23 ac. will get sold

- Enter from west - long term.

- Rent / know - lots of vacancies, so hard

- Small parcels won't sell until

blgs lease go

hardware - work's sell

- Got work - salaries w/ by

G29363

- Rent to the value
- If many want land, not money, then maybe better to evaluate split up.
 - Value units + then task of come out.
 - Difficult, would be contentious which attach to state, not land (also tax agents).

25% - you'll need everyone to agree to split up.

Tom believes you can advertise school etc.

Steve represents Wallace, who has suit v. Grove Farm; met w. ^{curia} shareholders

- Believes it may have affected the vote
- Are we in the bubble with Internet billionaires?
 - and does rational valuation still relevant. - rational expansion v. real bge
 - C.g. what is value of Internet startups & where no tumbrels - market v. valuation.
 - There is a market place beyond
 - Must look at market wages. - as a dit
 - Difficult to be precise, need good data.
 - What is relevance of Kona sales or Kani?
 - Soler believes the Silicon cycle is near end.
 - Kani still has stigma from Iniki & economy is moving back but slow

G29364

Bulk land experience - 79 sold Hills Highway
in pieces (not units)

ASA - Accredited Senior Apps - exam + example of work
- Bus Apps. - Fewer than 100

CBA - Inspr. of Bus Apps

CPA - A + A valuation - 16

11 - valuation for transactions, due diligence + exp. witness

- Market/SPD package

- Website -

- Valuation on a day - how would sell that
day, not market 120 days - so it
won't lower than market higher
- Possible 1 yr to 18 mos.

- Trading Stock - 5 corp. - FLP.

G29365

MEMORANDUM

February 28, 2000

To: Wilcox Patterson
From: Randy Moore
Subject: Grove Farm Special Committee meeting of February 25.

The Special Committee met with Richard Dole of Dole Capital and with Lewis Halpert, Mary Ricks and Marc Heenan of Kennedy-Wilson International on February 25. Tod Tanaka from Case Bigelow and Lombardi was with us. We were scheduled to meet also with John Candon of the Aspen Venture Group, but he could not make it because of a family emergency. He will meet with us on Wednesday, March 1 prior to our meeting with the Deutsche Bank Alex. Brown team.

Dole Capital, L.L.C. (Richard Dole)

Dole's proposal is to serve the Committee as a coordinator. He recommended we have the Company's non-agricultural lands professionally appraised and prepare ourselves an estimate of the value of the agricultural lands. He said the ag lands are difficult to appraise. If we do not get an independent appraisal, we will need to disclose this (to whom?).

Dole earlier valued the Fisher Estate's Grove Farm stock. He said he applied discounts for the minority position and the limited market for the stock. A control premium for the stock would be "considerably higher than 35%" above the value of a minority position.

Dole said he would value the Grove Farm stock from these perspectives:

- the market for purchases of minority and control positions of similar companies;
- the income approach, applying a discounted cash flow analysis relying on the Company's business plan and variations thereon [the implication being that the Company will need to prepare a long-term business plan and cash flow projections for that plan];

G29303

- the “asset accumulation” approach – assets less liabilities, both presumably valued at market.

To find the highest price buyer, Dole said we must “shop” the Company. Tanaka pointed out that because Grove Farm stock is not registered with the S.E.C., its stock cannot be publicly marketed. Dole said he would solicit bids (from a list of prospects he and the Company would jointly develop) for some of all of the Company, giving interested parties a deadline to submit a bid and sufficient information that no due diligence would be required or permitted. He envisions that a “finder’s agreement” for himself would include (a) a fee of \$10,000 to “coordinate” preparation by the company and its attorneys of an offering memorandum, (b) reimbursement of all his out-of-pocket costs and (c) “something” if the ultimate price exceeded Scott Blum’s \$125 per share.

We discussed three categories of prospective purchasers, the first two suggested by Dole and the third by Tanaka:

- 1) financial buyer, looking for a market return on investment;
- 2) strategic buyer, expecting non-financial benefits as well [e.g., Alexander & Baldwin];
- 3) trophy buyer.

Bill Pratt pointed out that some Grove Farm shareholders have an expectation of a trophy-price sale.

Kennedy-Wilson International (Lewis Halpert, Mary Ricks, Marc Heenan)

Kennedy-Wilson will spec its time for the entire assignment in exchange for a commission on a sale of the company or some or all of its real estate.

Kennedy-Wilson estimates the cost to Grove Farm of Kennedy-Wilson’s valuation of the company and evaluation of its strategic alternatives at \$30,000 to \$35,000 for out-of-pocket costs and that completing this work would take two to three weeks.

Kennedy-Wilson would prepare an in-house range-of-values valuation of the Company’s land, using:

- for improved properties: a discounted cash flow analysis and direct sales comparables from Kauai and elsewhere;
- for acreage, on a parcel-by-parcel basis: direct sales comparison and a highest-and-best use analysis.

Kennedy-Wilson sees the Company's strategic alternatives as:

- sell the Company;
- sell real estate in individual parcels;
- sell real estate in bulk.

Kennedy-Wilson would use its data base to find prospective buyers, with ads in the Wall Street Journal and newspapers in Seattle, Silicon Valley and Los Angeles [although per Tanaka this should not be done]. Kennedy-Wilson believes there are value buyers interested in Hawaii because they perceive Hawaii now as a good value. Kennedy-Wilson believes there are also Asian buyers who view Hawaii real estate as a safe haven for their funds.

It would take Kennedy-Wilson three to four weeks to prepare marketing materials, seven to eight weeks thereafter to find the highest price buyer and two months thereafter (including one month for the buyer's due diligence) to close.

To shorten any due diligence period, as well as assist Kennedy-Wilson in valuing the Company, Kennedy-Wilson suggested getting a Phase I Environmental Assessment on any properties (such as the Koloa mill site) that may be subject to environmental problems.

Kennedy-Wilson has not traditionally been involved in the sale of entire companies. Kennedy-Wilson does not have a securities license, which Tanaka said "may be" required to sell the entire Company. Kennedy-Wilson said if such were required, it would bring in a securities company.

If the ultimate buyer were Blum, Kennedy-Wilson would reduce its fee by half.

Randy

**Randolph G. Moore
Chairman, Special Committee
Grove Farm Company, Incorporated
c/o Kaneohe Ranch Company, Ltd.
1199 Auloa Road
Kailua, Hawaii 96734**

Telephone 808-266-1411
Fax 266-1419
Email rmoore@hawaii.rr.com

February 23, 2000

Mr. Michael Burns
Mr. Thomas M. Foley
Aspen Venture Group, LLC
841 Bishop Street, Suite 2020
Honolulu 96813

Dear Mike and Tom:

Thank you for lunch today.

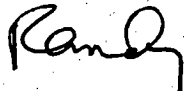
Here are more questions related to marketing Grove Farm for John Candon to discuss with the Special Committee on Friday morning:

- 1) How will you find the highest price buyer?
- 2) In your experience, how long does it take to prepare marketing materials, find the highest price buyer, and close a transaction?

I am looking forward to meeting Mr. Candon on Friday.

Best regards.

Sincerely,



G29307

Tom Foley

To: moore@hawaii.rr.com
Cc: John Candon; Michael J. Burns
Subject: FW: February 23rd questions

Original e-mailed on 2/24/00 and a copy faxed to Grove Farm 8am on 2/25/00 Fax 808 246-9470

Randolph G. Moore
Chairman, Special Committee
Grove Farm Company, Incorporated

In response to your questions I have prepared the following:

1. Describe the process you will use for your valuation analysis.

Answer: We intend to issue a Self-Contained Appraisal in which we will estimate the fair market value of a 100% controlling ownership interest in the Company as of the Valuation Date. Our valuation study will be performed in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and the Code of Ethics of the American Society of Appraisers.

We will consider each of the three generally accepted approaches to valuation of a business interest: the income, the guideline (market comparison), and the asset based (cost) approaches. A summary description of each approach will be distributed by John Candon if requested on Friday. We need to identify specific valuation issues with management if we are selected.

We will value the Company as a going concern. In connection with our consideration of the asset based (cost) approach, we will not consider the ramifications of any potential capital gains taxes or other expenses that might be related to investment securities unless you advise us to do otherwise. We will also presume, unless you advise us otherwise, that any deferred taxes will not be impacted by any contemplated change of ownership.

2. What do you see as Grove Farm's strategic alternatives and how will you evaluate them?

Answer: The most apparent alternatives are to sell all the issued and outstanding shares of stock in the company, identify distinct operating interests such as, for example, the Quarry and Shopping Center and sell those interests as essentially separate and distinct operating assets to reduce debt, restructure the business with the intention of continued ownership, or explore joint ventures to better utilize non income producing assets. Within these broad alternatives, are multiple hybrids. Each alternative must be evaluated in terms of the predisposition of both management and ownership. It makes little or no sense to further restructure the business for example without a general consensus that continued ownership is a viable option given the Kauai economy and anticipated operating expenses. There are also issues which require resolution before certain options can be pursued. The Wallace litigation, for example, without resolution would prevent significantly inhibit efforts to sell the shopping center.

3. What do you think is/are the profile(s) of prospective purchasers of the Company.

Answer:

The profile of a potential and probable prospective purchaser would be a real estate development company which could develop and/or sell real estate within the company to take advantage of the NOL and underutilized acreage. As currently structured, Grove Farm has been converted to an real estate holding company, i.e. asset management company. There are tax implications to the decision to convert from an operating company to the 8 employee run company we see today. These tax implications will be identified and discussed within our report.

4. Your proposal did not mention a role in marketing the Company. Would you like to be considered for such an assignment? If so, please describe your experience and capabilities in this area and fee structure.

Answer: Marketing the company presumes that continued retention is not an option. If the Board is predisposed and ultimately decides that it is in the interest of the Company and its shareholders to sell all or substantially all of the Company's assets, then yes we

would be very interested. Our fees would be as follows: 2.5% on the first \$10,000,000, 2% on the next \$40,000,000 and 1.5% on anything over \$50,000,000. Our fee schedule would include an advance payment of \$75,000 to cover marketing costs which would be itemized upon acceptance. Our experience and capabilities will be delineated upon further request. We, as a group, however, have almost 100 years in combined experience in the negotiation and sale of on going businesses as either an attorney, venture capitalist, appraiser or real estate broker. Three of our team have real estate licenses, three have had big 8 accounting experience and transactions include companies with revenues well in excess of \$100,000,000 per year.

5. Conflict of Interest.

Answer: We were approached by Sofos Realty and asked whether we aware of any companies fitting certain investment criteria. We mentioned Grove Farm as one of several possibilities. Their client is not known to us and we have no pecuniary interest in their acquisition of Grove Farm. The company is a spin off of a Canadian publicly traded company whose primary business is real estate development. Once we submitted an offer to you, we discontinued dialogue about Grove Farm with anyone. If we were chosen to represent the Company, we would, of course, reestablish contact if a decision were to be made to sell.

6. What kind of terms should we expect in an agreement to provide a fairness opinion?

Answer: If the intent of the fairness opinion was the shifting of liability from the Board to us on the issuance of the opinion, the terms and conditions as well as fee would reflect that shifting. If there were to be carve outs to the liability, we would need to identify those carve outs in writing. The committee should, however, understand that we are fully prepared to and are capable of a fairness opinion which shifts liability. We would ask, however, that your counsel share with other potential competitors what your precise intentions are with respect to the opinion. We, having met with you, understand what the Board has in mind. We are concerned that the three other companies presenting offers may not.

John Candon will meet the Committee tomorrow as scheduled. I may be called anytime at 808 585 0919. I would be available by phone tomorrow during the meeting and can be reached by calling my secretary. I will be at my office at the state capitol in the morning.