



APPRAISAL OF REAL PROPERTY

Tivoli Village
440 South Rampart Boulevard
Las Vegas, Clark County, NV 89145

IN AN APPRAISAL REPORT

As of March 31, 2019

Prepared For:

IDB Group USA Investments Inc.
452 5th Ave
New York, NY 10018

Prepared By:

Cushman & Wakefield of Oregon, Inc.
Valuation & Advisory
200 S.W. Market Street, Suite 200
Portland, OR 97201
Cushman & Wakefield File ID: 19-34001-900244-001



Tivoli Village
440 South Rampart Boulevard
Las Vegas, Clark County, NV 89145



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May 06, 2019

Mr. Eli Elefant
CEO
IDB Group USA Investments Inc.
452 5th Ave
New York, NY 10018

Re: Appraisal Report

Tivoli Village
440 South Rampart Boulevard
Las Vegas, Clark County, NV 89145

Cushman & Wakefield File ID: 19-34001-900244-001

Dear Mr. Elefant:

In fulfillment of our agreement as outlined in the Letter of Engagement copied in the Addenda, we are pleased to transmit our appraisal of the above referenced property in the following Appraisal Report.

This Appraisal Report has been prepared in compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP). In addition, the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) specifies that a Federally regulated financial institution must be the Client in the appraiser-client relationship under the terms of an assignment agreement. To the extent the Client is governed by FIRREA, this appraisal meets all applicable requirements

Property Overview

Tivoli Village consists of a mixed-use specialty center located within the northeast quadrant of S. Rampart Boulevard and Alta Drive, in the western portion of the Las Vegas, Nevada CBSA. The property is divided between two phases across a total site area of 28.43± acres. Phase I consists of an existing and proposed mixed-use retail and office center. Phase II is proposed to be developed on an 8.90 acre parcel (as allocated) located at the northeast portion of the existing site, and will be comprised of future residential development.

Phase I is further divided into three "Triads." Triad A includes six buildings, and opened in April 2011. Triad A consists of 177,632 square feet of one- and two-story restaurant and retail areas, as well as dedicated office areas totaling 187,223 square feet. Total owned GLA across Triad A is equal to 364,855 square feet. As of this writing,

retail areas within Triad A of Phase I are 80.0 percent occupied/leased including the second-level gym space, while upper-level office areas are 83.6 percent occupied.

Triad B was completed in October 2016, adding four buildings to the property. Triad B includes 154,459 square feet of additional retail GLA, and 150,152 square feet of second-, third-, and fourth-level office space. Triad B includes Restoration Hardware, a 77,060 square foot, flagship/gallery store, acting as an anchor/major retail tenant for the center. Retail areas within Triad B are 61.3 percent occupied/leased including Restoration Hardware, while upper-level office areas are 81.0 percent occupied.

Triad C consists of two pad sites, proposed for two additional buildings within Phase I. Building 4, to be located at the northeast corner of Phase I, is proposed to be improved with a cinema. Alternatively, Building 4 could include additional ground floor retail and upper-level office space. Building 12, located at the northwest corner of Phase I, is proposed to be improved with a boutique hotel, and could also be improved with additional mixed-use development. Ownership has not forecasted a date of completion for Buildings 4 and 12, which could begin construction once demand dictates. For appraisal purposes, this analysis has considered the contributory value of the land and site improvements of Triad C.

Finally, this appraisal has included a value estimate for the Phase II excess development land. Based on a site allocation provided by ownership, Phase II totals 8.90 acres, and will be comprised of future residential and potential mixed-use development. According to ownership, Phase II approvals are in-place for up to 300 residential units in two multi-level buildings. The Phase II land is currently under contract for sale. Based on the PSA provided, the purchase price is \$18,000,000, with ownership receiving an additional \$41,667 per unit that the purchaser is permitted to construct between 300 and 360 units.

The subject site is currently assessed and platted as one parcel according to Clark County records. Ownership has provided a proposed re-parceled plat map, dividing the total site into Phase I (encompassing Triads A, B, and C) and Phase II (future residential and commercial use). In addition, we have been provided with ownership's detailed breakout of the subject site, including each Triad within Phase I, as well as the future Phase II residential and commercial land. The two plans provided vary slightly. For the purpose of this appraisal, we have assumed that the detailed site plans are accurate, as described and analyzed herein. Ownership reportedly continues to work with Clark County in dividing the overall site between Phases I and II. This analysis has included a value estimate of the contributory land value of Phase II as well as Triad C based on the detailed site breakout provided by ownership, summarized within this report, and assumed accurate.

Value Summary

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinions of Fair Value :

Value Conclusions			
Appraisal Premise	Real Property Interest	Date Of Value	Value Conclusion
Fair Value As-Is - Triads A & B	Leased Fee	March 31, 2019	\$210,000,000
Fair Value As-Is - Triad C Land	Fee Simple	March 31, 2019	\$20,000,000
Fair Value As-Is - Phase II Excess Land	Fee Simple	March 31, 2019	\$18,000,000
Total Fair Value As-Is	Leased Fee & Fee Simple	March 31, 2019	\$248,000,000

Compiled by Cushman & Wakefield of Oregon, Inc.

The value opinion in this report is qualified by certain assumptions, limiting conditions, certifications, and definitions, and does not employ any extraordinary assumptions and hypothetical conditions.

Consistent with the intended use and scope of work identified in this assignment, we estimated the Fair Value of the real property interest in the subject property in compliance with IFRS 13. Although debate continues on certain government regulatory levels, our analyses lead us to conclude that Fair Value and Market Value are very similar.

Under IFRS 13, investment property is remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises.

Fair value should reflect the actual market state and circumstances as of the balance sheet date. The best evidence of fair value is normally given by current prices on an active market for similar property in the same location and condition and subject to similar lease and other contracts. In the absence of such information, the entity may consider current prices for properties of a different nature or subject to different conditions, recent prices on less active markets with adjustments to reflect changes in economic conditions, and discounted cash flow projections based on reliable estimates of future cash flows.

Both Fair Value and Market Value opinions for real property assets commonly use and rely upon the same types of data and analyses, as each opinion is intended to reflect the behavior of market participants. Among these are:

- Reliance upon the most appropriate valuation technique - taken directly from the market, we have mirrored the approach or approaches to value that would be considered by market participants in evaluating the purchase or sale of the property. For investment properties, the Fair Value reflects, among other things, income from current leases and reasonable and supportable forecasts likely to be applied by market participants would project.
- Adjustments to the relevant valuation methodologies when indicated by the market and its participants, including consideration of:
 - Location and condition of the property;
 - Current (as of the measurement date) highest and best use
 - Current bid and ask spreads for similar properties
 - An analysis of actual transactions
 - Adjustments to transactions, where appropriate and necessary (assumable debt, intangible consideration, forced liquidation, distress, etc.)
 - An analysis of offerings that did not transact and the underlying reasons
- Consideration of the level of activity or inactivity in the market (the level of inactivity virtually mandates that the Fair Value be developed using something other than observable inputs which, in reality, do not currently exist in significant number)
- Consideration of the financial markets and the investment requirements demanded by market participants, including, to the extent applicable, the availability of financing and consideration of the credit status of the source of revenue within a property
- Application of investment returns to the anticipated cash flows from the property as extracted from:
 - Closed sales, to the extent available and relevant
 - Various build-up techniques including any of the Mortgage-Equity Analysis, Band-of-Investment, and/or Yield Analysis; each supported by ample input from current market participants
 - The rates extracted from bid-ask spreads on current offerings or failed-to-close offerings
 - Quoted investment rates from published surveys

With respect to the subject property, we draw the following conclusions:

- The subject is an excellent quality mixed-use specialty center located within the western portion of the Las Vegas CBSA. The subject is benefitted by its proximity to the master planned community of Summerlin.
- The property has been well maintained.

- Triad B within Phase I of Tivoli Village opened in October 2016. On an overall basis (Triads A and B), the subject is 76.9 percent occupied/leased, with 154,388 square feet currently available. Leasing includes several LOIs provided by ownership, reportedly nearing final lease terms.
- The primary market would consist of a regional or national owner/investor seeking to expand its holdings in the market area. Other primary market participants would include an institutional investor or a REIT.
- A purchaser of the subject would have to have the expertise to complete the lease-up of Triad B, specifically the retail areas, and would be aware of the co-tenancy clause included in the RH lease agreement.
- Lease-up at Tivoli Village, specifically within the retail areas, continues to be challenging. Leasing has increased over the last 12-months, with overall occupancy across the center increasing by roughly 10.0 basis points inclusive of LOIs included herein.
- Comparable sales at the subject have increased over the last 12-24 months.
- Combined with the changing retail landscape, including tenant and store downsizing and closures within the retail industry nationally, competition from within the region, particularly from Downtown Summerlin, remains high.
- Several sales have occurred within the past 12-24 months of comparable properties. A number of non-competitive transactions have occurred over the last 12-months in the Las Vegas market, with one competitor trading roughly 24-months ago. All in all, this is considered a relatively active market as of the measurement date.
- Current debt and equity requirements have been exhibited in our Market Value analysis and support capitalization rates of 6.0% and Discount (Yield) Rates of 8.0% - *assuming stabilized operations*. On an as-is basis, the Discount (Yield) Rate is estimated at 8.5%.
- Quoted rates from surveys range from 6.31% to 6.64% (capitalization rates) and 7.38% to 8.18% (Discount Rates).
- The primary methodology relied upon by market participants would be the income capitalization approach with particular emphasis on the discounted cash flow analysis.

Fair Value Opinion

After considering the criteria for estimating Fair Value under IFRS 13, it is our opinion that the Fair Value of the subject property, as of the measurement date of June 30, 2018, is reasonable represented by our Market Value estimate of \$248,000,000.

Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

This appraisal does not employ any extraordinary assumptions.

Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD OF OREGON, INC.



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Client Satisfaction Survey

WE WANT TO HEAR FROM YOU! VALUATION & ADVISORY



V&A National Quality Control Group values your feedback!

- What are we doing right?
- Are there areas where we could improve?
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As part of our quality monitoring campaign, your comments are critical to our efforts to continuously improve our service.

We'd appreciate your help in completing a short survey pertaining to this report and the level of service you received. Rest assured, any feedback will be treated with proper discretion and is not shared with executive management. If you prefer to limit who receives the survey response, the distribution can be altered at your request.

Simply click <https://www.surveymonkey.com/r/LQKCGLF?c=19-34001-900244-001> to respond or print out the survey in the Addenda to submit a hard copy.

Contact our Quality Control Committee with any questions or comments:

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Summary of Salient Facts and Conclusions

BASIC INFORMATION

Common Property Name:	Tivoli Village
Address:	440 South Rampart Boulevard Las Vegas, Nevada 89145
County:	Clark
Property Ownership Entity:	Great Wash Park LLC

SITE INFORMATION

Land Area:	<u>Square Feet</u>	<u>Acres</u>
Tivoli Village Parcel:	850,727	19.53
Phase II Excess Land:	387,684	8.90
Total Land Area:	1,238,411	28.43
Site Shape:	Irregularly shaped	
Site Topography:	Level at street grade	
Frontage:	Good	
Site Utility:	Good	
Flood Zone Status:		
Flood Zone:	X	
Flood Map Number:	32003C 2145F	
Flood Map Date:	November 16, 2011	

BUILDING INFORMATION

Type of Property:	Mixed-Use Specialty Center Excess Development Land
Building Area	
Total GLA Triads A & B:	669,466 SF
Owned GLA:	669,466 SF
Number of Stories:	One to Four
Actual Age:	8 Years - Triad A 3 Years - Triad B
Quality:	Excellent
Year Built:	2011
Year Renovated/Expanded:	2016
Condition:	Excellent
Parking:	
Number of Parking Spaces:	3,615
Parking Ratio (per 1,000 sf):	5.40:1
Parking Type:	Surface And Garage

MUNICIPAL INFORMATION**Assessment Information:**

Assessing Authority	Clark County
Assessor's Parcel Identification	138-32-615-001
Current Tax Year	2018-19
Taxable Assessment	\$52,291,987
Current Tax Liability	\$1,573,373
Taxes per square foot	\$2.34
Are taxes current?	Taxes are current
Is a grievance underway?	Not to our knowledge
Subject's assessment is	At market levels

Zoning Information:

Municipality Governing Zoning	City of Las Vegas
Current Zoning	C-2
Is current use permitted?	Yes
Current Use Compliance	Complying use
Zoning Change Pending	Not Disclosed
Zoning Variance Applied For	Not Disclosed

HIGHEST & BEST USE**As Though Vacant:**

A mixed use commercial development built to its maximum feasible building area

As Improved:

A mixed use shopping center and office development as it is currently improved

TENANCY INFORMATION

Occupancy %:	76.5%
Occupied (SF):	515,078
Current Number of Tenants:	65
Vacant (SF):	158,159
Number of Vacant Spaces:	33
Major Anchor Tenants:	Area:
Restoration Hardware	77,060 SF

VALUATION INDICES	Fair Value As-Is
VALUE DATE	March 31, 2019
Land Value - Triad C Excess Land	
Indicated Value:	\$20,000,000
Per Square Foot:	\$241.65
SALES COMPARISON APPROACH	
Indicated Value:	\$211,000,000
Per Square Foot (GLA):	\$315.18
INCOME CAPITALIZATION APPROACH	
Yield Capitalization	
Projection Period:	13 Years
Holding Period:	12 Years
Terminal Capitalization Rate:	6.50%
Internal Rate of Return:	8.50%
Indicated Value:	\$207,500,000
Per Square Foot (GLA):	\$309.95
Direct Capitalization	
Net Operating Income (Stabilized):	\$15,055,113
Stabilized Capitalization Rate:	6.00%
Preliminary Stabilized Value:	\$250,918,550
Stabilized Value (Rounded):	\$250,900,000
LESS: Lease Up Costs:	(\$40,000,000)
Indicated As-Is Value Rounded:	\$210,900,000
Per Square Foot (GLA):	\$315.03
Income Capitalization Approach	
Indicated Value:	\$210,000,000
Per Square Foot (GLA):	\$313.68
FINAL VALUE CONCLUSION	
Real Property Interest:	Leased Fee
Concluded Value:	\$210,000,000
Per Square Foot (GLA):	\$313.68
Implied Capitalization Rate:	3.46%
EXCESS LAND VALUATION - Phase II	
Indicated Value:	\$18,000,000
Per Unit:	\$60,000
EXPOSURE AND MARKETING TIME	
Exposure Time:	9-12 Months
Marketing Time:	9-12 Months

Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

This appraisal does not employ any extraordinary assumptions.

Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

Summary of Critical Observations

SUMMARY OF CRITICAL OBSERVATIONS

The strengths and weaknesses analysis applies both specifically (attributes internal or specific to the subject) and generally (external or economic considerations that influence the subject).

Strengths

- The subject features a high exposure location along S. Rampart Boulevard and Alta Drive, within the retail hub of this portion of western Las Vegas, bordering the Summerlin Master Planned Community.
- Existing improvements are in excellent condition, built-out using excellent quality materials and finishes, exceeding the finishes of most comparable suburban Las Vegas projects.
- The property features a flagship Restoration Hardware Gallery Store, their sole location within the Las Vegas region.
- The primary market area is stable to growing, with average household incomes exceeding regional averages.
- The subject offers a convenient location for suburban office use, and includes an above average level of amenities including restaurants, on-site gym facilities, parking, and access.
- Demand within the office areas is evident with increasing occupancy, with office lease rates tracking at or above regional averages.
- Based on a signed LOI, and as proposed within this analysis, the subject property will likely add a significant co-working tenant, bringing additional traffic and exposure to the center.

Weaknesses

- The existing retail tenant mix at Tivoli Village lacks strong national tenancy (apparel, general merchandise, jewelry, etc.).
- Prolonged vacancy and inability to attract retail tenants, potential need to convert to alternative uses including office.
- The subject property lacks freeway frontage and access, somewhat limiting market penetration.
- In-place retail vacancy is above market levels due to current merchandising mix, lease-up within Triad B areas, and prior construction disruptions.

- The Restoration Hardware lease within Triad B includes a Co-Tenancy Clause dependent on occupancy as well as the opening of several 'named' tenants. While ownership has had discussions with RH towards the renegotiation of the lease agreement, given the significance of this tenant at the property, the requirements included in the Co-Tenancy Clause, and the fact they are not met as of this writing, will continue to pose additional risk to the project until fully met (or renegotiated). This analysis has considered the in-place lease with Restoration Hardware, including fixed rent beginning year four. Based on the budgeted forecast and tenant discussions provided, ownership has forecasted retail occupancy to exceed 80.0 percent prior to November 2019. It is noted that future base rent from Restoration Hardware could be significantly impacted should co-tenancy clauses not be met by the end of year three of the initial lease agreement (before November 2019).
- Given current occupancy and the co-tenancy clause(s) not met for Restoration Hardware, the tenant has the ability to close with 90-days' notice. Due to the high level of turn-key build-out provided, low current base rent responsibilities, and reports of the tenant being 'happy/satisfied' with current results and location, it is not considered likely that Restoration Hardware will close in the near-term. However, the ability to close this store without penalty presents additional property risks until co-tenancy clauses are met, or the existing lease agreement has been renegotiated and co-tenancy and lease termination clauses removed.
- The in-place RH lease will transition to contract rent as of November 1, 2019. According the lease, year four rent will be based on year-three rent paid. Ownership has reported that contract rent based on total rent in year three, assuming co-tenancy clauses are met will be paid, regardless of actual rent paid in year three. Should RH challenge contract rent to be paid, additional risks to the property cash flow could ensue.

Conclusions

Based on the preceding strengths and weaknesses, the subject property's specific outlook is considered to be stable to slow improvement, while the general outlook for the overall market is concluded to be stable to improving.

Property Photographs

AERIAL PHOTOGRAPH – TIVOLI VILLAGE



AERIAL PHOTOGRAPH



VIEW LOOKING NORTH ON RAMPART BOULEVARD, SUBJECT AT RIGHT**VIEW OF TIVOLI VILLAGE IMPROVEMENTS FRONTING RAMPART BOULEVARD**

VIEW OF TRIAD B IMPROVEMENTS ACROSS RAMPART BOULEVARD



VIEW OF PEDESTRIAN ENTRY AT RAMPART BOULEVARD & ALTA DRIVE



VIEW WITHIN TIVOLIE VILLAGE



EXTERIOR VIEW OF TRIAD A IMPROVMENTS



VIEW OF TRIAD A IMPROVEMENTS



VIEW OF TRIAD A IMPROVEMENTS WITHIN TIVOLI VILLAGE



EXTERIOR VIEW WITHIN TRIAD B



VIEW OF TRIAD B IMPROVEMENTS



VIEW OF TRIAD B IMPROVEMENTS



VIEW OF TRIAD B IMPROVEMENTS



VIEW OF RESTORATION HARDWARE LOOKING NORTH



VIEW LOOKING NORTHWEST AT RESTORATION HARDWARE



LOOKING SOUTHWEST AT TRIAD A FROM LOWER PARKING AREA**EXTERIOR VIEW OF TRIAD B IMPROVEMENTS FROM LOWER PARKING LOT**

VIEW OF PARKING ENTRANCE FROM LOWER PARKING LOT



TRIAD C AREA INCLUDING PODIUM AND LOWER PARKING AREAS



VIEW OF PORTION OF PROPOSED BUILDING 4 SITE WITHIN TRIAD C



VIEW OF PROPOSED BUILDING 12 PARCEL WITHIN TRIAD C



LOOKING ACROSS PHASE II EXPANSION LAND



VIEW OF PHASE II LAND



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Scope of Work

Overview

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below, and in some instances, additional scope details are included in the appropriate sections of the report:

Research

- We inspected the property and its environs. Physical information on the subject was obtained from the property owner's representative, public records, and/or third-party sources.
- Regional economic and demographic trends, as well as the specifics of the subject's local area were investigated. Data on the local and regional property market (supply and demand trends, rent levels, etc.) was also obtained. This process was based on interviews with regional and/or local market participants, primary research, available published data, and other various resources.
- Other relevant data was collected, verified, and analyzed. Comparable property data was obtained from various sources (public records, third-party data-reporting services, etc.) and confirmed with a party to the transaction (buyer, seller, broker, owner, tenant, etc.) wherever possible. It is, however, sometimes necessary to rely on other sources deemed reliable, such as data reporting services.

Analysis

- Based upon the subject property characteristics, prevailing market dynamics, and other information, we developed an opinion of the property's Highest and Best Use.
- We analyzed the data gathered using generally accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.
- The results of each valuation approach are considered and reconciled into a reasonable value estimate.

This report is intended to comply with the reporting requirements outlined under USPAP for an Appraisal Report. In addition, the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) specifies that a financial services institution must be the Client in the appraiser-client relationship under the terms of an assignment agreement. To the extent the Client is governed by FIRREA, this appraisal meets all applicable requirements.

Cushman & Wakefield of Oregon, Inc. has an internal Quality Control Oversight Program. This Program mandates a "second read" of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature.

For this assignment, Quality Control Oversight was provided by Richard W. Latella, MAI, FRICS.

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches should be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

Report Option Description

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms “describe,” “summarize,” and “state” connote different levels of detail, with “describe” as the most comprehensive approach and “state” as the least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report:

- Describes the real estate and/or personal property that is the subject of the appraisal, including physical, economic, and other characteristics that are relevant
- States the type and definition of value and its source
- Describes the Scope of Work used to develop the appraisal
- Describes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the property as of the valuation date
- Describes the rationale for the Highest and Best Use opinion (if included)

Identification Of Property

Common Property Name:	Tivoli Village
Location:	<p>440 South Rampart Boulevard, Las Vegas, Clark County, Nevada 89145</p> <p>The subject property is generally located within the northeast quadrant of S. Rampart Boulevard and Alta Drive, within the western portion of Las Vegas, Clark County, Nevada.</p>
Property Description:	<p>Tivoli Village consists of a mixed-use specialty center located within the northeast quadrant of S. Rampart Boulevard and Alta Drive, in the western portion of the Las Vegas, Nevada CBSA. The property is divided between two phases across a total site area of 28.43± acres. Phase I consists of an existing and proposed mixed-use retail and office center. Phase II is proposed to be developed on an 8.90 acre parcel (as allocated) located at the northeast portion of the existing site, and will be comprised of future residential development.</p> <p>Phase I is further divided into three “Triads.” Triad A includes six buildings, and opened in April 2011. Triad A consists of 177,632 square feet of one- and two-story restaurant and retail areas, as well as dedicated office areas totaling 187,223 square feet. Total owned GLA across Triad A is equal to 364,855 square feet. As of this writing, retail areas within Triad A of Phase I are 80.0 percent occupied/leased including the second- level gym space, while upper-level office areas are 83.6 percent occupied.</p> <p>Triad B was completed in October 2016, adding four buildings to the property. Triad B includes 154,459 square feet of additional retail GLA, and 150,152 square feet of second-, third-, and fourth-level office space. Triad B includes Restoration Hardware, a 77,060 square foot, flagship/gallery store, acting as an anchor/major retail tenant for the center. Retail areas within Triad B of are 61.3 percent occupied/leased including Restoration Hardware, while upper-level office areas are 81.0 percent occupied.</p> <p>Triad C consists of two pad sites, proposed for two additional buildings within Phase I. Building 4, to be located at the northeast corner of Phase I, is proposed to be improved with a cinema. Alternatively, Building 4 could include additional ground floor retail and upper-level office space. Building 12, located at the northwest corner of Phase I, is proposed to be improved with a boutique hotel, and could also be improved with additional mixed-use development. Ownership has not forecasted a date of completion for Buildings 4 and 12, which could begin construction once demand dictates. For appraisal purposes, this analysis has considered the contributory value of the land and site improvements of Triad C.</p> <p>Finally, this appraisal has included a value estimate for the Phase II excess development land. Based on a site allocation provided by ownership, Phase II totals 8.90 acres, and will be comprised of future residential and potential mixed-use development.</p>

According to ownership, Phase II approvals are in-place for up to 300 residential units in two multi-level buildings. The Phase II land is currently under contract for sale. Based on the PSA provided, the purchase price is \$18,000,000, with ownership receiving an additional \$41,667 per unit that the purchaser is permitted to construct between 300 and 360 units.

The subject site is currently assessed and platted as one parcel according to Clark County records. Ownership has provided a proposed re-parceled plat map, dividing the total site into Phase I (encompassing Triads A, B, and C) and Phase II (future residential and commercial use). In addition, we have been provided with ownership's detailed breakout of the subject site, including each Triad within Phase I, as well as the future Phase II residential and commercial land. The two plans provided vary slightly. For the purpose of this appraisal, we have assumed that the detailed site plans are accurate, as described and analyzed herein. Ownership reportedly continues to work with Clark County in dividing the overall site between Phases I and II. This analysis has included a value estimate of the contributory land value of Phase II as well as Triad C based on the detailed site breakout provided by ownership, summarized within this report, and assumed accurate.

Assessor's Parcel Number(s): 138-32-615-001

Legal Description: The legal description was requested but not provided.

We note that ownership continues the process of re-platting the subject site into Phase I (Triads A, B, and C) and Phase II (future development site currently under contract for sale). This analysis has utilized site area allocations provided by ownership for this assignment.

Property Ownership And Recent History

Current Ownership: Great Wash Park LLC

Sale History: To the best of our knowledge, the property has not transferred within the past three years.

Current Disposition: To the best of our knowledge, Phase I of Tivoli Village is not under contract of sale nor is it being marketed for sale.

The Phase II land is currently under contract for sale. Based on the PSA provided, the purchase price is \$18,000,000, with ownership receiving an additional \$41,667 per unit that the purchaser is permitted to construct between 300 and 360 units. The concluded value estimate for the Phase II land (\$18.0 million) is well supported by comparables in the market as well as the current contract of sale.

Dates Of Inspection And Valuation

Effective Date(s) of Valuation:

As Is:	March 31, 2019
Date of Inspection:	April 3, 2019
Date of Report:	May 06, 2019
Property Inspected by:	Brian Booth, MAI

Client, Intended Use And Users Of The Appraisal

Client:	IDB Group USA Investments Inc.
Intended Use:	<p>This appraisal is intended to provide an opinion of the Fair Value of the Leased Fee and Fee Simple interest in the property for the use of the client in for financial reporting purposes. This report is not intended for any other use.</p> <p>We know and agree that this evaluation will be used and/or included in the financial statements as of March 31, 2019 of Property & Building Company Ltd, Discount Investment Corporation Ltd. ("DIC") and IDB Development Company Ltd. ("IDB Development"), including such financial statements as shelf prospectuses or shelf offering reports to be published by any of the said companies, including by way of referral, as well as in any immediate report under the Securities Law, 5728-1968 and its regulations, which, according to the provisions of the law, the said companies will be required to include.</p>
Intended User:	<p>This appraisal report was prepared for the exclusive use of IDB Group USA Investments Inc., Great Wash Park, LLC, Property & Building Corporation LTD, and their direct and indirect affiliate companies (including holding companies of IDB Group USA Investments Inc.). Discount Investment Corporation Ltd. ("DIC") and IDB Development Corp. Ltd. ("IDB") and each of their respective direct and indirect affiliate companies are intended users of this report. Use of this report by others is not intended by the appraiser. Please see the Engagement Letter in the addenda.</p>

Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

This appraisal does not employ any extraordinary assumptions.

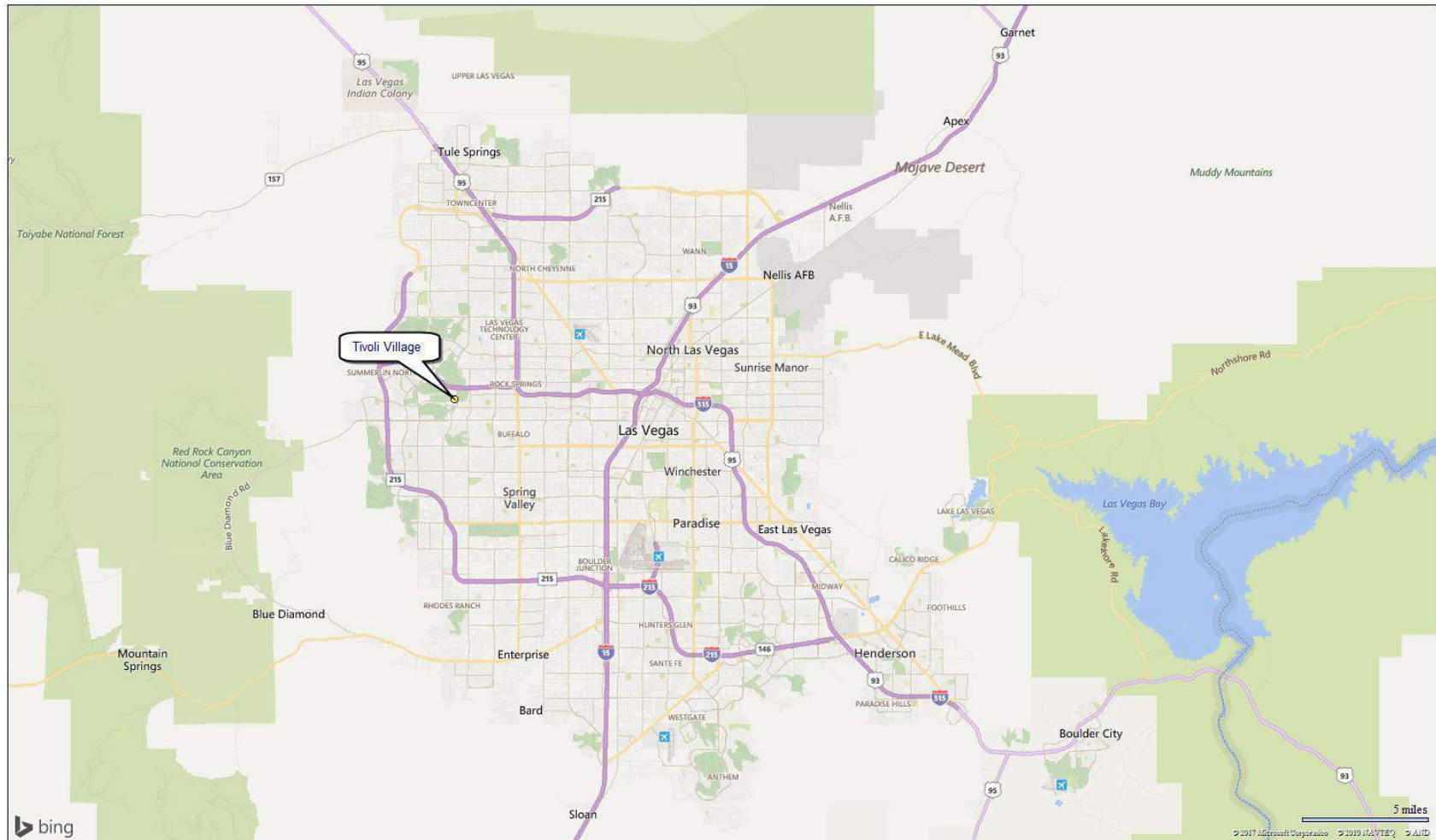
Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

Regional Analysis

REGIONAL MAP

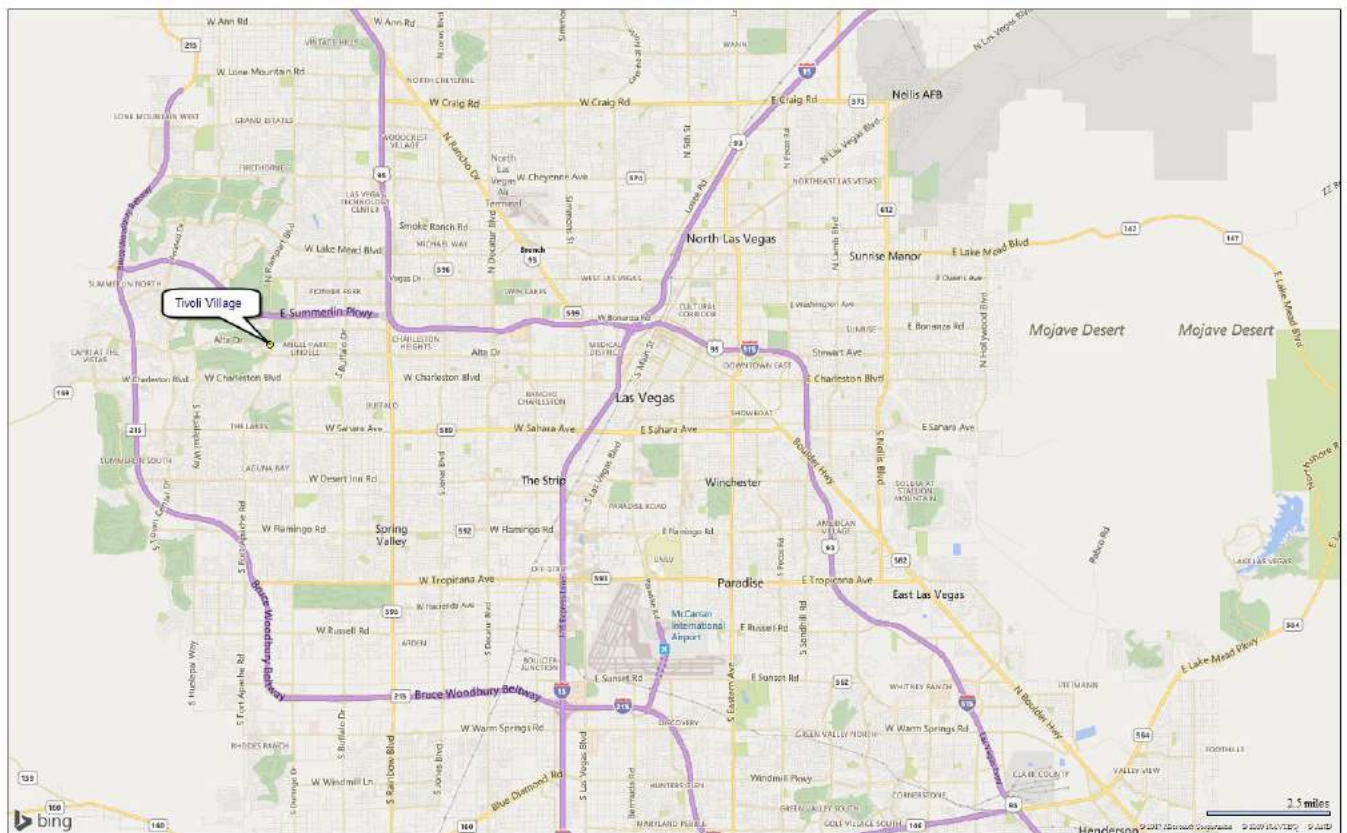


Regional Analysis

Introduction

The short- and long-term value of real estate is influenced by a variety of interacting factors. Regional analysis identifies those factors that affect property value, and the role they play within the region. The four primary forces that determine the supply and demand for real property, and consequently affect market value, are: environmental characteristics, governmental forces, social factors, and economic trends.

The subject property is located in the City of Las Vegas in the western portion of the Las Vegas-Henderson CBSA.



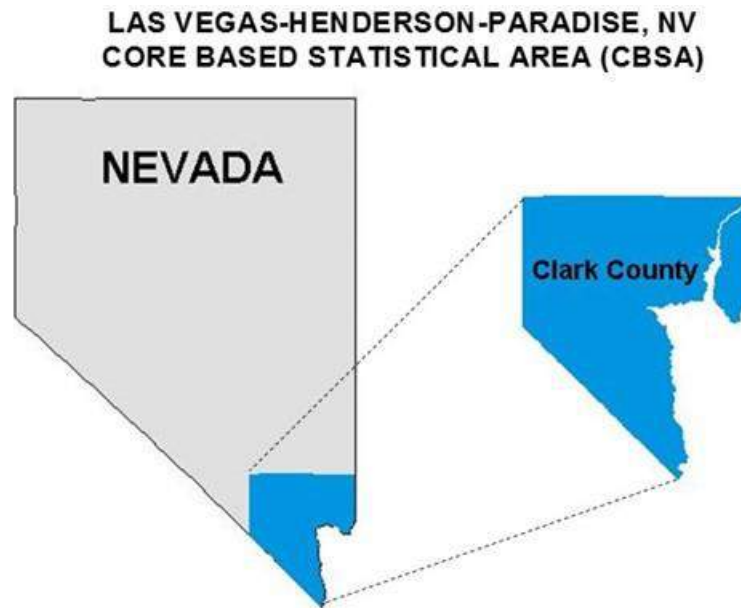
Market Definition

The Las Vegas-Henderson Combined Statistical Area is segmented into the Las Vegas-Henderson-Paradise Core Based Statistical Area (Las Vegas CBSA), Lake Havasu City-Kingman Metropolitan Statistical Area, and Pahrump Micropolitan Statistical Area. The Las Vegas metro, which is the subject of this analysis, consists solely of Clark County, which, in terms of population, is the largest of Nevada's 17 counties. Las Vegas is the 28th most populated city in the United States at almost 2.3 million and is the most populated city in the state of Nevada.

Las Vegas, also known as The Entertainment Capital of the World, is famous for its grand casinos and hotels and related activities. It is one of the top three destinations in the United States for business conventions and a global leader in the hospitality industry, claiming more AAA Five Diamond hotels than any other city in the world. Las Vegas annually ranks as one of the world's most visited tourist destinations and has an economy that relies heavily on tourism and gaming, which also feeds services industries, especially retail and dining. This benefit during a flourishing economy also makes it vulnerable during economic downturns when consumer spending often stalls.

Map

The following map highlights the Las Vegas-Henderson-Paradise NV CBSA:



Source: Cushman & Wakefield Valuation & Advisory

Current Trends

The Las Vegas economy is well into recovery with continuing strong momentum. Year-over-year, the Las Vegas CBSA added 33,900 new jobs, increasing 3.4 percent over the 12-month period ending December 2018. Growth has been broad-based, with the strongest growth in construction, manufacturing and education and health services, helping to strengthen the local and state economy. According to Moody's Analytics current Las Vegas report, "Las Vegas' red-hot economy is drawing more workers into the labor force, which is growing at more than double the national pace." Although gaming and entertainment dominate the economy in Las Vegas, low business costs are helping drive growth in industries other than tourism. Greater job opportunities as well as no personal income tax and a desirable climate are fueling strong population growth.

Further details relative to the current economic conditions in the Las Vegas metro are as follows:

- Following a decline in 2017, the Las Vegas gaming and hospitality industry is bouncing back and should continue strengthening through 2019. According to a report by UNLV Center for Business and Economic Research, the Las Vegas visitor volume will increase by 0.4 percent in 2018 and by 0.5 percent in 2019 – an improvement over the 1.7 percent decrease in 2017. As of November 2018, visitor volume measured 38.8 million visitors, according to the Las Vegas Convention and Visitors Authority.
- With just over three-month supply of homes available, the Las Vegas housing market remains significantly under-supplied. As a result, the prices of single-family homes have peaked and affordability has decreased. Nevertheless, with the increase in household formation, housing demand is on the rise and construction jobs and housing starts will increase. The increase in housing supply will weigh on price appreciation and increase affordability in the area.

- The Las Vegas region's proximity to nearby markets in California and Arizona have made it a desirable location for manufacturers and distributors. Caremark, LLC/CVS plans to expand its base operations to Clark County to include the creation of a prescription management service center, creating 500 jobs over five years. Sephora, a beauty products merchandiser, broke ground on a 714,000-square foot warehouse in North Las Vegas and is expected to employ 460 workers when construction is completed in May 2019. KRS Global Biotechnology is planning to expand and 150,000-square foot licensed pharmaceutical manufacturing facility. The company expects to create 320 jobs over five years. Manufacturing will continue to increase its footprint, with expected job growth to exceed the U.S. average over the next two years.
- Las Vegas is also growing as a presence for startups, helping to boost high-tech employment. Moody's reports, "New business investment will help Las Vegas make a name for itself outside of tourism, boosting long-term prospects and dampening the metro area's cyclical volatility."
- In November 2017, builders broke ground on the new \$1.9 billion football stadium for the Oakland Raiders' 2020 move to Las Vegas. The multipurpose stadium will add another dimension to the incredible portfolio of entertainment venues.
- Tesla Motors' \$5 billion battery factory in Northern Nevada is also a boost to the state's economy. Tesla Motors and the development of unmanned aerial vehicles, or the drone industry, helps to bring much needed diversification to the state.

Demographic Characteristics

The demographic profile of the Las Vegas-Henderson-Paradise NV CBSA suggests a slightly younger, less educated and less affluent population than the national average. With a median age of 37 years, Las Vegas is one year younger than the nation overall. On average, the region falls below the national average in terms of higher educational attainment. Las Vegas has a lower percentage of residents who have bachelor's degrees, and likewise has a smaller percentage of residents who have advanced degrees. A relatively low educational attainment corresponds to median household incomes being less than the national average.

The following chart compares demographic characteristics of Las Vegas with those of the United States:

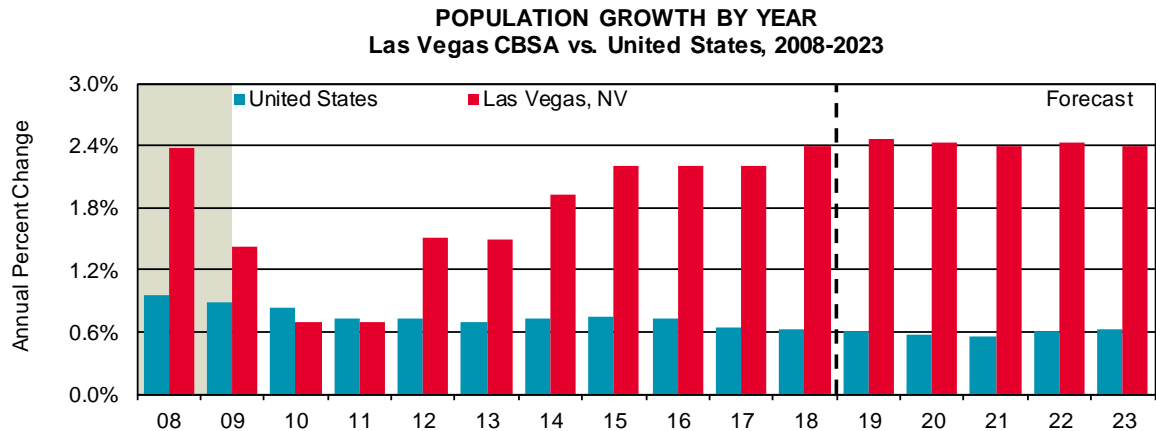
Demographic Characteristics Las Vegas CBSA vs. United States 2018 Estimates		
Characteristic	Las Vegas CBSA	United States
Median Age (years)	37	38
Average Annual Household Income	\$75,248	\$84,609
Median Annual Household Income	\$55,682	\$58,754
<i>Households by Annual Income Level:</i>		
<\$25,000	20.3%	21.1%
\$25,000 to \$49,999	25.0%	22.1%
\$50,000 to \$74,999	20.1%	18.1%
\$75,000 to \$99,999	13.5%	12.9%
\$100,000 plus	21.1%	25.8%
<i>Education Breakdown:</i>		
< High School	15.4%	13.4%
High School Graduate	29.4%	27.7%
College < Bachelor Degree	32.8%	29.0%
Bachelor Degree	15.0%	18.7%
Advanced Degree	7.4%	11.3%

Source: © 2018 Experian Marketing Solutions, Inc. •All rights reserved•
Cushman & Wakefield Valuation & Advisory

Population

Between July 1, 2016 and July 1, 2017, the Las Vegas CBSA population measured 2.2 million, adding approximately 47,400 new residents. Las Vegas' population grew measurably faster than the U.S. over that period as well. Population growth is forecast to significantly exceed U.S. population growth between 2017 and 2021; although not to levels seen in the pre-recession years. Regional experts forecast population growth will not be a driver of economic growth as it was throughout much of Las Vegas' history. Rather, economic growth will drive population for the next few years. (2018 population estimates due to be released March 2019.)

The following chart compares population growth between the Las Vegas CBSA and the United States:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

The following table shows Las Vegas' annualized population growth:

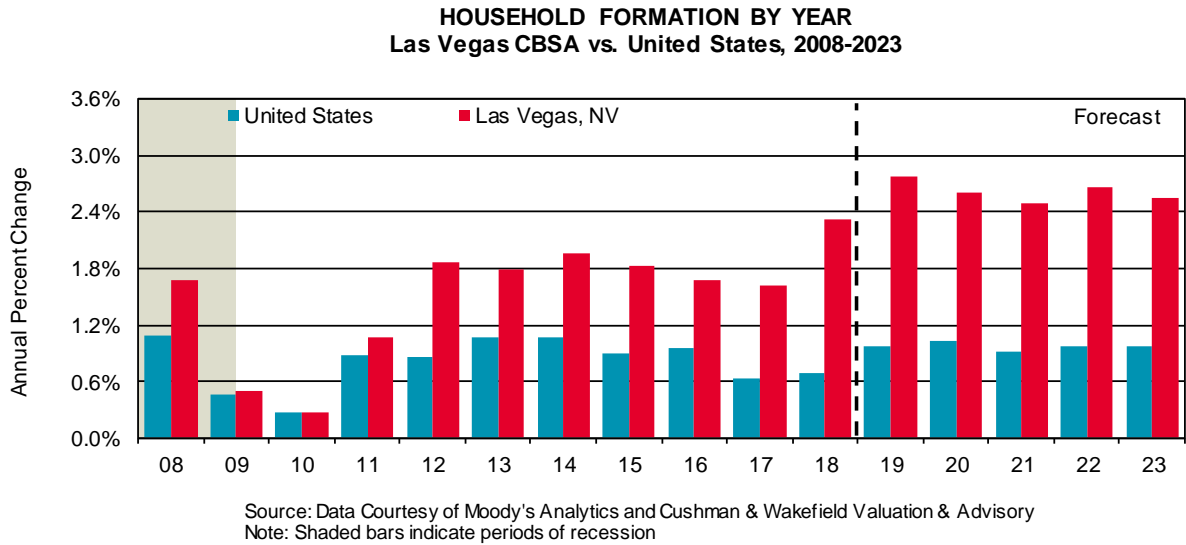
Annualized Population Growth by County Las Vegas CBSA 2008-2023						
Population (000's)	2008	2018	Forecast 2019	Forecast 2023	Compound Annual Growth Rate 08-18	Compound Annual Growth Rate 19-23
United States	304,094.0	327,167.4	329,159.4	336,958.4	0.7%	0.6%
Las Vegas, NV	1,912.3	2,256.9	2,312.5	2,543.7	1.7%	2.4%
Clark County	1,912.3	2,256.9	2,312.5	2,543.7	1.7%	2.4%

Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

Households

Household formation is on the rise, resulting in a lean housing inventory and causing prices to rise. Builders will be busy over the next few years in an effort to meet the rising housing demand. Stagnant residential construction activity during the recession created a limited supply of available homes once the economy picked up. As the economy has strengthened, households have increased in Las Vegas and are expected to continue during the forecast period. In addition, demographers expect the U.S. economy will experience a sharp upward increase in household formations as the millennial generation (those born roughly between 1982 and 2004 roughly) reaches maturity.

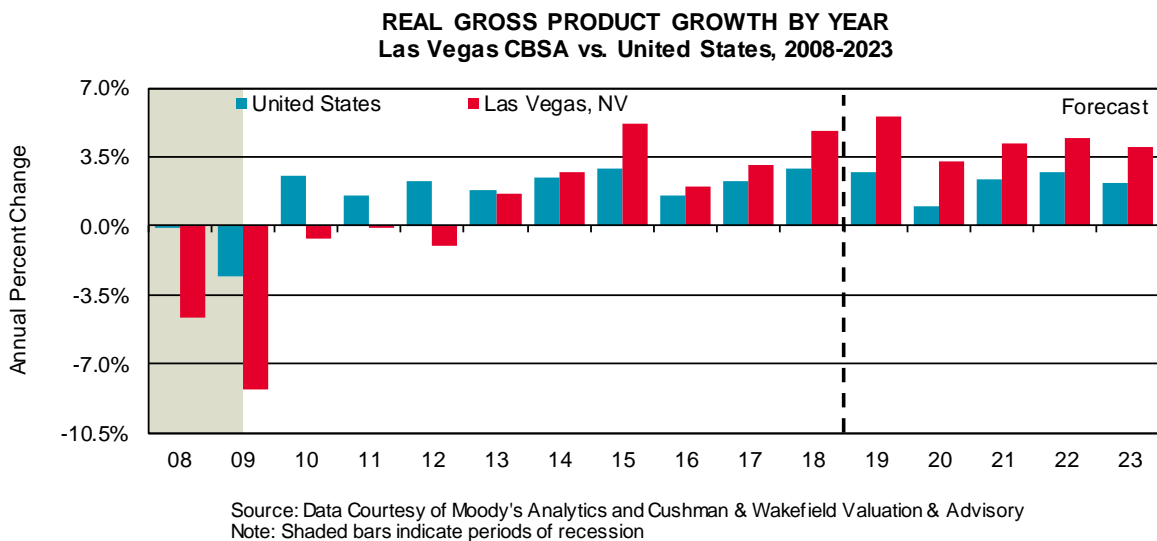
The following graph compares historical and projected growth trends in household formation between Las Vegas CBSA and the U.S. overall:



Gross Metropolitan Product

The Las Vegas economy is heavily reliant upon consumer spending and is highly sensitive to national and international economic conditions. According to recent estimates from the Bureau of Economic Analysis, the Las Vegas GMP measured \$112.3 billion in 2017. The diversification of the local economy, away from tourist-related and consumer-driven industries, will boost the local economy as the job base broadens and strengthens the CBSA against cyclical volatility.

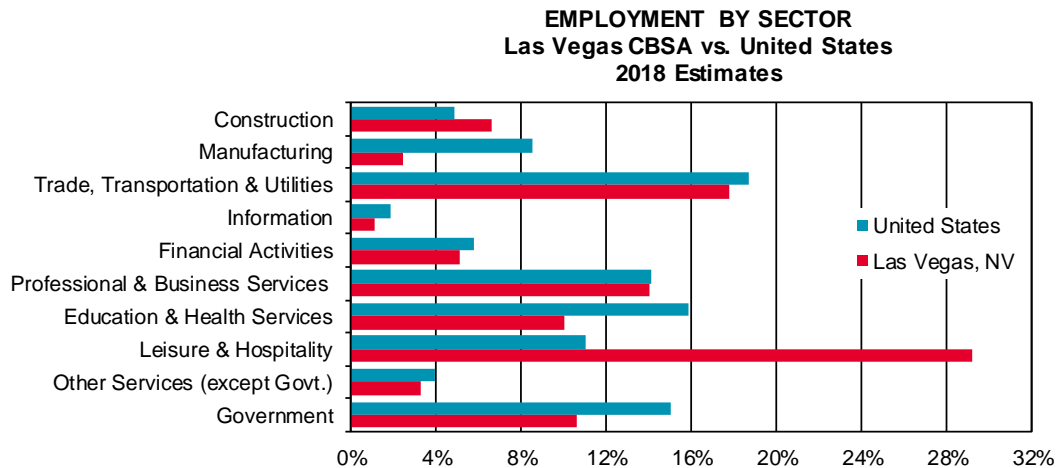
The graph below depicts the fluctuations in real gross product within the Las Vegas CBSA as compared to the national average.



Employment Distribution

Las Vegas is one of the least diverse CBSAs in the nation, heavily dependent upon tourism, specifically entertainment and gaming. Leisure and hospitality accounts for nearly 30 percent of the employment base, compared to 11 percent of the nation. Tourism will remain the economic engine for the region; however, secondary industries will provide some diversity in the region. Manufacturing will get a boost when Sephora completes its 714,000 square foot warehouse in North Las Vegas, creating 400 jobs when completed in May 2019. Additionally, Amazon plans to build its third facility in North Las Vegas, an 855,000-square foot .com distribution center adjacent to the Sephora site, creating over 1,000 full-time jobs by the time it opens late next year. Job growth in manufacturing is expected to top the national average over the next two years.

The following graph compares non-farm employment sectors for the Las Vegas CBSA and U.S. as a whole:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

Major Employers

The Las Vegas region is presently home to two Fortune 500 companies: Las Vegas Sands (227) and MGM Resorts International (280). Additionally, six other companies including Caesar's Entertainment (536), Wynn Resorts (447), Scientific Games (722), Pinnacle Entertainment (818), Southwest Gas Holdings (821) and Boyd Gaming (852) are all local businesses that fall within the Fortune 1000.

The following table lists the Las Vegas MSA's largest employers, and illustrates the significant impact of the regional gaming employment concentration:

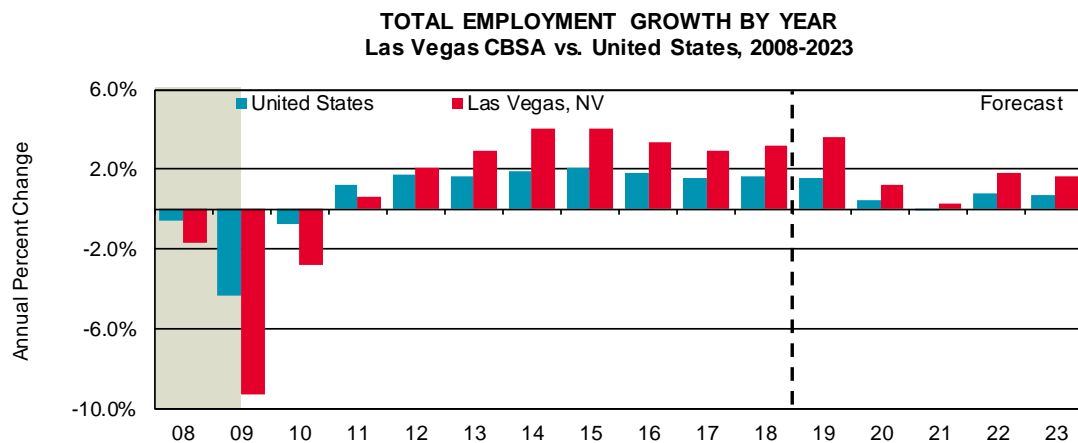
Largest Employers Las Vegas-Henderson-Paradise, NV		
Company	No. of Employees	Business Type
MGM Resorts International	53,157	Entertainment/Gaming
Caesars Entertainment Corp.	30,000	Entertainment/Gaming
Station Casinos Inc.	14,000	Entertainment/Gaming
Wynn Las Vegas LLC	12,000	Entertainment/Gaming
Boyd Gaming Corp.	11,700	Entertainment/Gaming
Las Vegas Sands Corp	8,600	Entertainment/Gaming
Bellagio LLC	7,750	Entertainment/Gaming
The Valley Health System	7,463	Healthcare
Aria Resort & Casino	7,250	Entertainment/Gaming
Mandalay Bay Resort & Casino	7,250	Entertainment/Gaming

Source: Data Courtesy of Moody's Analytics;
Cushman & Wakefield Valuation & Advisory

Employment Growth

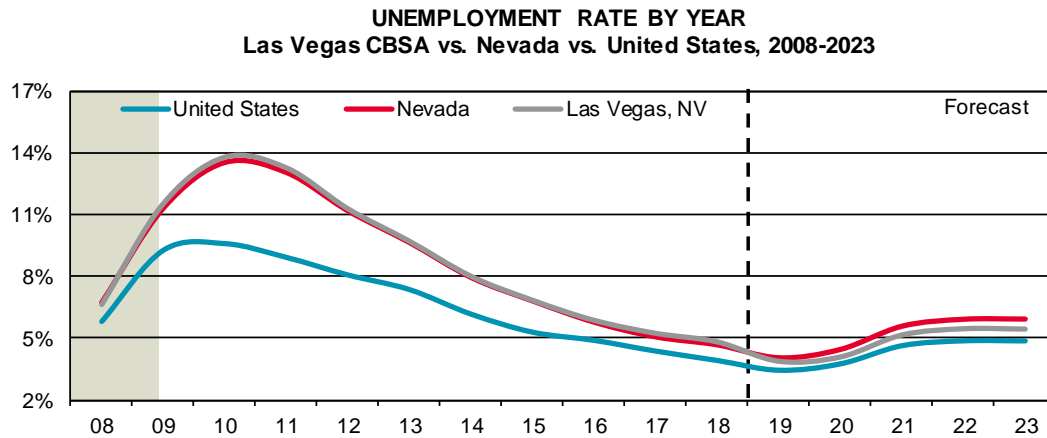
As of December 2018, total non-farm employment measured over 1 million increasing 3.4 percent year-over-year, adding 33,900 new jobs. Growth was led by construction, increasing 8.8 percent over the year (adding 5,500 new jobs). Education and health services and professional and business services increased 4.9 percent and 3.6 percent, respectively (both adding 4,900 jobs). Employment in the mainstay leisure and hospitality industry increased 2.8 percent over the year, adding 7,900 new jobs.

The following graph illustrates total non-farm employment growth per year, for the Las Vegas CBSA, and the U.S.:



Unemployment

The unemployment rate in the Las Vegas CBSA measured 4.5 percent (as of December 2018), reflecting 50,400 persons out of work. Unemployment in Las Vegas typically trends alongside the state average; as the region and the state are over-reliant upon consumer spending highly susceptible to national economic conditions.



Conclusion

Economic indicators show steady growth in the expanding Las Vegas economy. Tourism is forecast to strengthen, benefiting from the rise in national consumer spending on entertainment. While a return to boom-style growth typical in the region is not expected in the foreseeable future, conditions are favorable as secondary industries are expanding. Warehouse/distribution, manufacturing and high-tech employment is on the rise as the low-business cost and proximity to California and Arizona are luring new business investments.

Relative to the Subject

The subject consists of a mixed-use specialty retail and office development within western Las Vegas, heavily dependent on retail sales and regional employment. Based on our review of the region, we believe that the current economic climate impacting the greater Las Vegas region has continued to have a mostly positive impact on properties similar to the subject, due to its retail nature, reliance on area visitors and consumer spending, as well as employment growth. As the regional economy has continued to expand faster than the west region and United States as a whole, the region's visitor volume and visitor spending will continue to influence centers such as the subject. Although job growth in leisure/hospitality and professional business has softened over the last 12-months, goods-producing industries are expanding and helping to fill the void.

The region is significantly influenced by its gaming and entertainment infrastructure and visitors to the Las Vegas market. High numbers of tourists, and growth in net migration, provided continued growth in the economy through year-end 2018. The leisure/hospitality industry rebounded in the second half of 2017 following a mid-year slump, and professional and business services have continued to show strength in the employment sector throughout 2018. After slowing in 2013, tourism showed growth for 36-months, setting an all-time record, surpassing 40 million visitors for the first time in 2014. Year-end 2015 visitor volumes set a new record, with a total of 42.3 million visitors to Las Vegas, surpassed again in 2016 with 42.9 million visitors. For 2017, visitor volumes to Las Vegas fell slightly

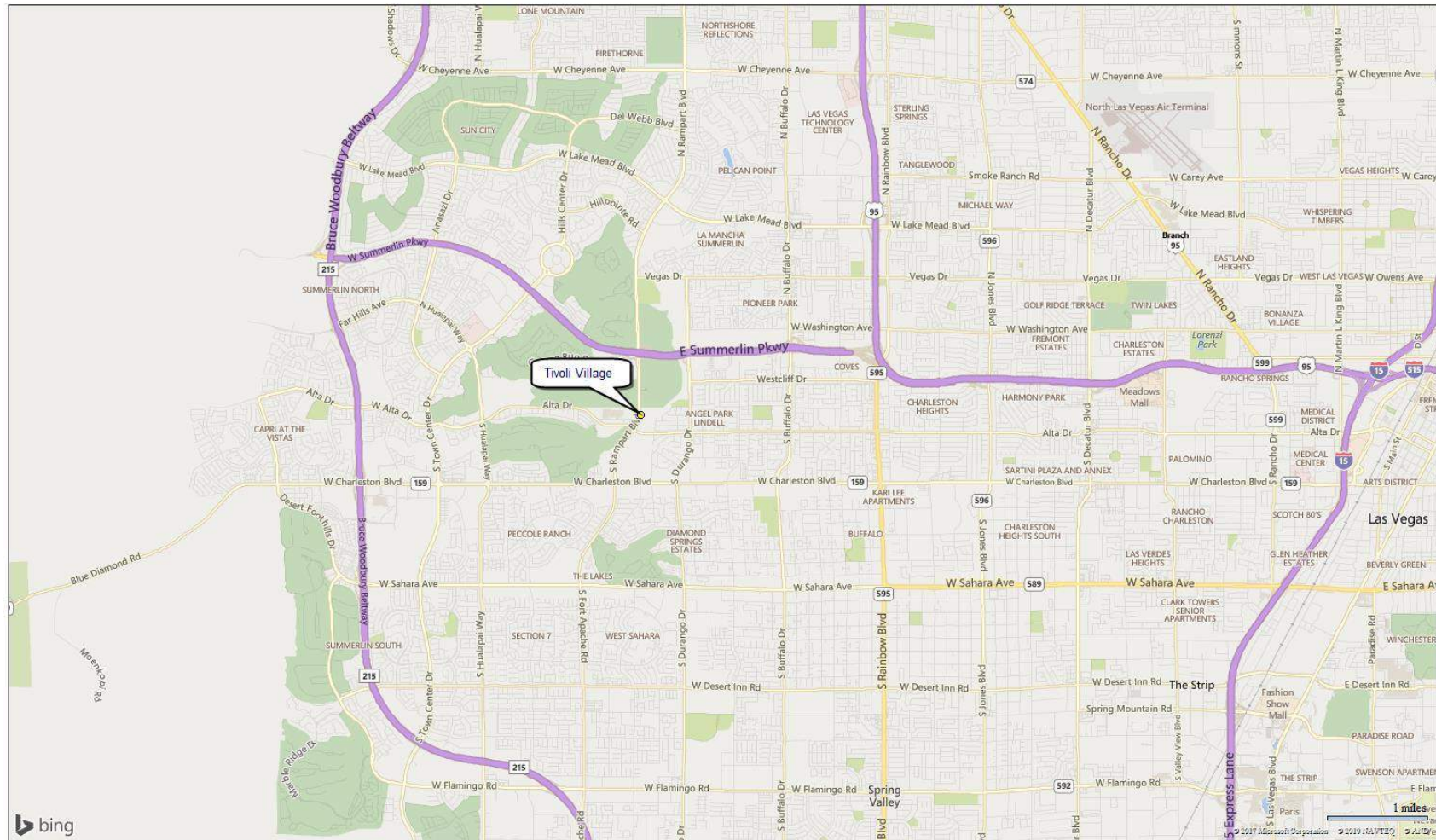
(down 1.70 percent) to 42.2 million. Visitor volume in 2018 has been reported at 42.1 million, generally stable from 2017, with trends increasing in the second half of the year (analysis to follow within Retail Market Analysis).

Las Vegas' economy is expected to outperform the west and United States as a whole, aided by a continued influx of new residents and visitors. Increasing migrants and tourists is expected to drive private service demand and continued job growth in 2019. The forecasted influx of new residents and the increasing number of visitors are further expected to support housing and consumer industries.

In light of the social and economic attributes of the greater Las Vegas area, we are generally optimistic about the short-term outlook. Long-term, the region should see stability and continued growth, with increasing real estate values, supported by the region's unmatched tourism assets and appeal as a place to live.

Local Area Analysis

LOCAL AREA MAP



Location Overview

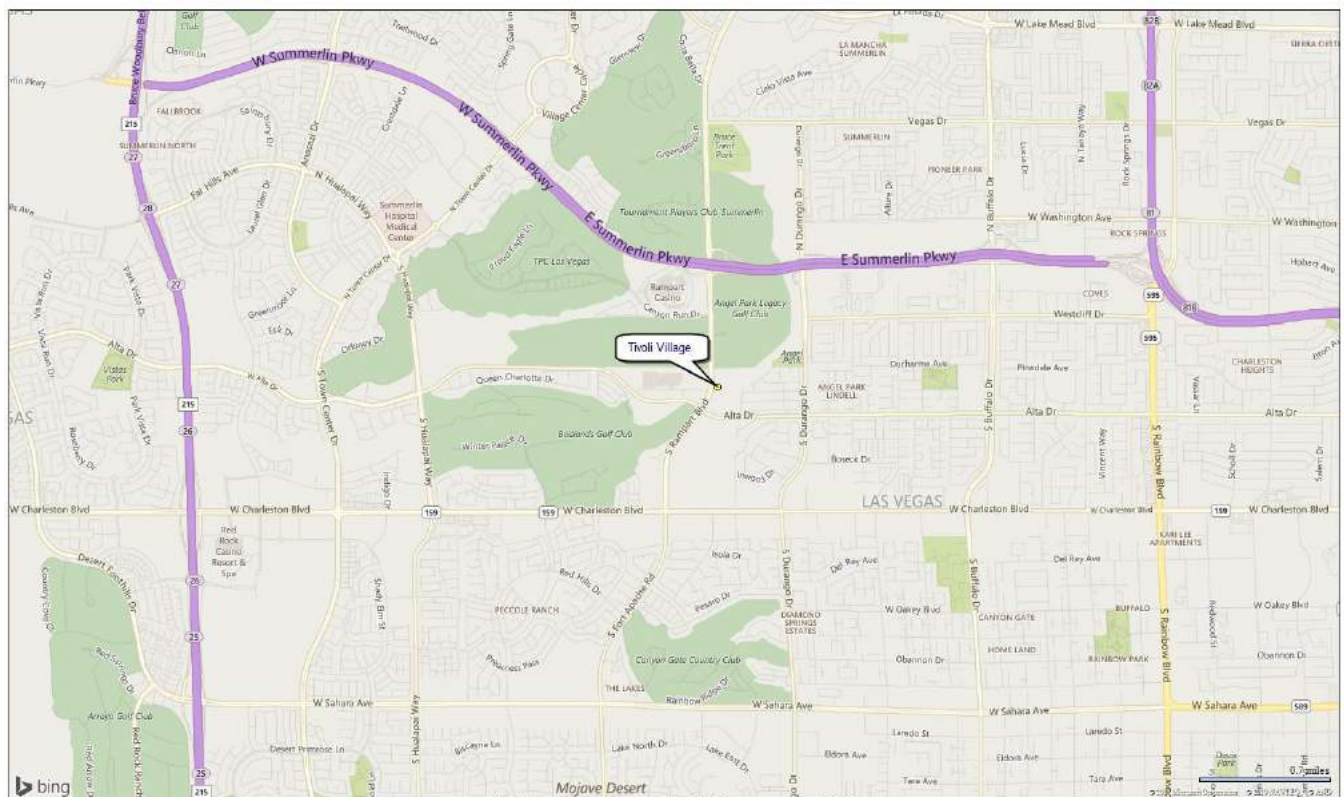
A local market area (neighborhood) is defined as a grouping of complimentary land uses affected by similar operations of the social, economic, governmental, and environmental forces that influence property value. The area most closely surrounding the subject, whether it contains residential property, or a mixture of commercial and residential properties, is called a neighborhood.

Location

Tivoli Village is located on the east side of S. Rampart Boulevard, north of N. Alta Drive, within the western portion of the Las Vegas CBSA. The subject center is situated on the eastern border of the Summerlin mixed-use master planned community, consisting of a mix of established resort and casino hotels, business hotels, housing developments, commercial retail buildings, a regional mall, golf courses and self-storage facilities.

The subject is afforded a visible location at the intersection of S. Rampart Boulevard and N. Alta Drive. The dominant use in the local area is residential, particularly to the east, northeast and south. Major commercial uses in the local area include Suncoast Hotel and Casino, JW Marriott Las Vegas Resort and Spa, Boca Park, Downtown Summerlin, and Red Rock Resort and Casino. The Las Vegas CBD is located approximately 8.0 miles east of the subject property. The general boundaries of the local area include:

North:	Lake Mead Boulevard
South:	W Sahara Avenue
East:	Rainbow Boulevard
West:	215 Beltway



Neighborhood Analysis

Local Area Analysis

The predominant land use within the subject's local market is single-family housing. Significant commercial development is found on the major arterials and at signalized intersections throughout the local area. A majority of the local area to the north, south and west lies within the Summerlin master-planned community.

Summerlin Master-Planned Community

The master planned community of Summerlin consists of a 22,500-acre master-planned community under development by The Howard Hughes Corporation. The community lies both within the city of Las Vegas, as well as in unincorporated Clark County. Summerlin includes a variety of land uses, including: residential, commercial, recreational, educational, medical, open space and cultural.

Summerlin was recognized as the country's best selling master planned community from 1992 to 2002. Upon full build-out, Summerlin will consist of 31 district villages planned around a town center business core, park, golf course, or amenity. The villages, each with a separate and distinct character, are linked by a trail system that will extend more than 100 miles when complete. Summerlin is currently home to more than 150 neighborhood and village parks, nine golf courses – including Nevada's only two Tournament Players Club courses, TPC at Summerlin and TPC Las Vegas, shopping centers, medical and cultural facilities, business parks and 26 public and private schools. Development of Summerlin continues, with 23 of 31 total villages complete or under development. Future construction within the Summerlin master planned community will be located to the northwest and south of Downtown Summerlin (subject property).

With an average household income of roughly \$130,000, Summerlin is among the most affluent communities in Nevada. According to Howard Hughes Corporation, once complete, the population of Summerlin is expected to more than double to 220,000 residents.

Downtown Summerlin

Downtown Summerlin consists of an approximate 400 acre development area within the central portion of Summerlin, beginning approximately 2.0± miles west of Tivoli Village at S. Town Center Drive. The Downtown Summerlin district is bounded by Sahara Avenue to the south, the 215 Beltway to the west, Charleston Boulevard to the north, and Town Center Drive to the east. Properties that currently comprise the Downtown Summerlin development include Major uses within Downtown Summerlin currently include the like named shopping center including a regional mall and power center, One Summerlin, a nine-story Class A office tower, Red Rock Casino, Resort & Spa, Life Time Athletic, City National Bank/Pavilion Building, Constellation, and the City National Arena-NHL practice facility. Further development within Downtown Summerlin area includes the recent announcement of the new Las Vegas Ballpark that will be home to the city's Triple-A baseball team, as well as Two Summerlin (152,000SF Class-A office tower) both located alongside the recently opened City National Arena.

The first residential development in the Downtown, Constellation, opened in the Summer of 2016. Constellation is boutique; luxury apartment living that has set the standard for urban living in Downtown Summerlin. Ground breaking for the next high-end apartment living project is expected to occur before year-end 2018.

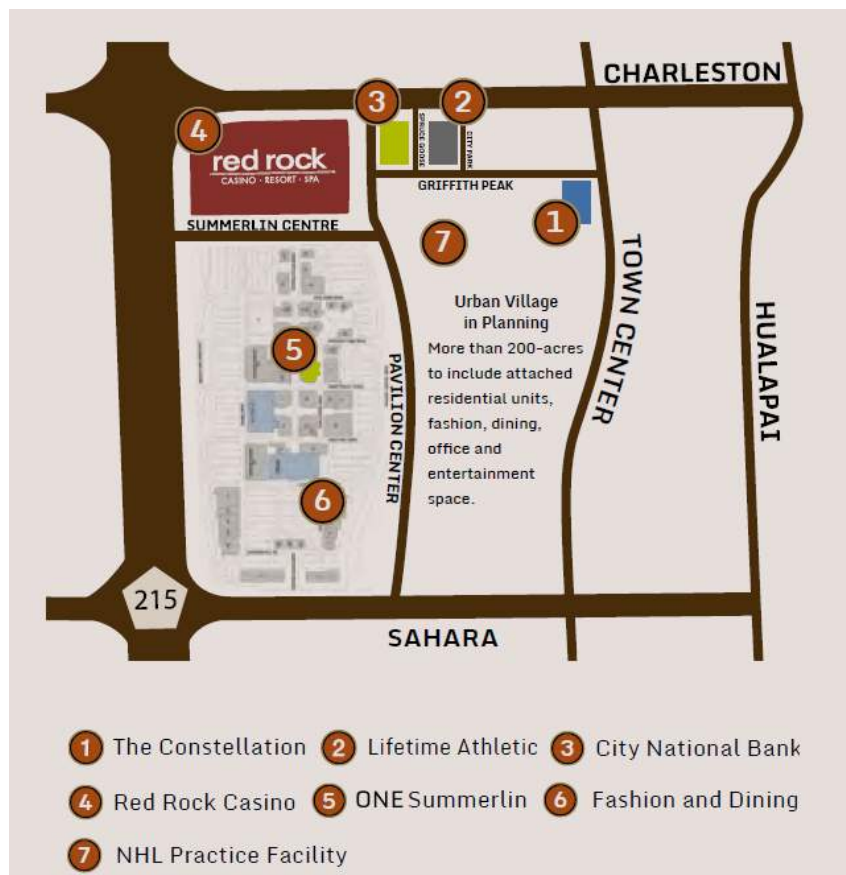
The Downtown Summerlin retail and office development (formerly The Shops at Summerlin) held its grand opening in October 2014, and is located approximately 3.5 miles west of the subject. This regional retail project was put on hold in 2008 due to deteriorating market conditions and lack of leasing. The Howard Hughes Corporation took over the development of Summerlin, and restarted work on the retail center in 2013. Downtown Summerlin includes a regional shopping center anchored by Macy's and Dillard's developed in an open-air, "main street" concept, featuring pedestrian thoroughfares and modern storefronts. Crate & Barrel opened their first store in the Las Vegas

market in October 2017 at Downtown Summerlin. The 106-acre site along the Clark County Beltway also includes a nine-story office building, as well as an adjacent power center, taking the total retail GLA to 1.6± million square feet.

Red Rocks Casino is located to the north of the shopping district. The resort and casino is owned and operated by Station Casinos and is located on a 70 acre site on Charleston Boulevard. The resort opened in 2006 and includes an 815 room hotel, 94,000 square feet of meeting space, slot machines, table games, a 16-screen Regal Cinemas movie theater, a bingo hall, a 3 acres pool area, a 72 lane bowling center, and eleven restaurants.

Downtown Summerlin is the first phase for The Howard Hughes Corporation of a multi-phased development that will act as the core of the 22,500 acre Summerlin master-planned-community. Across from the retail and office development, a parcel totaling just under 200 acres remains mostly undeveloped. Constellation at Downtown Summerlin, a 124-unit gated apartment development located on the eastern border of Downtown Summerlin District opened in 2016.

Additional phases within the Downtown Summerlin district will consist largely of high density residential development within condo and townhome developments, with additional residential phases to include supporting retail and commercial development. As discussed, a proposed baseball stadium and training facility has recently started construction, as has Two Summerlin, a 6-story Class A office building to be located adjacent to City National Arena.



The following graphic provides an overview of the Summerlin Master Planned Community, including Downtown Summerlin, centrally located within Summerlin.



- The Cliffs Village is Summerlin's southernmost Village spanning just over 418 acres. Home to Faiss Middle School and Wet 'n' Wild, residential development commenced in 2015. In addition to single family homes, The Regency, a 100-acre, age-qualified neighborhood developed by Toll Brothers opened within The Cliffs in early 2016. Neighborhoods selling in The Cliffs village include Vistara and Ironwood by Pulte; Oluna by Lennar; Granite Hills by Toll Brothers; Skystone by Woodside Homes; Nova Ridge and Terra Luna by Pardee Homes; and Onyx Point by Richmond American Homes.
- Stonebridge is a 502-acre residential village located in Summerlin West. This primary village lies within the City of Las Vegas and is bordered by Alta Dr. to the north, Summerlin West Village to the west, Red Rock

Conservation land to the south and Sky Vista Drive to the east. Sky Vista Drive provides primary access from the north and south and Alta Drive and Desert Moon Road provide primary access from the east. Stonebridge is tucked against an impressive backdrop of mountains and red rocks that run along its western edge. It is also removed from the city at a higher elevation that offers incredible views and seclusion. The village theme reflects and enhances the surrounding Mojave Desert environment through community elements, architecture, landscape, walls, and colors. Visual connectivity to the mountains and the distant city scape will be emphasized throughout the village. Outdoor recreational opportunities will be provided through trail systems, parks and paseo corridors. New neighborhoods currently selling in Stonebridge are Skye Knoll by Richmond American Homes; Shadow Point by Toll Brothers; and Caledonia by KB Home

- The Summit is a 260-residence luxury development within southwest Summerlin which began selling sites in late 2015. The 555-acre, guard gated community, has been jointly developed by The Howard Hughes Corporation and Discovery Land Company, a leading developer of private clubs and luxury communities. The Summit includes a private Tim Fazio golf course, clubhouse, and fitness facility.
- Prior to The Summit, The Ridges featured the highest priced home sites in Summerlin. The Ridges is an 800-acre community divided into numerous neighborhoods, and includes The Bear's Best Golf Course, a course designed by Jack Nicklaus. Most neighborhoods offer lot sizes ranging from half-an-acre up to over one acre, and homes in The Ridges have a minimum of 4,000 square feet, with some reaching well over 10,000 square feet.
- The Reverence is situated on 300 acres in the northern region of Summerlin, at an elevation of 3,200 square feet. Six collections of home designs are included, with approximately 23 homes currently available. The area's 8-acre community park includes an amphitheater and walking track, as well as volleyball, basketball and tennis courts. Residents within the guard gate have access to the 16,000 square foot indoor/outdoor recreation center that forms the cultural and social core, with state-of-the-art fitness, resort and lap pools, and tennis and pickle-ball courts
- In addition to Downtown Summerlin and the communities noted, other developments still selling homes and sites include The Paseos to the northwest of the subject, and The Mesa, located north of The Cliffs. One future village remains to the south of The Summit and north of The Mesa. In addition, the majority of future development will be centered to the west of the 215 Beltway, northwest of Downtown Summerlin.

As of 2018, Summerlin ranks #3 nationally on the list of best-selling master-planned communities according to John Burns Real Estate Consulting, LLC, up from #4 in 2017. With 2018 new home sales of 1,318, an increase of 25 percent over 1,052 in 2017, and 769 in 2016, Summerlin continues to demonstrate its growth within Las Vegas, more than 28 years into development.

Additional Master Planned Communities

In addition to Summerlin, the western region of Las Vegas is composed of numerous master-planned communities and golf courses. Major master planned communities in the area include the Red Rock Country Club, Canyon Gate Country Club, Queensridge, Tournament Players Club At The Canyons, Siena Master Planned Community and Golf Course, Peccole Ranch, and Tournament Players Club At Summerlin Golf Course.

Outside of the villages within Summerlin, most of the local area's residential housing product has been built out, however there are several in-fill subdivisions and residential towers under development.

Former Badlands Golf Club

Immediately west of the subject, within the Queensridge residential development, the former Badlands Golf Club was closed in 2017 and sold to EHB Companies, who has presented multiple proposals for development the former golf course into residential units. Based on their preliminary plans, the first phase of the development would have

consisted of a 720-unit multifamily complex to be developed on 17-acres at the eastern tip of the property at the corner of Alta Drive and Rampart Boulevard. The development was scaled down to 435 units, initially approved by City Council, however halted by a ruling from a Clark County District Judge in March 2018, siding with the neighbors who appealed that the development required a major modification of the master plan. The remainder of project, generally proposed for single-family housing, continues to be tied up in the approval process with existing home owners protesting to City Council and threatening additional law suites. At one time, development for the site was proposed for up to 2,000 housing units. In November 2017, EHB submitted an application for 234 housing units on 132.92 acres on parcels 2, 3, and 4 known as The 180. The City Council initially delayed further approvals until after May 2018. EHB has proposed a mix of single and multifamily units across the former golf course, with current timing uncertain. Litigation between the City Council and developer now resides in federal court, with the city attempting to classify the former golf course as open space, or force the sale of the land back to the city.

In December 2018, a federal judge dismissed claims that Las Vegas City Councilmen Bob Coffin and Steve Seroka have derailed plans to build homes on the defunct Badlands golf course by virtue of alleged bias. Efforts to recall Councilman Steve Seroka, an opponent of the development of the golf course, continued into 2019, focusing on legal expenses the City of Las Vegas has incurred over the Badlands issue. In addition to legal fees, according to the *Las Vegas Review Journal* in early 2019, it was reported that EHB Co. was seeking between \$250 and \$500 million for inverse condemnation, claiming the government had effectively taken the property. Councilman Seroka resigned in early March 2019. As of the date of analysis, it is unclear how the vacated seat and future replacement member could affect future development of the former golf course.

Elysian at Tivoli

Adjacent to the south of Tivoli Village is a vacant, 23.4 acre parcel of land. For years, the site has been proposed to be developed with a 770,000 square foot, mixed-use development known as Las Vegas Renaissance. Development of the site was held-up for several years in litigation with its former owner, Triple 5, delaying any decisions and development proposals.

The larger site was subdivided into two parcels in 2016-17, with The Calida Group, one of the biggest apartment developers in Las Vegas, purchasing eastern 15.6-acre property, located between the Boca Park and Tivoli Village. In August 2017, the Las Vegas City Council approved Calida's proposal for a 359-apartment complex known as Elysian at Tivoli. Based on a review of the preliminary site plan, the development will include a mix of one-, two-, and three-bedroom units, within four-story improvements. Prices for the 359-unit rental complex haven't been finalized. As of April 2019, construction on the proposed apartment development has not started. According to several active in the market, construction activity in the region, including major hotel and casino development on Las Vegas Boulevard, has resulted in a shortage of contractors and construction workers, increasing costs, and placing several projects on hold, likely including The Elysian at Tivoli.

Tivoli Village Residential Development

Adjacent to the north of Phase I of Tivoli Village, is an 8.90 acre parcel (as currently allocated) proposed for residential development. The site is reportedly under contract for sale, and is entitled for the construction of up to 300 units. Prior plans called for two, upscale, multi-level condominium towers. Current plans call for luxury apartment development, with layout and designs not currently announced. As currently proposed, the multi-family development could begin in 2019 with completion in 2020 or 2021.

Commercial & Retail Development

Tivoli Village, as well as the adjacent Boca Park and Boca Park Fashion Village and additional surrounding retail development have established the S. Rampart Boulevard/S. Fort Apache Road corridor from W. Sahara Avenue up to Alta Drive as the primary retail and entertainment hub for this section of the local area.

The majority of retail shopping in the area consists of centers built during the past ten to fifteen years, most of which are located along Charleston and Rampart Boulevards. The area contains a variety of neighborhood, community, power, and lifestyle centers. National and regional retailers are well represented and are attracted by the area's affluent residents with high disposable incomes. Boca Park, located to the south of Tivoli Village along Rampart Boulevard, is a 97-acre lifestyle center developed by Triple Five Development. Anchored by Target, Ross, and Office Max, this center is located at the northeast corner of Charleston Boulevard and Rampart Boulevard. Boca Park Fashion Village, which is located adjacent north of Boca Park, is anchored by REI, Total Wine & More, and Living Spaces.

Rampart Commons is located at the northwest corner of Charleston Boulevard and Fort Apache Road, approximately 0.50 miles south of Tivoli Village. Rampart Commons is anchored by Williams Sonoma, Talbots, and Pottery Barn/Pottery Barn Kids, and includes restaurants P.F. Chang's and Honey Salt. Rampart Commons was impacted by the opening of Downtown Summerlin, losing several retailers including The Gap and Banana Republic to the regional center. Ownership of Rampart Commons has been quick to re-tenant the center, bringing in several new retailers and restaurants including Athleta, bluemercury, North Italia, and Flower Child, among others.

Crossroad Commons consists of a 161,243 square foot community center located adjacent to Boca Park at the southeast corner of Charleston Boulevard and Fort Apache Road. Crossroads is anchored by Whole Foods Market, Pier 1 Imports, and Barnes & Noble. Claim Jumper restaurant is located at the corner of Charleston Boulevard and Fort Apache Road. Adjacent east of Crossroads Commons is Peccole Plaza, a 165,666 square foot community center anchored by Kohl's, Walgreens, and Guitar Center, and includes a number of restaurants including Carrabba's Italian Grill, Fleming's Steakhouse, and Bonefish Grill.

Located to the west of Peccole Plaza, and approximately 2.0 miles from Tivoli Village, Hualapai Commons is a 262,351 square foot center located at the southeast corner of Hualapai Way and Charleston Boulevard. Hualapai Commons was completed in 1999 and is anchored by Home Depot, Petsmart and Smith's Food & Drug. Additional retail centers within the immediate area include Village Square at the NWC of Sahara Avenue and Fort Apache Road. Village Square is anchored by Regal Cinema Theaters. Center Pointe Plaza is located at the NEC of Charleston Boulevard and Town Center Drive. This center is anchored by Albertson's and Sav-On Drugs. Finally, Canyon Pointe at Summerlin is a power center anchored by Costco, Best Buy, Borders, Ross, Bed Bath & Beyond and Office Depot.

There are several existing office projects located within the local area neighborhood. In addition to the second-, third-, and fourth-floor office space at Tivoli Village, office developments within close proximity to the subject include Summerlin Corporate Pointe Building 4, Corporate Pointe Summerlin Center, Plaza at Summerlin East/West, The Crossing Business Center I-IV, V, VII, Canyon Center at Summerlin Phase I and II, Howard Hughes Plaza I and II, Hills Center North Business Park, Great American Plaza, R & R Plaza, Longford Medical Center, Sir Williams Court, Lakes Business Park, Lakeside Plaza, Astoria Corporate Office, Charleston Pavilion Center, T&M Medical Plaza, Village Square At Peccole, Summerlin Medical Center, Parkway Pointe, The Plazas At Summerlin and US DOE Office.

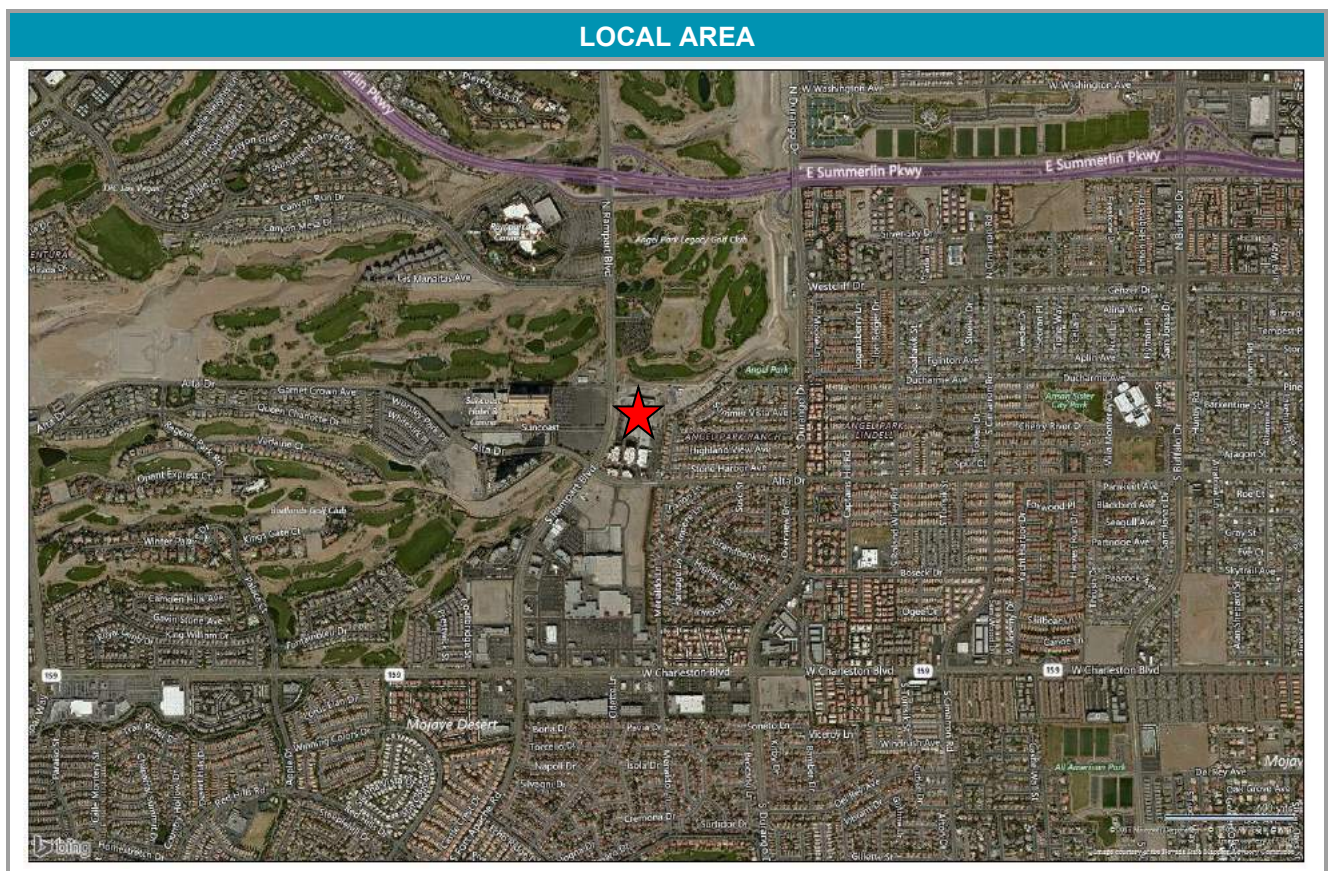
South Rampart Boulevard/Fort Apache Road is the primary commercial arterial within the local area. Residential uses are prevalent directly to the east, southeast, and southwest of Tivoli Village. Additional residential uses can be found to the southwest, as well as to the south across South Charleston Boulevard, as well as to the north across Summerlin Parkway.

Nearby and Adjacent Uses

Commercial uses including retail, and hospitality/leisure uses immediately proximate to the subject, as well as residential uses immediately to the east, and areas to the southeast, west and northwest. The following is a brief overview of land uses adjacent to the subject.

- North:** Angel Park Legacy Golf Club is located directly north of Tivoli Village between the subject and Summerlin Parkway. To the northwest of the subject is JW Marriott Las Vegas Resort and Spa, as well as the Rampart Casino. JW Marriott is a luxury hotel with 541 rooms and access to the TPC Las Vegas golf facilities.
- South:** N. Alta Drive, followed by vacant land proposed for multi-family development, and Boca Park Fashion Village. Additional commercial uses are situated along S. Rampart Boulevard to the south of the subject property. Residential uses are prominent to the southeast of Tivoli Village across Alta Drive.
- West:** S. Rampart Boulevard, followed by the Suncoast Hotel and Casino. The Suncoast opened in 2000 and is owned by Boyd Gaming Corporation. The hotel, located on a 50 acres site, contains 432 rooms and has an 82,000 square foot casino, as well as a movie theatre, bowling alley, and conference room/meeting space. One Queensridge Place, a 385-unit, two building high-rise condo project is located west of Tivoli Village south of Alta Drive and west of Rampart Boulevard.
- East:** Single-family residential development within the Angel Park Ranch subdivision.

The following aerial photo presents a view of the subject's local area development patterns.



Local Area Characteristics

The neighborhood contains an area encompassing a two to three mile radius from the subject property. The general area has a mix of commercial, retail, and residential uses. Most commercial/retail development is situated along

S. Rampart Boulevard, as well as the primary arterials in the subject's immediate area including Charleston Avenue. Since its completion, Tivoli Village has become a well-known mixed-use development within the local area. In addition to upper level office space, the major draw at Tivoli Village has been the unique restaurants to the area as well as a limited number of retail stores. The second phase of development of Tivoli is nearing completion which will bring additional retailers to the center including a flagship Restoration Hardware.

Most properties in the local area appear to have been constructed within the last 5-25 years. The original impetus for development in the subject's local area was its location proximate to Las Vegas, available land, and suburban development following the growth of the region. Properties in the subject's local market area appear to be functional for their intended use, and they exhibit minimal deferred maintenance and high occupancy levels.

Most recent residential development in the subject's local area occurred between the mid- to late-1980s and the present, with the bulk of development taking place between 1990 and 2000. As previously discussed, there are several newer communities surrounding the subject property, as well as additional development proposed within Summerlin. The following chart presents a breakdown of housing units by year of construction. The median year built for housing in the local area (2.0-mile radius) is shown to be 1994, consistent with the State of Nevada, versus 1996 for the Las Vegas CBSA.

Year	Local Area	Las Vegas CBSA	State of Nevada
Housing Units Built	29,736	899,920	1,245,844
Median Year Built	1994	1997	1995
Built 2000-present	15.19%	40.94%	36.71%
Built 1990-00	56.74%	24.80%	23.96%
Built 1980-90	19.95%	15.07%	15.67%
Built 1970-80	6.44%	11.62%	13.60%
Built 1960-70	0.42%	4.87%	5.35%
Built 1950-60	0.60%	2.07%	2.82%
Built 1940-50	0.09%	0.40%	0.92%
Built Before 1940	0.57%	0.24%	0.97%

Source: Experian Marketing Solutions, Inc.

* Local area defined as 2.0-mile radius around property.

Local Area Demographics

The subject's local area shows a medium- to high-density of population with highest densities in the region found to the southwest, east and northwest of the property within the more established and built-out neighborhoods.

Population growth in the subject's local area has been below average as compared to the Las Vegas region and the State of Nevada, since 2000. Population within the local area (2.0± miles surrounding the subject property) is currently estimated by Experian Marketing Solutions, Inc. at approximately 64,074± and has been increasing by 0.44 percent since 2000 (0.77 percent since 2010). The highest population growth in the future is expected towards the south of the subject as well as within northern portions of the region, generally outside of the local area. Current average household income within a two-mile radius is above average compared with the region, estimated at \$93,745.

The following chart presents a summary of recent demographic trends in the local area.

Year	Population	No. Households	Avg HH Income
2000	59,212	24,101	\$ 80,164
2010	60,241	25,325	-
2018	64,074	27,010	\$ 93,745
2023	65,610	28,152	\$ 109,610
CAGR 00-18	0.44%	0.64%	0.87%
CAGR 10-18	0.77%	0.81%	--
CAGR 18-23	0.47%	0.83%	3.18%

Source: Experian Marketing Solutions, Inc.

* Local area defined as 2.0-mile radius around property.

As shown, over the next five years, population and household growth are below regional (2.31%, and 2.74%, respectively) as well as statewide averages (2.09% and 2.48%, respectively). Average household income within the local area (2.0-mile radius) is 125% of incomes within the Las Vegas CBSA (\$75,248), and 122% of incomes within the State of Nevada (\$76,611).

Overall, the neighborhood is considered to be stable to growing in terms of the growth stage, particularly to the south and west of Tivoli Village.

Special Hazards or Adverse Influences

We observed no detrimental influences in the local market area, such as landfills, flood areas, noisy or air polluting industrial plants, or chemical factories.

Land Use Changes

Other than what has been discussed herein, to the best of our knowledge, there is no significant near-term retail or office development planned or under construction within the subject's local area. No material land use changes are anticipated.

Access

Metropolitan Las Vegas was planned and developed on a basic grid system providing major area roadways along one-mile section intervals. These roadways provide both, the local market area boundaries, as well as subject's principal market area access routes.

Local area accessibility is generally good, relying on the following transportation arteries:

Local:	East/west arterials include Alta Drive, Charleston Boulevard and Sahara Avenue. Alta Drive includes four-lanes including a signalized entrance at Tivoli Village, while Charleston Boulevard and Sahara Avenue are three-lanes in each direction. Both Charleston and Sahara interchange with 215 Beltway and Interstate 15. S. Rampart/ Fort Apache Road, Durango Drive, and Town Center Drive are primary north-south streets which interchange with Summerlin Parkway within the northern portion of the neighborhood. Hualapai Way is a north-south street; however, this street does not interchange with Summerlin Parkway.
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Regional:	<p>Interstate 215 (also known as the 215 Beltway) provides regional accessibility throughout western Las Vegas. This divided highway provides transportation from the subject's market area to other communities within the greater Las Vegas metropolitan area and to other Interstate freeways serving the area, such as Interstate 515, U.S. Highway 95 and Interstate 15.</p> <p>215 Beltway interchanges with Summerlin Parkway, which is a three-lane in each direction, east-west divided freeway that serves as a connector between U.S. 95 Highway and 215 Beltway. The nearest access to Summerlin Parkway is provided via the Fort Apache Road interchange, approximately 0.8 miles north of the subject. I-215 is located approximately 3 miles west of the subject. Interstate 15 is located approximately 8 miles east of the subject.</p>
Other:	<p>McCarran International Airport (10.0-15.0± miles southeast); commercial rail service available; ample public mass transit (bus) service provided by Citizen Area Transit (CAT). CAT has 41± routes running throughout the region.</p>

Conclusion

The subject's immediate vicinity represents an established and growing, commercial/retail hub for western Las Vegas. Centered around retail development along S. Rampart Boulevard between W. Charleston Boulevard and Alta Drive, including Tivoli Village (subject), Boca Park, Suncoast Hotel and Casino, and JW Marriott, additional commercial and residential development has occurred along Rampart Boulevard corridor and within the surrounding area, providing a critical mass development, and improving the draw of potential customers to this location. The area is considered to have good access provided by local arterials, with average linkage to Interstate 215 to the west as well as Summerlin Parkway to the north. Downtown Summerlin, located on the western edge of the defined local area, has become the major commercial and retail development within the local area.

Growth in Clark County, both in terms of real estate development and population, has been focused in areas to the southeast and northwest over the past several years, particularly in Summerlin and Henderson. Clark County continues to be acknowledged as being one of the fastest growing regions in the country. Strengths in the local economy include unparalleled gaming and entertainment, diversified tourism, no personal income tax, strong population growth, further investment in non-gaming attractions, and the relatively low cost of business. Weaknesses include the local economy's overreliance on tourism and consumer spending for growth, high employment volatility, relatively low educational attainment, and high share of low-skill, low-paying jobs.

On balance, the near-term outlook is stable to improving, while the overall outlook for the subject's local area is generally positive. The area's location is benefited by good local and average regional accessibility. Local area demographic trends also continue to be stable-to-growing. Seeing average to below average growth in recent years (as compared to other segments of the region), population and household trends are expected to experience continued average-to-stable growth into the foreseeable future.

Over the long-term, we are generally optimistic about the subject's local area in terms of growth and future stability. The local dependence on retail and housing means that the continuing recovery will be influenced by the continuation of population growth. Average regional population growth into the future and low business costs underpin the outlook for continued growth. The metro area's unparalleled tourism assets and strengthening appeal as a retirement destination should ensure continued job-growth.

It should be noted that the local economy is intricately tied to the tourism, gaming, and convention industries. Together, they provide substantial revenues to the economy that continue to support job growth and spur new development and investment. Following a decline during the economic downturn, the long-term outlook for these industries is one of continued stability as local and national experts foresee a continued trend in high visitor volume and stable to increasing convention attendance. While influencing retail and commercial uses closer to The Las Vegas Strip, these trends bode well for the subject's local area inasmuch as the influence of tourism on the overall regional economy. That said, these industries tend to be influenced by national and international economic cycles that can indirectly impact the local economy.

Retail Market Analysis

Within this section of the appraisal, we analyze the national as well as the Las Vegas retail market. An analysis of the Las Vegas office market will follow the retail trade area analysis.

Trade Area Overview

A retail center's trade area contains people who are likely to patronize that particular center, and its ability to draw these people comes from the strength of the anchor tenants, complemented by regional and local tenants. Customers are drawn by a given class of goods and services, and a successful combination of these elements creates a destination for customers seeking both variety and the comfort and convenience of an integrated shopping environment.

The subject is a unique, partially complete and on-going development that encompasses a number of retail center categories including Fashion/Specialty Center and Theme/Festival Center (as-is), and will continue to take on a more of a Lifestyle Center type development through the lease-up of Triads B and completion of Triad C (Pads 4 and 12). In addition, the subject includes mixed-use characteristics with office development over the retail stores and restaurants, and will include a large residential component within Phase II.

Fashion/specialty centers reflect a higher-end, fashion-oriented concept and typically encompass 80,000 to 250,000 square feet of GLA, including anchors, on 5 to 25 acres. They will typically have fashion-oriented anchors with a primary trade area of 5 to 15 miles.

Theme/festival centers reflect a leisure, tourist, retail and service oriented concept and typically encompass 80,000 to 250,000 square feet of GLA on 5 to 20 acres. They will typically be anchored by restaurants and entertainment-oriented tenants with a primary trade area of 25 to 75 miles.

Lifestyle centers are most often located near affluent residential neighborhoods, this center type caters to the retail needs and "lifestyle" pursuits of consumers in its trading area. It has an open-air configuration and typically includes at least 50,000 square feet of retail space occupied by upscale national chain specialty stores. Other elements differentiate the lifestyle center in its role as a multi-purpose leisure-time destination, including restaurants, entertainment, and design ambience and amenities such as fountains and street furniture that are conducive to casual browsing. These centers may be anchored by one or more conventional or fashion specialty department stores. Lifestyle centers typically encompass 150,000 to 500,000 square feet of GLA on 10 to 40 acres. They will have a typically primary trade area of 8 to 12 miles.

In considering some of the critical factors impacting lifestyle centers, it would appear that, with completion of Triad B and as proposed (Triad C), the subject property has the potential to incorporate a number of elements. The existing and proposed merchandise mix, including the location of an anchor/major tenant (Restoration Hardware and potential to add a cinema within Triad C), and the inclusion of a number of existing and proposed dining options appear to fit the typical lifestyle blend, including traditionally mall-based retailers. Moreover, the lease-up and proposed mix of retailers within Triad B and future phases appears to be traditional to upscale as some existing lifestyle formats, including entertainment components and other aspects that appear to fit the subject's location within western Las Vegas. While the subject lacks a traditional mall-type anchor retailer, the number of unique retailers as well as the large concentration of restaurant options act to provide a draw to the property. The location of Las Vegas' only Restoration Hardware, including a gallery store format at Tivoli, provides a significant draw to the center, acting as an anchor within Triad B.

Convenience of access and parking, as well as the configuration of building improvements, appear to provide sufficient appeal in comparison to other lifestyle centers, though clearly more toward a "main street" type of

environment in the central portions of the development. In addition, Tivoli Village includes high-quality design elements typical of other lifestyle centers.

Finally, in consideration of the existing and proposed merchandise mix, it would appear that the subject is one of those lifestyle centers looking to evolve the format further by the inclusion of unique anchor/major tenant users, coupled with “regional” elements that include unique retailers and restaurants to the subject itself. Since the subject’s trade area delineation (see following) has a generally middle-income profile that reflects somewhat above average income figures than the region, the inclusion of higher-end retailers and unique destinations such as Restoration Hardware would appear appropriate. Further, the unique architectural features and upscale merchants at the center would appear to fit well with the tourist and part-time resident that Tivoli Village has to attract.

As discussed, this section of the appraisal will analyze the national as well as the Las Vegas retail market. An analysis of the Las Vegas office market will follow the retail trade area analysis.

To define and analyze the market potential for Tivoli Village, we must first establish the boundaries of the trade area from which customers will be drawn. In some cases, defining the trade area may be complicated by the existence of other retail facilities on main thoroughfares in trade areas that are not clearly defined or whose trade areas overlap with that of the subject.

Once the trade area is defined, the area’s demographics and economic profile can be analyzed. This will provide key insight into the area’s dynamics as it relates to the subject.

National Retail Market Overview

Introduction

The U.S. economy finished 2018 with another year of continued economic growth with some record milestones, though there were some speed bumps along the way. According to the U.S. Bureau of Labor Statistics, seasonally-adjusted, non-farm employment in the U.S. increased by 312,000 jobs in December, marking the biggest increase since February 2018. The unemployment rate reached a 49-year low of 3.7 percent in September, and ended the year at 3.9 percent compared to 4.1 percent in the previous year. On the contrary, U.S. stocks and consumer confidence concluded 2018 in an unimpressive fashion. In October, consumer confidence reached an 18-year peak of 137.9 but slipped to 126.6 in December and 120.2 in January, as a consequence of weaker economic growth expectations and heightened market volatility. The University of Michigan’s preliminary estimate of consumer sentiment for January dropped sharply from December to its lowest reading since October 2016. This may be a reflection of the uncertainty being generated by the partial government shutdown. U.S. stocks have been fluctuating in a generally downward direction – the S&P 500 and the Dow Jones Industrial Average were down 6.2 percent and 5.6 percent, respectively, in 2018 – with an ongoing trade war, the U.S. government shutdown, and further coupled with weak overseas data, primarily from China. With 2018 in the rear-view mirror, the stock market is looking to make a comeback in the new year. In January, stocks posted their best gains in over 30 years, with the S&P 500 up 7.9 percent in January compared to 13.2 percent back in January 1987. The Dow rose 7.2 percent in January, its largest one-month increase since 2015, also biggest January gain in 30 years.

Following a robust 4.2 percent growth in gross domestic product in the second quarter, the Bureau of Economic Analysis (BEA) reported that GDP growth increased at an annual rate of 3.4 percent in the third quarter of 2018. The deceleration of GDP growth in the third quarter, as BEA reported, was primarily a result of a slowdown in exports and decelerations in nonresidential fixed investment and in personal consumption expenditures. While fourth quarter data is not yet available, Cushman & Wakefield Research forecasts GDP growth to average 3.3 percent in the fourth quarter, ending 2018 at 3.0 percent, and 2.5 percent in 2019. Recently, Barclays Bank lowered its projection on first quarter 2019 GDP growth to 2.5 percent, down from 3.0 percent, citing the historically long partial government shutdown.

The retail sector benefited from the strong economy, with rising income driving strong growth in spending. Holiday spending is estimated to have increased 5.1 percent in 2018. This helped to hold down the number of store closings to below 2017 levels. Shopping centers continue to fare well with 6.2 million square feet of positive absorption for the fourth quarter and 24.9 million square feet for the full year. As a result, the national vacancy rate fell to 6.3 percent at the end of 2018 from 6.7 percent a year ago, according to Cushman & Wakefield Research. Retail remains dynamic with class A properties continuing to outperform as the preferred locations for the strongest store and restaurant concepts.

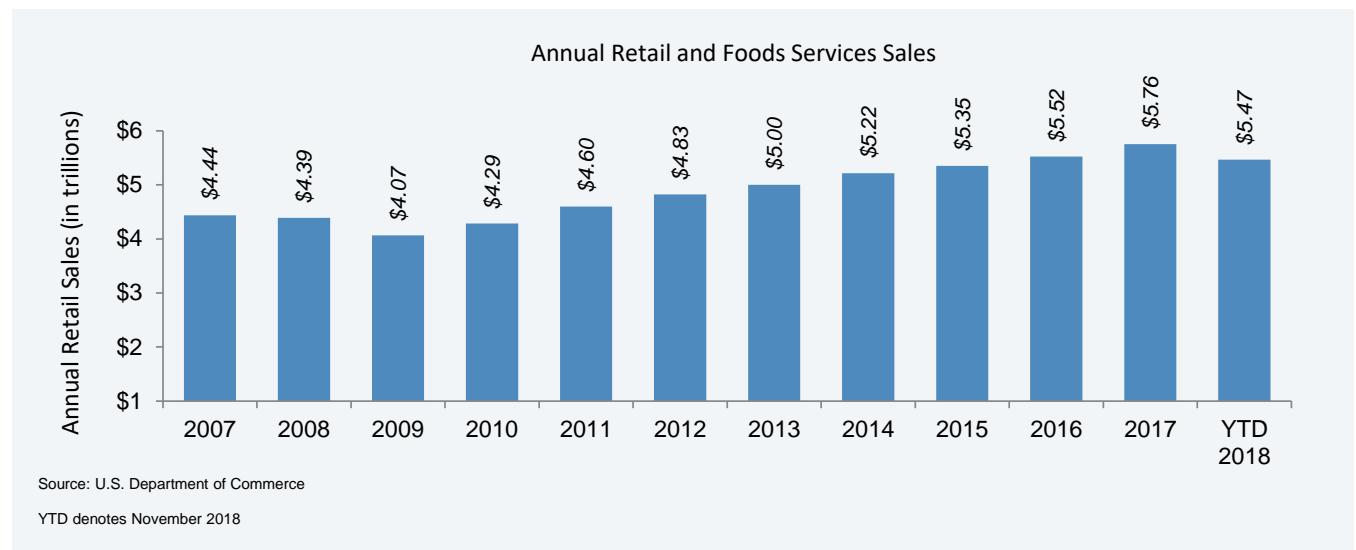
Turning from traditional ways to fill spaces vacated by department stores, landlords are eyeing new concepts to fill vacancies that offer consumers “experiences.” As incorporating e-commerce-resistant concepts into shopping centers becomes more important, the shift in the food and entertainment ratio in the malls is expanding. Food halls have become popular in the U.S. and are being incorporated into malls, office buildings and freestanding venues. The rising popularity of craft beers has impacted both the retail and industrial categories, particularly as it relates to redevelopment. As interest continues to grow, and competition among distribution channels tightens, some breweries will be looking to expand by opening tap rooms off-site from main brewery locations.

Entertainment is also a key category with growth in concepts like Punch Bowl Social, Dave & Busters, Escape Rooms, Top Golf and luxury cinemas with food and beverage offerings. One mall in Canada has added a Cirque de Solei experience for its shoppers to interact with. Cooking classes, virtual reality experiences, indoor amusement parks and monthly special events such as live performances are all picking up steam in shopping malls throughout the country. The pace of change in incorporating “experience” over “stuff” is unprecedented and is limited only by the imagination of its creators.

Retail Sales

The retail industry as a whole is quite healthy, benefitting from strong consumer confidence and positive economic fundamentals. Retail and food services sales have grown at an annual compound average rate of 3.1 percent over the last 10 years. Retail sales growth has been driven by rising employment and advancing wealth created by real home appreciation, all of which free up income for spending on other goods and services. Through November 2018, retail and food services sales increased 5.3 percent to approximately \$5.5 trillion over the corresponding time in 2017. Retail sales, excluding food services, were up 5.2 percent to over \$4.8 trillion during the same time period, well above the National Retail Federation’s previous projected growth of at least 4.5 percent for all of 2018. Much of this pop in growth can be attributed to higher wages, gains in disposable income, a strong labor market, and record-high household net worth. Note: Due to a lapse in federal funding, year-end data is not available.

Annual retail sales for the period 2007 through November 2018 are as follows:



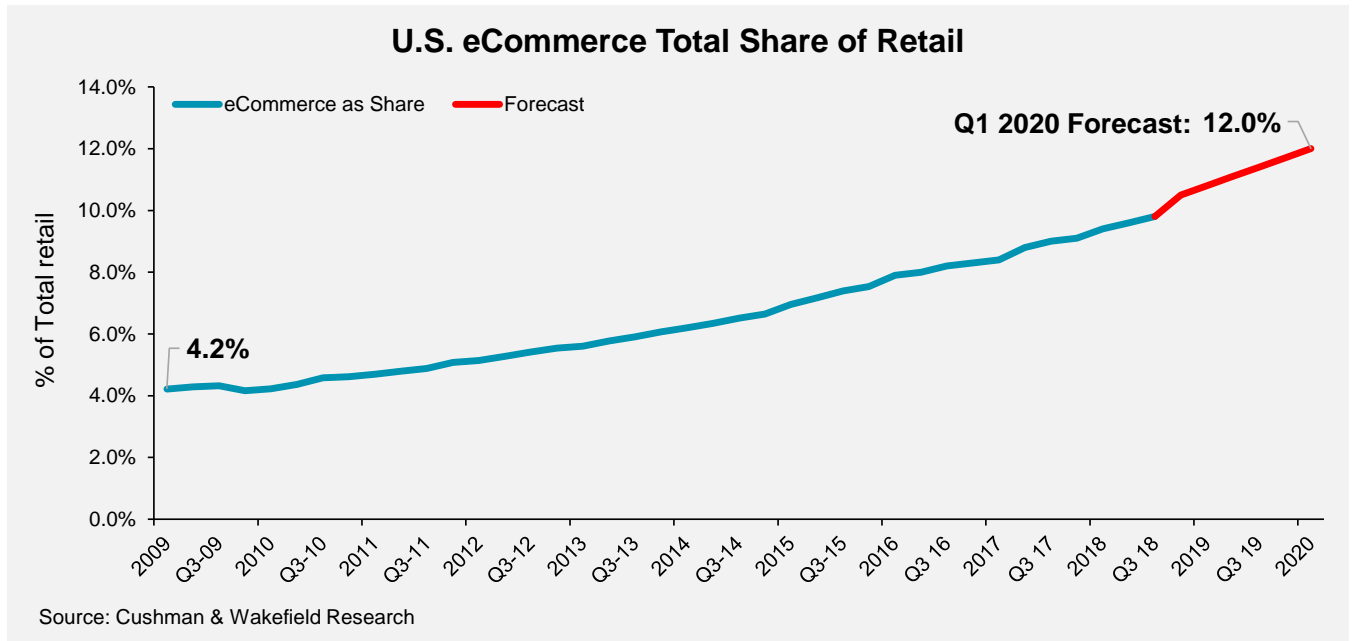
Consumer spending has been a primary tailwind that drives retail sales and this trend is expected to continue over the next decade. According to a recent QIC report, titled “*Rhetoric vs Reality: Quantifying the Long-Term Outlook for U.S. Mall Sales*,” consumer spending growth will increase at an annual rate of 4.3 percent over the next 10 years, fueled by low unemployment and an expanding economy. Over the same period of time, sales at brick-and-mortar stores will likely realize annual growth of about 3.4 percent, with A and B malls seeing about 2.2 percent annually. In-line mall tenants are likely to grow at an annual rate of about 3.4 percent. The report notes that while the lower quality malls may not see much growth, the overall sector will get a lift when the underperformers shift from retail and redevelop their properties for other uses.

The relevance of physical retail cannot be understated. E-commerce share, although on the rise, still relies on physical stores to drive sales. In fact, brick-and-mortar retail contributes about 42.0 percent to all e-commerce sales, according to figures from the U.S. Commerce Department compiled by QIC. While the growth of e-commerce retail has doubled from 4.0 percent in 2009 to 8.9 percent in 2017, sales at physical stores (including food services) have expanded by 3.2 percent annually, on average, since 2010. We are also seeing unprecedented number of pure play on-line only retailers embracing the physical store as an important component in its omni-channel strategy. In fact, we have anecdotal evidence that shows a retailer’s sales pop 30 to 40 percent in a particular market when they open a physical store.

E-Commerce

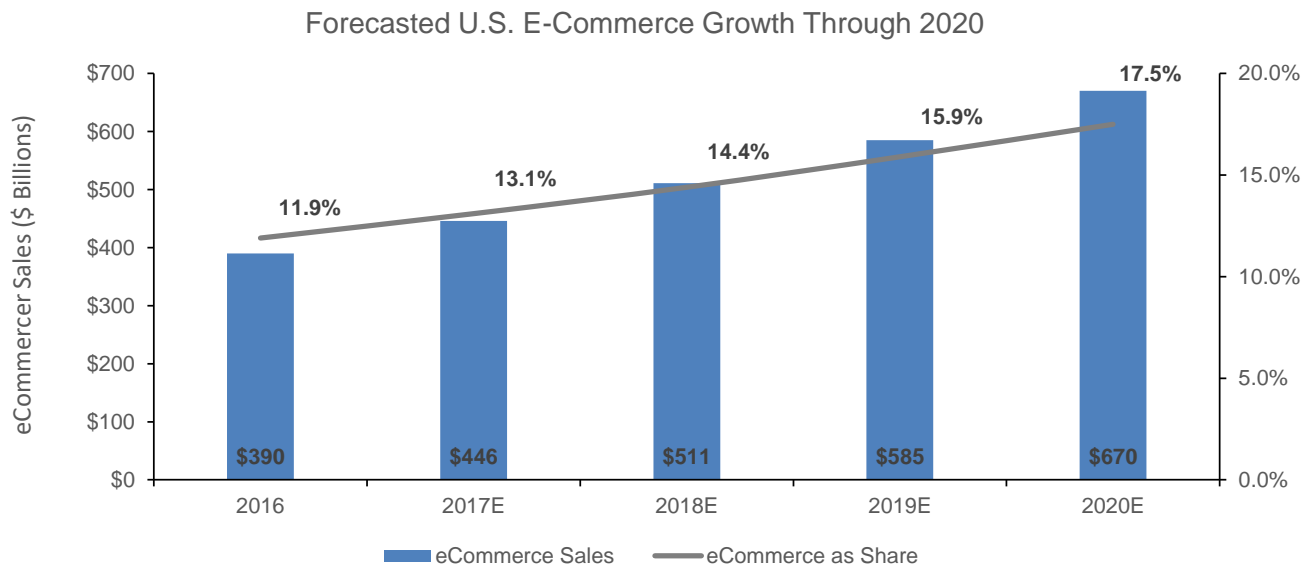
Non-store retailers emerged the clear winners in 2018 as more and more consumers turned online to shop. Sales from online retailers, including online marketplaces such as Amazon and Etsy, plus retailers with e-commerce sites – Walmart, Target and others – increased 14.3 percent to more than \$121.4 billion in the third quarter compared to the same quarter last year, according to the Census Bureau of the Department of Commerce. E-commerce sales in the third quarter accounted for 9.1 percent of total sales. Cushman & Wakefield projects that the e-commerce share of the total retail sales will reach 12.0 percent by the first quarter of 2020, but also notes that the majority of sales are still attributed to bricks and mortar retail. This is supported by a number of studies which show that consumers continue to look for physical retail stores even when shopping online. A seamless omni-channel strategy is crucial in the current environment to engage customers and build brand awareness.

The following graph depicts the annual e-commerce share of total retail sales in the U.S. since 2009:



Alternate data from investment bank Stifel suggests that online sales in the United States are expected to reach \$670.0 billion by 2020, up 71.8 percent from \$390.0 billion in 2016, and mobile devices are expected to be a key driver in that growth. Stifel says e-commerce now represents 11.9 percent of total retail sales in the U.S. This is the highest e-commerce penetration in history.

The following chart depicts the annual e-commerce growth projections through 2020, as reported by Stifel:



Source: U.S. Census Bureau, Stifel

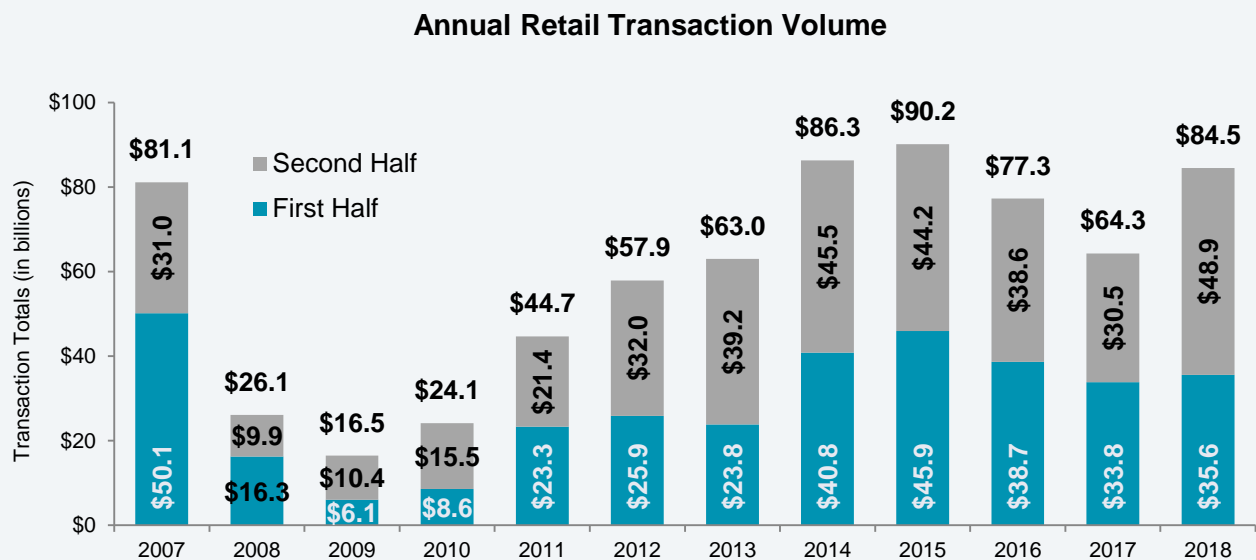
National Retail Investment Sales Market

Retail Transaction Activity

The retail real estate sector has been plagued by negative news headlines about the store closures and bankruptcy filings over the past several of years, which prompted the term “retail apocalypse.” While the general perception is that the U.S. malls are dead, sales figures of retail properties painted a different picture. According to Real Capital Analytics, retail outperformed other sectors in 2018, with deal volume up 31.5 percent year-over-year to \$84.5 billion. The industrial and apartment sectors each posted double-digit growth in deal volume for the year, up 25.0 percent and 12.0 percent, respectively. Sales of office assets were up 1.0 percent in 2018.

The significant increase in retail asset sales was bolstered by the estimated \$8.1 billion Unibail acquisition of Westfield, as well as Brookfield’s \$15.0 billion acquisition of GGP assets in the third quarter. Driven by these large portfolio sales, sales of regional mall assets climbed nearly 850.0 percent to \$26.0 billion in 2018. Although RCA did not provide data on the overall refinancing activity, its analysis showed that 46.0 percent of mall assets that were refinanced in 2018 were appraised for \$600 per square foot or more. These are best-of-the-best malls with firm tenancies tied to high-income consumers. By comparison, 58.0 percent of single asset sales transacted at \$40 per square foot and lower. These are class C or lower malls that were built in the 1960s and 1970s, and are on their last legs with empty anchor spaces and deferred maintenance. RCA also estimated that malls involved in portfolio or entity-level transactions in 2018 were priced between \$240 and \$380 per square foot.

The following graph displays annual retail transaction volume from 2007 through 2018:



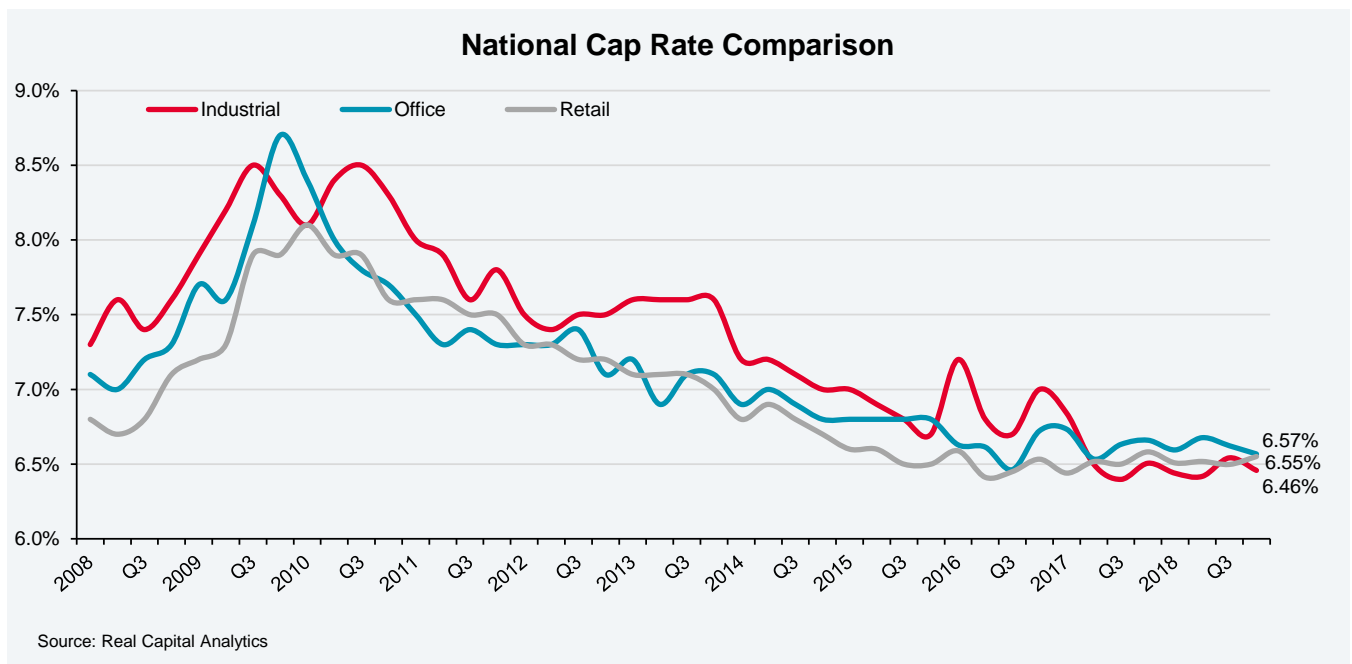
Source: Real Capital Analytics, Inc.

Note: Data excludes transactions less than \$2.5 million.

Retail Capitalization Rates

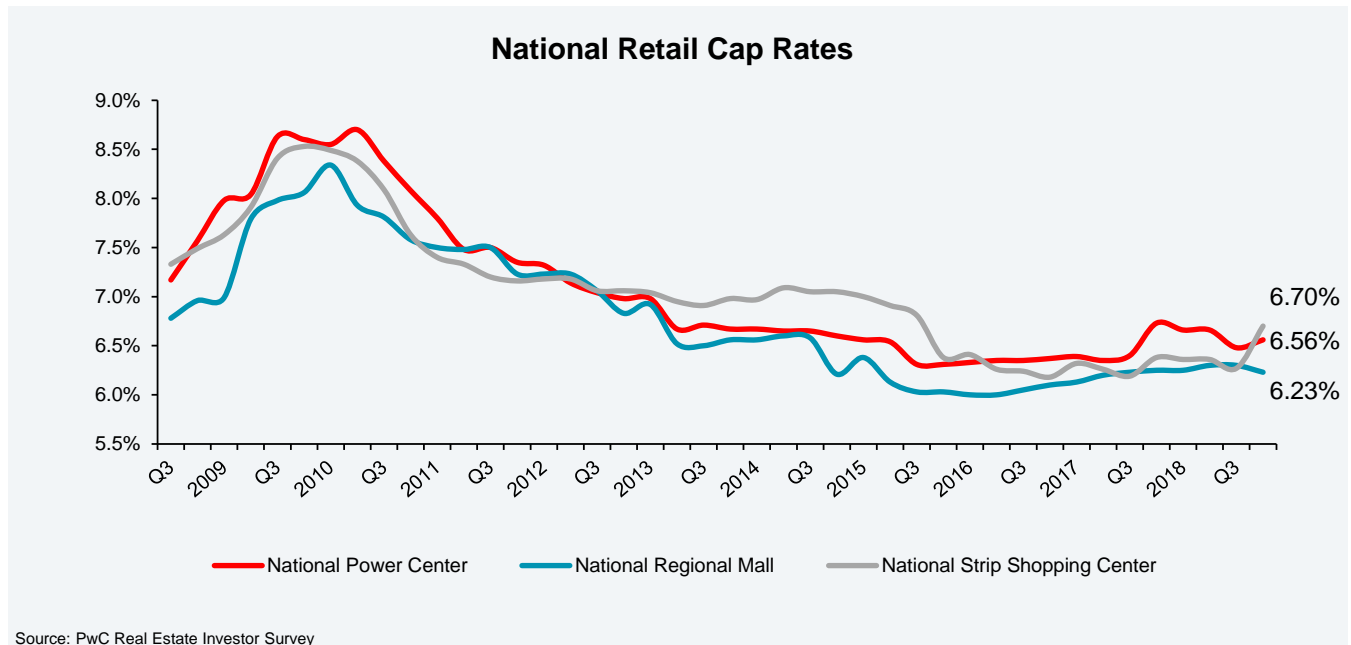
Prior to 2016, retail transaction activity had been on a steady rise driven by improving economic fundamentals and the ability to obtain relatively cheap financing. During this time, investors had increasingly focused on real assets, such as commercial real estate, as a hedge against inflation in the wake of previous economic uncertainty. As reported by Real Capital Analytics, retail assets were amongst the most attractive property types, trading at a 6.5 percent capitalization rate at the end of 2015, compared to 6.7 and 6.8 percent for industrial and office assets, respectively. While cap rates for retail properties witnessed a marginal uptick over the past three years, ending 2018 at 6.55 percent, cap rates for industrial and office assets have declined over this time period, ending 2018 at 6.46 and 6.57 percent, respectively.

The following graph compares quarterly national capitalization rates between industrial, office, and retail properties, as reported by Real Capital Analytics:



Additional data from *PwC Real Estate Investor Survey* reports that regional malls still fare relatively well compared to national power centers and strip shopping centers. It is noted that average cap rates for regional malls as reported by the *PwC* survey relate to Class A+, A, B+ and B malls only. Cap rates for Class A+ regional malls averaged 4.66 percent, while Class A and B+ malls averaged between 5.47 and 6.84 percent. In the current market, investors are viewing higher-quality assets in primary urban and first-tier suburban markets most favorably. Overall, the survey reports that the average cap rate for regional malls stands 33 basis points below the average five years ago.

The following graph depicts quarterly national retail capitalization rates as reported by PwC by property type through 2018:



These cap rates are quoted averages by investor expectations and they do not represent actual deals. Given the bifurcation of the current market, rates vary vastly based on the quality of the centers. Cap rates average as low as sub-4 percent for the best regional shopping centers, but rates can easily exceed 20.0 percent for centers struggling with vacancy and other performance issues.

The following table details expected capitalization rate ranges identified by Cushman & Wakefield Retail Valuation Group by property type and asset class:

Capitalization Rates by Property Type and Asset Class		
Property Type	Asset Class	Cap Rate Range
Mall	A+	3.75% - 4.50%
	A	4.25% - 5.50%
	A-	5.25% - 7.00%
	B+	6.75% - 8.50%
	B	8.25% - 10.00%
	B-	9.75% - 15.00%
	C	15.00% - 25.00%
Neighborhood/Community Center	A	5.00% - 6.50%
	B	6.50% - 8.50%
	C	8.50%+
Power Center	A	6.00% - 7.25%
	B	7.50% - 10.00%
Outlet Center		6.00% - 10.00%
Lifestyle Center		5.50% - 8.00%

Source: Cushman & Wakefield Retail Valuation Group

The most aggressive capitalization rates have been seen in “A” rated product. We would note that as 2018 has come to a close, the number of one-off trades continues to be muted. Nonetheless demand within the regional mall sector remains high specifically with respect to centers perceived as top quality “A” type assets. We have confirmed 19 regional mall transactions that closed in 2018, of which seven were traded under a 6.0 percent cap rate, four within the 4.0 percent range.

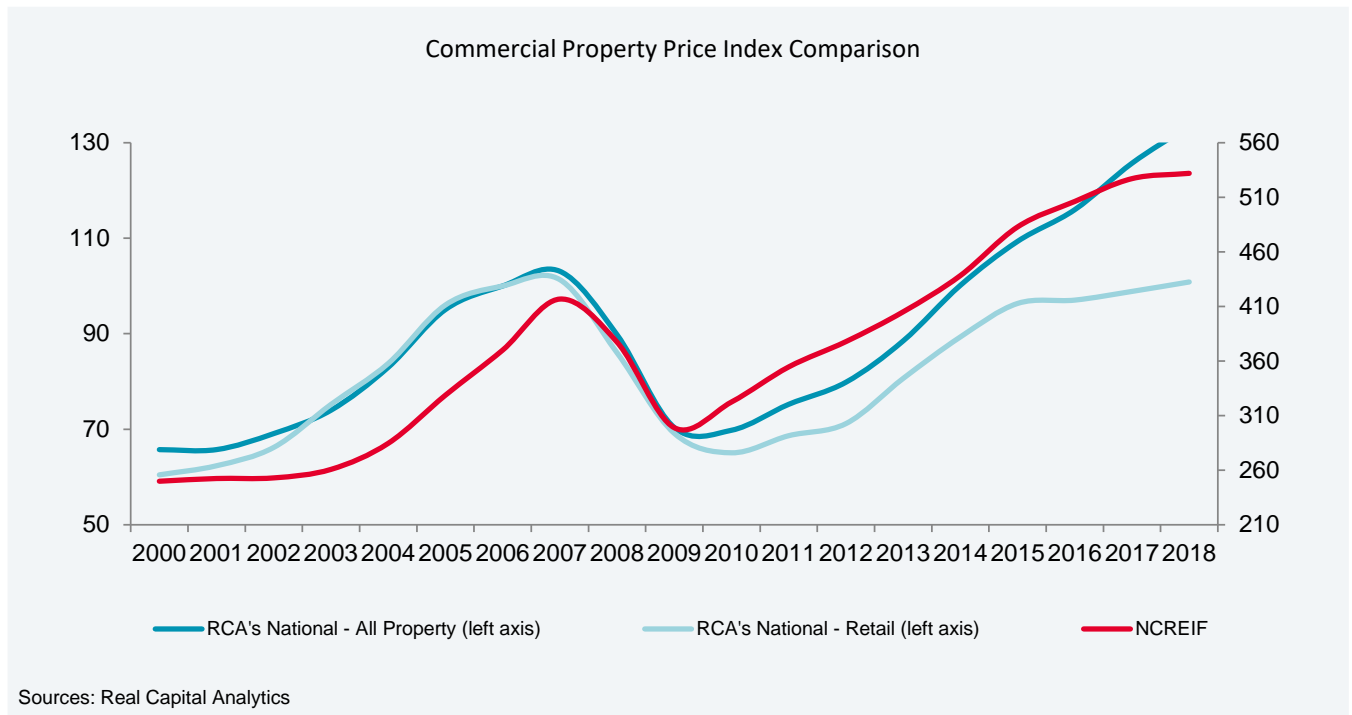
Commercial Property Price Index

The RCA Commercial Property Price Index (CPPI), formerly Moody's/RCA CPPI, is a periodic same price change index of U.S. commercial investment properties. The RCA CPPI uses advanced repeat-sale regression analytics to measure price changes in U.S. commercial real estate over time.

In December 2018, RCA CPPI for all properties measured an increase of 6.2 percent year-over-year. Currently at 133.53, the index is at its peak since it was tracked in 2000 by RCA. For retail properties, CPPI figures reported by RCA have indicated a year-over-year increase of 2.0 percent in December. In comparison with other property types,

retail has continued to lag behind: apartment was up 8.9 percent year-over-year; industrial was up 7.9 percent; and office was up 6.6 percent.

The following graph displays the CPPI Index from 2000 through 2018:



Similarly, the National Council of Real Estate Investment Fiduciaries (NCREIF) also compiles a property price index based on a large pool of individual commercial real estate properties. The NCREIF Property Price Index is a quarterly time series composite total rate of return measure of investment performance of said commercial real estate properties acquired in the private market for investment purposes only. Based on data from NCREIF, the property price index peaked in the first quarter of 2008 at 420.27 before falling 29.3 percent to 297.08 in the first quarter of 2010. Since bottoming, the NCREIF Property Price Index has continued to climb and has surpassed its pre-recession levels, currently standing at 532.0, reflecting an increase in commercial real estate values over recent quarters.

CMBS Market

The Commercial Mortgage Backed Securities (CMBS) market has historically been an important financing source for retail property, amounting to 13.3 percent of the market in 2017. Through third quarter 2018, CMBS issuance for all property types dropped 5.3 percent to \$58.2 billion when compared to the same period last year. By contrast, issuance for retail properties was up 26.5 percent to \$11.4 billion over the same time, accounting for 19.7 percent of the total market. Trepp LLC noted that despite evidence of some pullback in certain secondary and tertiary markets believed to be higher-risk, the sufficient availability of capital coupled with competitive rates have made CMBS loans more attractive to borrowers in many cases.

The following table compares annual CMBS volume since 2007:

U.S. CMBS ISSUANCE (IN BILLIONS)											
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
TOTALS	\$228.6	\$12.1	\$2.7	\$11.6	\$32.7	\$48.2	\$86.1	\$94.1	\$100.9	\$75.9	\$95.3
											YTD 2018*

Source: Commercial Mortgage Alert, Trepp LLC

*September

Given that CMBS issuance activity was muted during the recessionary years of 2009 and 2010, the general assumption is that the volume of maturing loans up for refinancing over the next two years will be insignificant. However, as Trepp reported, nearly \$100.0 billion of CMBS debt will come due between now and 2020, with \$40.9 billion and \$44.0 billion scheduled to pay off in 2019 and 2020, respectively. This provides attractive refinancing opportunities for retail properties, which make up 22.0 percent of the maturing CMBS loan volume.

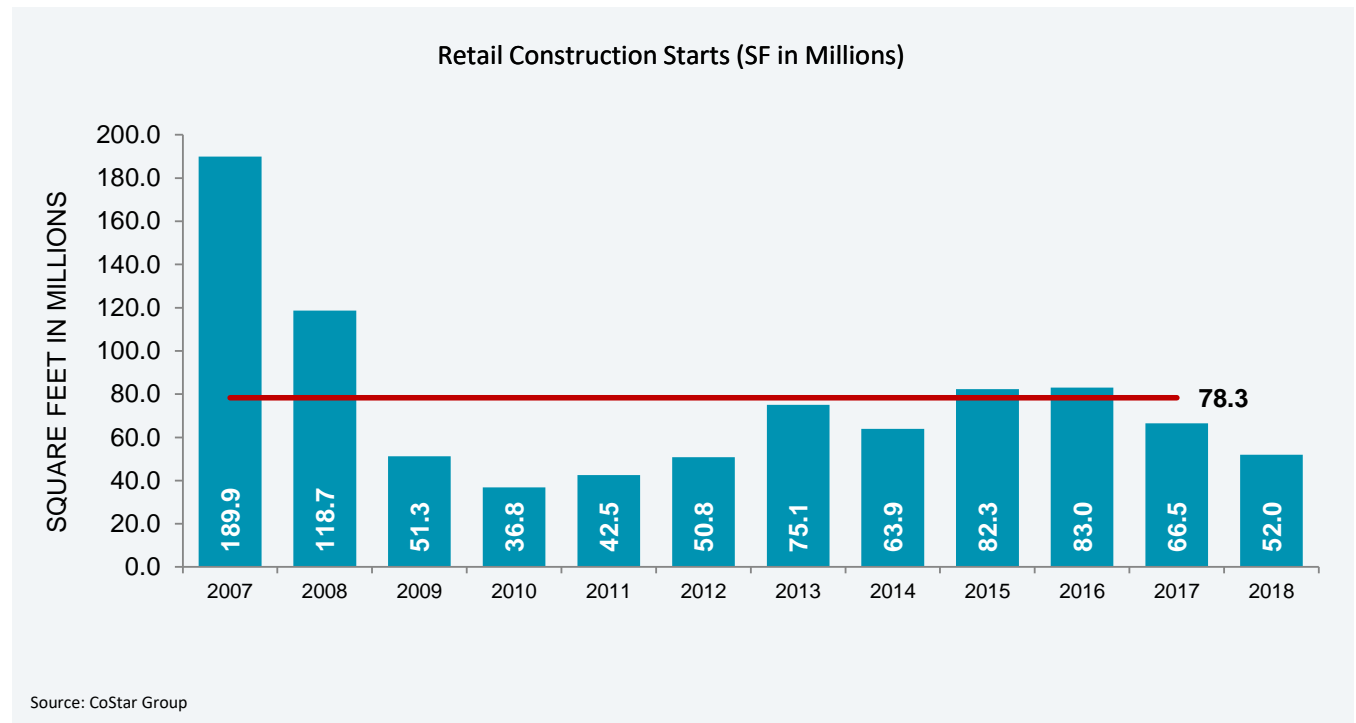
In addition, the delinquency rate has fallen to 4.36 percent in April, its lowest level in nearly two years, according to Trepp. One year ago, the delinquency rate among commercial real estate loans in commercial mortgage-backed securities was 5.52 percent, while six months ago it registered at 5.21 percent. The reading hit a multi-year low of 4.15 percent in February 2016. The all-time high was 10.34 percent in July 2012. Trepp notes that as the “wave of maturities” from the 2006/2007-issued loans has passed, delinquency levels have also receded.

Retail Market Conditions

Retail Construction Activity

Given the headwinds affecting the retail real estate market, developers and lenders are still cautious about investing in new ground up construction projects. Rather than investing in new ground-up projects, mall owners are finding accretive opportunities to enhance their existing centers such as by taking back vacant anchor boxes and either re-tenanting or repurposing them, or in more extreme cases, demolishing them for other uses. According to data from the CoStar Group, retail construction starts averaged 78.3 million square feet during the ten-year period through 2017, 2007 being the peak year when 189.9 million square feet were started. Immediately following the recession, construction starts fell significantly in the ensuing years and continued to show only modest improvement. This has been a good thing for property fundamentals as vacancy rates have declined. After reaching an 8-year high of 83.0 million square feet in 2016, retail construction starts have been declining for two consecutive years, finishing 2018 at 52.0 million square feet, a 72.6 percent drop from the 2007 peak and running at about 66.4 percent of the long-term average.

The following graph shows retail construction starts from 2007 through 2018, as reported by CoStar:



Vacancy Rates

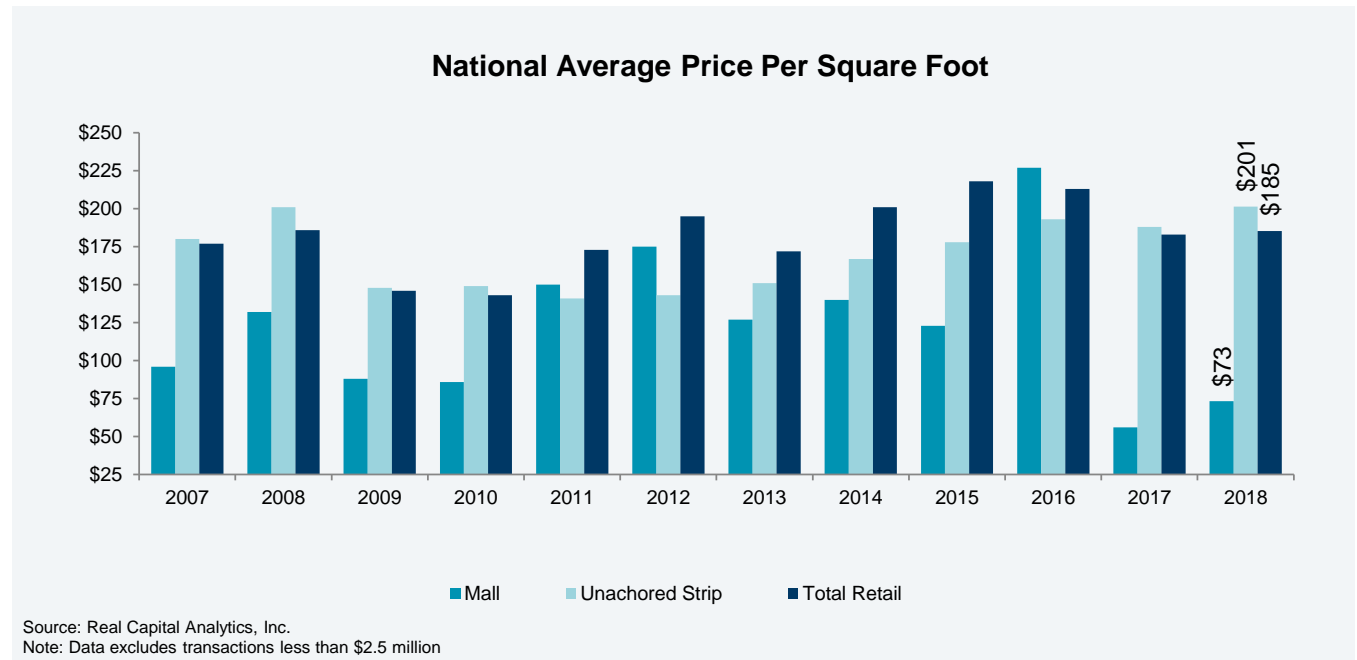
The vacancy rate for non-mall shopping centers, as reported by CoStar and C&W Research, fell 0.4 percentage point to 6.3 percent at year-end 2018, compared to 6.7 percent at year-end 2017. Cushman & Wakefield tracked 66 markets across the U.S., half of those registered vacancy at or below this level. Although occupancy growth remained positive, the pace has slowed. Nearly 6.2 million square feet of space was absorbed in the fourth quarter, taking the year-end total to 24.9 million square feet. This compares to an annual average of 41.1 million square feet in each of the previous five years.

Green Street Advisors notes that the occupancy gap between high-quality and average-quality centers is the widest it has been in recent years. High-quality centers are seeing occupancy rates in the mid- to high-90 percent range while average-quality centers struggle to reach the high-80 percent range. Significant blocks of space remain available within secondary and tertiary markets. This space can be increasingly difficult to fill as many national retailers reevaluate their real estate positions with a focus on efficiency across their current holdings and strengthening of their online presence. On balance, the current state of low vacancy rate in the retail market has not led to any measurable increase in new construction activity.

Unit Rates - Sales Price Per Square Foot

Although the price per square foot for retail assets decreased in 2017 as the market was resetting itself, recent data from Real Capital Analytics suggests that it has stabilized. The average price for all retail assets increased 1.3 percent to \$185 per square foot in 2018, compared to \$183 per square foot in 2017. It also remained 7.3 percent above the 15-year historical average of \$173 per square foot. By comparison, unanchored strip centers and malls averaged \$201 per square foot (up 7.2 percent) and \$73 per square foot (up 30.8 percent, respectively, compared to one year ago).

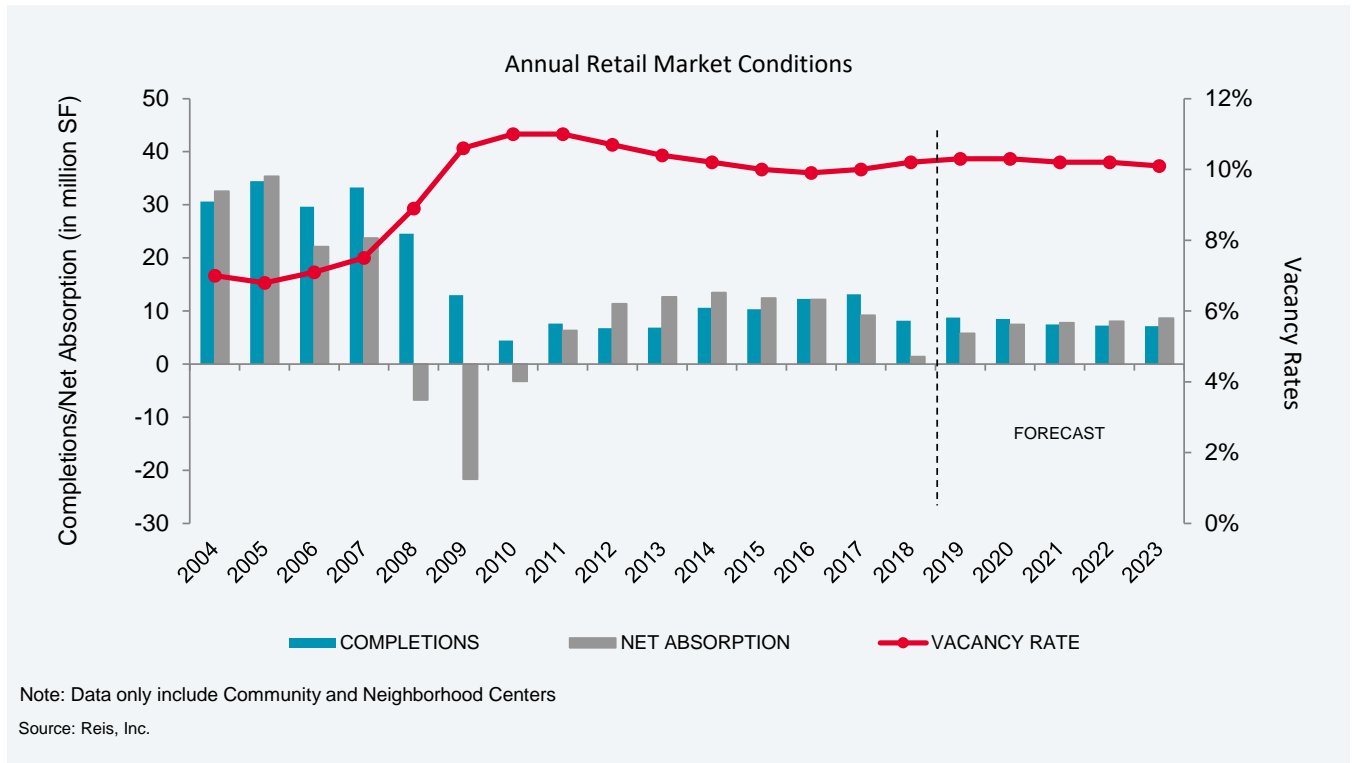
The following graph depicts the historical average price per square foot for retail assets as surveyed by RCA from 2007 through 2018:



REIS Market Conditions Data

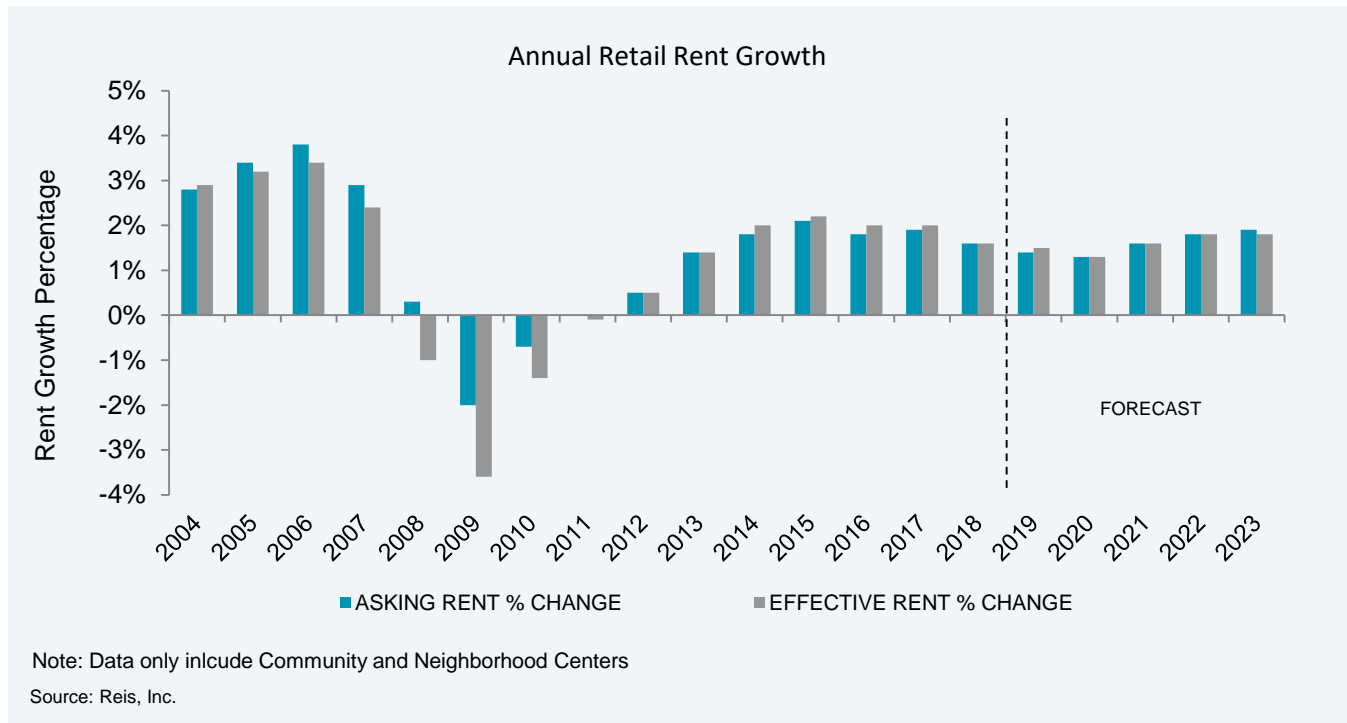
Reis, a well-known provider of commercial real estate market information and analytical tools, maintains a proprietary database containing detailed information on retail properties in about 80 major metropolitan markets and neighborhoods throughout the U.S. It should be noted that Reis data differ from Costar data, as the two companies use different methodologies to measure and calculate retail statistics. Whereas Costar statistics include all retail building types (including owner-occupied buildings) across more than 40 markets, Reis statistics only include Community and Neighborhood Centers in complexes with 10,000 or more square feet across major metropolitan areas throughout the U.S.

The subsequent graph depicts annual market conditions within retail markets across the U.S.:



During the fourth quarter of 2018, both the average national asking rent and effective rent increased 0.4 percent to \$21.21 per square foot and \$18.57 per square foot, respectively. Effective rent growth has increased at an annual average growth rate of 1.4 percent from 1999 through 2018. From 2019 through 2023, Reis forecasts effective rent growth to increase at an annual average growth rate of 1.6 percent, peaking at 1.8 percent in 2022 and 2023.

The following graph shows a composite of asking and effective annual rent growth within retail markets across the U.S.:

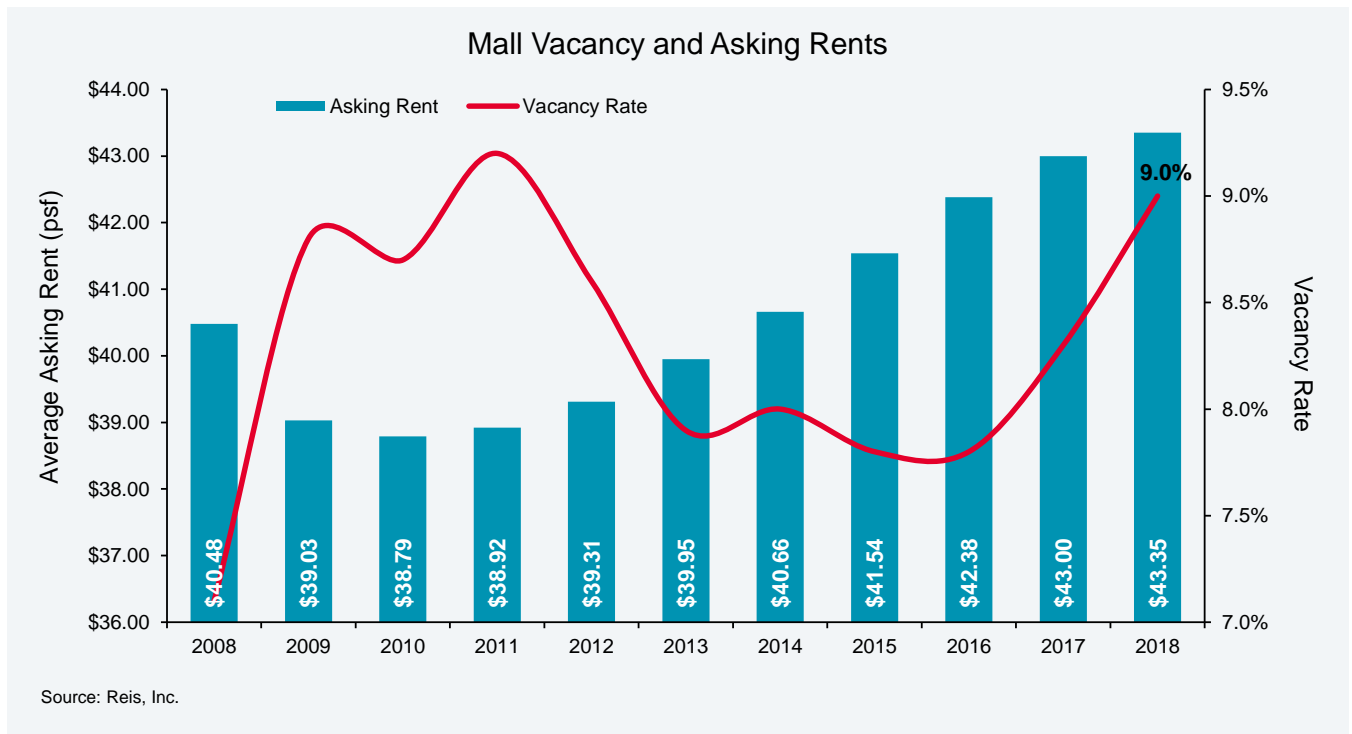


Reis defines a mall or a regional center as a “shopping center whose main attractions are its anchors: traditional department stores, mass merchant department stores, or fashion specialty stores. It is typically enclosed and connected by a common walkway.” The following mall trend reflects approximately 600 regional and super regional malls in 80 primary markets covered by Reis.

The vacancy rate for malls, as reported by Reis, fell 10 basis points to 9.0 percent in the fourth quarter of 2018, after increasing 70 basis points from fourth quarter 2017. Despite a 50 basis point increase in the third quarter due to the Sears store closings, vacancy remained relatively stable during the fourth quarter of 2018, implying that the occupancy for most malls were not affected by dark stores. Reis reported that many closed stores have been converted to self-storage or sold to developers for hotel or other conversions.

The average mall asking rent increased 0.2 percent to \$43.35 per square foot during the fourth quarter, after falling 0.2 percent in the third quarter. The asking rent has increased 0.8 percent compared to 2017.

The graph below displays the relationship between the mall vacancy rates and asking rents since 2008:



Store Closings

Store closings are a natural part of the retail real estate industry cycle and in any given year, there will be a number of shuttered stores. Over the past decade, major chain store closings have ranged between 2,000 and 8,500 stores, 2017 being the peak year with approximately 8,500 closures as retailers were hampered by an anemic consumer and macro shifts in the retail world. These shifts included increasing trends to value retailers, the emergence of fast fashion merchants and the growing e-commerce business.

- The table below lists the major announced store closings, as of year-end 2018 and first quarter 2019:

MAJOR ANNOUNCED STORE CLOSINGS - 2018/1Q19	
Store	Number of Closings
Gymboree	798*
Toys R Us	735
Mattress Firm	700
Sears/Kmart	489
H&R Block	400
Crazy 8	295
Destination Maternity	240-280**
The Bon-Ton Stores	252
Chico's	250*
Best Buy Mobile	250
GNC Holdings	200
Signet Jewelers	200
H&M	170
Starbucks	150
Shopko	143*
Claire's Stores	129
Applebee's/IHOP	120
Foot Locker	110
Sally Beauty	101
Sears Hometown	100
Orchard Supply (Lowe's)	99
Aaron Brothers	94
Southeastern Grocers	93

Source: PNC Real Estate Market Research, Cushman and Wakefield Retail Industry Group

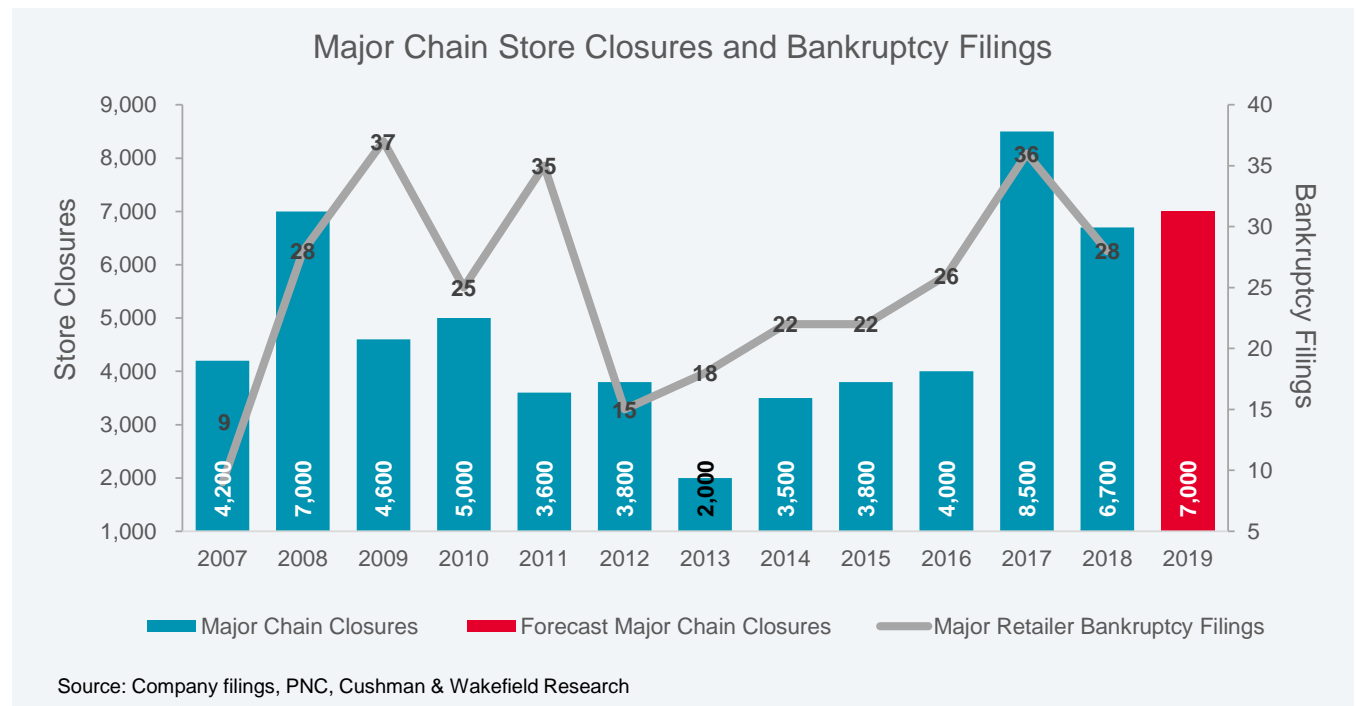
*Denotes January 2019 closing announcements

**Through 2022

While there were some noteworthy bankruptcy announcements throughout 2018, the overall filings declined from 2017. PNC Real Estate Market Research reported that the total number of bankruptcy filings was 28 in 2018, slightly higher than the 10-year average of 26.4 but lower than the 36 filings seen in 2017. Although these bankruptcies have led to a significant number of store closures throughout the year, the figures were less than previously anticipated. Cushman & Wakefield anticipated that the number of major chain closures would climb to an estimated 11,000 in 2018, but the total fell far short of expectations primarily thanks to the strong economic fundamentals.

So far in 2019, three bankruptcy filings have been reported: Beauty Brands, Shopko and Gymboree. Gymboree has filed its second bankruptcy protection for the second time in less than two years. The children's apparel retailer looks to close all of its Gymboree and Crazy 8 stores, while pursuing a sale for its 139 Janie and Jack stores. Meanwhile, Shopko seeks to close 38 stores, as well as reposition 20 optical centers, as the company filed for bankruptcy protection in January. Shopko reported assets of less than \$1.0 billion and liabilities between \$1.0 billion and \$10.0 billion.

The following is a comparison between major retailer closures and bankruptcy filings, as well as a 2019 forecast closures:



In step with the rise of ecommerce, the popularity of traditional department store anchors is plunging, and hundreds of malls nationwide have reported dwindling foot traffic. Another fundamental reason for the struggles of department stores is simply that America built too many malls between 1970 and 2015 – the number of malls expanded more than twice as fast as the population during that period – Cowen & Co. reported. Meanwhile, mall visits have consistently declined every year since 2010, according to Cushman & Wakefield.

Further considerations are as follows:

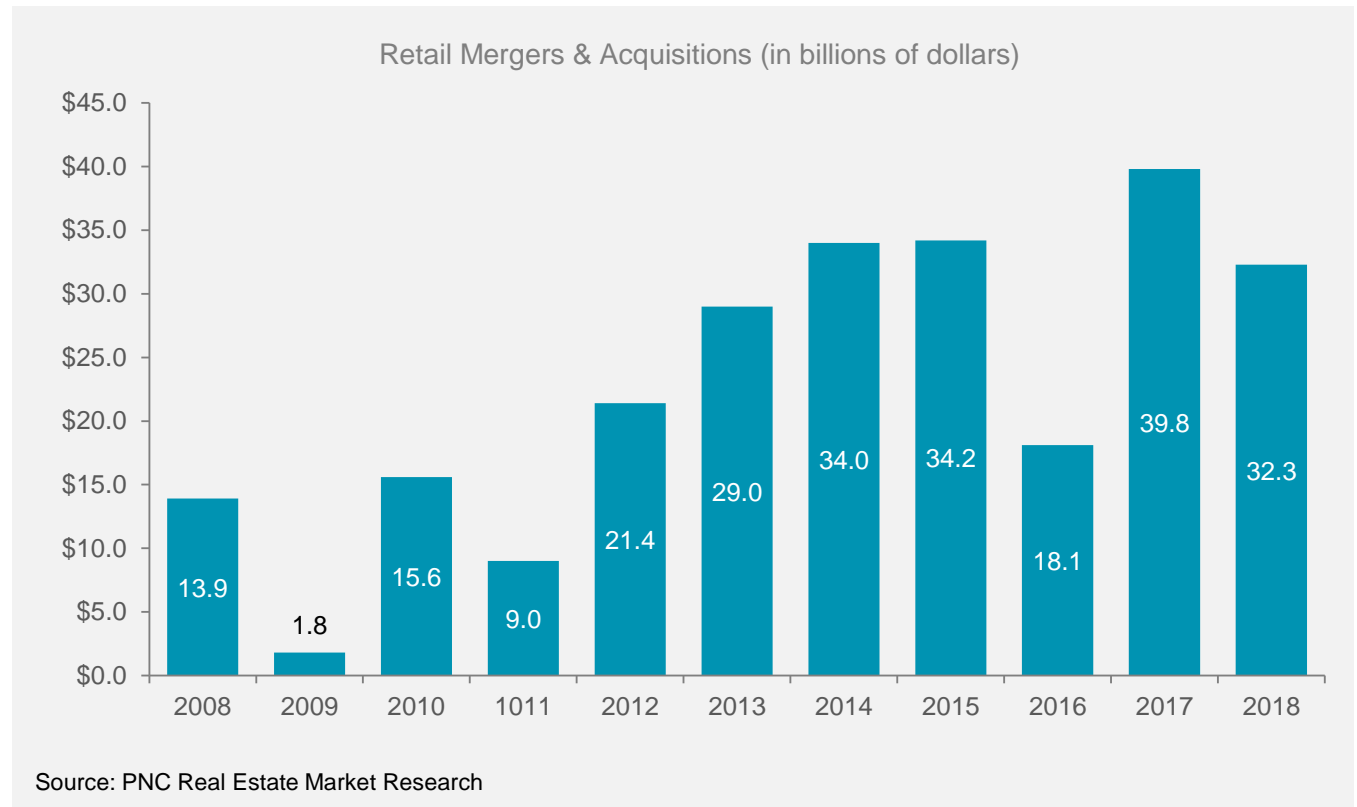
- The top contraction categories continue to be department and apparel stores, which are typically concentrated in malls. Drug stores also fell into the consolidation column this year, largely due to the closings of 600 redundant store locations resulting from Walgreens' purchase of 1,932 Rite Aid stores in 2017. Grocery stores, however – particularly those of the discount, organic or ethnic variety – continue to expand and have an ideal size requirement to fill these drug store vacancies, as do superstores that are expanding with a smaller-focused footprint.
- Dollar stores, discounters and off-price apparel concepts also continue aggressive growth. Our research shows that a Dollar Store has been opening every 4.5 hours on average. Value is a top deciding factor for purchases, especially when most shoppers have a price comparison tool at their fingertips. What started as a necessity during recession years remains a priority for most consumers today, and the treasure hunt aspect of off-price shopping creates an experience that draws customers to physical stores.

Retail Mergers and Acquisitions

It was a banner year for retail mergers and acquisitions in 2017, as deal volume totaled a historical \$39.8 billion, according to data from PNC Real Estate Market Research. The most recent data indicates that mergers and acquisitions for retail properties in the U.S. reached \$32.3 billion in 2018. While lower than 2017, deal volume remains well above the long-term average of \$21.7 billion per annum. One of the major M&A transaction headlines

in 2018 involved Walmart's interest purchase of India-based Flipkart for \$16.0 billion. The purchase expands Walmart's online presence beyond the U.S. market. Meanwhile, Amazon expanded its footprint in the online pharmacy business by purchasing PillPack for \$1.0 billion, beating out Walmart, which was also reportedly in talks for the five-year old startup.

The following chart outlines the historical retail mergers and acquisition volume in the U.S.:



Conclusion

While economic trends and corporate tax cuts have bolstered most retailers in 2018, the basis underlying structural challenges facing many retailers in certain categories still remain. The number of bankruptcies may diminish in 2019 as economic growth is expected to continue. For struggling retailers, this will give them a short window in which to reinvent themselves and pay down debt obligations while right-sizing inventories and store portfolios. However, a weakening economy would exacerbate woes faced by these retailers and present even some of the healthier ones with new challenges.

Further considerations are as follows:

- As retail continues through a stage of evolution, new concepts, technologies, and distribution strategies are radically changing the way Americans consume, and will continue to do so as new innovations emerge. To survive, the best and most agile brands will embrace these changes and adapt with new omni-channel strategies. The winners will be quality concepts and projects that blend convenience with experience as the gap in performance between Class A retail real estate and other retail product widens. Good grocery anchored neighborhood centers and Class A fortress malls still remain the investment of choice.

- Cushman & Wakefield expects that as the number of these closures increases, gap in performance between mall classes will widen. Class A will continue to attract tenants. In fact, additional closures at trophy or class A malls present an opportunity for landlords to attract new, more relevant tenants such food halls, experiential concepts or other hot new retailers at current rents. On note, most former on-line only retailers looking at bricks and mortar opportunities are focused solely on Class A malls. Landlords will also see non-traditional mall tenants such as discounters, off-price or grocery chains move into some of these vacancies. Tenants that have been traditionally power center-based will increasingly see class B malls as an option, and definitions of center types based on tenant mix will begin to blur. Class C malls have a choice – reinvent or die, and closures will increase in 2018 and gain momentum through 2020.
- E-commerce will continue to become increasingly involved with certain retail categories, such as high-end fashion and accessories, furniture and e-Pharma. The rate of change impacting the grocery sector has been nothing short of extraordinary. A study conducted by Food Market Institute and Nielsen forecasts that online grocery will balloon to \$100.0 billion and capture 20.0 percent of total grocery by 2025. Still, some categories will remain more e-commerce proof.
- Mixed-use development and redevelopment will be the story of retail real estate for at least the next decade. As retail is experiencing a rapid, intense change, those behind the transformation will be seen as the visionaries that changed the way we all shop.

Retail Market Overview

Introduction

Data for the analysis of the Las Vegas Retail market was provided by Reis, Inc., a leading provider of multifamily and commercial real estate performance information since 1980. Their proprietary database includes trends, forecasts, news and analyses for approximately 200,000 multifamily and commercial properties in 232 metropolitan markets (4 property types multiplied by 58 metropolitan areas) and roughly 2,500 submarkets.

Current and historical figures are compiled by highly qualified industry analysts. Surveyors, as they are called, are responsible for gathering information on property availabilities, rents and lease terms, etc. by directly contacting owners, managers and leasing agents. Projected data is calculated using a suite of economic forecasting models developed by The Economic Research Group, a team led by Ph.D. economists.

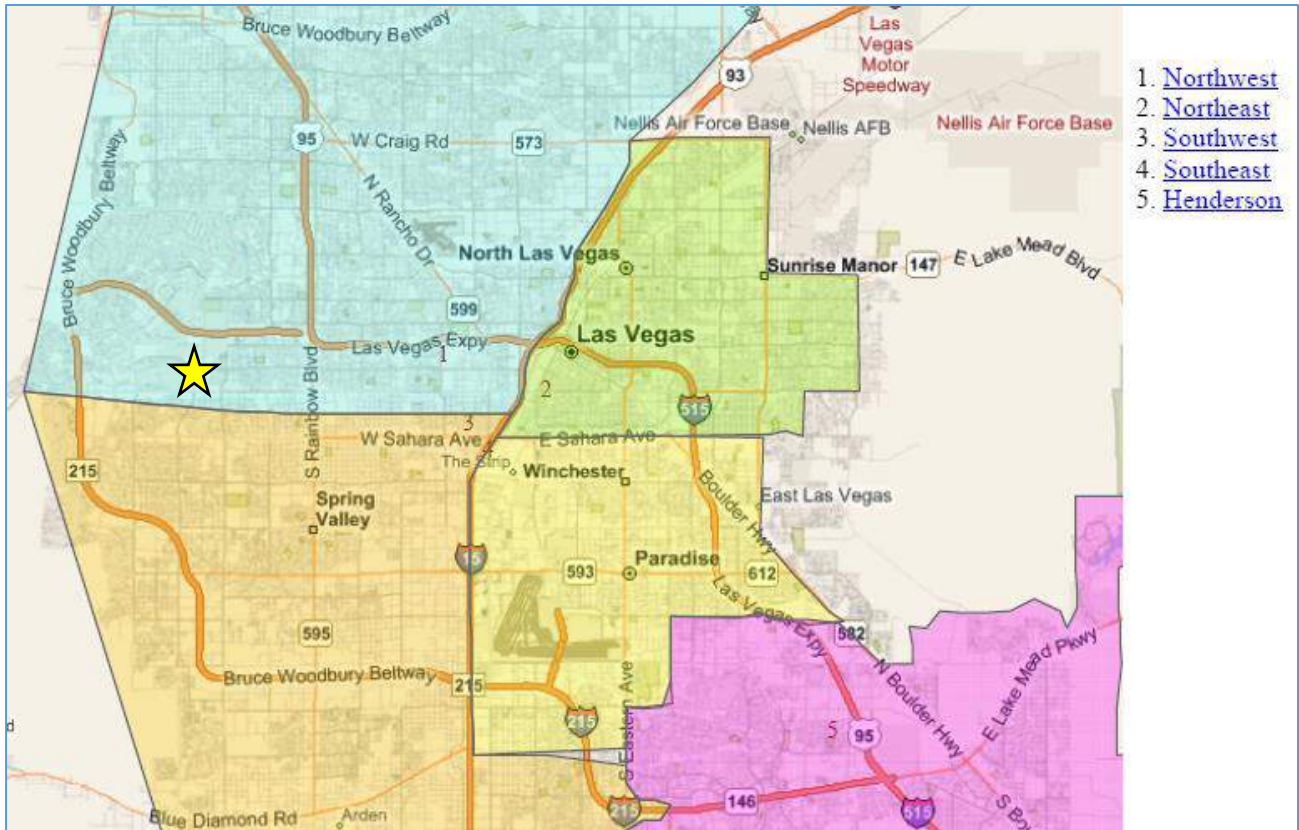
Reis' data are released on a quarterly basis, and is widely recognized as a fundamental tool for appraisers throughout the country.

It is noted that the Reis, Inc. data primarily covers neighborhood and community centers, which can lead to different results in the vacancy rate and other statistics in comparison to other sources. Reis data typically excludes smaller strip centers, freestanding units, regional malls, and, in some instances, larger power centers. This data, then, varies from other surveys that may or may not include regional malls and other specialty retail property types.

The subject property is a unique development and not considered a neighborhood or community center. While superior in terms of certain points of analysis such as asking rents, this summary will give an overview of the shopping center retail component of the subject's submarket.

Las Vegas Retail Market

Reis, Inc. classifies the Las Vegas Retail market into five submarkets, and segregates inventory by type of space (community versus neighborhood shopping centers). The subject lies in the Northwest submarket of the Las Vegas retail market. As shown on the following map, the subject lies on the border of the Southwest submarket as well.



Submarket Snapshot

The Las Vegas Retail market contains 29,900,000 square feet of space. The subject's Northwest is the largest submarket, comprising 32.8 percent of the area's total inventory. Northeast is the smallest submarket with 11.9 percent of total inventory.

The following table presents the geographic distribution of inventory, along with other statistical information for the most recent quarter.

GEOGRAPHIC DISTRIBUTION OF INVENTORY						
Submarket	Community Neighborhood	Inventory (SF)	% Total	Vacancy Rate (%)	Net Absorption	Asking Rent (\$/SF)
Henderson	C	3,621,000	12.1	11.8	0	\$28.21
Henderson	N	1,648,000	5.5	24.8	0	\$24.20
Henderson	NC	5,269,000	17.6	15.9	0	\$26.96
Northeast	C	1,887,000	6.3	9.4	0	\$22.55
Northeast	N	1,663,000	5.6	15.5	-10,000	\$18.40
Northeast	NC	3,550,000	11.9	12.3	-10,000	\$20.61
Northwest	C	4,997,000	16.7	14.6	-10,000	\$23.04
Northwest	N	4,798,000	16.0	10.1	-15,000	\$21.75
Northwest	NC	9,795,000	32.8	12.4	-25,000	\$22.41
Southeast	C	1,796,000	6.0	16.0	9,000	\$18.63
Southeast	N	3,277,000	11.0	13.7	7,000	\$19.83
Southeast	NC	5,073,000	17.0	14.5	16,000	\$19.41
Southwest	C	2,458,000	8.2	12.9	-5,000	\$20.74
Southwest	N	3,755,000	12.6	12.4	1,000	\$22.34
Southwest	NC	6,213,000	20.8	12.6	-4,000	\$21.71
Total Community	C	14,759,000	49.4	13.1	-6,000	\$23.33
Total Neighborhood	N	15,141,000	50.6	13.7	-17,000	\$21.38
Total/Average	NC	29,900,000	100.0	13.4	-23,000	\$22.34

Source:

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As of year-end 2018, the overall vacancy rate for the region was 13.4 percent. Henderson has the highest overall vacancy rate of 15.9 percent, while Northeast has the lowest vacancy of 12.3 percent. The subject's Northwest submarket has a vacancy rate of 12.4 percent.

The average asking rental rate for all types of space in the region is \$22.34 per square foot. The highest average asking rent of \$26.96 per square foot is being achieved in Henderson. Conversely, the lowest rent is being achieved in Southeast at \$19.41 per square foot. The subject's Northwest submarket has an average asking rental rate of \$22.41 per square foot.

Community shopping centers constitute 49.4 percent of existing inventory and are exhibiting a lower vacancy rate (13.1 percent) than Neighborhood centers (13.7 percent) and higher average asking rents of \$23.33 versus \$21.38 per square foot.

It is again noted that the Reis, Inc. survey presents an analysis of community and neighborhood shopping centers only. While the subject would fall in a somewhat different classification with higher rents, the REIS survey provides a good analysis of the overall Las Vegas retail market.

To supplement the Reis, Inc. data presented, we have included a survey of the overall Las Vegas retail market provided by Colliers International. The retail market provided by Colliers International includes statistics for all power centers, community centers, neighborhood centers, and strip centers within the market. An overview of the retail statistics as of the first quarter 2019 are presented in the following table.

Las Vegas Retail Market Statistics - First Quarter 2019							
Submarket	Total SF	Total Vacant SF*	Vacancy	Net Absorption (SF)		Under Construction (SF)	Weighted Average Asking Rent
				Current Qtr	Year To Date		
Downtown	2,191,346	303,833	13.9%	(7,043)	(7,043)	-	\$ 15.00
Henderson	10,518,088	1,052,148	10.0%	26,975	26,975	523,999	\$ 16.92
North Las Vegas	6,515,789	517,878	7.9%	131,911	131,911	-	\$ 20.64
Northeast	3,469,523	285,510	8.2%	17,602	17,602	-	\$ 12.84
Northwest	13,954,163	967,901	6.9%	19,160	19,160	370,000	\$ 18.96
Southwest	8,658,815	482,912	5.6%	58,351	58,351	19,124	\$ 23.28
University East	9,181,127	1,167,702	12.7%	(81,802)	(81,802)	19,124	\$ 15.00
West Central	6,839,210	448,224	6.6%	98,764	98,764	40,114	\$ 15.48
Total	61,328,061	5,226,108	8.5%	263,918	263,918	972,361	\$ 17.40

* Including Sublease Vacancy

Source: Colliers International

According to Colliers International, as of First Quarter 2019, the overall retail vacancy rate for the region was 8.5 percent, an overall decline from 9.0 percent as of the first quarter 2018, and 9.4 percent in the first quarter of 2017. The Downtown submarket has the highest overall vacancy rate of 13.9 percent, while the Southwest market has the lowest vacancy of 5.6 percent. The subject's Northwest submarket has a vacancy rate of 6.9 percent, below regional averages reported by Colliers International, and consistent with levels reported twelve months prior.

Colliers International reports a total retail inventory of 61.3 million square feet, higher than Reis, Inc. and reflective of their inclusion of power centers and strip centers within the region.

Supply Analysis

Vacancy Rates

The year-end 2018 overall vacancy rate for the Las Vegas region is 13.4 percent. As shown in the following chart, vacancy rates increased from 12.7 percent in 2014 to 13.4 percent in 2018. Over the near term, Reis projects a rise in vacancy levels for Las Vegas, with vacancy varying between 13.6 percent in 2019 and 13.7 percent in 2023.

The Year-end 2018 overall vacancy for the Northwest submarket is lower than the region at 12.4 percent. Between 2014 and year-end 2018, vacancy rates increased from 11.3 percent to 12.4 percent. Over the near term, Reis is projecting a decline in vacancy for the subject submarket, with vacancy levels ranging from 12.8 percent in 2019 to 12.2 percent in 2023.

The following table presents historical and projected vacancy for the region and subject submarket.

HISTORICAL AND PROJECTED VACANCY RATES (%)						
Year	Las Vegas			Northwest		
	Community	Neighborhood	Total	Community	Neighborhood	Total
2014	11.3	14.0	12.7	12.0	10.5	11.3
2015	11.7	13.5	12.6	14.5	10.4	12.5
2016	12.2	13.9	13.0	14.0	11.1	12.6
2017	13.0	13.7	13.3	13.8	10.8	12.4
2018	13.1	13.7	13.4	14.6	10.1	12.4
2019	---	---	13.6	---	---	12.8
2020	---	---	13.8	---	---	12.9
2021	---	---	13.9	---	---	12.7
2022	---	---	13.9	---	---	12.6
2023	---	---	13.7	---	---	12.2

Source: Reis, Inc.

Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease. Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis' standards.

As shown, community shopping centers within the region are exhibiting a lower vacancy rate (13.1 percent) than neighborhood centers (13.7 percent). Within the subject submarket, community centers are exhibiting higher vacancies than neighborhood centers (14.6 percent versus 10.1 percent).

As previously summarized, the Colliers International survey of all retail centers in the Las Vegas market reports a first quarter 2019 vacancy rate of 8.5 percent, with a Northwest submarket vacancy of 6.9 percent. The Colliers International statistics include all power centers, community centers, neighborhood centers, and strip centers within the market.

The following table presents a summary of vacancy trends within the overall retail market as reported by Colliers International.

Retail Market Trends - Third Quarter 2018						
Quarter	Total SF	Total Vacant SF*	Vacancy	Net Absorption (SF)		Under Construction (SF)
				Current Qtr	Year To Date	
Q1-19	61,328,061	5,226,108	8.5%	263,918	263,918	972,361
Q4-18	60,954,795	5,016,019	8.2%	283,177	569,929	1,325,103
Q3-18	60,954,795	5,357,649	8.8%	137,573	236,282	866,713
Q2-17	60,770,795	5,385,709	8.9%	124,512	98,709	445,680
Q1-18	60,745,395	5,528,793	9.1%	(25,803)	(25,803)	270,800
Q4-17	60,768,491	5,510,096	9.1%	319,223	497,892	209,237
Q3-17	60,526,911	5,628,604	9.3%	68,470	178,669	392,787
Q2-17	60,237,664	5,525,546	9.2%	128,024	110,199	512,007
Q1-17	60,237,664	5,640,549	9.4%	(17,825)	(17,825)	446,550
Q1-16	60,024,200	6,098,916	10.2%	283,597	283,597	242,402

* Including Sublease Vacancy

Source: Colliers International

As shown, vacancy in the first quarter was slightly above the year-end vacancy rate, and lower when compared with the data as of year-end 2017. Overall, vacancy has been on a declining trend over the last 24-36-months as reported by Colliers International, decreasing from 10.2 percent from the first quarter 2016.

Construction Completions

Between 2014 and 2018 a total of 390,000 square feet of space was completed, or an average of 78,000 square feet per year. A total of 173,000 square feet of space was completed as of year-end 2018. Over the next five years, Reis projects that an additional 695,000 square feet will be completed in the Las Vegas market.

In the Northwest submarket, a total of 242,000 square feet of space was completed between 2014 and 2018, or an average of 48,400 square feet per year. This equates to 62.1 percent of new construction for the region. Over the next five years, Reis projects that an additional 198,000 square feet of new space will be completed in the Northwest submarket.

The following table presents historical inventory and projected completions for the region and subject submarket.

HISTORICAL AND PROJECTED INVENTORY & COMPLETIONS (SF)											
Year	Las Vegas					Northwest					
	Inventory Community	Completions	Inventory Neighborhood	Completions	Total Completions	Inventory Community	Completions	Inventory Neighborhood	Completions	Total Completions	% of Region
2014	14,655,000	0	14,855,000	0	0	4,893,000	0	4,660,000	0	0	0.0%
2015	14,663,000	8,000	14,855,000	0	8,000	4,901,000	8,000	4,660,000	0	8,000	100.0%
2016	14,753,000	90,000	14,892,000	37,000	127,000	4,991,000	90,000	4,676,000	16,000	106,000	83.5%
2017	14,759,000	6,000	14,968,000	76,000	82,000	4,997,000	6,000	4,676,000	0	6,000	7.3%
2018	14,759,000	0	15,141,000	173,000	173,000	4,997,000	0	4,798,000	122,000	122,000	70.5%
2019	---	---	---	---	244,000	---	---	---	---	98,000	40.2%
2020	---	---	---	---	112,000	---	---	---	---	21,000	18.8%
2021	---	---	---	---	114,000	---	---	---	---	27,000	23.7%
2022	---	---	---	---	112,000	---	---	---	---	26,000	23.2%
2023	---	---	---	---	113,000	---	---	---	---	26,000	23.0%
2014-2018											
Total Completions		104,000		286,000	390,000		104,000		138,000	242,000	
Annual Average		20,800		57,200	78,000		20,800		27,600	48,400	62.1%

Source: Reis, Inc.

Demand Analysis

Rental Rates

As shown in the following chart, average asking rents in the region have increased from \$18.00 per square foot in 2014 to \$18.86 per square in 2018, indicating a compound annual growth rate (CAGR) of 1.2 percent. Over the next five years, average asking rents are expected to increase between \$19.03 per square foot in 2019 and \$19.62 per square foot in 2023.

Average asking rental rates in the Northwest submarket have increased, ranging from \$17.95 per square foot in 2014 to \$19.12 per square foot in 2018, demonstrating a CAGR of 1.6 percent. Currently, the average rent in the subject submarket is \$19.12. Over the next five years, average asking rents are expected to increase between \$19.27 per square foot in 2019 to \$19.51 per square foot in 2023.

The following table presents historical and projected average asking rental rates for the region and subject submarket.

Historical and Projected Average Asking Rental Rates (\$/SF)										
Year	Las Vegas					Northwest				
	Community	Neighborhood	Total	% Change	Effective Rent	Community	Neighborhood	Total	% Change	Effective Rent
2014	\$22.75	\$19.96	\$21.34	1.7	\$18.00	\$22.41	\$19.60	\$21.04	1.4	\$17.95
2015	\$22.64	\$20.18	\$21.40	0.3	\$18.06	\$21.62	\$19.90	\$20.78	-1.2	\$17.70
2016	\$23.14	\$20.62	\$21.87	2.2	\$18.44	\$22.32	\$20.36	\$21.37	2.8	\$18.21
2017	\$23.20	\$21.10	\$22.14	1.2	\$18.68	\$23.00	\$21.40	\$22.23	4.0	\$18.94
2018	\$23.33	\$21.38	\$22.34	0.9	\$18.86	\$23.04	\$21.75	\$22.41	0.8	\$19.12
2019	---	---	\$22.56	1.0	\$19.03	---	---	\$22.63	1.0	\$19.27
2020	---	---	\$22.74	0.8	\$19.16	---	---	\$22.76	0.6	\$19.37
2021	---	---	\$22.93	0.8	\$19.29	---	---	\$22.87	0.5	\$19.41
2022	---	---	\$23.16	1.0	\$19.46	---	---	\$22.99	0.5	\$19.47
2023	---	---	\$23.39	1.0	\$19.62	---	---	\$23.13	0.6	\$19.51
2014-2018 CAGR	0.63%	1.73%	1.15%		1.17%	0.70%	2.64%	1.59%		1.59%
2019-2023 CAGR			0.91%		0.77%			0.55%		0.31%

Source: Reis, Inc.

Notes: CAGR stands for Compound Annual Growth Rate. Asking rents cited by Reis reflect the advertised rental rates for actively marketed space. Effective rents net of any rental concessions, expressed over the life of the lease term. Reis quotes Retail rents on a Triple Net (NNN) basis.

As shown, community shopping centers in the region are exhibiting higher average asking rents (\$23.33 per square foot) than neighborhood centers (\$21.38 per square foot). Within the subject submarket, neighborhood centers have lower asking rents than community centers (\$21.75 per square foot versus \$23.04 per square foot).

Additional analysis and discussion of current rents at similar centers along the Las Vegas Strip will be presented within other sections of this appraisal.

Overall, the Reis, Inc. data provided shows an increasing trend in asking rents within the Las Vegas retail market. As previously summarized, according to the Colliers International survey of the Las Vegas retail market, weighted average asking rents within the subject's Northwest submarket are currently reported at \$18.96 per square foot, above regional averages of \$17.40 per square foot.

Absorption

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Over the past few years, new construction activity in the Las Vegas region has exceeded absorption. As shown in the following chart, an annual average of 78,000 square feet of space was completed in the region between 2014 and 2018, while 5,000 square feet was absorbed. Over the next five years, Reis projects that construction will exceed absorption with new construction totaling 695,000 square feet, and absorption totaling 497,000 square feet.

Between 2014 and 2018, new construction in the Northwest submarket outpaced absorption, with an annual average of 48,400 square feet completed and 24,800 square feet absorbed. Over the next five years, Reis projects that new construction will surpass absorption (new construction will total 198,000 square feet, and 194,000 square feet is expected to be absorbed).

The following table presents historical absorption levels and completions for the region and the subject submarket.

HISTORIC AND PROJECTED NET ABSORPTION (SF)								
Year	Las Vegas				Northwest			
	Community	Neighborhood	Total Absorption	Total Completions	Community	Neighborhood	Total Absorption	Total Completions
2014	13,000	-109,000	-96,000	0	25,000	-4,000	21,000	0
2015	-43,000	72,000	29,000	8,000	-116,000	4,000	-112,000	8,000
2016	10,000	-29,000	-19,000	127,000	102,000	-18,000	84,000	106,000
2017	-113,000	90,000	-23,000	82,000	15,000	14,000	29,000	6,000
2018	-26,000	160,000	134,000	173,000	-40,000	142,000	102,000	122,000
2019	---	---	142,000	244,000	---	---	47,000	98,000
2020	---	---	40,000	112,000	---	---	8,000	21,000
2021	---	---	76,000	114,000	---	---	39,000	27,000
2022	---	---	102,000	112,000	---	---	38,000	26,000
2023	---	---	137,000	113,000	---	---	62,000	26,000
2014-2018								
Total Absorption	-159,000	184,000	25,000	390,000	-14,000	138,000	124,000	242,000
Annual Average	-31,800	36,800	5,000	78,000	-2,800	27,600	24,800	48,400

Source: Reis, Inc.

New Construction Activity

According to Reis, there was 1,169,459 square feet of space recently completed in 14 projects in the Las Vegas market over the last 24 months, including the subject expansion. There are currently 506,260 square feet under construction within four projects, with 4,217,008 square feet planned/proposed in 45 projects.

The following tables present current and proposed construction activity for the region.

New Construction Activity - Completed							Est. Completion		
Name	Type	Location	City	Submarket	Year	Month	Size (SF)		
Tivoli Village Ph 2 - Retail	Mixed Use	302 S Rampart Blvd	Las Vegas	Northwest	2017	March	200,000		
Mountain'S Edge Marketplace	Neighborhood	7975 Blue Diamond Rd	Las Vegas	Southwest	2017	April	75,555		
Decatur 215 - Bldg C	Community	6241 N Decatur Blvd	Las Vegas	Northwest	2017	May	6,000		
Walmart At Blue Diamond	Freestanding	6973 Blue Diamond Rd	Las Vegas	Southwest	2017	October	169,000		
Dc'S Plaza	Neighborhood	8441 Farm Rd	Las Vegas	Northwest	2018	March	73,000		
Silverado Square	Neighborhood	1130 E Silverado Ranch Blvd	Las Vegas	Southwest	2018	June	36,000		
Skye Canyon Marketplace	Community	9710 N Skye Canyon Park Dr	Las Vegas	Non-Submarketed Areas	2018	June	183,000		
Wynn Plaza	Lifestyle	S Las Vegas Blvd @ E Wynn Main Gate	Las Vegas	Southeast	2018	August	75,518		
Decatur-Rice Center - Phase 2	Neighborhood	6110 N Decatur Blvd	North Las Vegas	Northwest	2018	September	49,040		
Shanghai Plaza	Mixed Use	4258 Spring Mountain Rd	Las Vegas	Southwest	2018	October	80,000		
Costco At St. Rose Square	Freestanding	3410 St. Rose Pkwy	Henderson	Non-Submarketed Areas	2018	November	142,000		
Silverado Ranch Gallery	Neighborhood	335 & 345 E Silverado Ranch Blvd	Las Vegas	Southwest	2018	November	15,120		
Craig Road Mixed-Use Bldg 1	Neighborhood	1620 E Craig Rd	North Las Vegas	Northwest	2019	January	7,500		
Mountain'S Edge Marketplace Ph 2	Community	7975 Blue Diamond Rd	Las Vegas	Southwest	2019	January	57,726		
Total Complete							1,169,459		

New Construction Activity - Under Construction							Est. Completion		
Name	Type	Location	City	Submarket	Year	Month	Size (SF)		
St. Rose Square	Power Center	St Rose Pkwy & Amigo St	Henderson	Non-Submarketed Areas	---	---	323,909		
Area 15 Retail Development	Mixed Use	S Rancho Dr @ Sirius Ave	Las Vegas	Southwest	---	---	126,000		
Kaktus Life - Retail	Neighborhood	10650 Dean Martin Dr	Las Vegas	Southwest	2019	April	25,351		
Durango Post Pavilions	Neighborhood	S Durango Dr @ W Post Rd	Las Vegas	Southwest	2019	June	31,000		
Total Under Construction							506,260		

As shown, Tivoli Village (subject property) is included in the New Construction Activity – Completed. The Phase II retail (Triad B) was completed in October 2016, however reported as of March 2017. There are no centers completed or under construction that would be considered primary competition to the subject property.

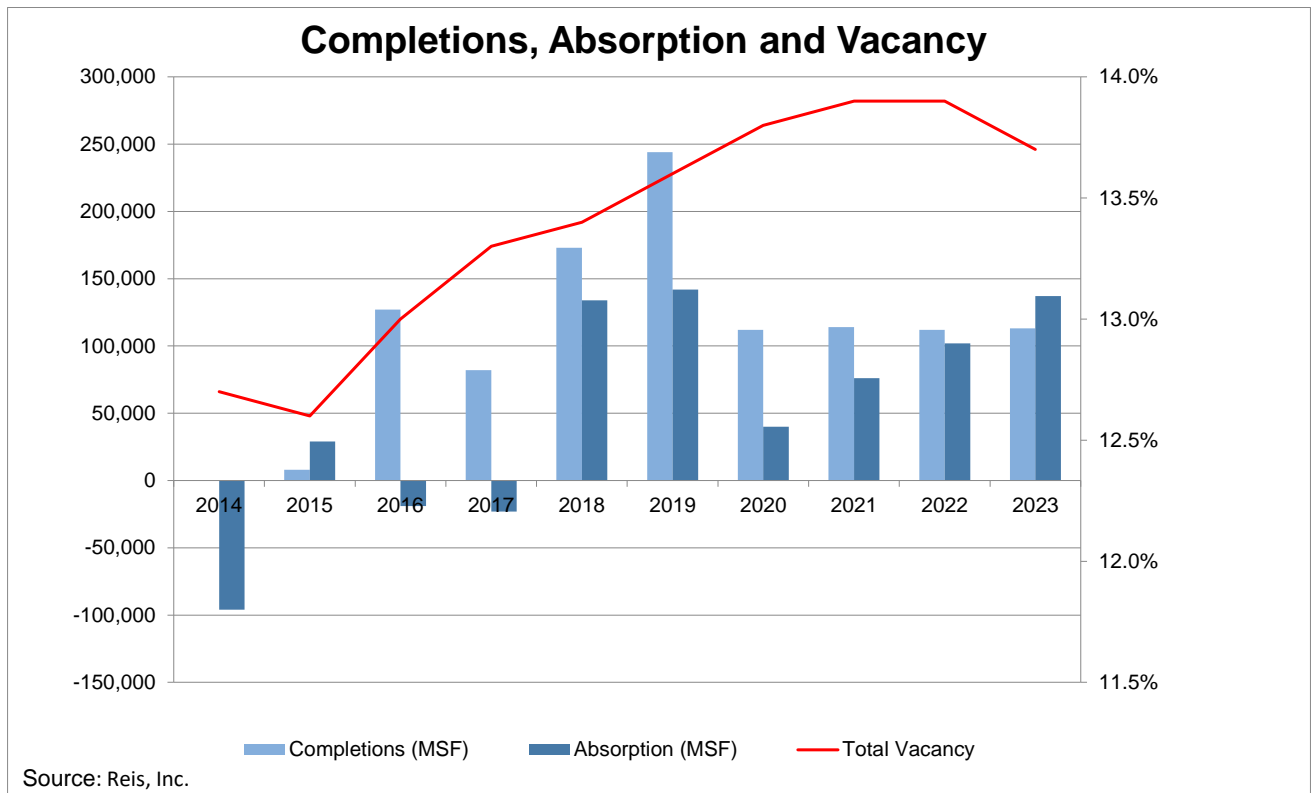
New Construction Activity - Planned//Proposed					Est. Completion		
Name	Type	Location	City	Submarket	Year	Month	Size (SF)
Gardner Plaza @ St. Rose	Neighborhood	2635 St Rose Pkwy	Henderson	Henderson	---	---	21,810
Cadence Village Center	Neighborhood	E Lake Mead Pkwy @ E Warm Springs Road	Henderson	Henderson	---	---	148,563
Shoppes On The Parkway	Neighborhood	St Rose Pkwy & Amigo St	Henderson	Non-Submarketed Areas	---	---	29,700
Bruner Marketplace	Neighborhood	E Bruner Ave & Executive Airport Dr	Henderson	Henderson	---	---	8,000
Union Village Galleria	Neighborhood	Stufflebeam Ave & Galleria Dr	Henderson	Henderson	---	---	28,000
The Village In Henderson Ph 2A	Neighborhood	St Rose Pkwy & Seven Hills Dr	Henderson	Southwest	---	---	23,409
South Maryland Parkway Shopping Center	Neighborhood	S Maryland Pkwy @ St Rose Pkwy	Henderson	Southwest	---	---	36,300
Lake Mead Crossing - West Pads	Power Center	380-428 Lake Mead Pkwy	Henderson	Henderson	---	---	45,648
The Village In Henderson Future Development	Mixed Use	St Rose Pkwy & Seven Hills Dr	Henderson	Southwest	---	---	23,084
Lake Mead Crossing - Anchor Pads	Power Center	W Lake Mead Pkwy @ N Water St	Henderson	Henderson	---	---	50,108
Lake Mead Crossing - East Pads	Power Center	230-258 W Lake Mead Pkwy	Henderson	Henderson	---	---	108,603
Montecito Highlands	Community	Horse Dr @ Grand Canyon Rd/Us 95	Las Vegas	Northwest	---	---	213,000
The Drew - Retail	Mixed Use	2755 S Las Vegas Blvd	Las Vegas	Southeast	---	---	180,000
Redwood Badura Shopping Center	Community	Redwood St & W Badura Ave	Las Vegas	Southwest	---	---	94,050
Bldg 1 - Downtown Third Retail Project	Community	N 3Rd St @ Stewart Ave	Las Vegas	Northeast	---	---	52,000
Rainbow Boulevard Shopping Center	Neighborhood	S Rainbow Blvd @ W Pebble Rd	Las Vegas	Southwest	---	---	28,700
Silverado Promenade	Community	E Silverado Ranch Blvd @ S Las Vegas Blvd	Las Vegas	Southwest	---	---	130,000
Sprouts Farmers Market	Freestanding	6955 W Warm Springs Rd	Las Vegas	Southwest	---	---	29,896
Bldg 3 - Downtown Third Retail Project	Neighborhood	N 3Rd St @ Stewart Ave	Las Vegas	Northeast	---	---	16,000
Deer Springs Village	Neighborhood	6882 N Hualapai Way	Las Vegas	Northwest	---	---	98,359
Retail - Resorts World Las Vegas Ph 1	Freestanding	3000 S Las Vegas Blvd	Las Vegas	Southeast	---	---	250,000
Rainbow Boulevard Retail	Neighborhood	6410 S Rainbow Blvd	Las Vegas	Southwest	---	---	16,548
East Lake Mead Boulevard Retail Plaza	Neighborhood	5740 E Lake Mead Blvd	Las Vegas	Northeast	---	---	17,152
The Bend	Community	W Sunset Rd @ S Durango Dr	Las Vegas	Southwest	---	---	152,114
Walker Furniture Store	Freestanding	6555 S Riley St	Las Vegas	Southwest	---	---	150,000
Warm Springs & Jones Retail	Neighborhood	S Jones Rd & W Warm Springs Road	Las Vegas	Southwest	---	---	10,400
Las Vegas Renaissance	Mixed Use	Alta Dr @ Rampart Blvd	Las Vegas	Northwest	---	---	770,000
Sahara Avenue Mixed-Use Development - Retail	Mixed Use	713 East Sahara Avenue	Las Vegas	Southeast	---	---	134,905
Dining - Resorts World Las Vegas Ph 1	Freestanding	3000 S Las Vegas Blvd	Las Vegas	Southeast	---	---	210,000
Mountain'S Edge Marketplace Ph 3	Community	7975 Blue Diamond Rd	Las Vegas	Southwest	---	---	150,258
Building 2 - Downtown Third Retail Project	Community	N 3Rd St @ Stewart Ave	Las Vegas	Northeast	---	---	12,000
East Lake Mead Boulevard Retail Development	Neighborhood	3978 E Lake Mead Blvd	Las Vegas	Northeast	---	---	24,000
Post Road Mixed-Use	Mixed Use	W Post Rd @ S Buffalo Dr	Las Vegas	Southwest	---	---	241,105
Gagnier Boulevard Retail Development	Neighborhood	W Warm Springs Rd @ Gagnier Blvd	Las Vegas	Southwest	---	---	19,092
Hacienda Avenue Commercial Complex - Retail	Neighborhood	W Hacienda Ave & I-215	Las Vegas	Southwest	---	---	15,000
Las Vegas Gateway Center	Neighborhood	Fremont St @ N Eastern Ave Nwc	Las Vegas	Northeast	---	---	90,595
Rainbow Boulevard Commercial Development	Neighborhood	S Rainbow Blvd & W Capovilla Ave	Las Vegas	Southwest	---	---	67,739
Serene Avenue Retail	Neighborhood	1780 E Serene Ave	Las Vegas	Southwest	---	---	13,284
Cactus Village	Neighborhood	10428 S Las Vegas Blvd	Las Vegas	Southwest	---	---	57,500
Blue Diamond Ranch Retail	Neighborhood	Blue Diamond Rd @ S Decatur Blvd	Las Vegas	Southwest	---	---	103,465
Deer Springs Town Center Ph 2	Power Center	W Deer Springs Way @ N 5Th St	North Las Vegas	Northwest	---	---	88,014
Tropical & Lamb Shopping Center	Community	E Tropical Pkwy & S Lamb Blvd	North Las Vegas	Northwest	---	---	110,000
Marketplace At Ann & 5Th	Neighborhood	345 E Ann Rd	North Las Vegas	Northwest	---	---	20,607
Craig & Camino Al Norte	Community	W Craig Rd @ Camino Al Norte	North Las Vegas	Northwest	---	---	123,000
Craig Road Mixed-Use Bldg 2	Neighborhood	E Craig Rd & N Bruce St	North Las Vegas	Northwest	2019	August	5,000
Total Planned/Proposed							4,217,008

Up to 4.2± million square feet are included as planned/proposed within the region. It is noted that no dates of completion are included for a majority of the planned centers.

As shown, the most significant retail development noted in close proximity to the subject is Las Vegas Renaissance. As previously discussed, the regional shopping known as Las Vegas Renaissance is no longer proposed, and instead the site has been divided, with the first portion proposed for multi-family housing development (Elysian at Tivoli).

Las Vegas Conclusion

The Las Vegas Retail market has experienced stable to decreasing vacancy levels since 2014. Over the near term, new construction activity is expected to exceed absorption. However, despite trends, in the next five years vacancy should rise from 13.6 forecasted in 2018 to 13.7 percent, while average asking rental rates are expected to increase from \$19.03 per square foot to \$19.62 per square foot.



Mostly similar trends have also been evident in the subject's submarket area, with vacancy expected to decline, rental rates on increase slightly and, and a generally stable to optimistic view supported for the near-term.

Clearly, the Las Vegas CBSA has been among the more active retail markets in the country over the past decade, with the subject's submarket area being active as well. High levels of in-migration, accompanied by strong employment growth, have historically created tremendous demand for new housing, which has stimulated retail development, especially in high-growth areas around the outskirts of the region. Indeed, with strong job growth, and thousands of new residents coming to the region each year, significant demand has been generated for housing and goods and services.

As the single-family market continues to stabilize and show new growth (from a new starts perspective), so too should the retail construction market. Market stabilization will likely result with slower, more moderate long-term growth, rather than the tremendous historical expansion that has occurred as a result of retailers catching up with sprawl. Nevertheless, it is clear that developers have already been securing future retail destinations in outer areas of the region. Some of these projects stand to bear the impacts of the current slow-down, perhaps more so, than other more established communities. In this sense, several of the newer retail projects have been constructed in much less densely populated trade areas.

On balance, the long-term fundamentals for retail—ongoing population growth and residential development—are expected to remain stable throughout the Las Vegas market; the construction and planning of yet more shopping centers in areas of new and expected growth stands as persuasive evidence of confidence in the market and its supporting economic and demographic forces. As the local economy continues to grow, the climate for retailing, generally strong in any case, should only grow along with it. Certainly the short-term outlook is much more cautious, and warrants additional emphasis as the region's severe housing and economic troubles continue to impact retail property throughout the market.

Despite a somewhat more stable near-term view, over the long-term, the forecast for the metro Las Vegas retail market is one of generally positive growth, as transportation corridors and new housing developments continue to be built throughout the area. Following 36-months of increases, visitor volume to Las Vegas has been stable to declining slightly increasing over the last 12-24-months, a trend that impacts the subject's immediate location less than centers along the Las Vegas Strip, however impacts the regional economy.

Scope of Trade Area

Traditionally, a retail center's sales are principally generated from within its primary trade area, which is typically within reasonably close geographic proximity to the center itself. Generally, between 55.0 and 65.0 percent of a regional center's sales are generated within its primary trade area. The secondary trade area generally refers to more outlying areas that provide less frequent customers to the center. Residents within the secondary trade area would be more likely to shop closer to home due to time and travel constraints. Typically, an additional 20.0 to 25.0 percent of a center's sales will be generated from within the secondary area. For centers that have above average regional accessibility, this percentage can sometimes be greater. The tertiary or peripheral trade area refers to more distant areas from which occasional customers to the mall reside. These residents may be drawn to the center by a particular service or store that is not found locally. Industry experience shows that between 10.0 and 15.0 percent of a center's sales are derived from customers residing outside of the trade area. This potential is commonly referred to as inflow.

In areas that are benefited by an excellent interstate highway system or are noted as prime tourist destination centers, the percentage of sales generated by inflow patrons can often run upwards of 25 percent or higher.

To define trade area we must thoroughly review the retail market and the competitive structure of the general marketplace, as well as the subject's position within that marketplace. The subject property's position within the area's retail structure will be further examined by profiling the stores that anchor the subject.

Retail Structure

A retail center's trade area contains people who are likely to patronize that particular center, and its ability to draw these people comes from the strength of the anchor and major tenants, complemented by regional and local retailers and entertainment draws.

The subject's most direct competitors are seen as those larger regional and specialty centers, and retailers that are situated in close proximity within the western portion of the Las Vegas region. In addition, due to the merchandising strategy and property configuration, the subject also competes, to some degree, with other large shopping centers, power centers, and factory outlet centers in the local market, including several on or near the Las Vegas Strip.

Tivoli Village is viewed as a lifestyle/specialty center, with a wide mix of existing and proposed tenants and services including a number of restaurants unique to the region. Restoration Hardware acts as an anchor tenant to the center, enhancing the draw of the subject property beyond the existing restaurants and retailers. The potential trade area for the subject is defined by the location and drawing power of surrounding regional retail centers.

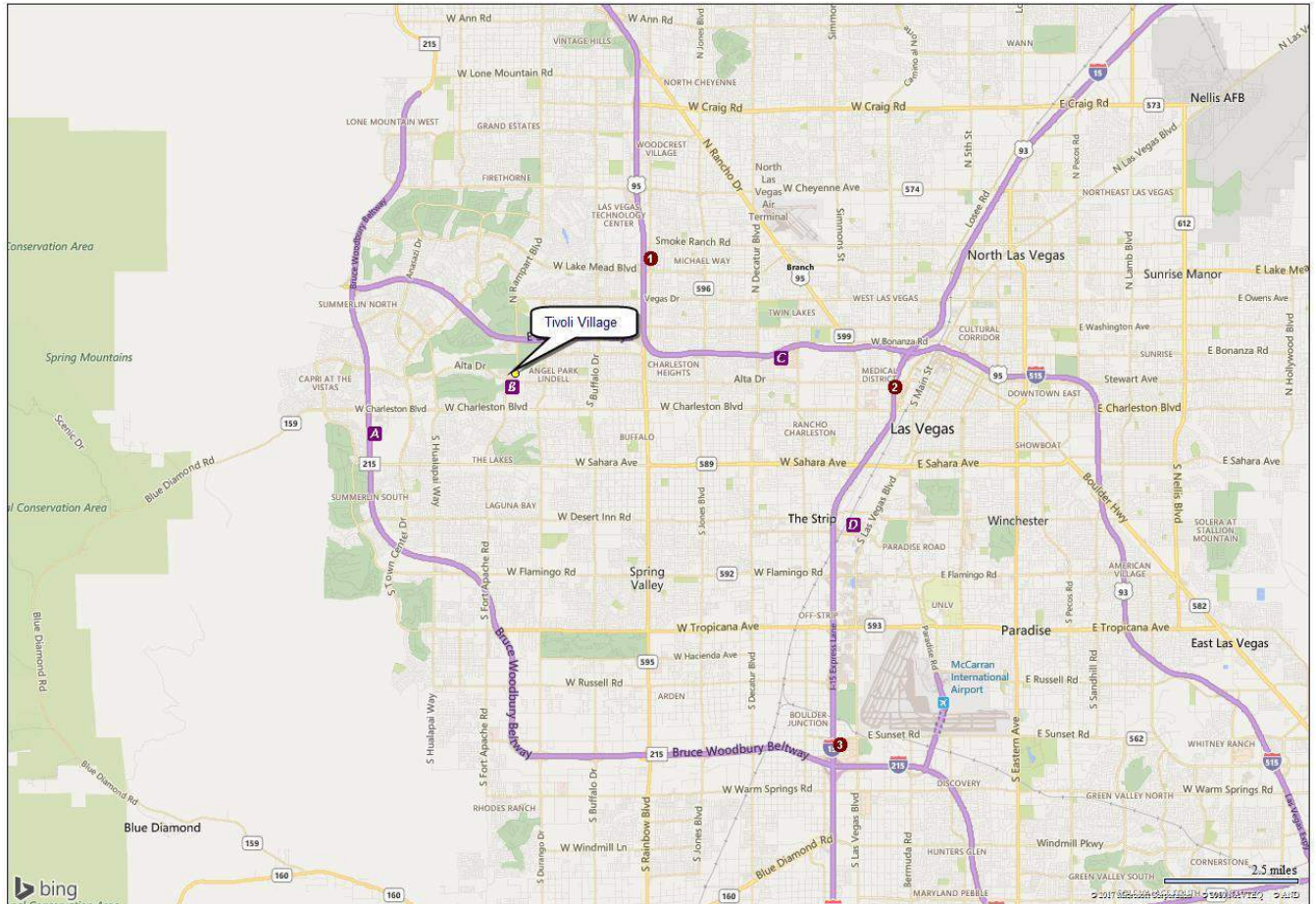
The *following chart* presents the major centers identified as being the most directly competitive with the property appraised. Due to the significance and market dominance of Fashion Show Mall, a summary of the survey excluding Fashion Show, in addition to the total survey average is included. The *following map* presents some of the subject's closest, most direct competitors, excluding smaller projects and less comparable centers in the potential trade area.

Following the discussion of the primary and secondary competition, a summary of local centers as well as specialty centers on the Las Vegas Strip will be presented

COMPETITIVE SHOPPING CENTERS

No.	Property	Description				Anchor Tenants	Rent/SF	Sales/SF	Occ.	Distance to Subject
S	Tivoli Village 440 South Rampart Boulevard Las Vegas, NV	Centre Type: Year Built: Renovation:	Super-Regional Center/Mall 2011 2016	Total GLA: Anchor GLA: Anchor Ratio:	669,466 77,060 12%	Restoration Hardware	\$25.00 - \$50.00	\$350.00 - \$450.00	77%	--
PRIMARY COMPETITION										
A	Downtown Summerlin 10973 Summerlin Centre Drive Las Vegas, NV	Sub-Type: Year Built: Ren/Exp:	Super-Regional Center/Mall 2014 -	Total GLA: Anchor GLA: Anchor Ratio:	1,600,000 600,000 38%	Macy's Dillard's Regal, Crate & Barrel Nordstrom Rack Off Broadway Trader Joe's	\$30.00 - \$50.00	\$575.00 - \$625.00	93%	3.5 miles Southwest
B	Boca Park 8750 W Charleston Boulevard Las Vegas, NV	Sub-Type: Year Built: Ren/Exp:	Power Center 1999 2003	Total GLA: Anchor GLA: Anchor Ratio:	751,891 294,425 39%	Target REI, Ross OfficeMax Vons, Lamps Plus	\$30.00 - \$50.00	\$375.00 - \$425.00	97%	Adjacent South
C	Meadows Mall 4300 Meadows Lane Las Vegas, NV	Sub-Type: Year Built: Ren/Exp:	Super-Regional Center/Mall 1978 2002	Total GLA: Anchor GLA: Anchor Ratio:	970,304 636,853 66%	JCPenney Macy's Sears Dillard's Clearance Curacao	\$25.00 - \$35.00	\$375.00 - \$425.00	90%	7.0 miles East
D	Fashion Show Mall 3200 Las Vegas Boulevard S Las Vegas, NV	Sub-Type: Year Built: Ren/Exp:	Super-Regional Center/Mall 1981 1993, 2002, 2003	Total GLA: Anchor GLA: Anchor Ratio:	2,060,000 1,353,000 66%	Neiman Marcus Dillard's, Macy's Saks Fifth Avenue Bloomingdales Nordstrom, Forever 21 Dick's Sporting Goods	\$75.00 - \$100.00	\$825.00 - \$900.00	95%	10.0 miles Southeast
SECONDARY COMPETITION										
1	Best in The West 2050 N Rainbow Blvd Las Vegas, NV	Sub-Type: Year Built: Ren/Exp:	Power Center 1996 2002	Total GLA: Anchor GLA: Anchor Ratio:	428,198 271,621 63%	Bed Bath & Beyond Best Buy, DSW Old Navy, Jo-Ann Sports Authority	\$25.00 - \$30.00	- - -	98%	8.0 miles Northeast
2	Las Vegas Premium Outlets 875 S Grand Central Parkway Las Vegas, NV	Sub-Type: Year Built: Ren/Exp:	Outlet Center 2003 2007	Total GLA: Anchor GLA: Anchor Ratio:	685,000 164,000 24%	Multiple Outlet Major Tenants	\$50.00 - \$70.00	- - -	100%	9.0 miles East
3	Town Square Las Vegas 6601 Las Vegas Boulevard S Las Vegas, NV	Sub-Type: Year Built: Ren/Exp:	Lifestyle Center 2007 -	Total GLA: Anchor GLA: Anchor Ratio:	1,123,000 411,000 37%	Container Store, H&M Guitar Center, Cinema, Whole Foods, Staples Old Navy, Others	\$35.00 - \$50.00	\$550.00 - \$600.00	86%	15.0 miles Southeast
Survey Total GLA - Excluding Fashion Show Mall					8,287,859					
Survey Minimum- Excluding Fashion Show Mall					428,198		\$25.00 - \$30.00	\$350.00 - \$425.00	77%	
Survey Maximum - Excluding Fashion Show Mall					2,060,000		\$50.00 - \$50.00	\$550.00 - \$600.00	100%	
Survey Average - Excluding Fashion Show Mall					1,035,982		\$31.43 - \$47.86	\$445.00 - \$2,525.00	92%	
Survey Total GLA					8,287,859					
Survey Minimum					428,198		\$25.00 - \$30.00	\$350.00 - \$425.00	77%	
Survey Maximum					2,060,000		\$75.00 - \$100.00	\$825.00 - \$900.00	100%	
Survey Average					1,035,982		\$36.88 - \$54.38	\$508.33 - \$570.83	92%	

Compiled by Cushman & Wakefield of Oregon, Inc.



Primary Competition

As shown from the chart and map, the existing regional and specialty retail centers within the western portion of the Las Vegas are included as primary competition to Tivoli Village. It is noted that there is a significant amount of specialty retail center development along the Las Vegas Strip. Included are some of the most successful retail developments in the United States. For the most part, these centers are considered to be almost solely reliant upon the tourist trade. Due to their distance and market position, a majority of the retail centers along The Strip are not considered direct (or secondary) competition towards the subject property. A brief discussion of these centers will follow. Of note along The Strip is Fashion Show Mall, the region's largest and most dominant super regional mall. Due to the extensive amount of mall shop tenancy, as well as the inclusion of numerous specialty restaurants, Fashion Show Mall is considered a direct competitor to Tivoli Village due to its significant presence in the market.

The most proximate competitor is Boca Park, located directly south of Tivoli Village along S. Rampart Boulevard. Boca Park and the adjacent Boca Fashion Village total 751,891 square feet and include a large concentration of retailers as well as specialty restaurants. Anchor tenants at Boca Park include Target, Ross Dress For Less, REI, OfficeMax, and Lamps Plus, among others. Specialty tenants located across the property include Cheesecake Factory, Gordon Biersch, Grimaldi's Brick Oven Pizza, and Kona Grill. While perhaps only marginally comparable in terms of retail merchandising with Tivoli Village, Boca Park helps establish the subject's immediate area as the retail hub of this portion of the region. Due to its size and number of shopping alternatives, Boca Park does compete directly for retail expenditures and some potential retail tenants.

Due to its close proximity, size and merchandising, the most direct competitor to Tivoli Village is Downtown Summerlin. Downtown Summerlin is the largest regional retail center completed in the United States since the

economic downturn. Formerly known as Shops at Summerlin, Downtown Summerlin totals represents a 1.6 million square foot, mixed-use development located at the southwest corner of Charleston Boulevard and Town Center Drive. The retail and office center is located adjacent to Red Rocks Resort and Casino. Under prior ownership of General Growth Properties, the regional mall and office project was put on hold in 2008 due to deteriorating market conditions and lack of leasing. The Howard Hughes Corporation completed the development Downtown Summerlin, which opened in October 2014. Downtown Summerlin has been developed on a 106± acre site, and features over 125 stores and restaurants in an open-air, “main street” concept, featuring pedestrian thoroughfares and modern storefronts. The development also includes a nine-story, class A, office building (One Summerlin), and adjacent power center. The regional mall is anchored by Dillard’s and Macy’s. Other major tenants include Forever 21, H&M, and a five-screen Regal Cinemas. A new Crate & Barrel, the first location within Las Vegas, is nearing completion and will open at Downtown Summerlin in October 2017. The adjacent power center is anchored by Nordstrom Rack, Off Broadway Shoes, buybuy Baby, Old Navy, Ulta, and Trader Joe’s. Downtown Summerlin is located approximately 3.5 miles west of the subject, and is reportedly 92 percent leased. Based on discussions with those active in the market, comparable sales at Downtown Summerlin are currently quoted between \$550 and \$600 per square foot.

The opening of Downtown Summerlin has impacted retail centers in the immediate market, including the subject property and surrounding specialty centers. Given the size and proximity of Downtown Summerlin, it is unlikely most retailers would open a second store within western Las Vegas, limiting the number of existing retailers. However, the lease-up of Downtown Summerlin may open the market to new tenants interested in Summerlin and western Las Vegas, potentially resulting in an opportunity for new/unique tenants in the market to locate at Tivoli Village and competing centers. Overall, the success, lease-up, and resulting lack of available space at Downtown Summerlin could be a positive for future leasing at Tivoli Village and surrounding specialty centers in and around Summerlin. Downtown Summerlin represents the core of the Summerlin master-planned community. Downtown Summerlin is considered the subject’s primary competitor; competing not only for customers and retail expenditures, but retailers alike.

In addition to Fashion Show Mall, a primary barrier on the east of the subject’s potential trade area is viewed as being Meadows Mall. Meadows Mall is located 7.0± miles east of Tivoli Village adjacent to Interstate 215. The mall has a more traditional merchandising strategy including a food court and mid-range restaurants. In 2014, Dillard’s consolidated their operations to one floor at Meadows Mall, converting the store to a clearance store. In the fall of 2016, Los Angeles based Curacao, specializing in the sale of electronics and household goods, among other items, opened a 100,000 square foot store within the former ground floor of Dillard’s. Due to the size and proximity of Meadows Mall, it is noted as a primary competitor.

From the chart and map and comparison, it is clear that, based upon distance and market convenience, the centers that are generally proximate to the subject are viewed as being the most direct competitors. There are also several community and power centers in the region that, because of their size and/or merchandising mix, compete to some degree with the subject. The subject’s principal competition is currently seen in primary competition noted above including Downtown Summerlin, Fashion Show, Boca Park, and Meadows Mall.

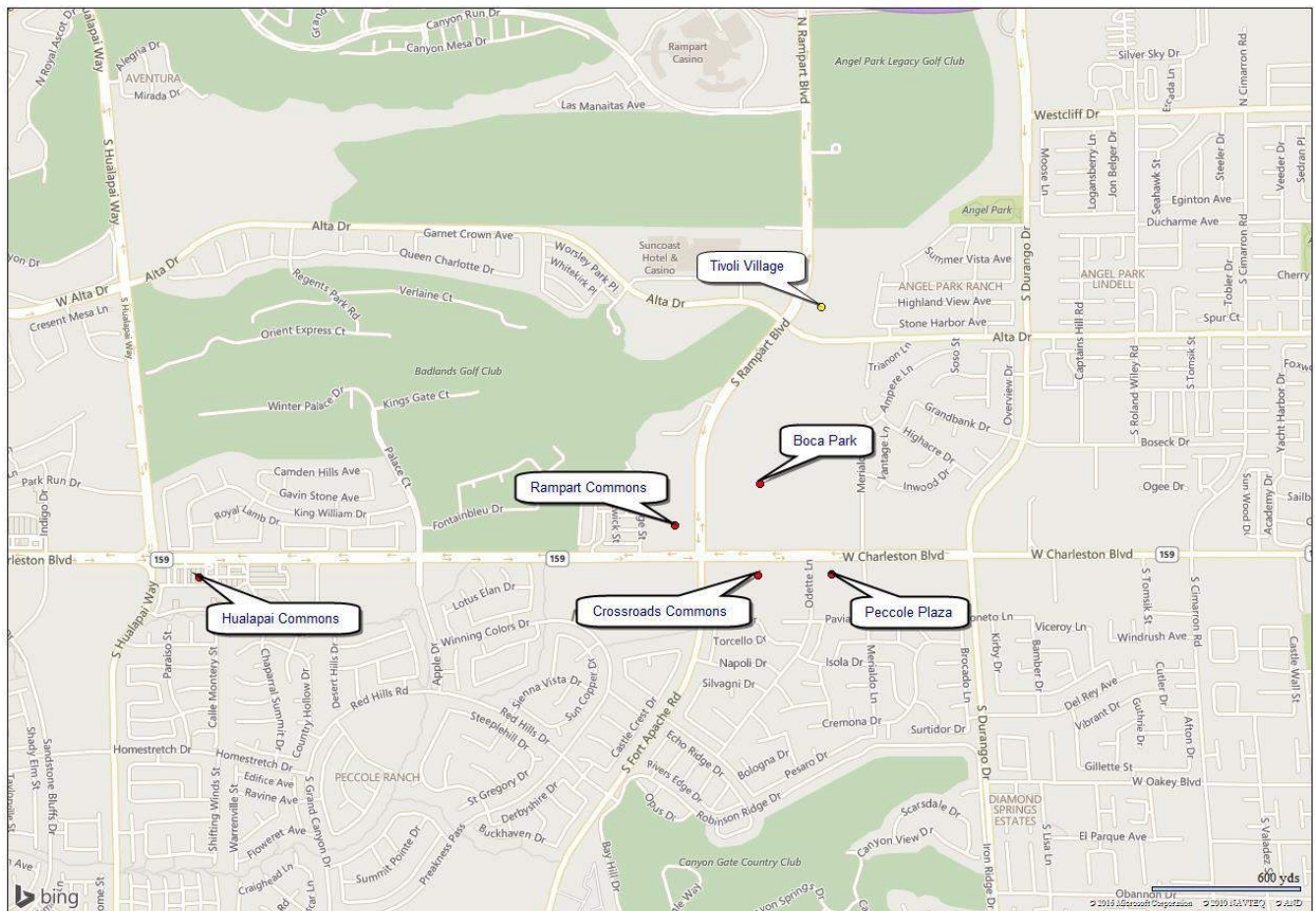
Secondary Competition

From a geographic and transportation perspective, the primary competitors cited are viewed as being the subject’s most direct competition. Additional secondary competitors include Best in The West, a 428,198 square foot power center located to the north of Summerlin Parkway, as well as Las Vegas Premium Outlets. The Premium Outlets are located on the northern portion of The Las Vegas Strip and are a draw to both visitor and local resident shoppers. The final secondary competitor of note is notable due to the similar mixed-use nature of the development. Town Square Las Vegas is a 1,123,000 square foot two and three story mixed-use, lifestyle retail and office center. The center is anchored by a number of anchor/major tenants including Whole Foods, Gameworks, AMC Theatres, H&M,

Staples, Container Store, and Guitar Center, among others. Town Square includes a significant number of national retailers as well as specialty restaurants including Brio Tuscan Grille, Blue Martini, Flemings Steakhouse, Claim Jumper, Bonefish, Texas de Brazil, Kabuki Japanese, Yard House, and Miller's Ale House. Town Square opened at the beginning of the economic downturn and the second- and third-story office portions of the center were initially slow to lease. Recent large leases with Solar City, have brought office occupancies at Town Square over 75.0 percent. The majority of the parking at the property is surface, with additional on-site garage parking available. Given its distance from Tivoli Village (15± miles), Town Square is considered secondary competition, however is notable due to its mixed-use configuration.

Local Retail Center Competition

In addition to the adjacent Boca Park, there are a number of centers within close proximity to Tivoli Village that help establish the subject's local area as a retail hub, however also compete for retail expenditures as well as certain tenants and restaurants. The following map identifies the location of these centers, followed by a brief discussion of each.



As summarized, in addition to Boca Park, four centers are noted in close proximity, ranging from 0.50 miles (Rampart Commons) to 2.0 miles (Hualapai Commons).

Rampart Commons is a 97,581 square foot specialty retail center located at the northwest corner of W Charleston Boulevard and S Rampart Boulevard. The center includes national retailers Pottery Barn, Williams Sonoma, Ann Taylor, and Talbots, and recently added bluemercury, Athleta, and Redemption Fitness. P.F. Chang's fronts the center at the corner of S. Rampart Boulevard and W. Charleston Boulevard. Three recently opened restaurants at

the center include North Italia, Flower Child, and Honey Salt. Over the last 12-18 months the center has been successful at backfilling and releasing space vacated by retailers closing in favor of Downtown Summerlin including The Gap and Banana Republic.

Diagonally across the intersection from Rampart Commons is Crossroads Commons, a 161,243 square foot community center. Crossroads was completed in 1999 and is anchored by Barnes & Noble, Pier 1 Imports, and Whole Foods. Asking rents at Crossroads for available suites are reportedly in the \$35.00 to \$40.00 per square foot range. West of Crossroads Center is Peccole Plaza. Peccole Plaza totals 165,666 square feet and is anchored by Kohl's, Walgreens and Guitar Center. Finally, Hualapai Commons is located near the southwest corner of W. Charleston Boulevard and Hualapai Way. Hualapai Commons is a 262,351 square foot community center anchored by Home Depot, PetSmart, and Smith's Food & Drug. As discussed, these centers help to solidify the local retail market, however do compete for local expenditures, and in certain cases, in-line and specialty tenants.

Other Competition & The Las Vegas Strip

Other competition to the subject property comes from various neighborhood and community centers throughout the CBSA, including freestanding stores and/or off-price, or discount-oriented big box users. Various other nodes of retail development exist throughout the area that offer varying degrees of competition to the subject. There are a number of larger strip centers, freestanding stores, and big box specialty retailers that, because of their major tenants and merchandising, do compete to some degree with the subject.

In addition, specialty centers of note on the Las Vegas Strip include The Forum Shops, Grand Canal Shoppes, Shoppes at the Palazzo, Crystals at CityCenter, and Miracle Mile. These centers each include significant retail and restaurant draws and are all nearly completely reliant on visitor expenditures. While Tivoli Village may include some similar retail tenants and restaurant draws, the specialty centers on the strip are not considered competitive due to both distance, marketing strategy, and reliance on visitors to the Las Vegas Strip. While a portion of the visitors to Tivoli Village are and will continue to be visitors to Las Vegas, the subject is more reliant on local residents and part-time residents who reside in nearby housing developments.

Proposed Competition

Our investigation of potential near-term changes in the retail structure of the area did not uncover any proposed retail developments that will directly compete with Tivoli Village.

Typical Market Lease Terms

Typical Lease Term

Our survey of market participants has included a broad cross section of shopping center owner/ developers and leasing agents. Typical lease terms in region for local tenants vary from 3 to 10 years, with larger regional and national tenants commanding longer terms of 7 to upwards of 15 years. Major/anchor leases typically run a range of 10 to 20 years, with 15 years being typical.

Expense Reimbursement

Typically, retail leases are structured on a net basis, with tenants responsible for a full pro-rata share of taxes and operating expenses. Common area maintenance recoveries (including insurance) will typically have an administrative surcharge of 5.0 to 15.0 percent in addition to the pro-rata pass-through. Periodically, the management fee may be recovered in lieu of this structure.

Rent Escalations

Rental increases in the form of a CPI increase or a fixed step-up are usually sought, but not always achieved. The strength of a particular property or location generally dictates the ability of a landlord to command rental increases.

The two most common structures in the subject market appear to be annual escalations or fixed steps. Annual increases are typically based upon CPI, or a lower stipulated rate, usually around 2.0 to 2.5 percent per year. Fixed steps appear to equal nearly 5.0 to 10.0 percent every three years over the course of the term.

Overage Rent

In addition to the minimum base rent, many retail tenants contract to pay a percentage of their gross annual sales over a pre-established base amount as overage rent. Most leases in the market appear to have a natural breakpoint. The average overage percentage for small space retail tenants is in a range of 4.0 to 6.0 percent. Anchor tenants typically have the lowest percentage clauses, with ranges of 1.0 to 3.0 percent being most common.

Concessions

Concessions will vary considerably by property and tenant type. The level of rent that tenants are willing to pay is often influenced by the magnitude of the build-out offered, as well as the amount, if any, of free rent granted.

Anchor tenants are generally in a better negotiating position to extract concessions in the form of free rent or improvement allowances. However, if an anchor is strongly motivated to be in a particular market, it is not unusual for an owner to be able to maintain a firm bargaining position, yielding little or no concessions.

We typically see tenant allowances ranging from \$5.00 to \$20.00 per square foot in this marketplace. Free rent concessions may range from 1 to 3 months, but are considered atypical of the subject's market. When free rent has been given, the tenant has typically been responsible for all interior build-out costs to finish the space.

Leasing Commissions

Leasing commissions in the local market area typically vary. Brokers we interviewed indicated each transaction is different depending on tenant quality and the specific property in which it is placed. Generally commissions are about 4.0 to 6.0 percent of the aggregate rent for new tenants, generally paid out up front, with renewal tenant commissions being half the rate. Alternatively, many commission structures have been fixed at a rate per square foot of building area. Typically, we have seen commissions of \$4.00-\$6.00 per square foot for new shop leases, and anywhere from \$1.50-\$3.00 per square foot for new anchor tenants.

Anchor Profiles

Restoration Hardware opened within Triad B in October 2016 and acts as a retail anchor for Tivoli Village. Restoration Hardware totals 70,060 square feet, within a 4-story design gallery, flagship store, and their first in Las Vegas. The Restoration Hardware building is freestanding, located in the center of Triad B.

Restoration Hardware, Inc. Tenant Profile

Restoration Hardware puts vintage American fixtures and fittings into homes old and new. The company sells upscale home and outdoor furnishings, garden products, hardware, bathware, lighting, textiles, baby and child products, and more through about 83 retail galleries. It also markets products through its catalogs and e-commerce sites (more than 40 percent of overall sales).

Restoration Hardware operates four distinct store types: Gallery format of approximately 8,000 – 13,000 gross square feet, full line Design Gallery format of greater than 20,000 gross square feet and up to 77,000 square feet,

Baby & Child Gallery format of approximately 4,000 gross square feet, and Waterworks Showrooms format of approximately 4,000 gross square feet. Substantially all of Restoration Hardware retail stores are Galleries, and the company plans to continue to open and operate this store model in small to mid-sized markets. In key metropolitan markets, the company will open full line Design Galleries, which will serve as premier shopping destinations for luxury home furnishings.

In October 2016, Restoration Hardware opened a 77,060 square foot 'design gallery' store at the subject property, following their August 2016, 57,700 square foot design gallery opening at Town Center Plaza in Leawood (Kansas City), MO. The Leawood and Las Vegas stores joined recent Design Gallery stores in Atlanta (2014), Chicago (2015), Denver (2015), and Tampa Bay (2015). In May 2014, to the northeast of New York City within of Greenwich, CT, the company opened a 23,000-square foot full line Design Gallery within in a historic post office on upscale Greenwich Avenue. The Connecticut opening followed full line Design Gallery store openings in 2013 in Indianapolis and a 40,000 square foot store in Boston (within the former Natural History Museum Building). In 2012 a full line Design Gallery was opened in Scottsdale, Arizona, and in 2011 in both Los Angeles and Houston.

The most recent design gallery store formats have opened in West Palm, FL (80,000 SF), Austin, TX (60,000 SF), and Toronto, Canada (70,000 SF). RH will open four new stores ("Galleries") this year, with locations in Portland, Oregon (opened in March); Nashville, Tennessee; Yountville, California; and New York City. The latter three will include a dining experience. In addition, also in Manhattan, in summer 2019, RH will open its first-ever hotel, called RH Guesthouse.

In addition to its expansive gallery locations, RH is developing a new, smaller-sized prototype that will range in size from approximately 33,000 square feet inclusive of a hospitality experience to 29,000 square feet without one. The company expects the smaller galleries will enable it to ramp from three to five new locations per year, to five to seven. RH is also looking at global expansion.

Founded in 1980, Restoration Hardware was taken private in 2008 by Catterton Partners and Tower Three Partners in a deal valued at about \$175 million. In 2012 the high-end home accessories retailer went public.

In May 2016, Restoration Hardware acquired Connecticut-based Waterworks in a \$118.4 million deal. Waterworks is a luxury bath and kitchen brand with fittings, fixtures, furniture, furnishings, accessories, lighting, hardware and surfaces. It is comprised of the Waterworks, Waterworks Kitchen and Waterworks Studio. Products are sold through 15 showrooms in the U.S. and U.K., boutique luxury retailers and online.

Restoration Hardware is not credit rated by Moody's, Fitch or S&P Global.

Annual Filing Data

Restoration Hardware's total consolidated revenue was up 14.3 percent to more than \$2.4 billion in fiscal 2017, due to growth from both the RH and Waterworks segments. The company's net income fell from \$5.4 million in fiscal 2016 to \$2.2 million in fiscal 2017.

The following is a profile of Restoration Hardware's annual financial performance:

RESTORATION HARDWARE FINANCIAL OVERVIEW					
	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Net Sales (in millions)	\$2,440.2	\$2,134.9	\$2,109.0	\$1,867.4	\$1,551.0
Net Sales Growth	14.3%	1.2%	12.9%	20.4%	30.0%
Net Income (in millions)	\$2.2	\$5.4	\$91.1	\$91.0	\$18.1
Comparable Store Sales Change	6%	-7%	11%	20%	31%
Gross Leasable Area (SF in millions)	1.3	1.2	1.0	-	-
Sales Per Leased Square Foot	\$1,270	\$1,285	\$1,463	\$1,413	\$1,386
Retail Stores at End of Year	83	85	69	67	70

Source: Company filings

Store Openings / Closings

As of January 28, 2017, Restoration Hardware operated a total of 83 retail galleries, consisting of 47 legacy Galleries, 6 larger format Design Galleries, 10 next generation Design Galleries, 1 RH Modern Gallery and 4 RH Baby & Child Galleries throughout the United States and Canada, as well as 15 Waterworks showrooms in the United States and in the U.K. In addition, as of January 3, 2018, the company operated 32 outlet stores.

In 2016, Restoration Hardware began slowing store openings to three to five galleries a year, as it looks to decrease the execution risk over the course of its real estate transformation and to lower capital requirements. As discussed, the company is working on a new prototype Design Gallery store format that will range in size from 33,000 square feet inclusive of its integrated hospitality experience to 29,000 square feet without. It will represent assortments from RH Interiors, RH Modern, RH Baby & Child, RH TEEN, and RH Outdoor. Restoration Hardware looks to escalate new store openings beginning in 2019.

Anchor Tenant Alignment

The duplication in anchor tenancy is seen as limiting a property's potential trade area as it is unlikely that customers will travel past one store's location to frequent a similar store at the subject property. Conversely unique anchors may help to extend the subject's trade area.

The Restoration Hardware store at Tivoli Village is their first store in Las Vegas. The subject store competes with other specialty furniture and design stores within the market. Living Spaces, featuring a more traditional mix of furniture and decorating merchandising, is located across Alta Drive at Boca Park Fashion Village. Crate & Barrel opened a new 22,300 square foot store at Downtown Summerlin in October 2017. The Crate & Barrel store is their first, and only, in the Las Vegas market.

Trade Area Analysis

We considered several factors in defining boundaries for the subject's trade area. First, the property's location with respect to transportation provides the basis for regional access to the area. Second, regional competition and geographic boundaries help to define the potential size of the trade area as a measure of distance from the property. Third, the merchandising mix and anchor alignment provides the basic draw of customers that are likely to patronize the property.

Tivoli Village is located in the western portion of the Las Vegas CBSA, influenced by its proximity to the Summerlin Master-Planned Community, and benefited by good local accessibility and average to good regional accessibility, as well as the proliferation of peripheral draws. Major roadway proximity to the center provides the necessary access to destinations throughout the local area, while the property's proposed major/anchor stores should provide additional drawing power for the property. The subject's existing unique restaurants and specialty retailers provide

a good local draw (2-3 mile radius) to the subject, while the addition of Restoration hardware and a higher proliferation of mid-to-upper scale retailers will increase the draw across western Las Vegas (4-6 miles).

As discussed, the location and accessibility of competing centers has direct bearing on the formation and make-up of the subject's potential trade area as well. The subject competes most directly with two existing regional malls within the region (Fashion Show and Meadows Mall), as well as one proposed regional center (Downtown Summerlin). As proposed, the subject's future merchandising mix should allow it to draw from a more expanded trade area that overlaps with some of the surrounding centers, particularly given the uniqueness of the Restoration Hardware Design Gallery Store. The subject also competes to some degree with other freestanding stores and power/ community centers in the region. Secondary competition is seen in other area community centers that are anchored by competing anchor tenants, namely off-price or discount.

It is also important to note that other freestanding "category killers" represent a strong force in the market's competitive environment. However, their primary stores (discount department stores, drugs, home improvement centers and warehouse clubs) are generally different from those, which will comprise the subject property. Certainly there is a place for both in most retail environments, including the subject region. Collectively, they balance out the retail infill of the region.

We analyzed the subject's trade area based on the following factors:

- Highway accessibility, including area traffic patterns, geographical constraints, and nodes of residential development;
- The position and nature of the area's retail structure, including the location of destination retail centers which compete with the subject and the strength and composition of the retail infill; and
- The size, anchor tenancy, and merchandising composition of the subject property's tenants.

Given all of the above, we believe the subject property's primary trade area would likely span an area encompassing about four miles around the center. The subject's secondary trade area might span up to six miles from the site given its regional accessibility and location of competitive properties.

Using these observations, we analyzed a primary demographic profile for the subject based on a radius of approximately four miles from the property. To add perspective to this analysis, we segregated our survey into two, four, and six mile concentric circles with a comparison to the CBSA, state, and the United States. This data is presented on the following page.

DEMOGRAPHIC SUMMARY						
	2.0-mile Radius	4.0-mile Radius	6.0-mile Radius	Las Vegas CBSA	State of Nevada	United States
POPULATION STATISTICS						
2000	59,212	232,898	418,536	1,375,442	1,998,039	281,422,025
2018	64,074	291,501	558,810	2,188,484	2,987,949	326,573,050
2023	65,610	310,095	600,586	2,452,978	3,313,125	339,560,400
Compound Annual Change						
2000 - 2018	0.44%	1.25%	1.62%	2.61%	2.26%	0.83%
2018 - 2023	0.47%	1.24%	1.45%	2.31%	2.09%	0.78%
HOUSEHOLD STATISTICS						
2000	24,101	92,265	162,590	512,132	751,080	105,480,443
2018	27,010	116,617	216,330	800,213	1,107,656	123,611,231
2023	28,152	126,339	237,250	916,135	1,251,764	130,100,346
Compound Annual Change						
2000 - 2018	0.64%	1.31%	1.60%	2.51%	2.18%	0.89%
2018 - 2023	0.83%	1.61%	1.86%	2.74%	2.48%	1.03%
AVERAGE HOUSEHOLD INCOME						
2000	\$80,164	\$69,418	\$65,499	\$57,617	\$57,528	\$56,675
2018	\$93,745	\$86,059	\$79,640	\$75,248	\$76,611	\$84,609
2023	\$109,610	\$100,029	\$92,580	\$87,483	\$89,161	\$97,196
Compound Annual Change						
2000 - 2018	0.87%	1.20%	1.09%	1.49%	1.60%	2.25%
2018 - 2023	3.18%	3.05%	3.06%	3.06%	3.08%	2.81%
RETAIL SALES POTENTIAL						
Total Retail Sales (\$Mil)	\$1,212	\$5,180	\$9,241	\$33,808	\$47,542	\$5,753,969
General Merchandise	\$144	\$615	\$1,103	\$4,046	\$5,684	\$691,913
Apparel & Accessory	\$51	\$217	\$388	\$1,436	\$2,011	\$260,717
Furniture & Home Furnish.**	\$44	\$186	\$331	\$1,221	\$1,720	\$212,977
Other Sales***	\$39	\$166	\$296	\$1,082	\$1,521	\$184,127
Total GAFO Sales	\$277	\$1,184	\$2,118	\$7,785	\$10,937	\$1,349,734
Total Expenditure Potential*	\$2,532	\$10,036	\$17,229	\$60,214	\$84,859	\$10,458,623
GAFO % of Total Retail Sales	22.82%	22.85%	22.92%	23.03%	23.01%	23.46%
GAFO % of Total Expenditure Potential	10.92%	11.79%	12.29%	12.93%	12.89%	12.91%

SOURCE: © 2016 Experian Marketing Solutions, Inc. •All rights reserved

* Households x Total Household Income

** Includes Home Appliance, Radio, T.V. Stores

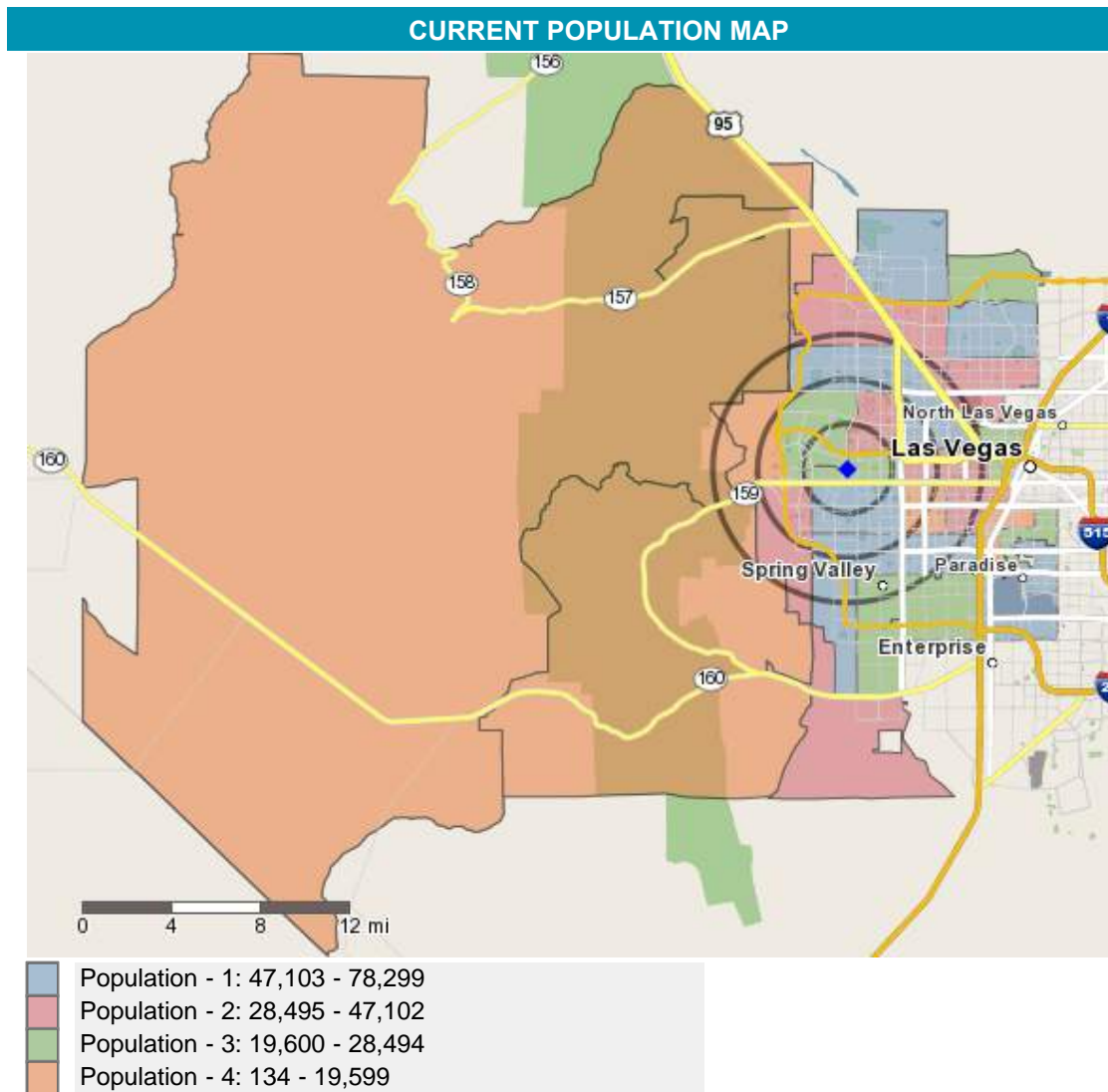
***Other Sales estimated at 3.20% of Total Retail Sales

Population

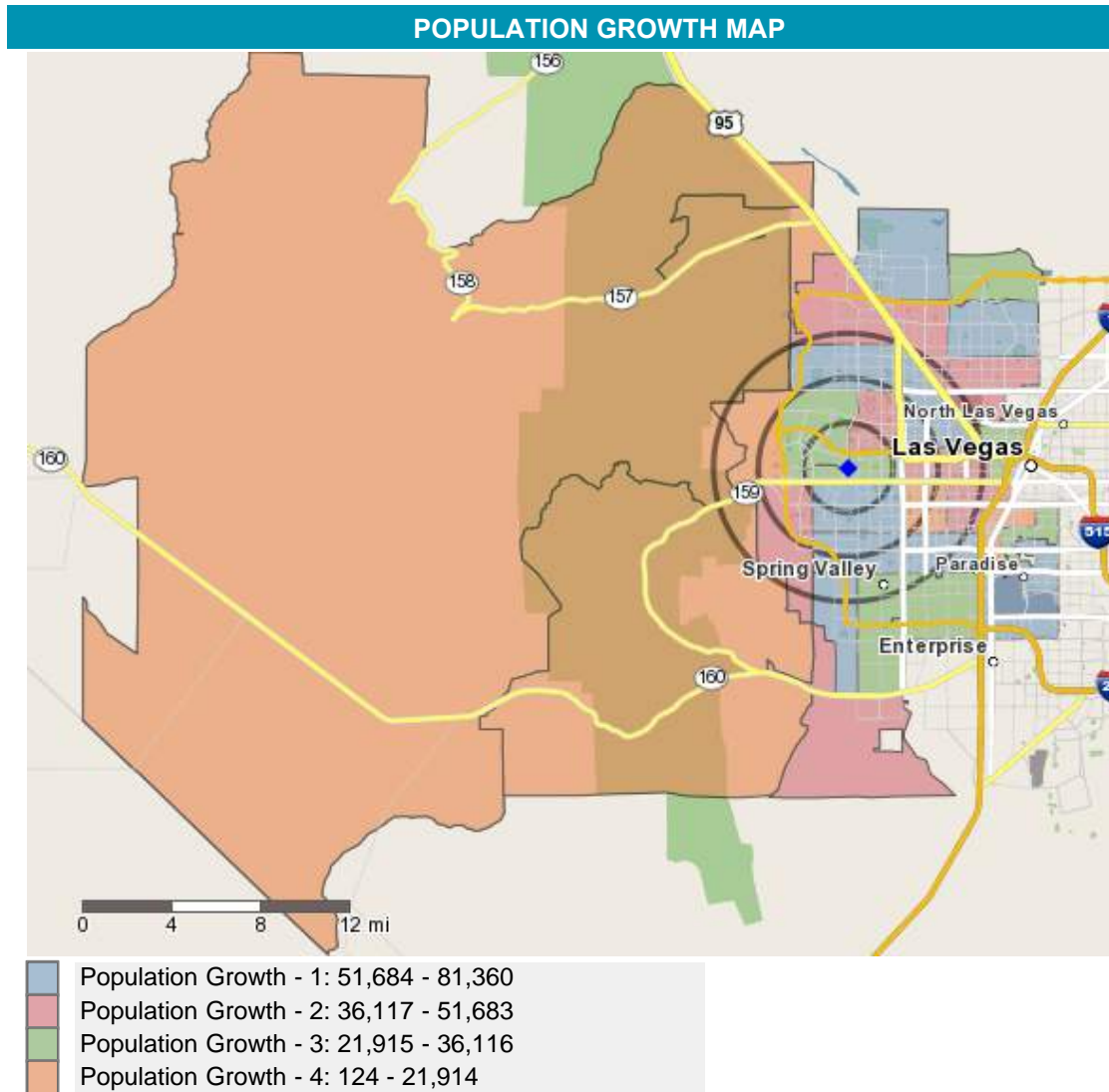
Having established the subject's trade area, our analysis focuses on the trade area's population. Experian Marketing Solutions, Inc., provides historical, current and forecasted population estimates for the total trade area. Patterns of development density and migration are reflected in the current levels of population estimates.

Between 2000 and 2018, Experian Marketing Solutions, Inc., reports that the population within the primary trade area (4-mile radius) increased at a compound annual rate of 1.25 percent. This is characteristic of suburban areas in this market. This trend is expected to continue into the near future albeit at a slightly slower pace. Expanding to the total trade area (6-mile radius), population is expected to increase 1.45 percent per annum over the next five years.

The following graphic contains a representation of the current population distribution within the subject's region. As shown, highest population densities can be found immediately to the south of the subject as well as to the north and northeast.



The following graphic illustrates projected population growth within the trade area over the next five years. The trade area is clearly characterized by various levels of growth, with highest densities forecasted to the south, as well as areas to the north and northeast, generally falling within the secondary trade area.



Households

A household consists of a person or group of people occupying a single housing unit, and is not necessarily a family unit. When an individual purchases goods and services, these purchases are a reflection of the entire household's needs and decisions, making the household a critical unit to be considered when reviewing market data and forming conclusions about the trade area as it impacts the retail center.

Figures provided by Experian Marketing Solutions, Inc., indicate that the number of households are increasing at a faster rate than the growth of the population. Several changes in the way households are being formed have caused this acceleration, specifically:

- The population is living longer on average. This results in an increase of single- and two-person households;
- Higher divorce rates have resulted in an increase in single-person households; and
- Many individuals have postponed marriage, also resulting in more single-person households.

According to Experian Marketing Solutions, Inc., the Primary Trade Area grew at a compound annual rate of 1.31 percent between 2000 and 2018. Consistent with national trends the trade area is experiencing household changes at a rate that varies from population changes. That pace is expected to continue through 2023, and is estimated at 1.61 percent.

Correspondingly, a greater number of smaller households with fewer children generally indicates more disposable income. In 2000, there were 2.51 persons per household in the Primary Trade Area and by 2018, this number is estimated to have decreased to 2.48 persons. Through 2023, the average number of persons per household is forecasted to decline to 2.46 persons.

Trade Area Income

Income levels, either on a per capita, per family or household basis, indicate the economic level of the residents of the trade area and form an important component of this total analysis. Average household income, when combined with the number of households, is a major determinant of an area's retail sales potential.

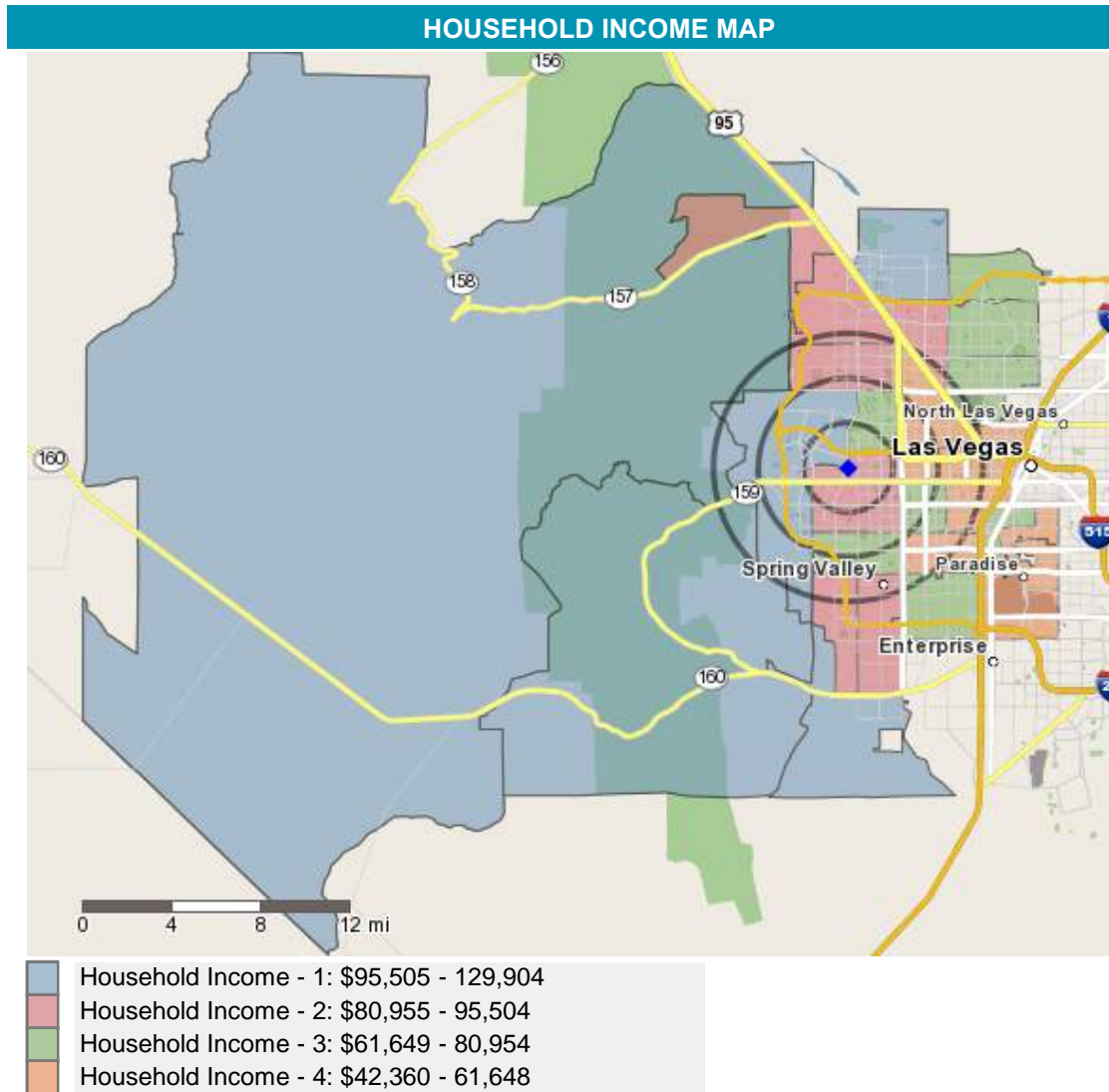
Trade area income figures for the subject support the profile of a broad middle- to upper-income market. According to Experian Marketing Solutions, Inc., average household income in the primary trade area in 2018 was approximately \$86,059, 114.37 percent of the CBSA average (\$75,248) and 112.33 percent of the state average (\$76,611).

Further analysis shows a relatively broad-based distribution of income, although skewed toward the lower income brackets similar to the distribution within the larger CBSA. This information is summarized as follows:

DISTRIBUTION OF HOUSEHOLD INCOME						
Category	2.0-mile Radius	4.0-mile Radius	6.0-mile Radius	Las Vegas CBSA	State of Nevada	United States
\$150,000 or more	12.69%	10.94%	9.41%	8.17%	8.37%	11.55%
\$125,000 to \$149,999	4.99%	4.93%	4.39%	4.60%	4.86%	5.34%
\$100,000 to \$124,999	8.63%	8.90%	8.35%	8.37%	8.68%	8.94%
\$75,000 to \$99,999	13.45%	13.47%	13.02%	13.50%	13.73%	12.87%
\$50,000 to \$74,999	19.00%	20.15%	20.30%	20.13%	20.03%	18.12%
\$35,000 to \$49,999	13.28%	14.34%	14.51%	14.18%	13.91%	12.72%
\$25,000 to \$34,999	10.16%	10.00%	10.84%	10.81%	10.36%	9.33%
\$15,000 to \$24,999	9.30%	9.02%	9.91%	9.77%	9.73%	9.71%
Under \$15,000	8.48%	8.26%	9.27%	10.48%	10.34%	11.42%

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The following is a graphic presentation of the household income distribution throughout the trade area that clearly shows the area surrounding the subject to be characterized by middle- to upper-income households. Higher income areas are located in surrounding suburban communities particularly to the northeast of Tivoli Village.



Retail Sales

Perhaps an even more important measure of area income is the amount spent on retail purchases. Retail sales and growth are also tracked by Experian Marketing Solutions, Inc.

At the end of last year, the subject's primary trade area (4-mile radius) had an aggregate retail sales level of \$6.8 billion, with average retail sales per household of \$57,991. By comparison, Las Vegas CBSA had average sales per household of \$55,431, while the State of Nevada and U.S. averages were \$56,128 and \$60,562, respectively.

RETAIL SALES			
Area	2018	2023	CAGR 2018-23
2-mile radius	\$1,576,167	\$1,927,312	4.1%
4-mile radius	\$6,762,686	\$8,612,832	5.0%
6-mile radius	\$12,080,758	\$15,643,440	5.3%
Las Vegas CBSA	\$44,356,730	\$60,289,804	6.3%
Nevada	\$62,170,687	\$83,335,740	6.0%
United States	\$7,486,202,461	\$9,126,628,506	4.0%

SOURCE: © 2019 Experian Marketing Solutions, Inc. •All rights reserved

Experian Marketing Solutions, Inc., projects retail sales in the Las Vegas CBSA will grow at a pace above that of the State and above the nation as a whole.

Las Vegas Visitor & Tourism Trends

The subject's location in western portion of the Las Vegas region, 'off' the Las Vegas Strip. This location places less emphasis and importance on visitor volumes, compared with similar specialty retail centers situated along Las Vegas Boulevard within the resort corridor. However, since the regional economy and a certain level of the local area economy in and around Summerlin is driven by visitor volumes, a review of visitor trends is warranted.

As detailed in the following chart, prior to 2017, visitor volumes in the Las Vegas region had been on an increasing trend since declines in 2008 and 2009. Following previous all-time high levels in 2012, visitor volume reached another all-time high in 2014, surpassing 40.0 million visitors for the first time in history. Visitor volume was up 2.88 percent in 2015, reaching another all-time high of 42.3 million visitors. In 2016, visitor volume increased 1.47 percent, setting another benchmark of 42.9 million. In 2017, visitor volumes declined 1.7 percent to 42.2 million. While the first decline reported since 2013, 2017 was still the third highest level of visitations reported to Las Vegas. Recently released figures for 2018 show a slight decline in visitor volume, declining 0.22 percent to 42.1 million. Several reports have noted the strength of the U.S. Dollar and its recent effect on international travel which could continue to impact Las Vegas.

Las Vegas Shooting

On the night of October 1, 2017, a gunman opened fire on a large crowd of concertgoers at the Route 91 Harvest music festival on the Las Vegas Strip, leaving 58 people dead and 489 injured. While difficult to measure what impact the shooting had on past, or may still be having on planned and future visitations to Las Vegas, evidence shows that the shooting did slow visits in the immediate aftermath. Based on the monthly statistics provided by the Las Vegas Convention & Visitors Authority, following a decline of 2.5 percent in September 2017, visitor volume declined 4.2 percent in October 2017 following the shooting. Visitor volume in November 2017 declined 3.7 percent compared with 2016, with December visits down 2.5 percent. It has been reported that visits to Mandalay Bay and resorts on the southern end of The Strip have been hardest hit, while other reports from hotel and casino operators have said to have shown little slowdown of guests or canceled reservations as a result of the shooting.

The following chart presents a summary of recent annual visitor trends in the subject's region.

Tourism Trends Las Vegas, Nevada						
Year	Visitor Volume	% Change	Convention Attendance	% Change	Total Room Inventory	% Change
1990	20,954,420	15.58%	1,742,194	15.47%	73,730	9.41%
1991	21,315,116	1.72%	1,794,444	3.00%	76,879	4.27%
1992	21,886,865	2.68%	1,969,435	9.75%	76,523	-0.46%
1993	23,522,593	7.47%	2,439,734	23.88%	86,053	12.45%
1994	28,214,362	19.95%	2,684,171	10.02%	88,560	2.91%
1995	29,002,122	2.79%	2,924,879	8.97%	90,046	1.68%
1996	29,636,361	2.19%	3,305,507	13.01%	99,072	10.02%
1997	30,464,635	2.79%	3,519,424	6.47%	105,347	6.33%
1998	30,605,128	0.46%	3,301,705	-6.19%	109,365	3.81%
1999	33,809,134	10.47%	3,772,726	14.27%	120,294	9.99%
2000	35,849,691	6.04%	3,853,363	2.14%	124,270	3.31%
2001	35,017,317	-2.32%	5,014,240	30.13%	126,610	1.88%
2002	35,071,504	0.15%	5,105,450	1.82%	126,787	0.14%
2003	35,540,126	1.34%	5,657,796	10.82%	130,482	2.91%
2004	37,388,781	5.20%	5,724,864	1.19%	131,503	0.78%
2005	38,566,717	3.15%	6,166,194	7.71%	133,186	1.28%
2006	38,914,889	0.90%	6,307,961	2.30%	132,605	-0.44%
2007	39,186,761	0.70%	6,209,253	-1.56%	132,947	0.26%
2008	37,481,552	-4.35%	5,899,725	-4.98%	140,529	5.70%
2009	36,351,469	-3.02%	4,492,275	-23.86%	148,941	5.99%
2010	37,335,436	2.71%	4,473,134	-0.43%	148,935	0.00%
2011	38,928,708	4.27%	4,865,272	8.77%	150,161	0.82%
2012	39,727,022	2.05%	4,944,014	1.62%	150,481	0.21%
2013	39,688,221	-0.10%	5,107,416	3.31%	150,593	0.07%
2014	41,126,512	3.62%	5,194,580	1.71%	150,544	-0.03%
2015	42,312,216	2.88%	5,891,151	13.41%	149,213	-0.88%
2016	42,936,109	1.47%	6,310,600	7.12%	149,339	0.08%
2017	42,208,200	-1.70%	6,646,200	5.32%	148,896	-0.30%
2018	42,116,800	-0.22%	6,501,800	-2.17%	149,158	0.18%
CAGR 1990-18		2.52%		4.82%		2.55%
CAGR 2000-18		0.90%		2.95%		1.02%

Source: Las Vegas Convention & Visitors Authority

As shown, visitor volumes had been increasing prior to the downturn in 2008, and fell to 36.4 million in 2009. Following a 2.71 percent increase in 2010, visitor volume increased 4.27 percent in 2011 to nearly 39.0 million. In 2012, visitor volume reached 39.7 million, a 2.05 increase from 2011. It is noted that much of the region's historic visitor volume growth has come in the way of "spikes" following the opening of a new casino/resort. Visitor volume remained relatively stable in 2013, decreasing slightly from 2012 levels, before reaching all-time highs in 2014, 2015, and 2016 reaching 42.9 million.

Through February 2019, two month year-to-date visitor volumes are equal to 6.65 million, up 130,400, or 2.0 percent from total visitor volumes reported as of February 2018. Gains for 2019 are attributed to gains through midweek conventions, despite winter weather affecting some weekend and southern California volume. Convention attendance increased year-over-year by 8.5% through February, as small and mid-sized meetings reported gains,

and the return of the National Association of Home Builders (60,000 attendees) and the Kitch & Bath Show (33,000 attendees) helped offset movement of other large shows that have rotated out of Las Vegas.

While it remains too early to tell, visitor volumes are on track to potentially equal or fall slightly above 2018 levels and potentially approach the all-time high levels achieved in 2016.

These visitors to the Las Vegas region provide a substantial expenditure potential for retailers and restaurants within the region. A year-end 2017 study by the Las Vegas Convention & Visitors Authority (most current report available) suggests that visitors now stay an average of 3.5 nights and budget about \$541 for gaming, a decline over 2016 budgeted gaming expenditures of \$619 per trip, and \$579 per trip in 2015. The survey also indicates that visitors spend an average of \$143 per visit for shopping, a decrease over 2016 (\$157 per trip), and increase from shopping expenditures in 2015. Visitors also report spending \$60 per visit for shows, and \$377 per visit for food and drinks, the highest on record.

Visitor Expenditures (Per Trip)													
Category	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gaming	\$ 626.50	\$ 651.94	\$ 555.64	\$ 531.98	\$ 481.57	\$ 466.20	\$ 447.63	\$ 484.70	\$ 529.57	\$ 530.11	\$ 578.54	\$ 619.01	\$ 541.18
Food & Drink	\$ 248.40	\$ 260.68	\$ 254.49	\$ 273.39	\$ 250.32	\$ 256.82	\$ 274.69	\$ 265.11	\$ 278.95	\$ 281.88	\$ 292.00	\$ 318.09	\$ 376.97
Shopping	\$ 136.60	\$ 140.86	\$ 114.50	\$ 121.90	\$ 101.97	\$ 122.80	\$ 129.34	\$ 149.29	\$ 140.90	\$ 149.77	\$ 122.66	\$ 156.91	\$ 143.13
Accommodations	\$ 348.29	\$ 385.63	\$ 381.05	\$ 355.88	\$ 272.81	\$ 286.70	\$ 310.95	\$ 307.33	\$ 275.95	\$ 276.96	\$ 348.98	\$ 394.91	\$ 401.98
Shows	\$ 49.43	\$ 50.81	\$ 47.87	\$ 51.64	\$ 39.87	\$ 49.28	\$ 47.52	\$ 42.89	\$ 38.45	\$ 47.56	\$ 61.95	\$ 67.55	\$ 60.22
Average Stay (nights)	3.50	3.60	3.50	3.50	3.60	3.60	3.70	3.30	3.30	3.20	3.40	3.40	3.50

Source: Las Vegas Convention & Visitors Authority

As detailed in the chart, in 2017, respondents reported that expenditures on shopping declined from \$157 to \$143 per trip. Categories noted above that reported increases in visitor expenditures include food and drink and accommodations. Also included in the report is detail of the percentage of respondents who spent money in certain categories, including shopping. This portion of the survey is included in the following chart.

Percentage of Respondents Who Spent Money In Each Category							
Category	2011	2012	2013	2014	2015	2016	2017
Shopping	61%	58%	59%	61%	57%	69%	74%
Shows	40%	35%	32%	35%	45%	49%	43%
Sightseeing	5%	8%	7%	12%	8%	23%	20%

Source: Las Vegas Convention & Visitors Authority

The previous charts provide detail that following declines in 2015 visitor expenditures shifted back to shopping in 2016 and 2017 (despite a decline in total expenditures).

Subject Property Tenant Sales

Although sales trends within the subject's region lend important insight into such an analysis, it is the subject's sales productivity that is, perhaps, most significant. Sales – and sales growth – are the driving impetus for rental rates and rent growth at retail properties and have significant bearing on the occupancy costs tenants are willing to pay. In order to forecast sales at the subject, considering the future phased development, we have looked towards a variety of sources including actual sales levels, sales at competitive properties, as well as industry averages.

Actual & Comparable Sales

Given the recent completion of Triad B, and retail leasing challenges faced within this portion of the center, the majority of sales history available at the subject property is limited to tenants open within Triad A, as well a handful of tenants within Triad B. We reviewed actual sales reports for the last four years of the subject's operating history (2013-2018), and compiled a 12-month total and comparable sales calculation as of December 2018.

Total retail sales were reported at \$29.3 million in 2013, increasing to \$32.6 million in 2014. Total sales fell to \$27.9 million in 2015 as construction on Triad B continued and vehicle access across the property was limited. Total sales in 2016, including some preliminary sales from tenants in Triad B were reported at \$31.4 million, with total sales in 2017 increasing to \$45.4 million with full year sales from Restoration Hardware and sales from several additional Triad B retailers included. Total sales in 2018 have been reported by ownership at \$52.2 million, including minor increases for Restoration Hardware and a number of the restaurant tenants.

It is noted that these numbers are reflective of gross sales and do not adjust for partial year tenants. A more accurate measure of a center's performance is indicated by comparable sales (sales from tenants open and operating for at least one year). Based on the sales report provided, we have compiled estimates of comparable sales for full calendar years 2013-2018. Due to confidentiality, specific tenant sales are not reported herein. An overview of comparable tenant sales considered in our analysis are summarized in the following discussion.

Comparable sales have been allocated between restaurants and the retail tenants. Total comparable sales for restaurant tenants initially peaked in 2014 at \$561 per square foot before falling to \$511 per square foot in 2015, increasing to \$529 per square foot in 2016. Following the closure of underperforming restaurants (Cantina Laredo and Kabuki), combined with increasing sales at other restaurants, comparable restaurant sales increased to \$654 per square foot in 2017. A somewhat underperforming restaurant, Hamptons, is included in the 2018 comparable restaurant sales, totaling \$563 per square foot. Excluding Hamptons, total comparable restaurant sales in 2018 were equal to \$641.64 per square foot with two of four restaurants reporting increases in sales.

Retail tenant sales declined from \$334 per square foot in 2013 to \$205 per square foot as of year-end 2015. Comparable sales for retail tenants increased to \$230 per square foot in 2016, \$238 per square foot in 2017, and were reported at \$315 per square foot as of December 2018 following the opening of an above average retailers (Dance With Me), and the closure of an underperforming tenant (Gypsy05).

We note the somewhat limited nature of existing sales, particularly when considering the potential tenancy of Triad B and the ability to add retail draws to the property, joining Restoration Hardware. The addition of national retailers and tenants unique to the market continues to be of significant importance, particularly to increase traffic to the center, and potentially leading to higher overall comparable sales. The opening of the flagship Gallery Design concept Restoration Hardware, a first to the market retailer in Las Vegas, has drawn additional visits to the center, however the continued lack of retail leasing has left large areas of Triad B vacant. Ownership has not provided their own forecast or projection of future sales at the center following stabilization of Triad B. It is noted that a number of furniture, home furnishing, and art tenants are interested in leasing space within Triad B, looking to benefit from locations near RH.

Overall, combined comparable sales for retail and restaurant tenants peaked at \$444 per square foot in 2014, despite on-going construction and a lack of an anchor/major tenant draw. Total comparable sales as of December 2018 are calculated at \$432 per square foot, up 3.8 percent over year-end 2017 sales. Based on current and proposed retail and restaurant tenancy, as well as considering property trends and historical sales, we would be inclined to conclude at a potential level of comparable sales somewhat above current levels, assuming the continued lease-up and stabilization of Triad B.

Comparable In-Line Sales at Competitive Properties

In addition to actual sales performance, we have analyzed reported sales at the three most comparable properties in the market to help support a forecasted sales level for in-line tenants at Tivoli Village. In terms of retail sales performance, the three existing centers analyzed are Downtown Summerlin, Meadows Mall, and Town Square Las Vegas. Downtown Summerlin is a 1.6± million square foot super regional mixed-use center, 3.5 miles southwest of Tivoli Village. Meadows Mall is an enclosed, super regional mall located 7.0 miles east of the subject, while Town Square is a mixed-use, regional lifestyle center located 15.0 miles southeast of the subject property.

Downtown Summerlin opened in October 2014 and has reportedly leased-up to occupancy levels between 92.0 and 95.0 percent in terms of retail GLA. While comparable sales are not disclosed by The Howard Hughes Corporation, those active in the Summerlin retail market have quoted comparable retail sales ranging from \$550 to \$650 per square foot, with most estimates falling in the \$575 to \$625 per square foot range.

Over the last five to six years, comparable mall shop sales at Meadows Mall have reportedly ranged from \$385 to \$420 per square foot. Those familiar with the property generally report continued comparable mall shop sales in the range of \$400 per square foot, generally stable over the last several years. The addition of Curacao to the property has increased traffic to the center, potentially resulting in an increase in sales.

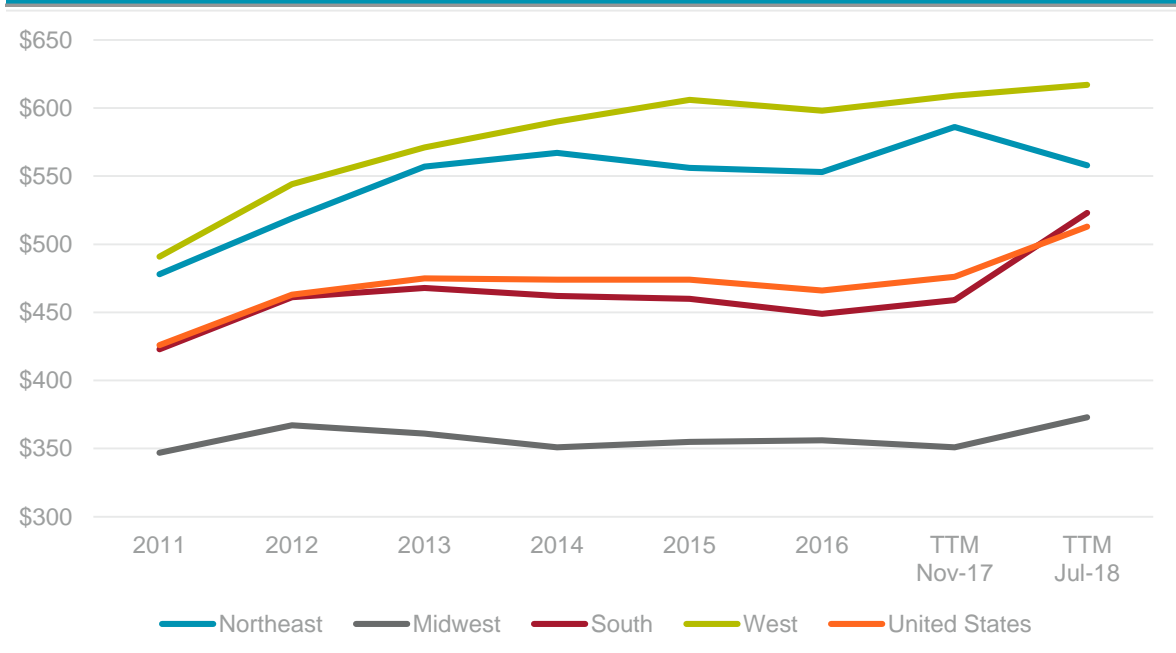
Similar in design to the subject, Town Square Las Vegas consists of a multi-story, mixed-use development, constructed in a main-street configuration, with office built over retail. At 1.2± million square feet (240,000 square feet of office), Town Square is considerably larger than Tivoli Village, however includes a similar merchandising mix of restaurants and retail stores. Comparable mall shop sales at Town Square Las Vegas reportedly fall within the \$600 to \$650 per square foot range, inclusive of an Apple Store. Excluding Apple, comparable mall shop sales are between \$450 and \$500 per square foot. Anchor tenants at Town Square include AMC, Container Store, H&M, Whole Foods, and Old Navy, among others. Comparable restaurants and in-line tenants include Yard House, Kabuki Japanese, Brio Tuscan, Texas de Brazil, Blue Martini, Tommy Bahama, Sephora, and Chico's. Overall, given the location, size and draw of several anchor tenants, we would expect the subject to achieve sales towards the lower end of the range at Town Square Las Vegas.

Based on competing properties, it appears the subject should be capable of achieving in-line sales below that of Downtown Summerlin, above Meadows Mall, and in-line, or slightly below that of Town Square Las Vegas. The competing properties tend to support a comparable sales level of between \$425 and \$450 per square foot for Tivoli Village, assuming lease-up and stabilization of Triad B.

Industry Average Sales (Mall Shops)

The International Council of Shopping Centers compiles the monthly U.S. Mall Report. The Report represents a proprietary database containing non-anchor sales and square footage information on nearly 500 regional and super-regional malls. Nationally, for 2018, average mall sales are reported to be \$513 per square foot.

While the subject is not classified as a regional mall, the existing, combined with the potential retail tenancy within Triad B will be similar to that of certain regional and super regional centers. A comparison of national and regional figures is shown on the following chart.

MALL SHOP SALES

	2011	2012	2013	2014	2015	2016	TTM Nov-17	TTM Jul-18	CAGR
Northeast	\$478	\$519	\$557	\$567	\$556	\$553	\$586	\$558	2.24%
Midwest	\$347	\$367	\$361	\$351	\$355	\$356	\$351	\$373	1.04%
South	\$423	\$461	\$468	\$462	\$460	\$449	\$459	\$523	3.08%
West	\$491	\$544	\$571	\$590	\$606	\$598	\$609	\$617	3.32%
United States	\$426	\$463	\$475	\$474	\$474	\$466	\$476	\$513	2.69%

Source: ICSC U.S. Mall Report

As summarized, mall shop tenants within the western region reported the highest average sales as of July 2018 equal to \$617 per square foot. Based on our analysis, we would expect sales for the subject property, assuming the lease-up and stabilization of Triad B, to fall in-line to slightly below national averages, and below the median reported for the west region.

Mall Shop Comparable Sales Conclusion

The estimate of potential comparable mall shop sales for the subject property has taken into consideration current and historical sales for tenants reporting within Triad A, the impact of on-going construction, sales at the most comparable properties in the market, as well as national benchmarks published by the ICSC. In conclusion, we have placed most weight on actual sales and sales achieved at comparable properties. Our final conclusion has considered an average sales level supported by achieved historical comparable sales (\$432 per square foot), and towards the middle-end of sales reported at Town Square Las Vegas, exclusive of Apple (\$425 to \$475 per square foot). Overall, we have concluded to a comparable sales level for the subject property of between \$440 and \$460 per square foot, say \$450 per square foot.

The subject sales of \$450 per square foot are in-line with comparable properties and below both national and regional averages. Its forecasted sales performance of \$450 per square foot can be compared to its peer group, summarized as follows:

MALL SHOP SALES COMPARISON			
	Median	Subject	Variance
Downtown Summerlin	\$600	\$450	75%
Meadows Mall	\$400	\$450	113%
Town Square Las Vegas	\$475	\$450	95%
United States	\$513	\$450	88%
West Region (Total)	\$617	\$450	73%

Although not specifically noted in the survey, our discussions with ICSC researchers indicated that it is believed that the figures are based on stores of less than 10,000 square feet. The subject's performance, when compared to similar malls within the region, has been at lower end of the range reflecting its relative position in the market.

Anchor Store Sales

The subject is anchored by Restoration Hardware (RH). The RH lease includes certain co-tenancy requirements that must be met over the course of the first 30-months following the opening of Triad B. Under the in-place lease agreement, initial base rent will be based on a percent of gross sales, with a fixed ceiling, placing particular emphasis on estimating potential sales for Restoration Hardware.

It is noted that ownership has been working with RH towards a renegotiation of the lease agreement, potentially eliminating co-tenancy and lease termination clauses, and establishing minimum rent based on a fixed monthly charge. Additional discussion of the RH lease terms can be found within the Income Capitalization Approach. Due to the confidentiality of the lease agreement, specific terms of the in-place lease are not disclosed herein, however have been modeled within this analysis.

Restoration Hardware

Restoration Hardware (RH) operates a Design Gallery concept, flagship store at Tivoli Village, their first, and only location in the Las Vegas market. The company currently operates several of these large, anchor type stores nationally.

Due to the newness of this concept, actual sales for most of the most recent Design Gallery stores are not available including those opened in Atlanta, Toronto, Austin, and West Palm Beach. According to published reports, its design galleries that have been open for one year, in cities including L.A. and Houston, sales continue to top company initial projections of \$850 per square foot of selling space, with some markets seeing sales in excess of \$1,500 to \$2,000 per selling square foot. Overall, for their 83 stores open nationally, including smaller concepts and their larger Design Gallery Stores, RH reports comparable sales per leased square foot of \$1,270 per square foot, down from prior year sales of \$1,285 per square foot, a product of the number of new stores, including larger gallery store concepts.

Based on preliminary discussions with RH, ownership at Tivoli Village had originally forecasted sales of between \$750 and \$1,000 per square foot, later revised downward to between \$500 and \$550 per square foot, or between \$38.0 and \$42.0 million per year. While these figures fall below the range quoted for existing flagship stores, it initially took several factors into account. First, the subject store is larger than other operating design gallery stores. Second, the subject store will be located in Las Vegas, a smaller market when compared to other flagship locations such as Los Angeles, New York CBSA, Houston, Indianapolis, and Phoenix. Due to confidentiality agreements, actual sales for Restoration Hardware are not reported.

Calendar year 2018 sales for RH have been made available for this assignment. Due to confidentiality agreements, actual sales for Restoration Hardware are not reported herein. December 2018 sales are up from 2017, however

as reported currently fall below expected sales, including chain-wide sales publicly reported for RH. It is not clear if sales reported by RH at Tivoli fully capture all sales generated in the market including in-store and on-line purchases. We note that, according to ownership, RH on-site management, as well as corporate ownership, have reported that they remain happy with their performance and location at Tivoli Village.

Subject ownership continues to be in discussions with Restoration Hardware and, if necessary, could look towards a sales audit to determine the accuracy of sales reported and captured. Based on the existing lease agreement, including co-tenancy agreements, reported sales are a significant consideration when determining current rent at the subject property.

Our analysis has considered current sales reported by the tenant as well as ownership's leasing forecasts within Triad B. Additional consideration has been given to current and past interviews with subject ownership regarding on-going discussions with Restoration Hardware. The impact of our sales conclusion on year one rental revenue will be analyzed and discussed within the Income Capitalization Approach. Current and future revenue are heavily impacted by the in-place co-tenancy agreement. For the purpose of this analysis, our valuation has taken into consideration sales performance for RH and the impact on the in-place lease agreement, including a contractual establishment of fixed rent in year four (November 2019) based on year three sales and percentage rent. Our analysis has considered ownership's lease projections as well as ownership's interpretation of the RH lease agreement.

Conclusion

We analyzed the retail trade history and profile of the subject's region and primary trade area in order to make reasonable assumptions as to the continued performance of the property.

A metropolitan and locational overview was presented which highlighted important points about the study area. Demographic and economic data specific to the trade area were also presented. Marketing information relating to these sectors was presented and analyzed in order to determine patterns of change and growth as it impacts Tivoli Village. The data quantifies the dimensions of the total trade area, while our comments provide qualitative insight into this market. A compilation of this data forms the basis for our projections and forecasts for the subject property. The following are our key conclusions.

- The Las Vegas Retail market has been mixed since 2014, mainly as a result of stable vacancy levels and increasing asking rents. Over the near term, new construction activity is expected to exceed absorption. However, increased demand is forecasted to result in a slightly rise in vacancy levels. Over the next five years, vacancy is projected to rise slightly from 13.60 to 13.70 percent, while asking rental rates are expected to increase from \$19.27 per square foot to \$19.51 per square foot.
- The subject enjoys a visible, relatively accessible location in within the western portion of the Las Vegas region, influenced by its proximity to the Summerlin Master-Planned Community, however lacking immediate freeway access. The subject has a good location along S. Rampart Boulevard at the intersection with Alta Drive, providing local accessibility to shoppers, area residents, and local employment.
- The region is expected to maintain a growth pattern benefiting from a diversifying economy, however still dominated by the visitor/tourism market, and general perception that the region has a good quality of life. Tivoli Village is centrally within western Las Vegas, and, combined with other neighboring centers, anchors the commercial core of the immediate area including several high-rise residential developments, two large hotels bordering the property, and a high density of single family homes, particularly to the south and east.

- As it exists, the subject property comprises a competitive retail destination with popular restaurants, however one that has suffered from retail vacancy. Tivoli Village is an open-air, streetscape format with unique design concepts. Triad B was completed in October 2016, including Las Vegas' only Restoration Hardware location. While comparable in-line sales have shown increasing trends over the last 12-24-months, led by restaurant tenants, sales for Restoration Hardware are well below expected levels and reported chain-wide averages.
- Comparable sales for both in-line and restaurant tenants at the subject are forecasted in-line to below that of regional and national averages, and falling between competitors Meadows Mall and Town Square Las Vegas, and below sales reported at Downtown Summerlin.
- With its location in western Las Vegas, including proximity to Summerlin and a number of under construction and proposed residential communities, Tivoli Village appears well positioned to serve the local as well as the visitor base of this portion of the region. The continuing lease-up of Triad B, centered on anchor tenant Restoration Hardware, including the potential to add a number of mid- to upper-end national retail tenants, should continue to solidify the subject center as a good quality retail destination within this portion of the Las Vegas Region.
- The existing primary trade area structure is largely characterized by two existing super regional malls to the east of Tivoli Village, including Meadows Mall and Fashion Show Mall. Fashion Show is notable as the dominant super regional center in the Las Vegas region. The subject property and Las Vegas retail market continues to be influenced by the size and proximity of Downtown Summerlin. Downtown Summerlin, an open-air, mixed-use super regional mall and power center retail development, has become the subject's primary competitor.
- The subject has a unique position within the immediate market, which should enable it to maintain and gain a fair amount of expenditure potential due to its location proximate to area households, hotels, and workforce with average incomes above regional averages. The increase of retail tenants, particularly those viewed as unique or national in nature, is viewed as important to future success and viability of the subject retail areas. Without additional leasing, retail areas of the subject, particularly within the Triad B areas, become less viable and could continue to present a drag on the retail perception of the center.
- Trade area boundaries have been set based upon the location of existing retail development in the region, conforming with drive-time capabilities, and location convenience of the subject site. For the foreseeable future, the subject should benefit from a stable to growing population base that is expected to see annual growth of 1.24 percent per year. Household formation is projected at 1.61 percent per annum through 2023. Average household income within a 4-mile radius is currently reported at \$86,059, and forecasted to grow 3.05 percent per annum through 2023.
- With its location, accessibility, potential for continued lease-up and tenant alignment, property configuration, and merchandising, upon stabilization of Triad B, Tivoli Village should become a more significant retail center for the western Las Vegas region.

Marketability and Marketing Period

In this subsection, we consider the potential market appeal, marketability, and demand for a center like the subject in light of the current real estate investment market. As discussed in this report, the subject involves a mixed-use, specialty retail and office center anchored by Las Vegas' only Restoration Hardware.

We considered the potential market demand and investor risk in our analysis and valuation of the subject property through our selection of investment parameters, growth rates, and various assumptions employed. In our analysis, we attempted to reflect current market conditions and investor criteria. Most of the shopping center properties which have been offered for sale at a "reasonable" price, have sold within 12 months exposure to the open market or less. Properties for which seller expectations of value exceed the market's perception have required more extended marketing periods and have generally sold below the initial asking price, or have been pulled off the market. A "reasonable" price is defined as that price which offers a sufficient return to the investor relative to the demand for and the risk associated with the property. These returns vary widely in the current market depending on the

particular investment, its occupancy level, the surrounding demographics, and upside or downside of the income stream.

The subject is characterized as an excellent-quality, mixed-use, specialty retail/lifestyle center that along with the other centers in the immediate area represents a barrier to future competitive development, and offers good quality, Class A office product. Expected future leasing should increase the retail merchandising mix at the subject including the potential to add several unique and national tenants. The subject's primary trade area has a current population of approximately 291,501 people and is projected to experience modest household growth into the foreseeable future. We believe that if the subject were offered for sale, it would represent a good investment opportunity albeit somewhat management intensive in the short-term, with risks and challenges to be weighed through the lease-up of Triad B. Based on the above, it is our estimate that a market sale of the subject property should be realized within nine to twelve (9-12) months exposure on the market.

Office Market Analysis

Tivoli Village is improved with approximately 351,950 square feet of second-, third-, and fourth-level office space. Office areas within Triad A are currently 83.6 percent occupied, while office areas within Triad B are currently 79.1 percent occupied.

The purpose of this section is to review the current status of the office market in metropolitan Las Vegas and the defined study area in order to analyze those factors that influence the marketability of the subject property. Most of the local and regional data utilized in this analysis is attributable to market information provided by Reis, Inc., and CoStar. Additional discussion will be included from other publications from firms active in the local office market.

Overview

A variety of factors influence the performance of a property in the market. In this section we provide an in-depth analysis of the US Office Market, the local office market in which the subject property competes and its position within that market.

National Office Market Overview

Overview

The U.S. economy demonstrated its strength throughout 2018. The market weathered several bouts of uncertainty during the fourth quarter and continued to expand at a healthy clip. The U.S. real gross domestic product (GDP) grew at a 2.2 percent annual rate in the fourth quarter of 2018. Overall GDP for 2018, at 2.9 percent, matched 2015 as the joint-highest annual increase during the current expansion cycle. Key economic indicators, particularly the employment market, have performed over the last year and are expected to be a stabilizing force in 2019.

Most national economic indicators are near their strongest point in the cycle, and consequently, as are the fundamentals of the U.S. office market. In the 87 office markets tracked by Cushman & Wakefield, overall average asking rent, at \$31.45 per square foot (psf), is at its cyclical high, representing an increase of 2.8 percent on an annual basis. At 53.7 million square feet (msf), net absorption exceeded the 52.7 msf of new construction completions in 2018. The national vacancy rate increased slightly during 2018, as the large amount of new supply coming online offset strong leasing activity and positive net absorption over the year. According to Real Capital Analytics, deal volume for office properties increased on a quarterly and year-over-year basis.

A key driver for the U.S. office market in 2018 was the tech sector. Cushman & Wakefield identified 21 metropolitan areas where the tech sector is an important factor in local economies. These metro areas account for roughly 59.2 percent of total inventory and in fourth quarter 2018, they captured 72.5 percent of the new leasing activity and 70.7 percent for the year. As for total leasing activity, tech leasing accounted for approximately 34.0 percent of fourth quarter activity and 29.3 percent for the full year. Tight tech-driven markets experienced robust absorption during the year and are seeing faster rent growth than the market average. The tech sector is outgrowing its roots in San Francisco, San Jose and Seattle. In late 2018, three of the largest tech companies in the U.S. announced major plans to expand outside the West Coast in places like New York City, Washington, DC and Austin, TX. The tech sector is expected to further its influence by expanding into more cities to find talent and better cost of living.

The following summarizes key points regarding employment, according to the Bureau of Labor Statistics:

- Overall unemployment rates have tightened as the nation closes in on full employment. At the end of 2018, the national unemployment rate, at 3.9 percent, declined 20 basis points over the last year.

- The total amount of jobs added in the U.S. during the fourth quarter of 2018 averaged approximately 233,000 per month, pushing the full-year 2018 average to 223,000 jobs added per month. This far exceeds the historical average and is ahead of the 179,000 jobs added per month during 2017.
- The office-using sectors added an average of roughly 49,700 jobs per month in fourth quarter 2018. Office-using employment in 2018, at 56,800 jobs added per month, was ahead of the 45,400 new jobs per month recorded in 2017. The trend of strong office-using employment growth has been seen throughout this cycle.
- In the office-using industries, employment in the professional & business services sector added an average of 42,000 per month in fourth quarter 2018. The financial activities industry registered an average of 6,000 jobs added per month, while the information industry generated 1,700 jobs per month during the quarter.
- Job growth is a critical component of determining demand for office space. The national U.S. unemployment rate has gradually declined since 2009, and office-using employment has been one of the biggest gainers during this expansion period. Office-using employment now makes up 21.7 percent of all nonfarm payroll jobs in the U.S.

National Office Market Statistics

Vacancy

At the end of 2018, the national office market overall vacancy rate was 13.2 percent, increasing 10 basis points year-over-year. The large amount of space consistently being delivered to the market in recent quarters has limited progress made through job gains and leasing activity. Payroll employment, a key driver for the office market, expanded on a year-over-year and quarterly basis in fourth quarter 2018. Particularly the professional & business services sector which added 553,000 jobs over the past twelve months. As such, there are more markets with single-digit vacancy rates as of year-end 2018 than at any time since 2000. The U.S. economy is expected to continue to add jobs, influencing the demand for office space in 2019.

Notable points include:

- The CBD national office market's overall vacancy rate was 12.3 percent at the end of 2018. The CBD's vacancy rate represents a decline of 20 basis points over the previous quarter but is 10 basis points above the rate recorded at year-end 2017. The Charleston, SC market recorded the lowest overall vacancy rate within the CBD markets, at 3.0 percent, despite increasing 20 basis points on a year-over-year basis.
- The suburban national office market's overall vacancy rate, at 13.5 percent, declined 20 basis points over third quarter 2018 and 10 basis points from year-end 2017. Within the suburban national office market, the San Francisco, CA market recorded the lowest vacancy rate, at 3.9 percent, declining 2.5 percentage points over vacancy recorded a year ago.
- Vacancy rates are challenged by changes in the workplace environment, including denser, more "collaborative" office space usage and new technology platforms. Net absorption must improve in order to offset the vacancy created by the large quantities of office space hitting certain markets in the near future.

Construction

In fourth quarter 2018, 13.7 msf of office space delivered, pushing the year-to-date total to 52.7 msf. Construction activity has especially increased in tech cities as there is a strong tenant preference for new office space. Despite the acceleration in completions, the current pipeline of office space under construction expanded from 103 msf at the end of 2017 to 114.2 msf at the end of fourth quarter 2018.

Notable construction information is as follows:

- The San Francisco CBD office market experienced the largest amount of new space within the CBD markets, roughly 3.1 msf delivered in 2018. Going into 2019, the Midtown New York CBD market had the most office space under construction, at a total of 14.5 msf.
- The Dallas/Fort Worth, TX suburban market had over three msf of new office space come online in 2018. The Santa Clara County office market had 5.1 msf under construction at the end of 2018, the largest amount among the suburban markets.

Asking Rent

Coinciding with increased demand and somewhat low national vacancy rates, the national average asking rent has consistently climbed in value, reaching a new high in fourth quarter 2018. At \$31.45 psf, the national weighted average increased 2.8 percent over the average recorded at year-end 2017. The average rent increased on a year-over-year basis in 50 of the 87 markets tracked by Cushman & Wakefield during the fourth quarter of 2018. In addition, major markets like Midtown Manhattan, San Francisco, Midtown South Manhattan, Downtown Manhattan and Washington D.C., continue to record asking rents above \$50.00 psf, on an annual basis. As the national office market anticipates a modest increase in vacancy rates due to greater supply in the next 12 months, this will likely moderate the growth of overall average asking rents.

Further considerations include:

- The West region of the country experienced the fastest rent growth on an annual basis, asking rents have increased 2.6 percent since year-end 2017.
- The CBD office market continues to record higher asking rents than the suburban office market. The CBD national office overall average asking rent was \$41.99 psf, a 2.0 percent increase from year-end 2017. The suburban national office overall average asking rent, at \$27.10 psf, grew 2.6 percent from the average asking rent recorded in fourth quarter 2017.
- Within the CBD national office market, the New York - Midtown market recorded the highest average asking rent of \$75.03 psf. However, the Milwaukee, WI CBD market experienced the largest average rental increase, jumping 18.6 percent over third quarter 2018.
- The San Francisco market, within the suburban national office market, recorded the highest overall average asking rent of \$67.16 psf in fourth quarter 2018. The Colorado Springs suburban market increased 7.2 percent over third quarter 2018, the highest quarterly change in the suburban national office market.

Absorption

Net absorption totaled 20 msf in the fourth quarter of 2018, nearly doubling the 11 msf absorbed during the third quarter, and the highest level since fourth quarter 2015. Absorption is directly related to employment growth and leasing activity, both of which performed well during the quarter. However, the large amount of new speculative supply being delivered to the market tempered overall net absorption. The South region had the highest share of absorption in the fourth quarter, capturing 6.9 msf, or 34.4 percent of total absorption.

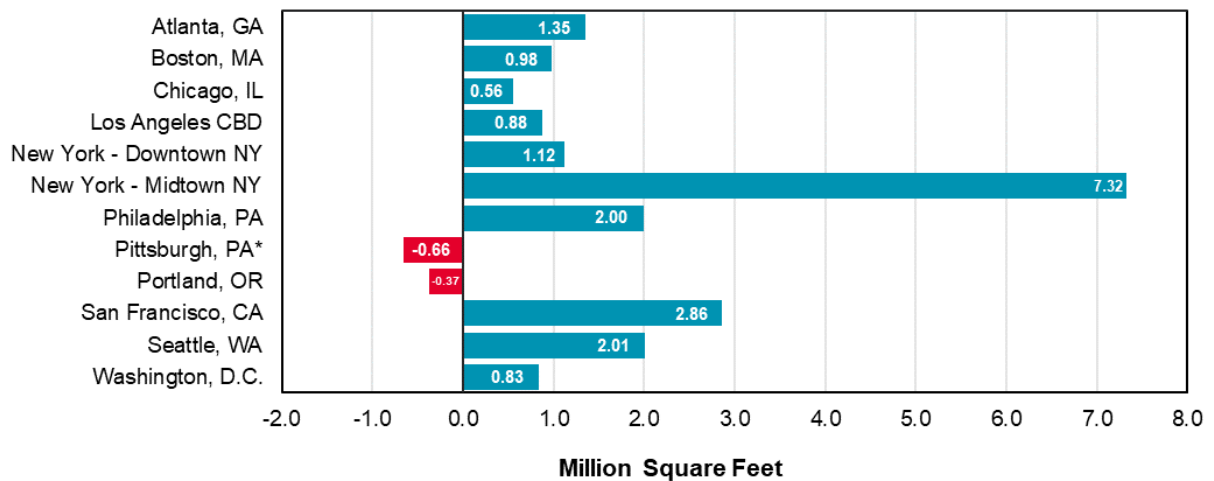
Further considerations are as follows:

- The CBD national office market, registered 24.8 msf of net absorption in 2018. The largest positive absorption was recorded in the New York - Midtown CBD market, absorbing approximately 7.3 msf during the year. In addition, the Pittsburgh, PA CBD market gave back the most amount of space, returning over 658,000 square feet to the market.

- The suburban national office market absorbed over 28.9 msf in 2018. The Phoenix, AZ suburban market absorbed the largest amount of space, at more than 2.6 msf. The Philadelphia, PA market gave back the largest amount of space to the suburban office market, at roughly negative 1.1 msf of net absorption for the full year.

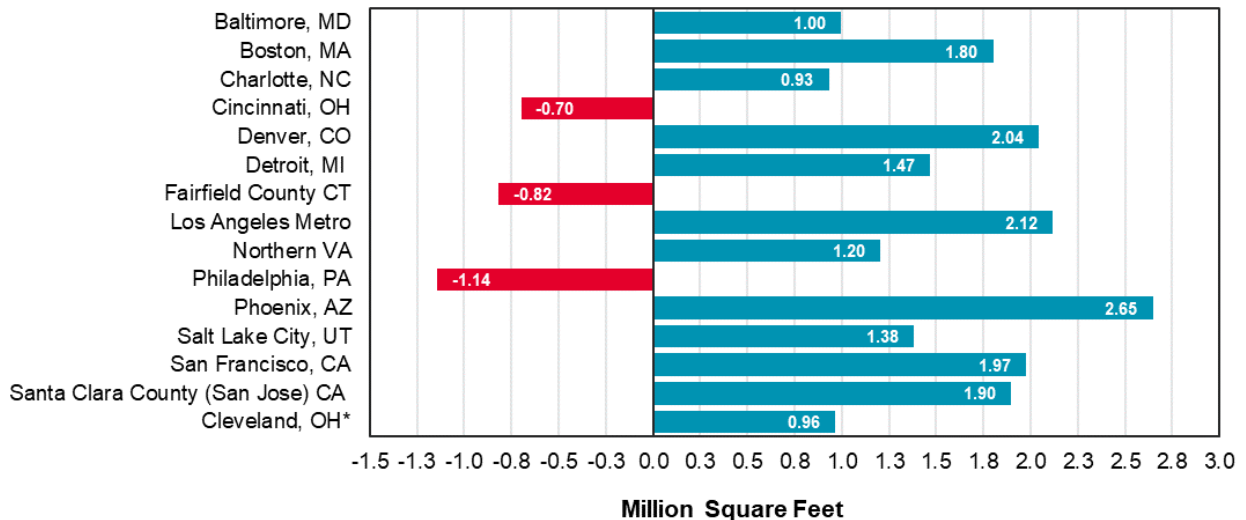
The charts below highlight the national office absorption trends for the major markets in the United States in 2018, segmented between the CBD and suburban office markets:

OVERALL NET ABSORPTION NATIONAL COMPARATIVE CBD



Source: Cushman & Wakefield Research; compiled by C&WV&A

OVERALL NET ABSORPTION NATIONAL COMPARATIVE SUBURBAN



Source: Cushman & Wakefield Research; compiled by C&WV&A

National Office Investment Sales Market

As shown in the comparative absorption exhibits, overall net absorption in various U.S. markets has not been consistent, which impacts the selection of “preferred” investment markets for office building investors. Historically, investors targeted the best quality assets in “core” markets during a recovery phase, and have gradually shown an inclination to move “down the food chain” in terms of quality and market location. This shift occurs where there is less competition and better yield potential over the near-term. There is no doubt, however, that assets located outside of the major “core” markets are in less demand.

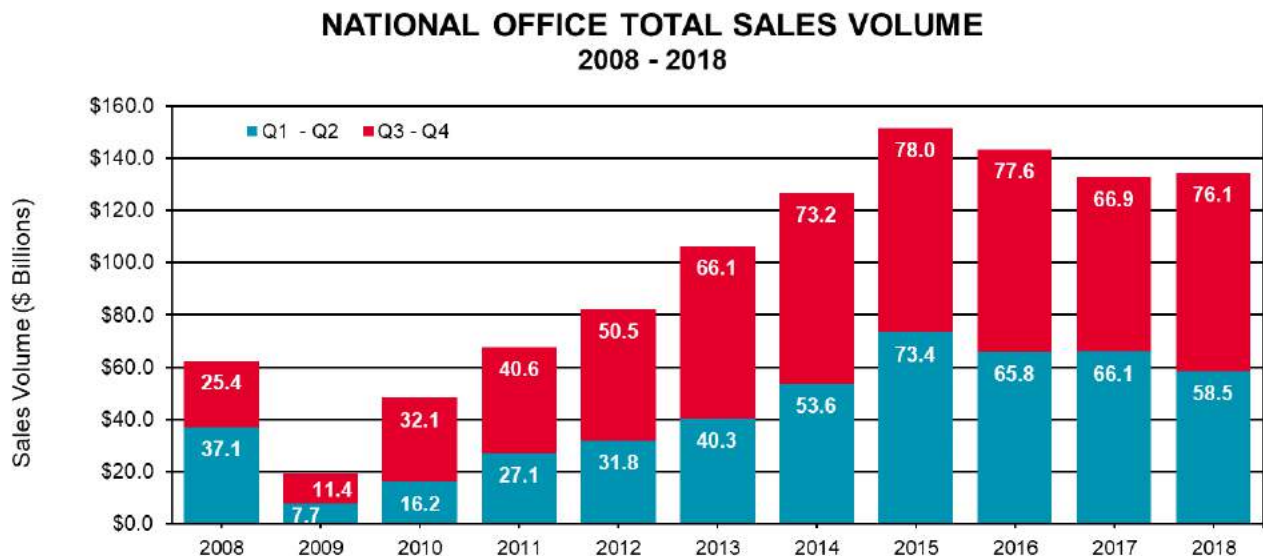
Sales Volume

Office transactions (total dollar volume) have exhibited an upward trend as the economy has expanded over recent years. From 2009 through 2015, investors gained confidence in the office market and sales volume experienced consistent year-over-year growth. Sales volume for office product reached its cyclical peak in 2015 due, in part, to unusual activity in the early part of year, where falling cap rates and ease of finance from the commercial mortgage-backed securities (CMBS) market helped drive sales activity. Sales volume declined on an annual basis in both 2016 and 2017, however office investment activity has been at elevated levels and investment during these years was at a higher than average pace. In 2018, office sales volume grew 1.2 percent over the previous year, to reach \$134.6 billion.

Further considerations are as follows:

- Sales volume during fourth quarter 2018, at \$41.3 billion, is at its highest quarterly level since fourth quarter 2016. In 2018, both portfolio and entity-level deals were 1.0 percent higher than the level recorded in 2017.
- The Manhattan market was the top market in terms of deal volume 2018, at \$18.9 billion. Boston ranked second with \$7.3 billion. According to RCA, Boston is now an attractive market for institutional investors as it has urban features and exposure to technology and financial sectors. The Los Angeles market claimed third spot with \$7 billion spent on office product during 2018.

The following table provides an historical view of sales volume in the first and second half of the year from 2008 through 2018:



Source: Real Capital Analytics, Inc.

Overall Capitalization Rates

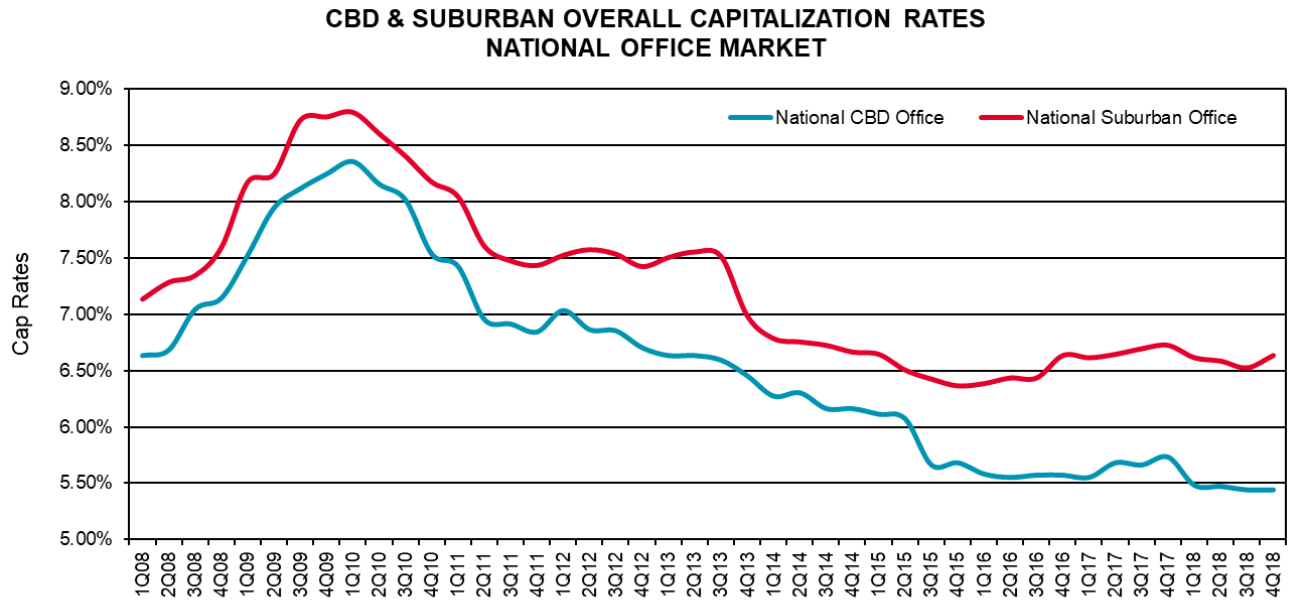
The office sector has generated and sustained investor demand over the past few years, driving down overall cap rates. Typically, CBD properties in major markets have been the primary contributor to the office sector's momentum, although suburban office markets have also exhibited a downward trend since 2009 due to increased investor interest. The performance of individual CBD office markets can be inconsistent, top-tier CBD's are outperforming the country while smaller downtown areas are struggling. Average overall cap rates remain lower for most CBD markets than for its suburban counterparts since higher barriers to entry and a lack of land for new development tend to keep supply and demand more balanced in a market's CBD. As a result, CBD assets typically achieve higher rental rates. Overall cap rates remain near record lows; however, rates have started to fluctuate as interest rates continue their inevitable ascent.

The PwC Real Estate Investor Survey and the National Council of Real Estate Investment Fiduciaries (NCREIF) methodologies offer unique perspectives on capitalization rate trends. The PwC Real Estate Investor Survey calculates its data based on a personal survey of major institutional equity real estate market participants. In contrast, NCREIF looks at data from appraisals included in their benchmark property return index. The index contains quarterly performance data for unlevered investment-grade income-producing properties that are owned by, or on behalf of, exempt institutions.

The following points detail the PwC Real Estate Investor Survey and NCREIF capitalization rate trends:

- The PwC Real Estate Investor Survey shows that as of fourth quarter 2018, the national CBD OAR, at 5.44 percent, did not change on a quarterly basis. The suburban OAR, at 6.63 percent in fourth quarter 2018, jumped nine basis points over previous quarter. Both CBD and suburban cap rates are below the levels reported a year earlier.
- The NCREIF reported that cap rates fluctuated during 2018 following an increase in 2017. At 4.79 percent at year-end 2018, the national office cap rates declined three basis points over the previous quarter and 20 basis points on a year-over-year basis.

The following graph reflects national trends for CBD and suburban overall capitalization rates as surveyed by the PwC Real Estate Investor Survey:



Source: PwC Real Estate Investor Survey

The graph below reflects national historical cap rate trends as reported by NCREIF:



Source: National Council of Real Estate Investment Fiduciaries

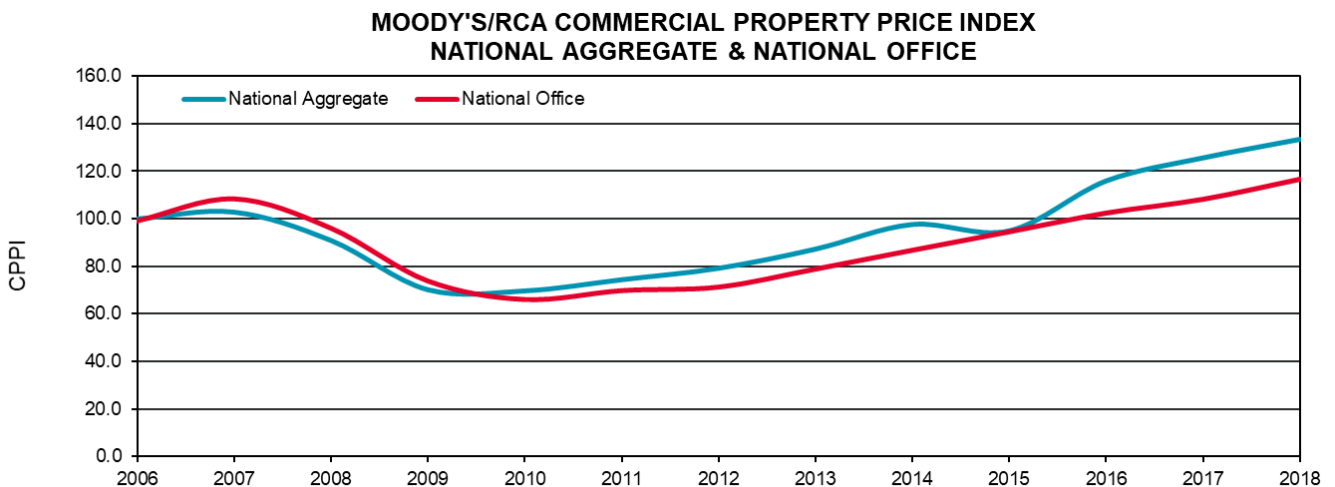
Moody's/RCA Commercial Property Price Index

The Moody's/RCA Commercial Property Price Index (CPPI) measures the change in price of commercial real estate and reflects the empirical results of direct investments over time. Developed by MIT's Center for Real Estate in conjunction with a consortium of firms including Moody's and RCA, the index tracks price changes based on closed transactions, and implements advanced repeat-sale regression (rsr) analytics to gauge performance in current and prior periods.

The following points are for consideration regarding the Moody's/RCA CPPI:

- As of December 2018, the national aggregate index was 133.5. The national aggregate index grew 6.2 percent from December 2017, and increased 1.1 percent on a quarterly basis.
- The national office index increased 7.8 percent from 108.3 in December 2017 to 116.8 in December 2018. Compared to the previous quarter (September 2018), the national office index increased 0.6 percent.
- Both the national office index and the national aggregate index have exhibited continued growth during this economic expansion. The national office index ended the quarter 78.5 percent above the low recorded in May 2010, while the national aggregate index has increased 95.5 percent during the same period.

The graph below displays the CPPI from December 2006 to December 2018:



Source: Moody's/RCA CPPI; National Aggregate and National Office reflects data through year-end 2018

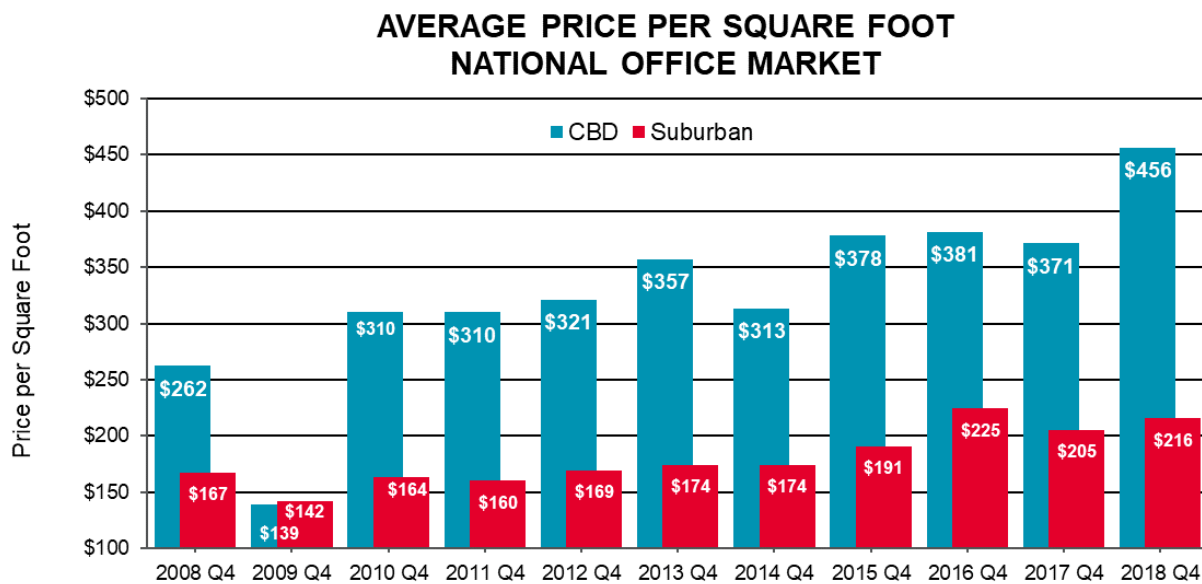
Sale Price Per Square Foot

Historically, office pricing did not experience the same dramatic fluctuations as seen with sales volume trends. This was, in large part, due to sellers holding out and waiting for market fundamentals to improve. As of fourth quarter 2018, both the CBD and suburban markets grew in terms of price per square foot on an annual basis.

The following points provide details regarding sale price per square foot:

- The CBD average price per square foot, at \$456 as of fourth quarter 2018, increased 22.9 percent from the same point in 2017 (\$371), and is 9.9 percent ahead of third quarter 2018 (\$415).
- The suburban average price per square foot, at \$216 as of fourth quarter 2018, is 5.0 percent higher than in fourth quarter 2017 (\$205). However, the suburban price per square foot declined 4.4 percent on a quarterly basis.
- The 10-year period, from fourth quarter 2009 through fourth quarter 2018, compound annual growth rate (CAGR) for the CBD is 12.1 percent, way ahead of the last five-year compound annual growth rate at 5.9 percent. The suburban 10-year CAGR is 3.0 percent while the five-year CAGR is 4.8 percent.

The following graph reflects the national office average price per square foot from fourth quarter 2008 to fourth quarter 2018 (based on Real Capital Analytics data):



Source: Real Capital Analytics

National Office Market Summary

The U.S. economic expansion is now the second-longest in its history. Development during this expansion has contributed to further tightening in office markets across the United States (although we recognize the national market performance is “average” and does not apply to all markets across the board.) At year-end 2018, capitalization rates stayed near record lows despite recent variations, asking rents are at record highs, and sales volume grew on an annual basis. The office market has experienced solid leasing, absorption and construction activity in 2018, continuing the trends of recent years. Going into 2019, U.S. office fundamentals should remain solid, but vacancy may inflect during the year, due to large amounts of new space coming online.

Following are notes regarding the outlook for the U.S. national office market in 2019 and beyond:

- Sustained economic growth will likely lead to more jobs and an increase in demand for office space. Office-using employment is at its record high in terms of the overall percentage of all nonfarm payroll jobs in the U.S. and is expected to increase over the next 12 to 18 months.
- Technology-driven markets continue to represent a large presence within the national office market and it is considered that the tech sector is more important than ever to commercial real estate. According to the Cushman & Wakefield’s Tech Cities 2.0 report, the average asking rents in the top 25 tech cities have increased nearly 50.0 percent since 2010, almost twice as fast as U.S. as a whole. In addition, property values in the top 25 tech cities increased roughly 60.0 percent in price per square foot during the same period, more than double the rate of the national average.
- Co-working and flexible office space is a growing sector within the office market. Co-working offers tenants flexibility and talent attraction/retention. More than five msf of this subtype came online in each of the past three years. This incredible pace of growth continued in the first half of 2018 with another three msf added. Currently, co-working flexible space accounts for 1.0 percent of total office inventory. It is expected the flexible office space will triple in size and represent 5.0 – 10.0 percent of inventory in many markets.
- The big story of the national office market will be the continued amount of new construction over the coming year. New supply will offset positive job growth and leasing activity in many markets which will likely lead to flat or rising vacancy. Each market will be influenced by its own supply and demand dynamics, but, overall, most markets are expected to become more occupier favorable over the next 12 months.
- Average asking rents will be influenced by the burst of new supply, however rent is still expected to grow at a moderate pace as demand for newly constructed or refurbished space, which offers modern amenities and layouts, remain strong.
- The availability of capital will continue to support the expansion of the U.S. real estate market and the U.S. economy, further reaffirming the positive outlook for the national office market.

Local Market Analysis

Introduction

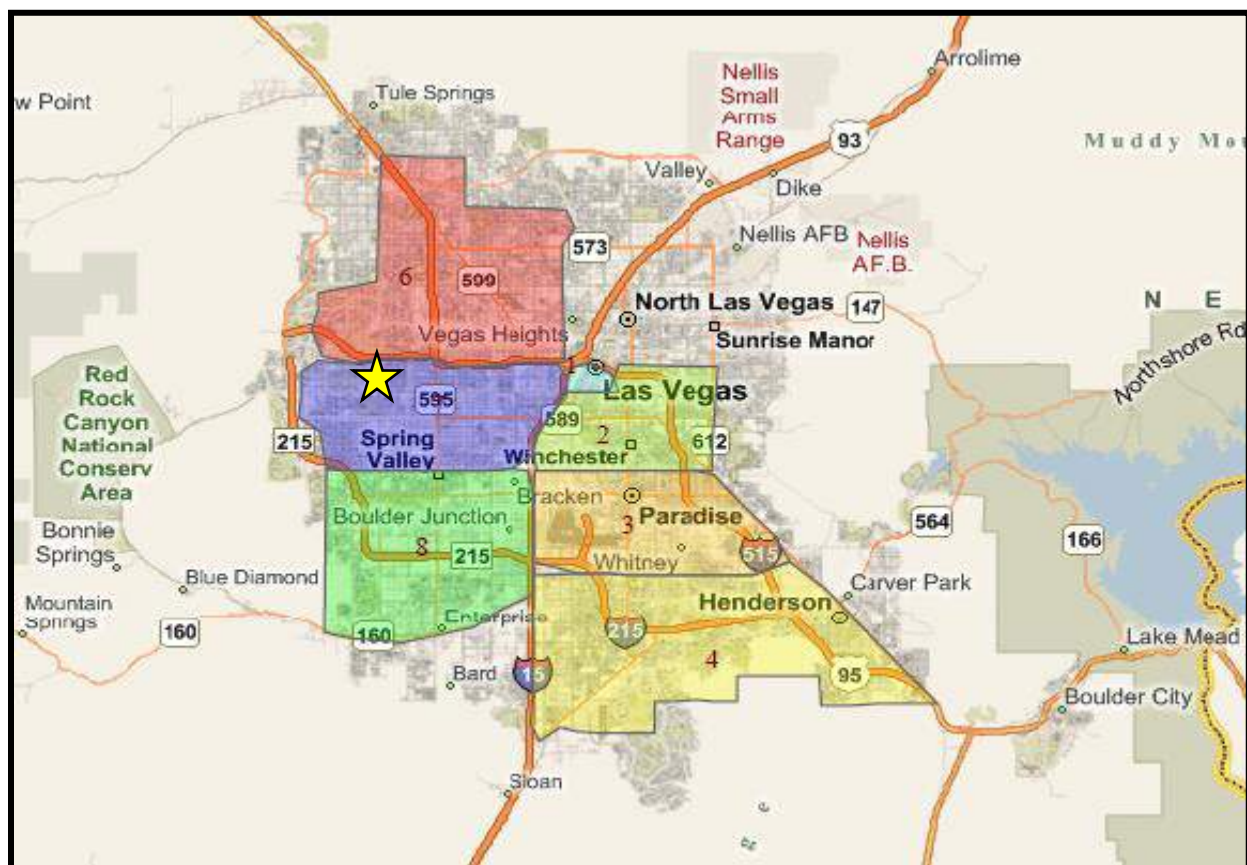
Data for the following analysis of the Las Vegas Office market is provided by Reis, Inc., a leading provider of multifamily and commercial real estate market information since 1980. Reis proprietary database includes trends, forecasts, news and analyses for approximately 200,000 multifamily and commercial properties in 232 metropolitan markets (4 property types multiplied by 58 metropolitan areas) and roughly 2,500 submarkets.

Current and historical figures are compiled by highly qualified industry analysts. Surveyors, as they are called, are responsible for gathering information on property availabilities, rents and lease terms, etc. by directly contacting owners, managers and leasing agents. Projected data is calculated using a suite of economic forecasting models developed by The Economic Research Group, a team led by Ph.D. economists.

Reis' data is released on a quarterly basis, and is widely recognized as a fundamental tool for appraisers throughout the country.

Las Vegas Office Market

Reis, Inc. classifies the Las Vegas Office market into seven submarkets, and segregates inventory by type of space (Class A versus Class B/C). Based on the Reis, Inc. survey, the subject lies within the West submarket of Las Vegas. The following map identifies the office submarkets within Las Vegas.



The subject offers a unique office product in the market, combining Class A space with mixed-use amenities including parking, restaurants, a fitness facility, and on-site retail tenants. The subject office space is considered

superior to a majority of space available in this area of Las Vegas, with the possible exception of One Summerlin and the recently completed Two Summerlin.

Submarket Snapshot

The Las Vegas Office market contains 26,149,000 square feet of space. The West is the largest submarket (subject submarket), comprising 19.6 percent of the area's total inventory, slightly larger than the East/Central Las Vegas submarket (18.0 percent of total inventory). Downtown is the smallest submarket with 5.9 percent of total inventory.

The following table presents the geographic distribution of inventory, along with other statistical information.

GEOGRAPHIC DISTRIBUTION OF INVENTORY							
Submarket	Class	No. of Buildings	Inventory (SF)	% Total	Vacancy Rate (%)	Net Absorption	Asking Rent (\$/SF)
Airport	A		1,903,000	7.3	29.7	1,000	\$26.24
Airport	B/C		2,152,000	8.2	31.9	-13,000	\$20.23
Airport	A/B/C	126	4,055,000	15.5	30.9	-12,000	\$23.07
Downtown	A		1,050,000	4.0	20.9	9,000	\$32.37
Downtown	B/C		495,000	1.9	28.1	-9,000	\$25.73
Downtown	A/B/C	28	1,545,000	5.9	23.2	0	\$30.22
East/Central Las Vegas	A		2,001,000	7.7	27.5	-20,000	\$35.17
East/Central Las Vegas	B/C		2,705,000	10.3	23.5	22,000	\$21.02
East/Central Las Vegas	A/B/C	69	4,706,000	18.0	25.2	0	\$27.08
Northwest	A		2,013,000	7.7	20.6	22,000	\$27.78
Northwest	B/C		1,357,000	5.2	30.0	-22,000	\$22.30
Northwest	A/B/C	83	3,370,000	12.9	24.4	0	\$25.60
Southeast	A		2,307,000	8.8	18.2	-8,000	\$29.95
Southeast	B/C		1,336,000	5.1	29.7	-28,000	\$22.71
Southeast	A/B/C	80	3,643,000	13.9	22.4	-36,000	\$27.30
Southwest	A		2,339,000	8.9	24.6	0	\$29.04
Southwest	B/C		1,370,000	5.2	26.4	-33,000	\$18.02
Southwest	A/B/C	90	3,709,000	14.2	25.3	-33,000	\$24.98
West	A		2,675,000	10.2	14.7	74,000	\$25.64
West	B/C		2,446,000	9.4	19.3	-53,000	\$17.50
West	A/B/C	147	5,121,000	19.6	16.9	21,000	\$21.72
Total A	A		14,288,000	54.6	22.0	78,000	\$29.10
Total B/C	B/C		11,861,000	45.4	26.1	-136,000	\$20.34
Total/Average	A/B/C	623	26,149,000	100.0	23.9	-58,000	\$25.14

Source:

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As of year-end 2018, the overall vacancy rate for the region is 23.9 percent. The subject's West submarket has the lowest overall vacancy rate of 16.9 percent, while the Airport submarket has the highest vacancy at 30.9 percent.

The average asking rental rate for all types of space within the region is \$25.14 per square foot. The highest overall average asking rent of \$30.22 per square foot is being achieved in Downtown. Conversely, the lowest average asking rent is being achieved in West at \$21.72 per square foot. Asking rents include all product in the market, including A, B, and C classifications.

Class A buildings constitute 54.6 percent of existing inventory and are exhibiting a slightly lower vacancy rate (22.0 percent) as Class B/C buildings (26.1 percent) and higher average asking rents of \$29.10 versus \$20.34 per square foot. Office space within Tivoli Village is classified as Class A. The average Class A asking rents within the West submarket is reported by Reis, Inc. at \$25.64 per square foot.

Construction Completions

Between 2014 and 2018 a total of 724,000 square feet of space was completed or an average of 144,800 square feet per year. Approximately 266,000 square feet of office space was added to the region in 2018. Over the next five years, Reis, Inc. projects that an additional 794,000 square feet of new space will be completed within the Las Vegas regional office market.

Within the subject submarket, 422,000 square feet of office space was completed between 2014 and 2018. Over the next five years, Reis projects that an additional 152,000 square feet of new space will be completed within the West submarket.

The following table presents historical inventory and projected completions for the region and subject submarket.

HISTORICAL AND PROJECTED INVENTORY & COMPLETIONS (SF)											
Las Vegas						West					
Year	Class A	Completions	Class B/C	Completions	Total Completions	Class A	Completions	Class B/C	Completions	Total Completions	% of Region
2014	13,935,000	360,000	11,840,000	0	360,000	2,523,000	200,000	2,376,000	0	200,000	55.6%
2015	13,981,000	46,000	11,825,000	0	46,000	2,523,000	0	2,376,000	0	0	0.0%
2016	14,022,000	52,000	11,825,000	0	52,000	2,523,000	0	2,376,000	0	0	0.0%
2017	14,022,000	0	11,873,000	70,000	70,000	2,523,000	0	2,446,000	70,000	70,000	100.0%
2018	14,288,000	266,000	11,861,000	0	266,000	2,675,000	152,000	2,446,000	0	152,000	57.1%
2019	---	---	---	---	22,000	---	---	---	---	0	0.0%
2020	---	---	---	---	110,000	---	---	---	---	21,000	19.1%
2021	---	---	---	---	163,000	---	---	---	---	33,000	20.2%
2022	---	---	---	---	238,000	---	---	---	---	49,000	20.6%
2023	---	---	---	---	238,000	---	---	---	---	49,000	20.6%
2014-2018											
Total Completions		724,000		70,000	794,000		352,000		70,000	422,000	
Annual Average		144,800		14,000	158,800		70,400		14,000	84,400	53.1%

Source: Reis, Inc.

Vacancy Rates

As shown in the following chart, vacancy rates decreased from 25.6 in 2014 to 23.9 percent in 2018. As of year-end 2018, the vacancy rate is up slightly from 2017 figures and stands at 23.9 percent. Over the near term, Reis projects a decline in vacancy levels for Las Vegas, with vacancy ranging from 23.8 in 2019 to 22.3 percent in 2023.

Within the West submarket, vacancy rates have declined from 20.8 in 2014 to 16.9 percent in 2018. Over the near term, Reis is projecting vacancy to remain relatively stable increasing slightly from 16.8 percent in 2019 to 17.2 percent in 2023, attributed to new office product expected to be completed within the submarket.

The following table presents historical and projected vacancy rates for the region and subject submarket.

HISTORICAL AND PROJECTED VACANCY RATES (%)						
Year	Las Vegas			West		
	Class A	Class B/C	Total	Class A	Class B/C	Total
2014	24.9	26.6	25.6	19.2	22.5	20.8
2015	26.3	24.1	25.3	21.6	16.9	19.3
2016	24.0	22.5	23.3	20.0	13.0	16.6
2017	21.6	25.6	23.5	19.3	15.5	17.4
2018	22.0	26.1	23.9	14.7	19.3	16.9
2019	---	---	23.8	---	---	16.8
2020	---	---	23.6	---	---	17.1
2021	---	---	23.2	---	---	17.2
2022	---	---	22.8	---	---	17.2
2023	---	---	22.3	---	---	17.2

Source: Reis, Inc.

Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease.

Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis' standards.

As shown, Class A buildings within the region are exhibiting a lower vacancy rate (22.0 percent) compared with Class B/C buildings (26.1 percent). Within the subject submarket, Class A buildings are exhibiting lower vacancies than Class B/C buildings (14.7 percent versus 19.3 percent). It is noted that Class A office vacancy rates immediately surrounding the subject and within Summerlin to the west are reported at levels below regional and submarket averages.

Absorption

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Between 2014 and 2018, new construction activity within the Las Vegas region trailed absorption. As shown on the following page, an annual average of 158,800 square feet of space was completed in the region between 2014 and 2018, while 222,200 square feet was absorbed on average per year.

Over the next five years, Reis projects that regional absorption will exceed construction, with new construction totaling 771,000 square feet, and absorption totaling 1,012,000 square feet.

Between 2014 and 2018, new construction within the West submarket trailed absorption, with an annual average of 84,400 square feet completed and 117,400 square feet absorbed. Over the next five years, Reis projects that new construction will exceed absorption (new construction will total 152,000 square feet, and 108,000 square feet is expected to be absorbed). The five year absorption and completion forecast leads to a slightly increasing trend in the submarket vacancy rate.

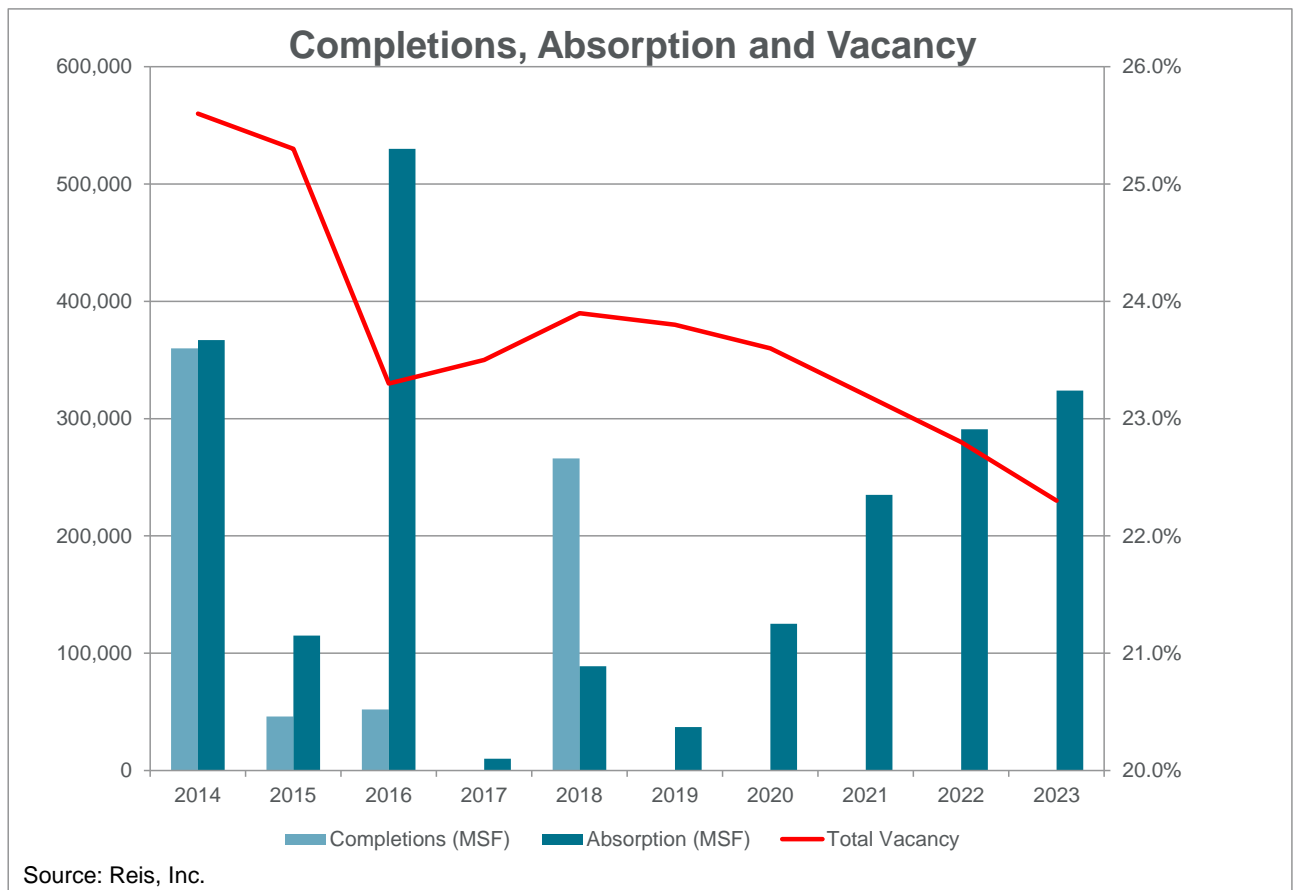
The following table presents historical and projected absorption levels and completions for the region and the subject submarket.

HISTORIC AND PROJECTED NET ABSORPTION (SF)

Year	Las Vegas				West			
	Class A	Class B/C	Total Absorption	Total Completions	Class A	Class B/C	Total Absorption	Total Completions
2014	516,000	-150,000	367,000	360,000	129,000	82,000	211,000	200,000
2015	-172,000	286,000	115,000	46,000	-61,000	134,000	73,000	0
2016	352,000	180,000	530,000	52,000	41,000	93,000	133,000	0
2017	339,000	-331,000	10,000	70,000	17,000	0	18,000	70,000
2018	160,000	-69,000	89,000	266,000	247,000	-95,000	152,000	152,000
2019	---	---	37,000	22,000	---	---	5,000	0
2020	---	---	125,000	110,000	---	---	4,000	21,000
2021	---	---	235,000	163,000	---	---	22,000	33,000
2022	---	---	291,000	238,000	---	---	37,000	49,000
2023	---	---	324,000	238,000	---	---	40,000	49,000
2014-2018								
Total Absorption	1,195,000	-84,000	1,111,000	794,000	373,000	214,000	587,000	422,000
Annual Average	239,000	-16,800	222,200	158,800	74,600	42,800	117,400	84,400

Source: Reis, Inc.

Provided on the chart below is a graphic summary of historic and forecasted completions and absorptions within the regional market and the effect on vacancy. As shown, beginning in 2014, absorption exceeded completions, leading to a decrease in vacancy. Going forward, including a number of completions planned for 2018, absorption is still expected to exceed completions, leading to the forecasted continued decrease in regional office vacancy.



Average Asking Rental Rates

As shown in the following chart, average asking rents in the Las Vegas region have increased from \$23.89 per square foot in 2014 to \$25.14 per square foot in 2018, indicating a compound annual growth rate (CAGR) of 1.28 percent. In the next five years, average asking rents are expected to increase from \$25.68 per square foot in 2019 to \$27.50 per square foot in 2023.

Average asking rental rates in the West submarket have increased over the last five years from an average of \$20.49 per square foot in 2014 to \$21.72 per square foot in 2018 (1.47 percent per annum). Over the next five years, average asking rents are expected to increase from \$22.28 per square foot in 2019 to \$23.54 per square foot in 2023. It is noted that the subject's submarket asking rent is impacted by the large amount of office inventory within the West submarket.

The following table presents historical and projected average asking rental rates for the region and subject submarket.

Historical and Projected Average Asking Rental Rates (\$/SF)										
Year	Las Vegas					West				
	Class A	Class B/C	Total	% Change	Effective Rent	Class A	Class B/C	Total	% Change	Effective Rent
2014	\$28.11	\$18.94	\$23.89	0.8	\$18.17	\$23.79	\$16.99	\$20.49	1.9	\$15.64
2015	\$28.24	\$19.33	\$24.15	1.1	\$18.38	\$23.91	\$17.36	\$20.73	1.2	\$15.87
2016	\$28.57	\$19.86	\$24.59	1.8	\$18.78	\$23.94	\$17.42	\$20.78	0.2	\$15.97
2017	\$28.64	\$20.02	\$24.68	0.4	\$18.87	\$24.17	\$17.47	\$20.87	0.4	\$16.06
2018	\$29.10	\$20.34	\$25.14	1.9	\$19.22	\$25.64	\$17.50	\$21.72	4.1	\$16.72
2019	---	---	\$25.68	2.1	\$19.63	---	---	\$22.28	2.6	\$17.17
2020	---	---	\$26.08	1.6	\$19.95	---	---	\$22.59	1.4	\$17.45
2021	---	---	\$26.52	1.7	\$20.30	---	---	\$22.90	1.4	\$17.78
2022	---	---	\$26.98	1.7	\$20.66	---	---	\$23.22	1.4	\$18.06
2023	---	---	\$27.50	1.9	\$21.06	---	---	\$23.54	1.4	\$18.37
2014-2018 CAGR	0.87%	1.80%	1.28%			1.89%	0.74%	1.47%		

Source: Reis, Inc.

Notes: CAGR stands for Compound Annual Growth Rate. Asking rents cited by Reis reflect the advertised rental rates for actively marketed space. Effective rents net of any rental concessions, expressed over the life of the lease term. Reis quotes Office rents on a Gross basis.

As shown, Class A buildings within the region are exhibiting higher average asking rents (\$29.10 per square foot) than Class B/C buildings (\$20.34 per square foot). Within the subject submarket, Class A buildings have higher average asking rents than Class B/C buildings (\$25.64 per square foot versus \$17.50 per square foot).

New Construction Activity

According to Reis, 1,107,993 square feet of space were recently completed within 13 projects in the Las Vegas market. Two projects are currently under construction, totaling 57,812 square feet, as well as an additional 3,093,422 square feet planned in 40 projects.

The following tables depict recently completed, current and proposed development activity for the region.

New Construction Activity - Completed			Est. Completion		
Name	Location	Submarket	Year	Month	Size (SF)
Ufc Headquarters	6650 South Torrey Pines Drive	Northw est	2017	February	180,000
Tivoli Village Ph 2 (Office)	302 S Rampart Blvd	West	2017	March	70,000
Culinary Health Center	650 N Nellis Blvd	East/Central Las Vegas	2017	June	59,000
Post Acute Medical Rehab	6100 N Durango Dr	Northw est	2017	October	54,420
Henderson Medical Office Plaza	1050 W Galleria Dr	Airport	2017	December	84,450
St Rose Coronado - Office Building	2650 Saint Rose Parkw ay	Southeast	2018	January	72,827
Credit One Bank Headquarters	6801 South Cimarron Road	Southw est	2018	January	152,000
Glvar Headquarters	6360 South Rainbow Boulevard	Southw est	2018	March	40,646
Seven Hills Plaza Bldg 4	3175 St Rose Pkw y D	Southeast	2018	March	51,850
Aristocrat Technologies Office Campus - Building 1	10220 West Flamingo Road	West	2018	April	90,000
Aristocrat Technologies Office Campus - Building 2	10220 West Flamingo Road	West	2018	April	90,000
Tw o Summerlin	10845 Griffith Peak Dr	West	2018	August	152,300
Henderson Constant Care	St Rose Pkw y & Coronado Center Dr	Southeast	2018	November	10,500
Total Complete					1,107,993

As shown, included within the office properties recently completed is the upper-level office areas within Tivoli Village (subject). Additional office space completed in the subject's submarket include Aristocrat Technologies (Buildings 1 and 2), and Two Summerlin.

Two Summerlin consists of a six-story, 152,300± square foot Class A office building and adjacent parking garage under construction within Downtown Summerlin. Asking rents reportedly range between \$36.00 and \$38.40 per square foot per annum, with a number of suites reportedly preleased prior to completion in August 2018.

No additional space has been completed in the subject submarket.

New Construction Activity - Under Construction			Est. Completion		
Name	Location	Submarket	Year	Month	Size (SF)
Nevada Partners Regional Workforce Development Center	710 W Lake Mead Blvd	Non-Submarketed Areas	---	---	16,800
University Gatew ay (Office)	4700 S Maryland Pkw y	Airport	2019	April	41,012
Total Under Construction					57,812

Two projects are reported as under within the Las Vegas region, with no office projects under construction within the subject's submarket.

New Construction Activity - Planned/Proposed			Est. Completion		
Name	Location	Submarket	Year	Month	Size (SF)
Henderson Constant Care	St Rose Pkwy & Coronado Center Dr	Southeast	---	---	12,500
University Gateway (Office)	4700 S Maryland Pkwy	Airport	---	---	37,955
Pavilion Center & Griffith Peak Office Tower	S Pavilion Center Dr & Griffith Peak Dr	West	---	---	152,300
Marnell Airport Center Building 4	E Russell Rd @ Spencer St	Airport	---	---	10,000
Bridger Avenue Office Development	E Bridger Ave @ S 6Th St.	Downtown	---	---	15,723
Canyon Ridge Business Park Building 6	S Durango Dr @ West Russell Rd	Southwest	---	---	10,000
Univ Harry Reid Tech Park Bldg 1	West Sunset Road @ Jim Rogers Way	Southwest	---	---	120,000
Cimarron Road Office	S Cimarron Rd @ W Badura Ave	Southwest	---	---	300,000
Canyon Ridge Business Park Building 9	S Durango Dr @ West Russell Rd	Southwest	---	---	10,000
Canyon Ridge Business Park Building 5	S Durango Dr @ West Russell Rd	Southwest	---	---	10,000
Blue Diamond Road Emergency Care Facility	Blue Diamond Rd @ Cimarron Rd	Southwest	---	---	11,000
Hacienda Avenue Commercial Complex - Office	W Hacienda Ave And I-215	Southwest	---	---	180,000
The Arroyo (Office) Ph 2	W Warm Springs Rd @ S Rainbow Blvd	Southwest	---	---	100,000
The Arroyo (Office) Ph 5	W Warm Spring Rd @ S Rainbow Blvd	Southwest	---	---	200,000
The Arroyo (Office) Ph 6	W Warm Spring Rd @ S Rainbow Blvd	Southwest	---	---	200,000
The Park @ Spanish Ridge - Bldg 16	W Hacienda Ave @ Seeliger St	Southwest	---	---	89,500
The Park @ Spanish Ridge - Bldg 24-26	W Hacienda Ave @ Spanish Ridge Ave	Southwest	---	---	24,000
West Flamingo Road & Hualapai Way Office Development	W Flamingo Rd & S Hualapai Way	Southwest	---	---	180,000
The Park @ Spanish Ridge - Bldg 27-29	Spanish Ridge Ave @ W Hacienda Ave	Southwest	---	---	29,480
The Park @ Spanish Ridge - Bldg 17	Spanish Ridge Ave @ Seeliger St	Southwest	---	---	59,700
The Park @ Spanish Ridge - Bldg 23	W Hacienda Ave @ Spanish Ridge Ave	Southwest	---	---	86,712
South Jones Boulevard Office	6555 & 6595 South Jones Boulevard	Southwest	---	---	83,060
The Arroyo (Office) Ph 3	W Warm Springs Rd @ S Rainbow Blvd	Southwest	---	---	225,000
Giles Street Development - Office	10700 Giles St	Southeast	---	---	19,660
The Arroyo (Office) Ph 4	W Warm Springs Rd @ S Rainbow Blvd	Southwest	---	---	200,000
Centennial Hills Center Phase 2 Office Building	6100 North Durango Drive	Northwest	---	---	87,000
The Grid - Bldg C	S Main St @ Clark Ave	Downtown	---	---	182,169
Symphony Park Nursing Medical Office	City Pkwy @ Clark Ave	Downtown	---	---	95,167
The Grid - Bldg B	S Main St @ Clark Ave	Downtown	---	---	182,831
The Grid - Bldg A	S Main St @ Clark Ave	Downtown	---	---	142,486
Rfq Regional Workforce Development Center	710 W Lake Mead Blvd	Non-Submarketed Areas	---	---	19,000
Total Planned/Proposed					3,075,243

Source: Reis, Inc.

As summarized, several large suburban office developments are currently planned, however no completion dates have been announced.

Las Vegas Office Summary

The sharp downturn in the local economy's formerly robust housing and employment markets had a significant impact on the Las Vegas office sector between 2008 and 2012, with notable stability and improving conditions reported over the last 24 months. The financial uncertainty and abundance of available office space on the market has provided numerous opportunities for those tenants wishing to relocate.

Vacancy levels for the Las Vegas Office market remain high compared with other metro areas, however have declined since 2013 from 25.6 percent to current vacancy within the region of 23.9 percent according to Reis, Inc. Over the near term, new construction activity should fall behind absorption, and average asking rates are forecasted to range from \$25.68 per square foot in 2019 to \$27.50 per square foot in 2023.

With office vacancy hitting historic highs in 2010-11, construction slowed considerably between 2009 and 2013 and the sublease market impacted landlords' abilities to attract tenants to new space. Compared to the national office market, the Las Vegas market is unique in a number of respects. It is relatively small, it lacks a major corporate tenant base, and is influenced to a significant extent by trends in the gaming industry.

As clearly defined, while showing recent signs of improvement, the local office market continues to be a tenant's market. Landlords continue to aggressively negotiate with new tenants by offering higher improvement allowances

and increased amounts of free rent, a practice that has not been typical in the past within the Las Vegas office market. While vacancy remains high compared with national averages, recent activity in the Las Vegas office market shows continued signs of recovery, with positive net absorption realized for four consecutive years.

Colliers International's First Quarter 2019 office report generally supports the findings by Reis, Inc., with the exception of vacancy rates which fall well below regional averages reported by Reis, Inc. According to their report (summarized as follows), current vacancy within the Las Vegas office market is estimated at 13.4 percent, with vacancy across the region hitting 10-year lows. Colliers reports that average asking rents for all office space is currently \$25.92 per square foot per year within Las Vegas, and asking rents within the Class A sector of \$32.76 per square foot.

Office Market Statistics - First Quarter 2019							
Submarket	Total SF	Total Vacant SF*	Vacancy	Net Absorption (SF)		Under Construction (SF)	Weighted Average Asking Rent
				Current Qtr	Year To Date		
Airport	6,347,393	867,190	13.7%	(13,491)	(13,491)	-	\$ 25.80
Downtown	5,021,171	648,588	12.9%	3,937	3,937		\$ 29.52
East Las Vegas	5,509,927	1,237,556	22.5%	74,689	74,689	21,885	\$ 22.56
Henderson	5,499,832	737,227	13.4%	71,525	71,525	-	\$ 27.12
North Las Vegas	788,355	76,559	9.7%	8,671	8,671	-	\$ 23.04
Northwest	9,236,673	1,101,907	11.9%	68,654	68,654	-	\$ 27.48
Southwest	7,567,067	785,349	10.4%	97,625	97,625	110,705	\$ 28.80
West Central	5,115,270	594,181	11.6%	34,105	34,105	-	\$ 21.96
Total	45,085,688	6,048,557	13.4%	345,715	345,715	132,590	\$ 25.92

* Including Sublease Vacancy

Source: Colliers International

According to the Colliers survey the subject falls within the Northwest submarket, with a current overall vacancy of 11.9 percent, slightly below the metro area as a whole, and below the vacancy reported by Reis, Inc. (16.9 percent within West Submarket). Asking rents for all office space within the Northwest submarket is shown to be \$27.48 per square foot, above the regional average. Class A office rents within the Northwest submarket are reported at \$30.60 per square foot.

Overall trends of the last 33+-months as reported by Colliers, show an improving office market within Las Vegas, with vacancy declining from 19.1 percent as of the first quarter 2015, to 13.9 percent as of the first quarter 2019. The following chart summarizes trends in the regional office market since the first quarter 2015.

Office Market Statistics - First Quarter 2019						
Quarter	Total SF	Total Vacant SF*	Vacancy	Net Absorption (SF)		Under Construction (SF)
				Current Qtr	Year To Date	
Q1-19	45,085,688	6,048,557	13.4%	345,715	345,715	132,590
Q4-18	45,069,821	6,363,135	14.1%	394,300	1,255,654	148,457
Q3-18	45,044,921	6,725,222	14.9%	421,352	861,354	56,367
Q2-18	44,892,621	6,979,282	15.5%	257,932	440,002	192,800
Q1-18	44,921,975	7,003,361	15.6%	182,070	182,070	463,446
Q4-18	44,372,490	7,130,224	16.1%	147,073	1,125,192	525,810
Q3-17	44,220,490	7,094,183	16.0%	267,963	978,119	447,810
Q2-17	44,404,498	7,313,652	16.5%	582,677	710,156	224,364
Q1-17	44,183,776	7,677,199	17.4%	127,479	127,479	256,364
Q1-16	43,966,281	7,593,723	17.3%	375,054	375,054	325,266
Q1-15	43,809,562	8,375,624	19.1%	620,983	620,983	300,444

* Including Sublease Vacancy

Source: Colliers International

According to the First Quarter report, Las Vegas' office market continues its improvement, including 345,715 square feet of net absorption. Expansion of the office inventory is expected to remain light in 2019, increasing the potential for declining vacancy trends. Demand for office space over the last 12± months has come from health services, professional and business services, and financial activities companies.

Comments on Tivoli Village

Through the course of this assignment brokerage professionals specializing in the leasing and sale of office properties across Las Vegas have been surveyed. Comments on the subject office as well as the Las Vegas market are summarized in the following bullet points.

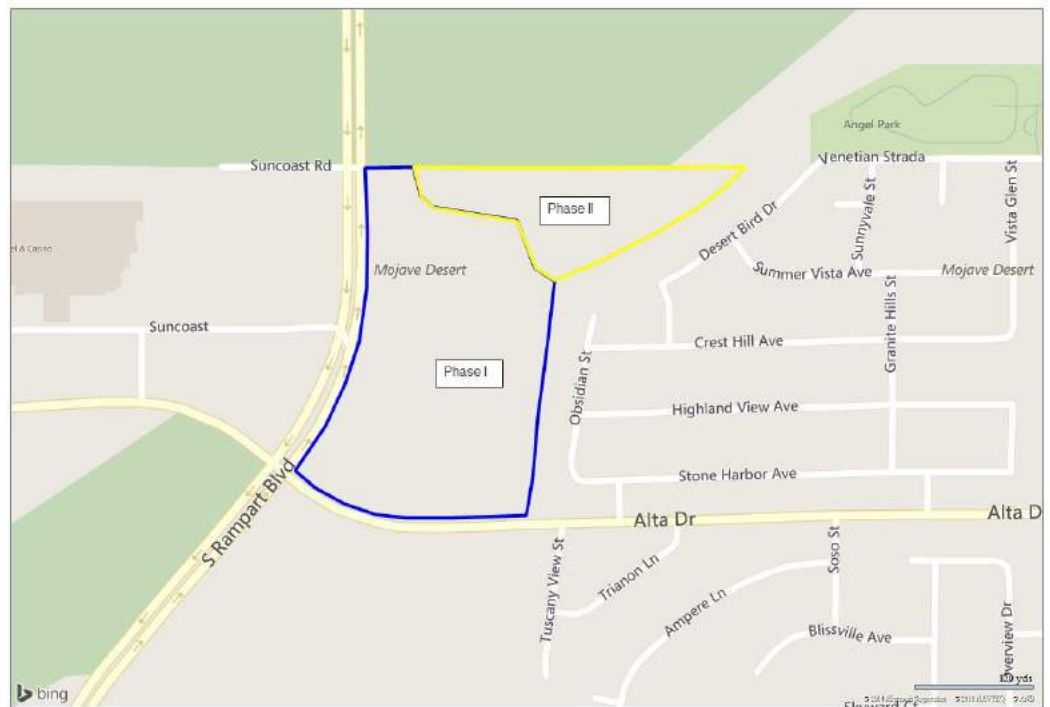
- The area is considered as desirable, with office areas within Tivoli Village viewed as some of the nicest in the market, strategically located near the strongest demographic area in the market;
- The immediate office submarket, specifically within Class A buildings is relatively tight compared to other submarkets. Those interviewed attributed strength in the local market to growth in Summerlin, high occupancies in other Class A buildings to the west and southwest, and its strategic advantage of the area being proximate to executives in the market;
- Class A rents in the market are some of the highest actual and asking rents in the region. Office space at One and Two Summerlin, 3.5± miles to the west, and some of the newest Class A space to enter the market has set all-time highs in terms of achieved rents. While having some of the highest rents, current free rent and other incentives in the local market are also considered generous during suite build-out.
- Office spaces at Tivoli Village benefit from their proximity and accessibility to the courthouse, attracting law firms to the property.
- The subject is benefitted by its podium development, with lower-level parking available and elevator access to office areas. The garage parking is viewed as a positive attribute within Las Vegas, particularly in the hot summer months.
- Las Vegas has an unbalanced economy, and the diversity of tenant in the market is low. While current trends continue to be positive, lack of tenant diversity may hurt long-term leasing;
- The subject's primary office competition is considered to be One Summerlin and Two Summerlin, including surrounding office buildings, and, despite being in different geographic locations, Hughes Center and Town Square Las Vegas;

- Hughes Center remains the main financial/private sector office area within the region, benefiting from size and number of buildings. Hughes Center has an inferior location near casinos and greater congestion, however is located in a well-established submarket with leasing history;
- One leasing broker active across Las Vegas reported that that local market demand is strong when compared to other areas of the region, with available inventory becoming limited on the West-side, particularly within the Class A office space similar to office areas at Tivoli Village.

Property Analysis

Site Description

Shape:	Irregularly shaped
Topography:	Level at street grade The subject improvements have been constructed on a podium, resulting a site that is level and at street grade. Overall, the site slopes from west to east.
Land Area:	The total Tivoli Village parcel totals 28.43 acres (Parcel 138-32-315-001). The Tivoli development and site is divided between two phases. Land underlying Phase I has been allocated at 19.53 acres and consists of the existing and proposed mixed-use retail and office center (Triads A, B, and C). Phase II is proposed to be developed on an 8.90 acre parcel (as currently allocated) located at the northeast portion of the existing site, and will be comprised of future residential and commercial development. As discussed, Phase II is currently under contract of sale.



Property ownership continues to work with Clark County on the parcelization of the existing site into two separate parcels. The allocated site areas are estimated based on information provided, and have not been approved by Clark County

Ownership has provided a detailed breakout of the site area by “Triad” as calculated by property architects. The following table provides a detailed breakout of the subject site area:

LAND AREA SUMMARY*		
Component	Owned	Site Area
Triad A	x	9.33 acres
Triad B	x	8.30 acres
Triad C	x	1.90 acres
Total Tivoli Village		19.53 acres
Phase II Development Parcel	x	8.90 acres
Total Other Parcels		8.90 acres
Total Owned Site Area		28.43 acres
Total Center Site Area		28.43 acres

*Property site allocation provided by ownership.

It is noted that Triad C is further broken out into two pad site areas for future Buildings 4 and 12. Building 4, located at the northeast corner of Phase I, is proposed to be improved with a cinema, or additional mixed-use development. The site area for Building 4 is reported at 0.80 acres. The Building 12 pad site totals 1.10 acres and is located at the northwest corner of Phase I. Building 12 is proposed to be improved with a boutique hotel, or additional mixed-use development (office over retail). For appraisal purposes, this analysis has considered the contributory value of the land and site improvements of Triad C

Excess Land:	Yes – Phase II Site has been included as excess land.
Excess Land Area:	8.90 acres / 387,684 square feet
Total Land Area:	28.43 acres / 1,238,411 square feet
Frontage:	The subject property has good frontage on Rampart Boulevard and Alta Drive.
Access:	<p>The subject property has good access.</p> <p>Access from Alta Drive is considered good with a signalized entrance leading to “Porta Fontana” the main entry roundabout, valet parking area, and access to lower level parking areas. Vehicle access from S. Rampart Boulevard is from a right lane turn off, leading to the lower-level garage parking.</p> <p>Pedestrian access from the corner of S. Rampart and Alta Drive is good.</p> <p>Future access will continue to be enhanced, with additional access to be included from S. Rampart Boulevard. The main valet drop off and pick up area could potentially be moved to a central portion of the center within Triad B.</p>
Visibility:	The subject property has good visibility.
Soil Conditions:	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.

Utilities:	All necessary utilities are available to the site, including water, sewer, electric, gas, and telephone.
Site Improvements:	Site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage.
Land Use Restrictions:	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.

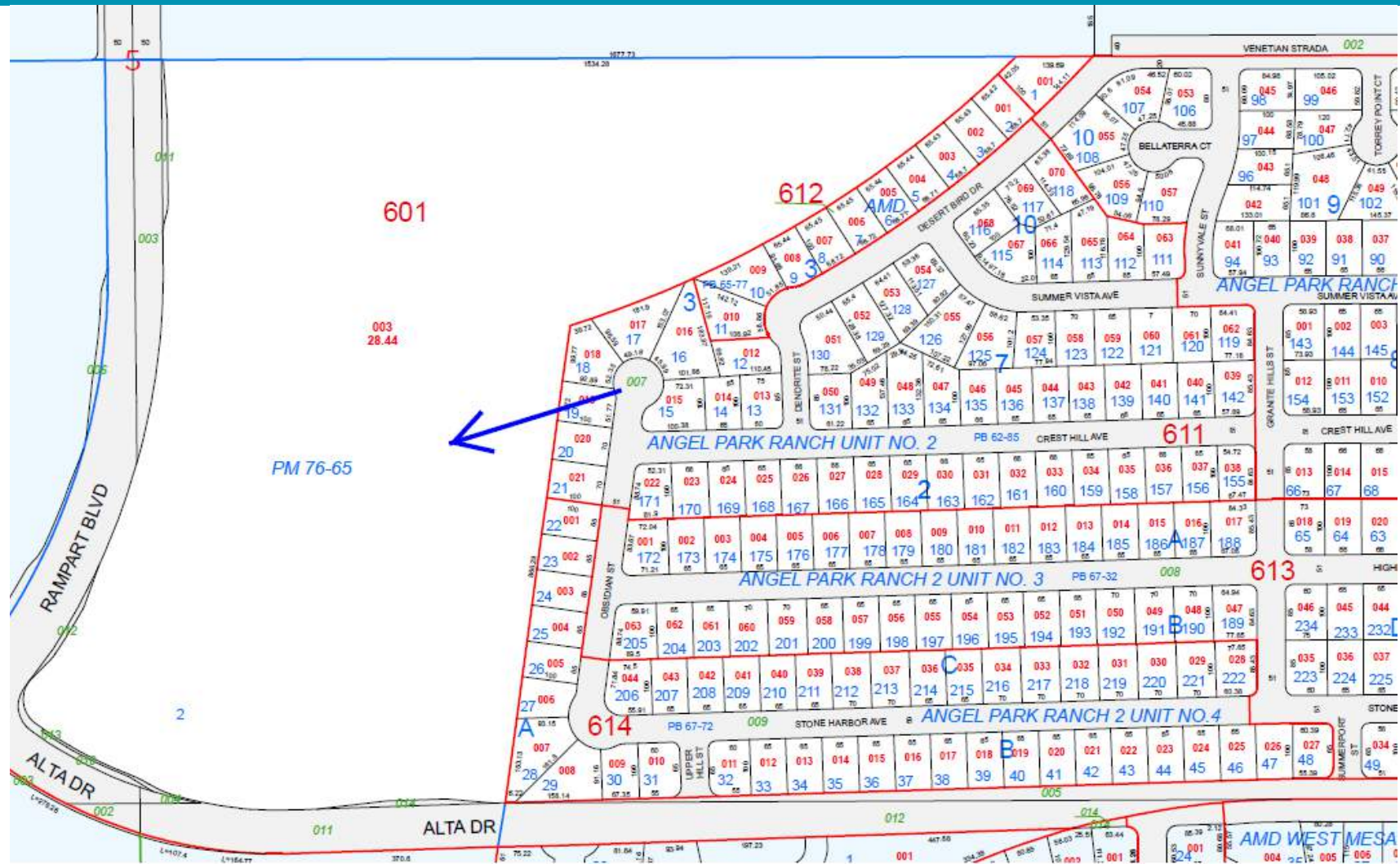
Flood Zone Description: The subject property is located in flood zone X (Areas determined to be outside the 500 year flood plain) as indicated by FEMA Map 32003C 2145F, dated November 16, 2011.



The flood zone determination and other related data are provided by a third party vendor deemed to be reliable. If further details are required, additional research is required that is beyond the scope of this analysis.

Wetlands:	We were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
Overall Site Utility:	The subject site is functional for its current use.
Location Rating:	Good
Comments:	The subject site/podium is level at street grade. The parking areas are accessed via Alta Drive and S. Rampart Boulevard. Paved parking is available on the eastern portion of the center, with lower level garage parking available across the property. Considering these features, the site appears to be functional for its current and proposed use.

CLARK COUNTY TAX MAP



TIVOLI VILLAGE – LEVEL ONE SITE & LEASING PLAN



TIVOLI VILLAGE – LEVEL TWO LEASING PLAN



TIVOLI VILLAGE – LEVEL THREE LEASING PLAN



TIVOLI VILLAGE – LEVEL FOUR LEASING PLAN



Improvements Description

The following description of improvements is based on our physical inspection of the improvements and our discussions with the subject property's owner's representative.

GENERAL DESCRIPTION

Year Built:	Triad A - 2011
Expansions:	Triad B - 2016
Year(s) Renovated:	2016
Number of Stories:	1, 2, 3, and 4-story improvements
Gross Leasable Area:	<p>The subject mixed-use center consists of Triads A and B within Phase I of Tivoli Village. As discussed, Phase I is divided into three "Triads". Triad A includes six buildings, and opened in April 2011. Triad A includes 177,632 square feet of one- and two-story restaurant and retail areas, as well as upper-level office areas totaling 187,223 square feet located on levels two, three, and four.</p> <p>Triad B was completed in October 2016 and added four buildings to the property. Triad B includes 154,459 square feet of retail GLA and 150,152 square feet of second-, third-, and fourth-level office space.</p> <p>As proposed, Triad C will consist of two additional buildings. The contributory value of the Triad C pad sites has been considered in this analysis.</p> <p>Inclusive of Triads A and B, total owned GLA is equal to 669,466 square feet, as presented in the following table:</p>

TIVOLI VILLAGE GLA SUMMARY

Component	Owned	Area	% of Total
Restoration Hardware	x	77,060 SF	
Total Anchor GLA		77,060 SF	12%
Triad A In-Line Retail & Restaurants	x	177,632 SF	
Triad B In-Line Retail & Restaurants	x	77,399 SF	
Total Mall Shop GLA		255,031 SF	38%
Triad A Office	x	187,223 SF	
Triad B Office	x	150,152 SF	
Total Office GLA		337,375 SF	50%
Total Center GLA		669,466 SF	100%
Total Owned GLA		669,466 SF	100%

CONSTRUCTION DETAIL

Basic Construction:	Steel and masonry
Foundation:	Poured concrete slab
Framing:	Structural steel with masonry and concrete encasement
Floors:	Concrete poured over a metal deck

Exterior Walls:	Masonry
Roof Type:	Flat with parapet walls
Roof Cover:	Built-up assemblies with tar and gravel cover
Windows:	Thermal windows in aluminum frames
Pedestrian Doors:	Glass, wood and metal
MECHANICAL DETAIL	
HVAC:	HVAC is provided by roof-mounted gas-fired package units.
Plumbing:	Water and sanitary sewer are master-metered within the property. The plumbing system is assumed to be adequate for existing use and in compliance with local law and building codes.
Electrical	Service to all tenants is through a common distribution system. Energy is purchased by mall ownership and re-sold to the individual tenants at retail rates. This result in a profit center to ownership. All electric work is assumed to be in accordance with local law and building codes.
Vertical Transportation:	Each multi-story building includes one or nine sets of passenger elevators. Elevator and escalator service to main lobby areas are both available from the lower-level parking areas.
Fire Protection:	100% sprinklered
Security:	Exterior building monitors
INTERIOR DETAIL	
Layout:	<p>Tivoli Village has a general elongated configuration, configured with a racetrack design, allowing for pedestrian and vehicular access throughout the interior of the center. The center is built in a streetscape concept with multi-level improvements lining interior arterials.</p> <p>The Triad A improvements are located on the south portion of the overall Phase I parcel, situated at the northeast corner of S. Rampart Boulevard and Alta Drive. Triad B is centrally situated on the site, north of Triad A. A community park is located in the middle of the Tivoli development within Triad B. Restoration Hardware is housed in a stand-alone, four-story building north of the park in the north-central portion of the overall property.</p> <p>The mixed-use center is designed in a village/urban street format with multiple buildings surrounding a main park and fountain area. Please refer to the previous site plan(s) for a complete layout of the improvements.</p>
Floor Covering:	Generally tile and concrete flooring in the exterior common areas, carpet and tile within interior common areas, lobbies, and office floors. Tenant spaces are primarily a mix of carpet, hardwood and vinyl tile.
Walls:	Drywall

Ceilings:	The ceiling in the common areas is acoustical tile. Ceilings in the individual tenant spaces vary and include acoustical tile, painted drywall and exposed truss work.
Lighting:	Lighting in the common areas is provided by fluorescent fixtures.
Store Fronts:	Store fronts included within the village/urban street themed improvements reflect the most recent tenant designs for the respective chain.
Public Rest Rooms:	Public and tenant restrooms are located throughout the property on multiple retail and office levels. A number of restaurants include their own restroom facilities. Upon completion of full build-out, the property is assumed will feature adequate restrooms for men and women.

SITE IMPROVEMENTS

Parking:	<p>The property contains approximately 3,615 surface and garage parking spaces. According to ownership, the property contains approximately 3,400 below grade/below podium parking spaces. In addition, the property includes approximately 215 surface parking spaces available along the eastern portion of the property, accessible from Alta Drive. In total, the property reflects an overall parking ratio of 5.4 spaces per 1,000 square feet of existing net rentable area. The parking spaces are asphalt-paved and striped, and adequately support the existing and proposed users.</p> <p>Below grade parking areas are considered convenient for retail customers and office tenants alike. Office floors and lobby areas can be accessed directly from the garage via elevator. The main level retail areas are accessed via elevator and escalator.</p>
Onsite Landscaping:	The site is landscaped with a variety of trees, shrubbery and grass.
Other:	Site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage.

PERSONAL PROPERTY

Personal property was excluded from our valuation.

SUMMARY

Condition:	Excellent
Quality:	Excellent
Property Rating:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, when measured against other properties in this marketplace.
Roof & Mechanical Inspections:	We did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.

Actual Age:	Triad A - 8 years Triad B - 3 year
Effective Age:	Triad A - 5 years Triad B – 1 year
Expected Economic Life:	50 years
Remaining Economic Life:	45-50 years

CAPITAL EXPENDITURES

Known Costs:	<p>We are not aware of any planned capital expenditures that would have an impact on the subject property.</p> <p>Ownership has not provided us with a capital expenditure plan that we reviewed. With the exception of tenant allowances associated with lease-up of vacant suites, we have assumed that all costs to complete construction have been incurred.</p>
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PHYSICAL DETERIORATION

Cost to Cure:	<p>Curable physical deterioration refers to those items that are economically feasible to cure as of the effective date of the appraisal. One category of physical deterioration is deferred maintenance and is measured as the cost repairing or restoring the item to new or reasonably new condition. We have not been provided with a capital expenditure plan or an engineering report that would identify specific costs required to repair deficiencies at the subject property.</p> <p>During our inspection, we did not notice any apparent physical deterioration that would require immediate repair.</p>
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FUNCTIONAL OBSOLESCENCE

Description:	There is no apparent functional obsolescence present at the subject property.
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EXTERNAL OBSOLESCENCE

Description	<p>External obsolescence is the adverse effect on value resulting from influences outside the property. External obsolescence may be the result of market softness, proximity to environmental hazards or other undesirable conditions, spikes in construction costs, cost estimates that don't properly reflect changes in the local market, the lack of an adequate labor force, changing land use patterns, or other factors</p> <p>Based on a review of the location of the subject as well as local market conditions, there is no notable existing external obsolescence.</p>
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Real Property Taxes and Assessments

Current Property Taxes

The subject property is located in the taxing jurisdiction of Clark County, and the assessor's parcel identification is 138-32-615-001. According to the local tax collector's office, taxes are current.

The current assessment and taxes for the property are presented in the following table. Assessments and taxes for 2018-19 are not available as of this writing.

PROPERTY ASSESSMENT INFORMATION

Assessor's Parcel Number:	138-32-615-001
Assessing Authority:	Clark County
Current Tax Year:	2018-19
Assessment Ratio (% of market Value):	35%
Are taxes current?	Taxes are current
Is there a grievance underway?	Not to our knowledge
The subject's assessment and taxes are:	At market levels

ASSESSMENT INFORMATION

Assessed Value	Totals
Land:	\$6,935,102
Improvements:	\$45,356,885
Total:	\$52,291,987
Tax Rate:	3.2782%
Taxes As Assessed:	\$1,714,236
Less: Cap Reduction:	(\$140,863)
Subtotal:	\$1,573,373
Total Taxable Assessment:	\$52,291,987
Assessor's Implied Market Value	\$149,405,677

TAX LIABILITY

Total Tax Rate (Before Cap reduction):	3.2782%
Total Property Taxes:	\$1,573,373
Building Area (SF):	669,466
Property Taxes per Square Foot	\$2.35

Compiled by Cushman & Wakefield of Oregon, Inc.

Total taxes for the property are \$1,573,373, or \$2.35 per square foot. The table below provides an additional summary of current assessments and tax expense.

Lot Number	Land Assessment	Improved Assessment	Total Assessment	Taxes As Assessed	Tax Rate	Total Tax Expense	Less: Cap Reduction	Tax Liability
Real Property								
138-32-615-001	\$6,935,102	\$45,356,885	\$52,291,987	\$1,714,236	3.2782%	\$1,714,236	(\$140,863)	\$1,573,373
Grand Total	\$6,935,102	\$45,356,885	\$52,291,987	\$1,714,236	3.2782%	\$1,714,236	(\$140,863)	\$1,573,373

The subject property is assessed as one parcel, totaling 28.43 acres, inclusive of the total Tivoli Village development (Phases I and II). Properties in Clark County are assessed at 35.0 percent of estimated market value. As assessed, total taxes are \$1,573,373, up from \$1,509,955 in 2017-18.

Commercial properties within Clark County are assessed for valuation purposes via the Cost Approach. Based on discussions with the county assessor, no reassessment is "triggered" upon sale of a property.

Phase I Allocation

As noted, current taxes are based on the total existing site of 28.43 acres. The Phase II site encompasses approximately 31.3 percent of the total site area. Allocating 31.3 percent of the total taxes calculated on the land only (\$227,346), results in a Phase II tax expense of \$71,159. For the purpose of this analysis, we have deducted the allocated Phase II assessment and tax expense to determine a 2018-19 tax expense for Phase I. Therefore, total taxes for the current tax year are estimated at \$1,502,214, equal to \$2.16 per square foot of GLA.

Tax Comparable Analysis

To determine if the taxes on the property are reasonable, we examined the actual tax burdens of similar properties in the market. They are illustrated in the following table:

REAL ESTATE TAX COMPARABLES										
No.	Property Name & Location	Parcel No.	Building Area (SF)	Year Built	Stories	Assessment				
						Year	Assessment	Assess/SF	Total Taxes	Taxes/SF
S	SUBJECT PROPERTY	138-32-615-001	669,466	2011-16	4	2018-19	\$52,291,987	\$78.11	\$1,502,202	\$2.17
1	Town Square Las Vegas	177-05-510-002	1,200,000	2007	3	2018-19	\$101,102,245	\$84.25	\$2,965,127	\$2.47
2	Rampart Commons	138-32-411-003	79,772	1999	1	2018-19	\$4,799,254	\$60.16	\$157,329	\$1.97
3	Boc Park Fashion Village	138-32-312-005, -011	139,262	1999	1	2018-19	\$9,597,405	\$68.92	\$314,622	\$2.26
STATISTICS										
Low:			79,772	1999	1		\$4,799,254	\$60.16	\$157,329	\$1.97
High:			1,200,000	2007	3		\$101,102,245	\$84.25	\$2,965,127	\$2.47
Average:			473,011	2002	2		\$38,499,635	\$71.11	\$1,145,693	\$2.23

Compiled by Cushman & Wakefield of Oregon, Inc.

Real Property Tax Conclusion

Ownership has budgeted a tax expense for 2019 of \$1,470,258, below, however generally in-line with our allocated Phase I taxes for Tivoli Village.

For the purpose of this analysis, we have considered the existing assessment and tax expense for 2018-2019. Based on an assessment of \$78.11 per square foot, and expense of \$2.17 per square foot, the subject's tax expense is well supported by comparables in the immediate market. Within our analysis, year one real estate tax expenses (\$1.50 million) have been increased to reflect estimated fiscal year 2018-19 taxes.

ZONING

Municipality Governing Zoning:	City of Las Vegas
Current Zoning:	C-2
Current Use:	Mixed-Use Specialty Center
Is current use permitted:	Yes
Change In Zone Likely:	Possible Zone Change Phase II
Zoning Change Applied For:	Not Disclosed
Zoning Variance Applied For:	Not Disclosed
Permitted Uses:	Permitted uses within this district include retail, service, automotive, wholesale, office, and other general business uses of an intense character as well as mixed-use developments
Prohibited Uses:	Prohibited uses within this district include a majority of residential development and community facility uses

ZONING REQUIREMENTS	CODE	SUBJECT COMPLIANCE
Minimum Lot Area:	None	Complying
Maximum Building Height:	Ten Stories / 150 Feet	Complying
Maximum Lot Coverage (% of lot area):	50.0%	Complying
Minimum Yard Setbacks		
Front (feet):	20	Complying
Rear (feet):	20	Complying
Side (feet):	10	Complying
Required On-Site Parking:		
Spaces per 1,000 square feet:	4.0 per 1,000	Complying
Spaces per square foot:	250 square feet per space	Complying

Compiled by Cushman & Wakefield of Oregon, Inc.

Phase II Zoning

As discussed, Phase II is proposed for future residential development. According to ownership, the site has been approved for up to 300-units. Prior to development, the Phase II site would likely be rezoned, potentially PUD (Planned Unit Development), to accommodate the residential development. As of this writing, the subject's single tax parcel is zoned C-2.

Current status is rezoning has not been provided.

Zoning Compliance

Property value is affected by whether or not an existing or proposed improvement complies with zoning regulations, as discussed below.

Complying Uses

An existing or proposed use that complies with zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

Pre-Existing, Non-Complying Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

Non-Complying Uses

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

Other Restrictions

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or a title company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

Zoning Conclusions

We analyzed the zoning requirements in relation to the subject property, and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject property appears to be a complying use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Valuation

Highest and Best Use

Highest and Best Use Definition

The Dictionary of Real Estate Appraisal, Sixth Edition (2015), a publication of the Appraisal Institute, defines the highest and best use as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity

To determine the highest and best use we typically evaluate the subject site under two scenarios: as though vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above.

Highest and Best Use of Site as though Vacant

Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned C-2 by the City of Las Vegas. Permitted uses within this district include retail, service, automotive, wholesale, office, and other general business uses of an intense character as well as mixed-use developments. We are not aware of any further legal restrictions that limit the potential uses of the subject.

In addition, rezoning of the Phase I (Triads A, B, and C) site is not likely due to the character of the area. As noted, Phase II is proposed for future residential development. According to ownership, the site has been approved for up to 300-units within two buildings on the Phase II site. Prior to development, the Phase II site would likely be rezoned, potentially PUD (Planned Unit Development), to accommodate the residential development. As of this writing, the subject's single tax parcel is zoned C-2.

Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject retail / Phase I site contains 19.53 acres, or 850,727 square feet. The site is irregularly shaped and level at street grade. It has good frontage, good access, and good visibility. The overall utility of the site is considered to be good. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most permitted development possibilities.

The subject's excess/development parcel totals 8.90 acres, or 387,684 square feet. This site is irregularly shaped, level, and at street grade. The site has poor frontage on existing roads, and, as proposed, will have average frontage from new arterials surrounding the development. The Phase II site will have average access and has average visibility.

Financially Feasible and Maximally Productive

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the

cost of acquiring the site, and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

Conclusion

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject's Phase I site as though vacant is for development with a mixed use commercial development built to its maximum feasible building area.

Based on its size, configuration, and relationship to the overall Tivoli Village development, the Highest and Best Use of the subject's Phase II site as though vacant is for future residential development, time and circumstances warranting. This conclusion assumes residential development is legally permissible and may require a zone change.

Highest and Best Use of Property as Improved

The Dictionary of Real Estate Appraisal defines highest and best use of the property as improved as:

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

In analyzing the Highest and Best Use of a property as improved, it is recognized that the improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or to demolish it and build a new one.

Legally Permissible

As described in the Zoning Analysis section of this report, the subject site is zoned C-2. The Phase I site is improved with a mixed-use specialty shopping center and office use containing 669,466 square feet of gross building area. In the Zoning section of this appraisal, we determined that the existing improvements represent a complying use. We also determined that the existing use is a permitted use in this zone.

Physically Possible

The subject improvements were constructed in 2011 and were last expanded/renovated in 2016. The improvements are in excellent condition. We know of no current or pending municipal actions or covenants that would require a change to the current improvements.

Financially Feasible and Maximally Productive

In the Reconciliation section, we estimate a market value for the subject property, as improved (currently Triad A and B), of \$210,000,000, greater than the estimated of the underlying land as vacant. In our opinion, the improvements contribute significantly to the value of the site. It is likely that no alternate use would currently result in a higher value.

Conclusion

It is our opinion that the existing Phase I improvements (Triad A and B) add value to the site as though vacant, dictating a continuation of its current use. It is our opinion that the Highest and Best Use of the subject property as improved is a mixed use shopping center and office development as it is currently improved.

Most Likely Buyer

The subject is currently leased to 64 tenants. Its size, type, and configuration make it ideally suited for multiple-tenant occupancy. An examination of recent rental activity in the area suggests that there is demand for similar space in such properties by tenants within the market, and recent comparable sales indicate such properties are typically purchased by real estate investors. As a result, we conclude that the most likely purchaser of the subject is an investor, who would typically rely on the income approach to value the property.

Valuation Process

Methodology

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

We considered each approach in developing our opinion of the market value of the subject property. We discuss each approach below and conclude with a summary of their applicability to the subject property.

Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

Sales Comparison Approach

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. When developing an opinion of land value the analysis is based on recent sales of sites of comparable zoning and utility, and the typical units of comparison are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. In each case, adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

Income Capitalization Approach

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted

to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

Summary

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches should be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

Land Valuation

Triad C

Triad C includes 1.90 acres of developable land situated on two pad sites, referred to as Building 12 and Building 4. The Building 12 parcel totals 1.10 acres and is located at the northwest corner of the Tivoli Village Phase I site, fronting Rampart Boulevard, with access and exposure via Rampart Boulevard. The Building 4 parcel totals 0.80 acres and is located at the northeast corner of the Phase I parcel. Site area allocations have been provided by ownership.

The valuation of the Triad C pad sites has been completed based on multiple techniques. First, we have included the Sales Comparison Approach to support an opinion of land value for the pad sites. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made. Triad C is situated on the Phase I site area that has been constructed upon a multi-level podium, allowing for below grade parking. The podium development is unique within suburban Las Vegas, making comparisons with similar sites difficult at best. Users of Triad C will have access to lower level parking areas already completed, thereby allowing development of the entire site, and cross access across the other areas of Phase I. In addition, any comparable sites that require significant parking costs, including parking garages, face significant costs that would not be realized for buyers of the Triad C sites. There are no sales of similar type development land within the region to compare to the Triad C sites. The Sales Comparison Approach analysis is included for supportive evidence, with overall less weight placed on this method.

Additional consideration within the valuation of Triad C has been given to pas offers received to both ground lease and purchase the site underlying Building 12. We have also considered a residual value of the Building 4 parcel based on a residual analysis, taking into consideration potential cinema lease agreements currently under negotiation (LOIs). The limits of this analysis are that the full build-out of the parcels may not be achieved under a hotel and cinema development scenario.

Finally, a residual analysis has been completed for Triad C in total, assuming full build-out as entitled as mixed use (office over retail) development. Our analysis of the pad sites within Triad C has considered the attributes of each parcel, including size, access, and exposure. Additional consideration has been given to location with respect to Tivoli Village (including Restoration Hardware), as well as the western portion of Las Vegas including Summerlin.

As discussed, the Building 4 site within Triad C is currently proposed for a cinema or continued mixed-use development, while Building 12 is proposed for boutique hotel use, or additional office over retail development. Several cinema LOIs have been proposed over the last 12-24 months for Building 4, including a recent, unsigned LOI as of February 2019. No agreement is currently in place with a hotel operator. **No construction timeline exists for mixed-use development. Therefore, for the purpose of this assignment, we have included the contributory value of Triad C as improved land value.**

The most widely used and market-oriented units of comparison for properties with characteristics similar to those of the subject are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. All transactions used in this analysis are based on the most appropriate method used in the local market. The major elements of comparison used to value the subject site include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

The comparables utilized in the valuation of the Triad C land, and our analysis are presented on the following pages.

SUMMARY OF LAND SALES: TRIAD C LAND PARCEL

PROPERTY INFORMATION								TRANSACTION INFORMATION					
No.	Location	Size (sf)	Size (Acres)	Proposed Use	Zoning	Site Utility	Public Utilities	Grantor	Grantee	Sale Date	Sale Price	\$/SF Land	COMMENTS
S	Subject Property	82,764	1.90	Mixed-Use Specialty Center	C-2	Good	All available						
1	Restaurant Ground Lease 6051 N Decatur Blvd Las Vegas, NV	34,412	0.79	Retail - Restaurant	C-1	Good	All available	Weingarten Realty Investors	Timothy H & Carrie J Browning	3/17	\$3,700,000	\$107.52	Sale of Raising Cane's Ground lease. Built in 2016, sale includes a 20-year net ground lease. Property sold with 6.35% cap rate. Restaurant located as pad tenant at shopping center.
2	Commercial Land Sale 211 N 7th Street Las Vegas, NV	14,375	0.33	Office	C-2	Good	All Available	Arkansas Diagnostic Center Pa	Ike Lawrence Epstein	3/17	\$1,000,000	\$69.57	Site purchased for investment purposes at the asking price. Smaller site located near downtown, just west of Las Vegas Boulevard.
3	Commercial Land Sale 1326 S Main Street Las Vegas, NV	14,810	0.34	Retail-Commercial	C-M	Good	All available	Under Contract	Under Contract	6/18	\$995,000	\$67.18	Vacant site located in heart of downtown Las Vegas. Site is portion of former motel site.
4	H-1 Zoned Site 3780 Paradise Road Las Vegas, NV	27,007	0.62	Commercial	H-1	Good	All available	Fred Kimiabakhsh	The Siegel Group	1/17	\$2,400,000	\$88.87	Site located at intersection of Paradise Road and Sands Avenue. Property zoned H-1, and buyer would not disclose planned use for site.
5	Commercial Site 294 Convention Center Drive Las Vegas, NV	54,450	1.25	Convention Center	H-1	Good	All available	Estwin Corporation	Las Vegas Convention & Visitors Authority	9/18	\$7,000,000	\$128.56	Vacant site of former 3-story hotel. Site part of assemblage for Convention Center expansion. Prior hotel had been demolished at time of sale.
STATISTICS													
Low		14,375	0.33							1/17	\$995,000	\$67.18	
High		54,450	1.25							9/18	\$7,000,000	\$128.56	
Average		29,011	0.67							9/17	\$3,019,000	\$92.34	

Compiled by Cushman & Wakefield of Oregon, Inc.

LAND SALE ADJUSTMENT GRID: TRIAD C LAND PARCEL

Economic Adjustments (Cumulative)							Property Characteristic Adjustments (Additive)						
No.	Price PSF Land & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market ⁽¹⁾ Conditions	PSF Land Subtotal	Location	Size	Public Utilities	Utility ⁽²⁾	Other	Adj. Price PSF Land	Overall
1	\$107.52 3/17	ValueInterest 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 6.2%	\$114.19 6.2%	Inferior 10.0%	Larger 5.0%	Similar 0.0%	Inferior 40.0%	Similar 0.0%	\$176.99 55.0%	Inferior
2	\$69.57 3/17	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 6.2%	\$73.88 6.2%	Inferior 20.0%	Similar 0.0%	Similar 0.0%	Inferior 50.0%	Similar 0.0%	\$125.59 70.0%	Inferior
3	\$67.18 6/18	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.5%	\$68.86 2.5%	Inferior 20.0%	Similar 0.0%	Similar 0.0%	Inferior 50.0%	Similar 0.0%	\$117.07 70.0%	Inferior
4	\$88.87 1/17	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 6.8%	\$94.91 6.8%	Inferior 15.0%	Similar 0.0%	Similar 0.0%	Inferior 40.0%	Similar 0.0%	\$147.11 55.0%	Inferior
5	\$128.56 9/18	- 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 1.7%	\$130.74 1.7%	Superior -10.0%	Larger 5.0%	Similar 0.0%	Inferior 40.0%	Similar 0.0%	\$176.50 35.0%	Inferior
STATISTICS													
	\$67.18	- Low										\$117.07	
	\$128.56	- High										\$176.99	
	\$92.34	- Average										\$148.65	

Compiled by Cushman & Wakefield of Oregon, Inc.

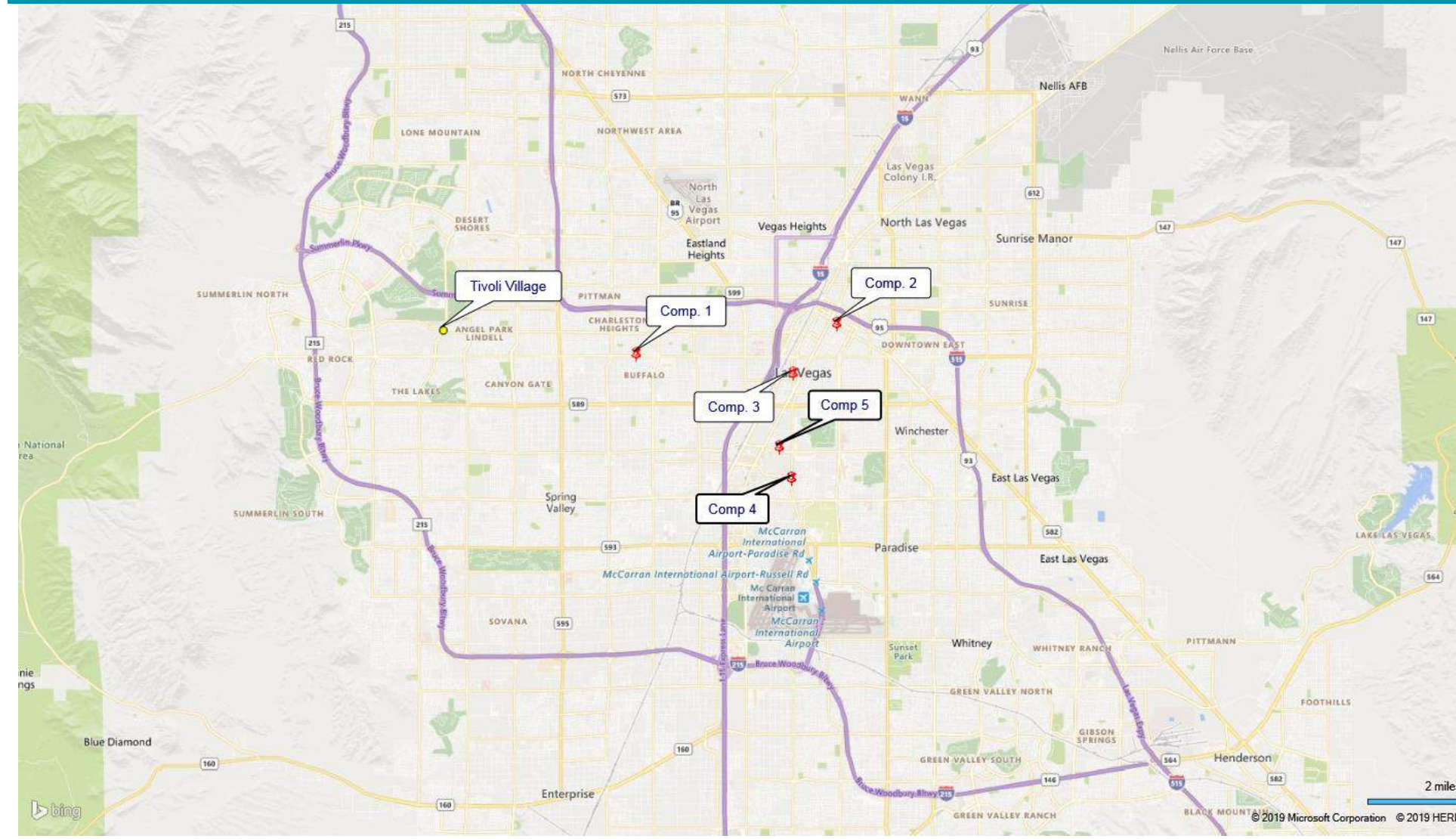
(1) Market Conditions Adjustment Footnote

Compound annual change in market conditions: 3.00%
Date of Value (for adjustment calculations): 3/31/19

(2) Utility Footnote

Utility includes shape, access, frontage and visibility.

LAND SALE LOCATION MAP



Discussion of Adjustments

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Market Conditions

The sales that are included in this analysis occurred between January 2017 and September 2018. As the market has improved over this time period, we applied an annual adjustment of 3.00 percent.

Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. Overall, the site is large enough in size to accommodate the existing improvements. It is well configured and has a relatively level topography. The sites access and visibility are very good. We conclude that the site is conducive for its existing retail use. We made a downward adjustment to those comparables considered superior in location compared to the subject. Conversely, upward adjustments were made to those comparables considered inferior.

Size

The adjustment for size generally reflects the inverse relationship between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Therefore, upward adjustments were made to larger land parcels, and downward adjustments were made to smaller land parcels.

Public Utilities

The availability of public utilities has a significant impact on the value of a property. Municipal utility providers often, but not always, provide utilities such as gas, water, electric, sewer, and telephone. It is therefore important to understand any differences that may exist in the availability of public utilities to the subject property and its

comparables. All of the sales, like the subject, had full access to public utilities at the time of sale. Therefore, no adjustments were required.

Utility

The subject parcel is adequately shaped to accommodate a typical building. It has good access, good frontage and good visibility. Overall, it has been determined that the site has good utility. Finally, our analysis considers the subject's podium construction, and the availability of several levels of lower-level parking. Without having to consider parking and access, a buyer/developer of either Triad C pad site would have greater flexibility, including the ability to develop a building footprint across the entire pad site. In addition, our analysis has considered the Triad C pad site's location within the overall Tivoli development including Restoration Hardware, benefitting from access and cross-traffic from surrounding uses.

Adjustments between 40.0 and 50.0 percent were considered and made to the comparables, none of which include the attributes discussed above.

Other

In some cases, other variables will have an impact on the price of a land transaction. Examples include soil or slope conditions, restrictive zoning, easements, wetlands or external influences. In our analysis of the comparables we found that no unusual conditions existed at the time of sale. As a result, no adjustments were required.

Broker Opinions

During the course of this assignment, we discussed the subject Triad C pad sites as well as the Phase II expansion parcel with two brokers in the Las Vegas market, each of whom have experience with land in the Las Vegas market. Comments pertaining to the Triad C site are summarized in the following bullet-points:

- The site has a good location within western Las Vegas, benefitting from proximity to Summerlin, surrounding residential development, and future growth.
- Access to the site areas is assumed to be good, including a new entry directly fronting each pad, leading to and around Restoration hardware.
- Triad C is located within Tivoli Village, with each pad site benefitting from exposure and traffic near Restoration Hardware and other areas of the center following lease-up.
- The sites are built on a podium, increasing the development potential of each site, not available to other parcels in the market without costly easements, if available at all. Certain site development costs have been completed, and parking is available within lower levels.
- Podium development, allowing for lower level parking, is difficult to quantify as few, if any, similar sites are available in the market. The podium would require considerable adjustments to any retail pad sales considered.
- Triad C benefits from existing development including vehicular and pedestrian traffic.
- When considering a retail or office use, a certain level of risk is included today due to availability of space, and the need for lease-up and stabilization of the remainder of Tivoli Village.
- One brokerage professional believed that a typical property/pad with frontage on Rampart Boulevard would sell in a range of \$50.00 to \$80.00 per square foot, due to the lack of available parcels. Triad C's location within Tivoli Village, development potential, location adjacent to Restoration Hardware, and above several levels of parking, increases the value of the subject's parcels. Due to the unique nature of the subject development, the increase in value is difficult to quantify, however, as reported could have a significant impact on value.
- The subject Triad C site(s) is desirable due to its high exposure and proximity to the western Las Vegas market and Summerlin. Triad C has immediate proximity to Restoration Hardware, a high traffic tenant within the overall Tivoli Village center.

- A second brokerage professional quoted a likely sale price in the \$75.00 to \$100.00 per square foot range today, with higher values possible following additional lease-up within the center, or the identification of a unique user with desire to locate at the center.
- Site value could be considerably higher based on development scenarios, taking potential density and higher development approvals. The ability to construct a building with a footprint equal or close to the pad site area is viewed as a positive not afforded many sites in the region. The increased development potential is difficult to measure, however places the value above the range typical in the marketplace.

Overall, values quoted by brokerage professionals support the upper-end of the unadjusted range of sale prices, falling below the range of adjusted sale prices indicated by the comparables. As noted, the brokers were not able to quantify the benefit of development on the podium, each believing it could have a further positive impact on pricing.

The subject's podium development, allowing for lower-level parking and full development of each site, together with the lack of truly comparable sales, makes the Sales Comparison portion of this analysis less reliable. Less weight may be placed on this portion of the analysis due to the adjustments considered.

Proposed Hotel Use – Building 12

Since completion of the first phase of development, a hotel use has been one potential user proposed within Triad C. We have been previously provided with two proposals submitted by a boutique hotel operator. The previous offers date from 2016-17 and were turned down by ownership. The first offer was to ground lease the Building 12 parcel and develop a 130-room luxury boutique hotel on the 1.10 acre site. Based on the proposal, the operator would sign a 30-year hotel operating agreement, under a 99-year ground lease. A third-party developer would have guaranteed the ground lease rental payment of \$25,000 per month, or \$300,000 per year. In addition, ownership would receive 5.0 percent of annual NOI, if NOI exceeds \$3.0 million in a given year.

Based on our experience, a return of between 6.0 and 8.0 percent would be typical under a typical ground lease scenario such as the prior proposal submitted. Considering the potential to receive additional revenue through NOI participation, we have utilized a rate towards the lower end of this range. Assuming a 6.0 percent return, a total land value of and \$5,000,000, or \$104.35 per square foot is indicated for the Building 12 site.

A second proposal was subsequently submitted for hotel development, detailing two purchase options. The first offer included a purchase offer for the Building 12 site for \$4.0 million, plus 1.0 percent of annual revenues beginning year three, for a 30-year operating agreement term. The second purchase option by the same operator is to purchase the Building 12 site outright for \$6,000,000, or \$125.22 per square foot of site area. Ownership reportedly did not provide a counter offer, and rejected the \$6.0 million.

While ownership believes a higher return is possible, based on the ground lease and purchase offer analysis, it appears that potential developer's place a high level of value on the ability to develop on the podium, utilizing lower level parking areas. Overall, based on the offers to date, with the center expected to continue to lease-up and draw increased traffic, the prior offers could suggest a value at or exceeding \$6.0 million for Building 12 site, given that lack of counter offer and potential to negotiate a higher price.

It is noted that the proposed hotel use may not utilize the full build-out potential of the Building 12 site, summarized later in this section.

Land Residual - Proposed Cinema Use – Building 4

We have been provided with multiple LOIs submitted by ownership for a potential luxury movie theater operator for Building 4. As proposed, a prior (2017-18) cinema development would include upscale theaters, live entertainment space, food and beverage, and areas for special programming. Based on ownership's preliminary proposal, the cinema would total 36,000 square feet, allowing for the potential for an additional 3,500 square foot space for retail

and/or restaurant use. Similar to the hotel proposal, the proposed cinema use would not utilize the full build-out potential of the Building 4 site, entitled for 73,926 square feet, detailed further later within this section.

According to the previously reviewed cinema LOI, the 15-year lease includes an initial base rent of \$34.00 per square foot. Base rent increases 15.0 percent every 5-years, and the tenant will pay 6.0 percent of gross sales over \$10,000,000. In addition to base rent, the cinema will reimburse ownership for taxes and insurance, quoted at \$2.50 per square foot. Therefore, year one gross rent is equal to \$36.50 per square foot. Finally, the proposed agreement includes a tenant allowance of \$100.00 per square foot.

A recent LOI with a boutique, upscale, operator is dated as of February 2019. The cinema would total 32,700± square feet, and allow for additional square footage for retail and/or restaurant space on Building site 4. Based on the recent LOI, the 15-year lease includes an initial base rent equal to \$36.00 per square foot, increasing 10.0% every five years. The LOI details rent based on a, "Modified Gross" basis, with tenant responsible for real estate taxes only. Under the agreement, the landlord would provide the tenant with an allowance of \$200.00 per square foot towards construction of the cinema.

Based on the potential cinema lease agreements reviewed, including an additional 3,500-5,000 square foot suite, most likely utilized for a restaurant use, we have created a pro forma based on the cinema use for the Building 4 site. Assuming a base rent for the cinema of \$36.50 per square foot (gross), and rent for the additional suite of \$42.00 per square foot (based on restaurant use), gross revenue is equal to \$1,461,000. Utilizing an expense ratio of 30.0 percent, an NOI of \$1,022,700 is indicated. The operating expense ratio is consistent with the stabilized ratio forecast in the Income Capitalization Approach. The estimated rent for the restaurant space is equivalent to our market rent conclusion for this type of space summarized in the Income Capitalization Approach. Assuming an initial capitalization rate of 6.0 percent, a value for the cinema use of \$17.0 million is indicated.

To determine the residual land value, estimated costs to construct the cinema building (including the retail suite) must be deducted. Based on our experience multiple movie theater improvements constructed in the last several years, construction costs (excluding land acquisition) range from \$200.00 to \$250.00 per square foot. Assuming costs of \$225.00 per square foot, or \$8,900,000, the indicated residual land value for the site underlying Building 4 based on the cinema development scenario, is equal to \$8.10 million. The following table provides a summary of our residual land analysis.

Cinema Analysis - Building 4 Land Residual Analysis			
Theater Size (SF)			36,000
Rent/SF		\$	36.50
Revenue		\$	1,314,000
Restaurant Size (SF)			3,500
Rent/SF		\$	42.00
Revenue		\$	147,000
Total Revenue		\$	1,461,000
Expenses	30.0%	\$	(438,300)
NOI		\$	1,022,700
OAR	6.00%	\$	17,045,000
Rounded		\$	17,000,000
Less: Cost	\$ 225.00 SF	\$	(8,900,000)
Residual Land Value		\$	8,100,000

Again we note that the proposed cinema use would not utilize the full build-out potential of the Building 4 site, entitled for 73,926 square feet. Therefore, the cinema use may not account for the full value of the Building 4 site.

Land Residual - Proposed Mixed Use – Buildings 4 & 12

The final analysis of the Triad C land parcels considers the potential value of the parcels under a mixed-use scenario consistent with Triads A and B (office over retail development). It is noted that this scenario will take into account the full potential build-out of Buildings 4 and 12. Based on previous information provided by ownership, Building 4 is fully entitled for 73,826 square feet, while Building 12 has approvals for 122,436 square feet, resulting in total Triad C GLA of 196,362 square feet. In addition, as previously provided by ownership, total costs to construct the two mixed-use improvements has previously been reported at \$45,000,000. No construction budget has been provided, and it is not clear when the cost estimate was completed.

The difficulty in forecasting additional mixed use within Triad C involves the amount of remaining space to lease-up/absorbed within Triad B as well as available space within Triad A. It is not likely that an investor today would consider retail and office construction within Triad C prior to Triads A and B reaching, or nearing stabilization. As will be discussed in the Income Capitalization Approach, we have assumed the property reaches stabilization in July 2020.

Assuming construction beginning in 12-months from the date of our analysis, and an 18-month construction timeline, completion of Triad C would be in September 2021. Construction on the mixed-use improvements are assumed to begin as Triad B gets closer to stabilized operations, assuming demand is evident in the market for additional office and retail space. Assuming an 18-month absorption, stabilization of Triad C improvements would be roughly March 2023.

To determine Triad C's potential NOI, we have considered market rent conclusions for the retail areas and office areas within Triads A and B. A full analysis of market rent is included within the Income Capitalization Approach. Current retail rents are estimated at \$50.00 per square foot (gross) for Triad C, with office rents estimated at \$32.00

per square foot. Rents are grown by 3.0 percent per annum, equal to \$44.93 per square foot (blended) in FY 2023. Within the first stabilized year (FY 2022), total base rent is forecasted at \$8,566,025 (See following page for summary). Deducting vacancy and credit loss, effective gross revenue is estimated at \$7,945,503. Expenses have been estimated at 30.0% of effective gross income, resulting in a net operating income of \$5,396,596 for Triad C as of FY 2022.

The land residual analysis for Triad C has considered an overall capitalization rate of 6.50 percent, resulting in an estimated stabilized Triad C value of \$83,024,546, summarized on the following page.

To determine the residual land value for Triad C, estimated construction costs are deducted. As discussed, ownership has reported construction costs to complete Triad C assuming mixed-use development at \$45.0 million, equal to \$229.17 per square foot of potential GLA. As disclosed, no detailed construction costs have been provided, and it is not clear when the construction cost estimate was completed. Assuming this is a construction cost estimate in today's dollars, we have inflated the costs through forecasted stabilization (four years total), resulting in total costs of \$49,172,715. In addition, we have taken into account the speculative nature of mixed-use construction given the current leasing status of Triad B. Providing for additional contingency and profit of 10%, results in a total construction cost of \$54,089,987. Deducting construction costs from the estimated total Triad C value, results in a stabilized land residual value of approximately \$28,934,560.

Analyzing the subject's Triad C land as of the date of value, we have considered the discounted value of the stabilized residual value. For the purpose of this analysis, we have considered a discount rate of between 8.0 and 9.0 percent, again measuring the risks associated with proposing mixed-use development on Triad C at this time. Discounting the calculated land residual value (\$28.93M) for 48 months at 9.0 percent results in a discounted value of approximately \$20.2 million. Discounting the calculated land residual value (\$28.93M) for 48 months at 8.0 percent results in a discounted value of approximately \$21.0 million.

Considering this range of estimated land value, we have concluded to an estimated value of \$20,500,000, assuming the full mixed-use development of Triad C.

Again we would note the assumed risks an investor today would be taking purchasing the Triad C parcels for future mixed-use development. In addition to potential market changes while holding the land, as well as during the course of construction, the assumed lease-up of Triad B and vacant suites within Triad A requires continued demand in the market for this type of mixed-use space. Our analysis has attempted to account for this additional risk with a profit and contingency allowance, and appropriate

The table on the following page summarizes our land residual analysis for Triad C, assuming mixed-use development.

Mixed-Use Land Residual - Triad C					
Component	Size (SF)	2019	2020	2021	2022
Base Rental Income					
<u>Retail</u>					
Base Gross Rent Per Square Foot		\$ 50.00	\$ 51.50	\$ 53.05	\$ 54.64
Building 4	38,134 SF				
Building 12	48,285 SF				
Subtotal	86,419 SF	\$ 4,320,950	\$ 4,450,579	\$ 4,584,096	\$ 4,721,619
<u>Office</u>					
Base Rent Per Square Foot		\$ 32.00	\$ 32.96	\$ 33.95	\$ 34.97
Building 4	35,792 SF				
Building 12	74,151 SF				
Subtotal	109,943 SF	\$ 3,518,176	\$ 3,623,721	\$ 3,732,433	\$ 3,844,406
Total Base Rent	196,362 SF	\$ 7,839,126	\$ 8,074,300	\$ 8,316,529	\$ 8,566,025
Vacancy & Credit Loss					
Retail	10%	\$ (432,095)	\$ (445,058)	\$ (458,410)	\$ (472,162)
Office	10%	\$ (351,818)	\$ (362,372)	\$ (373,243)	\$ (384,441)
Effective Gross Revenue		\$ 7,055,213	\$ 7,266,870	\$ 7,484,876	\$ 7,709,422
Expenses	30%	\$ (2,116,564)	\$ (2,180,061)	\$ (2,245,463)	\$ (2,312,827)
NOI		\$ 4,938,649	\$ 5,086,809	\$ 5,239,413	\$ 5,396,596
Direct Capitalization					
OAR	6.25%			\$ 86,345,528	
OAR	6.50%			\$ 83,024,546	
OAR	6.75%			\$ 79,949,563	
<u>Construction Costs</u>					
Total Costs		\$ 45,000,000	\$ 46,350,000	\$ 47,740,500	\$ 49,172,715
Profit	10%	\$ 4,500,000	\$ 4,635,000	\$ 4,774,050	\$ 4,917,272
Total		\$ 49,500,000	\$ 50,985,000	\$ 52,514,550	\$ 54,089,987
Land Residual				\$ 28,934,560	
IRR	7.00%			\$ 21,886,067	
IRR	8.00%			\$ 21,033,127	
IRR	9.00%			\$ 20,214,093	
IRR	10.00%			\$ 19,427,589	
IRR	11.00%			\$ 18,672,300	
Value Conclusion - Triad C Assuming Mixed-Use Development				\$ 20,500,000	

Conclusion of Site Value – Triad C

After considering all of the characteristics involved with the land sale comparables, an overall comparative rating was completed to show the general comparability of the sales with the subject property (please see previous chart, which presents a summary of this adjustment process).

The adjustments applied to the comparable sales in the Land Sale Adjustment Chart reflect what we determined is appropriate in the marketplace. As discussed, due to the subject's podium development, comparisons to recent land sales are difficult. However, despite the subjectivity, the adjustments were considered reasonable and were applied consistently.

After a thorough analysis, the comparable land sales reflect adjusted unit values ranging from \$117.07 per square foot to \$176.99 per square foot, with an average of \$148.65 per square foot.

The adjustment chart presents an overview of the thinking in our analysis. It is noted that the percentage rate adjustments are provided for analysis purposes only and are not intended to be precise measurements of the differences between the comparables and the subject. Rather, they are used to provide a better understanding of the thinking used herein.

With this in mind, larger percentage adjustments would indicate more substantial differences between the sales and the subject. Smaller adjustments therefore indicate only minor differences. We acknowledge that the adjustment process is somewhat subjective in nature. However, we have been unable to support the magnitude of the adjustments by paired sale analysis.

In the end, considering the subject's podium development, frontage on Rampart Boulevard in western Las Vegas, and location within Tivoli Village, a land value towards the upper-end of the adjusted range appears well supported by the comparable land sales data. Again we note the subject's specialized podium development and the difficulty in comparing the subject's parcels to other transactions in the market. Given Triad C's unique development potential and podium construction, less weight is placed on the comparable sales analysis due to the lack of evidence/sales in the market.

Within our analysis, given the unique nature of the subject's two pad sites within Triad C, consideration has been given to actual negotiations for each parcel. As discussed, according to ownership, negotiations continue for a hotel use for Building 12 and a potential cinema use for Building 4. Under each of these agreements, a value above the range of the sale comparables appears supported. However, we note that under the hotel and cinema scenarios, the full entitled and development potential of Triad C is not considered.

Finally, a land residual analysis assuming the full build-out of Triad C has been completed. The mixed-use land residual takes into account the entitlements in-place for mixed-use development totaling 196,362 square feet. This analysis has included a four-year analysis to construct and lease-up Triad C, discounting the stabilized value to determine a current market value estimate. Based on the development potential of Buildings 4 and 12, this land residual analysis has been given greatest weight.

On balance, we have concluded that the indicated land value for the subject's underlying land (Triad C) is as follows:

AS IS LAND VALUE CONCLUSION TRIAD C	Building 12 Residual	Building 4 Residual	Triad C Subtotal	Mixed-Use Residual	Land Value Conclusion
Indicated Value	\$150.00	\$230.00	\$183.65	\$247.69	\$242.00
SQFT Measure	x 47,916	x 34,848	x 82,764	x 82,764	x 82,764
Indicated Value	\$7,187,400	\$8,015,040	\$15,202,440	\$20,500,000	\$20,028,888
Rounded to nearest \$100,000	\$7,200,000	\$8,000,000	\$15,200,000	\$20,500,000	\$20,000,000
\$/SF Basis	\$150.26	\$229.57	\$183.65	\$247.69	\$241.65
LAND VALUE CONCLUSION	\$7,200,000	\$8,000,000	\$15,200,000	\$20,500,000	\$20,000,000
\$/SF Basis	\$150.26	\$229.57	\$183.65	\$247.69	\$241.65

Compiled by Cushman & Wakefield of Oregon, Inc.

As shown, we have placed greatest weight on the mixed-use development of the Triad C parcel, taking into consideration the fully entitled sites.

Land Valuation (Phase II Excess Land Parcel)

Methodology

We used the Sales Comparison Approach to develop an opinion of excess land value. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made.

The most widely used and market-oriented units of comparison for properties with characteristics similar to those of the subject's excess land parcel are, price per acre and/or price per unit. All transactions used in this analysis are based on the most appropriate method used in the local market.

In addition to comparables sales, we have considered interviews with brokers active in the Las Vegas market. Finally, we have included an analysis of a proposed land sale and development agreement for the Phase II land.

Site Overview

Adjacent to Tivoli Village is the Phase II excess land, proposed for residential development. Based on allocations and proposed parcelization provided by ownership, the site totals 8.90 acres. According to ownership, the site is entitled for the construction of 300 units. In the past, plans were for two upscale, multi-level, condominium towers. Developers and potential buyers of the site have shown recent interest in multi-family / apartment development. Over the course of the last several months, ownership has received several Letters of Intent to purchase the Phase II site. These offers will be summarized and included in the analysis herein.

As will be discussed, as of the date of analysis, there is a limited market for high-rise condominium development in Las Vegas at this time, with a lack of existing financing for such developments. For the purpose of estimating a market value of the Phase II land as of the date of value, we have considered the current highest and best use for the site would be for upscale multifamily/apartment development, and analyzed the site accordingly.

The land sale comparables and our analysis are presented on the following pages. Additional support from interviews with those active in the local market, as well as a summary of several offers for the Phase II land will be included following the analysis of comparable land sales.

SUMMARY OF LAND SALES: EXCESS LAND PARCEL

PROPERTY INFORMATION								TRANSACTION INFORMATION						
No.	Location	Size (Acres)	No. Of Units	Proposed Use	Zoning	Site Utility	Public Utilities	Grantor	Grantee	Sale Date	Sale Price	\$/Acre	\$/Unit	COMMENTS
S	Subject Property	8.90	300	Multi-Family Development	C-2	Good	All available							
1	Elysian at Tivoli Alta Drive, east of S. Rampart Blvd Las Vegas, NV	15.60	359	Multi-Family Development	PD - Planned Development District	Good	All available	RA Southeast Land Co., LLC	DC Rampart Owner LLC	9/17	\$25,500,000	\$1,634,615	\$71,031	Vacant site located between Tivoli Village and Boca Park, purchased by Calida Group for the development of Elysian at Tivoli. Prices for the complex haven't been finalized, however ownership is reportedly planning on similar plans and pricing as their recently Constellation project at Downtown Summerlin.
2	Condominium Land 9151 Canyon Run Drive Las Vegas, NV	9.85	103	Upscale Condominium Development	PC - Planned Community District	Good	All available	Las Vegas Residential Opportunity Fund II LLC	Toll Brothers, Inc.	7/17	\$10,300,000	\$1,045,685	\$100,000	Sale of 103 condo lots in Summerlin area, adjacent to TPC Las Vegas golf course. Proposed use for high-end, luxury condo units. Development approval in-place, buyer has submitted updated building plans. Project will be similar to units within Mira Villa, with updated designs. Property on market for 2+ years.
3	Multi-Family Land W. Charleston Blvd west of 215 Las Vegas, NV	31.46	450	Multi-Family Development	RC	Good	All available	SAVVCL III LLC	William Lyon Homes	1/16	\$16,650,000	\$529,243	\$37,000	Land once owned by Howard Hughes Corp., who placed restrictios for residential development. Land purchased for development of 450 townhomes. Utilities, "to site."
4	Multi-Family Development Fox Hill Dr. & Far Hills Avenue Las Vegas, NV	18.00	202	Town Home Development	PC	Good	All available	The Howard Hughes Corporation	Ryland Homes Nevada	5/16	\$10,115,200	\$561,956	\$50,075	Residential land with restrictions in-place to be developed as attached residential, no SFR. Buyer plans community with 202 townhomes.
5	Multi-Family Land 3768 Howard Hughes Parkway Las Vegas, NV	6.08	375	Multi-Family Development	H-1	Good	All available	The Blackstone Group	HHP CalCYP/ Calida Group	3/17	\$15,860,000	\$2,608,553	\$42,293	Site partially paved, level, all utilities in place. Buyer will provide 170 parking stalls, increasing value. Proposed use for 5-story, 375-unit luxury Mult-Family building.
6	Multi-Family Land 3200 W Twain Avenue Las Vegas, NV	6.07	280	Multi-Family Development	H-1	Good	All available	Wyndham Hotels & Resorts	Fore Property Company	9/18	\$12,000,000	\$1,976,936	\$42,857	Site partially paved, level, all utilities in place. Buyer will provide 170 parking stalls, increasing value. Proposed use for 5-story, 375-unit luxury Mult-Family building.
STATISTICS														
Low		6.07	103							1/16	\$10,115,200	\$529,243	\$37,000	
High		31.46	450							9/18	\$25,500,000	\$2,608,553	\$100,000	
Average		14.51	295							4/17	\$15,070,867	\$1,392,831	\$57,209	

Compiled by Cushman & Wakefield of Oregon, Inc.

LAND SALE ADJUSTMENT GRID: EXCESS LAND PARCEL

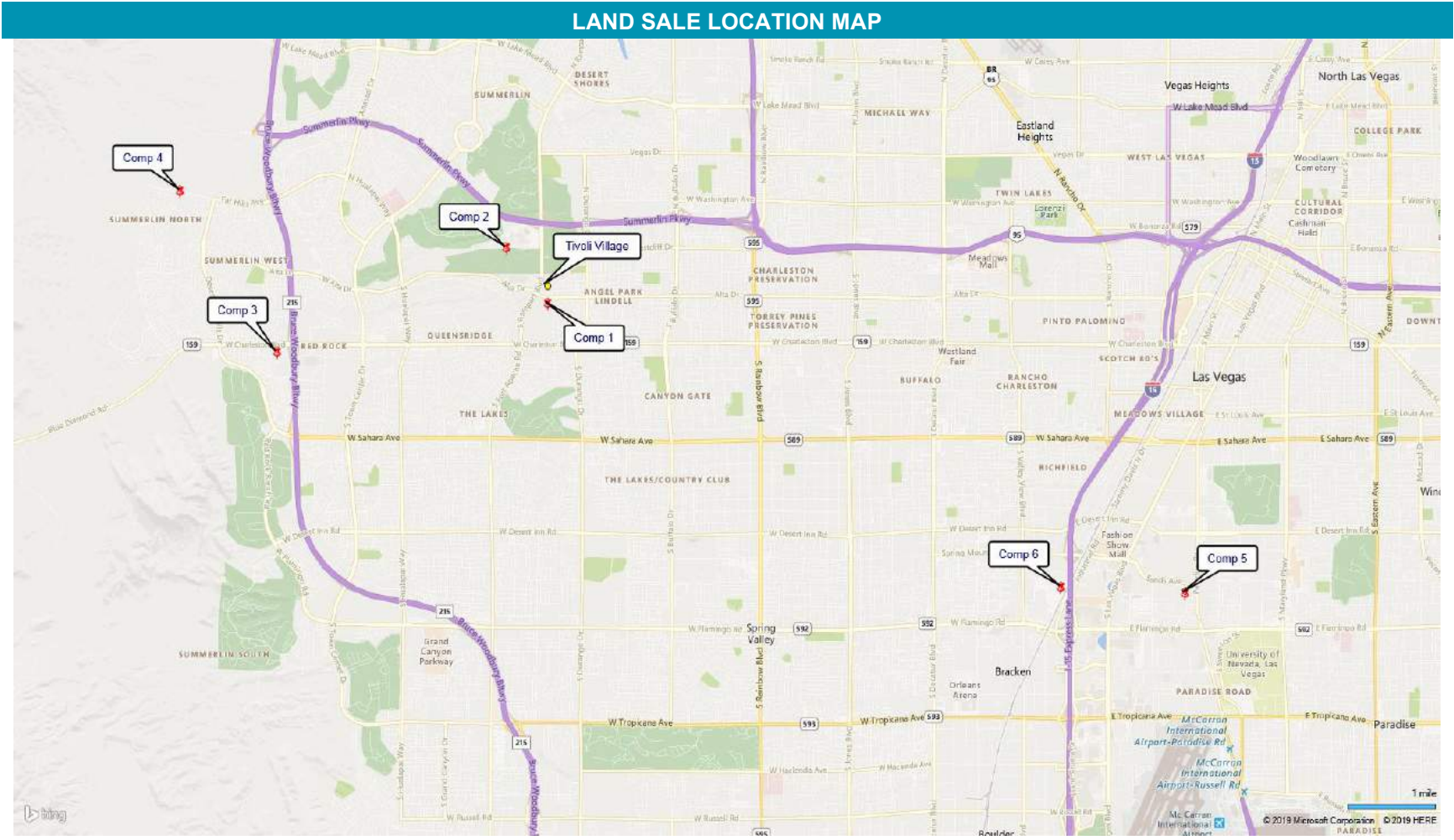
							Property Characteristic Adjustments (Additive)						
No.	Price Per Acre & Date	Price Per Unit	Conditions of Sale	Financing	Market ⁽¹⁾ Conditions	Per Unit Subtotal	Location	Size	Public Utilities	Utility ⁽²⁾	Other	Adj. Price Per Unit	Overall
1	\$1,634,615 9/17	\$71,031 9/17	Arm's-Length 0.0%	None 0.0%	Inferior 4.8%	\$74,440 4.8%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Superior -10.0%	Similar 0.0%	\$66,996 -10.0%	Superior
2	\$1,045,685 7/17	\$100,000 7/17	Arm's-Length 0.0%	None 0.0%	Inferior 5.1%	\$105,100 5.1%	Superior -10.0%	Smaller -10.0%	Similar 0.0%	Superior -15.0%	Similar 0.0%	\$68,315 -35.0%	Superior
3	\$529,243 1/16	\$37,000 1/16	Arm's-Length 0.0%	None 0.0%	Inferior 9.8%	\$40,626 9.8%	Inferior 15.0%	Larger 10.0%	Similar 0.0%	Inferior 10.0%	Inferior 10.0%	\$58,908 45.0%	Inferior
4	\$561,956 5/16	\$50,075 5/16	Arm's-Length 0.0%	None 0.0%	Inferior 8.8%	\$54,482 8.8%	Inferior 10.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$59,930 10.0%	Inferior
5	\$2,608,553 3/17	\$42,293 3/17	Arm's-Length 0.0%	None 0.0%	Inferior 6.1%	\$44,873 6.1%	Inferior 10.0%	Larger 5.0%	Similar 0.0%	Inferior 5.0%	Inferior 20.0%	\$62,823 40.0%	Inferior
6	\$1,976,936 9/18	\$42,857 9/18	Arm's-Length 0.0%	None 0.0%	Inferior 1.6%	\$43,543 1.6%	Inferior 10.0%	Larger 5.0%	Similar 0.0%	Inferior 10.0%	Similar 0.0%	\$54,429 25.0%	Inferior
											Low -	\$54,429	
											High -	\$68,315	
											Average -	\$61,900	
	\$529,243	\$37,000											
	\$2,608,553	\$100,000											
	\$1,392,831	\$57,209											

Compiled by Cushman & Wakefield of Oregon, Inc.

(2) Utility Footnote

Utility includes shape, access, frontage and visibility.

Compound annual change in market conditions: 3.00%
Date of Value (for adjustment calculations): 3/31/19



Discussion of Adjustments

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Market Conditions

The sales that are included in this analysis occurred between January 2016 and September 2018. As the market has improved over this time period, we applied an annual adjustment of 3.00 percent.

Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. The subject has a good residential/multi-family location in western Las Vegas. We made a downward adjustment to those comparables considered superior in location compared to the subject. Conversely, upward adjustments were made to those comparables considered inferior.

Size

The adjustment for size generally reflects the inverse relationship between unit price and lot size, or number of units proposed. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Therefore, upward adjustments were made to larger land parcels, and downward adjustments were made to smaller land parcels.

Public Utilities

The availability of public utilities has a significant impact on the value of a property. Municipal utility providers often, but not always, provide utilities such as gas, water, electric, sewer, and telephone. It is therefore important to understand any differences that may exist in the availability of public utilities to the subject property and its comparables. All of the sales, like the subject, had full access to public utilities to the site at the time of sale. Therefore, no adjustments were required.

Utility

The subject parcel is adequately shaped to accommodate a typical building. It has good access, good frontage and good visibility. Overall, it has been determined that the site has good utility. Adjustments were made where a comparable was considered to have superior or inferior utility.

Other

In our analysis of the comparables, with the exception of Sales 3 and 5, we found that no unusual conditions existed at the time of sale. As a result, no adjustments were required.

Sale 3 includes development restrictions placed on the site by the original land owner, resulting in an upward adjustment for potential development limitations. Sale 5 includes access to 170 parking stalls for the adjacent property owner. The inclusion of parking stalls reportedly increases the price of land to roughly \$3.0 million per acre. This adjustment has been reflected within the “Other” category.

Phase II Site – Purchase Sale Agreement & Letters of Intent (LOIs)

As discussed, the Phase II land is currently under contract for sale. Closing on the Phase II land is planned for May 2019. Based on the PSA provided, the purchase price is \$18,000,000, with ownership receiving an additional \$41,667 per unit that the purchaser is permitted to construct between 300 and 360 units. While the buyer works to potentially obtain approvals for additional units, this analysis assumed the 300 units current approved. The purchase sale agreement for the Phase II land (\$18.0 million), or \$60,000 per unit falls within the adjusted range of the comparables.

In addition to the PSA, several letters of intent have been previously received from apartment developers to purchase the Phase II land. Each offer is from well-established developers, and contingent on the approval for a minimum of 300 units. Assuming 300 units, two offers range from \$16,500,000 to \$19,000,000, or between \$55,000 and \$63,333 per unit. One offer increases to \$21,500,000 should approvals be obtained for 360-units, resulting in a price per unit of \$59,722. A third offer, contingent on 360-units, is for \$18,400,000, equal to \$51,111 per unit.

In addition to local land sales in the market, our analysis has placed significant weight on the in-place PSA, and considered the prior LOIs provided as a good indication of land value for Phase II, generally falling in the range of \$55,000 to \$65,000 per unit. Based on in-place approvals, we have based this analysis on the potential to develop for 300± units. Overall, the offers submitted to date tend to fall within the range of the land sales presented.

Broker & Investor Opinions

Given the current market and unique nature of the subject’s Phase II expansion parcel, during the course of this assignment and experience with the property, we discussed the parcel with brokerage professionals active in the residential development market in Las Vegas. In addition, we interviewed a local developer/investor active within the multi-family market. Several observations and opinions have been summarized in the following bullet-points:

- There continues to be demand in Las Vegas for multi-family and single family development sites. As in prior years, there remains less demand for high-rise condominium development, and financing for high-rise condominium development is reportedly currently not available. While some activity in low-rise condominium and town home development has been witnessed over the last 12-months, most brokers believed the market is still at least twelve months away, assuming continued demand in the market, from seeing a return to significant suburban condo development, depending on the interview. Future condominium development will hinge on continued economic growth and strength in the single-family housing market. There is still an influx of available existing condominiums in the resale market, and there is still a preference for single family home ownership. Finally, there is soft demand for high-end condominiums that could approach \$1.0 million per unit, and higher (as improved).

- Evidence of multi-family preference is seen from proposed developments within close proximity of the subject. Directly south of the subject across Alta Drive, The Calida Group is proposing the development of 359 apartment units on 15.6 acres (Elysian at Tivoli). Second, while still tied-up in litigation and approval process, the initial phase of development at the former Badlands Golf Course has been proposed to consist of a multi-family complex to be developed on 17-acres at the eastern tip of the property, at the corner of Alta Drive and Rampart Boulevard. Each of these proposed projects is within close proximity to the subject and would be conducive to either apartment or condominium development. The fact apartments are proposed, tends to support brokerage opinions.
- No high-rise condominiums have been completed in the Las Vegas market in the last ten to twelve years, or since the economic downturn.
- Construction costs in all real estate markets has become an increasing concern in Las Vegas. With large-scale, on-going development on and around the Las Vegas Strip, including Resorts World Las Vegas, and multiple convention center projects, combined with additional commercial and residential projects in the region, there is currently a lack of contractors and construction workers, despite high demand. The competition for workers as well as materials has increased construction costs over the last 12± months, placing several projects, "On hold" until the availability of workers and materials increases.
- Brokers active in Las Vegas reported that the market for multi-family (apartment) land is currently active, with sale prices generally ranging between \$30,000 up to \$45,000 per unit within the more suburban areas of Las Vegas, with prices now trending upward between \$50,000 and \$70,000 for the best, well located development sites. Prices for land continue to increase in tangent with increasing apartment rental rates. Depending on development restrictions and locations, there are cases where land is selling above this range, however, in general, the range is generally well defined.
- The market for more luxury apartment developments, including larger units that may have the potential to someday covert to condo ownership, could range between \$45,000 to \$75,000 per unit, and potentially higher depending on development terms. The upper-end of this range is quoted by brokerage professionals and not necessarily supported by actual sales. Again, construction costs, and development timing has become a larger concern in the market, delaying several current projects.
- Should the condominium market return, including available financing, the subject parcel could see an increase in land value, dependent on overall unit values and sell-out/demand. One broker noted that land values could likely start in the \$65,000 to \$85,000 per unit range, for good quality condominium development should demand return to Las Vegas. This range was quoted on average, without consideration of the subject's actual entitlements and proposed development plan.
- On a per acre basis, recent multi-family land sales have been fairly consistent falling in the \$650,000 to \$2.0 million per acre range. New multi-family sites on the market would be expected to fall in the \$850,000 to \$1.5 million range, potentially higher depending on location, development opportunity, etc. A fairly recent sale near The Strip (Comparable 5) at \$2.6 million per acre has set the all-time upper-end price per acre for multi-family land, however falls in-line with comparables on a per unit basis.
- While most prices were quoted on a per unit basis, one broker active in the Las Vegas land market believes, if for sale, the subject's Phase II parcel could sell in the range of \$1.5 million to \$2.0 million per acre, supporting a value towards the upper-end of the current market average.
- An additional brokerage professional quoted a value of 'above' \$1.0 million per acre, given the subject's location adjacent to Tivoli Village, and lack of available land, potentially in the \$1.5 million to low \$2.0 million per acre range with increased demand and improving market fundamentals. Should there be multiple parties interested in the subject site, the price could fall towards the upper-end of the range.

- Finally, a CEO with a local development company, active in the commercial and multi-family market provided his opinion of the subject site. He views the subject's Phase II site as a top multi-family development opportunity in the entire Las Vegas market. The subject site benefits from its location adjacent to Tivoli Village and the walkability of the immediate area, an amenity not afforded other developments in the market. Demand would likely be very high for development of a mid-rise, upscale apartment complex. Given the lack of available land in the subject's immediate vicinity, there would be high demand for the subject site. According to the investor, with Calida Group (Sales 1 and 5 and future Renaissance Residences) very active in the market, establishing high "water marks" for land prices in the market, a price above the expected range could be expected. In his opinion, a price at the upper end of \$2.0 million per acre would be expected today. Based on per unit basis, prices in the \$50,000 to \$75,000 per unit for the best located multi-family sites have become more common.

Discussion of Comparable Sales

After considering all of the characteristics involved with the land sale comparables, an overall comparative rating was completed to show the general comparability of the sales with the subject property (please see previous chart, which presents a summary of this adjustment process).

The adjustments applied to the comparable sales in the Land Sale Adjustment Chart reflect what we determined is appropriate in the marketplace. Despite the subjectivity, the adjustments were considered reasonable and were applied consistently.

The comparable land sales reflect unadjusted unit values ranging from a low of \$37,000 per unit to \$100,000 per unit, with an average of \$57,209 per unit. Overall, the land sales included tend to support the opinions of those active in the market. Following adjustments, the comparables reflect unit values ranging from \$54,429 per unit to \$67,315 per unit, with an average of \$61,900 per unit.

The adjustment chart presents an overview of the thinking in our analysis. It is noted that the percentage rate adjustments are provided for analysis purposes only and are not intended to be precise measurements of the differences between the comparables and the subject. Rather, they are used to provide a better understanding of the thinking used herein.

With this in mind, larger percentage adjustments would indicate more substantial differences between the sales and the subject. Smaller adjustments therefore indicate only minor differences. We acknowledge that the adjustment process is somewhat subjective in nature. However, we have been unable to support the magnitude of the adjustments by paired sale analysis.

In the end, we have considered the subject's location in western Las Vegas where few sales have occurred, and demand for this type of land would likely be high. Greatest weight is placed on Sales 1, located adjacent to the south of the subject, purchased for development of 357-units. Sale 1 indicates an adjusted sale price per unit of \$66,996. Additional weight has been placed on comparables 2, 4, and 6. After sale 1, each sale required the least amount of net adjustments, and indicate a range in unit value between \$54,429 and \$68,315. Sale 2 is considered superior to the subject Phase II land due to its location adjacent to TPC Las Vegas, within a popular upscale area. Sale 4 has a good location in a new development area of Summerlin, however lacking the amenities and convenience of the subject Phase II site. Finally, Sale 6 is located east of the subject, near Interstate 15, west of Las Vegas Boulevard. Based on the sale comparables Phase II land value with the adjusted range, or between \$55,000 and \$65,000 per unit, say \$60,000 per unit appears well supported by the comparable data, falling towards the upper-end of the brokerage opinions of value, and falling within the adjusted range of the comparables analyzed.

Finally, this range of sales supports the current Purchase Sale Agreement in-place for Phase II.

Conclusion of Phase II Excess Land Value

On balance, we have concluded that the indicated land value for the subject's Phase II excess land parcel is as follows:

EXCESS LAND VALUE PHASE II LAND	Price Per Unit	Price Per Unit	Land Value Conclusion
Indicated Value	\$55,000	\$65,000	\$60,000
Per Unit	x 300	x 300	x 300
Indicated Value	\$16,500,000	\$19,500,000	\$18,000,000
Rounded to nearest \$100,000	\$16,500,000	\$19,500,000	\$18,000,000
\$/SF Basis	\$55,000	\$65,000	\$60,000
EXCESS LAND VALUE	\$16,500,000	\$19,500,000	\$18,000,000
Per Unit	\$55,000.00	\$65,000.00	\$60,000
Per Acre	\$ 1,853,933	\$ 2,191,011	\$ 2,022,472

Compiled by Cushman & Wakefield of Oregon, Inc.

The final land value for the Phase II parcel is equal to \$18,000,000, or \$60,000 per unit, each falling towards the middle-end of the market comparables, and well supported by the in-place PSA, and prior LOIs received. In addition the estimated value falls within the range quoted by brokerage professionals active in the Las Vegas multi-family land market.

Sales Comparison Approach

Methodology

Using the Sales Comparison Approach, we developed an opinion of value by comparing the subject property to similar, recently sold properties in the surrounding or competing area. This approach relies on the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

By analyzing sales that qualify as “arm’s-length” transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

- Research recent, relevant property sales and current offerings in the competitive marketplace;
- Select and analyze properties considered most similar to the subject, giving consideration to the time of sale, change in economic conditions which may have occurred since date of sale, and other physical, functional, or locational factors;
- Identify sales which include favorable financing and calculate the cash equivalent price; and
- Reduce the sale prices to a common unit of comparison, such as price per square foot of gross leasable area sold;
- Make appropriate adjustments between the comparable properties and the property appraised; and
- Interpret the adjusted sales data and draw a logical value conclusion.

The most widely-used, market-oriented units of comparison for properties such as the subject are the sale price per square foot of gross leasable area (GLA) purchased, and the overall capitalization rate extracted from the sale. This latter measure will be addressed in the Income Capitalization Approach which follows this methodology. An analysis of the inherent sales multiple, where applicable, also lends additional support to the Sales Comparison Approach. Comparable improved sale data sheets are presented in the Addenda of this report.

It is noted that the qualitative adjustments included herein are presented for informational purposes, and are intended only to convey to the reader our thought process in arriving at comparisons between the sales and the subject in order to develop an opinion of value. While a matched-pair breakdown is the preferred method in analyzing sales, none of the comparables presented offers enough similarity from which to complete such an analysis and calculation. Therefore, our adjustments represent a qualitative rather than truly quantitative analysis.

In the Sales Comparison Approach we first determine the Prospective Value Upon Stabilization of Triad A and B only. Following the stabilized valuation of Triads A and B, a prospective valuation at completion of Triad B will be presented, followed by an analysis of the subject on and “As Is” basis.

Market Overview

Stabilized large retail and mixed-use specialty centers are typically viewed as institutional grade assets that attract a wide range of investors, including foreign and domestic insurance companies, large retail developers, pension funds, and real estate investment trusts (REITs). The large capital requirements necessary to participate in this market, and the expertise demanded to successfully operate an investment of this caliber, both limit the number of active participants and, at the same time, expand the geographic boundaries of the marketplace. Due to the relatively small number of market participants and the moderate amount of quality product typically available in the marketplace, strong demand exists for the nation's quality retail developments under normal market conditions.

Transaction activity has been very erratic in recent years primarily driven by the amount and quality of the assets that are available for sale. Cushman & Wakefield has been tracking transactional activity since 1991, a summary of which we present near the end of this discussion.

Most institutional grade retail properties are seasoned centers with good inflation protection. These centers offer stability in income and are strongly positioned to the extent that they are formidable barriers to new competition. They tend to be characterized as having three to five department store anchors, most of which are dominant in the market. Mall shop sales are at least \$350 per square foot and the trade area offers good growth potential in terms of population and income levels. Equally important are centers which offer good upside potential after face-lifting, renovations, or expansion. With new construction down, owners have accelerated their renovation and remerchandising programs. Little competition from over-building is likely in most mature markets within which these centers are located. Environmental concerns and "no-growth" mentalities in communities continue to be serious impediments to new retail developments.

To better understand where investors stand in today's marketplace, we surveyed active participants in the retail investment market. Based upon our survey, the following points summarize some of the more important "hot buttons" concerning investors:

Occupancy Costs – This "health ratio" measure is of fundamental concern today. The typical range for total occupancy cost-to-sales ratios falls between 10.0 and 15.0 percent. With operating expenses growing faster than sales in many malls, this issue has become even more important. As a general rule of thumb, malls with sales under \$250 per square foot generally support ratios of under 10 percent; \$250 to \$300 per square foot support 10.0 to 12.0 percent; \$300 to \$400 per square foot support 12.0 to 14.0 percent; over \$400 per square foot support 14.0 to 16.0 percent. Experience and research show that most tenants will resist total occupancy costs that exceed 15.0 to 18.0 percent of sales. However, ratios of upwards to 20.0 percent are sometimes achieved for certain higher margin tenants. This appears to be by far the most important issue to an investor today. Investors are looking for long term growth in cash flow and want to realize this growth through real rent increases. High occupancy costs limit the amount of upside through lease rollovers.

Market Dominance – The mall should truly be the dominant mall in the market, affording it a strong barrier to entry for new competition. Some respondents feel this is more important than the size of the trade area itself.

Strong Anchor Alignment – Having at least three department stores (four are ideal), two of which are dominant in that market. The importance of the traditional department store as an anchor tenant has returned to favor after several years of weak performance and confusion as to the direction of the industry. As a general rule, most institutional investors would not be attracted to a two-anchor mall, unless the two anchors are strong performers or include a better department store such as Nordstrom or Bloomingdale's, for example.

Entertainment – Entertainment has become a critical element at larger centers as it is designed to increase customer traffic and extend customer staying time. This loosely defined term covers a myriad of concepts available ranging from mini-amusement parks, to multiplex theater and restaurant themes, to interactive virtual reality

applications. The capacity of regional/super-regional centers to provide a balanced entertainment experience will serve to distinguish these properties from less distinctive formats such as power and smaller outlet centers.

Dense Marketplace – Several of the institutional investors favor markets of 300,000 to 500,000 people or greater within a 5 to 7 mile radius. Population growth in the trade area is also very important. One advisor likes to see growth 50.0 percent better than the U.S. average. Another investor cited that they will look at trade areas of 200,000± but that if there is no population growth forecasted in the market, a 50± basis point adjustment to the cap rate at the minimum is warranted.

Income Levels – Household incomes of \$60,000+ which tends to be limited in many cases to top 50 CBSA locations. Real growth with spreads of 200 to 300 basis points over inflation are ideal.

Good Access - Interstate access with good visibility and a location within or proximate to the growth path of the community.

Tenant Mix – A complementary tenant mix is important. Mall shop ratios of 35± percent of total GLA are considered average with 75.0 to 80.0 percent allocated to national tenants. Mall shop sales of at least \$350 per square foot with a demonstrated positive trend in sales is also considered to be important.

Physical Condition – Malls that have good sight lines, an updated interior appearance and a physical plant in good shape are looked upon more favorably. While several developers are interested in turn-around situations, the risk associated with large capital infusions can add at least 200 to 300 basis points onto a cap rate.

Environmental Issues – The impact of environmental problems cannot be overstated. There are several investors who won't even look at a deal if there are any potential environmental issues no matter how seemingly insignificant.

Operating Covenants – Some buyers indicated that they would not be interested in buying a mall if the anchor store operating covenants were to expire over the initial holding period. Others weigh each situation on its own merit. If it is a dominant center with little likelihood of someone coming into the market with a new mall, they are not as concerned about the prospects of losing a department store. If there is a chance of losing an anchor, the cost of keeping them must be weighed against the benefit. In many of their malls they are finding that traditional department stores are not always the optimum tenant but that a category killer or other big box use would be a more logical choice.

Analysis of Sales

For the purpose of this Sales Comparison Approach, a summary of several transactions involving regional lifestyle shopping centers will be analyzed, from which price trends may be identified for the extraction of value parameters. These transactions have been segregated by year of acquisition so as to lend additional perspective on our analysis. Several of the properties included also include upper-level office space.

Comparability in both physical and economic characteristics are the most important criteria for analyzing sales in relation to the subject property. However, it is also important to recognize the fact that regional retail centers are distinct entities by virtue of age and design, visibility and accessibility, the market segmentation created by anchor stores and tenant mix, the size and purchasing power of the particular trade area, and competency of management. Thus, the Sales Comparison Approach, when applied to a property such as the subject can, at best, only outline the parameters in which the typical investor operates. The sales deemed most comparable to the subject property are presented in the following table.

Application to Subject Property

Our analysis has focused on recent sales of larger lifestyle retail centers, including a number of mixed-use developments. The difficulty with such an analysis, however, is the potential lack of “comparable” sales over the

past 12-18 months that have involved specialty retail (or realistically hybrid mixed-use centers) such as the subject. For this reason, we have also considered sales viewed as being comparable to the subject, but which may not have included office space in the transaction, or which may be considered dated in the current market. We concentrated our research and analysis on sales of other similar lifestyle centers nationally, as noted, preferably including office.

The following chart presents a summary of sales utilized for comparison in this analysis. As shown, the sales included on the survey reflect prices ranging from \$155 to \$721 per square foot, with a survey mean of \$376 per foot. Cap rates range from 5.47 percent to 6.50 percent, exhibiting a mean rate of 5.95 percent.

SUMMARY OF COMPARABLE IMPROVED SALES																	
PROPERTY INFORMATION							TRANSACTION INFORMATION										
No.	Property Name Address, City, State	Property Sub-Type	Total Center GLA	Sold GLA	Anchors	Year Built	Grantor	Grantee	Sale Date	Sale Price	Interest Acquired	Price/ Sold GLA	NOI/SF	OAR	Mall Shop Occup.	Mall Shop Sales	Sales Multi
1	Westgate City Center 9400 W hanna Dr Glendale, AZ	Specialty Center	533,000	533,000	AMC Westgate 20 and Dave & Buster's	2006	istar Financial Inc	YAM Properties ,LLC	6/18	\$133,000,000	Leased Fee	\$249.53	\$15.20	6.09%	89%	\$350	2.50
2	Southlands Town Center 6155 South Main Street Aurora, CO	Specialty Center	917,945	917,945	Alamo Drafthouse Cinema	2004	Northwood Investors	M&J Wilkow JV MetLife	3/18	\$141,995,000	Leased Fee	\$154.69	\$10.02	6.48%	87%	-	-
3	LaCenterra at Cinco Ranch 23501 Cinco Ranch Blvd. Katy, TX	Specialty Center	412,900	412,900	-	2007	Vista Equities/Amst ar	PGIM Real Estate (Prudential Financial)	9/17	\$159,500,000	Leased Fee	\$386.29	\$23.83	6.17%	92%	-	-
4	The Shops at the Landmark 5325-5425 Landmark Place Greenwood Village, CO	Specialty Center	143,614	143,614	Landmark Theaters	2006	7677 East Berry Avenue Associates, LP	Landmark SPE, LLC	5/17	\$33,000,000	Leased Fee	\$229.78	\$12.62	5.49%	72%	-	-
5	Blvd Place 1800 Post Oak Blvd. Houston, TX	Specialty Center	214,917	214,917	Anthropologie LOFT	2014	Wulfe & Company	Whitestone REIT	4/17	\$158,000,000	Leased Fee	\$735.17	\$40.21	5.47%	99%	-	-
6	Main Street Promenade 55 S Main Street Naperville, IL	Specialty Center	181,600	181,600	-	2003	BBM Incorporated	RPAI	1/17	\$88,000,000	Leased Fee	\$484.58	\$26.65	5.50%	93%	\$570	0.85
7	Town Square Las Vegas 6605 S. Las Vegas Boulevard Las Vegas, NV	Specialty Center	1,147,202	1,147,202	Other Majors, AMC, Whole Foods, Saks Off Fifth, H&M and Container Store	2007	TSLV	SRMR Town Square Owner LLC	1/17	\$392,000,000	Leased Fee	\$341.70	\$20.81	6.09%	85%	\$400	1.99
8	Rookwood Commons / Pavilion 2629-2749 Edmondson Road Cincinnati, OH	Specialty Center	600,071	600,071	Stein Mart, Nordstrom Rack, Homegoods, Bed Bath & Beyond, TJ Maxx and	1993	CLP-SPF Rookwood Commons/Pa vilion LLC	HGREIT II, LLC	1/17	\$190,000,000	Leased Fee	\$316.63	\$18.68	5.90%	97%	-	-
STATISTICS																	
Low			143,614	143,614		1993			Jan-17	\$33,000,000		\$154.69	\$10.02	5.47%	72%	\$350	0.85
High			1,147,202	1,147,202		2014			Jun-18	\$392,000,000		\$735.17	\$40.21	6.48%	99%	\$570	2.50
Mean			518,906	518,906		2005			Jul-17	\$161,936,875		\$362.30	\$21.00	5.90%	89%	\$440	1.78

Compiled by Cushman & Wakefield, Inc.

IMPROVED SALE ADJUSTMENT GRID

ECONOMIC ADJUSTMENTS (CUMULATIVE)							PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)						
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market (1) Conditions	Subtotal	Location	Size	Age, Quality & Condition	Anchor Alignment	Economics	Other	Adj. Price PSF
1	\$249.53 6/18	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 8.7%	\$271.24 8.7%	Similar 0.0%	Similar 0.0%	Inferior 5.0%	Superior -5.0%	Inferior 40.0%	Similar 0.0%	\$379.74 40.0%
2	\$154.69 3/18	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 9.4%	\$169.23 9.4%	Inferior 5.0%	Larger 10.0%	Inferior 15.0%	Superior -10.0%	Inferior 100.0%	Similar 0.0%	\$372.30 120.0%
3	\$386.29 9/17	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 10.9%	\$428.40 10.9%	Similar 0.0%	Smaller -5.0%	Inferior 5.0%	Similar 0.0%	Superior -10.0%	Similar 0.0%	\$385.56 -10.0%
4	\$229.78 5/17	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 12.3%	\$258.05 12.3%	Similar 0.0%	Smaller -10.0%	Inferior 5.0%	Similar 0.0%	Inferior 55.0%	Similar 0.0%	\$387.07 50.0%
5	\$735.17 4/17	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 12.4%	\$826.33 12.4%	Similar 0.0%	Smaller -5.0%	Similar 0.0%	Superior -5.0%	Superior -45.0%	Similar 0.0%	\$371.85 -55.0%
6	\$484.58 1/17	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 13.3%	\$549.03 13.3%	Similar 0.0%	Smaller -10.0%	Similar 0.0%	Superior -5.0%	Superior -15.0%	Similar 0.0%	\$384.32 -30.0%
7	\$341.70 1/17	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 13.4%	\$387.49 13.4%	Similar 0.0%	Larger 10.0%	Inferior 5.0%	Superior -15.0%	Superior -5.0%	Similar 0.0%	\$368.11 -5.0%
8	\$316.63 1/17	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 13.3%	\$358.74 13.3%	Inferior 5.0%	Similar 0.0%	Inferior 5.0%	Superior -15.0%	Inferior 10.0%	Similar 0.0%	\$376.68 5.0%
STATISTICS													
	\$154.69	- Low										Low -	\$368.11
	\$735.17	- High										High -	\$387.07
	\$362.30	- Average										Average -	\$378.20

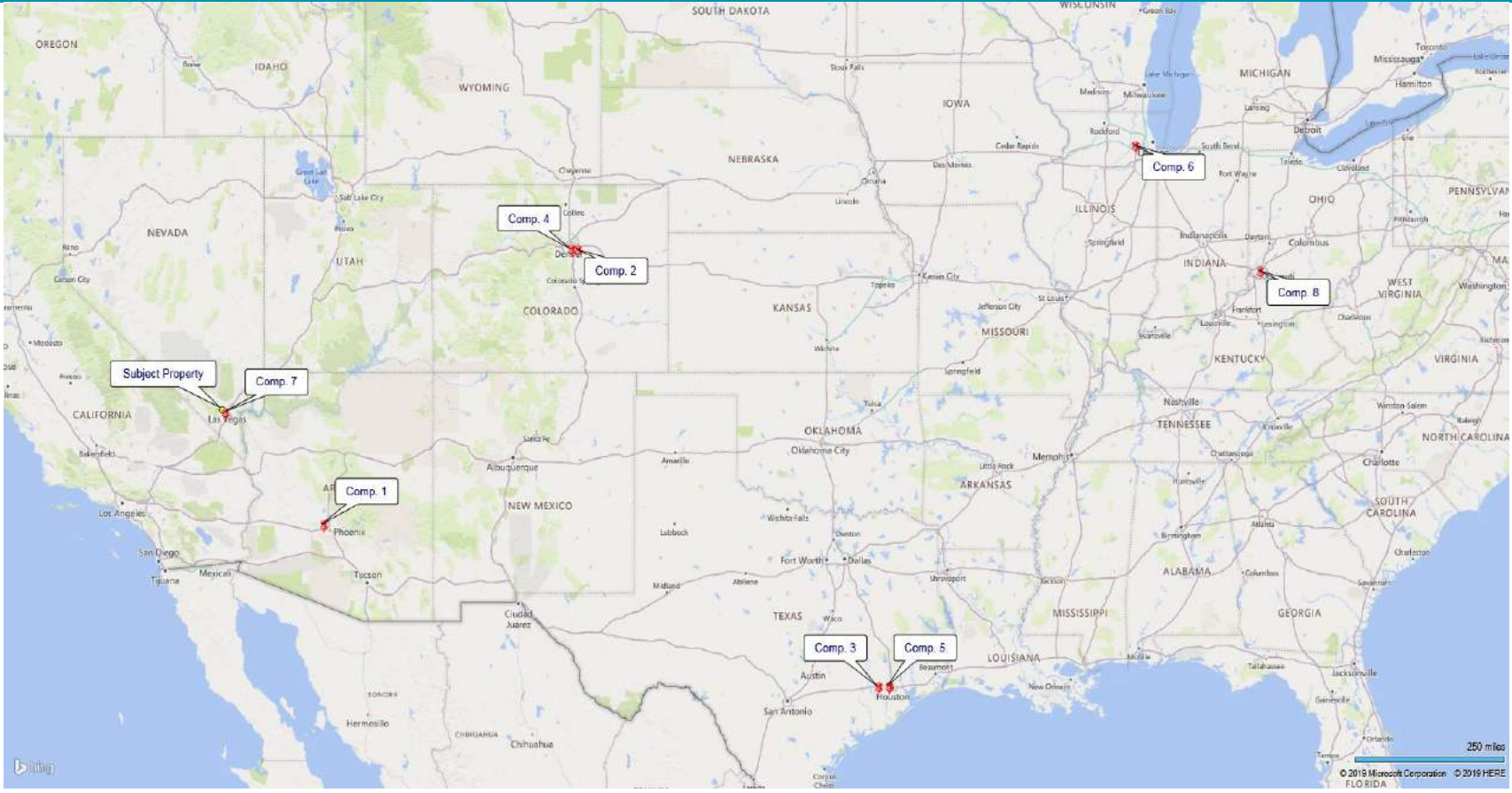
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⁽¹⁾ Market Conditions Adjustment

Compound annual change in market conditions: 3.00%

Date of Value (for adjustment calculations): 4/1/21

IMPROVED SALE LOCATION MAP



Percentage Adjustment Method

Adjustment Process - Upon Stabilization Triads A & B

The sales we used were the best available comparables to the subject property. The major points of comparison for this type of analysis include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

Due to the fact Triads A and B are not stabilized, we will first analyze the sales and make adjustments to the subject property on a stabilized basis. Following this prospective valuation, adjustments will be made to conclude to a value on an as is basis. As previously discussed, Triad C includes two pad sites slated for future development. For the purpose of this analysis, we have considered the contributory land value of these pad sites, analyzed in the Land Valuation section.

The first adjustment made to the market data takes into account differences between the subject property and the comparable property sales with regard to the legal interest transferred. Advantageous financing terms or atypical conditions of sale are then adjusted to reflect a normal market transaction. Next, changes in market conditions are accounted for, creating a time adjusted price. Lastly, adjustments for location, physical traits and the economic characteristics of the market data are made in order to generate the final adjusted unit rate for the subject property.

We made a downward adjustment to those comparables considered superior to the subject and an upward adjustment to those comparables considered inferior. Where expenditures upon sale exist, we included them in the sales price.

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the price that is paid. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Therefore, no adjustments were required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arm's-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments are required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments are required.

Market Conditions

The sales that are included in this analysis occurred between January 2017 and June 2018. As the market has improved over this time period, we applied an annual adjustment of 3.00 percent.

Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. As previously discussed investors look for properties that are dominant in the market, have dense population bases and where income levels are commensurate with or exceed national averages. The location of the subject property is rated good, and it has good access and good visibility. Each comparable is adjusted accordingly, if applicable.

Physical Traits

Each property has various physical traits that determine its appeal. These traits include size, age, condition, quality, parking ratio and utility. Each comparable is adjusted accordingly, if applicable.

Economic Characteristics

The economic characteristics of a property include its occupancy levels, operating expense ratios, tenant quality, and other items not covered under prior adjustments that would have an economic impact on the transaction. In the case of the subject property, this is an important consideration, yet subjective on many levels. In our considerations for economic adjustments, the following points have been reviewed:

- Where rental rates are known to be inferior to the subject, upward adjustments are viewed as being necessary to account for productivity of the project; where superior, downward adjustments would be considered appropriate.
- Where occupancy levels vary significantly from the subject, upon stabilization, adjustments have been considered.
- Tenant quality can be a subjective consideration, though this characteristic has been taken into consideration in the overall thinking. Several sales have inferior credit-quality tenants and/or an inferior line-up of major/anchor tenants, while others may be superior.
- Significant variances in net operating income, on a per square foot basis, can provide an indication of the economic differences between the comparable and the subject. While this is inherently an income capitalization approach method—it is effectively an inverse correlation to the capitalization rate—many appraisers will look at this variance as a guide to how significant the economic and other differences may be. In theory, the variance here can reflect differences in rental rates, operating expense ratios, occupancy, and the impact that the “GLA sold” can have as an influence on the price per square foot variable. Ground lease income can also play into this consideration, as providing revenue to the property, but GLA that is not included in the calculation of “owned” area.

On balance, we recognize that this adjustment can be relatively subjective. The NOI comparison can be a precise adjustment, though it is an income capitalization approach view of the property. Comparisons to rental rates and occupancy levels can help to quantify this type of adjustment, but remain on the subjective side. We have taken steps to keep this consideration as objective as possible, but acknowledge the difficulties in making comparisons with the subject. Each comparable has been adjusted accordingly. It is noted that sales 2 and 4 included higher levels of adjustment for Economics. While each sale has been included for comparison purposes, less weight may be placed on these comparables in the final analysis due to the higher level of adjustments.

Other

This category accounts for any other adjustments not previously discussed. Based on our analysis of these sales, none require any additional adjustment.

Summary of Percentage Adjustment Method

We used the Sales Comparison Approach to estimate the Prospective Market Value Upon Stabilization of the subject property. From that value, we made certain adjustments to derive the As-Is Market Value. A detailed discussion of the adjustments is described as follows:

Prior to adjustments the comparable improved sales reflect unit prices ranging from \$154.69 to \$735.17 per square foot with an average pre adjusted price of \$362.30 per square foot. After adjustments, the comparable improved sales reflect unit prices ranging from \$368.11 to \$387.07 per square foot with an average adjusted price of \$378.20 per square foot.

The adjustment chart presents an overview of the thinking in our analysis. It is noted that the percentage rate adjustments are provided for analysis purposes only and are not intended to be precise measurements of the differences between the comparables and the subject. Rather, they are used to provide a better understanding of the thinking used herein.

With this in mind, larger percentage adjustments would indicate more substantial differences between the sales and the subject. Smaller adjustments therefore indicate only minor differences. We acknowledge that the adjustment process is somewhat subjective in nature. However, we have been unable to support the magnitude of the adjustments by paired sale analysis.

Among the sales surveyed, despite the relatively recent dates of sale, Sales 2 and 4 have been given less weight due to the adjustments required when compared to the subject. After adjustments, these sales indicate a range in stabilized value for the subject of between \$372 and \$387 per square foot.

Sale Nos. 5 and 6 have been given fair weight in the Sales Comparison Analysis. After adjustments, these sales show ranges in stabilized values from \$372 to \$384 per square foot. Overall these sales present a supportive range in values for Triads A and B at Tivoli Village on a stabilized basis.

Within this analysis, after adjustments, Sales 1, 3, 7, and 8 are considered most similar to Tivoli Village, and show adjusted ranges in sale price between \$368 and \$386 per square foot, with an overall average of \$378 per square foot. The selected sales include the most recent transaction analyzed in Phoenix, AZ, as well as comparables that required the least amount of net adjustments, and include the sale of Town Square Las Vegas, a mixed-use retail and office center on Las Vegas Boulevard, south of the "Resort Corridor." Overall, these sales present a strong indication of stabilized value for the subject.

Based on this analysis, and the most comparable sales utilized, a stabilized sale price for Triads A and B within the range of \$370 and \$380 per square foot is indicated for the subject property, or between \$249,100,000 and \$255,800,000. Considering this analysis, and range of indicated values, therefore, we concluded that the prospective stabilized value of Triads A and B by the Percentage Adjustment Method will be \$252,500,000 (\$375 per square foot).

PERCENT ADJUSTMENT METHOD SUMMARY	
Prospective Market Value Upon Stabilization	
Indicated Value per Square Foot GLA	\$375.00
Owned GLA in Square Feet	x 669,466
Indicated Value	\$251,049,750
Rounded to nearest \$100,000	\$251,000,000
Per square foot	\$374.93
<i>Compiled by Cushman & Wakefield of Oregon, Inc.</i>	

Value Conclusion "As Is"

General Overview – Triads A & B

Based upon the analysis of the subject property on a prospective stabilized basis, we can attempt to apply the Sales Comparison Approach to value the subject on an "As Is" basis. As with the stabilized analysis, this valuation includes Triads A and B as improved. A higher level of subjectivity exists with respect to looking at a property for which a certain amount of space is vacant, requiring lease-up and absorption projections, in addition to tenant build-out/construction completion.

In the case of the subject, absorption of vacant space is projected over an approximate 24± month period, with stabilization being reached in the third year of the as is cash flow forecast. When analyzing the subject on the basis of its first year income, an investor would be cognizant of the additional risks and costs associated with bringing the property to stabilization. Typically, consideration must be given to any costs of lease-up, including tenant improvements, leasing commissions, and any concessions to be given. The following presents an analysis of accounting for these costs and risks.

Market Value As Is (Method 1)

In order to estimate the value of the subject property on an "As Is" valuation premise, we have discounted the prospective stabilized value indication, and discounted all appropriate costs and interim cash flows into a present value in order to estimate the market value of the subject property "As Is."

Therefore, by deducting all appropriate lease-up costs, plus the interim income until the subject property reaches stabilization on a present value basis, the following present value calculation is evidenced:

Sales Comparison Approach "As Is" Operating Basis Tivoli Village - Triads A & B				
	Future	Low Value	Concluded	High Value
Stabilized Market Value Conclusions				
Property Size (SF)		669,466	669,466	669,466
x Value Per Sq/Ft		\$370	\$375.00	\$380
= Value		\$247,702,420	\$251,049,750	\$254,397,080
Stabilized Market Value Range (Rounded)		\$247,700,000	\$251,000,000	\$254,400,000
Net Present Value @ 8.50%	<u>Net Cash Flow</u>	\$209,101,042	\$211,886,805	\$214,756,985
NPV of CY 2019 Cash Flow	(\$2,161,935)	(\$2,161,935)	(\$2,161,935)	(\$2,161,935)
NPV of CY 2020 Cash Flow	\$5,361,081	\$4,525,667	\$4,525,667	\$4,525,667
Subtotal:	\$3,199,146	\$211,464,774	\$214,250,537	\$217,120,717
Rounded Value		\$211,500,000	\$214,300,000	\$ 217,100,000

The interim costs and cash flows during our estimated holding period until the subject property reaches stabilization are detailed in the Income Capitalization Approach section of this report, and reference is made thereto.

“As Is” Market Value at Completion (Method 2)

With this first value indication in mind, we have also pursued a more traditional adjustment method to the value as-if stabilized. In this second method of estimating an “as is” value of the property, we have again utilized the *prospective value* indication “at stabilization” (discounting the prospective value by 3.0 percent per year), and deducted the costs associated with reaching stabilization such as rent loss during absorption, leasing commissions, and tenant improvement costs. We believe that this level of appreciation is supported given the level of lease-up forecasted including the revisions expected with the RH lease, and the inclusion of a number of potential nationally recognized retailers and the quality and perception of the center improves. The following is a brief overview of the additional deductions.

Net Income Loss During Absorption

The loss of income during absorption has been calculated by taking the difference between the net operating income “at stabilization” and the net operating income “as is.” This calculation has been based on our projected NOI at stabilization, calculated as follows:

		2019	2020	2021
Net Operating Income	\$	7,265,357	\$ 11,507,845	\$ 15,055,113
Calculated Income Loss	\$	(7,789,756)	\$ (3,547,268)	-

Tenant Improvements

This deduction is based upon our estimate that, “as is,” there remains a certain amount of space to be leased. For this analysis, we have included specific deductions for TIs based upon the “as is” cash flow projection included in the Income Capitalization Approach, and reference is made thereto.

Leasing Commissions

For this analysis, we have taken a specific deduction for leasing commissions, which has also been based upon the “As Is” cash flow projection developed in the Income Capitalization Approach.

Lease-Up Risk

Finally, since the buyer of the project “as is” is taking on additional risks associated with the lease-up and suite build-out, we have included an entrepreneurial profit here to account for these risks. We have applied a 10.0 percent risk factor to the above figures to account for a buyer’s potential risk with absorption at the property. The lease-up risk considers the forecasted lease up of in-line shop space and vacant office areas.

Summary

Therefore, by deducting all appropriate lease-up costs, plus the interim income until the subject property reaches stabilization on a present value basis, the following value calculation is evidenced:

Sales Comparison Approach - Method 2 "As Is" Operating Basis	
Prospective Value Upon Stabilization	\$ 251,000,000
Depreciated Prospective Value As Is	\$ 236,400,598
Less:	
Net Income Lost During Absorption	\$ (11,337,024)
Capital Improvement Costs	\$ -
Tenant Improvement Costs	\$ (12,855,409)
Leasing Commissions	\$ (2,378,894)
Profit @ 10.0%	\$ (2,657,133)
Subtotal:	\$ (29,228,460)
Estimated Value As Is	\$ 207,172,138
Rounded	\$ 207,200,000

Market Value Conclusion "As Is"

To summarize, the following value indications are suggested based upon the two methods that have been employed.

Summary Sales Comparison Approach "As Is" Operating Basis	
Method 1	\$ 214,300,000
Method 2	\$ 207,200,000
Concluded Value Upon Stabilization	\$ 251,000,000
Concluded Adjustment From Stabilization	\$ (40,000,000)
Estimated Value "As Is"	\$ 211,000,000

Overall, the two methods would imply that the variance between the prospective value upon stabilization and the as is value ranges between \$36.7 million and \$43.8 million, averaging \$40.3 million. On balance, we have considered a \$40.0 million adjustment for the analysis, supported by the sales comparison analysis, with further support from the discounted cash flow difference.

Utilizing this concluded adjustment of (\$40.0 million) results in an "as is" value conclusion via the Sales Comparison Approach of \$211,000,000.

Income Capitalization Approach

Methodology

The Income Capitalization Approach determines the value of a property based on the anticipated economic benefits. The principle of “anticipation” is essential to this approach, which recognizes the relationship between an asset’s potential future income and its value. To value the anticipated economic benefits of a property, potential income and expenses must be projected, and the most appropriate capitalization method must be selected.

The most common methods of converting net income into value are Direct Capitalization and Yield Capitalization. In direct capitalization, net operating income is divided by an overall capitalization rate to indicate an opinion of market value. In the yield capitalization method, anticipated future cash flows and a reversionary value are discounted to an opinion of net present value at a chosen yield rate (internal rate of return).

Investors acquiring this type of asset will typically look at year one returns but must also consider long-term strategies. Hence, depending on certain factors, each of the income approach methods has merit. We used both Yield and Direct capitalization, and each method is well-supported by ample, recent market data. As a result, we placed roughly equal reliance on each of the techniques, and feel that a prospective purchaser would follow this approach.

The Income Capitalization Approach considers Triads A and B. As previously analyzed, Triad C and the Phase II land have been separately valued for the purpose of this appraisal assignment.

Potential Gross Income

Potential gross income is generated by a number of distinct elements:

- Minimum rent determined by the lease agreement
- Reimbursement of certain expenses incurred in the ownership and operation of the real estate
- Other miscellaneous revenues

Minimum base rent is a legal contract between landlord and tenant establishing a return to investors in the real estate. The lease terms also dictate specific expense reimbursement charges that can be billed to the tenant. Finally, miscellaneous income can be generated from a variety of sources. The first step in this approach is to analyze all potential gross income, starting with an analysis of the subject’s tenancy.

Subject Tenancy

As a mixed-use specialty center, the subject is demised for multi-tenant, retail and office occupancy. On the following pages we will discuss the subject’s existing and proposed occupancy, lease structure, and we will contrast this information against comparable properties in the market.

Leasing Status Summary

As it exists, Tivoli Village consists of the improvements open and for lease within Triads A and B. Triad B opened at the center on October 15, 2016. This valuation will analyze Triads A and B together, with certain analyses broken out by Triad.

The following space summary and lease status table summarizes leasing at the subject as of the date of analysis. The table includes both Triads and B including retail and upper-level office areas, Gym, and Restoration Hardware. As will be discussed, occupancy summarized *excludes* suites occupied on a temporary basis.

SPACE SUMMARY & OCCUPANCY STATUS							
	SPACE SUMMARY				SPACE COUNT		
Tenant Category	Occ. SF	Vct. SF	Total SF	Occupancy	Occupied	Vacant	Total
Retail Under 3,500 SF	31,576	14,879	46,455	68.0%	17	7	24
Retail Over 3,500 SF	28,701	20,617	49,318	58.2%	4	4	8
Restaurant	57,184	6,355	63,539	90.0%	10	1	11
Triad B Retail - Lease Up	-	53,368	53,368	0.0%	0	14	14
Office	289,010	59,169	348,179	83.0%	31	8	39
Gym	31,547	-	31,547	100.0%	1	0	1
Major Tenant	77,060	-	77,060	100.0%	1	0	1
Total	515,078	154,388	669,466	76.9%	64	34	98

Compiled by Cushman & Wakefield of Oregon, Inc.

The chart above summarizes the occupancy level based on the leases in place as of the date of appraisal, including leases signed and not open as provided by ownership. As shown, current overall occupancy at the subject property is 76.9 percent inclusive of the retail, restaurant, major tenant, office, and gym tenant categories. Overall occupancy is up from the mid- to upper-60 percent range over the last 12-months.

Analysis of subject occupancy excludes temporary leasing and tenants occupying space on a temporary basis. As of the date of analysis, approximately 24,356 square feet of office and retail GLA is currently occupied by temporary tenants. Inclusive of temporary tenants, overall occupancy is 80.1 percent.

A further analysis of current lease status, broken out by Triad, is provided in the following charts. Again it is noted that total occupancies reported are exclusive of temporary and specialty leasing.

Triad A - Leasing Status		
Retail		
Category	Size (SF)	Percent
Retail Leased GLA	142,136	80.02%
Retail Vacant GLA	35,496	19.98%
Retail Total GLA - Triad A	177,632	
Office		
Category	Size (SF)	Percent
Office Leased GLA	156,518	83.60%
Office Vacant	30,705	16.40%
Office Total GLA - Triad A	187,223	
Total Triad A		
Category	Size (SF)	Percent
Total Leased - Triad A	298,654	81.86%
Total Vacant - Triad A	66,201	18.14%
Total GLA - Triad A	364,855	

As summarized, retail spaces within Triad A are currently 80.0 percent leased/occupied, while the office areas are 83.6 percent leased. It is noted that our analysis has included leases that are executed and not occupied, as well as a number of signed LOIs, however has excluded leases currently under negotiation. On an overall basis, Triad A is shown to be 81.7 percent occupied, with 18.1 percent of the retail and office areas vacant or under negotiation. Tenants occupying office and retail space on a temporary basis within Triad A currently total 20,181 square feet. Inclusive of temporary leasing, overall occupancy within Triad A is currently 87.4 percent.

The following table presents a summary current leasing within Triad B.

Triad B - Leasing Status		
Retail		
Category	Size (SF)	Percent
Retail Leased GLA	94,736	61.33%
Retail Vacant GLA	59,723	38.67%
Retail Total GLA - Triad B	154,459	
Office		
Category	Size (SF)	Percent
Office Leased GLA	121,688	81.04%
Office Vacant	28,464	18.96%
Office Total GLA - Triad B	150,152	
Total Triad B		
Category	Size (SF)	Percent
Total Leased - Triad B	216,424	71.05%
Total Vacant - Triad B	88,187	28.95%
Total GLA - Triad B	304,611	

* Includes Leases in negotiation and LOIs in negotiation.

As summarized, retail spaces within Triad B are currently 61.3 percent leased, with the largest percentage of the leased retail space from Restoration Hardware (77,060 square feet). Within Triad B, the office areas are 81.0 percent leased. It is again noted that our analysis includes leases signed and not open, as well as several signed LOIs, however excludes leases under negotiation. One LOI of note included in the office leasing is a lease nearing completion for the second floor of Building 5 totaling 43,597 square feet. The lease agreement with a national co-working tenant is a significant agreement that would bring additional exposure and employment to the center.

On an overall basis, Triad B is shown to be 71.1 percent leased/occupied. Leasing summarized is exclusive of tenants occupying space on a temporary basis. Temporary/specialty leasing tenants within Triad B currently total 4,175 square feet. Inclusive of temporary leasing, overall occupancy within Triad B is currently 72.4 percent, inclusive of Restoration Hardware.

Triad B was completed in October 2016. Following the grand opening 30-months ago, the current levels of retail leasing is considered below average, considering the bulk of the retail occupancy is dominated by a single lease to Restoration Hardware. Current leasing levels within the retail areas is attributed to a number of factors, with the two largest issues noted in the market as 1) the proximity of Downtown Summerlin, and 2) continued challenges within the current retail environment with fewer tenants in the market. Management reports increasing interest in

the retail areas within Triad B, from furniture, home furnishings, and art tenants, due to the proximity to RH. Leases are reportedly under negotiation for several suites, with signed agreements expected in the coming months.

Ownership reports additional discussions with a number of retail tenants interested in touring the property, including additional restaurant concepts. In addition, ownership is focused on a greater level of, "Experience" retailers, looking to create a more unique center and additional draws when compared with competing centers.

The leasing within the office portion of Triad B is considered average to good for a recently opened project, and the amount of available space is not uncommon. Preliminary office leasing within proposed projects can be slow with a majority of tenants in the market wanting to tour completed space as opposed to leasing on spec. Based on office leasing within Triad A, and leasing within Triad B, and considering Class A office demand within the local market, there appears to be adequate prospect for continued office leasing within Triad B. Ownership is in discussion with several additional office tenants interested in locating to Tivoli Village.

Minimum Rental Income

Minimum rent produced by the subject property is derived from that paid by the various tenant types. The projection utilized in this analysis is based upon the actual rent roll and our projected leasing schedule in-place as of the date of appraisal, together with our assumptions as to the absorption of the vacant space, market rent growth, and renewal/turnover probability. We incorporated all executed leases in our analysis. These transactions represent a reasonable and prudent assumption from an investor's standpoint.

The rental income that an asset such as the subject property will generate for an investor is analyzed as to its quality, quantity, and durability. The quality and probable duration of income will affect the amount of risk that an informed investor may expect over the property's useful life. Segregation of the income stream along these lines allows us to control the variables related to the center's forecasted performance with greater accuracy. Each tenant type lends itself to a specific weighting of these variables as the risk associated with each varies.

Minimum rents forecasted at the subject property are essentially derived from various tenant categories, namely specialty tenant revenues consisting of all in-line shops, office leases, and anchor/major tenant revenues. In our investigation and analysis of the marketplace, we surveyed, and ascertained where possible, rent levels being commanded by competing centers. However, it should be recognized that large retail shopping centers are generally considered to be separate entities by virtue of age and design, accessibility, visibility, tenant mix, and the size and purchasing power of its trade area. Consequently, the best measure of minimum rental income is its actual rent roll leasing schedule. As such, our analysis of recently negotiated leases for tenants at the subject provides important insight into perceived market rent levels for the property. Inasmuch as a tenant's ability to pay rent is based upon expected sales achievement, the level of negotiated rents is directly related to the individual tenant's perception of their expected performance at the center.

Market Rent Estimate

Our analysis of market rent levels for tenants at the subject property has resolved itself to a variety of influencing factors. Although it is typical that larger tenant spaces are leased at lower per square foot rates, the type of tenant as well as the variable of location within the property can often distort this size/rate relationship. Please note that our analysis of subject property rents is performed along various tenant lines, with segregation based upon specialty tenants, anchor/major tenants, and office tenants.

In order to forecast market rent levels at the subject, current rent levels attained at the property must first be analyzed. Second, a review of recent leasing can provide an indication of the property's position in the market as it exists today. Finally, an occupancy cost analysis will provide a test of reasonableness to our projections.

In-Line Shops & Restaurants

Leases In-Place – Triads A & B

The subject property contains a total of 212,680 square feet of in-line space, of which 117,461 square feet of space or 55.23 percent of the space is occupied by 31 tenants.

SPACE SUMMARY & OCCUPANCY STATUS							
	SPACE SUMMARY				TENANT COUNT		
Tenant Category	Occ. SF	Vct. SF	Total SF	Occupancy	Occupied	Vacant	Total
Retail Under 3,500 SF	31,576	14,879	46,455	68.0%	17	7	24
Retail Over 3,500 SF	28,701	20,617	49,318	58.2%	4	4	8
Restaurant	57,184	6,355	63,539	90.0%	10	1	11
Triad B Retail	-	53,368	53,368	0.0%	0	14	14
Total	117,461	95,219	212,680	55.2%	31	26	57

Compiled by Cushman & Wakefield of Oregon, Inc.

Analysis of the subject's current leasing schedule will provide the basis for our analysis of market rental rates at the property. This information is then compared to the market, as well as recent leasing activity in order to make reasonable assumptions as to market rent levels. As noted, there are a variety of influencing factors for rental rates, including the size of suite, build-out, location, tenant merchandising strategy, and sales projections. In order to forecast rent levels at the subject, current rent levels attained at the property must first be analyzed. The following table presents an analysis of minimum rent levels achieved within the subject property for all in-line shop space.

ANNUALIZED RENT - OCCUPIED SPACE				
Tenant Category	Occ. SF	No. Spaces	Total Rent	Avg. \$/SF
Retail Under 3,500 SF	31,576	17	\$1,103,951	\$34.96
Retail Over 3,500 SF	28,701	4	\$823,764	\$28.70
Restaurant	57,184	10	\$2,130,816	\$37.26
Total	117,461	31	\$4,058,531	\$34.55

Compiled by Cushman & Wakefield of Oregon, Inc.

From the above chart, we would expect to see a general pattern of an inverse relationship between suite size and rent. That is, as the suite size increases, the average unit base rent achieved declines. Overall, for 117,461 square feet of in-line shop tenants surveyed, the average attained base rent for the mall is shown to be \$34.55 per square foot as of the date of this analysis.

We note that current leasing is impacted by several short-rent reductions and older leases at the center at below market rents. The inclusion of these in-place leases lowers achieved in-line rents at the center. The objective here is to demonstrate a reasonably quantifiable pattern between suite size and rent. As such, a declining rental rate trend relative to suite size is generally in evidence.

Recent Leasing Activity

To better understand in-line rent levels at the property, we broke down the analysis into recent leasing activity to calculate current rental rates. Recent leasing since 2016 has been analyzed within Triads A and B, including several pending leases within the property.

For the 14 recent leases analyzed (since April 2017), the overall average in-line rental rate is \$34.35 per square foot. Similar to in-place leasing, the highest rents have been obtained from the smaller spaces and the lowest rents are generally seen by larger tenants.

On balance, these transactions implicitly support the assumption that, typically, there is an inverse correlation between unit rates and the amount of space being leased. We recognize that, in practice, there are unit rate gradations with tenant categories based on such attributes as location within the center/building, unit frontage and depth, tenant type and credit worthiness, concessions/tenant allowances, etc. However, as the tenant mix and configuration may not be fixed over time, it is more appropriate to estimate what the average base rent levels paid at the property would be for the different tenant categories

Retail Tenant LOIs

In addition to in-place and recent leasing, including several leases signed and not open and signed LOIs nearing final lease agreement, we have considered LOIs out for negotiation with several in-line tenants, and well as preliminary negotiations with potential tenants touring Tivoli Village. While not included in our analysis, the leases under negotiation offer additional support for current leasing trends at the subject property.

Lease Term and Steps

Market practice shows that leases are generally written for several years with annual increases in base rent ranging from 2.0 to 4.0 percent, or one to two rent steps over the term of the lease. The average lease term for recent leases about 5.0 years, with an average overall rent increase of approximately 17.7 percent over the term. In our analysis we based market rent projections upon an 8-year lease term with annual steps in base rent of 3.0 percent per annum.

Ownership Budget / Broker Options

According to leasing status reports and discussions with ownership and leasing representatives for Triad's A and B, in-line rents are budgeted within between \$30.00 and \$40.00 per square foot. Several recent lease agreements and signed LOIs support the current range in quoted rents with tenants such as Jeff White Custom Jewelers, Slim Sculpt Studios, AMG Limited, Lexicon Bank, and River North with initial rents ranging from \$38.00 to \$40.00 per square foot. A majority of Triad B retail suites are budgeted by ownership to be leased in the \$34.00 to \$40.00 per square foot range. It is likely that rents within both Triad A and Triad B will range widely between \$25.00 to possibly \$60.00 per square foot. Overall, ownership's total budget for the in-line suites falls in-line to slightly above with the in-place and rents achieved within Triads A and B.

For the purpose of this analysis, we interviewed several local brokerage professionals who are active in the Las Vegas retail market. According to a retail brokerage professional with the Retail Services Group at Colliers International, rents at the subject are reliant on traffic and the potential lease-up of suites with national retailers, or unique, experience based tenants that will act as a greater draw within the center. Rents and leasing in the near-term continue to be impacted by the competitive nature of the market including surrounding centers (Boca Park, Rampart Commons), however still greatly dictated by Downtown Summerlin. As leasing at Downtown Summerlin continues, and space becomes less available, Tivoli remains a good alternative retail option in the regional market surrounding Summerlin. Overall, average rents in the range of \$30.00 to \$45.00 per square foot (net) were quoted as standard and well supported, with the likelihood of the better suites potentially leasing in the low \$40.00 to \$50.00 per square foot range, and larger as well as less desired suites falling in the \$25.00 to \$35.00 per square foot range. Rents were dependent on net charges. Tenants will likely continue to be cautious in leasing space until additional lease-up is witnessed and traffic within the retail areas increase.

Retail brokerage specialists at Commerce Real Estate Solutions – Cushman & Wakefield Las Vegas report similar opinions of the retail suites at Tivoli Village. The importance of attracting retail tenants to supplement the successful restaurants already in place is viewed as a necessity for the center to stabilize. New concepts and unique retailers, particularly with the mostly vacant Triad B areas are short-term concerns, and required to bring new visitors to the center. Lease rates in the, "mid-\$30.00 per square foot to low-\$40.00 per square foot range," were reported as likely (on average) for retail suites. Vacancies at neighboring centers such as Boca Park, has increased competition for

tenants in the immediate market, however Tivoli is viewed as a superior alternative, second only to Downtown Summerlin in the western Las Vegas market.

Most brokerage professionals noted the subject’s location as a good, well established location in the western region for new development. Tivoli Village could benefit from proposed residential development and continued household growth in the immediate area. Most viewed the center in direct competition with Downtown Summerlin to attract new retailers this region of Las Vegas. The location of Restoration Hardware is a positive, however the general consensus among local brokers was the subject faces continued challenges in marketing in the near-term. While restaurants have proven successful and popular draws, addition retail tenancy and non-restaurant draws to the center have proven challenging. Despite past and current challenges, a majority of local professionals were still mostly optimistic of future leasing at the subject property given the location, continued area growth, and location of a flagship Restoration Hardware store.

Analysis of Comparable Rents (in-line shop spaces)

In further support of determining market rents for the subject's in-line spaces, the following table summarizes rental activity for comparable in-line space in competing buildings in the market.

RETAIL RENT COMPARABLES - IN-LINE SUITES

PROPERTY INFORMATION						LEASE INFORMATION										
NO.	Property Name Address, City, State	SUB-TYPE	CENTER GLA	YEAR BUILT	YEAR RENOVATED	TENANT NAME	LEASE DATE	SIZE (NFA)	TERM (yrs.)	INITIAL RENT/SF	RENT STEPS	LEASE TYPE	PERCENTAGE RENT	MONTHS FREE	TU/SF	COMMENTS
S	Subject Property		663,510	2011	2016											
1	Boca Park Fashion Village 680 S Rampart Blvd Las Vegas, NV	Lifestyle Center	138,359	2003	2016	X-Cycle	4/16	3,503	5	\$33.00	Stepped	Net	Yes	-	\$15	Specialty / fashion merchandised portion of the larger Boca Park development. Large retailers include REI, Cheesecake Factory, and Total Wine.
						Kona Grill	9/15	7,380	10	\$50.00	Stepped	Net	Yes	-	\$75	
						Panacea	9/16	1,988	5	\$36.00	Stepped	Net	Yes	-	\$38	
1	Downtown Summerlin	Super Regional Center	1,000,000	2014	-	Confidential Retail	6/17	1,367	5	\$40.00	Stepped	Net	Yes	-	-	Open-air regional mall anchored by Macy's and Dillard's. Center includes adjacent power center and centrally developed Class A office building (One Summerlin).
						Confidential Restaurant	8/16	4,442	10	\$40.00	Stepped	Net	Yes	-	-	
						Confidential Retail	6/17	2,065	10	\$25.00	Stepped	Net	Yes	-	-	
2	Town Square Las Vegas Las Vegas Boulevard S Las Vegas, NV	Lifestyle Center	1,123,000	2006	-	Envy Evolution	6/16	6,458	10	\$40.00	2%/Yr	Net	Yes	-	-	In-Line and restaurant leases within mixed-use regional lifestyle center along the south end of the Las Vegas Strip.
						Confidential Restaurant	11/18	6,721	10	\$50.00	Stepped	Net	Yes	-	\$150	
						Engel & Volkers	6/16	598	5	\$64.00	Stepped	Net	Yes	-	-	
						Raider Image	10/17	1,858	5	\$40.00	Stepped	Net	Yes	-	\$40	
						La Bella	3/16	2,287	5	\$30.00	Stepped	Net	Yes	-	-	
3	Stephanie Street Power Center 501 Stephanie Street Henderson, NV	Power Center	378,972	1996	2016	Optic Gallery	10/16	2,573	10	\$37.50	CPI	Net	Yes	-	\$37	Good quality power center within Henderson anchored by Nordstrom Rack, Barnes & Noble, Ulta, Old Navy, and Carters, among others.
						Habit Burger	7/16	3,087	10	\$41.00	Stepped	Net	Yes	-	\$52	
						Best Mattress	4/16	3,280	10	\$37.50	Stepped	Net	Yes	-	\$27	
4	Sea Breeze Village 1750 N Buffalo Dr. Las Vegas, NV	Neighborhood Center	-	2003	-	SAS Shoes	1/15	2,535	5	\$31.00	-	Net	Yes	-	-	In-Line lease within neighborhood center within eastern Las Vegas.
5	Confidential Restaurant Las Vegas, NV	Lifestyle Center	-	2011	-	Restaurant	9/16	6,231	10	\$35.00	Stepped	Net	Yes	-	\$50	Restaurant lease within specialty retail center within western Las Vegas.
6	Confidential Restaurant Las Vegas, NV	Lifestyle Center	-	2007	-	Restaurant/ Nightclub	5/12	9,556	10	\$40.83	Annual	Gross	Yes	-	\$30	Lease for good quality restaurant within mixed-use lifestyle type center within Las Vegas.
7	Confidential Restaurant Las Vegas, NV	Lifestyle Center	-	2007	-	Restaurant	5/12	5,033	7	\$50.00	Annual	Net	Yes	-	-	Lease within mixed-use lifestyle center within Las Vegas region.
STATISTICS																
Low			138,359	1996	2016		5/12	598	5	\$25.00				-	\$15	
High			1,123,000	2014	2016		11/18	9,556	10	\$64.00				-	\$150	
Average			660,083	2006	2016		3/16	3,942	8	\$40.05				-	\$51	

As shown, the comparable in-line and leases summarized range from 598 to 9,556 square feet, averaging 3,942 square feet, with rents ranging from \$25.00 to \$64.00 per square foot. Retail tenants show rents ranging from \$25.00 to \$64.00 per square foot, while the restaurant leases show rents ranging from \$30.00 to \$50.00 per square foot. Overall, for the 18 comparable leases surveyed, the average rent is \$40.05 per square foot.

Competing Properties - Average Rent

As summarized in the Retail Market Analysis (see competition chart), average in-line rents at competing properties vary from \$25.00 to \$100.00 per square foot, with the low mean calculated at \$36.88 per square foot, and the high mean shown to be \$54.38 per square foot. It is noted that rents are somewhat skewed upward, influenced by the inclusion of Fashion Show Mall. Excluding Fashion Show Mall, the low mean is calculated at \$31.43 per square foot, and the high mean is equal to \$47.86 per square foot. The most competitive projects in terms of in-line rents are considered to be Downtown Summerlin, Town Square Las Vegas, and Boca Park. Current average rents at Downtown Summerlin have been reported in the \$30.00 to \$50.00 per square foot range, with a majority of the

leasing in the upper-\$30.00 per square foot range to the low-\$40.00 per square foot range. Average in-line and restaurant rents at Town Square Las Vegas reportedly range between \$35.00 and \$50.00 per square foot. In-line and restaurant rents at Boca Park reportedly average between \$30.00 and \$50.00 per square foot.

Rents within retail areas of Triad A have reportedly been impacted by the lack of retail draws to the center, as well prior construction during 2015-2016 including times of restricted access and exposure. While a number of unique and higher profile restaurants have located at Tivoli, the lack of significant retail draws is reflective in the lower average rents. As previously summarized, ownership is forecasting net rents for available retail suites of between \$34.00 and \$42.00 per square foot range. This level would appear to be supportable, given rents achieved at Boca Park and Town Square Las Vegas, as well as the comparable in-line rents previously summarized.

Tenant Alterations

Based on newness Triad B, first generation tenant suites are delivered in a 'white shell' condition, prepared for tenant specific build-out. This differs somewhat from second generation space at other centers that have been previously leased and built-out. While it can allow new tenants flexibility in completing their space, it also typically requires a higher amount of initial tenant alterations. According to those active in the Las Vegas retail market, current alterations at retail centers for vacant space can range from \$0.00 to \$40.00 per square foot and higher depending on the tenant and lease terms. The typical alteration for existing space falls in the \$10.00 to \$25.00 per square foot range. For new space, not fully built-out, those interviewed reported alterations ranging from \$50.00 to \$100.00 per square foot, depending on quality and type of tenant, and lease terms.

Based on our review of new and proposed leasing Triad B, forecasted tenant allowances range from \$75.00 to \$135.00 per square foot. Attracting leasing from national, high profile, upscale tenants to the center could increase the average allowances offered, dependent on tenant.

Our analysis has included an initial tenant allowance of \$90.00 per square foot for first generation suites remaining vacant within Triad B. This level of tenant allowance will support our estimated market rent as well as absorption discussed later within this section.

According to ownership, all retail suites within Triad A are fully built-out, the majority of which have been leased by a former tenant. As discussed, second generation suites typically require a lower level of tenant alteration allowance. Within this analysis, we have assumed a tenant allowance of \$20.00 per square foot for in-line suites within Triad A as well as for future rollover of space for new tenants, following initial lease-up. This estimate falls towards the middle- to upper-end of the suburban market for retail centers in the region and will help maintain the quality of the new center, the properties future stance in the marketplace, as well as its ability to attract tenants to the subject property in a competitive marketplace.

Market Comparisons - Occupancy Cost Ratios

In further support of our forecast for market rent levels, we undertook a comparison of minimum rent-to-sales and total occupancy costs-to-sales ratios. Generally, our research and experience with regional malls and large specialty retail centers shows that the ratio of minimum rent-to-sales falls within the 7.0 to 10.0 percent range in the initial year of the lease, with 7.5 percent to 8.5 percent being most typical. By adding additional costs to the tenant, such as real estate tax and common area maintenance recoveries, a total occupancy cost may be derived. Expense recoveries and other tenant charges can add up to 100.0 percent of minimum rent and comprise the balance of total tenant costs.

The typical range for total occupancy cost-to-sales ratios falls between 11.0 and 15.0 percent. As a general rule, where sales exceed \$400 per square foot, 13.0 to 14.0 percent would be a reasonable cost of occupancy. Experience and research show that most tenants will resist total occupancy costs that exceed 15.0 to 18.0 percent of sales. Obviously, this comparison will vary from tenant to tenant and property to property.

In higher-end markets where tenants are able to generate sales above industry averages, tenants can generally pay rents that fall toward the upper-end of the ratio range. Moreover, if tenants perceive that their sales will be increasing at real rates that are in excess of inflation, they will typically be more inclined to pay higher initial base rents. Obviously, the opposite would be true for poorer performing centers, in that tenants would be squeezed by the thin margins related to below average sales. With fixed expenses accounting for a significant portion of the tenants' contractual obligation, there would be little room left for base rent.

In this context, we provided an occupancy cost analysis for a number of regional retail centers with which we had direct insight over the past several years. This information is provided on the following chart. On average, these ratio comparisons provide a realistic check against projected market rental rate assumptions.

MALL SHOP OCCUPANCY COST ANALYSIS / COMPARISON								
Classification	Center GLA	Mall Shop GLA	Avg Rent	Expense Recovery	Avg Sales	Rent/Sales	Total Cost	
Centers with Sales Over \$500/SF	1,205,737	437,783	\$ 65.74	\$ 37.22	\$ 721.45	9.09%	14.65%	
Centers with Sales of \$400-\$499/SF	994,749	357,290	\$ 34.28	\$ 25.09	\$ 439.30	7.84%	13.53%	
Centers with Sales of \$300-\$399/SF	1,025,836	339,482	\$ 28.04	\$ 17.19	\$ 349.46	8.03%	12.95%	
Centers with Sales of \$200-\$299/SF	964,211	315,584	\$ 20.14	\$ 8.86	\$ 254.76	7.91%	11.18%	
Centers with Sales Below \$200/SF	908,321	315,123	\$ 14.30	\$ 2.36	\$ 168.73	8.40%	9.44%	
Overall Survey Low:	203,430	66,833	\$ 7.13	\$ 0.21	\$ 92.50	4.70%	7.48%	
Overall Survey High:	2,615,026	1,070,471	\$ 221.09	\$ 79.24	\$ 2,877.83	15.32%	23.58%	
Overall Survey Median:	885,925	308,030	\$ 29.14	\$ 18.33	\$ 374.68	7.99%	13.01%	
Overall Survey Average:	914,346	319,929	\$ 36.31	\$ 21.18	\$ 429.56	8.26%	12.87%	

From this analysis we see that the ratio of base rent-to-sales ranges from approximately 4.70 to 15.32 percent, while the total occupancy cost ratios vary from 7.48 to 23.58 percent when all recoverable expenses are included. The surveyed average for the malls analyzed is 7.99 percent and 13.01 percent, respectively. Some of the higher ratios are found in older malls situated in urban areas that have higher operating structures due to less efficient layout and designs, older physical plants, and higher security costs.

We also looked to the portfolio performance of several publicly traded companies to ascertain further support for rent-to-sales ratios and total occupancy cost ratios. The following chart presents a summary of these findings:

PORTFOLIO OCCUPANCY ANALYSIS - YEAR END 2018							
Company/REIT	No. of Mall Properties	Total Mall GLA (000)	Average Occupancy	Average Rent/SF	Comparable Mall shop Sales/SF	Rent-Sales Ratio	Occupancy Cost Ratio ¹
Brookfield Property REIT Inc.*	124	119,029	96.5%	\$78.39	\$746	10.5%	14.1%
Simon Property Group	107	120,701	95.9%	\$54.18	\$661	8.2%	12.8%
Macerich Company, The	47	46,756	95.4%	\$59.09	\$726	8.1%	12.4%
CBL & Associates	63	52,113	92.1%	\$32.59	\$377	8.6%	12.3%
Pennsylvania REIT	21	17,613	96.0%	\$60.32	\$510	11.8%	12.9%
Taubman Centers	23	11,879	94.6%	\$57.51	\$824	7.0%	13.6%
Washington Prime Group (Glimcher)	55	43,632	92.8%	\$27.81	\$377	7.4%	12.0%
Weighted Average	63	58,818	95.0%	\$56.57	\$625	8.95%	13.01%

Footnotes

¹ Ratio of Rent and reimbursement to sales for in-line mall shop tenants. Does not include overage rent.

*Includes all Retail Properties; occupancy cost ratio reflective of YE 2017

Source: Annual 10K filings and various analyst reports.

The regional mall REITs outlined above show rent to sales ratios averaging 7.0 to 11.8 percent portfolio-wide, with an overall average of 8.95 percent. Occupancy cost averages range from 12.0 to 14.1 percent, averaging 13.0 percent overall. In general, while the rental ranges and ratio of base rent-to-sales vary substantially from center to center and tenant to tenant, they do provide general support for the rental ranges and ratios that are projected for the subject property.

Conclusion - Market Rent Estimate for In-Line Shops

Our conclusion for market rental rates at the subject property focuses on four primary factors: 1) existing rents; 2) recent leasing; 3) market rental rates; and 4) projected tenant sales levels and occupancy costs. Previously, in the Retail Market Analysis section of the appraisal, we discussed the subject's sales history and forecasted potential. Potential comparable mall shop sales are forecasted shown to be \$450.00 per square foot. This figure is inclusive of in-line and restaurant tenants.

Since tenant recoveries are forecasted to be near the middle-end of the range for a property of the subject's caliber, we believe that the subject's rent-to-sales ratio could support a range of 8.00 to 9.00 percent range. Further, based upon the property's projected sales levels, we do not believe that total occupancy costs should exceed 14.00 to 15.00 percent. We can test the subject's rent achievement potential relative to forecasted sales levels. This sensitivity is shown in the following table.

RENT TO SALES CALCULATION

Average Sales/SF			Rent to Sales Ratio	Average Rent		
\$	450.00	x	8.00%	=	\$	36.00
\$	450.00	x	8.25%	=	\$	37.13
\$	450.00	x	8.50%	=	\$	38.25
\$	450.00	x	8.75%	=	\$	39.38
\$	450.00	x	9.00%	=	\$	40.50

From this rent-to-sales ratio analysis, we would be inclined to look toward an average market rental rate between \$36.00 and \$40.50 per square foot for the subject property. This range of rates is generally supportive of existing, recent, and proposed rents for the property, and is well bracketed by comparable properties. With this in mind, we can again revisit the subject's "leases in-place" and "recent leasing."

In the previous discussions, the overall attained rent for the subject was calculated to be \$34.55 per square foot based upon all leases in-place. Again we note that in-place rents are impacted by a number of short-term leases signed at below market rents as inducements for tenants to locate at Tivoli Village. Based upon recent leasing activity, the overall average is shown to be \$34.35 per square foot. Looking at a pure rent-to-sales ratio, it would appear that the subject could support an overall average rent between \$36.00 and \$40.50. Again, some sensitivity must also be given to the total occupancy cost (see occupancy cost analysis in following subsection).

Based upon the analysis, we developed an average rental rate for the subject property. The following charts presents a comparison of existing leases with recent leasing and our projected market rental rates for the property.

Rent Conclusion					
Suite Size Category	Applicable SqFt	Pro-Rata Share	Leases In-Place	Recent Leasing	Mkt Rent Conclusion
Retail Under 3,500 SF	46,455 SF	29.2%	\$34.96	\$38.37	\$40.00
Retail Over 3,500 SF	49,318 SF	31.0%	\$28.70	\$36.44	\$36.00
Restaurant	63,539 SF	39.9%	\$37.26	\$29.68	\$40.00
Total/Average:	159,312 SF	100.0%	\$34.55	\$34.35	\$38.76

After considering all of the above, relative to the subject's position in the market, we developed a weighted average rental rate of approximately \$38.76 per square foot for the entire property based upon a relative weighting of tenant space by size and location/level within the center. The average rent is a weighted average rent for all in-line and restaurants tenants only. As noted, the concluded rent is above in-place and recent leasing. As noted, current leasing is influenced by a number of below market, short-term leases at the subject.

In our analysis of the property, we utilized the contract rents negotiated for current tenants within the property. Upon expiration of these leases, the space is assumed to roll to our market rent conclusions.

Occupancy Cost - Test of Reasonableness

Our weighted average rent can next be tested against total occupancy costs in the mall based upon the standard recoveries for new mall tenants. A total built-up occupancy cost can be derived by taking the weighted average rent and adding projected occupancy costs for tenants in the mall. This total can then be tested against the average sales for mall tenants. We also tested it on the basis of the total weighted average rent for the entire mall, exclusive of the food court which is treated separately. Our total occupancy cost analyses can be found on the following chart.

OCCUPANCY COST ANALYSIS - Mall Shops





Tenant Cost	Estimated \$/SqFt
Economic Base Rent	
Weighted Average Rent	\$38.76
Occupancy Costs	
Common Area Maintenance	\$16.50
Real Estate Taxes	\$2.50
Total Tenant Costs	\$57.76
Projected Average Sales	\$450.00
Rent-to-Sales Ratio	8.61%
Cost of Occupancy Ratio	12.84%

Our concluded average market rent equates to a rent to sales ratio of 8.61 percent and a total occupancy cost of 12.84 percent of estimated comparable in-line and restaurant tenant sales, which is considered reasonable for a property of the subject's caliber assuming comparable in-line sales of \$450.

Comparison of Contract Rents to Market

We previously outlined an attained rent schedule for all current in-line and restaurant tenants of the subject property. Adjustments were made to the subject leases to account for lease type equivalency, so all of the subject's rents could be analyzed on a like-kind basis. For comparison to the market, we will look at the lease type equivalent rates that were developed earlier in this report. It should be noted that attained rents are calculated without reference to tenant contributions over expense stops.

The following chart outlines our estimated market rent for each tenant space in the subject property and the attained equivalent rent exclusive of contributions of each lease. Comparing these figures allows us to identify whether the attained rent levels are at, above or below the market. The results of this comparison will have an impact on our selection of the investment rates used in evaluating this property.

ATTAINED RENT LEVELS				MARKET RENT		COMPARISON
Contract Rent				Market Rent		Comparison
Tenant Name	Area (SF)	Equiv. Rent Per Year	Equiv. Rent/SF	Rent/SF	Annualized	Contract Rent Versus Market Rent
Retail Under 3,500 SF						
	31,576	\$1,103,951	\$34.96	\$40.00	\$1,263,040	12.60%  below market
Retail Over 3,500 SF						
	28,701	\$823,764	\$28.70	\$40.00	\$1,148,040	28.25%  below market
Restaurant						
	57,184	\$2,130,816	\$37.26	\$40.00	\$2,287,360	6.84%  below market
GRAND-TOTALS	117,461	\$4,058,531	\$34.55	\$40.00	\$4,698,440	13.62%  below market

Note: Attained rent equals current rent annualized for twelve months, and it excludes contractual rent increases

Compiled by Cushman & Wakefield of Oregon, Inc.

As shown above, the subject property's average contract rent is currently 13.6 percent below market. In-place rents are influenced by a number of recent rent reductions and tenants paying percentage of gross rents in lieu of base rent at the property currently occupying space at below market rents.

When a property is acquired with leases that are at or close to market rent levels, the level of risk involved with the investment is generally low. However, the potential increase to the income stream in this scenario is typically limited, which tends to normalize the investment parameters of participants for these types of properties.

When a property has attained rent levels that are below market, the early returns are generally limited but there is greater potential for the income stream to increase as the below market leases rollover. There is less risk involved with tenants with below market leases, as they have a greater ability to pay the lower rent than they would market level rent. Buyers of properties with below market leases are often entering a lower risk investment with greater upside to their eventual income earning potential, resulting in overall rates that tend to be lower than normal.

Properties that are encumbered by leases with average rents that are significantly above market have increased risk in several key areas. When a property has an average rent that is above market, there is increased risk of default, slow payment or lack of payment by those tenants in that category. Also, at some point, the above market leases will expire, at which time the spaces will be re-leased at market levels. When this occurs, there is a decline in rental revenue for the property, which many times leads to a declining net income stream. When this is the case, investors will require a higher initial return to offset the declining income stream, and to guard against the heightened risk of tenant defaults.

Major Commercial/Retail – Triad A - David Barton Gym

David Barton Gym has operated an upscale, full-service, 31,547 square foot gym facility on the second level of Building 17 since completion of Triad A. The gym includes exterior signage and exposure from the main entry off Alta Drive and the valet parking turnaround. After filing and emerging from bankruptcy in 2011-12, founder David Barton left the company in 2013, with the concept and naming rights remaining with the owners. Today, the remaining David Barton Gyms are located in Los Angeles and Las Vegas (subject property). Former locations in New York (multiple locations), Miami, Chicago, Seattle/Bellevue, and Boston have been closed or renamed under new concepts.

David Barton Gym (Meridian Sports Club lessee) opened at Tivoli on September 15, 2011. The lease agreement included a significant tenant allowance, and included two, five-year options to extend. Under the original lease, the tenant was to pay percentage rent beginning after month six, with base contract rent after month 18. The lease has been amended multiple times, with the first amendment extending percentage rent in lieu of base rent through the third lease year. For the last 12-24-months, following the exercising of a lease termination agreement, David Barton Gym has not paid base rent or contributed towards expense reimbursements.

There are a number of gyms operating in the local area, including several national concepts. The following chart summarizes the location of some of the larger gyms within the local area, however does not include a number of smaller, private and boutique workout facilities.

Competing Gym Facilities	
Name / Location	Distance
Cross Fit Culmination 1400 N Rampart Blvd.	1.5 Mi North
24-Hour Fitness 2090 Village Center Cir	1.9 Mi Northeast
Orangetheory Fitness LV 9326 W Sahara	2.0 Mi South
24-Hour Fitness - Rainbow Plaza 601 S Rainbow Blvd.	2.6 Mi West
Life Time Athletic 10721 W Charleston Blvd	3.2 Mi Southwest
Cross Fit Max Effort West 7520 W Washington Ave.	3.5 Mi Northwest

Replacement Gym Facility

Since 2018, subject ownership has been in lease negotiations with multiple replacement gym concepts, including the most recent lease agreement with a new gym operator active in the Las Vegas market. The new gym will lease the entire David Barton Space as is, and are optimistic that a new lease and concept will be capable of increasing memberships and sales.

The new gym lease agreement will commence at Tivoli in June 2019. Base rent under the 12-month agreement is equal to \$12,500 per month, or \$150,000 per annum, equal to \$4.75 per square foot. As discussed, the new tenant will take the space, "As Is" with no allowance provided. According to ownership, the year two lease rate increases to \$25,000 per month, or \$300,000 per annum, and \$9.51 per square foot.

Several prior agreements had been under negotiations with gym replacement operators, with initial base rents in the range of \$300,000 per annum. Ownership selected the current operator based on their experience and success in the market, and proposed business plan presented.

As summarized, based on the preliminary agreement, the minimum gym base rent is \$150,000, or \$4.75 per square foot based on the current gym GLA. In year two, annual base rent increases to \$300,000.

Conclusion - Lease Assumption Gym Space

The subject gym is viewed as an amenity to the property, attracting a limited number of area residents, as well as providing a work-out faculty/option for office users. In our final analysis, we have assumed the new gym concept based on leasing information provided by ownership. This analysis has assumed a lease commencement June 2019. Based on quoted year two base rent (\$300,000 / \$9.51/SF), and assuming the new operator is successful in attracting new memberships, base rent will be considered towards the lower-end of gym rents in the market.

Therefore, we have assumed the new gym concept remains at the center based on terms provided, with rent increasing 3.0% per annum beginning year three.

In addition to a being considered an amenity to the property and office tenants, the gym is an important tenant included in the RH co-tenancy clause (named tenant). While David Barton is specifically named, ownership has confirmed that the new gym concept will be considered as an acceptable replacement, satisfying a named tenant requirement within the RH agreement.

Major Retail Triad B – Restoration Hardware

RH opened a flagship design store in October 2016 totaling 77,060 square feet, in a four-story building that includes a rooftop deck. The Tivoli Village store was their first in the market, and remains their lone location in Las Vegas. Based on the lease agreement, the initial lease term is for ten-years, including three options to extend the term for five years. Annual rent for years 1-3 is based on a percent of gross revenue (percentage rent), or a fixed gross rent, whichever is less. Due to confidentiality clauses included in the lease agreement, the actual lease terms have been reviewed and included in our analysis, however cannot be reported within this appraisal.

Under the existing RH lease, in years 4-5 (beginning November 2019), annual rent will be equal to a percentage of gross revenue in lease year 3, not to exceed an established fixed rent. Annual rent for lease years 6-10 will increase a fixed percentage based on the rent paid in the fifth lease year. Rent for each of the option terms includes fixed increases. Ownership provided a 'turn-key' store to RH, with total costs reported at \$18.6 million.

As analyzed within the retail market analysis, total sales reported by RH fall well below initial tenant projections as well as chain-wide averages. Sales for RH over the last twelve months reported (as of December 2018) are up over 2017 sales levels. For the purpose of this analysis, current sales (year one) for RH have been estimated at approximately \$14.0 million. This level of sales falls well below sales achieved/reported at other gallery store concepts, and is supported by current reported trends at the subject store. As will be discussed, estimated sales impacts current rent paid by RH.

Co-Tenancy Clause – Restoration Hardware

Included in the RH lease is an Operating Co-Tenancy Clause. According to the agreement, following the first 90-days of the term of the lease, 1) at least eighty percent of the GLA of the project must be leased and occupied by non-temporary tenants; 2) at least eighty percent of the GLA of Phase 2 (Triad B) must be leased and occupied by non-temporary tenants; and 3) 8 of the named tenants must be open and operating in the project. Furthermore, the eight named tenants must cumulatively occupy at least 25,000 square feet of GLA. No more than two of the named tenants may be restaurants and no more than two of the named tenants shall occupy less than 1,000 square feet of GLA. According to the lease, "GLA" shall mean the total gross leasable area of the retail portions of the buildings. It is noted that calculation of occupied retail areas is based on "Non-temporary" tenants, with lease terms of no less than 366 days.

If at any time following the first 90 days of the lease term, should any of the three Co-Tenancy Clause provisions not be met, tenant shall pay a negotiated alternative rent. In the event landlord is not able to satisfy all of the Co-Tenancy Clause requirements within 365 days from any date of the failure, tenant shall have the right, but not the obligation, to terminate the lease upon 90 days written notice.

As discussed, retail areas of Triad A are currently 80.0 percent occupied. Retail areas within Triad B are currently 61.3 percent occupied/leased. Leasing includes all signed agreements as of the date of analysis, and includes several LOIs nearing final leases status. Our analysis excludes tenants occupying space on a temporary basis, as well as additional LOIs under negotiation. Ownership is in discussions with several retail and restaurant tenants that could increase occupancy in the near term should lease agreements be finalized. To fulfill the first two requirements of the Co-Tenancy Clause, the retail areas across the total project must be 80 percent leased, and the Triad B retail space must be 80 percent leased. Based on the agreement, the occupancy provisions were

required to have been met 15 months following the RH lease commencement, commiserate with the completion of Triad B. Therefore, the date to satisfy occupancy provisions was the end of January 2018.

Ownership has previously provided us with a summary of 'named' tenants that would satisfy the additional component of the RH Co-Tenancy Clause. As of the date of this analysis, five of the eight named tenants are open or represent signed lease agreements. Based on discussions with ownership, negotiations are on-going with several additional named tenants within Triad B. Additional named restaurants are currently negotiating leases within Triad B, however only two named tenants can be restaurants. Including leases under negotiation, six or seven of eight named tenants are currently met. Based on the summary provided, which includes 120± possible tenants, the potential to fulfill this portion of the Co-Tenancy Clause would appear reasonable, however still presents an additional risk. According to management, RH has been open to discussion as to classification of "named" tenants, and the biggest focus is on the occupancy portion of the co-tenancy provision.

Ownership has estimated that the co-tenancy agreement with RH could be met in the late summer or fall of 2019, should several potential leases under negotiation come to near-term fruition. As noted, RH has the ability to terminate their lease since co-tenancy agreements were not met 15-months following lease commencement. Based on current leasing, including leasing under negotiation, ownership remains confident that the occupancy stipulation within the co-tenancy agreement will be met in 2019. Based on the number tenants identified that would satisfy the named tenant provision of co-tenancy, ownership is confident this portion of the agreement will be satisfied.

Given the significant turn-key build-out and specific requirements of the Restoration Hardware Design Gallery, and continued reduced rent should the Co-Tenancy provisions not be met, barring a significant change in the regional economy, it would be unlikely that the tenant would exercise their right to vacate the property. In addition, based on discussions with on-site management and RH corporate ownership, according to subject ownership, RH has reported satisfaction in the subject's location and sales results (despite sales reported to date). However, the requirements included in the Co-Tenancy Clause, and the fact they continue to not be met as of this writing, will pose additional risk to the project until fully met.

RH Lease Amendment

Ownership has been in discussions with RH to amend and revise the in-place lease agreement. Ownership is not satisfied with sales being reported by RH and the ensuing rent requirement under the existing lease structure. RH is reportedly open to revising the lease, including the elimination of the co-tenancy clauses and termination agreement. In addition, subject ownership is seeking an amendment to reestablish minimum rent based on a fixed annual amount, opposed to the current agreement based on a percent of sales. Management is in conversations with RH to restructure their lease agreement at Tivoli Village. No lease amendment has been made available as of this writing, and on-going discussions are not reported. Subject ownership is considering their proposal and continues to hope to have an amended lease agreement. However, given the current state of negotiations, we have not taken into consideration any proposed amended lease terms at this time.

For the purpose of this analysis, we have estimated base rent for the RH space under the existing lease agreement, allowing for rent based on percent of sales through October 2019, followed by the establishment of fixed base rent in year four based on year three percentage rent. As discussed, sales are currently trending up at the Tivoli RH, as the tenant establishes itself in the Las Vegas market. This analysis has assumed current sales for RH in the determination of current rent based on a percent of sales. An increase in sales of between 5.0 and 10.0 percent has been assumed in 2019 for RH, supported by current trends at the subject and RH stores nationally. In November 2019, we have included a fixed base rent for RH of \$10.00 per square foot based on the terms and calculations defined in the lease agreement. While this lease rate falls below potential market levels as well as recent lease amendment negotiations with RH, our valuation has considered the lease in-place, as well as current sales reported for RH. Following the establishment of fixed rent in November 2019, base rent increases 10.0 percent every five years.

Based on current sales reported, the estimation of base rent is an important consideration within this analysis. Any investor in today's market is likely to take a conservative view of the RH lease agreement, as well as the potential to increase rent through an amended lease agreement. Current rent due to co-tenancy issues and tenant sales reported impact property revenues. Should co-tenancy not be met by the beginning of year four of the Restoration Hardware lease agreement, it would have a significant impact on fixed base rent calculations. Based on this analysis, it is imperative that leasing be completed within the Triad B retail areas. Should the terms of the co-tenancy clauses, both in terms of occupancy and named tenants, not be met as of November 2019, it will impact on our valuation conclusions herein.

As discussed, this analysis has assumed that RH will continue paying percentage rent in-lieu of base rent equal through October 2019 in accordance with the current lease agreement, followed by the establishment of fixed base rent in November 2019. Year four contract rent is to be based on total base rental revenue received in year three. According to ownership, contract rent in year four will be calculated based on year three rent assuming co-tenancy clauses have been met. Should this not be the case, and RH challenges the calculation of fixed rent in year four, revenue could be lowered, impacting this valuation.

Due to agreements with ownership, current terms of the RH lease are required to remain confidential in all reporting. Our analysis has modeled the in-place Restoration Hardware lease based on the current contract lease terms including co-tenancy and any reduced rent clauses prior to assuming fixed rent and the successful adherence of co-tenancy agreements included in the RH in-place lease agreement.

Office Tenants

As discussed, Triad A is currently improved with 187,223 square feet of lower-level, second-, third-, and fourth-story office space. Office space within Triad A is currently 83.6 percent leased. Triad B added an additional 153,923 square feet of upper-level office GLA. Based on leases signed, and LOIs included, office areas within Triad B are 79.0 percent leased.

Please refer to the previous Office Market Analysis section for a complete overview of the Las Vegas office market.

As of this writing, 31 office leases are in-place within Triads A and B, reflecting an overall office occupancy within Triads A and B of 82.1 percent. The leases included range in terms from five to ten years. Current contract rent for office leases within Triads A and B ranges from \$22.87 to \$37.20 per square foot, averaging \$32.28 per square foot. A majority of in-place office leasing falls in the \$29.00 to \$33.00 per square foot range. Office leasing at Tivoli Village is typically completed on a modified gross basis with the tenant required to reimburse ownership for expenses over a base year amount. In addition, a majority of in-place office leases include increases in base rent of 3.0 percent per annum. All in-place leases have been modeled according to their actual lease agreements.

Co-Working LOI

A noteworthy signed LOI with a national co-working tenant has been included in this analysis. The new tenant should be a significant addition to the center, and will lease the full second-floor of Building 5, and will also lease a ground level retail suite for marketing and promotional uses. The new lease is expected to be signed, with lease commencement in October 2019. The initial base rent for the co-working tenant is \$37.20 per square foot, with a tenant allowance of \$110 per square foot provided. This lease, for 43,597 square feet, has been included based on terms provided by ownership, summarized within a signed LOI. The inclusion of this agreement is considered a significant addition to the center and could impact our analysis should it not be implemented as per the terms provided.

Including all leasing across the property, the existing office leases encompass 289,010 square feet. Tenant allowances of between \$50.00 and \$110.00 per square foot have been included within leases in-place. Excluding the LOI included with the co-working tenant, an overall tenant average allowance of \$60.00 to \$65.00 per square foot is calculated. Leases within Triad B have been signed with higher tenant allowances of \$75.00 per square

foot. Free rent equal to one month per lease year has been given in several cases. Due to the competitive nature of the current office market, additional tenant concessions, including free rent, have become more common. The generally higher TI allowances have also influenced rents.

Regus Corporation

Regus Corporation leases 12,635± square feet within the third-level of Building 17, offering flexible work space to local and traveling businesses. Regus provides serviced offices, meeting rooms, and videoconferencing to clients on a contract basis. Regus is the largest provider of flexible lease space in the world, operating in 99 countries with over 1,600± business centers. Based on the lease agreement, rental payments are defined as contract rent, as well a percentage rent. According to the lease, for each month of the Term, as base rent, Regus shall pay a fixed percentage of the workstation revenue for such month, not to exceed the contract rent. For confidentiality purposes, the terms of the Regus lease have not been included, however are modeled within our analysis.

Based on current revenues, base rent for Regus has been forecasted based on a percentage of revenues, and assumes that actual contract rent will not be met/paid. Within our analysis, base rent for Regus is accounted for within overage rent. Sales/revenues for Regus are forecasted to grow 3.0 percent per annum. Over the term of the lease, percentage rent is not forecasted to reach contract rent.

Recent Office Leasing

Recent leases (since 2017) within the office areas of Triads A and B have been surveyed for additional support of market lease terms for office tenants. Eleven recent leases have been analyzed, indicating an average lease term of 6-years with an average change in rent over the term of approximately 30.0 percent. The average initial rent for recent leasing is calculated at \$32.99 per square foot per annum.

Office Tenant LOIs

In addition to in-place, signed LOIs, and recent leasing, we have considered LOIs out for negotiation with several office tenants. While not included in our analysis, the leases under negotiation offer additional support for current leasing trends at the subject property. Current office LOIs provided, as well as summarized within the Leasing Status report show proposed average office lease rates ranging from \$31.00 to \$33.00 per square foot.

Asking Office Rents

The current asking rate for office space is quoted as between \$30.00 and \$35.00 per square foot. Tenant allowances of up to \$75.00 per square foot are offered, with \$60.00 to \$70.00 per square foot most typical. Allowances towards the lower end of the range are typical with lower initial base rents. Free rent is not actively marketed, however is given on a tenant by tenant basis, typically equal to one month per lease-year.

Market Rent Comparables

A fairly complete overview of the local office market conditions has previously been presented in this report. The West Submarket and subject's local area are typically characterized by suburban 1- to 5-story buildings, with stone and glass curtain walls that are within walking distance to restaurants and other amenities and/or along the major arterials in and around Summerlin. While leasing has increased over the last 12-months, vacancy within the subject's submarket is still reported by Reis, Inc. at 16.9 percent, and by Colliers International at 11.7 percent.

We have looked to obtain actual office rent comparables that could be compared with the subject property. Due to its location and existing and proposed configuration, however, this becomes difficult, as there are realistically very few directly competitive buildings that are easily compared. With occupancy of nearly 90.0 percent within Triad A, the existing office space at Tivoli has obviously found acceptance and high demand in the local market.

The following table summarizes rental activity for comparable space in competing Class A office buildings in the Las Vegas market.

OFFICE RENT COMPARABLES															
PROPERTY INFORMATION						LEASE INFORMATION									
NO.	Property Name Address, City, State	CLASS	SIZE (NRA)	YEAR BUILT	STORIES	TENANT NAME	LEASE DATE	SIZE (NRA)	TERM (Yrs.)	INITIAL RENT/SF	RENT STEPS	LEASE TYPE	MONTHS FREE	T/SF	COMMENTS
S	Subject Property	A	336,282	2011-2016	4										
1	Hughes Center 3773 Howard Hughes Pkwy Las Vegas, NV	A	169,054	1995	5	Cosmopolitan	1/16	42,198	11.2	\$33.00	3.0% Per Annum	Base	7	\$40.00	Office lease within Hughes Center, an excellent quality multi-building office campus located east of the Las
2	Confidential Office Las Vegas, NV	A	-	-	1-3	Confidential	4/18	2,987	5.0	\$30.00	3.0% Per Annum	Base	3	\$50.00	New office lease within mixed-use center with upper-level office space.
3	Confidential Office Las Vegas, NV	A	-	-	1-3	Planning & Design	4/18	6,991	7.0	\$30.60	3.0% Per Annum	Base	5	\$35.00	New office lease for expansion space within mixed-use center with upper-level office space.
4	Hughes Center 3960 Howard Hughes Pkwy Las Vegas, NV	A	168,386	1998	9	Remark Media	3/16	38,656	8.0	\$37.20	3.0% Per Annum	Base	6	\$25.00	Office lease within Hughes Center, an excellent quality multi-building office campus located east of the Las
5	Hughes Center 3800 Howard Hughes Pkwy Las Vegas, NV	A	261,109	1987	18	Kemp Jones	1/16	14,835	3.0	\$37.20	3.0% Per Annum	Base	N/a	N/a	Office lease within Hughes Center, an excellent quality multi-building office campus located east of the Las
6	Marnell Corporate Center 6700 Via Austri Pkwy Las Vegas, NV	A	67,760	2003	3	CenturyLink	2/16	44,387	5.0	\$28.80	3.0% Per Annum	Base	3	\$12.00	Good quality low-rise office building within the south Las Vegas submarket, just south of McCarran.
7	Confidential Office Las Vegas, NV	A	-	-	1-3	Energy Co.	6/14	21,965	6.5	\$28.20	3.0% Per Annum	Base	6	\$50.00	New office lease within mixed-use center with upper-level office space. Tenant leased an additional 20,000 SF in May 2014 under same lease terms.
8	Sunset Rainbow Pavilion 6385 S. Rainbow Las Vegas, NV	A	215,940	2009	8	Payne & Fears LLP	5/16	5,005	5.5	\$31.20	3.0% Per Annum	Base	6	-	Good quality Class A office building that offers garage and surface parking. Allowance not provided.
9	One Summerlin 10973 Summerlin Centre Dr. Las Vegas, NV	A	206,289	2014	9	Fox Rothschild	1/16	11,180	5.0	\$34.80	3.0% Per Annum	Base	-	\$55.00	New construction, Class A office suites within mixed-use development. Parking is not connected to building.
10	One Summerlin 10973 Summerlin Centre Dr. Las Vegas, NV	A	209,289	2014	9	H&H Retirement	3/16	3,210	5.0	\$34.20	3.0% Per Annum	Base	-	\$34.20	New construction, Class A office suites within mixed-use development. Parking is not connected to building.
STATISTICS															
Low			67,760	1987	3		6/14	2,987	3.0	\$28.20			3	\$12.00	
High			261,109	2014	18		4/18	44,387	11.2	\$37.20			7	\$55.00	
Average			185,404	2003	9		5/16	19,141	6.1	\$32.52			5	\$37.65	

Compiled by Cushman & Wakefield, Inc.

As can be seen, the comparable leases included above show rents ranging from \$28.20 to \$37.20 per square foot per annum. The most comparable leases are considered to be leases 2, 3, 6, 7, and 8 ranging from \$28.20 to \$31.20 per square foot.

As it exists the subject office space includes a mix of more traditional office tenants including law firms, title companies, insurance providers, and investment bank and other typical office users. The subject location appears well positioned to market towards Class A suburban office users and could accommodate additional law firms, public relation businesses, health care corporations, and other users potentially looking for space in and around Summerlin.

Brokerage Opinions

Due to the complexity of the current Las Vegas office market, we have surveyed a number of brokers active in the local market to ascertain their opinions of the Tivoli Village office areas as well as realistic office rents. Those with positive opinions of the subject office space note the high quality build-out, ease of parking, and convenient location

of surrounding amenities including restaurants and the gym facilities. Potential clients noted include advertising firms, architects, doctor offices (dentists), and law firms. The upper-end of the rental range quoted by brokers with respect to Tivoli Village was between \$30.00 and \$34.00 per square foot per year (\$2.50 - \$2.83 per month). Reported negatives associated with Tivoli Village areas included the lack build-out making it difficult to show, and access to some of the space from the parking areas. The lower-end of the rental range quoted by brokers with respect to Tivoli Village was between \$28.00 and \$30.00 per year (\$2.33 - \$2.50 per month).

Office Rent Conclusion

Overall, based on our total analysis, we have utilized an initial market rental rate of approximately \$32.00 per square foot per year (\$2.67 per square foot per month) for the subject office space. This rate is supported by in-place and recent leasing, LOIs under negotiation, comparable leases, and market surveys. We have assumed rental terms of 7-years, included a tenant allowance of \$65.00 per square foot, and built-in 7 months of free rent to new leases (one month per lease year). Office rents are forecasted to increase 3.0% per annum.

Attention is also made to our lease-up and vacancy assumptions regarding the office areas. The concluded market rent, and current market conditions with the office sector locally both influence our long-term outlook.

Lease Structure

A lease typically defines the responsibilities of landlord and tenant with regard to the payment of operating expenses. The Appraisal Institute advises that the following basic distinctions can be made:

- **Gross Lease** - landlord pays all operating expenses.
- **Modified Lease** - landlord and tenant share the cost of operating expenses.
- **Net Lease** - tenant pays all operating expenses.

These terms do not always mean the same thing in all markets, and there are many variations to these common terms. As each market has different nomenclature, it is important to understand the terms that are used locally, and the resulting expense obligations that apply to both tenant and landlord.

It is essential to understand expense reimbursement clauses when determining the value of a property. Leases can include expense stops, expense caps, specific billing pools and expense exclusions. The tenant's share of the expense can be pro-rata, derived by formula, or negotiated. Below we discuss the lease structures found in the local market, as well as the structure of the leases within the subject property.

Local Market Lease Structure

In the subject's market, retail leases for this property type are typically written on a net lease basis. Under this lease structure, the tenant is obligated to pay common area maintenance charges as well as reimbursements for utilities and real estate taxes. Office lease structures vary from retail, with leases typically written on a "Modified Gross" basis, with tenants responsible for increases in expenses over a base amount established in year one.

Lease terms are generally between 5 and 10 years in length. Rent increase schedules vary, but typically include rent escalations of between 2 and 4 percent per annum, or 5-10 percent every 5 years.

Subject Property Lease Structure

The retail existing leases at the subject property are written on a net or gross lease basis. As discussed, for analysis purposes, we have reflected net lease terms within our analysis and for all new in-line leasing going forward, with restaurant tenants assumed on a gross lease basis. All office tenants have been modeled on a modified gross lease basis, consistent with current leasing at the property as well as within the market. .

At the subject property, lease terms are generally between 5 and 10 years in length. Rent increase schedules vary, with some tenants paying annual rent increases of between 2 and 4 percent, and others paying rent steps of 5 to 15 percent every 3 to 5 years. It is also noted that a number of existing leases are also written with flat rents over the term.

Market Rent Synopsis

The following chart summarizes our market rent conclusion for each tenant category in the subject property.

MARKET RENT SYNOPSIS					
TENANT CATEGORY	Retail Under 3,500 SF	Retail Over 3,500 SF	Restaurant	Triad B Retail	Office
Market Rent	\$40.00	\$36.00	\$40.00	\$38.00	\$32.00
Lease Term (years)	8	8	8	8	7
Lease Type (reimbursements)	Net	Net	Net	Net	Gross

Absorption of Vacant Space

On an overall basis, inclusive of Triads A and B, the subject is presently 76.94 percent occupied, with 154,388 square feet of vacant space in 34 tenant spaces. Leasing is inclusive of all signed agreements including several LOIs provided by ownership that are expected to be finalized in the near-term and commence in 2019.

As previously summarized, Triad A is currently 81.9 percent leased on an overall basis, with the retail areas 80.0 percent leased, and the office areas currently 83.6 percent leased. Leasing and occupancy levels reported are exclusive of tenants occupying space on a temporary basis, actual occupancy is therefore higher.

On an overall basis, Triad B is 70.2 percent leased, with the retail areas 61.3 percent leased (94,736 square feet), and the office areas 79.1 percent leased (121,688 square feet), inclusive of the LOI out with the co-working office tenant discussed earlier. Again we note that leasing reported excludes tenants occupying space on a temporary basis. In addition we note on-going negotiations with a number of tenants within Triad B including restaurants and office tenants that could lease significant areas of vacant space.

The subject property's competitive position is summarized as follows:

- The subject's location along S. Rampart Boulevard is considered good with few superior alternatives in the immediate marketplace for potential tenants to locate (aside from Downtown Summerlin).
- Property construction is of very good quality and in excellent condition.
- The center layout is considered good with improved pedestrian access across the site (Triads A and B) and the addition of a large park and fountain area within Triad B.
- Other considerations in our forecast of opening occupancy and absorption include the level of interest in terms of signed leases and negotiated LOIs, brokerage interviews, as well as market comparables from properties in which we have experience.

Absorption Conclusion

The subject property is considered to be in a good competitive position within the western Las Vegas market, near several resorts/casinos within a commercial core of retail and office uses. To forecast an absorption period for the subject, we have considered a number of factors; not the least of which is the subject's position in the market and performance, as well as the high profile nature of the center within the region. We have also considered that this is and will continue to be a well-located center, with a growing residential base, and the potential for growing retail sales. Finally, we have also considered occupancy levels within Triads A and B, as well as within the overall market. All told, with Downtown Summerlin at or near stabilization, there will be fewer comparable alternatives for

tenants in this marketplace. Therefore, we believe the subject has an adequate potential for lease-up and absorption of space. The location of a flagship Restoration Hardware Store acts as an attraction to potential tenants.

Ownership is in discussions with several potential retailers and restaurants with various stages of LOIs reported. Should negotiations continue and several leases be completed in the near-term, including for Building 16 within Triad B (11,551 SF), leasing momentum within the retail areas could begin to be realized.

Consideration has also been given to the co-tenancy agreement included within the Restoration Hardware (RH) lease. As previously summarized, following 90 days of the term of the lease, 1) at least eighty percent of the GLA of the project must be leased and occupied by non-temporary tenants; 2) at least eighty percent of the GLA of Phase 2 (Triad B) must be leased and occupied by non-temporary tenants; and 3) 8 of the named tenants must be open and operating in the project. Furthermore, the eight named tenants must cumulatively occupy at least 25,000 square feet of GLA. No more than two of the named tenants may be restaurants and no more than two of the named tenants shall occupy less than 1,000 square feet of GLA. According to the lease, "GLA" shall mean the total gross leasable area of the retail portions of the buildings. While the RH lease continues to be renegotiated and potentially amended, this co-tenancy agreement provides significant incentive to ownership to work towards lease-up of the retail areas of the property, particularly in the near-term. Ownership is confident that all co-tenancy agreements will be met before November 2019. Several significant near-term retail leases within Triad B proposed by ownership, including Building 16, could cure co-tenancy issues with RH. Given the significance of this assumption, ownership has additional motivation to market and lease-up retail space within the center.

The demographic forecasts for growth in the trade area bode well for continued demand, and the subject appears to be well-positioned to capture its fair share of this demand. The proposed development of Phase II including the addition of 300 multi-family units, combined with future completion of the adjacent Elysian Tivoli (up to 357 residential units), should increase traffic to Tivoli Village. In addition, new tenants, including the national co-working tenant expected to take the full second floor of Building 5, should provide additional daytime traffic to the property. Given the forecasts presented in the Retail and Office Market Analyses for space absorption over the next five-years, it would appear that the subject property should be capable of garnering moderate to potentially strong tenant interest in the next several years as space is absorbed, vacancy rates decline, and rental rates continue to improve. The lease-up and absorption of space at the property should follow these demand forecasts, suggesting that stabilization could be likely within 18 to 36 months.

All told, with declining comparable alternatives for retail and Class A office tenants in this immediate marketplace, we believe the subject has adequate potential for near-term lease-up and absorption of space to occupancies within the mall shop areas in the 80.0 to 85.0 percent range (currently 71.3 percent overall), excluding temporary tenants.

Taking into account the subject's current occupancy level and locational preferences of tenants within the existing center, as well as the nature of its trade area, we view the subject in-line areas as having a certain level of "permanent" vacancy that might never be occupied on a permanent basis, however would be available for specialty or temporary leasing opportunities. In all, we see the subject's long-term occupancy in the retail areas within a reasonable range of 80.0 to 85.0 percent. Accordingly, our vacancy, credit loss, and structural vacancy assumptions should amount to a level of roughly 15.0 to 20.0 percent within the mall shop areas of the center. With this in mind, we have withheld a number of in-line suites currently occupied by temporary tenants as reflecting permanent or structural vacancy.

The following chart summarizes our absorption forecast for this property.

ABSORPTION SCHEDULE

Vacant Space Name	Suite	GLA	Date	Tenant Category	Market Rent (1)	Annual
Triad A Retail	17170	1,448	Jul-19	etail Under 3,500 \$	\$40.00	\$57,920
Triad A Retail	06130	2,104	Oct-19	etail Under 3,500 \$	\$40.00	\$84,160
Triad A Retail	6110	3,044	Jan-20	etail Under 3,500 \$	\$40.00	\$121,760
Triad A Retail	08150	3,680	Jul-20	etail Over 3,500 \$	\$36.00	\$132,480
Triad A Retail	09B160	5,548	Oct-20	etail Over 3,500 \$	\$36.00	\$199,728
Triad A Retail	09B130	7,681	Jan-20	etail Over 3,500 \$	\$36.00	\$276,516
Triad B Retail	05150	1,435	Oct-19	Triad B Retail	\$38.00	\$54,530
Triad B Retail	05180	1,469	Jan-20	Triad B Retail	\$38.00	\$55,822
Triad B Retail	11120	2,520	Jan-20	Triad B Retail	\$38.00	\$95,760
Triad B Retail	11185	2,577	Apr-20	Triad B Retail	\$38.00	\$97,926
Triad B Retail	11190	2,583	Jul-20	Triad B Retail	\$38.00	\$98,154
Triad B Retail	05115	2,801	Jul-20	Triad B Retail	\$38.00	\$106,438
Triad B Retail	05190	3,479	Oct-20	Triad B Retail	\$38.00	\$132,202
Triad B Retail	05175	4,038	Oct-20	Triad B Retail	\$38.00	\$153,444
Triad B Retail	11110	4,972	Oct-20	Triad B Retail	\$38.00	\$188,936
Triad B Retail	11160	6,355	Jan-21	Restaurant	\$40.00	\$254,200
Triad B Retail	05120	11,768	Jan-21	Triad B Retail	\$38.00	\$447,184
Triad B Restaurant	16110	11,551	Apr-21	Triad B Retail	\$38.00	\$438,938
Triad A Office	10280	2,937	Oct-19	Office	\$32.00	\$93,984
Triad A Office (T)	06220	8,190	Apr-20	Office	\$32.00	\$262,080
Triad A Office	06240	19,578	Oct-20	Office	\$32.00	\$626,496
Triad B Office	11250	1,852	Jan-20	Office	\$32.00	\$59,264
Triad B Office	11260	1,975	Apr-20	Office	\$32.00	\$63,200
Triad B Office	11220	7,910	Jan-21	Office	\$32.00	\$253,120
Triad B Office	11210	16,727	Apr-21	Office	\$32.00	\$535,264
Subtotal - Lease-Up		138,222			\$35.37	\$4,889,506
Triad A Retail (T)	06120	2,310	-	etail Under 3,500 \$	-	-
Triad A Retail (T)	06150	3,246	-	etail Under 3,500 \$	-	-
Triad A Retail (T)	10140	803	-	etail Under 3,500 \$	-	-
Triad A Retail (T)	10150	3,708	-	etail Over 3,500 \$	-	-
Triad A Retail (T)	17165	1,924	-	etail Under 3,500 \$	-	-
Triad B Retail (T)	11130	2,706	-	Triad B Retail	-	-
Triad B Retail (T)	05170	1,469	-	Triad B Retail	-	-
Subtotal - Static Vacancy		16,166				
Total		154,388				

(1) Reflects current market rent, which will grow at our forecasted growth rate discussed herein.

ABSORPTION STATISTICS

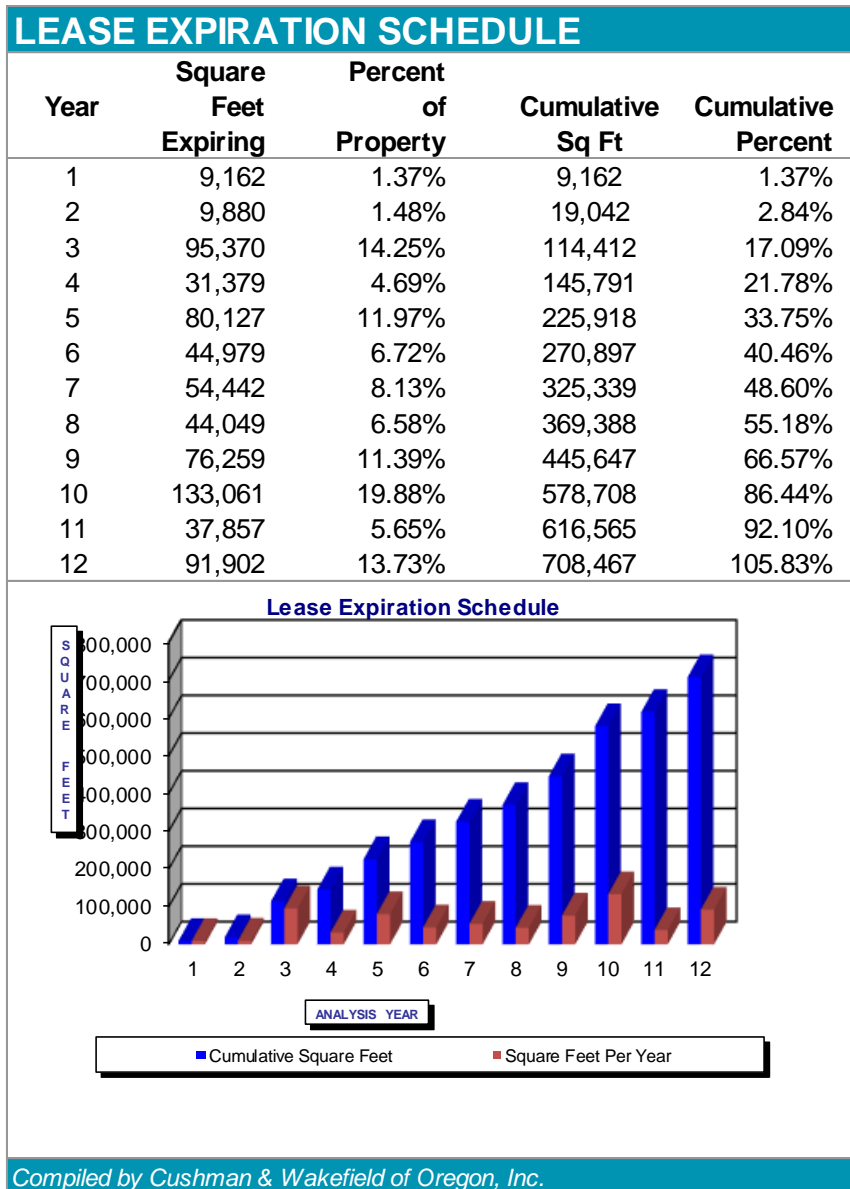
Analysis Start Date	04/01/19
Absorption Commencement	07/01/19
Absorption Completion	04/01/21
Total Absorption Period (Months)	24
Absorption Per Month (SF)	6,424

Compiled by Cushman & Wakefield of Oregon, Inc.

We forecast an absorption period of 24 months to lease this space. The market rent noted in the chart reflects a current market rent estimate. If the space is forecast to lease beyond year one of the analysis, the market rent listed above will have grown at our market rent growth rate derived in this report.

Lease Expirations

The lease expiration schedule is an important investment consideration. As leases rollover, the landlord will be required to negotiate a renewal lease with the existing tenant, or to secure a new tenant for the space. The following is the projected lease expiration schedule for this property incorporating all projected lease expirations forecast during the analysis period.



The following table provides a synopsis of the lease expiration anticipated at this property during the analysis period.

LEASE EXPIRATION ANALYSIS

Total GLA of Subject Property (SF)	669,466	100.00%
Year of Peak Expiration	10	
SF Expiring in Peak Year	133,061	19.88%
Five Year Cumulative Expirations (SF)	225,918	33.75%
Twelve Year Cumulative Expirations (SF)	708,467	105.83%

Compiled by Cushman & Wakefield of Oregon, Inc.

The most desirable scenario from a leasing risk standpoint is to have expirations spread evenly over the holding period. In reality, expirations are typically not evenly dispersed. Depending upon expectations of market performance, excessive leasing exposure can increase risk and impact discount and capitalization rates for a property.

To summarize, the average amount of space expiring annually at the subject property is approximately 59,039 square feet. However, the rollover percentage varies significantly by year, and ranges from a minimal expirations up to roughly 19.88 percent of the space late in the analysis period. A total of 105.83 percent of the leasable area expires over the holding period. This is not uncommon in multi-tenant properties and, overall, the turnover risk is considered typical for properties such as the subject.

A complete lease expiration schedule is contained in the Addenda of this report.

Co-Tenancy

A common clause in retail lease contracts which provides tenants certain rights or penalties (typically early cancellation or rent reductions) in the event a named Co-Tenant closes its store or certain occupancy thresholds are not maintained. While co-tenancy clauses are meant to protect a tenant, they can exacerbate the impact of the loss of a co-tenant or reduction in occupancy in a center. Traditionally named co-tenants have been limited to the anchor stores of a center but have expanded over the past several years to include notable inline tenants.

As part of our due diligence we requested were provided with tenant leases that include co-tenancy clauses at the subject property. In addition to actual lease agreements, we have reviewed a majority of available lease summaries previously provided by ownership which detail existing co-tenancy clauses. Based on our experience with centers similar to Tivoli Village, it is likely that a number of retail tenants may have some form of co-tenancy clause which is tied to occupancy thresholds of between 70 to 80 percent and/or the closing of one of more of the anchor or major tenant stores. Sale termination agreements, assuring minimum sales levels or the ability to terminate without penalty, typically in years 4 or 5 are also common at new centers such as the subject.

Co-tenancy clauses are common with new construction assuring tenants of a certain level of opening and sustained occupancy. Our analysis has considered the subject's current *retail* occupancy within Triad A, despite disruptions in conjunction with the completion of Triad B, as well as taking into considering current market indicators. Additional consideration has been given to retail occupancy within Triad B, which currently falls below average for a center open over 12-months, impacted by construction delays, competition, and the competitive nature of the retail environment. Overall, as with any new center requiring lease-up, co-tenancy clauses, occupancy and potential sales levels are important considerations. Owners typically include any temporary and or specialty tenant leasing within occupancy calculations. Within Triad A, any tenants that may have had the ability to exercise co-tenancy or sales termination clauses reportedly already have, and have been accounted for within our analysis. Going forward, co-tenancy and sales termination clauses will likely be written into new leases, with occupancy and sales level minimums having to be achieved between 12 and 36 months from opening. Consideration has been placed on the location of Restoration Hardware Design Store concept at Tivoli Village, and the potential future impact on leasing and retail sales at the center.

As discussed, the lease with Restoration Hardware (RH) includes a specific operating co-tenancy clause, including a minimum opening occupancy clause, as well as the requirement of several named retailers. Since these clauses were not met in the first 90-days, RH pays a reduced rent for 12-months, and has the right to vacate if the clause is not met after 12-months. Given current leasing, we have assumed RH will continue to invoke their co-tenancy clause, set to remain in-place until the retail areas are 80.0 percent occupied, including eight named tenants. Based on ownership's forecasted leasing schedule, in-place and proposed leasing, as well as our assumptions regarding absorption and lease-up of existing and proposed vacant suites, it would appear that meeting the occupancy requirements of the RH Operating Co-Tenancy Clause on or before October 2019, is possible, however still presents a risk within this analysis. As discussed, should the co-tenancy clauses not be met, the resulting reduced rent (or tenant closure) would likely have a material impact on the valuation herein.

Please review the previous discussion of the RH lease for a full discussion of the in-place co-tenancy clause. Given the significant build-out and specific requirements of the Restoration Hardware Design Gallery, and the reduced rent should the Co-Tenancy provisions not be met, barring a significant change in the regional economy, it would be unlikely that the tenant would exercise their right to vacate the property. However, the requirements included in the Co-Tenancy Clause, and the fact they are not met as of this writing, will pose additional risk to the project until fully met. Any investor in the subject will look at this issue closely, likely erring on the conservative side of any base rent and future sales increase forecast. Ownership is forecasting retail occupancy of between 80 and 85 percent by year end 2019 based on leases currently under negotiation.

While current considerations regarding the on-going co-tenancy and lease termination clauses pose significant risks at the subject, this analysis has assumed an amended lease for RH, including the elimination of co-tenancy clauses and termination rights. In addition, contract base rent will replace rent as a percent of sales, eliminating certain future risks of achieved sales. As disclosed throughout, failure to renegotiate the RH lease, including terms similar to those assumed herein, will result in a material impact on value.

Revenue & Expense Analysis

We developed an opinion of the property's annual income and operating expenses after reviewing both its historical performance and the operating performance of similar buildings. We analyzed each item of expense and developed an opinion regarding what an informed investor would consider typical.

An operating history for the property (2016-2018), a budget for 2019, and our opinion of future income and expenses are presented on the following chart, followed by an analysis of subject property's revenue and expenses.

Cushman & Wakefield, Inc. recognizes the standards defined by the CRE Finance Council as the definitive standards by which operating expense data should be analyzed. All operating statements provided by ownership have been recast to reflect these categories, which are provided in the Glossary section of this Appraisal Report. In forecasting expenses, we relied on the owner's historical statements and budgets and analyzed expense levels at competing properties. Our expense forecast is presented in the following table, followed by a discussion of each expense line item.

REVENUE AND EXPENSE ANALYSIS					SUBJECT PROPERTY							
									Cushman & Wakefield		Cushman & Wakefield	
	2016 Actual		2017 Actual		2018 Actual		2019 Budget		Year One ⁽¹⁾		Forecast ⁽²⁾	
REVENUE	Total	PSF	Total	PSF	Total	PSF	Total	PSF	Total	PSF	Total	PSF
Base Rental Revenue	\$7,186,208	\$10.73	\$9,625,821	\$14.38	\$10,342,748	\$15.45	\$12,866,595	\$19.22	\$12,578,230	\$18.79	\$19,942,329	\$29.79
Base Rent Adjustments	(\$1,279,955)	(\$1.91)	(\$1,276,644)	(\$1.91)	(\$707,230)	(\$1.06)	(\$1,864,589)	(\$2.79)	(\$1,324,868)	(\$1.98)	(\$574,863)	(\$0.86)
Percentage Rent	\$664,072	\$0.99	\$741,311	\$1.11	\$963,011	\$1.44	\$1,290,600	\$1.93	\$796,659	\$1.19	\$366,062	\$0.55
Expense Reimbursement	\$562,797	\$0.84	\$798,581	\$1.19	\$901,624	\$1.35	\$1,266,090	\$1.89	\$1,582,723	\$2.36	\$2,837,506	\$4.24
Parking Income Net	\$65,707	\$0.10	\$68,728	\$0.10	\$73,800	\$0.11	\$78,000	\$0.12	\$100,000	\$0.15	\$175,000	\$0.26
Other Income												
Storage	\$21,846	\$0.03	\$15,000	\$0.02	\$11,000	\$0.02	\$11,751	\$0.02	\$15,000	\$0.02	\$15,914	\$0.02
Signage/Branding	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Temporary Tenants	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Specialty Leasing	\$160,276	\$0.24	\$145,121	\$0.22	\$202,666	\$0.30	\$230,067	\$0.34	\$230,000	\$0.34	\$244,007	\$0.36
Miscellaneous Income	\$118,153	\$0.18	\$148,628	\$0.22	\$95,159	\$0.14	\$275,250	\$0.41	\$275,000	\$0.41	\$291,748	\$0.44
Total Other Income	\$300,275	\$0.45	\$308,749	\$0.46	\$308,825	\$0.46	\$517,068	\$0.77	\$520,000	\$0.78	\$551,669	\$0.82
POTENTIAL GROSS REVENUE	\$7,499,104	\$11.20	\$10,266,546	\$15.34	\$11,882,778	\$17.75	\$14,153,764	\$21.14	\$14,252,744	\$21.29	\$23,297,703	\$34.80
Vacancy and Collection Loss	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	(\$770,327)	(\$1.15)	(\$1,458,518)	(\$2.18)
EFFECTIVE GROSS REVENUE	\$7,499,104	\$11.20	\$10,266,546	\$15.34	\$11,882,778	\$17.75	\$14,153,764	\$21.14	\$13,482,417	\$20.14	\$21,839,185	\$32.62
OPERATING EXPENSES												
Insurance	\$280,796	\$0.42	\$535,227	\$0.80	\$476,691	\$0.71	\$379,296	\$0.57	\$380,000	\$0.57	\$403,142	\$0.60
Utilities	\$218,914	\$0.33	\$345,199	\$0.52	\$246,537	\$0.37	\$231,400	\$0.35	\$250,000	\$0.37	\$265,225	\$0.40
Repairs & Maintenance	\$1,166,107	\$1.74	\$1,901,092	\$2.84	\$2,082,003	\$3.11	\$2,062,210	\$3.08	\$2,065,000	\$3.08	\$2,190,759	\$3.27
Management Fees	\$0	\$0.00	\$0	\$0.00	\$262,500	\$0.39	\$0	\$0.00	\$337,060	\$0.50	\$545,980	\$0.82
Advertising & Marketing	\$730,666	\$1.09	\$817,384	\$1.22	\$768,745	\$1.15	\$350,321	\$0.52	\$500,000	\$0.75	\$530,450	\$0.79
Professional Fees	\$550	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$10,000	\$0.01	\$10,609	\$0.02
General & Administrative												
Administrative Fee	\$573,839	\$0.86	\$904,848	\$1.35	\$1,008,696	\$1.51	\$458,268	\$0.68	\$500,000	\$0.75	\$530,450	\$0.79
Security	\$459,399	\$0.69	\$542,044	\$0.81	\$531,004	\$0.79	\$548,964	\$0.82	\$550,000	\$0.82	\$583,495	\$0.87
Total General & Administrative	\$1,033,238	\$1.54	\$1,446,892	\$2.16	\$1,539,700	\$2.30	\$1,007,232	\$1.50	\$1,050,000	\$1.57	\$1,113,945	\$1.66
Other Expenses	\$127,185	\$0.19	\$616,299	\$0.92	\$69,261	\$0.10	\$125,400	\$0.19	\$125,000	\$0.19	\$132,612	\$0.20
Total Operating Expenses	\$3,557,456	\$5.31	\$5,662,093	\$8.46	\$5,445,437	\$8.13	\$4,155,859	\$6.21	\$4,717,060	\$7.05	\$5,192,722	\$7.76
Real Estate Taxes	\$708,562	\$1.06	\$1,126,616	\$1.68	\$1,654,871	\$2.47	\$1,470,258	\$2.20	\$1,500,000	\$2.24	\$1,591,350	\$2.38
TOTAL EXPENSES	\$4,266,018	\$6.37	\$6,788,709	\$10.14	\$7,100,308	\$10.61	\$5,626,117	\$8.40	\$6,217,060	\$9.29	\$6,784,072	\$10.13
NET OPERATING INCOME	\$3,233,086	\$4.83	\$3,477,837	\$5.19	\$4,782,470	\$7.14	\$8,527,647	\$12.74	\$7,265,357	\$10.85	\$15,055,113	\$22.49

* Ownership expense in 2018 reflects partial year former third party agreement, no longer in-place.

(1) Fiscal Year Beginning: April 1, 2019

(2) Stabilized Year Beginning: April 1, 2021

Compiled by Cushman & Wakefield of Oregon, Inc.

Discussion of Revenue Items

We analyzed each revenue item in making our forecast, with our conclusions summarized on the previous table. In most cases, our forecast is well supported by the historical or budget information. However, in some cases, further clarification is provided in the following:

Base Rental Revenue

Years	PSF	Totals
2016 Actual	\$10.73	\$7,186,208
2017 Actual	\$14.38	\$9,625,821
2018 Actual	\$15.45	\$10,342,748
2019 Budget	\$19.22	\$12,866,595
Cushman & Wakefield - Year One	\$18.79	\$12,578,230

The projected base rental revenue for year one of our analysis is an amalgamation of various factors including contractual rents and increases, base rent that is generated by vacant space as it is absorbed, as well as rent that is lost/generated for leases expiring in the first year, weighted by our rollover assumptions.

Ownership's budgeted revenue for 2019 assumes several new office and retail leases, including lease-up and openings that may commence prior to our year one forecast. Overall, ownership's lease-up forecast is somewhat more aggressive than the assumptions concluded herein, resulting in higher budgeted revenues for 2019.

Base rental revenue is comprised of actual contract rent from existing leases, and potential rent that can be generated by vacant or rollover space.

Base Rent Adjustments

Years	PSF	Totals
2016 Actual	(\$1.91)	(\$1,279,955)
2017 Actual	(\$1.91)	(\$1,276,644)
2018 Actual	(\$1.06)	(\$707,230)
2019 Budget	(\$2.79)	(\$1,864,589)
Cushman & Wakefield - Year One	(\$1.98)	(\$1,324,868)

Base rent adjustments are comprised of straight line rent, free rent, and other rent that can be generated by vacant or rollover space.

Percentage Rent

In addition to minimum base rent, many tenants at the subject property have contracted to pay a percentage of their gross annual sales over a pre-established base amount as overage rent. Many leases have a natural breakpoint although a number have stipulated breakpoints. The average overage percentage for small space retail tenants is in a range of 5.0 to 6.0 percent, with food court and kiosk tenants generally at 8.0 to 10.0 percent. Anchor tenants typically have the lowest percentage clauses with ranges of 1.5 to 3.0 percent being common.

Traditionally, it takes a number of years for a retail center to mature and gain acceptance before generating any sizable percentage income. As a center matures, the level of overage rents typically becomes a larger percentage of total revenue. It is a major ingredient protecting the equity investor against inflation.

In the Retail Market Analysis section of this report, we discussed the subject's actual historic performance as well as the historic sales levels at other competitive retail projects. Because of the dynamics of the economy and marketplace, it is difficult to predict with accuracy what sales will be on an individual tenant level. As such, we employed the following methodology for this analysis:

- For existing tenants who report sales, we generally forecast that sales will continue at our projected sales growth rate as discussed herein.
- For tenants who do not report sales or who do not have percentage clauses, we assumed that a non-reporting tenant will always occupy that particular space.
- For new tenants, we have not projected any overage rent.

Generally, our experience has shown that a significant number of tenants will be into a percentage rent situation by at least the mid-point of their lease. Obviously this will vary depending on the tenant's sales productivity, percentage clause, breakpoint and lease structure.

Years	PSF	Totals
2016 Actual	\$0.99	\$664,072
2017 Actual	\$1.11	\$741,311
2018 Actual	\$1.44	\$963,011
2019 Budget	\$1.93	\$1,290,600
Cushman & Wakefield - Year One	\$1.19	\$796,659

Tenants of the subject property are contracted to pay a percentage of their gross annual sales over a pre-established base amount as overage rent. Many leases have a natural breakpoint although a number have stipulated breakpoints.

The majority of percentage rent at the subject property is currently generated by tenants paying percentage rent in-lieu of base rent. The largest contributors to percentage rental revenue are RH and Regus. Our analysis falls below ownership's budget due to several factors, the largest is the assumption the RH will move to contract rent in beginning November 2019, reducing percentage rent at the center, increasing base minimum rent. Ownership's budget includes percentage rent for RH throughout 2019.

Expense Reimbursement

The contractual lease obligations of the tenants specify that certain operating expenses are reimbursed to the landlord. Contract reimbursements at the subject property include Common Area Maintenance, Marketing, and, Real Estate Taxes.

Common Area Maintenance & Real Estate Taxes

Under many existing leases, retail tenants pay their pro-rata share of the CAM expense, plus an administrative fee of 15.0 percent. CAM recoveries are based on occupied retail areas, with a floor of 80.0 percent. For the purpose of expense reimbursements, ownership allocates common area expenses between the retail and office areas. In addition, many retail tenants reimburse ownership for their pro-rata share of the real estate tax expense. A number of existing retail tenants are on gross lease agreements with the tenant responsible for base and

percentage rent only. Office tenants at the property pay an expense reimbursement based on the increase in CAM and tax expenses over a base/fixed amount.

Marketing & Promotion

A number of tenants at the subject reimburse ownership a minimal fee towards marketing and promotion. Leases can include fixed charges (annually or per square foot) for tenants to reimburse for marketing expenses. Going forward, we have assumed an increase in marketing reimbursements following the lease-up of Triad B.

The following table presents a summary of total expense reimbursements at Tivoli Village.

Years	PSF	Totals
2016 Actual	\$0.84	\$562,797
2017 Actual	\$1.19	\$798,581
2018 Actual	\$1.35	\$901,624
2019 Budget	\$1.89	\$1,266,090
Cushman & Wakefield - Year One	\$2.36	\$1,582,723

Parking Income Net

Years	PSF	Totals
2017 Actual	\$0.10	\$68,728
2018 Actual	\$0.11	\$73,800
2019 Budget	\$0.12	\$78,000
Cushman & Wakefield - Year One	\$0.15	\$100,000

The majority of parking income is derived from office tenants, paying for additional spaces within the garage. Our projection for Parking Income Net is consistent with the historical trend for this revenue, and is assumed to increase following continued lease-up within the office areas.

Total Other Income

Years	PSF	Totals
2016 Actual	\$0.45	\$300,275
2017 Actual	\$0.46	\$308,749
2018 Actual	\$0.46	\$308,825
2019 Budget	\$0.77	\$517,068
Cushman & Wakefield - Year One	\$0.78	\$520,000

Other revenue is generated by storage revenues, specialty leasing and miscellaneous revenues. It is noted that ownership includes specialty lease revenue from temporary tenants in base rental revenue, thereby reducing their budgeted other income.

Vacancy and Collection Loss

Vacancy and collection loss is a function of the interrelationship between absorption, lease expiration, renewal probability, estimated downtime between leases, and a collection loss factor based on the relative stability and credit of the subject's tenant base. Earlier in the report we discussed the vacancy rates for the market in which the subject property is located. We also discussed the subject's occupancy level, which conversely represents its current vacancy level. The following are key statistics that we considered in projecting the appropriate vacancy and collection loss for the subject property.

VACANCY ANALYSIS		
Vacancy Statistics	Rate	Building Class and Market
Current Overall Vacancy at Subject Property	23.1%	Based on leases in place as of appraisal date
Current Overall Retail Vacancy at Subject Property	28.7%	Based on leases in place as of appraisal date
Current Overall Office Vacancy at Subject Property	17.0%	Based on leases in place as of appraisal date
Historical Overall Vacancy at Subject Property	10.0%-35.0%	5- year average (including Triad A only)
Historical Retail Vacancy at Subject Property	14.0%-30.0%	5-year average (including Triad A only)
Historical Office Vacancy at Subject Property	3.0% - 40.0%	5-year average (including Triad A only)
Regional Retail Vacancy Statistics	13.4%	Reis, Inc. - Las Vegas Regional Vacancy
Local Vacancy Statistics	12.4%	Reis, Inc. - Submarket Vacancy
Regional Office Vacancy	13.4%	Colliers International - Las Vegas Regional Vacancy
Local Vacancy Statistics	11.9%	Colliers International - Submarket Vacancy
Competitive Property Vacancy Statistics	8.0%	Comparable Shopping Centers - Competitive Set

Compiled by Cushman & Wakefield of Oregon, Inc.

Based on the historical occupancy of the subject, the current vacancy in the market, and our perception of future market vacancy, we projected a global retail stabilized vacancy rate of 7.0 percent. We also deducted a collection loss of 1.0 percent. Total (stabilized) retail vacancy and collection loss is equal to 8.0 percent. Stabilized vacancy is in addition to static vacancy included within the retail areas. As previously summarized, static vacancy is equal to 16,166 square feet, or between 6.0 and 7.0 percent of retail GLA.

For RH, we modeled the cash flow to allow for an override rate for vacancy and collection loss. The major tenant override rate for the general vacancy rate is 1.0 percent, and for collection loss is 1.0 percent. Based on current office occupancy at the subject, and taking into consideration office rents within the regional and local market, we projected a global office stabilized vacancy rate of 9.0 percent. We also deducted a collection loss of 1.0 percent. Total office vacancy and collection loss is equal to 10.0 percent.

Discussion of Expenses

We analyzed each expense item in making our forecast, with our conclusions summarized on the previous table. In most cases, our forecast is well supported by the historical information and total budgeted expense provided. However, in some cases, further clarification is provided in the following tables:

Insurance

Property insurance expenses include coverage for general liability and loss or damage to the property caused by fire, lightning, vandalism malicious mischief, additional perils fire, extended coverage and owner's liability coverage.

Years	PSF	Totals
2016 Actual	\$0.42	\$280,796
2017 Actual	\$0.80	\$535,227
2018 Actual	\$0.71	\$476,691
2019 Budget	\$0.57	\$379,296
Cushman & Wakefield - Year One	\$0.57	\$380,000
Cushman & Wakefield - Stabilized Year	\$0.60	\$403,142

Utilities

This expense category includes expenses for fuel, gas, electricity, water and sewer, trash removal and other utilities. Utilities are generally property specific and vary considerably from property to property in the subject's market based on the utilities paid by the tenant and the owner, and the efficiency of the HVAC systems. Therefore, we considered on the subject's actual historical expenses.

Years	PSF	Totals
2016 Actual	\$0.33	\$218,914
2017 Actual	\$0.51	\$345,199
2018 Actual	\$0.37	\$246,537
2019 Budget	\$0.34	\$231,400
Cushman & Wakefield - Year One	\$0.37	\$250,000
Cushman & Wakefield - Stabilized Year	\$0.39	\$265,225

Repairs & Maintenance

This expense category includes all expenses incurred for general repairs and maintenance, including HVAC, electrical, plumbing, safety systems, roads and grounds, and pest control/exterminating. This expense category also typically includes all outside maintenance service contracts and the cost of maintenance and repairs supplies. The subject's expense is detailed in the following table:

Years	PSF	Totals
2016 Actual	\$1.73	\$1,166,107
2017 Actual	\$2.82	\$1,901,092
2018 Actual	\$3.09	\$2,082,003
2019 Budget	\$3.06	\$2,062,210
Cushman & Wakefield - Year One	\$3.07	\$2,065,000
Cushman & Wakefield - Stabilized Year	\$3.25	\$2,190,759

Management Fees

Based on the documents provided, ownership does not include a separate expense for third party management of the property.

Typical management fees for similar shopping centers range from 3.0 to 5.0 percent of minimum and percentage rents depending upon size of center. Alternatively, a fee of 2.0 to 4.0 percent of effective gross income appears

typical. Moreover, we see that management fees (in regional retail centers) are often sensitive as a cost per square foot of mall shop GLA. In centers with above average revenue, sales, and high profile leasing, it is not uncommon for management estimates to fall below typical averages.

Given the characteristics of the subject property, coupled with the fact that we are separately accounting for leasing commissions, we have looked toward an annual cost of managing the subject property at a rate of 2.50 of effective gross income.

Our estimate is believed to be reflective of a typical management agreement with a firm in the business of providing professional management services. The amount we have projected is generally considered typical for a retail complex of this size and productivity. We would also note that management fees should be sensitive to cost as a rate per square foot GLA. Our projection has taken this into account.

Ownership has reported a management expense of \$260,000 as part of their 2018 statement. It is noted that this expense consists of a partial year payment, and the third-party management agreement is no longer in place. No management expense has been provided in other years or within the 2019 budget.

Years	PSF	Totals
2016 Actual	\$0.00	\$0
2017 Actual	\$0.00	\$0
2018 Actual	\$0.39	\$262,500
2019 Budget	\$0.00	\$0
Cushman & Wakefield - Year One	\$0.50	\$337,060
Cushman & Wakefield - Stabilized Year	\$0.82	\$545,980

Advertising & Marketing

This expense category includes expenses related to advertising, promotion, sales, and publicity and all related printing, stationary, artwork, magazine space, internet/web site, broadcasting, and postage related to marketing.

Years	PSF	Totals
2016 Actual	\$1.09	\$730,666
2017 Actual	\$1.21	\$817,384
2018 Actual	\$1.14	\$768,745
2019 Budget	\$0.52	\$350,321
Cushman & Wakefield - Year One	\$0.74	\$500,000
Cushman & Wakefield - Stabilized Year	\$0.79	\$530,450

Ownership's budgeted expense for Advertising and Marketing is equal to 46% of the 2018 actual expense, and 43% of the 2017 expense. While ownership works to reduce costs, including seasonal marketing events, the year one advertising and marketing expense of \$500,000 takes into consideration historical expenses as well as the continuing competitive retail and office landscape within the regional market.

Professional Fees

This expense category includes professional fees and other general administrative expenses and services needed to operate the property, such as telephone, legal, audit and accounting, and other miscellaneous office supplies and expenses. The subject's expense is detailed in the following table:

Years	PSF	Totals
2016 Actual	\$0.00	\$550
2017 Actual	\$0.00	\$0
2018 Actual	\$0.00	\$0
2019 Budget	\$0.00	\$0
Cushman & Wakefield - Year One	\$0.01	\$10,000
Cushman & Wakefield - Stabilized Year	\$0.02	\$10,609

General & Administrative

This expense category includes general administrative expenses and services needed to operate the property, including security and administrative expenses such as on-site salaries, telephone, legal, audit and accounting, and other miscellaneous office supplies and expenses.

Years	PSF	Totals
2016 Actual	\$1.53	\$1,033,238
2017 Actual	\$2.15	\$1,446,892
2018 Actual	\$2.29	\$1,539,700
2019 Budget	\$1.50	\$1,007,232
Cushman & Wakefield - Year One	\$1.56	\$1,050,000
Cushman & Wakefield - Stabilized Year	\$1.65	\$1,113,945

Other Expenses

This expense category includes other expenses and services needed to operate the property, such as non-reimbursable, legal, audit and accounting, and other miscellaneous expenses, not already included in any of the above expense line items. The subject's expense is detailed in the following table:

Years	PSF	Totals
2016 Actual	\$0.19	\$127,185
2017 Actual	\$0.92	\$616,299
2018 Actual	\$0.10	\$69,261
2019 Budget	\$0.19	\$125,400
Cushman & Wakefield - Year One	\$0.19	\$125,000
Cushman & Wakefield - Stabilized Year	\$0.20	\$132,612

As shown, our year one expense falls \$109,412 below ownerships actual expense for 2017. According to ownership, significant levels of the other expense consists of contingency/non-operating expenses. Our analysis has considered historical levels reported between 2015 and 2016.

Real Estate Taxes

A complete discussion of taxes for the subject property is included in the Real Property Taxes and Assessments section of this report. The subject's expense is supported by actual tax bills for 2017-18, detailed in the following table:

Years	PSF	Totals
2016 Actual	\$1.06	\$708,562
2017 Actual	\$1.68	\$1,126,616
2018 Actual	\$2.47	\$1,654,871
2019 Budget	\$2.19	\$1,470,258
Cushman & Wakefield - Year One	\$2.24	\$1,500,000
Cushman & Wakefield - Stabilized Year	\$2.38	\$1,591,350

Operating Expense Conclusion

We thoroughly analyzed the subject's expense history, owner's budget and expense comparables to make our projections. We forecast total operating expenses for the subject property (excluding real estate taxes) to be \$5,192,722, equating to \$7.76 per square foot in the first stabilized year (year three). The operating expenses (excluding real estate taxes) projected for the subject property reflect an operating expense ratio at stabilization of 23.78 percent of effective gross income.

Years	PSF	Totals
2016 Actual	\$5.31	\$3,557,456
2017 Actual	\$8.46	\$5,662,093
2018 Actual	\$8.13	\$5,445,437
2019 Budget	\$6.20	\$4,155,859
Cushman & Wakefield - Year One	\$7.05	\$4,717,060
Cushman & Wakefield - Stabilized Year	\$7.76	\$5,192,722

In order to check the reasonableness of this expense projection, we have looked at expenses at other large regional retail centers. The following chart presents a summary of comparable expenses at other regional shopping malls and specialty centers. As can be seen total expenses (net of real estate taxes) generally range from roughly \$4.15 to \$73.61 per square foot, with an overall average of approximately \$17.64 per square foot. As a percentage of EGI total expenses range from 10.84 to 74.77 percent with an overall average of 28.41 percent.

OPERATING EXPENSE COMPARABLES								
Region	Surveyed	Total Expense Per Sq. Ft.			Expenses Percent of EGI			
		Min	Max	Avg	Min	Max	Avg	
California & West	26	\$ 8.23	\$ 73.61	\$ 23.45	12.39%	41.27%	23.94%	
Great Lakes	14	\$ 6.65	\$ 21.04	\$ 12.84	12.34%	69.18%	32.18%	
Mid-Atlantic	25	\$ 5.60	\$ 36.94	\$ 16.15	18.49%	64.10%	32.86%	
Northeast	11	\$ 10.61	\$ 24.70	\$ 18.05	15.60%	74.77%	32.29%	
Northwest & Great Plains	16	\$ 4.15	\$ 24.28	\$ 14.17	10.84%	36.12%	25.98%	
Southeast	19	\$ 6.73	\$ 44.11	\$ 18.07	15.32%	39.94%	27.42%	
Southwest & South Central	20	\$ 4.42	\$ 32.52	\$ 14.68	14.33%	49.24%	26.30%	
Total Survey	134	\$ 4.15	\$ 73.61	\$ 17.64	10.84%	74.77%	28.41%	

Income and Expense Pro Forma

The following chart summarizes our opinion of income and expenses for year three, which is the first stabilized year in this analysis. Year three is analyzed for the purpose of valuation of the subject via Direct Capitalization.

SUMMARY OF REVENUE AND EXPENSES

Stabilized Year For Direct Capitalization:		Year Three		
REVENUE		Annual	\$/SF	% of EGI
Base Rental Revenue		\$19,942,329	\$29.79	
Base Rent Adjustments		(\$574,863)	(\$0.86)	
Percentage Rent		\$366,062	\$0.55	
Expense Reimbursement		\$2,837,506	\$4.24	
Parking Income Net		\$175,000	\$0.26	
Other Income		\$551,669	\$0.82	
POTENTIAL GROSS REVENUE		\$23,297,703	\$34.80	
Vacancy and Collection Loss		(\$1,458,518)	(\$2.18)	
EFFECTIVE GROSS REVENUE		\$21,839,185	\$32.62	100.00%
OPERATING EXPENSES				
Insurance		\$403,142	\$0.60	1.85%
Utilities		\$265,225	\$0.40	1.21%
Repairs & Maintenance		\$2,190,759	\$3.27	10.03%
Management Fees		\$545,980	\$0.82	2.50%
Advertising & Marketing		\$530,450	\$0.79	2.43%
Professional Fees		\$10,609	\$0.02	0.05%
General & Administrative		\$1,113,945	\$1.66	5.10%
Other Expenses		\$132,612	\$0.20	0.61%
Total Operating Expenses		\$5,192,722	\$7.76	23.78%
Real Estate Taxes		\$1,591,350	\$2.38	7.29%
TOTAL EXPENSES		\$6,784,072	\$10.13	31.06%
NET OPERATING INCOME		\$15,055,113	\$22.49	68.94%

Compiled by Cushman & Wakefield of Oregon, Inc.

Operating Expense Ratios—Test Of Reasonableness

As a test to the reasonableness of income and expense levels at the property, we also looked at operating expense ratios for retail portfolios, as well as competing properties, in order to support the projections utilized. With an operating expense ratio of 31.06 percent (stabilized year three), the subject reflects a fairly typical level of expenses as compared to operating income. The following table presents a summary of operating expense levels for a number of retail REITs and publicly traded companies:

PORTFOLIO OPERATING ANALYSIS - YEAR END 2018										
Company/REIT	No. of Mall Properties	Total Mall GLA (000)	Average Occupancy	Average Rent/SF	Comparable Mall shop Sales/SF	Operating Revenues (\$000)	Operating Expenses (\$000)¹	Operating Expense Ratio	Percentage Rent (\$000)	Percentage Rent to Operating Revenue
Brookfield Property REIT Inc.*	124	119,029	96.5%	\$78.39	\$746	\$2,064,034	\$956,854	46.36%	\$29,659	1.44%
Simon Property Group	107	120,701	95.9%	\$54.18	\$661	\$5,657,919	\$1,281,158	22.64%	\$162,189	2.87%
Macerich Company, The	47	46,756	95.4%	\$59.09	\$726	\$960,351	\$400,373	41.69%	\$17,569	1.83%
CBL & Associates	63	52,113	92.1%	\$32.59	\$377	\$858,557	\$305,911	35.63%	\$11,759	1.37%
Pennsylvania REIT	21	17,613	96.0%	\$60.32	\$510	\$362,400	\$141,232	38.97%	\$4,291	1.18%
Taubman Centers	23	11,879	94.6%	\$57.51	\$824	\$640,870	\$259,831	40.54%	\$16,670	2.60%
Washington Prime Group (Glimcher)	55	43,632	92.8%	\$27.81	\$377	\$723,305	\$250,783	34.67%	\$9,313	1.29%

Footnotes

¹ Excludes General & Admin expense, depreciation, interest, and home office costs

*Percentage rent and miscellaneous revenue for Westfield America are not available

Source: Annual 10K filings and various analyst reports.

As shown, the OERs (operating expenses ÷ operating income) reported by public companies reflect a range of 22.64 percent to 46.36 percent, with an overall average of approximately 37.22 percent. The subject's operating

expense ratio falls below averages cited due to its open air layout when compared with enclosed centers included in the survey of REITS nationally.

Investment Considerations

The U.S. economy continued to demonstrate strength throughout 2018. The U.S. real gross domestic product (GDP) grew at a stronger than expected 2.6 percent annual rate in the fourth quarter, marking the strongest year for economic growth since 2005. Underlying this widespread strength is an economy that is firing on almost all cylinders—from robust private investment activity to fiscal stimulus and even a moderate expansion in trade activity.

Gains in nonfarm payrolls in 2018 exceeded those of 2017, with roughly 2.7 million new jobs added. The unemployment rate ended 2018 at 3.9 percent, down 20 basis points from a year ago. In December, there were 7.3 million open jobs – a record high and far above the 6.3 million unemployed people. This marks the fourth consecutive quarter that job openings in the labor market have exceeded the number of unemployed persons. The National Federation of Independent Businesses reported that the proportion of small businesses with at least one position they are having a hard time filling jumped to a record 39.3 percent. This dearth of available workers continues to manifest in labor shortages across markets and across sectors, ultimately pressuring firms to increase wages. The Employment Cost Index for private sector wages and salaries—the most reputable source for wage data—rose 3.0 percent year-over-year in both the third and fourth quarter of 2018. This is the fastest rate of wage growth observed since the second quarter of 2008.

Further considerations include:

- Employment in the key office-using sectors (financial, professional and business services and information) averaged 47,300 per month in fourth quarter 2018. Despite trade tensions, manufacturing is still adding jobs. Total employment in industrial related sectors (warehouse, transportation and manufacturing) increased by 119,000 in the fourth quarter, with manufacturing accounting for 76,000 jobs added. Industrial employment over the past year totaled roughly 476,300 jobs added, among the largest 12-month increase since the mid-1990s.
- U.S. commercial real estate investment activity rose in 2018 to a level only topped by sales volume recorded in 2007. Furthermore, global sales volume set an all-time record high for the year. U.S. sales activity in the fourth quarter increased at a double-digit pace from a year prior, and was almost \$3 billion higher than the third quarter 2018 total. There is an abundance of ready capital as well as willing investors, as such U.S. deal volume is expected to remain at high levels in 2019.
- Global stock and bond markets are experiencing wild up's and down's, particularly in late 2018. Though price corrections and volatility are not uncommon, it does bear close watching due to high valuations, wealth-effect links and implications for capital flows.
- The Federal Reserve raised interest rates four times in 2018, pushing the short-term interest rates to 2.25 to 2.50 percent, still low by historical standards. The consensus was that the Fed would raise interest rates three to four times in 2019 in order to shrink the balance sheet. However, in the January and February meetings the Fed stated that it won't raise rates any time soon, citing uncertainties in the market. In addition, inflation remains tame. The consumer price index declined 0.1 percent in December, largely because of the steep decline in oil prices during the fourth quarter. Excluding the volatile energy and food categories, consumer prices at the end of 2018 were 2.2 percent above year-earlier levels, right where the Federal Reserve wants inflation.
- As a new policy-making environment has descended upon Washington, there is some uncertainty about what specific legislative priorities will prevail over the coming years. Immediate concerns surround the domestic political environment that led to the longest government shutdown in U.S. history in January 2019. However, tailwinds from fiscal stimulus—both tax cuts and certain tax changes, as well as increased federal spending—will continue to buttress GDP growth. Economic, job and wage growth are likely to remain firm in 2019.

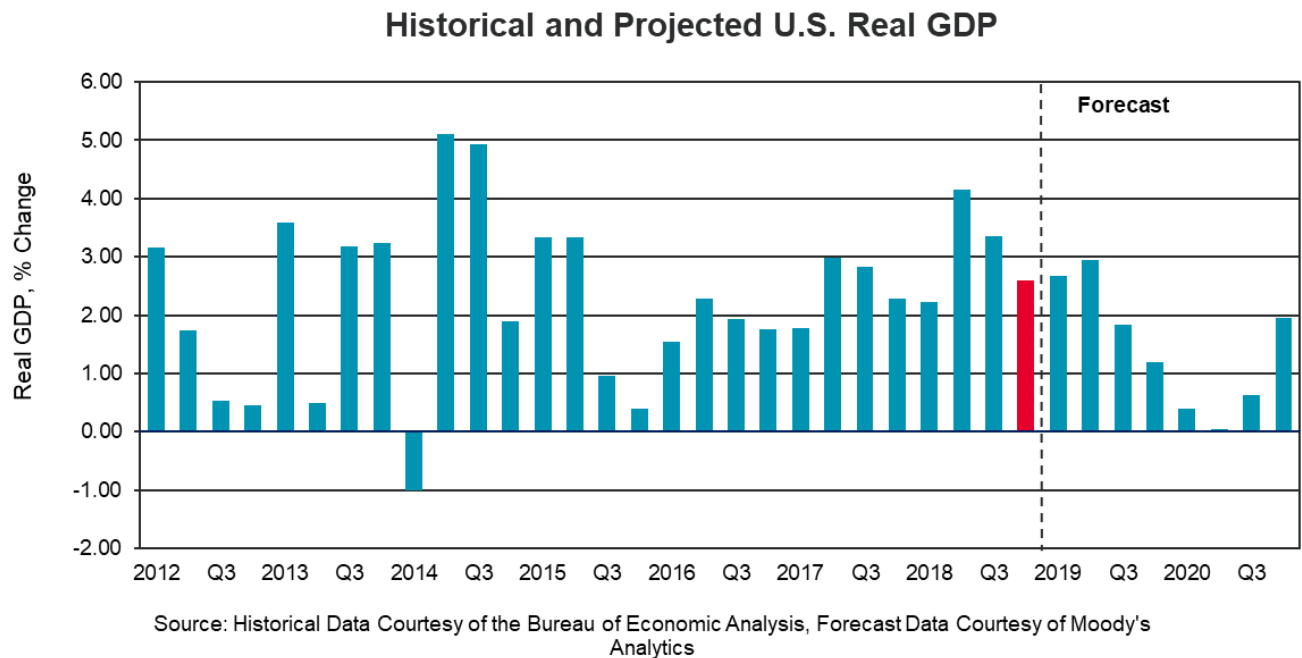
- Progress will be tempered by slowing global growth, and possibly by growing trade tensions. Uncertainty around Brexit and fears of a broader global economic slowdown have many investors proceeding with caution. Trade tensions remain high, particularly between the U.S. and China, and a full-blown trade war cannot be ruled out.
- Consumer confidence has taken a hit in early 2019. The University of Michigan's preliminary estimate of consumer sentiment for January dropped sharply from December to its lowest reading since October 2016. This may be a reflection of the uncertainty being generated by the partial government shutdown.
- Consumer spending unexpectedly plunged in December, the largest decline in a decade, largely due to falling gas prices. Sales at gas stations fell 5.1 percent in December. However, almost every type of store saw sales drop. December did record a strong holidays sales period and strong employment growth for the quarter as a whole. Consumer spending did grow 2.8 percent in the fourth quarter – behind on an annual and quarterly basis.

Economic Conditions

The current U.S. economic expansion cycle is over nine years old, and is by general consent a strong economy and getting stronger. Despite this, interest rates, which help determine the cost of borrowing money for investments, have lingered near historic lows since the 2008 recession. Interest rates went unchanged through to December 2015, when the Federal Reserve increased the rate for the first time in almost a decade. The initial rate hike was miniscule and the action was just the first step in what will likely be a very lengthy process of monetary policy normalization. It reflected the consensus that a solid foundation was propelling the economic expansion. Consistent with its past communications, the Federal Reserve did not immediately vote to raise the rate, rather waited for the effects of the global headwinds to dissipate before further normalization. In December 2016, the Federal Reserve raised its interest rates by a quarter of a point, to a range between 0.50 and 0.75 percent, and has since increased seven more times, each by 0.25 points. The current range is between 2.25 and 2.50 percent following the most recent hike in December 2018.

All signs in the economy point to continued growth over the near-term. And with inflation firming, it is expected that the Federal Reserve will continue to raise interest rates throughout 2019. However, the Federal Reserve's January and February 2019 meeting, it was stated that the Fed would be "patient" about changing interest rates, marking a shift from earlier statements that suggested further gradual hikes. Central banks are gradually scaling back stimulus but monetary policy remains highly accommodative and supports continued growth in real estate demand.

The following graph displays historical and projected U.S. real GDP percent change (annualized on a quarterly basis) from first quarter 2012 through fourth quarter 2020 (red bar highlights the most recent quarter available - 18Q4):



Further points regarding current economic conditions are as follows:

- The U.S. real GDP has been expanding since June 2009 and is the second-longest streak of its kind in U.S. history. The longest streak ran 120 months from March 1991 to March 2001. Fourth quarter GDP grew 2.6 percent, pushing the GDP growth rate for 2018 to 3.1 percent. Economists forecast continued economic expansion through 2020, though growth may ebb in 2019 as the fiscal boost from the tax cuts eventually fade. The National Association for Business Economics forecasts 2.7 percent GDP growth in 2019 and the Urban Land Institute's annual forecast survey expects the economy to grow 1.7 percent in 2020.
- Commercial and multifamily mortgage loan originations increased 14.0 percent in fourth quarter 2018 when compared to the same period in 2017, according to the Mortgage Bankers Association's Quarterly Survey of Commercial/Multifamily Mortgage Banker. An increase in originations for health care, multifamily and industrial products led to the overall increase in lending volumes.
- Commercial mortgage-backed securities (CMBS) have been spurred by measured investment sales activity and stable credit spreads. Commercial Mortgage Alert data indicates that U.S. CMBS issuance in 2018, at \$76.9 billion, was 12.4 percent lower when compared to CMBS issuance in 2017. Issuance fell sharply in the final quarter of 2018 due to market volatility.

U.S. Real Estate Market Implications

The commercial real estate market's sales volume reached \$526.2 billion in 2018, 16.2 percent above sales volume in 2017. Deal volume in 2018 is at its second-highest level on record, according to Real Capital Analytics. One of the strongest parts of the market in 2018 was entity-level transactions. The high water-mark for entity-level deal activity in this cycle had been 2015, when such M&A type deals came in at \$63.5 billion for the year. Preliminary figures suggest that these deals were nearly \$5 billion higher in 2018 and represented roughly 12.0 percent of all volume for the year. However, the sale of individual assets was challenged in fourth quarter 2018, particularly into December, with preliminary figures suggesting individual asset sales was flat relative to fourth quarter 2017. The trends for prices were relatively unchanged in the final quarter of 2018 despite the lower-than-normal pace of deal activity. Cap rates were mostly flat even with the volatility in the financial markets. This volatility may well explain the changes in deal volume.

According to PricewaterhouseCoopers (PwC) Real Estate Investor Survey, there is mixed sentiment with regard to buying, selling, or holding properties across the survey's markets. Most participants believe that holding assets in the best position for the year ahead (46.0 percent) while the remainder is divided between selling (36.0 percent) and buying (18.0 percent). In addition, average cap rates for all property types decreased in 13 survey markets, increased in 13, and held steady in eight over third quarter 2018, according to the PwC Real Estate Investor Survey for fourth quarter 2018. Although quarterly shifts are diverse, surveyed investors expect overall cap rates to hold steady over the next six months.

Notable points for the U.S. real estate market include:

- Deal volume in 2018 for the six largest metros grew 16.0 percent on a year-over-year basis while deal volume in secondary and territory markets increased 12.0 percent and 18.0 percent, respectively, over the same period. The strongest numbers for the quarter came from the hotel sector, where volume was up 50.0 percent on a year-over-year basis. In addition, the retail, industrial and apartment markets each posted double digit annual growth in deal volume for the year.
- Increasingly higher interest rates will create a mix of headwinds and tailwinds for commercial real estate as rising capital costs can be offset by stronger net operating income (NOI) growth. Be that as it may, Real Capital Analytics are reporting that despite interest rates increases, there are no signs yet of escalating cap rates.
- The majority of participants in the PwC Real Estate Investor Survey believe that current market conditions are neutral in the national net lease market – while 29.0 percent said market conditions favor sellers and 14.0 percent answered conditions favor buyers. This sentiment has shifted from three years ago when investors unanimously viewed this market as favoring sellers.
- Cap rates declined six basis points and seven basis points in the National Warehouse and National Apartment markets, respectively, in fourth quarter 2018, according to PwC Real Estate Investor Survey. At 7.46 percent, the Chicago office market's overall cap rate is the highest of any market in fourth quarter 2018, while the Manhattan office market, at 4.7 percent, has the lowest cap rate. Overall, CBD markets reported lower cap rates than their suburban counterparts and are considered lower investment risks.

The following graph compares national transaction volume by property from 2008 through 2018:



Conclusion

The latest string of stock market volatility notwithstanding, economic conditions in the U.S. are among the strongest levels experienced throughout this cycle. Given the correlation between the economy and property markets, values are expected to climb in most markets/product types as the expansion continues. The industry has been powered by strong business investment and sustained improvements in the labor markets. Despite the uncertainties and potential headwinds in the U.S. market, there is an abundance of dry powder and investors are growing their allocations to real estate. Going forward, the economy is expected to continue to grow at a healthy pace in 2019, creating a positive environment for commercial real estate.

Below are notes regarding the outlook for the U.S. national real estate market in 2019 and beyond:

- Participants in the PwC Real Estate Investor Survey hold a positive outlook for the commercial real estate industry over the near-term. Investors are mindful of high pricing and the potential for interest rate increases, however the market is fundamentally healthy and most assets types continue to perform well.
- As central banks gradually scale back, monetary policy remains highly accommodative by historic standards and supports continued growth in real estate. Expansionary policy has transitioned to a growth story and modest core-inflation. The latest global economic data on trade, spending, jobs, confidence, and factory orders is mostly solid and gathering moderate speed. The IMF revised Global GDP growth forecasts to 3.65 percent for 2019 – on par with the growth rates observed over the past two years. Furthermore, the probability of a near-term Global recession remains as low as 5.0 percent, according to Oxford Economics.
- Consumer and business confidence have been at healthy levels, supported by tight labor markets, strong financial market returns, increasing housing values, and improved access to credit. Despite the dip in in early 2019, consumer confidence will likely grow as the economy improves, as the U.S. is on pace to add 1.5 to two million jobs in 2019, despite starting the year close to full employment.
- Overall, the U.S. economy is in its best shape for several years and is likely to remain strong throughout the near term. Barring an unexpected shock to global markets, the economy is anticipated to experience steady growth for the foreseeable future.

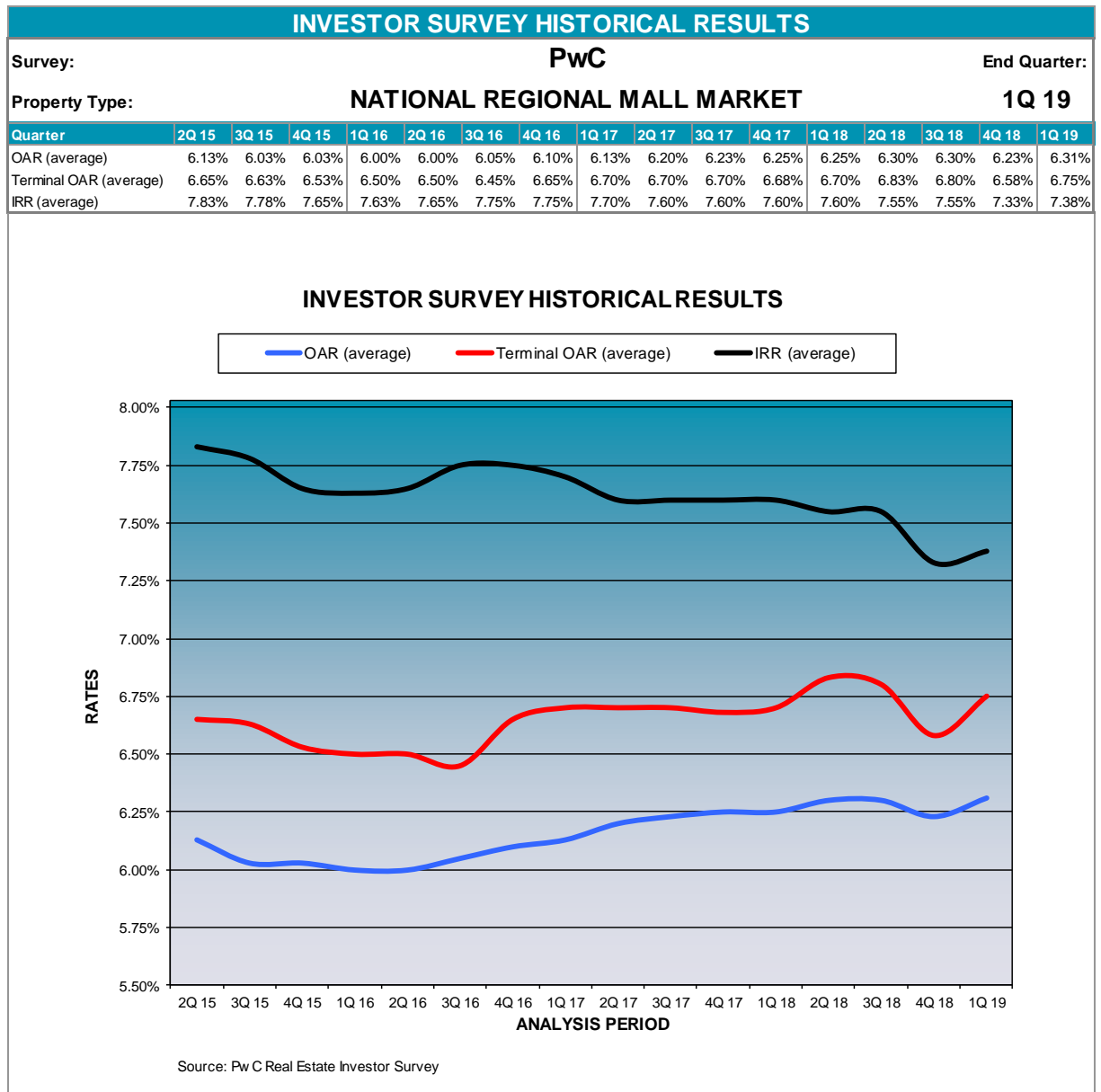
The factors listed in the following table have been considered in our valuation of this property and will have an impact on our selection of all investor rates.

INVESTMENT CONSIDERATIONS

NOI Growth:	The subject's NOI is expected to grow 3.24 percent per annum from the first stabilized year of the analysis through the holding period. This rate of growth is below levels expected in this market.
Lease Expiration Exposure:	Within the first five years of the analysis a total of 33.55 percent of the total net rentable area is scheduled to rollover. Extending to a ten-year period, a total of 105.79 percent of the space is scheduled to expire. The peak expiration occurs in year 10, when a total of 133,061 square feet is scheduled to expire. This is considered a moderate rollover exposure within this market.
Real Estate Market Trends:	Real estate market trends have a significant bearing on the value of real property. The real estate market in which the subject property is located is currently stable to improving.
Tenant Quality:	The quality of a property's tenant base is an important factor that is scrutinized by investors prior to acquiring real property. The quality of the subject's tenant roster is considered to be average to improving.
Property Rating:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, when measured against other properties in this marketplace.
Location Rating:	After considering all of the locational aspects of the subject, including regional and local accessibility as well as overall visibility, we have concluded that the location of this property is good.
Overall Investment Appeal:	There are many factors that are considered prior to investing in this type of property. After considering all of these factors, we conclude that this property has good overall investment appeal, following the lease-up and stabilization of Triad B.

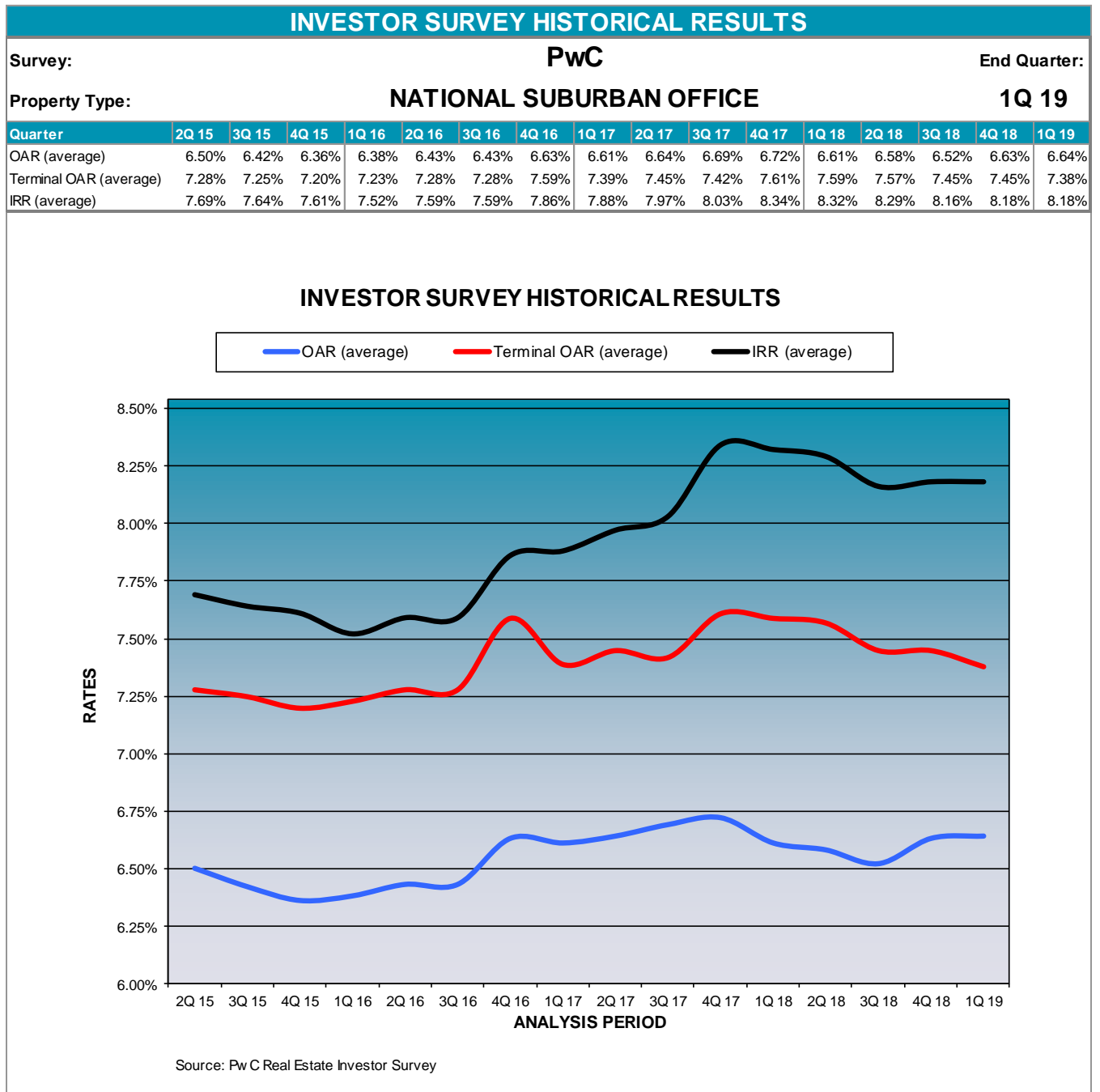
Investor Survey Trends

Historic trends in real estate investment help us understand the current and future direction of the market. Investors' return requirements are a benchmark by which real estate assets are bought and sold. For the analysis of the retail portions of the property, there is currently no national investor survey of lifestyle or specialty retail centers directly comparable to Tivoli Village. For the purpose of this analysis, we have included an analysis of investor trends from the regional mall market. The following graph shows the historic trends for the national regional mall market spanning a period of four years as reported in the PwC Real Estate Investor Survey published by PricewaterhouseCoopers.



Due to the significant office component we have also considered the influence of suburban office investment rates on the subject property. The following graph shows the historic trends for the national suburban office market

spanning a period of four years as reported in the PwC Real Estate Investor Survey published by PricewaterhouseCoopers.



Capitalization Rate Analysis

On the following pages we discuss the process of how we determine an appropriate overall capitalization rate to apply to the subject's forecast net income.

Capitalization Rate from Comparable Sales

CAPITALIZATION RATE SUMMARY			
No.	Name and Location	Sale Date	Capitalization Rate
1	Westgate City Center Glendale, AZ	6/2018	6.09%
2	Southlands Town Center Aurora, CO	3/2018	6.48%
3	LaCenterra at Cinco Ranch Katy, TX	9/2017	6.17%
4	The Shops at the Landmark Greenwood Village, CO	5/2017	5.49%
5	Blvd Place Houston, TX	4/2017	5.47%
6	Main Street Promenade Naperville, IL	1/2017	5.50%
7	Town Square Las Vegas Las Vegas, NV	1/2017	6.09%
8	Rookwood Commons / Pavilion Cincinnati, OH	1/2017	5.90%
STATISTICS			
Sample Size		8	8
Low		1/2017	5.47%
High		6/2018	6.48%
Median		4/2017	6.00%
Average		7/2017	5.90%

Compiled by Cushman & Wakefield of Oregon, Inc.

As shown, overall capitalization rates from the comparable sales range from 5.47 to 6.50 percent with an overall average of 5.95 percent, and a median of 6.00 percent. It is difficult to relate the subject to comparable properties that are in such widely divergent markets with different cash flow characteristics, and in certain cases, reflect sales that occurred 12-months or more prior to our analysis. However, the sales selected for comparison with the subject are believed to be mostly similar to the subject along a number of lines, including project orientation, tenancy, and so forth. The predominant differences to account for are viewed as being location, changes in market conditions, and project economics (including achievable rents, tenant sales, occupancy and so forth).

As apparent in the Sales Comparison Approach, most of the sales were given fair weight in the methodology due to the fact that only a few of the centers are truly viewed as being “comparable” to the subject. With this in mind, the transactions can only really set a range or bracket into which the subject would likely fall. Within the analysis, Sales 1, 3, 7, and 8 were given most consideration, and show overall capitalization rates ranging from 5.90 to 6.17 percent, with an overall average of 6.06 percent. Our analysis has also considered the unique characteristics of the subject property, desirable demographics, and recent sales growth within the region. In addition, final consideration has been given to the subject's location in western Las Vegas proximate to Summerlin, as well as its high quality build out and potential to increase upscale merchandising, including retailers currently lacking at the center.

In our final conclusion, we have placed additional consideration to the inclusion of the second-, third-, and fourth-story office space within the subject improvements. A majority of sales included in this analysis are mixed-use centers, including a certain level of office GLA in addition to retail space. Historically, a higher level of risk has been associated with the inclusion of upper-level office space at mixed-use centers. However, it is noted that, as of the date of appraisal, office areas are showing higher demand and leasing success than retail areas at Tivoli and areas

of Las Vegas underserved by Class A office space. As discussed, Class A office space within western Las Vegas is currently showing increasing demand, increasing asking rents, and declining vacancy. Based on the Korpacz survey, suburban office properties currently reflect average capitalization rates 33 basis points higher than regional malls.

Overall, the comparable sales appear to support a capitalization rate in the range of 5.75 to 6.25 percent based on *stabilized* property operations.

Capitalization Rate from Investor Surveys

We considered data extracted from the Investor Survey for institutional grade assets. Earlier in the report, we presented historical capitalization rates for the prior four-year period. The most recent information from this survey is listed in the following table:

CAPITALIZATION RATES			
Survey	Date	Range	Average
PwC - National Regional Mall	First Quarter 2019	4.00% - 9.00%	6.31%
PwC - National Suburban Office	Second Quarter 2017	5.00% - 10.00%	6.64%
PwC Institutional- Refers to National Regional Mall Market market regardless of class or occupancy			

Most retail properties that are considered institutional grade are existing, seasoned centers with good inflation protection that offer stability in income and are strongly positioned to the extent that they are formidable barriers to new competition. Equally important are centers which offer good upside potential after face-lifting, renovations, or expansion. With new construction down substantially, owners have accelerated renovation and re-merchandising programs. Little competition from over-building is likely in most mature markets within which these centers are located. Environmental concerns and "no-growth" mentalities in communities are now serious impediments to new retail development.

Investors have recognized that the retail landscape has been fundamentally altered by consumer lifestyles changes, industry consolidations and bankruptcies. This trend has strongly been in evidence during the past two years. Regional malls are finding increased competition from other retail formats such as power centers anchored by discounters and other strong category killers and more recently from lifestyle centers.

Trends toward more casual dress at work and consumers growing pre-occupation with their leisure and home lives have created the need for refocused leasing efforts to bring those tenants to the mall that help differentiate them from the competition. As such, entertainment, a loosely defined concept, is one of the most common directions malls have taken. A trend toward bringing in larger specialty and category tenants to the mall is also in evidence. The risk from an owner's standpoint is finding that mix which works the best. Finally, we see a dichotomy in underwriting issues. Even though traditional anchors remain under pressure, stronger interest in top quality and top class regional centers has clearly resulted in downward pressure on capitalization rates.

The following points summarize some of our considerations for the overall capitalization rate selected for the subject:

- Tivoli Village is situated in a relatively strong trade area with above average income levels, and moderate to good prospects for population and household growth into the foreseeable future. Competition within the market has increased in recent years, with primary competition for retail and office tenants coming from Downtown Summerlin, and One and Two Summerlin.
- As a mixed-use center, the center continues to look for ways to benefit from the location RH. Proposed merchandising, including more focus on unique retailers, furniture and art, as well as experience related retail, could benefit the subject property which lacks a significant level additional draws outside of restaurants and RH. With additional lease-up, combined with the unique restaurants and office areas, Tivoli Village should become a more competitive center within the immediate trade area.
- Tenant sales at the subject property have been forecasted to be near the middle of the Las Vegas retail market based on proposed lease-up and in-line rents. Sales over the last 12-24 months have increased, however still impacted by slow-lease-up. Restaurant tenants continue to report the strongest sales at the center.
- Occupancy costs are considered to be within an acceptable range, based on estimated rents and sales for the center.
- The property appears to be well-positioned to capture a fair share of market expenditure potential upon stabilization, as well as any future growth of the region. The focus on specialized retailers, as well as experience related retail could expedite lease-up.
- Consideration has been given to forecasted lease-up and absorption estimates, as well as the risks associated with co-tenancy provisions, particularly with regards to RH. Our analysis has assumed the continued lease agreement with RH, however includes ownership's assumption that co-tenancy clauses will be reached by November 2019. In addition, we have relied upon ownership's interpretation of the lease agreement and basis for year four contract rent based on year three rent paid assuming co-tenancy clauses are met. Short-term co-tenancy and lease termination still present a risk with respect to RH.
- Finally, as discussed, we have placed additional consideration to the inclusion of the second-, third-, and fourth-story office space within the subject improvements. This type of layout within a retail development can add additional lease-up and management risk. Despite the perception of additional risks at some mixed-use centers, Tivoli management has been successful at leasing and maintaining upper-level office suites, including a number of proposed agreements that could bring total office occupancy higher. While we have attempted to account for some of the risks within our market rent and vacancy conclusions, we believe a capitalization rate with a slight added premium would be appropriate to account for the inclusion of the office GLA.

We considered all aspects of the subject property that would influence the overall rate. Our analysis suggests that a *stabilized* capitalization rate of between 5.75 and 6.25 percent represents reasonable investor criteria under current market conditions, taking into the characteristics of the subject property.

Derivation of R_o from Mortgage-Equity Analysis

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. The lender/mortgagee must anticipate a rate of return that is appropriate for the investment's perceived risk in order to make the loan; the loan principal is typically repaid through periodic amortization payments. The equity investor/mortgagor must also anticipate a rate of return that is commensurate with the investment's perceived risk or they opt for an alternative investment.

Mortgage-equity analysis is defined by the sixth edition of *The Dictionary of Real Estate Appraisal* as “capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.” This analysis is also known as the Ellwood Formula, which is defined as a “yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern.” Thus, rates of return for debt and equity are analyzed as well as anticipated changes in both income and value.

The Ellwood formula is as follows:

$$R_o = \frac{Y_E - M(Y_E + P1/S_n - R_M) - \Delta O1/S_n}{1 + \Delta I J}$$

Where:

R_o = overall capitalization rate

Y_E = equity yield rate

M = loan-to-value ratio

P = percentage of loan paid off

$1/S_n$ = sinking fund factor at the equity yield rate

R_M = mortgage capitalization rate or mortgage constant

ΔO = change in total property value

ΔI = total ratio change in income

J = J factor

The portion of the formula represented as: $Y_E - M(Y_E + P1/S_n - R_M)$ can be referred to as the basic capitalization rate, which satisfies the lender's requirement and adjustments for amortization; it also satisfies the investor's equity requirement before an adjustment is made for income and value changes. Therefore, the basic rate starts with an investor's yield requirement and adjusts it to reflect the effect of financing. The resulting basic capitalization rate is the building block from which an overall capitalization rate can be developed with additional assumptions.

If level income and no change in value are anticipated, the basic rate will be identical to the overall capitalization rate. The last part of the numerator, Δ_01/S_n , allows the appraiser to adjust the basic rate to reflect an expected change in overall property value. If the value change is positive, referred to as property appreciation, the overall capitalization rate is reduced to reflect this anticipated monetary benefit; if the change is negative, referred to as depreciation, the overall capitalization rate is increased.

Finally, the denominator, $1 + \Delta J$, accounts for any change in income. The J-factor is always positive. Thus, if the change in income is positive, the denominator will be greater than one and the overall rate will be reduced. If the change in income is negative, the overall rate will be increased. For level-income applications, $\Delta = 0$, so the denominator is $1 + 0$, or 1.

The mortgage-equity procedure developed by Charles B. Akerson substitutes an arithmetic format for the algebraic equation in the Ellwood formula. This format is applicable to level income situations; when modified with the J or K factors, it can also be applied to changing income situations.

The Akerson formula for a level income situation is:

Loan Ratio x Annual Mortgage Constant	=	Mortgage Component
+ (Equity Ratio x Equity Yield Rate)	+	Equity Component
- (Loan Ratio x % Paid off in Projection Period x $1/S_n$)	-	Credit for Equity Buildup
= Basic Rate	=	Basic Capitalization Rate
+ depreciation or - appreciation x $1/S_n$	±	Appreciation/Depreciation adjustment
= Overall Capitalization Rate	=	R_o

In the following sections, we discuss the various components used in the Akerson formula, which are then followed by a calculation of the overall capitalization rate.

Mortgage Terms

The following mortgage interest rate is based on periodic conversations with representatives of lending institutions providing local mortgage financing. Thus, given the physical and economic characteristics of the subject property, and on the basis of our research, the market terms for conventional loans made on properties similar to the subject are as follows:

MORTGAGE COMPONENT	
TYPICAL LOAN TERMS	
Mortgage Rate	5.25%
Amortization Term (Years)	30
Number of Payments	360
Loan-to-Value Ratio (M)	65.00%
Equity Ratio (E)	35.00%
Mortgage Constant (R_M)	6.63%

Compiled by Cushman & Wakefield of Oregon, Inc.

The preceding data are used in the development of an overall capitalization rate (R_o) for the subject property.

The capitalization rate for debt (indicated in the preceding table) is known as the mortgage constant (R_M); it is the ratio of annual debt service to the principal amount of the mortgage loan. It is calculated as follows:

$$R_M = \frac{\text{Monthly Payment} \times 12}{\text{Amount of Loan}}$$

The monthly payment of a loan is calculated using the following formula:

$$\text{Monthly Payment} = \frac{\text{Interest Rate (i)}}{1 - \text{Present Value Factor}}$$

The Present Value Factor can be obtained from financial tables that show the six functions of a dollar.

Equity Yield Rate (Y_E)

The Appraisal Institute defines equity yield rate as a rate of return on equity capital over the investment period. It is the equity investor's internal rate of return. The equity yield rate that will be employed in this analysis is a reflection of current rates of return sought by equity investors.

Our selected Y_E is as follows:

EQUITY COMPONENT	
Equity Yield Rate (Y_E)	12.50%
<i>Compiled by Cushman & Wakefield of Oregon, Inc.</i>	

Projection Assumptions

Projection assumptions are as follows:

PROJECTION ASSUMPTIONS	
Projection Period (n)	10 Years
Annual Appreciation/Depreciation	3.00% per Year
Total Appreciation/Depreciation	34.39%
<i>Compiled by Cushman & Wakefield of Oregon, Inc.</i>	

The projection period represents a typical holding period for commercial real estate; this projected holding period is also consistent with the typical yield capitalization projections. The annual appreciation/depreciation is projected based on our view of current market conditions as well as future conditions anticipated during the holding period. Both assumptions are considered reasonable for the subject property.

Sinking Fund Factor & Percentage of Loan Paid Off

The Sinking Fund Factor ($1/S_n$) that is employed in this analysis is calculated based on the estimated Equity Yield Rate (Y_E) and the Projection Period using the following formula:

$$1/S_n = Y_E \div ((1 + Y_E)^n - 1)$$

The portion of the loan that is paid off during the projection period is calculated based on the mortgage rate, mortgage amortization term and the length of the projection period; this calculation is as follows:

$$\text{Percentage of Loan Paid Off} = \frac{1/S_n}{1/S_{n_P}}$$

Where:

$$1/S_{n_P} = \frac{(\text{Mortgage Rate} \div 12)}{((1 + (\text{Mortgage Rate} \div 12))^n \text{ in months} - 1)}$$

The sinking fund factor and the percentage of the loan paid off during the projection period, which are calculated based on the foregoing assumptions, are as follows:

SINKING FUND FACTOR & PERCENTAGE PAID OFF	
Sinking Fund Factor ($1/S_n$)	5.56%
Percentage of Loan Paid Off	18.05%

Compiled by Cushman & Wakefield of Oregon, Inc.

Calculation of Overall Capitalization Rate (R_o)

The calculation of the overall capitalization rate (R_o) using the mortgage-equity technique is as follows:

MORTGAGE-EQUITY PROCEDURE - DEVELOPMENT OF CAPITALIZATION RATE				
Loan-to-Value Ratio x Mortgage Constant	=	65.00%	x 6.63%	= 4.31%
Equity Ratio x Equity Yield Rate	=	35.00%	x 12.50%	= 4.38%
Weighted Average				8.68%
<u>Less Credit for Equity Build-up</u>				
Loan-to-Value Ratio x % of Loan Paid off x Sinking Fund Factor	=	65.00%	x 18.05%	x 5.56% = 0.65%
Basic Rate				8.03%
<u>Less Appreciation/Depreciation</u>				
Appreciation/Depreciation x Sinking Fund Factor	=	34.39%	x 5.56%	= 1.91%
Indicated Overall Rate (R_o)				6.12%

Compiled by Cushman & Wakefield of Oregon, Inc.

Capitalization Rate Conclusion

We considered OARs indicated by sales of comparable properties, national investor surveys, and the opinions of brokers, owners, and prospective purchasers. The indications from these various sources are:

CAPITALIZATION RATE SUMMARY	
Comparable Sales	5.75% - 6.25%
PwC Institutional - Regional Mall	6.31%
PwC Institutional - Suburban Office	6.64%
Market Participants	5.75% - 6.75%
Mortgage Equity Analysis	6.12%
Conclusion (Stabilized)	6.00%

Compiled by Cushman & Wakefield of Oregon, Inc.

We believe that data derived from recent comparable sales, as well as our discussions with market participants most clearly reflects current market parameters. Given the property attributes and prevailing market return rates, we conclude that a 6.00 percent OAR is applicable to the subject's stabilized NOI forecast. The rate selected is near the midpoint of the investor survey and the recent sales comparables identified.

Direct Capitalization Method Conclusion – Upon Stabilization

In the Direct Capitalization Method, we developed an opinion of market value by dividing year three net operating income by our selected overall capitalization rate. Our conclusion using the Direct Capitalization Method is as follows:

DIRECT CAPITALIZATION METHOD		
Prospective Fair Value Upon Stabilization		
NET OPERATING INCOME	\$15,055,113	\$22.49
Sensitivity Analysis (0.50% OAR Spread)	Value	\$/SF GLA
Based on Low-Range of 5.50%	\$273,729,327	\$408.88
Based on Most Probable Range of 6.00%	\$250,918,550	\$374.80
Based on High-Range of 6.50%	\$231,617,123	\$345.97
Indicated Value	\$250,918,550	\$374.80
Rounded to nearest \$100,000	\$250,900,000	\$374.78

Compiled by Cushman & Wakefield of Oregon, Inc.

Prospective Market Value “As Is” – Direct Capitalization

We can also attempt to apply the Direct Capitalization Method to the subject on the basis of its “As Is” position. As noted previously, a higher level of subjectivity exists with respect to looking at a property for which a certain amount of space is projected to be vacant, requiring lease-up and absorption projections. In the case of the subject, absorption of vacant space is projected over an approximate 24±-month period. When analyzing the subject on the basis of its first year income, an investor would be cognizant of the additional risks and costs associated with bringing the property to stabilization. Typically, consideration must be given to any costs of lease-up, including tenant improvements, leasing commissions, and any concessions to be given.

- The “As Is” value indicator takes into account the \$40.0 million adjustment (from the prospective stabilized value), as discussed in the Sales Comparison Approach.

Conclusion – Direct Capitalization – “As Is” Valuation”

Based upon these projections, we would be inclined to conclude at an *As Is Market Value* of \$210,900,000 via Direct Capitalization.

Yield Capitalization Method

In the Yield Capitalization Method, we employed ARGUS - Version 15 software to model the income characteristics of the property and to make a variety of cash flow assumptions. We attempted to reflect the most likely investment assumptions of typical buyers and sellers in this market segment.

General Cash Flow Assumptions

The start date of the Yield Capitalization analysis is April 01, 2019. We performed this analysis on a fiscal year basis. The analysis incorporates a forecast period of 13 years, and a holding period of 12 years.

The following table outlines the assumptions used in the Yield Capitalization analysis.

DISCOUNTED CASH FLOW MODELING ASSUMPTIONS			
VALUATION SCENARIO:		Market Value As-Is	
GENERAL CASH FLOW ASSUMPTIONS		GROWTH RATES	
Cash Flow Software:	ARGUS - Version 15	Market Rent:	3.00%
Cash Flow Start Date:	April 1, 2019	Retail Sales:	3.00%
Calendar or Fiscal Analysis:	Fiscal	Expenses:	3.00%
Investment Holding Period:	12 Years	Tenant Improvements:	3.00%
Analysis Projection Period:	13 Years	Real Estate Taxes:	3.00%
		Tenant Sales Growth	3.00%
VACANCY & COLLECTION LOSS		RATES OF RETURN	
Global Retail Vacancy:	7.00%	Internal Rate of Return: (Cash Flow)	8.50%
Global Retail Collection Loss:	1.00%	Internal Rate of Return: (Reversion)	8.50%
Total Retail Vacancy & Collection Loss:	8.00%	Terminal Capitalization Rate:	6.50%
Retail Static Vacancy:	6.34%		
Global Office Vacancy:	9.00%	Reversionary Sales Cost:	1.00%
Global Office Collection Loss:	1.00%	Basis Point Spread (OARout vs. OARin)	50 pts
Total Office Vacancy & Collection Loss:	10.00%		
CAPITAL EXPENDITURES		VALUATION	
Reserves for Replacement (\$/SF):	\$0.25	Market Value As-Is	\$207,481,902
Other Deductions (\$)	-	Adjustments to Value	\$0
		Adjusted Value	\$207,481,902
		Rounded to nearest \$100,000	\$207,500,000
		Value \$/SF	\$309.95

Compiled by Cushman & Wakefield of Oregon, Inc.

The following information was extracted from the PwC Investor Survey and was used to help determine our growth rate assumptions.

OTHER INVESTOR SURVEY INFORMATION					
Survey	Data	Range		Average	
PwC - National Regional Mall First Quarter 2019	Rent Change Rate	-3.00%	-	4.00%	1.63%
	Expense Change Rate	2.00%	-	5.00%	2.92%
PwC Institutional- Refers to National Regional Mall Market market regardless of class or occupancy					

Leasing Assumptions

The contract lease terms for the existing tenants were used within the Yield Capitalization analysis with market leasing assumptions applied for renewals and absorption tenants. The income and expense information that was previously presented has been used as the basis for our market leasing projections.

The following chart summarizes the leasing assumptions that were used in preparing our Yield Capitalization analysis.

LEASING ASSUMPTIONS					
TENANT CATEGORY	Retail Under 3,500 SF	Retail Over 3,500 SF	Restaurant	Triad B Retail	Office
WEIGHTED ITEMS					
Renewal Probability	75.00%	75.00%	75.00%	75.00%	75.00%
Market Rent	\$40.00	\$36.00	\$40.00	\$38.00	\$32.00
Months Vacant	9.00	9.00	9.00	9.00	9.00
Tenant Improvements					
New Leases	\$20.00	\$20.00	\$20.00	\$20.00	\$15.00
Renewal Leases	\$2.00	\$2.00	\$2.00	\$2.00	\$5.00
First Generation (shell) Triad A	-	-	-	-	\$65.00
First Generation (shell) Triad B	\$90.00	\$90.00	\$90.00	\$90.00	\$65.00
Leasing Commissions (1)					
New Leases	\$5.00	\$5.00	\$5.00	\$5.00	5.00%
Renewal Leases	\$2.50	\$2.50	\$2.50	\$2.50	2.50%
Free Rent					
New Leases	0	0	0	0	7
Renewal Leases	0	0	0	0	0
NON-WEIGHTED ITEMS					
Lease Term (years)	8	8	8	8	7
Lease Type (reimbursements)	Net	Net	Net	Net	Gross
Contract Rent Increase Projection	3.0% / Annum	3.0% / Annum	3.0% / Annum	3.0% / Annum	3.0% / Annum

(1) – Commissions detailed in following section.

Renewal Probability

Upon lease expiration, it is our best estimate that there is a 75.00 percent probability that an existing tenant will renew their lease. While this figure might be high by some industry benchmarks, we believe it is a reasonable assumption for an investor to make. It is noted, however, that most of the major retail owner's in the U.S. report average tenant retention ratios of 80.0 to 85.0 percent for expiring specialty store leases across their portfolios.

The renewal probability utilized in the cash flow has been derived from our experience with similar properties, as well as our review of recent leasing trends at the property and our understanding of how investors and brokers develop assumptions for properties such as the subject. Perhaps more importantly, the renewal probability should be reflective of what current investors may deem as appropriate in the current market. The renewal probability used in this analysis tends to be similar to other centers with similar ratings.

Tenant Improvements

The principal component of this expense is ownership's estimated cost to prepare a vacant suite for tenant use. At the start of a new lease or at the expiration of an existing lease, we have made a provision for the likely expenditure of some monies on ownership's part for tenant improvement allowances.

Actual tenant allowances provided for leases signed and not open, as well as LOIs included have been included within our analysis. Tenant allowances include the reported allowance for the proposed co-working tenant expected to lease the second floor of Building 5, forecasted at \$110 per square foot.

The bulk of the Triad B suites are available for lease in a shell, or 'white box' condition, with new tenants typically receiving allowances that are higher than some of the other existing projects in the market. For the as is analysis, we view this higher level of TIs as being reasonable and necessary to lease up existing/available retail and office suites and compete for tenants in the market. In this regard, we have initially forecasted a cost of \$90.00 per square foot for retail areas within Triad B. According to ownership, all suites within Triad A have been fully build-out, requiring allowances consistent with second generation space. The higher allowance for shell suites within Triad B

is based on ownership's budget, and considers the proposed merchandising the tenancy. Finally, we have included an allowance of \$10.00 per square foot to support the assumption of a replacement gym tenant.

Following lease-up of Triad B, we have forecasted a cost of \$20.00 per square foot for retail tenant turnover space (initial cost growing at expense growth rate) weighted by our turnover probability of 25.0 percent. We have provided for a \$2.00 per square foot alteration allowance on renewal (rollover) retail tenants. The blended rate based on our 75/25 turnover probability is therefore \$6.50 per square foot.

For the office suites currently vacant, we have initially forecasted a cost of \$65.00 per square foot. This at, or slightly above, market concession recognizes the shell condition of the improvements and adds a higher leasing incentive to a new center. Following completion and lease-up, we have forecasted a cost of \$20.00 per square foot office tenants (initial cost growing at expense growth rate). We also have provided for a \$5.00 per square foot alteration allowance on renewal (rollover) office tenants.

The allowances provided for in the cash flow forecast take into consideration the historical trends in the market, as well as what we believe a prudent investor would consider reasonable and prudent. The selection of TIs has also been considered in relation to the market rent estimates utilized.

Leasing Commissions

Based upon our analysis of competing properties within the market, as well as our experience with other retail centers, we have made an allowance for leasing commissions for this assignment. A fairly typical retail commission structure is \$4.00-\$5.00 per square foot for new tenants and \$2.00-\$4.00 per square foot for renewal tenants. For new in-line leases in this analysis, a commission of \$5.00 per square foot will be charged, while renewal leases will be charged \$2.50 per square foot. With the 75/25 probability assumption, the blended commission rate is about \$3.13 per foot. These rates are forecasted to increase by \$0.50 and \$0.25 per square foot, respectively, every five years. This structure implies a payout up front at the start of a lease. The cost is weighted by our renewal/turnover probability.

For major leases in this analysis, a commission of \$3.00 per square foot will be charged, while renewal leases will be charged \$1.50 per square foot

For office leasing at the property, a commission of 5.0% is included, consistent with market commission expenses, while renewal leases will be charged 2.5%.

Replacement Reserve

It is customary and prudent to set aside an amount annually for the replacement of short-lived capital items such as the roof, parking lot and certain mechanical items. Some of the repairs and maintenance expense category can often be passed through to the tenants. This appears to be a fairly common practice among most retail centers. However, we feel that, over a holding period, some repairs or replacements will be needed that will not be passed on to the tenants.

Typical replacement reserves range anywhere from \$0.10 to \$0.30 per square foot depending upon the age and quality of the center. As is, and upon completion, the subject will consist of new construction, and considered to be in excellent condition. For purposes of this report, given the up-scale nature of the property build-out, we have estimated an expense of \$0.25 per square foot of owned GLA to cover these potential expenses, thereafter increasing by our expense growth rate.

We note that the reserves assumption is applied to the total GLA, inclusive of the office area.

Financial Assumptions

The financial assumptions used in the Yield Capitalization process are discussed in the following commentary.

Terminal Capitalization Rate Selection

A terminal capitalization rate was used to develop an opinion of the market value of the property at the end of the assumed investment holding period. The rate is applied to the net operating income following year 12 before making deductions for leasing commissions, tenant improvement allowances and reserves for replacement. We developed an opinion of an appropriate terminal capitalization rate based on rates in current investor surveys.

TERMINAL CAPITALIZATION RATES (OAR _{out})			
Survey	Date	Range	Average
PwC - National Regional Mall	First Quarter 2019	4.25% - 10.00%	6.75%
PwC - National Suburban Office	First Quarter 2019	5.25% - 10.25%	7.38%
PwC Institutional- Refers to National Regional Mall Market market regardless of class or occupancy			

Investors will typically use a slightly more conservative overall rate when exiting an investment versus the rate that would be used going into the investment. This accounts both for the aging associated with the improvements over the course of the holding period, and for any unforeseen risks that might arise over that time period.

As a result, we applied a terminal rate of 6.50 percent in our analysis. This rate is 50 basis points above the overall rate going into the investment, which is considered reasonable.

Reversionary Sales Costs

We estimated the cost of sale at the time of reversion to be 1.00 percent, which is in keeping with local market practice.

Discount Rate Selection

We developed an opinion of future cash flows, including property value at reversion, and discounted that income stream at an internal rate of return (IRR) currently required by investors for similar-quality real property. The IRR (also known as yield) is the single rate that discounts all future equity benefits (cash flows and equity reversion) to an opinion of net present value.

The PwC Investor survey indicates the following internal rates of return for competitive properties:

DISCOUNT RATES (IRR)			
Survey	Date	Range	Average
PwC - National Regional Mall	First Quarter 2019	5.00% - 10.75%	7.38%
PwC - National Suburban Office	First Quarter 2019	6.00% - 12.00%	8.18%
PwC Institutional- Refers to National Regional Mall Market market regardless of class or occupancy			

The above table summarizes the investment parameters of some of the most prominent investors currently acquiring similar investment properties in the United States. We realize that this type of survey reflects target rather than transactional rates. Transactional rates are usually difficult to obtain in the verification process and are actually only target rates of the buyer at the time of sale. The property's performance will ultimately determine the actual yield at the time of sale after a specific holding period.

The yield rate on a long-term real estate investment can also be compared with yield rates offered by alternative financial investments since real estate must compete in the open market for capital. In developing an appropriate risk rate for the subject, consideration has been given to a number of different investment opportunities. The following is a list of rates offered by other types of securities.

MARKET RATES AND BOND YIELDS (%)	
April 9, 2019	
Instrument	Rate
Reserve Bank Discount Rate	3.00%
Prime Rate	5.50%
3-Month Treasury Bills	2.42%
U.S. 10-Year Bonds	2.51%
U.S. 20-Year Bonds	2.73%

Source: Federal Reserve Statistical Release

Real estate investment typically requires a higher rate of return (yield) and is much influenced by the relative health of financial markets. A retail center investment tends to incorporate a blend of risk and credit based on the tenant mix, the anchors that are included (or excluded) in the transaction, and the assumptions of growth incorporated within the cash flow analysis. An appropriate discount rate selected for a retail center thus attempts to consider the underlying credit and security of the income stream, and includes an appropriate premium for liquidity issues relating to the asset.

There has historically been a consistent relationship between the spread in rates of return for real estate and the “safe” rate available through long-term treasuries or high-grade corporate bonds. A narrower gap between return requirements for real estate and alternative investments has been created in recent years due to the abundance of third party financing, and the rise in property values. The Korpacz Real Estate Investor survey provides a historical analysis that shows the differential between 10 Year Treasuries and Average yield rates. Historically, this differential has been from 400 to 700 basis points. Korpacz also includes a comparison between long-term mortgage rates and yield rates. It appears that this relationship ranges from about 200 to 400 basis points. The relationship between average yields, mortgages and 10 Year Treasuries is summarized on the following chart:

YIELD COMPARISON						
Yield Indicators	2014 Average	2015 Average	2016 Average	2017 Average	2018 Average	2019 January
PwC Yield Indicator	8.11%	7.82%	7.70%	7.65%	7.58%	7.50%
Long-Term Mortgages	4.48%	4.31%	4.18%	4.59%	4.95%	4.80%
10-Year Treasuries	2.69%	2.34%	1.81%	2.37%	2.79%	2.66%
Consumer Price Index Change	1.66%	0.19%	1.63%	2.03%	2.50%	(1.86%)
Spread to PYI (Basis Points)						
Long-Term Mortgages/Yield Rate Differential	363	351	352	306	263	270
10-Year Treasuries/Yield Rate Differential	542	548	589	528	479	484
Consumer Price Index Change/Yield Rate Differential	645	763	607	562	508	936

Source: PriceWaterhouseCoopers, Inventory Survey - First Quarter 2019

In addition to the survey, we have also estimated an appropriate discount rate based on the formula $Y = R + CR$. This formula states that the discount rate is equal to the overall rate (Going in rate) plus the value increase over the holding period. The reversion value derived in the twelfth year of the discounted cash flow analysis is approximately \$315,600,000. In the direct capitalization analysis, the value conclusion is \$250,900,000. This value increase over the ten-year period indicates an annual value increase of 2.32 percent. When added to the 6.00 percent used in the direct capitalization analysis, the indicated *stabilized* yield rate is 8.32 percent.

We previously discussed all factors that would influence our selection of a discount rate for the subject property. On an As Is basis the subject property represents somewhat of a management intensive project which would attract interest from those investors with the ability and expertise to complete the lease-up the center to a stabilized operating level. As such we believe an investor would seek an IRR which would compensate for the risk of the

property as well as the added risk of leasing. We believe a discount rate of 8.50 percent to be appropriate for the valuation of the property on As Is basis. Upon stabilization, the risk associated with the project is reduced as all the risk associated with construction costs and tenant procurement have been eliminated and the property will have established a bit of a track record. Therefore we believe a lower discount rate of 8.00 percent is appropriate for the As Stabilized analysis.

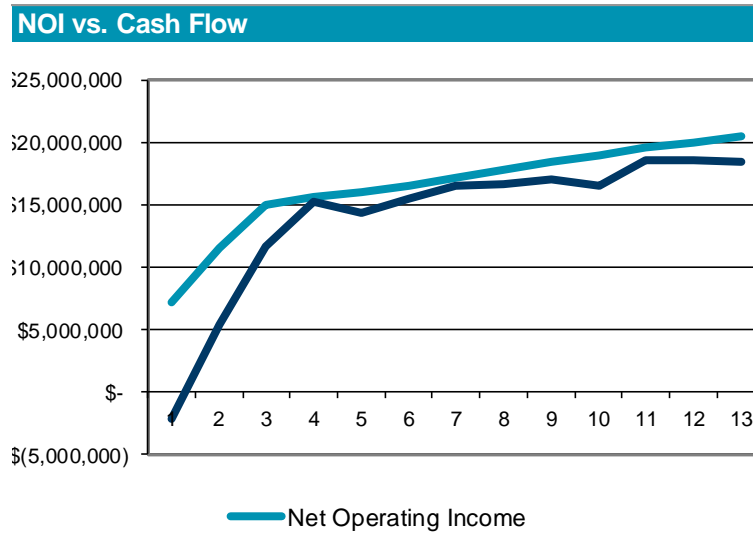
The ARGUS - Version 15 As Is cash flow is presented on the following page. The cash flow commencement date is April 1, 2019.

Yield Capitalization Method Conclusion – As Is

Our As Is cash flow projection and valuation matrix are presented at the end of this section.

ANNUAL CASH FLOW REPORT Tivoli Village														Annual Growth
For the Years Beginning For the Years Ending	1 Apr-19 Mar-20	2 Apr-20 Mar-21	3 Apr-21 Mar-22	4 Apr-22 Mar-23	5 Apr-23 Mar-24	6 Apr-24 Mar-25	7 Apr-25 Mar-26	8 Apr-26 Mar-27	9 Apr-27 Mar-28	10 Apr-28 Mar-29	11 Apr-29 Mar-30	12 Apr-30 Mar-31	13 Apr-31 Mar-32	Year 1 - Year 12
Base Rental Revenue	\$12,620,520	\$16,986,702	\$20,508,958	\$21,333,518	\$21,834,103	\$22,623,671	\$23,423,218	\$24,164,636	\$24,874,769	\$25,616,485	\$26,339,286	\$27,071,885	\$27,696,557	7.18%
Absorption & Turnover Vacancy	(42,290)	(73,712)	(566,629)	(128,364)	(577,575)	(310,518)	(285,713)	(342,090)	(468,952)	(1,055,588)	(349,014)	(677,314)	(425,940)	28.68%
Base Rent Abatements	(1,324,868)	(1,128,302)	(574,863)	(618,456)	(669,627)	(732,793)	(745,000)	(641,147)	(759,548)	(736,273)	(663,100)	(830,784)	(923,450)	-4.15%
Scheduled Base Rental Revenue	\$ 11,253,362	\$ 15,784,688	\$ 19,367,466	\$ 20,586,698	\$ 20,586,901	\$ 21,580,360	\$ 22,392,505	\$ 23,181,399	\$ 23,646,269	\$ 23,824,624	\$ 25,327,172	\$ 25,563,787	\$ 26,347,167	7.74%
Retail Sales Revenue	796,659	597,518	366,062	276,919	285,226	259,386	255,357	282,637	393,956	388,930	391,693	433,914	446,932	-5.37%
Common Area Maintenance	985,556	1,439,653	2,002,212	2,125,422	2,219,913	2,336,409	2,389,244	2,459,904	2,569,909	2,599,160	2,691,682	2,821,106	2,958,690	10.03%
Real Estate Taxes	472,167	527,728	680,794	721,260	736,824	779,870	811,189	837,950	870,685	885,349	941,660	988,694	1,042,735	6.95%
Marketing	125,000	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716	201,587	207,635	4.44%
Total Reimbursement Revenue	\$ 1,457,723	\$ 1,967,381	\$ 2,683,006	\$ 2,846,682	\$ 2,956,737	\$ 3,116,279	\$ 3,200,433	\$ 3,297,854	\$ 3,440,594	\$ 3,484,509	\$ 3,633,342	\$ 3,809,800	\$ 4,001,425	9.13%
Storage Revenue	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159	20,764	21,386	3.00%
Specialty Revenue	230,000	236,900	244,007	251,327	258,867	266,633	274,632	282,871	291,357	300,098	309,101	318,374	327,925	3.00%
Miscellaneous Revenue	275,000	283,250	291,748	300,500	309,515	318,800	328,364	338,215	348,362	358,813	369,577	380,664	392,084	3.00%
Parking Income	100,000	110,000	175,000	178,500	182,070	185,711	189,426	193,214	197,078	201,020	205,040	209,141	213,324	6.94%
TOTAL GROSS REVENUE	\$ 14,252,744	\$ 19,145,187	\$ 23,297,703	\$ 24,616,152	\$ 24,760,108	\$ 25,913,384	\$ 26,832,519	\$ 27,773,746	\$ 28,521,099	\$ 28,767,582	\$ 30,451,800	\$ 30,938,031	\$ 31,957,878	7.30%
General Vacancy	(627,800)	(939,125)	(1,225,541)	(1,728,732)	(1,327,049)	(1,662,271)	(1,756,195)	(1,778,155)	(1,717,965)	(1,194,853)	(1,978,265)	(1,711,224)	(1,998,541)	9.54%
Collection Loss	(142,527)	(191,452)	(232,977)	(246,162)	(247,601)	(259,134)	(268,325)	(277,737)	(285,211)	(287,676)	(304,518)	(309,380)	(319,579)	7.30%
EFFECTIVE GROSS REVENUE	\$ 13,482,417	\$ 18,014,610	\$ 21,839,185	\$ 22,641,258	\$ 23,185,458	\$ 23,991,979	\$ 24,807,999	\$ 25,717,854	\$ 26,517,923	\$ 27,285,053	\$ 28,169,017	\$ 28,917,427	\$ 29,639,758	7.18%
Insurance	380,000	391,400	403,142	415,236	427,693	440,524	453,740	467,352	481,373	495,814	510,688	526,009	541,789	3.00%
Utilities	250,000	257,500	265,225	273,182	281,377	289,819	298,513	307,468	316,693	326,193	335,979	346,058	356,440	3.00%
Repairs & Maintenance	2,065,000	2,126,950	2,190,759	2,256,481	2,324,176	2,393,901	2,465,718	2,539,690	2,615,880	2,694,357	2,775,187	2,858,443	2,944,196	3.00%
Professional Fees	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258	3.00%
Administrative	500,000	515,000	530,450	546,363	562,754	579,637	597,026	614,937	633,385	652,387	671,958	692,117	712,880	3.00%
Security	550,000	566,500	583,495	601,000	619,030	637,601	656,729	676,431	696,724	717,625	739,154	761,329	784,168	3.00%
Real Estate Taxes	1,500,000	1,545,000	1,591,350	1,639,091	1,688,263	1,738,911	1,791,078	1,844,811	1,900,155	1,957,160	2,015,875	2,076,351	2,138,641	3.00%
Marketing	500,000	515,000	530,450	546,363	562,754	579,637	597,026	614,937	633,385	652,387	671,958	692,117	712,880	3.00%
Other Non-Recoverable	125,000	128,750	132,612	136,591	140,689	144,909	149,257	153,734	158,346	163,097	167,990	173,029	178,220	3.00%
Management	337,060	450,365	545,980	566,031	579,636	599,799	620,200	642,946	662,948	682,126	704,225	722,936	740,994	7.18%
TOTAL OPERATING EXPENSES	\$ 6,217,060	\$ 6,506,765	\$ 6,784,072	\$ 6,991,265	\$ 7,197,627	\$ 7,416,331	\$ 7,641,228	\$ 7,874,605	\$ 8,111,557	\$ 8,354,194	\$ 8,606,453	\$ 8,862,231	\$ 9,124,466	3.28%
NET OPERATING INCOME	\$ 7,265,357	\$ 11,507,845	\$ 15,055,113	\$ 15,649,993	\$ 15,987,831	\$ 16,575,648	\$ 17,166,771	\$ 17,843,249	\$ 18,406,366	\$ 18,930,859	\$ 19,562,564	\$ 20,055,196	\$ 20,515,292	9.67%
Capital Reserves	167,366	172,387	177,559	182,886	188,372	194,024	199,844	205,840	212,015	218,375	224,927	231,674	238,625	3.00%
Tenant Improvements	7,647,394	5,208,015	2,289,731	92,607	735,252	476,344	226,200	515,441	621,677	1,230,304	452,109	614,983	799,484	-20.48%
Leasing Commissions	1,612,532	766,362	858,702	56,315	641,799	388,446	153,872	429,706	481,626	913,114	261,669	561,784	956,759	-9.14%
TOTAL LEASING & CAPITAL COSTS	\$ 9,427,292	\$ 6,146,764	\$ 3,325,992	\$ 331,808	\$ 1,565,423	\$ 1,058,814	\$ 579,916	\$ 1,150,987	\$ 1,315,318	\$ 2,361,793	\$ 938,705	\$ 1,408,441	\$ 1,994,868	-15.87%
CASH FLOW BEFORE DEBT SERVICE	(\$2,161,935)	\$5,361,081	\$11,729,121	\$15,318,185	\$14,422,408	\$15,516,834	\$16,586,855	\$16,692,262	\$17,091,048	\$16,569,066	\$18,623,859	\$18,646,755	\$18,520,424	--
Implied Overall Rate	3.50%	5.55%	7.26%	7.54%	7.70%	7.99%	8.27%	8.60%	8.87%	9.12%	9.43%	9.67%		
Cash on Cash Return	-1.04%	2.58%	5.65%	7.38%	6.95%	7.48%	7.99%	8.04%	8.24%	7.99%	8.98%	8.99%		

The following graph depicts the forecasted change in both net income and net cash flow over the analysis period.



The results of the Yield Capitalization analysis are presented in the following:

PRICING MATRIX - Market Value As-Is						
Terminal Cap Rates	Discount Rate (IRR) for Cash Flow					
	8.00%	8.25%	8.50%	8.75%	9.00%	
6.00%	\$ 227,495,943	\$ 222,310,024	\$ 217,264,662	\$ 212,355,602	\$ 207,578,728	
6.25%	\$ 222,118,985	\$ 217,080,204	\$ 212,177,627	\$ 207,407,138	\$ 202,764,755	
6.50%	\$ 217,155,640	\$ 212,252,677	\$ 207,481,902	\$ 202,839,325	\$ 198,321,088	
6.75%	\$ 212,559,951	\$ 207,782,745	\$ 203,134,008	\$ 198,609,868	\$ 194,206,581	
7.00%	\$ 208,292,524	\$ 203,632,094	\$ 199,096,678	\$ 194,682,515	\$ 190,385,967	
IRR Reversion	8.00%	8.25%	8.50%	8.75%	9.00%	
Cost of Sale at Reversion:			1.00%			
Percent Residual:			56.58%			
Rounded to nearest \$100,000			\$207,500,000	\$309.95		

Based on the rates selected, the value via the Yield Capitalization analysis is estimated at \$207,500,000, rounded. The reversion contributes 56.58 percent to this value estimate.

Reconciliation and Final Value Opinion

Valuation Methodology Review and Reconciliation

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches should be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

The approaches indicated the following:

FINAL VALUE RECONCILIATION		
	Fair Value As-Is	PSF
Date of Value	March 31, 2019	
Land Valuation - Triad C		
Land Value - Triad C	\$20,000,000	
Land Value PSF		\$241.65
Sales Comparison Approach		
Percentage Adjustment Method	\$211,000,000	\$315.18
Conclusion	\$211,000,000	\$315.18
Income Capitalization Approach		
Yield Capitalization	\$207,500,000	\$309.95
Direct Capitalization	\$210,900,000	\$315.03
Conclusion	\$210,000,000	\$313.68
Final Value Conclusion - Triad A & B	\$210,000,000	\$313.68

Compiled by Cushman & Wakefield of Oregon, Inc.

Because of certain vulnerable characteristics in the Sales Comparison Approach, it has been used as supporting evidence and as a final check on the value conclusion indicated by the Income Capitalization Approach methodologies. As noted, the use of sales transactions that may not be reflective of current market trends lends to placing less weight on this component of the valuation.

The ranges in value exhibited by the Income Capitalization Approach are generally consistent with the leasing profile of the property, with the discounted cash flow suggesting income and value attributable to future years, whereby the direct capitalization method places greater weight on current income. Each indicates fairly complimentary results, the conclusions being supportive of each method employed, and neither range being extremely high or low in terms of the other.

Given the current state of the market, some believe that greater weight should be given to the direct capitalization method due to the risks associated with attributing value to future revenue streams in the discounted cash flow. In the case of the subject, we have considered the value conclusion from each technique, including the leasing profile of the subject reflected in each approach. Considering all of the characteristics of the subject, we have given supportive weight to both the discounted cash flow and the direct capitalization method.

In summary, we have given fairly equal weight to the Sales Comparison and Income Capitalization Approaches, with primary emphasis on the Income Capitalization Approach because this tends to mirror the methodologies most used by purchasers of this property type in the current market.

Value Conclusions			
Appraisal Premise	Real Property Interest	Date Of Value	Value Conclusion
Fair Value As-Is - Triads A & B	Leased Fee	March 31, 2019	\$210,000,000
Fair Value As-Is - Triad C Land	Fee Simple	March 31, 2019	\$20,000,000
Fair Value As-Is - Phase II Excess Land	Fee Simple	March 31, 2019	\$18,000,000
Total Fair Value As-Is	Leased Fee & Fee Simple	March 31, 2019	\$248,000,000

Compiled by Cushman & Wakefield of Oregon, Inc.

The implied “going in” capitalization rate applied to the estimated *stabilized* NOI was 6.0 percent. As discussed, the overall capitalization rates derived from the improved property sales are between 5.47 and 6.48 percent, with an average of 5.90 percent, and a median of 6.00 percent. The implied capitalization rate on an “As Is” valuation basis is calculated to be 3.46 percent based on year one NOI. Overall, the year one “As Is” implied going-in cap rate falls below the range of the going-in capitalization rates expected for a property of this caliber. The lower year-one capitalization rate can be attributed to the current occupancy and, forecasted lease-up, tenant build-out costs, and the lease assumptions included for RH.

We note that there may be a more limited pool of investors willing to accept such a low return on a year one basis due to the risks associated with leasing up space within the project. Nevertheless, much of the growth attributable to income growth in years one and two is the result of lease-up within Triads A and B.

Again we note the assumed rental assumptions for RH included within this analysis. Should the center not lease-up to percentages and to include tenancy to satisfy the co-tenancy agreement included within the lease agreement, it will have a material impact on the valuation conclusions.

Excess Land Valuation Summary

The following is a summary of the excess land valuation:

EXCESS LAND VALUATION	
Excess Phase II Land Area:	300 Units / 8.90 Acres
	Fair Value As-Is
Date of Value	March 31, 2019
Excess Land Value	\$18,000,000
Land Value Per Unit:	\$60,000

Compiled by Cushman & Wakefield of Oregon, Inc.

Consistent with the intended use and scope of work identified in this assignment, we estimated the Fair Value of the real property interest in the subject property in compliance with IFRS 13. Although debate continues on certain government regulatory levels, our analyses lead us to conclude that Fair Value and Market Value are very similar.

Under IFRS 13, investment property is remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises.

Fair value should reflect the actual market state and circumstances as of the balance sheet date. The best evidence of fair value is normally given by current prices on an active market for similar property in the same location and condition and subject to similar lease and other contracts. In the absence of such information, the entity may

consider current prices for properties of a different nature or subject to different conditions, recent prices on less active markets with adjustments to reflect changes in economic conditions, and discounted cash flow projections based on reliable estimates of future cash flows.

Both Fair Value and Market Value opinions for real property assets commonly use and rely upon the same types of data and analyses, as each opinion is intended to reflect the behavior of market participants. Among these are:

- Reliance upon the most appropriate valuation technique - taken directly from the market, we have mirrored the approach or approaches to value that would be considered by market participants in evaluating the purchase or sale of the property. For investment properties, the Fair Value reflects, among other things, income from current leases and reasonable and supportable forecasts likely to be applied by market participants would project.
- Adjustments to the relevant valuation methodologies when indicated by the market and its participants, including consideration of:
 - Location and condition of the property;
 - Current (as of the measurement date) highest and best use
 - Current bid and ask spreads for similar properties
 - An analysis of actual transactions
 - Adjustments to transactions, where appropriate and necessary (assumable debt, intangible consideration, forced liquidation, distress, etc.)
 - An analysis of offerings that did not transact and the underlying reasons
- Consideration of the level of activity or inactivity in the market (the level of inactivity virtually mandates that the Fair Value be developed using something other than observable inputs which, in reality, do not currently exist in significant number)
- Consideration of the financial markets and the investment requirements demanded by market participants, including, to the extent applicable, the availability of financing and consideration of the credit status of the source of revenue within a property
- Application of investment returns to the anticipated cash flows from the property as extracted from:
 - Closed sales, to the extent available and relevant
 - Various build-up techniques including any of the Mortgage-Equity Analysis, Band-of-Investment, and/or Yield Analysis; each supported by ample input from current market participants
 - The rates extracted from bid-ask spreads on current offerings or failed-to-close offerings
 - Quoted investment rates from published surveys

With respect to the subject property, we draw the following conclusions:

- The subject is an excellent quality mixed-use specialty center located within the western portion of the Las Vegas CBSA. The subject is benefitted by its proximity to the master planned community of Summerlin.
- The property has been well maintained.
- Triad B within Phase I of Tivoli Village opened in October 2016. On an overall basis (Triads A and B), the subject is 76.9 percent occupied/leased, with 154,388 square feet currently available. Leasing includes several LOIs provided by ownership, reportedly nearing final lease terms.
- The primary market would consist of a regional or national owner/investor seeking to expand its holdings in the market area. Other primary market participants would include an institutional investor or a REIT.
- A purchaser of the subject would have to have the expertise to complete the lease-up of Triad B, specifically the retail areas, and would be aware of the co-tenancy clause included in the RH lease agreement.
- Lease-up at Tivoli Village, specifically within the retail areas, continues to be challenging. Leasing has increased over the last 12-months, with overall occupancy across the center increasing by roughly 10.0% inclusive of LOIs included herein.
- Combined with the changing retail landscape, including tenant and store downsizing and closures within the retail industry nationally, competition from within the region, particularly from Downtown Summerlin, remains high.

- Several sales have occurred within the past 12-24 months of comparable properties. A number of non-competitive transactions have occurred over the last 12-months in the Las Vegas market, with one competitor trading roughly 24-months ago. All in all, this is considered a relatively active market as of the measurement date.
- Current debt and equity requirements have been exhibited in our Market Value analysis and support capitalization rates of 6.0% and Discount (Yield) Rates of 8.0% - *assuming stabilized operations*. On an as-is basis, the Discount (Yield) Rate is estimated at 8.5%.
- Quoted rates from surveys range from 6.31% to 6.64% (capitalization rates) and 7.38% to 8.18% (Discount Rates).
- The primary methodology relied upon by market participants would be the income capitalization approach with particular emphasis on the discounted cash flow analysis.

Fair Value Conclusion

After considering the criteria for estimating Fair Value under IFRS 13, it is our opinion that the Fair Value of the subject property, as of the measurement date of March 31, 2019, is reasonable represented by our Market Value estimate of \$248,000,000.

Exposure Time and Marketing Time

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately nine-twelve (9-12) months. This assumes an active and professional marketing plan would have been employed by the current owner.

We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within nine-twelve (9-12) months.

Assumptions and Limiting Conditions

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"Cushman & Wakefield" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of Cushman & Wakefield who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor Cushman & Wakefield shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of Cushman & Wakefield any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Cushman & Wakefield is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without Cushman & Wakefield's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Cushman & Wakefield in writing to use or rely thereon, hereby agrees to indemnify and hold Cushman & Wakefield, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. Cushman & Wakefield assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. Cushman & Wakefield recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and Cushman & Wakefield make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Cushman & Wakefield recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. Cushman & Wakefield recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of Cushman & Wakefield, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against Cushman & Wakefield or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by Cushman & Wakefield or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and Cushman & Wakefield, its employees and the Appraiser have no liability to such recipients. Cushman & Wakefield disclaims any and all liability to any party other than the party that retained Cushman & Wakefield to prepare the Report.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

Certification of Appraisal

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Brian Booth, MAI did make a personal inspection of the property that is the subject of this report.
- We have performed prior services involving the subject property within the three-year period immediately preceding the acceptance of the assignment.
- The service(s) include(s) a previous appraisal, two times within the prior three-year period immediately preceding the acceptance of the assignment.
- No one provided significant real property appraisal assistance to the persons signing this report. The following individuals provided significant real property assistance in preparing this appraisal.
- As of the date of this report, Brian Booth, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.



Brian Booth, MAI
Executive Director
NV Certified General Appraiser
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Addenda Contents

Addendum A:	Glossary of Terms & Definitions
Addendum B:	Engagement Letter
Addendum C:	Comparable Improved Sale Data Sheets
Addendum D:	Supporting Argus Schedules
Addendum E:	Qualifications of the Appraiser

Addendum A:

Glossary of Terms & Definitions

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Sixth Edition (2015), published by the Appraisal Institute, Chicago, IL, as well as other sources.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

Cash Equivalency

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

Depreciation

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

Disposition Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer and seller is each acting prudently and knowledgeably.
- The seller is under compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider their best interest.
- An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. In the case of Disposition value, the seller would be acting under compulsion within a limited future marketing period.

Ellwood Formula

A yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms.

The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern. The formula is

$$RO = [YE - M(YE + P \frac{1}{S} n - RM) - \Delta O \frac{1}{S} n] / [1 + \Delta I J]$$

where

RO = Overall Capitalization Rate

YE = Equity Yield Rate

M = Loan-to-Value Ratio

P = Percentage of Loan Paid Off

$\frac{1}{S} n$ = Sinking Fund Factor at the Equity Yield Rate

RM = Mortgage Capitalization Rate

ΔO = Change in Total Property Value

ΔI = Total Ratio Change in Income

J = J Factor

Also called mortgage-equity formula.

Exposure Time

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

Extraordinary Assumption

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

Hypothetical Conditions

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Insurable Replacement Cost/Insurable Value

A type of value for insurance purposes.

Intended Use

The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

Intended User

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

Leasehold Interest

The tenant's possessory interest created by a lease. See also negative leasehold; positive leasehold.

Liquidation Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- The buyer is acting in what he or she considers his or her best interest.
- A limited marketing effort and time will be allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. Under market value, the seller would be acting in his or her own best interests. The seller would be acting prudently and knowledgeably, assuming the price is not affected by undue stimulus or atypical motivation. In the case of liquidation value, the seller would be acting under extreme compulsion within a severely limited future marketing period.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

Market Value

As defined in the Agencies' appraisal regulations, the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) See also exposure time.

Mortgage-Equity Analysis

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

Operating Expenses

Other Taxes, Fees & Permits - Personal property taxes, sales taxes, utility taxes, fees and permit expenses.

Property Insurance - Coverage for loss or damage to the property caused by the perils of fire, lightning, extended coverage perils, vandalism and malicious mischief, and additional perils.

Management Fees - The sum paid for management services. Management services may be contracted for or provided by the property owner. Management expenses may include supervision, on-site offices or apartments for resident managers, telephone service, clerical help, legal or accounting services, printing and postage, and advertising. Management fees may occasionally be included among recoverable operating expenses

Total Administrative Fees - Depending on the nature of the real estate, these usually include professional fees and other general administrative expenses, such as rent of offices and the services needed to operate the property. Administrative expenses can be provided either in the following expense subcategories or in a bulk total. 1) Professional Fees - Fees paid for any professional services contracted for or incurred in property operation; or 2) Other Administrative - Any other general administrative expenses incurred in property operation.

¹ "Interagency Appraisal and Evaluation Guidelines." Federal Register 75:237 (December 10, 2010) p. 77472.

Heating Fuel - The cost of heating fuel purchased from outside producers. The cost of heat is generally a tenant expense in single-tenant, industrial or retail properties, and apartment projects with individual heating units. It is a major expense item shown in operating statements for office buildings and many apartment properties. The fuel consumed may be coal, oil, or public steam. Heating supplies, maintenance, and workers' wages are included in this expense category under certain accounting methods.

Electricity - The cost of electricity purchased from outside producers. Although the cost of electricity for leased space is frequently a tenant expense, and therefore not included in the operating expense statement, the owner may be responsible for lighting public areas and for the power needed to run elevators and other building equipment.

Gas - The cost of gas purchased from outside producers. When used for heating and air conditioning, gas can be a major expense item that is either paid by the tenant or reflected in the rent.

Water & Sewer - The cost of water consumed, including water specially treated for the circulating ice water system, or purchased for drinking purposes. The cost of water is a major consideration for industrial plants that use processes depending on water and for multifamily projects, in which the cost of sewer service usually ties to the amount of water used. It is also an important consideration for laundries, restaurants, taverns, hotels, and similar operations.

Other Utilities - The cost of other utilities purchased from outside producers.

Total Utilities - The cost of utilities net of energy sales to stores and others. Utilities are services rendered by public and private utility companies (e.g., electricity, gas, heating fuel, water/sewer and other utilities providers). Utility expenses can be provided either in expense subcategories or in a bulk total.

Repairs & Maintenance - All expenses incurred for the general repairs and maintenance of the building, including common areas and general upkeep. Repairs and maintenance expenses include elevator, HVAC, electrical and plumbing, structural/roof, and other repairs and maintenance expense items. Repairs and Maintenance expenses can be provided either in the following expense subcategories or in a bulk total. 1) Elevator - The expense of the contract and any additional expenses for elevator repairs and maintenance. This expense item may also include escalator repairs and maintenance. 2) HVAC - The expense of the contract and any additional expenses for heating, ventilation and air-conditioning systems. 3) Electrical & Plumbing - The expense of all repairs and maintenance associated with the property's electrical and plumbing systems. 4) Structural/Roof - The expense of all repairs and maintenance associated with the property's building structure and roof. 5) Pest Control - The expense of insect and rodent control. 6) Other Repairs & Maintenance - The cost of any other repairs and maintenance items not specifically included in other expense categories.

Common Area Maintenance - The common area is the total area within a property that is not designed for sale or rental, but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. Common Area Maintenance (CAM) expenses can be entered in bulk or through the sub-categories. 1) Utilities - Cost of utilities that are included in CAM charges and passed through to tenants. 2) Repair & Maintenance - Cost of repair and maintenance items that are included in CAM charges and passed through to tenants. 3) Parking Lot Maintenance - Cost of parking lot maintenance items that are included in CAM charges and passed through to tenants. 4) Snow Removal - Cost of snow removal that are included in CAM charges and passed through to tenants. 5) Grounds Maintenance - Cost of ground maintenance items that are included in CAM charges and passed through to tenants. 6) Other CAM expenses are items that are included in CAM charges and passed through to tenants.

Painting & Decorating - This expense category is relevant to residential properties where the landlord is required to prepare a dwelling unit for occupancy in between tenancies.

Cleaning & Janitorial - The expenses for building cleaning and janitorial services, for both daytime and night-time cleaning and janitorial service for tenant spaces, public areas, atriums, elevators, restrooms, windows, etc. Cleaning and Janitorial expenses can be provided either in the following subcategories or entered in a bulk total. 1) Contract Services - The expense of cleaning and janitorial services contracted for with outside service providers. 2) Supplies, Materials & Misc. - The cost any cleaning materials and any other janitorial supplies required for property cleaning and janitorial services and not covered elsewhere. 3) Trash Removal - The expense of property trash and rubbish removal and related services. Sometimes this expense item includes the cost of pest control and/or snow removal. 4) Other Cleaning/Janitorial - Any other cleaning and janitorial related expenses not included in other specific expense categories.

Advertising & Promotion - Expenses related to advertising, promotion, sales, and publicity and all related printing, stationary, artwork, magazine space, broadcasting, and postage related to marketing.

Professional Fees - All professional fees associated with property leasing activities including legal, accounting, data processing, and auditing costs to the extent necessary to satisfy tenant lease requirements and permanent lender requirements.

Total Payroll - The payroll expenses for all employees involved in the ongoing operation of the property, but whose salaries and wages are not included in other expense categories. Payroll expenses can be provided either in the following subcategories or entered in a bulk total. 1) Administrative Payroll - The payroll expenses for all employees involved in on-going property administration. 2) Repair & Maintenance Payroll - The expense of all employees involved in on-going repairs and maintenance of the property. 3) Cleaning Payroll - The expense of all employees involved in providing on-going cleaning and janitorial services to the property 4) Other Payroll - The expense of any other employees involved in providing services to the property not covered in other specific categories.

Security - Expenses related to the security of the Lessees and the Property. This expense item includes payroll, contract services and other security expenses not covered in other expense categories. This item also includes the expense of maintenance of security systems such as alarms and closed circuit television (CCTV), and ordinary supplies necessary to operate a security program, including batteries, control forms, access cards, and security uniforms.

Roads & Grounds - The cost of maintaining the grounds and parking areas of the property. This expense can vary widely depending on the type of property and its total area. Landscaping improvements can range from none to extensive beds, gardens and trees. In addition, hard-surfaced public parking areas with drains, lights, and marked car spaces are subject to intensive wear and can be costly to maintain.

Other Operating Expenses - Any other expenses incurred in the operation of the property not specifically covered elsewhere.

Real Estate Taxes - The tax levied on real estate (i.e., on the land, appurtenances, improvements, structures and buildings); typically by the state, county and/or municipality in which the property is located.

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Prospective Value upon Reaching Stabilized Occupancy

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

Special, Unusual, or Extraordinary Assumptions

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

Addendum B: Engagement Letter

Naoum M. Papagianopoulos, MAI
Executive Director



Cushman & Wakefield, Inc.
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June 22, 2017

Mr. Eli Elefant
CEO
IDB Group USA Investments Inc.
452 Fifth Avenue
New York, NY 10018

Re: **Tivoli Village**
Tivoli Phase II Site

Dear Mr. Elefant:

Thank you for requesting our proposal for appraisal services. This proposal letter will become, upon your acceptance, our letter of engagement to provide the services outlined herein.

TERMS OF ENGAGEMENT

I. PROBLEM IDENTIFICATION

The Parties To This Agreement: Cushman & Wakefield, Inc. and/or its designated affiliate or subsidiary (herein at times referred to as "C&W") and IDBG Group USA Investments Inc. (herein at times referred to as "Client")

Intended Users: The appraisal is to be used by the Client, Great Wash Park, LLC, Property & Building Corporation LTD. and their direct and indirect affiliate companies (including the holding companies of IDB Group USA Investments Inc.). Discount Investment Corporation Ltd. ("DIC") and IDB Development Corp. Ltd. ("IDB") and each of their respective direct and indirect affiliate companies are intended users of this report.

Intended Use: The appraisal is to be used for financial reporting by the Client. Complete report may also be used as an addendum to company/affiliates (including holding companies of IDBG Group USA Investments, Inc.) public filings and investment prospectuses.

Type of Opinion and Rights Appraised: (i) As-Is Market value of the Leased Fee Interest, (ii) International Financial Reporting Standards (IFRS) Market Value of the Leased Fee Interest, and (iii) highest and best use land value appraisal.

Date of Value: Date of Inspection. At the election of the Client and with written (email) authorization, annual updates may also be provided during 2018, 2019 and 2020. The date of value for the update reports will be provided at the time of the request.

Subject of the Assignment and Relevant Characteristics:

The properties to be appraised are:

Tivoli Village at Queensridge, NE corner Alta Drive & Rampart Blvd, Las Vegas, NV 89145; and, Tivoli Phase II Site, Las Vegas, NV.

Assignment Conditions:

The assignment will not incorporate any extraordinary assumptions or hypothetical conditions, supplemental standards and/or Jurisdictional Exceptions do not apply.

II. ANTICIPATED SCOPE OF WORK

USPAP Compliance:

C&W will develop an appraisal in accordance with USPAP, IFRS, and the Code of Ethics and Certification Standards of the Appraisal Institute.

General Scope of Work:

- Property Inspection to the extent necessary to adequately identify the real estate
- Research relevant market data, in terms of quantity, quality, and geographic comparability, to the extent necessary to produce credible appraisal results
- Consider and develop those approaches relevant and applicable to the appraisal problem. Based on our discussions with the Client, we anticipate developing the following valuation approaches:
 - Income Capitalization Approach
 - Discounted Cash Flow Method
 - Sales Comparison Approach

III. REPORTING AND DISCLOSURE

Scope of Work Disclosure:

The anticipated or actual Scope of Work will be reported within the report.

Reporting Option:

The appraisal will be communicated in an Appraisal Report.

IV. FEE, EXPENSES AND OTHER TERMS OF ENGAGEMENT

Fee:

\$17,500 initial appraisal and **\$15,500** per each subsequent annual appraisal. Invoices are due upon the date of receipt of the final report or within thirty (30) days of receipt of the draft report, whichever is sooner. The Client shall be solely responsible for C&W's fees. Acknowledgement of this obligation is made by the countersignature to this agreement by an authorized representative.

Additional Expenses:

Fee quoted is inclusive of expenses related to the preparation of the reports.

Retainer:

A retainer of 50% is required for this assignment in order to commence work.

Report Copies:

The final report will be delivered electronically, along with three (3) bound hard copies.

Start Date:

The appraisal process will initiate upon receipt of signed agreement and the receipt of the property specific data.

Acceptance Date: This proposal is subject to withdrawal if the engagement letter is not executed within six (6) business days.

Report Delivery: C&W will deliver a restricted report within 4 weeks of receipt of your written authorization to proceed, assuming prompt receipt of necessary property information. Payment of the fee shall be due and payable in accordance with the terms of the "Fee" section above.

Changes to Agreement: The identity of the Client, intended users, or intended use; type of value or interest appraised; or property appraised cannot be changed without a new agreement.

Prior Services Disclosure: USPAP requires disclosure of prior services performed by the individual appraiser within the three years prior to this assignment. The undersigned appraiser has not provided prior services, unrelated to and not in conflict with the current assignment, within the designated time frame.

Further Conditions of Engagement: The Conditions of Engagement attached hereto are incorporated herein and are part of this letter of engagement.

Thank you for calling on us to render these services and we look forward to working with you.


Sincerely,
CUSHMAN & WAKEFIELD, INC.



Naoum M. Papagianopoulos, MAI
Executive Director

NMP: sz
cc: Robert Nardella

AGREED:
CLIENT: IDB Group USA Investments Inc.

By:  Date: 6/22/17
Mr. Eli Elefant

Title: Authorized Person

E-mail Address/Phone & Fax Nos.: P: 212.395.9083
Asst: 212.395.9082
eli@pbcus.com

Information Needed to Complete the Assignment

We understand that you will provide the following information for our review, if available.

- Plot plan/survey and legal description
- Building plans/leasing plan/stacking plan
- Cost of any major expansions, modifications or repairs incurred over the past three years/capital expense budget
- Operating statements for three previous years plus year-to-date
- Most recent real estate tax bill or statement
- Budgets
- Sales history of the subject property over the past three years at a minimum
- Leases/major tenant leases/standard lease form/easement agreements
- Rent roll showing expiration dates, options to renew, expense stops, pass-through provisions and breakpoint for calculating overage rent, concessions, TI's
- Summary of recently negotiated unexecuted leases or letters of intent
- Delinquency report identifying tenants in arrears or in default
- Copy of your guidelines or instructions to appraisers/consultants
- On site contact – name and phone number

CONDITIONS OF ENGAGEMENT

- 1) Each Intended User identified herein should consider the appraisal as only one factor together with its independent investment considerations and underwriting criteria in its overall investment decision. The appraisal cannot be used by any party or for any purpose other than the Intended User(s) identified herein for the Intended Use described herein, unless such party is (i) any third party expressly acknowledged in a signed writing by C&W as an "Intended User" of the appraisal report, (ii) any third party service provider (including rating agencies and auditors) using the appraisal report in the course of providing services for the sole benefit of an Intended User, or (iii) as requested by statute, government regulation, legal process or judicial decree.
- 2) Federal banking regulations require banks and savings and loan associations to employ appraisers where a FIRREA compliant appraisal must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions, including mortgage bankers/brokers. Because of that requirement, an appraisal, if ordered independent of a financial institution or agent, may not be accepted by a federally regulated financial institution. The appraisal prepared pursuant to this Engagement will be prepared in accordance with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the International Financial Reporting Standards, the Standards of Professional Practice and the Code of Ethics of the Appraisal Institute.
- 3) The appraisal report will be subject to our standard Assumptions and Limiting Conditions, which will be incorporated into the appraisal. All users of the appraisal report are specifically cautioned to understand the standard Assumptions and Limiting Conditions as well as any Extraordinary Assumptions and Hypothetical Conditions which may be employed by the appraiser and incorporated into the appraisal.
- 4) The appraisal report or our name may not be used in any offering memoranda or other investment material without the prior written consent of C&W, which may be given at the sole discretion of C&W; provided, that C&W's consent shall not be required when using the appraisal report in accordance with the "Intended Use" section hereof, including, without limitation, appending the appraisal report to all financial reporting documents and investment prospectuses used by or prepared for the Intended Users. Any such consent, if given, shall be conditioned upon our receipt of an indemnification agreement from a party reasonably satisfactory to us and in a form reasonably satisfactory to us. Furthermore, Client agrees to pay the reasonable, out-of-pocket fees of C&W's third party legal counsel for the review of the material which is the subject of the requested consent. C&W disclaims any and all liability with regard to the appraisal prepared pursuant to the engagement to any party other than the Intended User(s). Under no circumstances will C&W consent to the quote, reference or inclusion of the appraisal in connection with crowd funding activities. Further, crowd funding investors are specifically excluded from any class of Intended Users.
- 5) In the event the Client provides a copy of the appraisal to, or permits reliance thereon by, any party not identified herein as an Intended User or otherwise permitted by the terms hereof, Client hereby agrees to indemnify and hold C&W, its affiliates and the respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable, out-of-pocket attorneys' fees, incurred in investigating and defending any claim arising from the use of, or reliance upon, the appraisal by any such party, unless such claim is caused by the gross negligence, fraud or willful misconduct of C&W or its affiliates, directors, officers or employees.
- 6) The balance of the fee for the appraisal will be due and payable in accordance with the terms hereof. Payment of the fee is not contingent on the appraised value, a loan closing, or any other prearranged condition. Additional fees will be charged on an hourly basis for any work, which exceeds the scope of this proposal, including performing additional valuation scenarios, additional research and conference calls or meetings with any party, which exceed the time allotted by C&W for an assignment of this nature, except to a de minimis extent. If C&W is requested to stop working on this assignment, for any reason, prior to our completion of the appraisal, C&W will be entitled to bill the Client for the time expended to date at C&W's hourly rates for the personnel involved.
- 7) If C&W or any of its affiliates or any of their respective employees receives a subpoena or other judicial command to produce documents or to provide testimony involving this assignment in connection with a lawsuit or proceeding, C&W shall notify the Client of our receipt of same. However, if C&W or any of its affiliates are not a party to these proceedings, Client agrees to compensate C&W or its affiliate for the professional time and reimburse C&W or its affiliate for the actual expense that it incurs in responding to any such subpoena or judicial command, including attorneys' fees, if any, as they are incurred. C&W or its affiliate will be compensated at the then prevailing hourly rates of the personnel responding to the subpoena or command for testimony.

- 8) IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, GROSS NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT. THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT.
- 9) C&W disclaims any and all liability to any party with regard to the appraisal report other than an Intended User or other permitted person expressly identified herein.
- 10) The fees and expenses shall be due C&W as agreed in this letter. If it becomes necessary to place collection of the fees and expenses due C&W in the hands of a collection agent and/or an attorney (whether or not a legal action is filed) Client agrees to pay all reasonable fees and expenses including reasonable out-of-pocket attorneys' fees incurred by C&W in connection with the collection or attempted collection thereof

Addendum C: Comparable Improved Sale Data Sheets



Westgate City Center
 9400 W hanna Dr
 Glendale AZ 85305
 MSA: Phoenix-Mesa
 Maricopa County
 Submarket: N/A
 Property Type: Shopping Center
 Property Subtype: Specialty Center
 Classification: N/A
 ID: 411811
 Tax Number(s): N/A

PROPERTY INFORMATION

Site Area (Acres):	76.00	Anchors	Include in Sale	GLA
Site Area (Sq.Ft.):	3,310,560	Dave & Buster's	X	50,000
Gross Building Area:	533,000	AMC Westgate 20	X	77,826
L:B Ratio:	6.21:1	Total Anchor GLA		127,826
Parking Spaces:	3,300	Inline GLA	X	152,174
Parking Ratio:	6.19:1,000	Other GLA	X	253,000
Year Built:	2006	Total Outparcel GLA		N/A
Last Renovation:	N/A	Center GLA		533,000
Quality:	Good	Sold GLA		533,000
Condition:	Good			

SALE INFORMATION

Status:	Recorded Sale	OAR:	6.09%
Deed Reference:		NOI:	\$8,099,700
Sale Date:	6/2018	NOI per Sq.Ft.:	\$15.20
Sale Price:	\$133,000,000	Occupancy:	89.00%
Price per Sq.Ft. of Sold GLA:	\$249.53		
Value Interest:	Leased Fee		
Grantor:	istar Financial Inc		
Grantee:	YAM Properties ,LLC		
Financing:	N/A		
Condition of Sale:	None		

VERIFICATION COMMENTS

Deed; press release broker and buyer

COMMENTS

Westgate City Center is a part of a larger 225 acre PUD, which includes the Gila River Arena (which opened in 2013), hotels, office space and retail development. The subject property is a mixed -use development , with 280,000 sf of restaurant and entertainment space, 76 multifamily units and office space. In addition to the major tenants, the center has numerous restaurants and entertainment tenants (including: Bar Louie, McFadden's, Kabuki Japanese, Saddle Ranch, Stir Crazy Comedy Club, Salt Tacos, Yard House and Whiskey Rose) Of the 76 acres 30 was available for future development (with a reported value allocation of \$25 million)

The property was foreclosed on in 2011, when the then current owner defaulted on its \$97.5 million loan, The lender (istar) became the owner. Since that time, 2 floors of vacant office space was redeveloped with the 76 residential units and Dave & Buster's was added.



Southlands Town Center
 6155 South Main Street
 Aurora CO 80016-5363
 MSA: Denver
 Arapahoe County
 Submarket: Denver - SE Suburbs
 Property Type: Shopping Center
 Property Subtype: Specialty Center
 Classification: Lifestyle Center
 ID: 396122
 Tax Number(s): 2071-19-2-09-001, 002, 003, 004, 005, 006, 007, 009, 2071-19-3-03-001

PROPERTY INFORMATION

Site Area (Acres):	68.32	Anchors	Include in Sale	GLA
Site Area (Sq.Ft.):	2,975,809	Other Anchors & Majors	X	203,500
Gross Building Area:	917,945	Barnes & Noble	X	27,053
L:B Ratio:	3.24:1	Vacant Anchor Unit	X	29,791
Parking Spaces:	3,199	Best Buy	X	30,000
Parking Ratio:	3.48:1,000	Bed Bath & Beyond	X	38,000
Year Built:	2004	Dick's Sporting Goods	X	49,650
Last Renovation:	N/A	AMC Theater	X	72,347
Quality:	Good	Total Anchor GLA		450,341
Condition:	Good	Inline GLA	X	297,025
		Other GLA	X	170,579
		Total Outparcel GLA		N/A
		Center GLA		917,945
		Sold GLA		917,945

SALE INFORMATION

Status:	Recorded Sale	OAR:	6.48%
Deed Reference:		NOI:	\$9,201,276
Sale Date:	3/2018	NOI per Sq.Ft.:	\$10.02
Sale Price:	\$141,995,000	Occupancy:	87.00%
Price per Sq.Ft. of Sold GLA:	\$154.69		
Value Interest:	Leased Fee		
Grantor:	Northwood Investors		
Grantee:	M&J Wilkow JV MetLife		
Financing:	N/A		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Public Data, Buyer's press release, Confidential Sources

COMMENTS

Southlands Town Center consists of a 917,945 square foot mixed-use lifestyle center located in Aurora, Colorado, within the eastern portion of the Denver CBSA. The center opened in 2005 and features an open-air "Main Street" design with street level retail, restaurants and second-level office suites. The retail areas are divided between the Town Center (454,733 square feet), anchored by AMC Theatres, H&M, Dick's Sporting Goods, Barnes & Noble, and Office Max, and the Value Center (a 292,633 square foot power center component anchored by Bed Bath & Beyond, Off Broadway, Ross, Cost Plus, Ulta, and Best Buy, among others). The center is shadow-anchored by Walmart, Sam's Club, and JCPenney, as well as additional retail and restaurant uses. Average In-line and restaurant sales at the center reportedly ranged between \$325 and \$350 per square foot. Second-level office areas over the Town Center portion of the development total 170,579 square feet and were approximately 80.0 percent occupied at the time of sale.



LaCenterra at Cinco Ranch
 23501 Cinco Ranch Blvd.
 Katy TX 77494
 MSA: Houston
 Fort Bend County
 Submarket: N/A
 Property Type: Shopping Center
 Property Subtype: Specialty Center
 Classification: Lifestyle Center
 ID: 385732
 Tax Number(s): N/A

PROPERTY INFORMATION

Site Area (Acres):	34.00	Anchors	Include in Sale	GLA
Site Area (Sq.Ft.):	1,481,040	N/A	N/A	N/A
Gross Building Area:	412,900	Total Anchor GLA		N/A
L:B Ratio:	3.59:1	Inline GLA	X	273,522
Parking Spaces:	2,122	Other GLA	X	139,378
Parking Ratio:	5.14:1,000	Total Outparcel GLA		N/A
Year Built:	2007	Center GLA		412,900
Last Renovation:	2018	Sold GLA		412,900
Quality:	Excellent			
Condition:	Excellent			

SALE INFORMATION

Status:	Recorded Sale	OAR:	6.17%
Deed Reference:		NOI:	\$9,841,150
Sale Date:	9/2017	NOI per Sq.Ft.:	\$23.83
Sale Price:	\$159,500,000	Occupancy:	92.00%
Price per Sq.Ft. of Sold GLA:	\$386.29		
Value Interest:	Leased Fee		
Grantor:	Vista Equities/Amstar		
Grantee:	PGIM Real Estate (Prudential Financial)		
Financing:	Cash to Seller		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Miles Theodore, selling broker with Eastdil Secured & Press Release

COMMENTS

This lifestyle center was constructed in phases (Phase I-157,000 sf retail and 105,000 sf office; Phase II opened in 2013, with 34,000 sf retail; Phase III opened in 2015 with 35,000 sf retail, 36,000 sf office and a parking garage; Phase IV is scheduled to open in the spring with a 44,500 sq ft -retail Alamo Draft-house (37,000 sf) and a 5 level parking garage). Trader Joe's (which opened in 2015) anchors the retail portions. The office tenants include a mixture of engineering, energy and sportswear design. Leased space at sale- 93% retail and 89% office. This center has major freeway frontage and is located at the main entrance to the 8,100 acre master planned community Cinco Ranch, which is one of the dominant communities in the region. The sales price was confirmed through multiple sources. The OAR was reported by the broker to be 6.17% (with a blending of 5.75% for the retail component and 6.96% for the office) - with an unleveraged IRR of 7.50%.



The Shops at the Landmark
 5325-5425 Landmark Place
 5362-5390 Greenwood Plaza Boulevard
 Greenwood Village CO 80111-1945
 MSA: Denver
 Arapahoe County
 Submarket: Denver - SE Suburbs
 Property Type: Shopping Center
 Property Subtype: Specialty Center
 Classification: Lifestyle Center
 ID: 53649
 Tax Number(s): 2075-16-2-19-003, -004, and -005

PROPERTY INFORMATION

Site Area (Acres):	5.90	Anchors	Include in Sale	GLA
Site Area (Sq.Ft.):	257,004	N/A	X	27,663
Gross Building Area:	143,614	Landmark Theaters	X	26,481
L:B Ratio:	1.79:1	Total Anchor GLA		26,481
Parking Spaces:	1,321	Inline GLA	N/A	89,470
Parking Ratio:	9.20:1,000	Other GLA	N/A	27,663
Year Built:	2006	Total Outparcel GLA		N/A
Last Renovation:	N/A	Center GLA		143,614
Quality:	Average	Sold GLA		143,614
Condition:	Average			

SALE INFORMATION

Status:	Recorded Sale	OAR:	5.49%
Deed Reference:		NOI:	\$1,811,700
Sale Date:	5/2017	NOI per Sq.Ft.:	\$12.62
Sale Price:	\$33,000,000	Occupancy:	72.00%
Price per Sq.Ft. of Sold GLA:	\$229.78		
Value Interest:	Leased Fee		
Grantor:	7677 East Berry Avenue Associates, LP		
Grantee:	Landmark SPE, LLC		
Financing:	N/A		
Condition of Sale:	None		

VERIFICATION COMMENTS

Broker and OM

COMMENTS

The Shops at the Landmark is adjacent to I-25 and within walking distance to the Orchard Light Rail Station, and it benefits from proximity to several large Southeast Denver business parks, including the Denver Tech Center.



Blvd Place
 1800 Post Oak Blvd.
 SWC Post Oak Blvd. and San Felipe
 Houston TX 77056
 MSA: Houston
 Harris County
 Submarket: N/A
 Property Type: Shopping Center
 Property Subtype: Specialty Center
 Classification: Lifestyle Center
 ID: 27421
 Tax Number(s): N/A

PROPERTY INFORMATION

Site Area (Acres):	6.46	Anchors	Include in Sale	GLA
Site Area (Sq.Ft.):	281,398	Whole Foods	X	52,000
Gross Building Area:	214,917	Total Anchor GLA		52,000
L:B Ratio:	1.31:1	Inline GLA	N/A	N/A
Parking Spaces:	1,256	Other GLA	X	162,917
Parking Ratio:	5.84:1,000	Total Outparcel GLA		N/A
Year Built:	2014	Center GLA		214,917
Last Renovation:	N/A	Sold GLA		214,917
Quality:	Excellent			
Condition:	Excellent			

SALE INFORMATION

Status:	Recorded Sale	OAR:	5.47%
Deed Reference:		NOI:	\$8,642,600
Sale Date:	4/2017	NOI per Sq.Ft.:	\$40.21
Sale Price:	\$158,000,000	Occupancy:	99.20%
Price per Sq.Ft. of Sold GLA:	\$735.17		
Value Interest:	Leased Fee		
Grantor:	Wulfe & Company		
Grantee:	Whitestone REIT		
Financing:	Cash to Seller		
Condition of Sale:	None		

VERIFICATION COMMENTS

Confidential

COMMENTS

This mixed-use, multi-story development includes a 52,000 square foot Whole Foods as well as an additional 70,683 square feet of retail and 92,000 square feet of office space along with structured parking. Whole Foods has about 18 years remaining on their base lease term. The largest office tenant is Frost Bank at about 55,000 square feet. Frost has about 8 years remaining on their base term. Both of these large tenants have investment grade credit ratings. Whole Foods was subsequently purchased by Amazon, but the news was not known at the time of sale. The EGIM was 18.25x with a stabilized expense ratio of 44.38%.



Main Street Promenade
 55 S Main Street
 Naperville IL 60540
 MSA: Chicago
 DuPage County
 Submarket: N/A
 Property Type: Shopping Center
 Property Subtype: Specialty Center
 Classification: Lifestyle Center
 ID: 368640
 Tax Number(s): N/A

PROPERTY INFORMATION

Site Area (Acres):	N/A	Anchors	Include in Sale	GLA
Site Area (Sq.Ft.):	N/A	N/A	N/A	N/A
Gross Building Area:	181,600	Total Anchor GLA		N/A
L:B Ratio:	0.66:1	Inline GLA	N/A	181,600
Parking Spaces:	N/A	Other GLA	N/A	N/A
Parking Ratio:	N/A	Total Outparcel GLA		N/A
Year Built:	2003	Center GLA		181,600
Last Renovation:	2014	Sold GLA		181,600
Quality:	Excellent			
Condition:	Excellent			

SALE INFORMATION

Status:	Recorded Sale	OAR:	5.50%
Deed Reference:		NOI:	\$4,840,000
Sale Date:	1/2017	NOI per Sq.Ft.:	\$26.65
Sale Price:	\$88,000,000	Occupancy:	93.10%
Price per Sq.Ft. of Sold GLA:	\$484.58		
Value Interest:	Leased Fee		
Grantor:	BBM Incorporated		
Grantee:	RPAI		
Financing:	N/A		
Condition of Sale:	None		

VERIFICATION COMMENTS

Knowledgeable third party.

COMMENTS

This property involves a mixed-use lifestyle center located in the downtown district of top-tier suburban Naperville. The components include two multi-level buildings (one built in 2003 and the other in 2014) comprising approximately 103k square feet of retail and 79k square feet of office. The purchase includes a vacant parcel that has been approved for the future development of up to 62k square feet. Tenants at this development include LOFT, Ann Taylor, White House Black Market, J. Crew and Anthropologie. The property is located adjacent to a 898 car public parking deck.



Town Square Las Vegas
 6605 S. Las Vegas Boulevard
 Las Vegas NV 89119-3240
 MSA: Las Vegas
 Clark County
 Submarket: N/A
 Property Type: Shopping Center
 Property Subtype: Specialty Center
 Classification: Lifestyle Center
 ID: 189907
 Tax Number(s): 177-05-510-002

PROPERTY INFORMATION

Site Area (Acres):	94.41	Anchors	Include in Sale	GLA
Site Area (Sq.Ft.):	4,112,500	Whole Foods	X	50,280
Gross Building Area:	1,147,202	N/A	X	242,758
L:B Ratio:	3.58:1	Container Store	X	22,130
Parking Spaces:	5,687	Saks Off Fifth	X	41,839
Parking Ratio:	4.96:1,000	AMC	X	90,740
Year Built:	2007	Other Majors	X	173,975
Last Renovation:	N/A	H&M	X	31,886
Quality:	Good	Total Anchor GLA		410,850
Condition:	Good	Inline GLA	N/A	493,594
		Other GLA	N/A	242,758
Total Outparcel GLA				N/A
Center GLA				1,147,202
Sold GLA				1,147,202

SALE INFORMATION

Status:	Recorded Sale	OAR:	6.09%
Deed Reference:		NOI:	\$23,872,105
Sale Date:	1/2017	NOI per Sq.Ft.:	\$20.81
Sale Price:	\$392,000,000	Occupancy:	85.00%
Price per Sq.Ft. of Sold GLA:	\$341.70		
Value Interest:	Leased Fee		
Grantor:	TSLV		
Grantee:	SRMR Town Square Owner LLC		
Financing:	N/A		
Condition of Sale:	None		

VERIFICATION COMMENTS

County Records, Published Reports, Buyer Representatives
 Recording Doc#20170127 00003193

COMMENTS

Town Square Las Vegas is a 1,147,202 square foot, mixed-use lifestyle center located on Las Vegas Boulevard, immediately south of the Resort Corridor and adjacent to McCarran International Airport. The property includes 26 buildings and is constructed in an open-air, urban street setting. Retail GLA totals 904,444 square feet including 11 anchor/major tenants. Second- and third-story office areas total 242,758 square feet. At the time of sale, retail areas were 90 percent occupied while the office space was 75 percent leased. The largest office tenant is Solar City who leases approximately 113,476 square feet, or 47% of the office GLA. Comparable in-line sales are \$570 per square foot (\$455/SF excluding Apple). The property can accommodate up to four future outpad developments, with proposed improvements ranging from 19,000 to 31,350 square feet. The purchase was a joint venture between TIAA (85% interest) and Fairbourne Properties (15%).

Rookwood Commons / Pavilion
 2629-2749 Edmondson Road
 Cincinnati OH 45209-1910
 MSA: Cincinnati
 Hamilton County
 Submarket: N/A
 Property Type: Shopping Center
 Property Subtype: Specialty Center
 Classification: Lifestyle Center
 ID: 154890
 Tax Number(s): N/A



PROPERTY INFORMATION

Site Area (Acres):	47.21	Anchors	Include in Sale	GLA
Site Area (Sq.Ft.):	2,056,511	Stein Mart	X	36,000
Gross Building Area:	600,071	Homegoods	X	35,000
L:B Ratio:	3.43:1	Whole Foods	X	27,000
Parking Spaces:	2,726	Bed Bath & Beyond	X	33,375
Parking Ratio:	4.54:1,000	TJ Maxx	X	30,000
Year Built:	1993	Nordstrom Rack	X	35,000
Last Renovation:	2000	Total Anchor GLA		196,375
Quality:	Good	Inline GLA	N/A	403,696
Condition:	Good	Other GLA	N/A	N/A
		Total Outparcel GLA		N/A
		Center GLA		600,071
		Sold GLA		600,071

SALE INFORMATION

Status:	Recorded Sale	OAR:	5.90%
Deed Reference:		NOI:	\$11,210,000
Sale Date:	1/2017	NOI per Sq.Ft.:	\$18.68
Sale Price:	\$190,000,000	Occupancy:	97.00%
Price per Sq.Ft. of Sold GLA:	\$316.63		
Value Interest:	Leased Fee		
Grantor:	CLP-SPF Rookwood Commons,/Pavilion LLC		
Grantee:	HGREIT II, LLC		
Financing:	N/A		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Selling broker - Eastdil

COMMENTS

This is the sale of a lifestyle /power center which is located in the Cincinnati metro area. The property consists of the Rookwood Commons lifestyle center and the Rookwood Pavilion power center. Rookwood Commons, built in 2000, has 340,259 square feet and is anchored by Bed Bath & Beyond, Whole Foods, DSW, REI and Old Navy. Rookwood Pavilion, built in 1993, has 259,812 square feet and is anchored by Stein Mart, Nordstrom Rack, Homegoods, TJ Maxx and Joseph Beth. The allocated price for Rookwood Commons was \$112 million and the allocated price for Rookwood Pavilion was \$78 million. Average sales are reported to be approximately \$400 per square foot at Rookwood Commons and \$300 per square foot at Rookwood Pavilion. The buyer assumed a \$96 million note at a 3.06 percent rate (interest only) that was set to expire mid-year 2020. The center is part of a mixed-use development which includes the Rookwood Tower (a 163,692 square foot office tower). Two hotels (123-key Courtyard and 118- key Residence Inn) and a 230,000 square foot office tower were under development at purchase in the immediate area. Most of the tenants have been in the center for many years and demand to be in the development is very high though rarely spaces come available for lease. Most major revenue sources had remaining lease terms of 3 to 7 years when acquired. Whole Foods does not report sales; however, reliable sources have been provided information that suggests sales exceed \$1,500 per square foot.

Addendum D: Supporting Argus Schedules

<div><div><div>ARGUS™</div><div>SOFTWARE</div></div><div>Tivoli Village Triads A & B 440 S Rampart Blvd Las Vegas, NV 89145</div></div>		<div>Software : ARGUS Ver. 15.0.1.29 File : Tivoli Village Triads A&B Property Type : Office & Retail Portfolio : Date : 4/15/19 Time : 1:07 pm Ref# : AZD Page : 1</div>											
		<div>Retail Under 3,500 SF Market Leasing Assumption Results In Inflated Dollars for the Fiscal Year Beginning 4/01/19</div>											
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
		Mar-2020	Mar-2021	Mar-2022	Mar-2023	Mar-2024	Mar-2025	Mar-2026	Mar-2027	Mar-2028	Mar-2029	Mar-2030	Mar-2031
For the Years Ending													
Renewal Probability		75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	
Market Rent	\$/SqFt/Yr												
	New:	40.00	41.20	42.44	43.71	45.02	46.37	47.76	49.19	50.67	52.19	53.76	55.37
	Renewal:	40.00	41.20	42.44	43.71	45.02	46.37	47.76	49.19	50.67	52.19	53.76	55.37
	Result:	40.00	41.20	42.44	43.71	45.02	46.37	47.76	49.19	50.67	52.19	53.76	55.37
Months Vacant	New:	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
	Renewal:	0	0	0	0	0	0	0	0	0	0	0	0
	Rounded:	2	2	2	2	2	2	2	2	2	2	2	2
Tenant Improvements	\$/SqFt												
	New:	20.00	20.60	21.22	21.85	22.51	23.19	23.88	24.60	25.34	26.10	26.88	27.68
	Renewal:	2.00	2.06	2.12	2.19	2.25	2.32	2.39	2.46	2.53	2.61	2.69	2.77
	Result:	6.50	6.70	6.90	7.10	7.32	7.54	7.76	7.99	8.23	8.48	8.74	9.00
Leasing Commissions	\$/SqFt												
	New:	5.00	5.00	5.00	5.00	5.00	5.50	5.50	5.50	5.50	5.50	6.00	6.00
	Renewal:	2.50	2.50	2.50	2.50	2.50	2.75	2.75	2.75	2.75	2.75	3.00	3.00
	Result:	3.13	3.13	3.13	3.13	3.13	3.44	3.44	3.44	3.44	3.44	3.75	3.75
Rent Abatements	New:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Renewal:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Result:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-Weighted Items													
Rent Changes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Retail Rent Changes													
Reimbursements	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand
Term Lengths in Year	8	8	8	8	8	8	8	8	8	8	8	8	8
No Term Overrides													

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SOFTWARE

Retail Under 3,500 SF
Market Leasing Assumption Results
In Inflated Dollars for the Fiscal Year Beginning 4/01/19

For the Years Ending		Year 13 Mar-2032	Year 14 Mar-2033
Renewal Probability		75.00%	75.00%
Market Rent	\$/SqFt/Yr		
	New:	57.03	58.74
	Renewal:	57.03	58.74
	Result:	57.03	58.74
Months Vacant			
	New:	9.00	9.00
	Renewal:	0	0
	Rounded:	2	2
Tenant Improvements	\$/SqFt		
	New:	28.52	29.37
	Renewal:	2.85	2.94
	Result:	9.27	9.55
Leasing Commissions	\$/SqFt		
	New:	6.00	6.00
	Renewal:	3.00	3.00
	Result:	3.75	3.75
Rent Abatements			
	New:	0.00	0.00
	Renewal:	0.00	0.00
	Result:	0.00	0.00
Non-Weighted Items			
Rent Changes	Yes	Yes	
Retail Rent Changes			
Reimbursements	Retail Stand	Retail Stand	
Term Lengths in Year	8	8	

Retail Over 3,500 SF
Market Leasing Assumption Results
In Inflated Dollars for the Fiscal Year Beginning 4/01/19

For the Years Ending		Year 1 Mar-2020	Year 2 Mar-2021	Year 3 Mar-2022	Year 4 Mar-2023	Year 5 Mar-2024	Year 6 Mar-2025	Year 7 Mar-2026	Year 8 Mar-2027	Year 9 Mar-2028	Year 10 Mar-2029	Year 11 Mar-2030	Year 12 Mar-2031
Renewal Probability		75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Market Rent	\$/SqFt/Yr												
	New:	36.00	37.08	38.19	39.34	40.52	41.73	42.99	44.28	45.60	46.97	48.38	49.83
	Renewal:	36.00	37.08	38.19	39.34	40.52	41.73	42.99	44.28	45.60	46.97	48.38	49.83
	Result:	36.00	37.08	38.19	39.34	40.52	41.73	42.99	44.28	45.60	46.97	48.38	49.83
Months Vacant	New:	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
	Renewal:	0	0	0	0	0	0	0	0	0	0	0	0
	Rounded:	2	2	2	2	2	2	2	2	2	2	2	2
Tenant Improvements		\$/SqFt											
	New:	20.00	20.60	21.22	21.85	22.51	23.19	23.88	24.60	25.34	26.10	26.88	27.68
	Renewal:	2.00	2.06	2.12	2.19	2.25	2.32	2.39	2.46	2.53	2.61	2.69	2.77
	Result:	6.50	6.70	6.90	7.10	7.32	7.54	7.76	7.99	8.23	8.48	8.74	9.00
Leasing Commissions		\$/SqFt											
	New:	5.00	5.00	5.00	5.00	5.00	5.50	5.50	5.50	5.50	5.50	6.00	6.00
	Renewal:	2.50	2.50	2.50	2.50	2.50	2.75	2.75	2.75	2.75	2.75	3.00	3.00
	Result:	3.13	3.13	3.13	3.13	3.13	3.44	3.44	3.44	3.44	3.44	3.75	3.75
Rent Abatements	New:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Renewal:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Result:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-Weighted Items													
Rent Changes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Retail Rent Changes													
Reimbursements		Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand
Term Lengths in Year		8	8	8	8	8	8	8	8	8	8	8	8
No Term Overrides													

Retail Over 3,500 SF
Market Leasing Assumption Results
In Inflated Dollars for the Fiscal Year Beginning 4/01/19

For the Years Ending		Year 13 Mar-2032	Year 14 Mar-2033
Renewal Probability		75.00%	75.00%
Market Rent	\$/SqFt/Yr		
	New:	51.33	52.87
	Renewal:	51.33	52.87
	Result:	51.33	52.87
Months Vacant			
	New:	9.00	9.00
	Renewal:	0	0
	Rounded:	2	2
Tenant Improvements	\$/SqFt		
	New:	28.52	29.37
	Renewal:	2.85	2.94
	Result:	9.27	9.55
Leasing Commissions	\$/SqFt		
	New:	6.00	6.00
	Renewal:	3.00	3.00
	Result:	3.75	3.75
Rent Abatements			
	New:	0.00	0.00
	Renewal:	0.00	0.00
	Result:	0.00	0.00
Non-Weighted Items			
Rent Changes	Yes	Yes	
Retail Rent Changes			
Reimbursements	Retail Stand	Retail Stand	
Term Lengths in Year	8	8	

Restaurant
Market Leasing Assumption Results
In Inflated Dollars for the Fiscal Year Beginning 4/01/19

For the Years Ending		Year 1 Mar-2020	Year 2 Mar-2021	Year 3 Mar-2022	Year 4 Mar-2023	Year 5 Mar-2024	Year 6 Mar-2025	Year 7 Mar-2026	Year 8 Mar-2027	Year 9 Mar-2028	Year 10 Mar-2029	Year 11 Mar-2030	Year 12 Mar-2031
Renewal Probability		75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Market Rent	\$/SqFt/Yr												
	New:	40.00	41.20	42.44	43.71	45.02	46.37	47.76	49.19	50.67	52.19	53.76	55.37
	Renewal:	40.00	41.20	42.44	43.71	45.02	46.37	47.76	49.19	50.67	52.19	53.76	55.37
	Result:	40.00	41.20	42.44	43.71	45.02	46.37	47.76	49.19	50.67	52.19	53.76	55.37
Months Vacant	New:	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
	Renewal:	0	0	0	0	0	0	0	0	0	0	0	0
	Rounded:	2	2	2	2	2	2	2	2	2	2	2	2
Tenant Improvements		\$/SqFt											
	New:	20.00	20.60	21.22	21.85	22.51	23.19	23.88	24.60	25.34	26.10	26.88	27.68
	Renewal:	2.00	2.06	2.12	2.19	2.25	2.32	2.39	2.46	2.53	2.61	2.69	2.77
	Result:	6.50	6.70	6.90	7.10	7.32	7.54	7.76	7.99	8.23	8.48	8.74	9.00
Leasing Commissions		\$/SqFt											
	New:	5.00	5.00	5.00	5.00	5.00	5.50	5.50	5.50	5.50	5.50	6.00	6.00
	Renewal:	2.50	2.50	2.50	2.50	2.50	2.75	2.75	2.75	2.75	2.75	3.00	3.00
	Result:	3.13	3.13	3.13	3.13	3.13	3.44	3.44	3.44	3.44	3.44	3.75	3.75
Rent Abatements	New:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Renewal:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Result:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-Weighted Items													
Rent Changes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Retail Rent Changes													
Reimbursements	None	None	None	None	None	None	None	None	None	None	None	None	None
Term Lengths in Year	8	8	8	8	8	8	8	8	8	8	8	8	8
No Term Overrides													

Restaurant
Market Leasing Assumption Results
In Inflated Dollars for the Fiscal Year Beginning 4/01/19

For the Years Ending		Year 13 Mar-2032	Year 14 Mar-2033
Renewal Probability		75.00%	75.00%
Market Rent	\$/SqFt/Yr		
	New:	57.03	58.74
	Renewal:	57.03	58.74
	Result:	57.03	58.74
Months Vacant			
	New:	9.00	9.00
	Renewal:	0	0
	Rounded:	2	2
Tenant Improvements	\$/SqFt		
	New:	28.52	29.37
	Renewal:	2.85	2.94
	Result:	9.27	9.55
Leasing Commissions	\$/SqFt		
	New:	6.00	6.00
	Renewal:	3.00	3.00
	Result:	3.75	3.75
Rent Abatements			
	New:	0.00	0.00
	Renewal:	0.00	0.00
	Result:	0.00	0.00
Non-Weighted Items			
Rent Changes	Yes	Yes	
Retail Rent Changes			
Reimbursements	None	None	
Term Lengths in Year	8	8	

Triad B Retail
Market Leasing Assumption Results
In Inflated Dollars for the Fiscal Year Beginning 4/01/19

For the Years Ending		Year 1 Mar-2020	Year 2 Mar-2021	Year 3 Mar-2022	Year 4 Mar-2023	Year 5 Mar-2024	Year 6 Mar-2025	Year 7 Mar-2026	Year 8 Mar-2027	Year 9 Mar-2028	Year 10 Mar-2029	Year 11 Mar-2030	Year 12 Mar-2031
Renewal Probability		75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Market Rent	\$/SqFt/Yr												
	New:	38.00	39.14	40.31	41.52	42.77	44.05	45.37	46.74	48.14	49.58	51.07	52.60
	Renewal:	38.00	39.14	40.31	41.52	42.77	44.05	45.37	46.74	48.14	49.58	51.07	52.60
	Result:	38.00	39.14	40.31	41.52	42.77	44.05	45.37	46.74	48.14	49.58	51.07	52.60
Months Vacant	New:	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
	Renewal:	0	0	0	0	0	0	0	0	0	0	0	0
	Rounded:	2	2	2	2	2	2	2	2	2	2	2	2
Tenant Improvements		\$/SqFt											
	New:	20.00	20.60	21.22	21.85	22.51	23.19	23.88	24.60	25.34	26.10	26.88	27.68
	Renewal:	2.00	2.06	2.12	2.19	2.25	2.32	2.39	2.46	2.53	2.61	2.69	2.77
	Result:	6.50	6.70	6.90	7.10	7.32	7.54	7.76	7.99	8.23	8.48	8.74	9.00
Leasing Commissions		\$/SqFt											
	New:	5.00	5.00	5.00	5.00	5.00	5.50	5.50	5.50	5.50	5.50	6.00	6.00
	Renewal:	2.50	2.50	2.50	2.50	2.50	2.75	2.75	2.75	2.75	2.75	3.00	3.00
	Result:	3.13	3.13	3.13	3.13	3.13	3.44	3.44	3.44	3.44	3.44	3.75	3.75
Rent Abatements	New:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Renewal:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Result:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-Weighted Items													
Rent Changes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Retail Rent Changes													
Reimbursements		Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand	Retail Stand
Term Lengths in Year		8	8	8	8	8	8	8	8	8	8	8	8
No Term Overrides													

Triad B Retail
Market Leasing Assumption Results
In Inflated Dollars for the Fiscal Year Beginning 4/01/19

For the Years Ending		Year 13 Mar-2032	Year 14 Mar-2033
Renewal Probability		75.00%	75.00%
Market Rent	\$/SqFt/Yr		
	New:	54.18	55.80
	Renewal:	54.18	55.80
	Result:	54.18	55.80
Months Vacant			
	New:	9.00	9.00
	Renewal:	0	0
	Rounded:	2	2
Tenant Improvements	\$/SqFt		
	New:	28.52	29.37
	Renewal:	2.85	2.94
	Result:	9.27	9.55
Leasing Commissions	\$/SqFt		
	New:	6.00	6.00
	Renewal:	3.00	3.00
	Result:	3.75	3.75
Rent Abatements			
	New:	0.00	0.00
	Renewal:	0.00	0.00
	Result:	0.00	0.00
Non-Weighted Items			
Rent Changes	Yes	Yes	
Retail Rent Changes			
Reimbursements	Retail Stand	Retail Stand	
Term Lengths in Year	8	8	

Office
Market Leasing Assumption Results
In Inflated Dollars for the Fiscal Year Beginning 4/01/19

For the Years Ending		Year 1 Mar-2020	Year 2 Mar-2021	Year 3 Mar-2022	Year 4 Mar-2023	Year 5 Mar-2024	Year 6 Mar-2025	Year 7 Mar-2026	Year 8 Mar-2027	Year 9 Mar-2028	Year 10 Mar-2029	Year 11 Mar-2030	Year 12 Mar-2031
Renewal Probability		75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Market Rent	\$/SqFt/Yr												
	New:	32.00	32.96	33.95	34.97	36.02	37.10	38.21	39.36	40.54	41.75	43.01	44.30
	Renewal:	32.00	32.96	33.95	34.97	36.02	37.10	38.21	39.36	40.54	41.75	43.01	44.30
	Result:	32.00	32.96	33.95	34.97	36.02	37.10	38.21	39.36	40.54	41.75	43.01	44.30
Months Vacant	New:	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
	Renewal:	0	0	0	0	0	0	0	0	0	0	0	0
	Rounded:	2	2	2	2	2	2	2	2	2	2	2	2
Tenant Improvements		\$/SqFt											
	New:	15.00	15.45	15.91	16.39	16.88	17.39	17.91	18.45	19.00	19.57	20.16	20.76
	Renewal:	5.00	5.15	5.30	5.46	5.63	5.80	5.97	6.15	6.33	6.52	6.72	6.92
	Result:	7.50	7.73	7.96	8.20	8.44	8.69	8.96	9.22	9.50	9.79	10.08	10.38
Leasing Commissions		Percent											
	New:	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	Renewal:	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
	Result:	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%
Rent Abatements	Method:	Office MLA	Office MLA	Office MLA	Office MLA	Office MLA	Office MLA	Office MLA	Office MLA	Office MLA	Office MLA	Office MLA	Office MLA
Non-Weighted Items													
Rent Changes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Retail Rent Changes													
Reimbursements		Office Stand	Office Stand	Office Stand	Office Stand	Office Stand	Office Stand	Office Stand	Office Stand	Office Stand	Office Stand	Office Stand	Office Stand
Term Lengths in Year		7	7	7	7	7	7	7	7	7	7	7	7

No Term Overrides

Office
Market Leasing Assumption Results
In Inflated Dollars for the Fiscal Year Beginning 4/01/19

For the Years Ending		Year 13 Mar-2032	Year 14 Mar-2033
Renewal Probability		75.00%	75.00%
Market Rent	\$/SqFt/Yr		
	New:	45.62	46.99
	Renewal:	45.62	46.99
	Result:	45.62	46.99
Months Vacant			
	New:	9.00	9.00
	Renewal:	0	0
	Rounded:	2	2
Tenant Improvements	\$/SqFt		
	New:	21.39	22.03
	Renewal:	7.13	7.34
	Result:	10.69	11.01
Leasing Commissions	Percent		
	New:	5.00%	5.00%
	Renewal:	2.50%	2.50%
	Result:	3.13%	3.13%
Rent Abatements	Method:	Office MLA	Office MLA
Non-Weighted Items			
Rent Changes		Yes	Yes
Retail Rent Changes			
Reimbursements	Office Stand	Office Stand	
Term Lengths in Year		7	7

Addendum E: Qualifications of the Appraiser



Brian J. Booth, MAI Executive Director

Valuation & Advisory
Practice Group Member | Retail
Cushman & Wakefield of Oregon, Inc.

Professional Expertise

Brian J. Booth joined the New York office of Cushman & Wakefield's Valuation & Advisory in August 1995, and relocated to Portland, Oregon in September 2001. Mr. Booth has a broad range of experience in consulting and valuation for a full array of property types. As part of Cushman & Wakefield's Retail Industry Group, Mr. Booth's primary focus is on major national retail properties, including regional malls, specialty retail centers, department stores, power and lifestyle centers and other retail formats. He has appraised or consulted on over 250 regional mall assignments across the United States.

Prior to joining Cushman & Wakefield, Mr. Booth was an Associate with C. Spencer Powell & Associates in Portland, Oregon. C. Spencer Powell & Associates is a regional valuation and advisory firm headquartered in Salem, Oregon, specializing in all property types, including industrials, office buildings, retail centers, apartments, and special use properties. At C. Spencer Powell & Associates, Mr. Booth performed varying appraisal and commercial real estate analyses on an extensive array of properties.

Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute (MAI #13686). As of the current date, Brian Booth, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Certified General Real Estate Appraiser in the following states:
 - Arizona – CGA-32142
 - Idaho – CGA-3448
 - Nevada – A.027786-CG
 - Oregon – C001035
 - Texas – TX1380293 G
 - Utah – 8058252-CG00
 - Washington – 1102092
- Client Services Award, Portland, - 2015, 2016, 2018
- Discussion Leader, Leadership Advisory Council, Appraisal Institute (1999)
- Member, Leadership Advisory Council, Appraisal Institute (1997, 1998)
- Bachelor of Science, Willamette University
- Overseas Study, London University

APPRAISER CERTIFICATE

STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY

NOT TRANSFERABLE

REAL ESTATE DIVISION

NOT TRANSFERABLE

This is to Certify That : BRIAN JAMES BOOTH

Certificate Number: A.0207786-CG

Is duly authorized to act as a CERTIFIED GENERAL APPRAISER from the issue date to the expiration date at the business address stated here in, unless the certificate is sooner revoked, cancelled, withdrawn, or invalidated.

Issue Date: October 11, 2018

Expire Date: October 31, 2020

In witness whereof, THE DEPARTMENT OF BUSINESS AND INDUSTRY, REAL ESTATE DIVISION, by virtue of the authority vested in Chapter 645C of the Nevada Revised Statutes, has caused this Certificate to be issued with its Seal printed thereon. This certificate must be conspicuously displayed in place of business.

FOR: CUSHMAN & WAKEFIELD OF OREGON,
INC
200 S W MARKET STREET # 200
PORTLAND, OR 97201-5730

REAL ESTATE DIVISION

SHARATH CHANDRA
Administrator

