



## MOGLI's PARADISE NEGOTIATION

### Confidential Information for Indigogreen, Inc.

You represent Indigogreen, Inc., a developer of high-end retirement communities. You have been negotiating for the past six months with the Mogli family, owners of 300 acres of lakeside land ideally suited for a retirement community in South Carolina. The Mogli property extends inland for more than two miles and contains magnificent forests and streams. The family has been represented in negotiations by Chris Mogli, one of four adult Mogli siblings. Chris is also a well-regarded lawyer in a downtown law firm.

At Chris Mogli's suggestion you have dealt with all issues except the final selling price of the land. You have negotiated easements, timing, tax issues, warranties, indemnities, and the like. Finally, at the close of your last meeting, you both agreed to talk next about price.

You would like to buy the land for \$1,800,000 or \$6,000 per acre - less, if possible. This would allow Indigogreen a 60% profit margin, based upon projected additional development costs of \$1.0 million and projected total revenues of \$7,000,000. This gives you some wiggle room within which to negotiate. To achieve a 55% profit margin, the highest number you can pay is \$2,150,000, which calculates to roughly \$7,166 per acre.

You do not want to let this property get away. You are convinced that retiring Northeasterners will be prepared to pay top dollar for the chance to retire to this development. The lake breeze moderates the heat in summer, the winters are lovely, and it is close to a vibrant city center with plenty of activities on offer. While real estate prices have been holding steady there for the past few years, a boom is imminent. You know that other resort developers will soon discover the area as they seek to capitalize on early baby boomer retirement. While there are always other deals to seek, the Mogli land is the only property of its kind in the immediate area. Your research indicates that it is, in fact, the best parcel of land in the entire state for Indigogreen's uses.

Two days before your scheduled meeting, you received a voicemail message from Chris Mogli, stating that he would be out of town but his sibling, T.J. Mogli, will handle the price negotiations on behalf of the family.