

RETAIL MARKET ENVIRONMENT

This section presents an analysis of the competitive market within which the proposed commercial village will operate. We begin with a discussion of the regional retail real estate market, followed by a closer examination of occupancy and rental rates for selected comparable and/or competitive commercial shopping centers within the subject trade area.

The Las Vegas retail market has been negatively impacted by the ongoing economic recession and related downward pressure on consumer spending. Retail vacancy has spiked, while rental rates have dipped slightly. Developers are cautious given the current economic circumstances and with limited availability of bank financing many planned development projects have been put on hold or cancelled.

Given the strong fundamentals inherent to the Las Vegas market, most notably its prominence as an international tourist destination and sustained population and household growth, local and national retail market experts note that the Las Vegas market will in fact weather the current recession and will rebound more quickly than many other U.S. markets. In some U.S. markets where retail developers built out ahead of rooftops in outlying suburban areas market conditions are considerably worse. On the contrary, in the case of the Summerlin market in particular, the rooftops came first and it is now retail development which is following, albeit cautiously due to the current recession. Importantly, the residential built-out in Summerlin has included some of the region's most affluent housing.

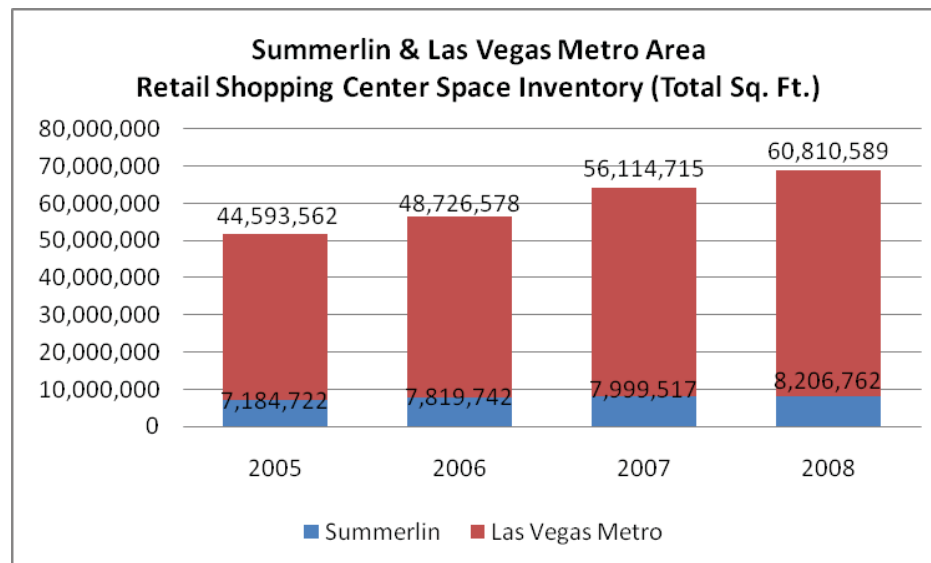
The following points summarize our analysis of the Las Vegas retail market. Market statistics are from CB Richard Ellis-Las Vegas or other sources as noted.

Supply

- The Las Vegas metro market contains a total of 60.8 million sf of net rentable space. The Summerlin submarket contains 8.2 million sf, comprising 13.5% of the regional market.
- Construction has slowed throughout the metro area, with 3.54 million square feet completed in 2008, compared to 5.21 million in 2007. A number of projects have been postponed due to a major decline in demand and also the current credit crisis. The most notable postponement within the subject trade area is the 2.0 million-sf Summerlin Centre project being developed on 106 acres just south of the Red Rock Casino Resort, which was put on hold temporarily. Announced anchors had included Nordstrom and Crate and Barrel. The property developers have stated that the project will be delayed by one year due to corporate financial restructuring.
- The Summerlin Centre project is being developed by General Growth Properties, which has struggled greatly in recent months. As such they have delayed development of many malls, including Summerlin Centre. General Growth is facing billions of dollars in debt maturities later this year and is slowing development plans nationally in an effort to meet its debt obligations. A recent article in the Las Vegas Review Journal reported that General Growth

had stated that the project was more than 50% pre-leased and that if the company had continued ahead toward a 2009 completion date it would open with about a 70% occupancy rate.

- The Las Vegas metro market has seen the construction of 16,200,000 square feet of retail shopping center space between 2005 and 2008 year-end. Of that total, the Summerlin submarket accounted for 1,022,000 square feet, or about 6.3% of new construction in the region.

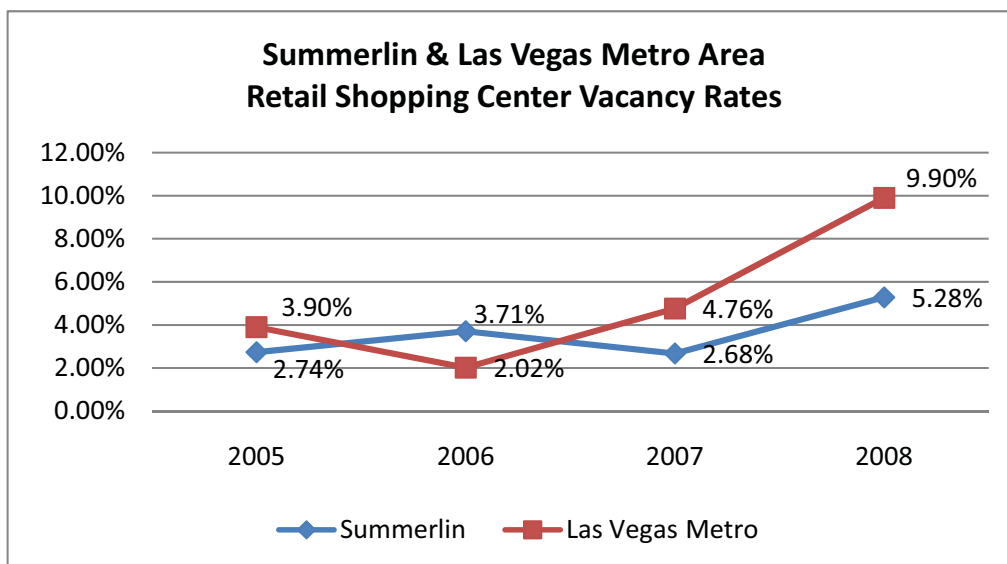


Note: includes retail space in buildings/centers with 20,000+ sf
Source: CB Richard Ellis

Demand

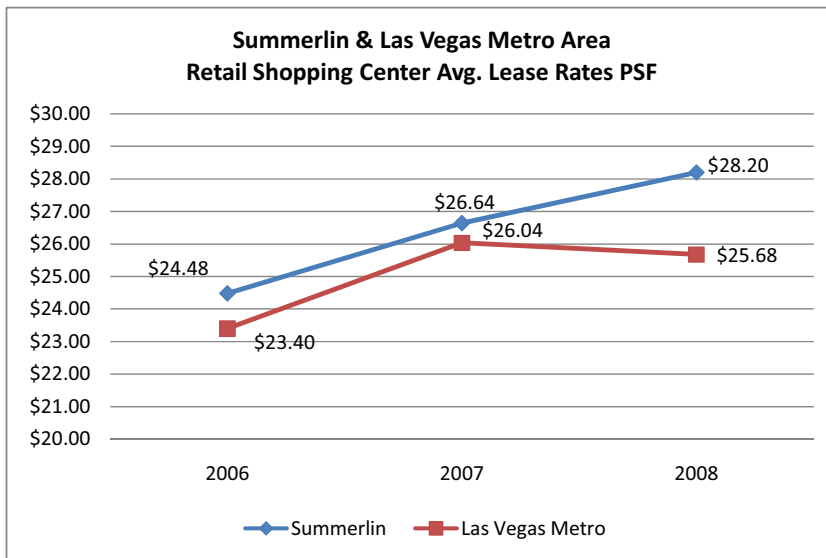
- The metro area saw negative absorption of more than -627,000 sf during the 4th quarter of 2008, although absorption remained positive for the year, at +64,890 sf. The Summerlin submarket market experienced negative absorption of -26,630 for the year.
- Over the past four years, the Las Vegas metro market has absorbed a total of 11,936,318 sf of retail shopping center space, with the Summerlin submarket capturing approximately 6.6% of metro-wide demand, or 785,799 sf.
- The Las Vegas market reported a 9.9% retail vacancy rate, up more than 500 basis points from a year ago. This dramatic spike in vacancy is among the worst in the nation, and is reflective of a dramatic regional housing market correction and downward pressure on personal income and consumer spending. Major store closings locally included the Great Indoors, Mervyn's, Von's, Lucky's and Albertsons. The exodus of major anchor tenants has had a ripple effect throughout the market as inline tenants struggle to attract customers once drawn by anchor tenants.

- Summerlin’s vacancy, at 5.3%, was the lowest among nine Las Vegas submarkets. The majority of existing centers in the Summerlin submarket maintain very high occupancy levels in spite of the economic turmoil ongoing for much of the regional market and nationally. The submarket benefits from an affluent resident base and a retail market which has added only about 380,000 sf of rentable retail space over the past three years.
- Reports indicate that the pre-leasing of Summerlin Centre has gone well, as General Growth has stated that more than 50% of the development’s 2.0 million sf has been leased. The subject Tivoli Village is the only retail center planned for the Summerlin submarket for the coming year and thus the market should sustain a low vacancy rate compared to the rest of the region. Nonetheless, an uptick in vacancy is in fact likely when the Summerlin Centre is ultimately completed.



Rental Rates

- The Las Vegas market as a whole saw a decline in NNN (triple net) rental rates during 2008, as a result of deteriorating demand fundamentals and rising vacancy. Over the past year, the average market rental rate dropped from \$26.04 psf (annual) to \$25.68 psf, a 1.4% decline.
- However, maintaining a higher overall occupancy rate, Summerlin centers were able to command higher rental rates, on average, compared to the balance of the metro area. This submarket posted an average NNN rental rate of \$28.20 psf at year end in 2008, up from \$26.64 psf a year ago. This reflects nearly a 5.9% annual increase.

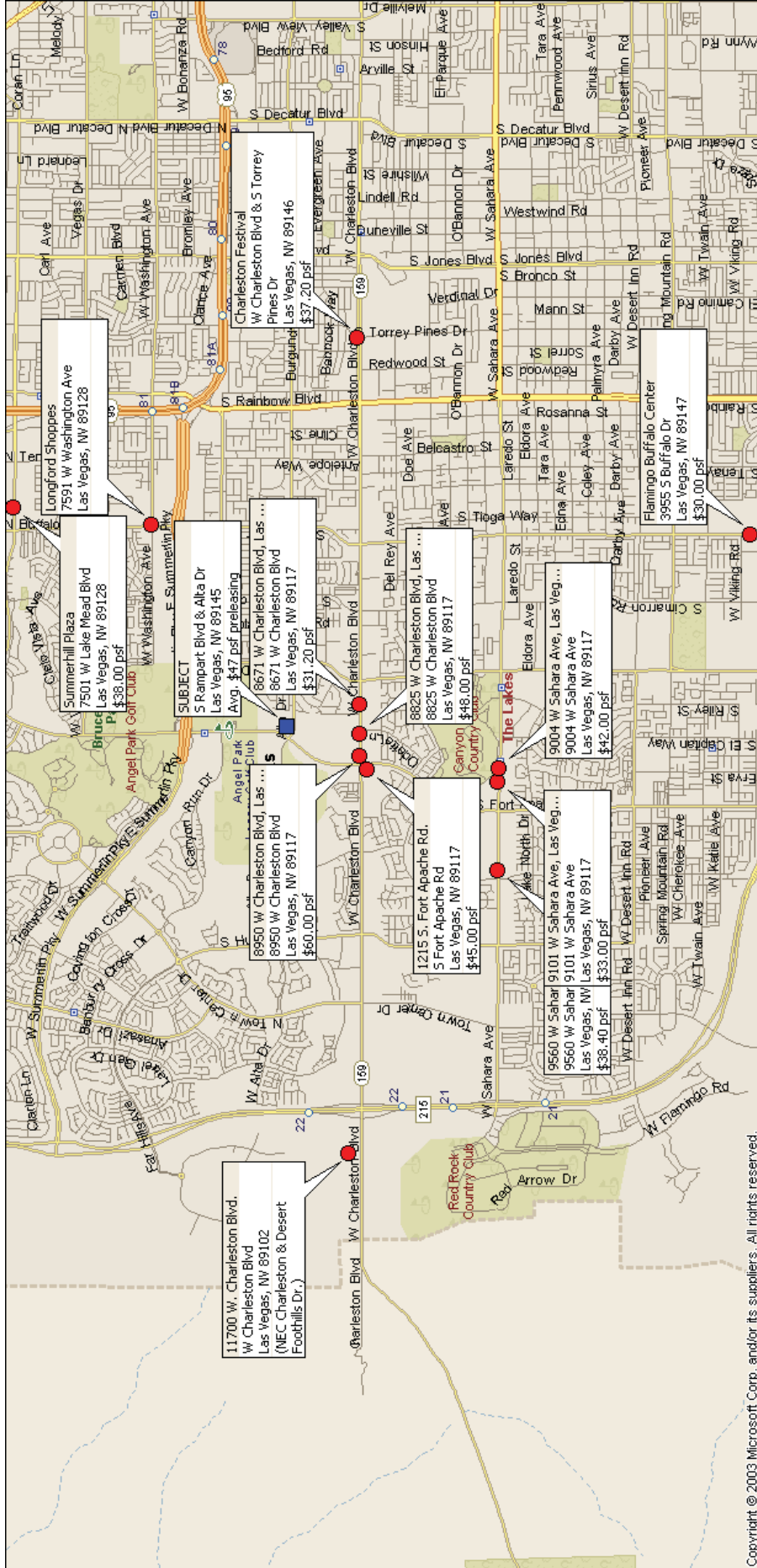


Analysis of Comparable/Competitive Shopping Centers

In order to glean a clearer outlook on rental rates within the Summerlin submarket, GVA Marquette Advisors compiled current leasing information on a number of newer shopping centers throughout this market. The location of the surveyed centers is mapped on the following page. This is followed by a table summarizing current space availability by center, together with NNN rental rates.

- Our analysis showed that inline space within and near Boca Park, a newer high-quality shopping center just south of the subject property, range from roughly \$48 to \$60 psf. Other upscale centers in the submarket command rental rates in the low to mid-\$40s. Older centers generally command rental rates in the low to mid-\$30s psf on a NNN basis.

Summerlin-Area Shopping Centers



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**Current Retail Space Availability (Jan. 2009)
Selected Shopping Centers - Las Vegas Summerlin Submarket**

Property Name	Address	Yr. Built	Total Sq. Ft. Vacant	Net Lease Rates PSF	CAM, Util., Taxes PSF	Full Service Rate PSF	Anchor Tenants in Center or Adjacent
Boca Park	8950-8980 W. Charleston Blvd.	2003	6,000	\$60.00	N/A	N/A	
Boca Park - former Tweeter space	8950 W. Charleston Blvd.	2003	6,500	\$60.00	\$6.00	\$66.00	
Crossroad Commons	8825-8975 W. Charleston Blvd.	2003	8,990	\$48.00	N/A	N/A	Whole Foods, Pier 1, Barnes & Noble
N/A	1215 S. Fort Apache Rd.	2005	6,726	\$45.00	N/A	N/A	
Canyon Lakes Plaza	9004-9232 W. Sahara Ave.	1990	48,572	\$42.00	N/A	N/A	
Former Z'Tejas Grill	9560 W. Sahara Ave.	1999	6,178	\$38.40	N/A	N/A	
Summerhill Plaza	7501 W. Lake Mead	1996	872	\$38.00	\$4.92	\$42.92	Gold's Gym, Dolphin Ct. Day Spa
Charleston Festival	NEC Charleston & Torrey Pines	N/A	2,885	\$37.20	\$4.92	\$42.12	Wal-Mart
N/A	4199 S. Fort Apache Rd.	N/A	2,433	\$36.00	N/A	N/A	Home Depot
Lakes Plaza	9101-9151 W. Sahara Ave.	1997	1,200	\$33.00	N/A	N/A	Albertson's,
Peccole Plaza	8671-8699 W. Charleston Blvd.	2003	5,820	\$31.20	N/A	N/A	Kohl's
Flamingo Buffalo Center	3955 S. Buffalo	1998	4,650	\$30.00	\$4.56	\$34.56	Big 5 Sporting Goods, Join Smith's Food/Drug
Barcelona	8701-8771 W. Charleston Blvd.	2005	21,476	\$24.00	N/A	N/A	
Average among selected properties				\$40.22	\$5.10	\$46.40	

Sources: LoopNet; CB Richard Ellis; GVA Marquette Advisors

Key Conclusions: Retail Market Analysis

The Las Vegas retail market has undergone a major adjustment since approximately mid-year 2008. Negative absorption has led to a spike in vacancy and has created downward pressure on rental rates. An exodus of anchors in some centers has made it difficult for inline tenants, and for brokers in attempting to re-lease vacant space. Development has slowed dramatically, with several major projects being put on hold, most notably the 2.0 million sf Summerlin Centre Development.

The subject property is located within the Summerlin submarket of Las Vegas, which maintains the strongest fundamentals among nine submarkets in this region, reporting a 2008 year-end vacancy rate of 5.3% compared to the 9.9% metro-wide figure. The submarket benefits from an established and growing base of affluent households, and a relatively short supply of retail centers, as retail development has just begun to follow the rooftops in this developing market. The postponement of Summerlin Centre relates in large part to corporate restructuring on the part of General Growth, the project developer. General Growth's struggles nationally and the maturation of debt obligations in the coming months have caused the developer to cancel several projects throughout the country. Published reports indicate that pre-leasing of Summerlin Centre was going quite well, with more than half of the space absorbed to date. We expect that this development will in fact come to fruition in the next two years and that it will be well received within the market.

Meanwhile, we believe that the best indicator of success for Tivoli Village is its pre-leasing activity to date. Thus far, more than 200,000 sf out of the 500,000 sf of retail space has been pre-leased, with an average NNN rate of \$47 psf. Based on our market analysis and review of the subject leasing activity to date we believe that an average NNN rate of **\$50 psf** is achievable upon occupancy in 2011 for the 500,000 sf retail village.

OFFICE MARKET ENVIRONMENT

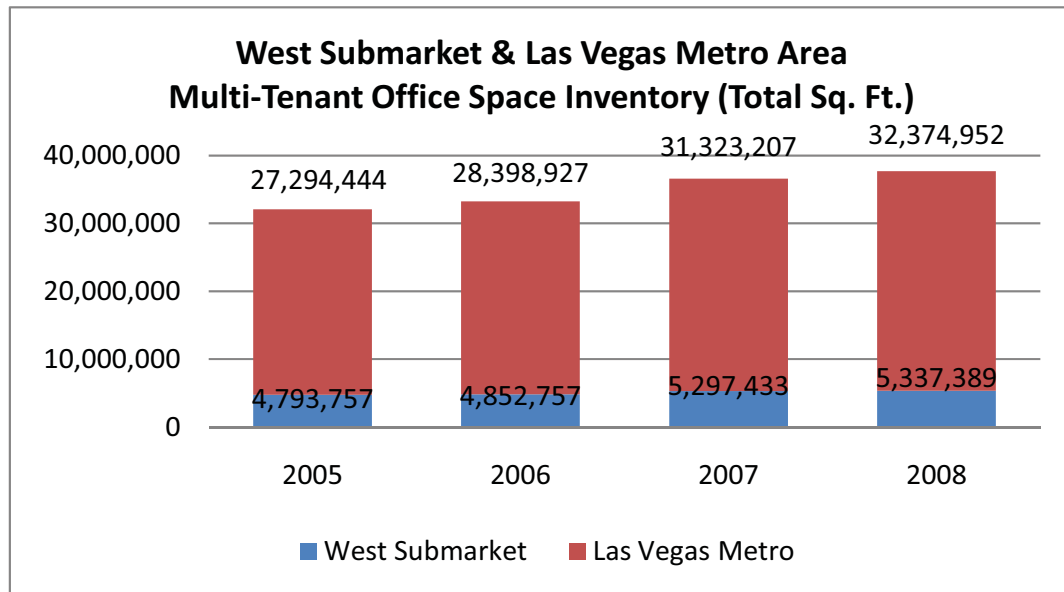
Tivoli Village at Queensridge will also include a total of 200,000 sf of rentable office space. We accordingly reviewed local and regional office lease market conditions in order to assess the demand for office space at Tivoli Village and appropriate rental rates. We begin with a discussion of the regional office real estate market, followed by a closer examination of occupancy and rental rates for selected comparable and/or competitive Class A office buildings within the submarket and elsewhere in Las Vegas.

Much like the Las Vegas retail market, the office market is feeling the effects of a local and national recession. Tenant demand was on the decline in 2008, creating a rise in vacancy. Meanwhile, development has slowed due to deteriorating fundamentals and limited to no availability of credit.

The following points summarize our analysis of the Las Vegas office market. Market statistics are again from CB Richard Ellis-Las Vegas or other sources as noted.

Supply

- The Las Vegas metro market contains a total of 32.4 million sf of net rentable office space. The Tivoli Village at Queensridge project is located within the region's "West" submarket, which includes buildings located west of Rainbow Boulevard, south of Lake Mead Blvd. and north of Tropicana. The West submarket contains 5.34 million sf, comprising 16.6% of the regional multi-tenant office market.
- The Las Vegas market saw the addition of 1.05 million square feet of multi-tenant space in 2008, down from 2.97 million sf in 2007. However, more than 2.2 million square feet was under construction in new projects throughout the metro area, some of which has been postponed as developers and investors wait to see how the tenant and credit markets will play out in the months ahead.
- About 340,000 sf of new space is under construction in the subject "West" submarket, including the 200,000 sf in Tivoli Village. The West submarket has just in recent years began to see the development of high quality Class A office space. Significant developments in the West in recent years have included The Pavilion at Summerlin Centre and City Center West on Lake Mead Boulevard.
- A total of 6,570,000 square feet of office space was added in the Las Vegas market between 2005 and 2008, with the West submarket accounting for approximately 12% of that total, or 800,000 sf.



Source: CB Richard Ellis

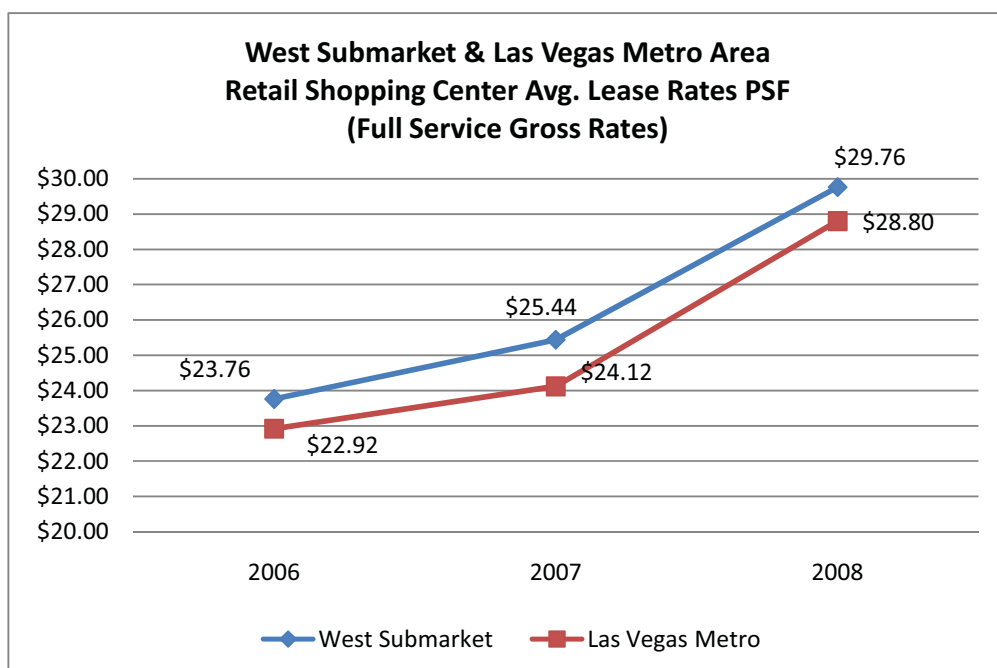
Demand

- The office market also saw negative absorption of -176,000 sf during the 4th Qtr. of 2008. Year-end negative absorption was offset by gains during the first three quarters, however, as 2008 full-year absorption equated to +303,000 sf.
- The West submarket market reported absorption of 44,675 sf for the year, with nearly all of the year's positive absorption coming during the second quarter.
- Over the past four years, a total of 4,400,000 sf of office space has been absorbed throughout the regional market, with the West submarket capturing approximately 13% of metro-wide demand, or 580,000 sf.
- Office brokers report that recent Class A developments within the West submarket have been generally well received. The Pavilion is now more than 90% occupied, while City Center West is approximately 84% occupied.
- The Las Vegas office market ended 2008 with a 17.2% vacancy rate, up from 15.3% a year ago. Similar to the retail market situation, the subject submarket maintains the lowest vacancy rate among all Vegas market, at 11.4%.
- Regional economists expect further contraction of employment, extending into mid-2009. However, the long-term outlook for the Las Vegas market is positive, as local market experts point to sustained population growth and ongoing major investments in the all-important resort gaming industries. For example, the MGM City Center construction project alone now employs more than 8,000 workers. The project will be completed in 2009

and should bring a major influx of new direct and indirect employment opportunities. Wynn-Encore opened in 2008 and is projected to employ nearly 6,000 workers eventually. Sustained development in the resort industry and also substantial population growth should buoy the local office market and support long-term tenant demand from a variety of office users.

Rental Rates

- Office space in Las Vegas is typically quoted as a full service gross (FSG) rate, thereby including all tenant costs for occupancy such as monthly rent and CAM and tax payments on a pro-rata basis.
- In spite of a downturn in overall demand, the Las Vegas market saw its average net rental rate increase by more than 19% between 2007 and 2008 year-end. The average FSG rate in December of 2008 was \$28.80 psf, up from \$24.12 a year ago. Some of the recent increase is attributable to the absorption of high-end space which came online during 2007 and 2008.
- Office buildings in the West submarket reported a \$29.76 psf average gross rate, compared to \$25.44 psf a year ago. The West market still has a relatively shallow supply of modern Class A office buildings, although recent developments have been well received. Those projects command near top-of-market rental rates for the metro area, slightly below rent levels at Hughes Center, Las Vegas premier office address. An analysis of the West's highest-quality buildings, as well as Hughes Center is provided on the following pages.



Analysis of Market Leading Class A Office Buildings

Clearly the office space at Tivoli Village will be positioned as a top-of-market office facility within the West submarket. We believe that the best indicators of supportable rental rates are new Class A buildings within the submarket and also those in Howard Hughes Center, which is outside the submarket but considered the premier office park in the Vegas market. A table summarizing current space availability by center and current asking gross rental rates is provided below.

Our analysis showed premier office space at Hughes Center commands gross rents in the \$45.00 to \$48.00 psf range. Meanwhile, The Pavilion and Hughes Plaza within the West submarket have gross rates ranging from \$33.00 to \$36.60 psf.

Interviews with local brokers indicated that tenant paid CAM and related occupancy costs generally run from around \$7 to \$10 psf.

**Survey of Selected Class A Office Buildings
Las Vegas Metro Area**

Property Name	Address	Sq. Ft. Total	Total Sq. Ft. Vacant	Vacancy Rate	Full Service Rate PSF
Howard Hughes Center	3800 Howard Hughes Pkwy.	259,080	31,324	12.1%	\$48.00
Howard Hughes Center	3883 Howard Hughes Pkwy.	238,957	20,128	8.4%	\$46.20
Howard Hughes Center	3960 Howard Hughes Pkwy.	161,542	14,373	8.9%	\$45.00
Howard Hughes Center	3993 Howard Hughes Pkwy.	170,868	2,536	1.5%	\$45.00
Howard Hughes Center	3980 Howard Hughes Pkwy.	86,018	12,486	14.5%	\$43.80
Howard Hughes Center	3930 Howard Hughes Pkwy.	85,923	5,598	6.5%	\$43.20
Howard Hughes Center	3763 Howard Hughes Pkwy.	120,824	16,913	14.0%	\$41.40
Howard Hughes Center	3770 Howard Hughes Pkwy.	63,758	48,141	75.5%	\$36.00
Subtotal - Hughes Center		1,186,970	151,499	12.8%	\$43.58
Pavilion @ Summerlin Ctr.	10000 W. Charleston Blvd.	143,633	14,000	9.7%	\$36.60
Howard Hughes Plaza	10000 W. Charleston Blvd.	72,350	7,263	10.0%	\$33.00
Hughes West	10100 W. Charleston Blvd.	72,350	10,000	13.8%	\$33.00
Acuity Financial Center	7881 W. Charleston Blvd.	57,917	3,806	6.6%	\$31.20
Plaza East	1645 Village Center Circle	49,468	20,589	41.6%	\$31.20
	1120 N. Town Center Dr.	43,279	13,323	30.8%	\$31.20
Sun West Promenade	5435 S. Fort Apache Rd.	20,272	7,898	39.0%	\$31.20
	9500 Hillwood	54,450	3,372	6.2%	\$30.00
Westcliff Tower	6900 Westcliff Drive	81,431	19,045	23.4%	\$29.40
City Center West	7201 W. Lake Mead Blvd.	105,000	16,594	15.8%	\$28.20
Subtotal - Selected Buildings in West Submarket		700,150	115,890	16.6%	\$31.50

Sources: LoopNet; CBRE, GVA Marquette Advisors

Key Conclusions: Office Market Analysis

The Las Vegas office market has seen its vacancy rate rise to 17.4%, up from 16.3% a year ago. Nonetheless, local market experts expect the Vegas market will weather the current recession, likely bouncing back within the next 12 months or so. The Las Vegas area has not seen significant building as compared to many other U.S. markets and is thus better positioned for a slowdown in demand. In spite of recent job losses throughout the region, long-term population growth is expected to continue to drive population-serving employment growth, and corresponding office space demand. The Clark County population is projected to grow at a rate of 4.4% annually over the next five years. Meanwhile, the well-established Las Vegas gaming/resort industry continues to expand, with major projects ongoing and planned for the coming three to five years.

The subject property is located within the West submarket of Las Vegas, which maintains the lowest vacancy rate among nine regional markets, at 11.3% as of December 2008. Moreover, recent Class A office buildings in the submarket have been well received and are commanding rental rates just below regional market leaders. We expect that the office space at Tivoli Village will be the only significant office development in this submarket in 2011.

Based on our market analysis and review of the subject leasing activity to date we believe that an average lease rate of approximately **\$43 to \$45 psf (gross)** is achievable upon occupancy in 2011 for the 200,000 sf at Tivoli Village. This equates to roughly a \$35 psf NNN rate, with projected CAM and related tenant expenses in the range of \$8 to \$10 psf.

LAS VEGAS CONDO MARKET

Phase I Condos at Tivoli Village (42 units)

The planned residences at Tivoli Village at Queensridge will be constructed in levels two through four of Building 17, which will also feature ground-level commercial space. The planned condos will comprise approximately 85,000 total square feet, averaging 2,023 sf per unit, as shown below. The developers plan to complete the interior build-out of the condos in 2011/2012, with closings projected for 2013/2014.

Tivoli Village Phase I Condos (Building 17 levels 2-4)

LEVEL	UNIT NAME	Unit Type	Total Salable Area	Total Enclosed Salable Area	Total Salable Area					Total Salable Balcony		
					Salable Balcony 1	Salable Balcony 2	Salable Balcony 3	Salable Balcony 4	Salable Balcony 5			
BUILDING 17 LEVEL 2	17-201	B8-17	3,639	3,252	166	221					387	
	17-202	B7-17	3,390	2,847	283	25	25	25	185		543	
	17-203	A5-17	2,070	1,811	259						259	
	17-204	A6-17	1,919	1,683	236						236	
	17-205	A9-17	1,997	1,740	257						257	
	17-206	A4-17	1,996	1,740	256						256	
	17-207	A1-17-B	1,854	1,708	146						146	
	17-208	A1-17-A	1,862	1,717	145						145	
	17-209	A3-17-B	2,094	1,835	259						259	
	17-210	A3-17-A	2,053	1,796	257						257	
	17-211	A2-17	1,786	1,703	83						83	
	17-212	A7-17	1,972	1,780	192						192	
	17-213	B6-17	2,570	2,408	162						162	
	17-214	A8-17	2,137	2,053	84						84	
		TOTAL	14 UNITS	31,339	28,073							3,266
BUILDING 17 LEVEL 3	17-301	B8-17	3,649	3,253	221	175					396	
	17-302	B7-17	3,655	2,848	382	54	54	54	263		807	
	17-303	A5-17	2,075	1,816	259						259	
	17-304	A6-17	1,950	1,684	266						266	
	17-305	A9-17	1,990	1,854	136						136	
	17-306	A4-17	1,996	1,740	256						256	
	17-307	A1-17-B	1,845	1,708	137						137	
	17-308	A1-17-A	1,862	1,717	145						145	
	17-309	A3-17-B	2,091	1,835	256						256	
	17-310	A3-17-A	2,055	1,796	259						259	
	17-311	A2-17	1,778	1,703	75						75	
	17-312	A7-17	1,967	1,780	75	112					187	
	17-313	B6-17	2,558	2,408	75	75					150	
	17-314	A8-17	2,128	2,053	75						75	
		TOTAL	14 UNITS	31,599	28,195							3,404
BUILDING 17 LEVEL 4	17-401	B8-17	3,553	3,252	75	226					301	
	17-402	B7-17	3,166	2,848	75	56	56	56	75		318	
	17-403	A5-17	2,067	1,811	256						256	
	17-404	A6-17	1,894	1,684	75	135					210	
	17-405	A9-17	1,989	1,854	135						135	
	17-406	A4-17	2,006	1,740	130	136					266	
	17-407	A1-17-B	1,845	1,708	137						137	
	17-408	A1-17-A	1,862	1,717	145						145	
	17-409	A3-17-B	2,056	1,799	130	127					257	
	17-410	A3-17-A	2,059	1,803	256						256	
	17-411	A2-17	1,778	1,703	75						75	
	17-412	A7-17	1,971	1,784	75	112					187	
	17-413	B6-17	2,558	2,408	75	75					150	
		TOTAL	14 UNITS	30,928	28,160							2,768
	TOTAL		42 UNITS	93,866	84,428							9,438

Source: Great Wash Park, LLC

The project will be marketed as an ultra-exclusive, high-end community within one of Las Vegas most prestigious neighborhoods. The project will feature a distinguished classic European architectural style, with extensive stone and tile work, using best-in-market materials throughout. Unit sizes will be considerably larger than most traditional condo projects.

General Market Demand & Supply Trends

Inventory

Hanley Wood estimates that as of year-end 2008 there were approximately 18,000 new attached housing units in the Las Vegas market. It is important to note that this includes only 994 units which are actually complete, another 2,300 units which are currently under construction, and 14,600 units planned (pre-construction marketing). Several projects have been cancelled or suspended, or are attempting to achieve a substantial pre-sale rate in order to begin construction. At 18,000 units, the unsold inventory as of Dec 2008 compares favorably with the 2007 figure of 28,000 units.

Market Absorption

Las Vegas had long been one of the hottest housing markets in the Country, with housing demand being fueled by in-migration by both empty-nesters/retirees and younger households moving to Las Vegas for the purpose of a new job, often within the resort/gaming industry or the construction industry. Beginning in 2002 through 2004 several developers purchased sites throughout Las Vegas, announcing major high-rise condo developments and/or condo-hotel projects. Pre-sales began in earnest in 2004-2005, with a robust initial market response through much of 2006. According to Hanley Wood, a nationally recognized provider of U.S. and regional housing market statistics, new attached home sales in Las Vegas (including condos and townhouse style units) increased from fewer than 2,900 units in 2002 to more than 19,000 units in 2005. In fact, between 2003 and 2006, Hanley Wood reports that a total of nearly 38,500 new attached housing units were sold in Las Vegas. This equates to an average of 9,625 sales per year during this timeframe. Sales activity began to slow in late 2006 and this trend continues to date, corresponding with the current national economic recession and credit crisis. In 2007, new condo and townhouse sales in Las Vegas totaled 5,932 units according to Hanley Wood, compared to 2,538 closings in 2008.

A number of projects have been cancelled or put on hold, as pre-sales activity is basically stagnant. Projects with inventory are moving units, albeit at a slower pace compared to past years. Local developers and market experts indicate that demand fundamentals remain relatively strong, however buyers are struggling to either secure financing within the current mortgage environment or sell an existing home in order to close on a new unit that they may have reserved several months ago.

As noted previously, the market showed a strong initial response to Vegas high-rise condos and condo hotel units. Although pre-sales were strong, actual closings now pose a challenge for some developers due to the current credit market and overall slowdown in the residential market

which may preclude with reservations from closing on a new condo until their current home is sold. Projects such as the Trump Tower (1,282 units) and Palms Place (599 units) began closings in February of 2008 at the beginning of the mortgage meltdown. Although it takes longer for buyers to secure a mortgage in today's market, closing have been steady at both properties. As reported in Casino City Times on Oct. 14, 2008, referencing a Deutsche Bank report, the Trump project has closed on a total of 269 units over the past eight months, equating to an average of 34 sales per month. Meanwhile, Palms had closed on 43 units per month during the same timeframe. The third tower in the MGM Signature project reported an average of 30 closings per month over the past 16 months. As published in Casino City Times on Oct. 14, 2008, Bill Lerner, a Deutsche Bank analyst wrote in a recent letter to investors that the typical rate of closings in such projects within a "normal" economic environment would be closer to 100 units per month in this market.

Rapid pre-sales activity experienced by multiple high-rise condo projects is demonstrative of strong market acceptance of the Vegas lifestyle and demand for this product. More recent slowdowns in actual unit closings are attributable to the current economic environment and a mortgage market adjustment. Going forward, economists and housing market experts expect that banks will begin to lend with more regularity, although credit standards have already been adjusted and will continue to be more stringent. That said, affluent buyers and high net worth individuals are typically less affected by mortgage lending standards, although some undoubtedly will remain on the sidelines for some time due to concerns about the overall investment value of a new purchase and/or as they wait to sell their current home.

In conclusion, we expect that the current mortgage and housing market correction will last for several months, but that market conditions will improve significantly by 2010-2011, in advance of actual condo sales activity at Tivoli Village at Queensridge, where sales are projected for 2013/2014.

New Construction Condo and Condo-Hotel Pricing

The majority of new condo development in the Vegas market in recent years has occurred on or within range of the Las Vegas Strip. We analyzed current pricing at several new construction condo and condo-hotel developments along the Las Vegas Strip, as well as a handful of newer off-strip developments. A summary of unit sizing, pricing and price psf information is provided on the following page.

Our analysis shows that pricing within the surveyed new and recently completed Las Vegas condo buildings ranges widely, from around \$300 psf to nearly \$3,000 psf. The majority of newer units, however, are priced from around \$1,000 to \$1,500 units. This includes high-end condos of traditional sizes ranging from roughly 700 sf up 2,000 sf.

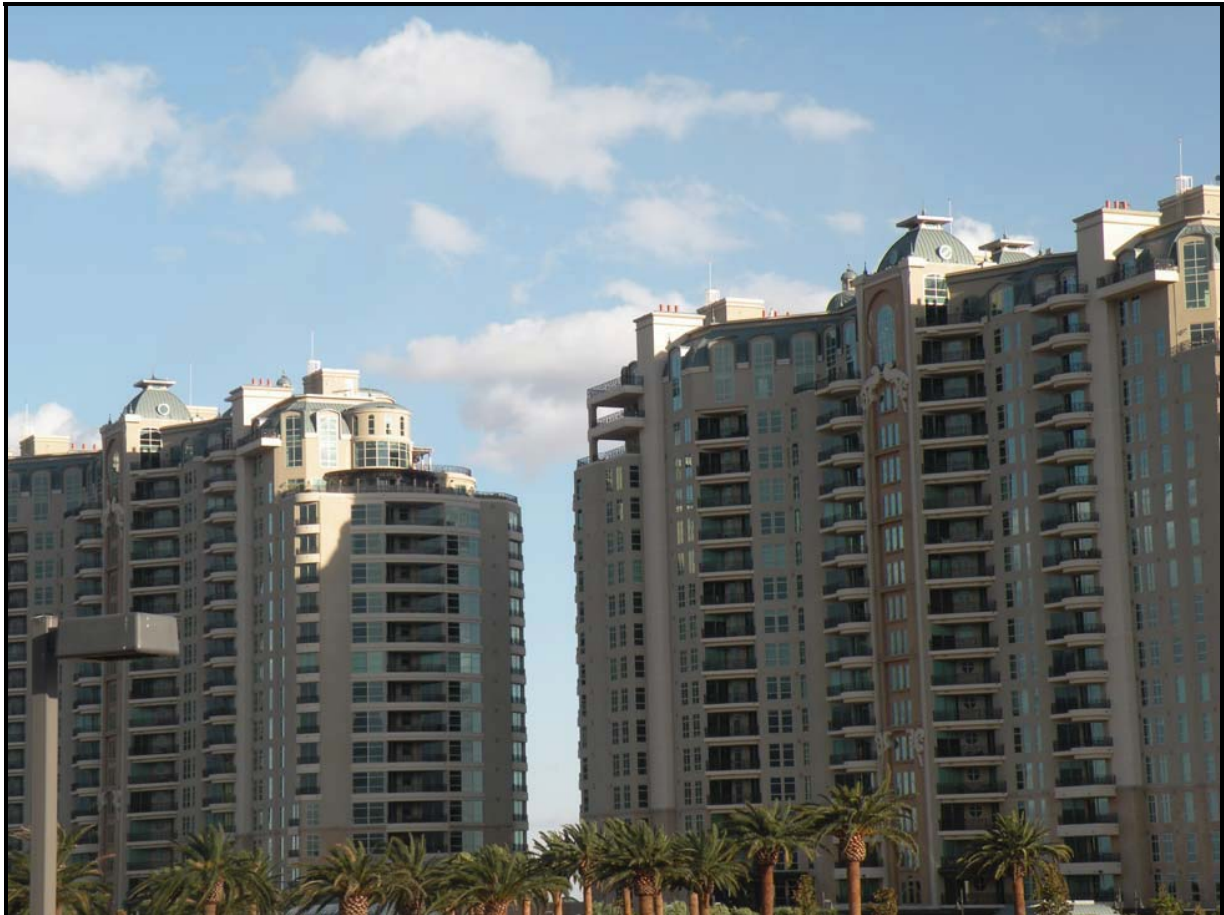
Summary of New Construction Condo Pricing Las Vegas Strip Area								
Project Name	Type	Status/ Year*	# of Units	Price Range		Unit Sizes (in SF)		Price per SF
				Low	High	Low	High	Range
<u>Las Vegas Strip Area</u>								
MGM City Center - Vdara	Condotel	U/C	1,543	\$638,000 -	\$2,023,000	500 -	1,750	\$1,276 - \$1,156
MGM City Center - Mandarin Oriental	Condo-hotel	U/C	227	\$1,500,000 -	\$4,500,000	1,000 -	3,910	\$1,500 - \$1,151
MGM City Center - The Harmon	Condo-hotel	U/C	207	\$1,277,000 -	\$8,700,000	986 -	3,715	\$1,295 - \$2,342
MGM City Center - Veer Tower	Condo	U/C	350	\$500,000+		538 -	1,651	\$929+
The Cosmopolitan	Condo-hotel	U/C	3,000	\$700,000 -	\$1,500,000	600 -	1,200	\$1,167 - \$1,250
Allure Las Vegas	Condo	2008	427	\$400,000 -	\$4,000,000	660 -	4,200	\$606 - \$952
Sky Las Vegas	Condo	2007	409	\$500,000 -	\$5,000,000	778 -	5,500	\$643 - \$909
Trump Las Vegas	Condo-hotel	2008/10	1,282	\$600,000 -	\$6,000,000	515 -	3,500	\$1,165 - \$1,714
<u>Las Vegas Off-Strip</u>								
Panorama Towers I & II	Condo	2005/06	1,134	\$330,000 -	\$4,000,000	700 -	4,400	\$471 - \$909
Palms Place	Condo-hotel	2008	599	\$500,000 -	\$7,000,000	604 -	7,000	\$833 - \$1,000
The Signature at MGM Grand	Condo-hotel	2006/07	1,728	\$265,000 -	\$2,350,000	520 -	1,456	\$510 - \$1,614
Turnberry Towers	Condo	2007/2008	632	\$400,000 -	\$1,300,000	814 -	1,937	\$491 - \$671
Turnberry Place	Condo	2006	778	\$500,000 -	\$12,000,000	1,650 -	9,000	\$303 - \$1,333
The Platinum	Condo	2006	255	\$280,000 -	\$1,395,000	900 -	2,400	\$581 - \$311
Park Towers	Condo	2000	84	\$4,400,000 -	\$20,000,000	2,251 -	6,779	\$1,955 - \$2,950
* U/C = under construction								
Source: GVA Marquette Advisors								

Comparable West Las Vegas Development: One Queensridge Place

The quality level as planned for the development will be most comparable to One Queensridge Place, recently completed directly adjacent to Tivoli Village by an affiliated development. It is the first high-rise condo project in western Las Vegas. Because of its location and similarity to the subject in terms of design and quality, we believe that One Queensridge Place provides the best indication of market support and appropriate pricing for the planned condos at Tivoli Village.

One Queensridge Place consists of two 18-story towers featuring 219 total residences. The property offers 43 distinct floor plans. Units are quite large for a condo building, ranging from 2,100 to more than 16,000 square feet. The project is being marketed to very high income households who desire all of the services and amenities associated with an exclusive condo building, along with the size and high-quality finish of a custom home.

The exterior features extensive stone work and architectural details. A photo of the property is provided below. Residences feature sweeping views of the city and Red Rock peaks of the Spring Mountains.



The homes feature a very high quality finish, with great attention to detail, including quality stonework, granite counter tops, customer cabinets, decorative moldings and extensive built-ins. Courtyard level homes have landscaped yards, as do Garden level homes, while some also feature private casitas. Many of the upper-level units overlook the adjacent Badlands Golf Course. The buildings feature a maximum of seven residences per floor. A limited number of penthouse homes situated on the upper four levels provides even more privacy. The following is a list of unit features and project amenities as provided by the project developers.

Kitchens

- Viking All-Gas Range with Open Burners and Griddle
- Viking 30" Convection Self Clean Single Wall Oven
- Viking Built-In Professional Series Microwave
- Viking Stainless Steel Refrigerator (with Optional Wood Paneling in selected units)

- Viking Premium Stainless Steel Dishwasher
- Custom Solid Wood or Mahogany Veneer Cabinets with Dove-Tail Construction and Cushion-Close Drawers
- Under Cabinet Task Lighting
- Cabinet Clad Range Hood with Halogen Lights
- Kohler Triple-Bowl Cast Iron Undercounter Kitchen Sink
- Kohler Cast Iron Undercounter Veggie Sink with Grohe Spray Faucet (in select units)
- Grohe Pull-Out Spray Faucet
- Garbage Disposal(s)
- Built-in Cabinets with Peninsula Desk
- Wet Bar/Wine Bar (in select units)
- Viking 24" Undercounter Refrigerator or Wine Refrigerator
- Kohler Cast Iron Undercounter Bar Sink

Master Bathroom

- Jetted Tub
- Grohe Satin Nickel Roman Tub Filler
- Grohe Ceiling Mounted Rain Shower Head
- Grohe Wall Mounted Slide Bar with Hand Held Variable Spray Shower Head
- Grohe Thermostatic Temperature Control
- Full Height Glass Shower Enclosures
- Steam Shower
- Kohler China Undercounter Sinks
- Grohe Satin Nickel Widespread Lavatory Faucets
- Toto Elongated Toilet
- Toto Bidet with Grohe Satin Nickel Trim (in select units)

Secondary Bathrooms

- Grohe Wall Mounted Side Bar with Hand Held Variable Spray Shower Head
- Kohler Vitreous China Undercounter Sink
- Grohe Satin Nickel Widespread Lavatory Faucets
- Toto Elongated Toilet
- Kohler Cast Iron Bathtubs with Grohe Satin Nickel Trim (in select units)

Laundry Rooms

- Builder Included Bosch Front Load Washer and Electric Ventless Dryer
- Kohler Cast Iron Enamel Undercounter Deep Laundry Sink
- Grohe Laundry Sink Plumbing Trim
- Custom Solid Wood or Mahogany Veneer Cabinets with Dove-Tail Construction and Cushion Close Drawers

Penthouse Units

- Sculpted Stone Baseboards with Natural Stone Flooring
- Selected Venetian Plaster Walls
- Faux Finish Interior Doors, Base and Trim
- Large Tile Natural Stone Flooring Selections
- 5-Channel Rough-End for Owner Provided Media Systems in Units with Media Room
- Natural Stone Decorative Wall Inlays
- Exclusive Designed Natural Stone Bath Pattern Selections
- Exclusive Designed Stone Entry Medallions
- (2) 36" Top/Bottom Kitchen Refrigerators
- (2) Premium Integrated Dishwashers
- Natural Stone Decorative Wall Inlays

Additional Features

- Granite, Marble and Limestone Countertop Selections with Triple Bullnose Edge Detail
- Custom Solid Wood or Mahogany Veneer Cabinets with Dove-Tail Construction and Cushion-Close Drawers
- Contemporary, Transitional and Traditional Specialty Lighting Selections
- Designer Series Carpet Selections with Wear-Dated and Tactesse Nylon Fibers
- Natural Stone Flooring Selections
- Flat Stone Baseboards with Stone Flooring
- Waterjet and Mosaic Entry Medallion Selections
- Solid Brass Interior Door Hardware
- Two-Speaker Surround Sound Wiring including all Great Rooms
- Built-in Closet Organizational Systems
- Built-in Entertainment Center
- Re-Circulating Ventless Gas Fireplace (in select units)
- Raised Panel, Solid Core Interior Doors
- Smooth Wall Texture Throughout
- 9 Foot, Dual Pane, Low E Tinted Sliding Glass Doors
- Custom-Designed Natural Stone Bath Pattern Selections
- Satellite and Cable Ready Access
- Data Internet Access
- 6 1/2" Painted Baseboards in Carpeted Areas
- Window Drapery Pockets with Power Supply
- Upgrade Audio/Visual and Home Automation Packages available through R2West

Shared Amenities & Services

- Concierge service
- Abundant social opportunities
- Wine cellar with private wine storage and dining area
- Great room with billiards, a bar and lounge area
- Barista Café
- 24-seat media room
- Intimate card room
- Retreat room
- Outdoor swimming pool
- Barbeque area
- Indoor lap pool
- Roman Spa that rivals distinguished health and fitness facilities around the globe
- Elegant Lobby
- 3 casita homes available for use by guests of residents
- Conference room

Sales History and Pricing

All of the project's 219 residences are complete. The following is a summary of the property's sales history, according to information provided by the project developers.

- Marketing/reservations began in 1st Qtr. 2005.
- The project opened for occupancy in the fourth quarter of 2007.
- A total of 136 closings have occurred to date (12/31/08), reflecting an absorption rate of 8.5 units per month following the original occupancy date. Absorption from the initial marketing date has averaged 3.0 sales per month (including the pre-sales period).
- Importantly, only seven new sales have occurred in 2007 and 2008 (excluding those closings which consummated reservations made in prior years). In spite of the affluence of the immediate market area, it is clear that many potential buyers are opting to remain on the sidelines due to the current mortgage environment and stagnant resale market, considering that many potential buyers would have existing homes to sell in the area prior to moving into a new condo.
- A total of 77 units remained available for sale as of 12-31-08.

The table on the following pages summarizes unit closings and pricing of the 136 units sold to date at One Queensridge Place.

**One Queensridge Place
Unit Closings through 12/31/08**

SALE DATE	CLOSE DATE	UNIT	Floor	SQ FT	TWR	UNIT #	SALE TOTAL	/SF
1/1/05	11/8/2007	F	12	2,277	2	2-1206	\$934,730	\$411
1/1/05	11/8/2007	G	12	2,138	2	2-1207	\$945,280	\$442
1/1/05	8/28/08	R	Garden	6,973	2	2-101	\$2,611,700	\$375
1/1/05	3/11/2008	M	Garden	2,406	1	1-104	\$984,054	\$409
1/1/05	8/6/08	F	7	2,138	1	1-706	\$846,130	\$396
1/1/05	8/6/08	F	9	2,138	1	1-906	\$881,570	\$412
6/6/05	9/10/2007	E-1	5	2,638	2	2-503	\$1,232,000	\$467
6/6/05	9/28/2007	D-1	8	3,856	2	2-802	\$1,600,000	\$415
6/8/05	12/27/2007	C3	15	5,110	1	1-1503	\$3,650,000	\$714
6/8/05	4/3/08	B	17	4,753	1	1-1701	\$3,800,000	\$799
6/9/05	10/12/2007	E-1	7	2,638	2	2-703	\$1,200,000	\$455
6/9/05	11/15/2007	E-1	10	2,638	1	1-1003	\$1,346,282	\$510
6/10/05	9/25/2007	E-1	9	2,638	1	1-903	\$1,275,000	\$483
6/10/05	10/23/2007	E-1	10	2,638	2	2-1003	\$1,315,000	\$498
6/11/05	9/24/2007	E	2	3,100	2	2-204	\$1,438,000	\$464
6/14/05	9/27/2007	H	5	4,826	2	2-501	\$2,262,252	\$469
6/15/05	12/11/2007	D-1	14	3,856	2	2-1402	\$2,206,000	\$572
6/16/05	10/31/2007	H	11	4,792	1	1-1101	\$2,900,000	\$605
6/20/05	12/28/2007	B3	15	6,386	2	2-1504	\$4,200,000	\$658
6/21/05	12/6/2007	E	14	3,100	2	2-1404	\$1,770,791	\$571
6/21/05	12/6/2007	D	12	3,356	2	2-1205	\$1,834,579	\$547
6/22/05	11/20/2007	D	9	3,356	2	2-905	\$1,678,000	\$500
6/22/05	2/14/2008	C4	16	5,576	1	1-1602	\$3,500,000	\$628
6/24/05	11/28/2007	D	10	3,356	2	2-1005	\$1,680,000	\$501
6/24/05	1/18/2008	C4	16	5,576	2	2-1602	\$3,500,000	\$628
6/27/05	9/17/2007	E	6	3,100	1	1-604	\$1,497,102	\$483
6/30/05	9/24/2007	E	4	3,100	1	1-404	\$1,470,000	\$474
7/1/05	10/22/2007	D-1	12	3,856	2	2-1202	\$2,131,920	\$553
7/1/05	10/30/2007	H	10	4,792	2	2-1001	\$2,300,000	\$480
7/1/05	1/3/2008	D	11	3,356	2	2-1105	\$1,785,000	\$532
7/5/05	11/27/2007	H	12	4,792	2	2-1201	\$2,700,000	\$563
7/5/05	11/27/2007	E-1	12	2,638	2	2-1203	\$1,394,000	\$528
7/5/05	2/14/2008	B2	15	5,829	2	2-1501	\$3,500,000	\$600
7/5/05	4/7/08	B	17	4,753	2	2-1701	\$3,600,000	\$757
7/7/05	11/14/2007	H	12	4,792	1	1-1201	\$2,705,000	\$564
7/8/05	10/2/2007	D-1	7	3,856	2	2-702	\$1,880,000	\$488
7/8/05	10/4/2007	H	9	4,792	2	2-901	\$1,852,690	\$387
7/11/05	9/26/2007	H	8	4,792	1	1-801	\$2,331,500	\$487
7/12/05	10/11/2007	E-1	6	2,638	2	2-603	\$1,243,747	\$471
7/13/05	9/28/2007	E-1	9	2,638	2	2-903	\$1,322,360	\$501
7/13/05	10/19/2007	D-1	10	3,856	2	2-1002	\$2,000,000	\$519
7/13/05	10/29/2007	E-1	11	2,638	2	2-1103	\$1,383,392	\$524
7/14/05	11/8/2007	D	8	3,356	1	1-805	\$1,727,800	\$515
7/15/05	1/17/2008	H	14	4,792	2	2-1401	\$2,600,000	\$543
7/15/05	3/25/08	C2	15	5,623	2	2-1502	\$3,900,000	\$694
7/17/05	11/6/2007	G	14	2,277	1	1-1407	\$1,114,000	\$489
7/17/05	2/8/2008	B3	16	6,386	1	1-1604	\$4,100,000	\$642
7/20/05	10/1/2007	E	6	3,100	2	2-604	\$1,410,000	\$455
7/21/05	10/9/2007	E	9	3,100	2	2-904	\$1,487,274	\$480
7/21/05	10/11/2007	E-1	7	2,638	1	1-703	\$1,334,312	\$506
7/21/05	11/2/2007	D-1	11	3,856	2	2-1102	\$2,163,213	\$561
7/22/05	9/28/2007	H	7	4,792	2	2-701	\$2,793,000	\$583
7/22/05	11/20/2007	E-1	12	2,638	1	1-1203	\$1,518,000	\$575
7/26/05	12/5/2007	H	11	4,792	2	2-1101	\$2,460,000	\$513
7/27/05	10/31/2007	G	14	2,277	2	2-1407	\$965,440	\$424
7/30/05	9/24/2007	H	5	4,826	1	1-501	\$2,397,400	\$497

**One Queensridge Place
Unit Closings through 12/31/08 (Continued)**

SALE DATE	CLOSE DATE	UNIT	Floor	SQ FT	TWR	UNIT #	SALE TOTAL	/SF
8/1/05	9/20/2007	H	8	4,792	2	2-801	\$1,815,450	\$379
8/2/05	9/14/2007	H	4	4,826	2	2-401	\$2,800,000	\$580
8/2/05	4/10/08	O	Garden	3,267	1	1-106	\$2,200,000	\$673
8/2/05	4/10/08	P	Garden	3,589	1	1-107	\$2,500,000	\$697
8/3/05	9/17/2007	H	3	4,826	2	2-301	\$2,755,760	\$571
8/3/05	12/7/2007	E	12	3,100	2	2-1204	\$2,175,000	\$702
8/4/05	11/30/2007	D-1	9	3,856	1	1-902	\$2,440,287	\$633
8/6/05	11/26/2007	F	14	2,138	1	1-1406	\$1,597,015	\$747
8/8/05	11/15/2007	E-1	5	2,638	1	1-503	\$1,203,196	\$456
8/9/05	8/1/08	B3	16	6,386	2	2-1604	\$3,650,000	\$572
8/16/05	9/7/2007	E	8	3,100	2	2-804	\$1,191,450	\$384
8/16/05	9/7/2007	E	7	3,100	2	2-704	\$1,167,010	\$376
8/16/05	9/18/2007	F	6	2,138	2	2-606	\$830,625	\$389
8/16/05	9/24/2007	E	5	3,100	2	2-504	\$1,794,900	\$579
8/16/05	5/8/08	K	Garden	3,754	1	1-102	\$2,600,000	\$693
8/17/05	10/25/2007	F	10	2,138	1	1-1006	\$1,450,000	\$678
8/18/05	10/28/2008	A1	18/19	16,517	1	1-1802	\$11,055,070	\$669
8/18/05	11/14/2007	D-1	4	3,856	2	2-402	\$1,635,000	\$424
8/18/05	12/6/2007	X	Terrace	1,922	1	1-13X	\$750,000	\$390
8/18/05	12/6/2007	B1	17	4,952	1	1-1704	\$3,516,000	\$710
8/22/05	10/10/2007	E-1	8	2,638	2	2-803	\$1,607,176	\$609
8/23/05	10/9/2007	E	3	3,100	2	2-304	\$1,700,000	\$548
8/24/05	10/31/2007	F	14	2,138	2	2-1406	\$954,665	\$447
8/25/05	10/2/2007	H	2	4,826	2	2-201	\$2,793,000	\$579
8/25/05	10/9/2007	F	3	2,138	2	2-306	\$1,200,000	\$561
8/25/05	10/9/2007	F	4	2,138	2	2-406	\$1,235,000	\$578
8/25/05	12/10/2007	D-1	6	3,856	2	2-602	\$2,298,000	\$596
8/27/05	9/28/2007	D	8	3,356	2	2-805	\$2,060,000	\$614
8/29/05	12/13/2007	F	7	2,138	2	2-706	\$1,350,000	\$631
9/11/05	2/14/2008	F	5	2,138	2	2-506	\$797,400	\$373
9/12/05	9/17/2007	D-1	5	3,856	2	2-502	\$2,000,000	\$519
9/14/05	12/31/2007	D	14	3,356	2	2-1405	\$1,850,000	\$551
9/19/05	10/8/2007	D	9	3,356	1	1-905	\$2,000,000	\$596
9/19/05	11/8/2007	G	10	2,277	1	1-1007	\$1,259,181	\$553
9/30/05	10/2/2007	D	6	3,356	2	2-605	\$1,942,960	\$579
9/30/05	10/2/2007	D	5	3,356	2	2-505	\$1,887,540	\$562
10/5/05	9/10/2007	D-1	2	3,856	2	2-202	\$2,278,896	\$591
10/6/05	10/11/2007	G	9	2,277	1	1-907	\$1,653,102	\$726
10/6/05	10/18/2007	H	10	4,792	1	1-1001	\$3,537,800	\$738
10/6/05	12/19/2007	B2	15	5,829	1	1-1501	\$5,280,000	\$906
10/18/05	9/12/2007	E-1	3	2,638	2	2-303	\$1,635,560	\$620
10/18/05	11/27/2007	F	11	2,138	2	2-1106	\$1,200,000	\$561
10/27/05	10/2/2007	D	7	3,356	2	2-705	\$2,002,000	\$597
10/31/05	11/15/2007	F	8	2,138	2	2-806	\$1,503,014	\$703
11/1/05	9/19/2007	E	11	3,100	2	2-1104	\$1,264,770	\$408
11/8/05	10/4/2007	H	6	4,792	2	2-601	\$2,205,000	\$460
12/2/05	9/27/2007	D	6	3,356	1	1-605	\$2,116,964	\$631
12/7/05	10/16/2007	H	7	4,792	1	1-701	\$2,900,000	\$605
12/28/05	8/29/08	G	7	2,277	2	2-707	\$1,642,269	\$679

**One Queensridge Place
Unit Closings through 12/31/08 (Continued)**

SALE DATE	CLOSE DATE	UNIT	Floor	SQ FT	TWR	UNIT #	SALE TOTAL	/SF
1/3/06	7/25/08	F	5	2,138	1	1-506	\$812,905	\$380
1/5/06	10/29/2007	G	7	2,277	1	1-707	\$1,557,468	\$684
1/12/06	10/2/2007	G	3	2,277	2	2-307	\$1,407,186	\$618
1/12/06	10/9/2007	G	4	2,277	2	2-407	\$1,450,449	\$637
1/18/06	9/18/2007	E-1	4	2,638	1	1-403	\$1,651,388	\$626
1/18/06	10/25/2007	F	10	2,138	2	2-1006	\$1,697,000	\$794
2/14/06	10/9/2007	D-1	3	3,856	2	2-302	\$2,556,528	\$663
2/14/06	10/9/2007	D-1	6	3,856	1	1-602	\$2,063,000	\$535
2/14/06	5/19/08	C	17	5,073	2	2-1702	\$2,378,064	\$469
2/21/06	10/30/2007	D-1	10	3,856	1	2-1004	\$1,638,600	\$425
2/21/06	12/27/2007	D-1	10	3,856	1	1-1002	\$3,053,952	\$792
2/21/06	12/28/2007	D	7	3,356	1	1-705	\$2,446,524	\$729
3/2/06	9/28/2007	D	4	3,356	2	2-405	\$2,073,639	\$618
3/7/06	9/12/2007	D-1	5	3,856	1	1-502	\$2,853,440	\$740
3/7/06	11/14/2007	F	9	2,138	2	2-906	\$1,148,000	\$537
4/9/06	11/28/2007	G	2	2,277	1	1-207	\$1,659,933	\$729
4/10/06	9/24/2007	F	2	2,138	1	1-206	\$1,586,396	\$742
6/28/06	10/15/2007	E	9	3,100	1	1-904	\$2,576,100	\$831
7/14/06	1/18/2008	F	8	2,138	1	1-806	\$1,860,060	\$870
8/3/06	11/6/2007	G	5	2,277	1	1-507	\$1,846,662	\$811
8/9/06	10/9/2007	F	2	2,138	2	2-206	\$1,744,556	\$816
8/9/06	11/26/2007	D	12	3,356	1	1-1205	\$3,013,688	\$898
9/12/06	9/17/2007	D	3	3,356	2	2-305	\$2,765,344	\$824
9/15/06	9/12/2007	E	4	3,100	2	2-404	\$2,313,800	\$746
4/23/07	11/14/2007	D-1	14	3,856	1	1-1402	\$3,884,537	\$1,007
5/26/07	12/5/2007	E-1	14	2,638	2	2-1403	\$2,935,843	\$1,113
8/15/07	3/13/2008	B1	17	4,952	2	2-1704	\$6,457,000	\$1,304
8/17/07	3/7/2008	D-1	2	3,856	1	1-202	\$3,000,000	\$778
2/8/08	3/11/2008	B3	15	6,386	1	1-1504	\$5,200,000	\$814
3/10/08	3/12/2008	E-1	11	2,638	2	1-1103	\$2,521,928	\$956
8/25/08	9/29/08	S	Garden	3,377	2	2-102	\$3,545,000	\$1,050
Total				488,820		136	\$295,638,568	\$605

Source: One Queensridge Place

The average sale price among all units sold to-date is \$2,173,000, or **\$605 psf**. However, our analysis of more recent sales activity from 2006 through 2008 shows that the project has achieved a sales rate of **\$759 psf** during this timeframe. In fact, units sold in 2007 and 2008 averaged **\$1,003 psf**.

Key Conclusions: Residential Condo Market Analysis

Tivoli Village at Queensridge will offer a total of 42 luxury residences for sale in the first phase of development. The developers plan to build-out the units in 2011/12, with unit closing occurring in 2013/14. The Las Vegas condo market is in midst of a major slowdown, related to a national and local economic recession and an ongoing mortgage market crisis. As such, many active developments such as the adjacent One Queensridge project have seen sluggish sales activity at best. Many projects have been delayed or cancelled throughout the region as the market adjusts. Among projects with standing inventory, such as One Queensridge, units continue to move very slowly. One Queensridge has commanded pricing in excess of \$605 psf, with more recent sales activity hovering around \$1,000 psf. We expect that the remaining 83 unit sales will require a period of several months, and thus we concur with Great Wash Park, LLC's decision to push the marketing of the 42 Tivoli units until 2011. We believe that the Las Vegas market will have recovered by that time and that the subject development will enjoy a strong market position and exclusivity within the Summerlin-area market, and that a sales period of two years is likely for the project. Based on pricing of other comparable and/or competitive developments throughout the region, most notably One Queensridge, we estimate that the 42 condos at Tivoli Village will command initial pricing in 2012 of approximately **\$900 psf**.

**ABSORPTION &
FINANCIAL PROJECTIONS**

ABSORPTION ANALYSIS & FINANCIAL PROJECTIONS

Introduction

Based on our market analysis, we have concluded that there is sufficient market support for the subject facilities, as proposed. In this section we present a summary of our absorption and financial projections for Tivoli Village at Queensridge, assumed to open at mid-year 2011, in accordance with the schedule as provided within this report. We have developed projections of overall utilization and financial performance for three primary profit centers, including:

- Retail space rentals (including minimum rent and percentage rental payments) (500,000 sf – of which more than 200,000 sf is pre-leased as of the date of valuation)
- Office space rentals (200,000 sf)
- Condo sales (42 units)

Property Absorption & Financial Performance

Based on our analysis of subject development in light of regional and national population growth trends, economics and market characteristics, we have estimated the potential absorption of space (for lease and sale by component) within Tivoli Village at Queensridge for 10-year period assumed to commence at mid-year 2011. In developing the projections, several key assumptions were made, including the following:

- Management personnel for all facility components will have extensive experience in the operation and leasing/sales of comparable properties;
- All components of the Village will use comprehensive accounting and control systems capable of providing management with accurate and timely performance data, as well as ensuring control and reporting of all transactions;
- Management will ensure a comprehensive program of on-going maintenance covering all facilities, furnishings and equipment;
- Throughout the period under analysis, management will institute an aggressive program of advertising and promotions targeted toward all local and regional demand components;
- The property will incorporate the facilities described herein, in accordance with the phasing schedule contained in this report; and,
- No new competitive developments, other than those mentioned and assumed as competitors in this report, will enter the competitive market during the projection period.

In addition, all findings, estimates, assumptions and conclusions discussed in this report are integral parts of the analyses and estimates that follow.

Retail Village

Marketing of the 500,000 sf of retail space is well underway. As of this valuation, a total of 208,000 had been pre-leased, achieving an average NNN rental rate of \$42 psf. Our analysis of the property’s leasing history, paired with a review of local and regional demand and absorption trends, we expect that the subject property will likely open at around 70% occupancy and that the remaining space will be absorbed within a 6 to 12-month period. It is reasonable to expect that the retail space will achieve a stabilized occupancy level of approximately 95% by the end of year two.

In terms of NNN rental rates, we have noted that pre-leasing to date has averaged \$42 psf. We expect that remaining leases will command somewhat higher rates as the project approaches completion. Market leading properties in the area, such as Boca Park and others along the area’s main commercial arteries command NNN rental rates in the range of \$50 to \$60 psf in current-year dollars. In conclusion, we believe that the property will achieve an average starting NNN rental rate in 2011 of approximately **\$50 psf**. Retail CAM and real estate taxes are projected at \$12.25 psf, which is consistent with the local market based on our survey and interviews with local property managers and leasing agents. These expenses will be reimbursed by retail tenants based on each tenant’s proportional share of overall GLA.

The property will also generate substantial retail sales, given the projected high-end tenant mix and the affluence of the trade area, especially the nearby Summerlin neighborhoods. We have completed an analysis of current and projected consumer retail & restaurant spending by this resident population, as below.

Summerlin Trade Area Consumer Spending	
Tivoli Village at Queensridge Retail Sales Potential (2013)	
2008 "Summerlin" Trade Area Consumer Spending	
Annual Consumer Spending (total) at Retail/Restaurants	\$4,600,000,000
Households (2008)	190,000
Avg. Annual Retail/Restaurant Spending per Household	\$24,211
Projected 2013 "Summerlin" Trade Area Consumer Spending	
Projected Households (2013)	220,000
Projected Avg. Retail Spending per Household (2013)	\$29,000
Projected Total Consumer Spending by Trade Area Residents (2013)	\$6,380,000,000
Trade Area Retail/Restaurant Supply & Sales PSF	
Trade Area Retail Sq. Ft. (2008)	10,000,000
Estimated Current (2008) Trade Area Sales PSF	\$460.00
Projected Trade Area Retail Sq. Ft. (2013)	12,500,000
Projected Trade Area Sales PSF (2013)	\$510.40
Tivoli Village at Queensridge Capture of Retail/Restaurant Spending	
Tivoli Village Sq. Ft. (retail & restaurants)	500,000
Tivoli Village "fair share" capture of retail/restaurant spending (500,000 sf / 12,500,000 sf)	4.00%
Tivoli Village capture rate at 150% of "fair share"	6.00%
Tivoli Village Projected Retail/Restaurant Sales at 150% of "fair share" capture (2013)	\$382,800,000
Sales PSF	\$766
* Model assumes that "leakage" of resident spending to stores/restaurants outside the trade area is offset by the influx of spending by tourists & other non-trade area residents.	
Sources: ESRI Business Information Solutions; GVA Marquette Advisors	