

**FAIR VALUE APPRAISAL
TIVOLI VILLAGE AT QUEENSRIDGE**

**NEC Rampart Blvd & Alta Drive
Las Vegas, Nevada**

EFFECTIVE APPRAISAL DATE:

March 31, 2013

PREPARED FOR:

Mr. Matthew Bunin
GREAT WASH PARK LLC
9525 Hillwood Drive
Las Vegas, NV 89134

Marquette Advisors File #13023

PREPARED BY:



Marquette Advisors Offices:

Minneapolis Office: 50 South Sixth Street, Suite 1370, Minneapolis, MN 55402
Phone: 612-335-8888; Fax: 612-334-3022

Seattle Office: 2723 California Avenue SW, Seattle, WA 98116
Phone: 425-392-7482; Fax: 425-392-7330

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Addenda

- Engagement Letter
- Rent Roll
- PWC Investor Survey (relevant sections)



April 26, 2013

Mr. Matthew Bunin
Great Wash Park LLC
9525 Hillwood Drive
Las Vegas, NV 89134

**SUBJECT: Fair Value Appraisal – Tivoli Village at Queensridge, as of March 31, 2013
Marquette Advisors File # 13023**

Dear Mr. Bunin:

In accordance with your request, we have inspected and appraised the subject property referenced above. Mr. Louis W. Frillman, MAI, CRE is a licensed appraiser in the State of Minnesota (License Number AP-4000728) and has obtained a temporary practice permit for this assignment through the State of Nevada (permit #12309).

We note that Marquette Advisors provided prior appraisals of the subject property. This appraisal reflects an update to prior analyses and valuations by Marquette Advisors. The value assessed by Marquette Advisors as of December 31, 2008 was \$200,000,000. Subsequent appraisals by Marquette Advisors reached a valuation conclusion of \$201,000,000 as of December 31, 2009, \$242,000,000 as of December 31, 2010, and \$281,000,000 as of September 30, 2011. An appraisal of the property as of September 30, 2012 concluded to a fair value range of \$270,000,000 to \$300,000,000.

It is noted that the IFRS Book Value is currently \$280,000,000. The difference between the Book Value and Fair Value (\$260,000,000 as of 3-31-13) is due to leasing progress lagging slightly behind construction in place now onsite. This is normal and not unusual with respect to a development project. In addition, the scheduled completion for Triad B is now 2015 Q1, with a planned completion date of 2015 Q2 for Triad C, each approximately three months later compared to the projection contained in the appraisal last year. This appraisal reflects the appraiser's review of the subject property in terms of construction status and leasing activity, as well as all relevant and available market information for 2012 and 2013 to date.

IDENTIFICATION OF THE SUBJECT PROPERTY - The subject property is located at the northeast corner of the intersection of Rampart Boulevard and Alta Drive in Las Vegas, Nevada, comprising Clark County, NV tax parcel 138-32-615-001. The entire development site contains **28.61 total acres** and is owned by Great Wash Park LLC. A major mixed use development is underway at the site, incorporating more than 800,000 square feet (sf) of commercial space to be leased to multiple retail, restaurant, and office tenants. Additionally, the property owners have an entitlement for 340 multifamily residential units in a future phase. The project developer, Great Wash Park LLC intends to sell this portion of the property to a residential developer/builder in the future, as entitled. Aerial maps are provided on the following pages, depicting the property's regional and neighborhood location. The aerials are followed by a site survey.

Marquette Advisors Offices:

Minneapolis Office: 50 South Sixth Street, Suite 1370, Minneapolis, MN 55402

Phone: 612-335-8888; Fax: 612-334-3022

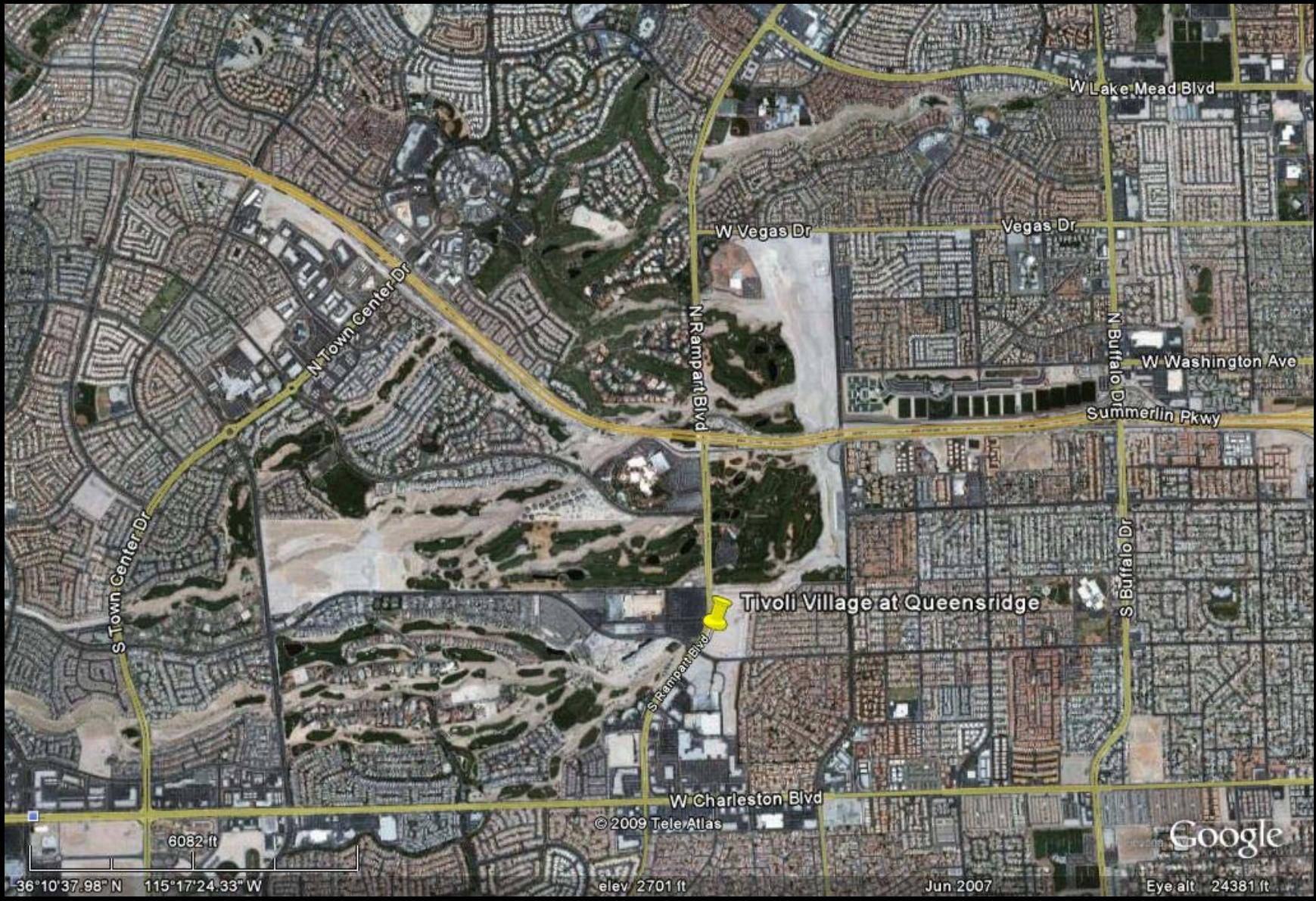
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Tivoli Village at Queensridge, Las Vegas, NV



Tivoli Village at Queensridge, Las Vegas, NV



Tivoli Village at Queensridge, Las Vegas, NV



TOPOGRAPHIC TIES

BUREAU OF LAND MANAGEMENT
CITY OF LAS VEGAS LEASE
APN 138-29-801-002

PARCEL 2
SITE UNDER CONSTRUCTION

DETAIL "A"
SCALE 1"=30'

DETAIL "B"
SCALE 1"=30'

DETAIL "A"
THIS SHEET

DETAIL "B"
THIS SHEET

DETAIL "C"
THIS SHEET

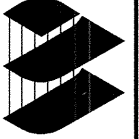
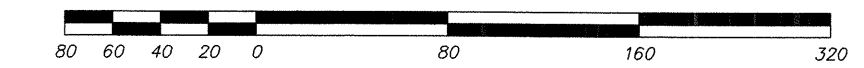
DETAIL "C"
SCALE 1"=20'

LEGEND

- 1 LOT NUMBER
- SUBJECT PROPERTY LIMITS
- STREET CENTERLINE
- EASEMENT LINE
- SECTION LINE
- QUARTER SECTION LINE
- CONCRETE
- BACK OF CURB
- GUTTER
- FENCE
- FENCE GATE - LOCKED AFTER CONSTRUCTION HOURS
- VALVE
- FIRE HYDRANT
- TRAFFIC SIGNAL
- SCREEN WALL
- STREET LIGHT
- MANHOLE
- STORM DRAIN MANHOLE
- ELECTRIC VAULT
- PROPERTY LINE

CURVE	DELTA	RADIUS	LENGTH	TANGENT
1	$\Delta=14^{\circ}32'37''$	$R=760.00'$	$L=192.91'$	$T=96.98'$
2	$\Delta=1^{\circ}56'25''$	$R=760.00'$	$L=25.74'$	$T=12.87'$
3	$\Delta=2^{\circ}41'39''$	$R=760.00'$	$L=35.74'$	$T=17.87'$

SCALE: 1" = 80'



SURVEYOR'S CERTIFICATE

TO: FIRST AMERICAN TITLE INSURANCE COMPANY, GREAT WASH PARK LLC, A NEVADA LIMITED LIABILITY COMPANY, AND COLUMN FINANCIAL, INC.

THIS IS TO CERTIFY THAT THIS MAP OR PLAT AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH "MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/ACSM LAND TITLE SURVEYS", JOINTLY ESTABLISHED AND ADOPTED BY ALTA, ACSM AND NSPS IN 2005 AND DOES NOT INCLUDE ANY ITEMS FROM TABLE "A" THEREOF. PURSUANT TO THE ACCURACY STANDARDS AS ADOPTED BY ALTA, ACSM AND NSPS AND IN EFFECT ON THE DATE OF THIS CERTIFICATION, UNDERSIGNED FURTHER CERTIFIES THAT THE POSITIONAL UNCERTAINTIES RESULTING FROM THE SURVEY MEASUREMENTS MADE ON THE SURVEY DO NOT EXCEED THE ALLOWABLE POSITIONAL TOLERANCE.

DATE OF FIELD SURVEY: JUNE, 2007

DONNA J. STRALOW
PROFESSIONAL LAND SURVEYOR
NEVADA LICENSE NO. 16448
PH: (702) 804-2000



29 JUNE 2007

LEGAL DESCRIPTION

(PER FIRST AMERICAN TITLE INSURANCE COMPANY TITLE REPORT No. NCS-261511-PVL, DATED APRIL 06, 2007)

LOT TWO (2) AS SHOWN BY MAP THEREOF ON FILE IN FILE 76 OF PARCEL MAPS, PAGE 65 IN THE OFFICE OF THE COUNTY RECORDER, CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THAT PORTION AS CONVEYED TO THE CITY OF LAS VEGAS BY GRANT DEED RECORDED DECEMBER 14, 2005 IN BOOK 20051214 AS INSTRUMENT NO. 04179, OF OFFICIAL RECORDS.

BASIS OF BEARINGS

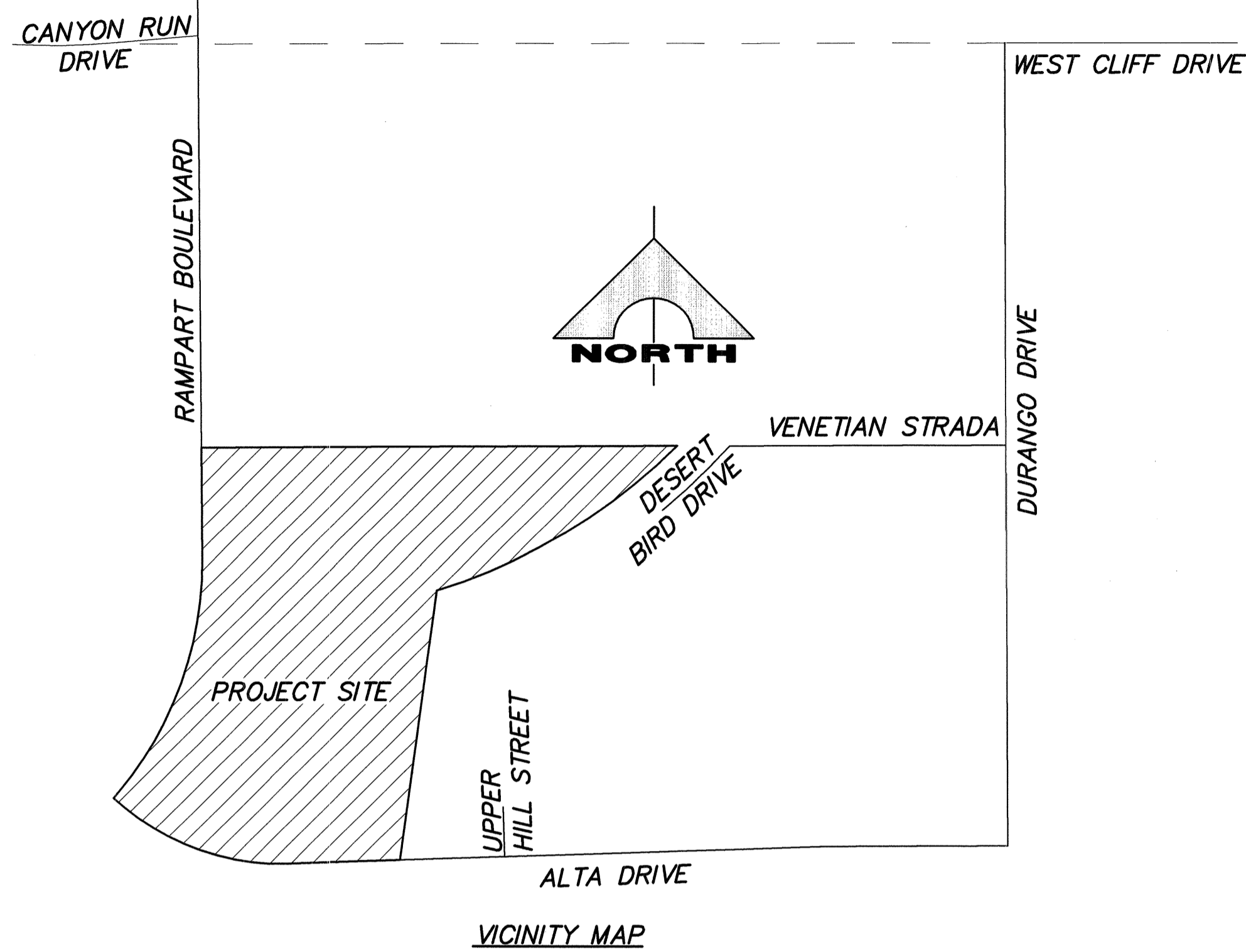
SOUTH 00°32'07" EAST, BEING THE BEARING OF THE CENTERLINE OF "RAMPART BOULEVARD" AS SHOWN BY MAP THEREOF ON FILE IN FILE 64, PAGE 93 OF SURVEYS IN THE COUNTY RECORDER'S OFFICE, CLARK COUNTY, NEVADA, LYING WITHIN THE NORTH HALF (N1/2) OF SECTION 32, TOWNSHIP 20 SOUTH, RANGE 60 EAST, M.D.M., CITY OF LAS VEGAS, CLARK COUNTY, NEVADA.

SURVEYOR'S NOTE:

- 1.) RECORD PARCEL 2 BY MAP THEREOF ON FILE IN FILE 76 OF PARCEL MAPS, PAGE 65 IN THE OFFICE OF THE COUNTY RECORDER, CLARK COUNTY, DOES FORM A MATHEMATICALLY CLOSED FIGURE, BUT BASED OFF OUR RESOLUTION THE AREAS ARE SLIGHTLY DIFFERENT.
- 2.) AT THE DATE OF THIS SURVEY, THE SUBJECT SITE WAS UNDER CONSTRUCTION AND DIRT WAS BEING MOVED ON A DAILY BASIS. THERE WERE SEVERAL TRAVEL WAYS THAT HAD BEEN BLADED AND IT APPEARED THAT THE NATURAL DRAINAGE CHANNEL HAD BEEN ALTERED AND PARTIALLY FILLED IN. THERE WERE ALSO SEVERAL STOCKPILES RANGING IN SIZE FROM SMALL TO LARGE. NO ATTEMPT BY THE SURVEYOR WAS MADE TO LOCATE AND IDENTIFY THESE ROADS AND DRAINAGE WAYS DUE TO THE FACT THAT THEY WERE CONSTANTLY CHANGING. HOWEVER, IT DID APPEAR THAT ALL CONSTRUCTION AND DIRT MOVEMENT WAS BEING DONE AT THE REQUEST OF THE OWNER AND NO OTHER PARTY WAS UTILIZING THESE TRAVEL WAYS.
- 3.) THE CHAIN LINK FENCE ON THE SOUTH AND WEST SIDE OF THE PROPERTY SHOWN ON SHEET 3 APPEARS TO BE A TEMPORARY CONSTRUCTION FENCE ON CONCRETE BARRIERS WITH A GATE THAT IS LOCKED WHEN THE CONSTRUCTION CREWS ARE OFF SITE. THE FENCE ON THE NORTH SIDE HAS BEEN REPLACED BY A TEMPORARY FENCE THAT APPEARS LIKE IT CHANGES PERIODICALLY AND APPEARS TO DIVIDE THE SUBJECT SITE FROM THE "ANGEL PARK GOLF COURSE". THE EAST SIDE IS BORDERED BY A BLOCK WALL THAT ABUTTS THE NEIGHBORING SUBDIVISION. THERE IS NO ACCESS ON THIS SITE WITHOUT PRIOR PERMISSION FROM THE OWNERS.
- 4.) THE SUBJECT PROPERTY ALSO HAS SEVERAL LARGE SIGNS THAT SHOW THE FUTURE PLANS OF THE SITE.
- 5.) EXCEPTION NO. 15 IS SHOWN ON SHEET 2 IN THE GENERAL AREA THAT IT IS AFFECTING. THE RECIPROCAL RIGHT-OF-WAY COULD NOT BE PLOTTED, THE RECORDED DOCUMENT WAS MISSING AN EXHIBIT "A" THAT WAS REFERRED TO IN THE DOCUMENT AS SHOWING THE LOCATION OF THE EASEMENT. WHEN THE SURVEYOR NOTIFIED THE CITY OF THE ERROR, AN EXHIBIT WAS SENT BY THE CITY TO THE SURVEYOR AS SUPPLEMENTATION TO THE DOCUMENT BUT STILL LACKED SUFFICIENT EVIDENCE TO PLOT.

PROPERTY ADDRESS

302 SOUTH RAMPART BOULEVARD
LAS VEGAS, NEVADA 89145



EASEMENTS AND RESTRICTIONS:

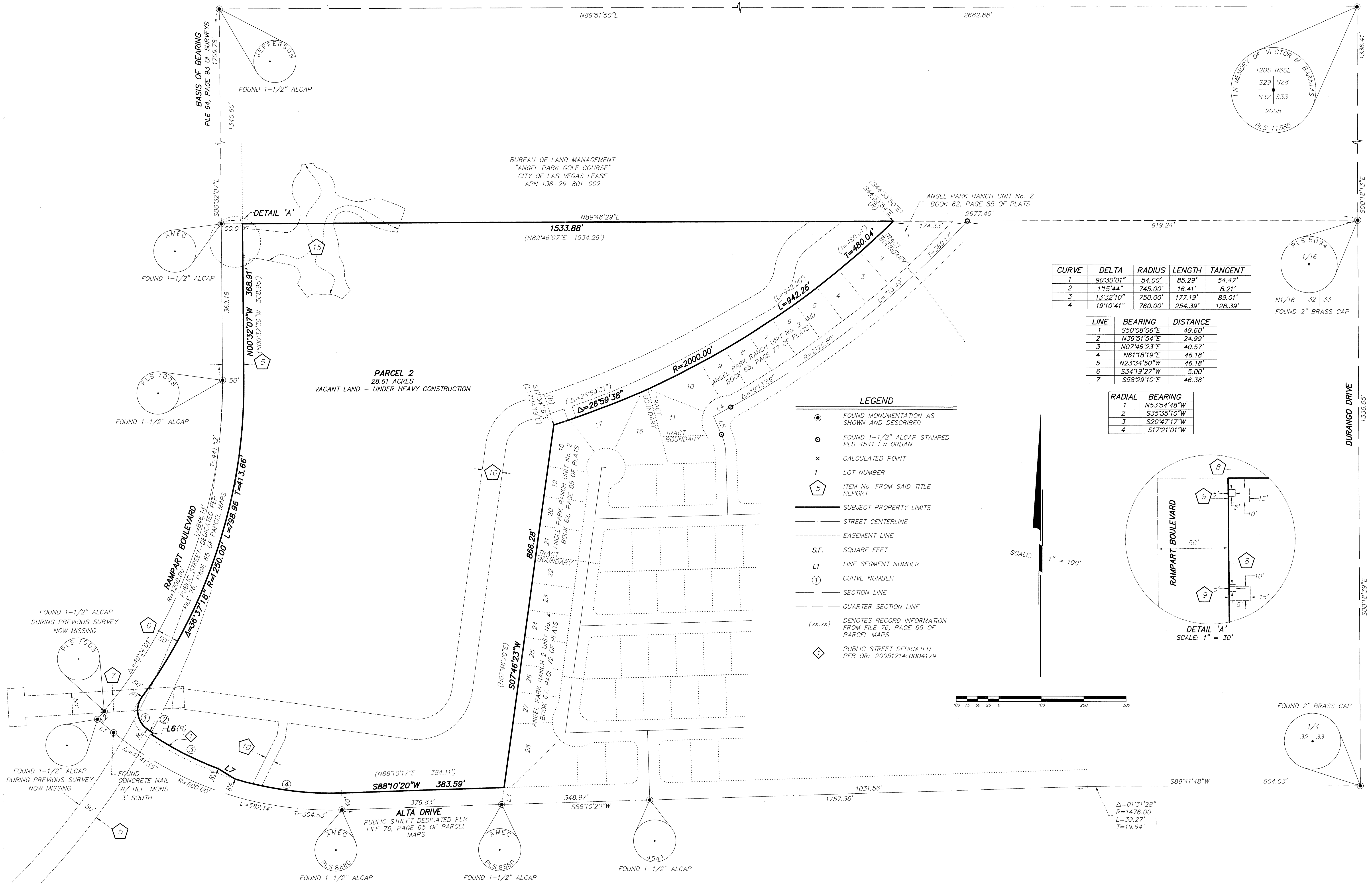
ONLY THOSE EXCEPTIONS LISTED IN FIRST AMERICAN TITLE INSURANCE COMPANY'S TITLE REPORT No. NCS-261511-PVL, DATED APRIL 06, 2007 WHICH ARE NOT SOLELY FINANCIAL IN NATURE AND WHICH REFERENCE A DOCUMENT CONTAINING A SUFFICIENT LEGAL DESCRIPTION OF AREAS AFFECTED BY SAID DOCUMENT WERE CONSIDERED FOR THIS SURVEY AND RE-LISTED BELOW. ITEM NUMBERS CORRESPOND TO ITEM NUMBERS IN SAID TITLE REPORT. NO ADDITIONAL RESEARCH WAS PERFORMED BY THE CERTIFYING SURVEYOR.

- 4. RESERVATIONS AND PROVISIONS AS CONTAINED IN PATENT FROM THE UNITED STATES OF AMERICA, RECORDED DECEMBER 5, 1958, IN BOOK 180 OF OFFICIAL RECORDS, AS INSTRUMENT No. 146618. THERE IS ALSO RESERVED A RIGHT-OF-WAY FOR FEDERAL AID HIGHWAY UNDER THE ACT OF NOVEMBER 9, 1921 (42 STAT., 212) THE ABOVE DOCUMENT WAS ALSO RECORDED OCTOBER 23, 1985 IN BOOK 2205 AS INSTRUMENT No. 2164188 OF OFFICIAL RECORDS. AREA DESCRIBED IN DOCUMENT COVERS ALL OF THE SUBJECT PROPERTY AS SHOWN HEREON.
- 5. AN EASEMENT AND RIGHT-OF-WAY FOR THE CONSTRUCTION, OPERATION, MAINTENANCE, REPAIR, RENEWAL, RECONSTRUCTION, AND REMOVAL OF PIPELINES FOR CONDUCTING WATER WITH THE RIGHT OF INGRESS AND EGRESS, AS CONVEYED TO LAS VEGAS VALLEY WATER DISTRICT, A QUASI-MUNICIPAL CORPORATION, BY AN INSTRUMENT RECORDED JULY 15, 1987, IN BOOK 870715 AS INSTRUMENT No. 00756 OF OFFICIAL RECORDS. AREA DESCRIBED IN DOCUMENT COVERS A PORTION OF THE SUBJECT PROPERTY AS SHOWN HEREON.
- 6. EASEMENTS AS SHOWN AND/OR DEDICATED UON THE PARCEL MAP, RECORDED IN FILE 76, PAGE 65 OF PARCEL MAPS. AREA DESCRIBED IN DOCUMENT COVERS ALL OF THE SUBJECT PROPERTY AS SHOWN HEREON.
- 7. AN EASEMENT FOR DRAINAGE AND INCIDENTAL PURPOSES IN THE DOCUMENT RECORDED MARCH 10, 1994 IN BOOK 940310 AS INSTRUMENT No. 01293 OF OFFICIAL RECORDS. A DOCUMENT ENTITLED "ORDER OF VACATION" RECORDED APRIL 3, 2000 IN BOOK 20000403 AS INSTRUMENT No. 01171 OF OFFICIAL RECORDS. AREA DESCRIBED IN DOCUMENT COVERS A PORTION OF THE SUBJECT PROPERTY AS SHOWN HEREON.
- 8. AN EASEMENT FOR TRAFFIC CONTROL AND INCIDENTAL PURPOSES IN THE DOCUMENT RECORDED APRIL 30, 2002 IN BOOK 20020430 AS INSTRUMENT No. 02321 OF OFFICIAL RECORDS. AREA DESCRIBED IN DOCUMENT COVERS A PORTION OF THE SUBJECT PROPERTY AS SHOWN HEREON.
- 9. AN EASEMENT FOR TRAFFIC CONTROL AND INCIDENTAL PURPOSES IN THE DOCUMENT RECORDED MARCH 7, 2003 IN BOOK 20030307 AS INSTRUMENT No. 01941 OF OFFICIAL RECORDS. AREA DESCRIBED IN DOCUMENT COVERS A PORTION OF THE SUBJECT PROPERTY AS SHOWN HEREON.
- 10. AN EASEMENT FOR DRAINAGE AND INCIDENTAL PURPOSES RECORDED SEPTEMBER 26, 2006 IN BOOK 20060926 AS INSTRUMENT No. 06625 OF OFFICIAL RECORDS. IN FAVOR OF CITY OF LAS VEGAS. AREA DESCRIBED IN DOCUMENT COVERS A PORTION OF THE SUBJECT PROPERTY AS SHOWN HEREON.
- 15. A DOCUMENT ENTITLED "RECIPROCAL RIGHT-OF-WAY AGREEMENT" RECORDED MARCH 23, 2007 IN BOOK 20070323 AS INSTRUMENT NO. 01811 OF OFFICIAL RECORDS. AREA DESCRIBED IN DOCUMENT COVERS A PORTION OF THE SUBJECT PROPERTY AS SHOWN HEREON.

PLEASE SEE NO. 5 IN THE SURVEYORS NOTES ON THIS SHEET FOR MORE INFORMATION ON EXCEPTION NO. 15

<p>THE VILLAGE AT QUEENSBRIDGE JMA ARCHITECTURE STUDIOS ALTA/ACSM LAND TITLE SURVEY</p>	<p>G. C. WALLACE, INC. Engineers/Planners/Surveyors 1555 SOUTH RAINBOW BLVD., LAS VEGAS, NEVADA 89146</p>
<p>SHEET 1</p>	<p>DESCRIPTION LYING WITHIN SECTION 32, TOWNSHIP 20 SOUTH, RANGE 60 EAST, M.D.M., CITY OF LAS VEGAS, CLARK COUNTY, NEVADA</p>
<p>OF 3 SHEETS</p>	

**BOUNDARY RESOLUTION
EASEMENT TIES**



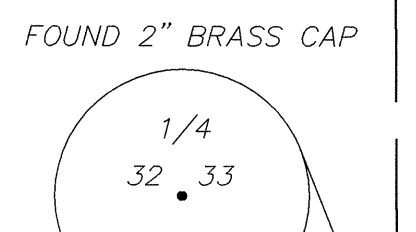
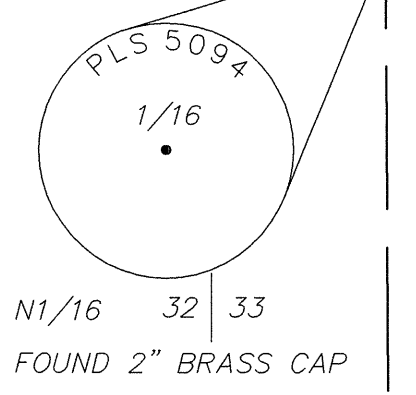
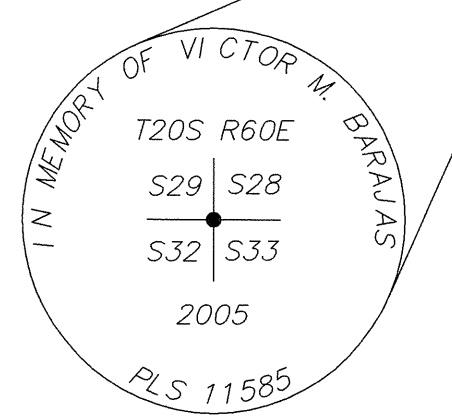
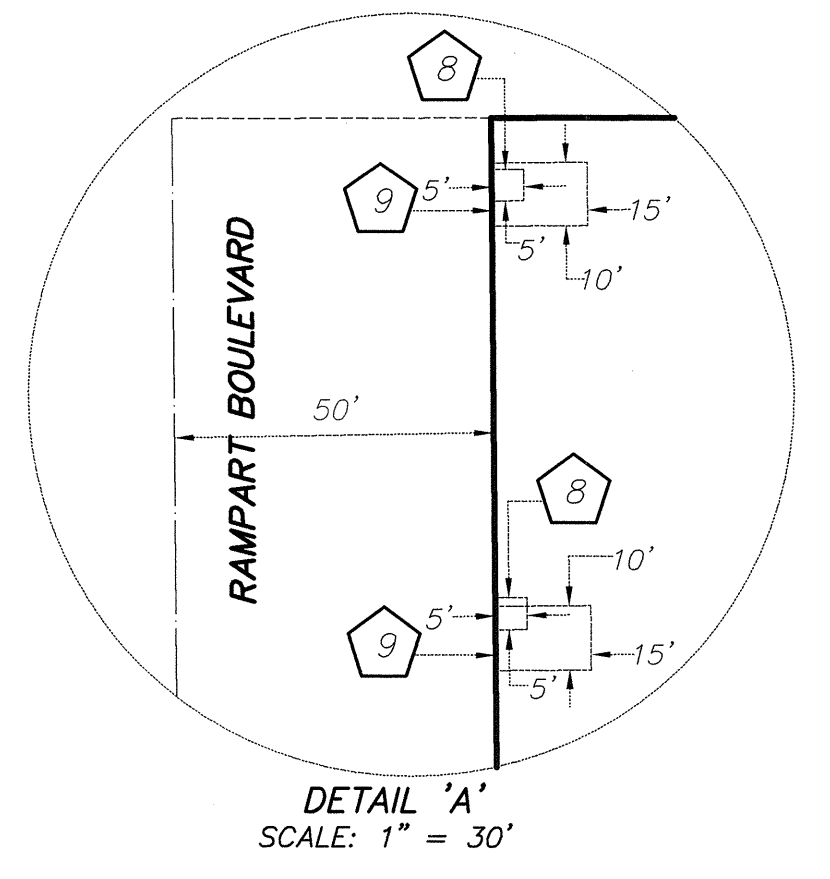
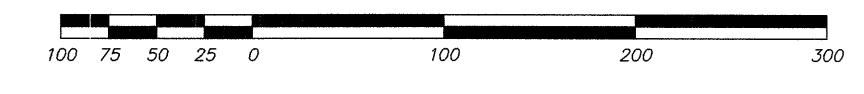
CURVE	DELTA	RADIUS	LENGTH	TANGENT
1	90°30'01"	54.00'	85.29'	54.47'
2	17°5'44"	745.00'	16.41'	8.21'
3	13°32'10"	750.00'	177.19'	89.01'
4	19°10'41"	760.00'	254.39'	128.39'

LINE	BEARING	DISTANCE
1	S50°08'06"E	49.60'
2	N39°51'54"E	24.99'
3	N07°46'23"E	40.57'
4	N61°18'19"E	46.18'
5	N23°34'50"W	46.18'
6	S34°19'27"W	5.00'
7	S58°29'10"E	46.38'

RADIAL	BEARING
1	N53°54'48"W
2	S35°35'10"W
3	S20°47'17"W
4	S17°21'01"W

- LEGEND**
- FOUND MONUMENTATION AS SHOWN AND DESCRIBED
 - FOUND 1-1/2" ALCAP STAMPED PLS 4541 FW ORBAN
 - x CALCULATED POINT
 - 1 LOT NUMBER
 - ⑤ ITEM No. FROM SAID TITLE REPORT
 - SUBJECT PROPERTY LIMITS
 - STREET CENTERLINE
 - - - EASEMENT LINE
 - S.F. SQUARE FEET
 - L1 LINE SEGMENT NUMBER
 - ① CURVE NUMBER
 - SECTION LINE
 - - - QUARTER SECTION LINE
 - (xx.xx) DENOTES RECORD INFORMATION FROM FILE 76, PAGE 65 OF PARCEL MAPS
 - ◇ PUBLIC STREET DEDICATED PER OR: 20051214;0004179

SCALE: 1" = 100'



REV	DATE	DESCRIPTION

LYING WITHIN SECTION 32, TOWNSHIP 20 SOUTH, RANGE 60 EAST, M.D.M., CITY OF LAS VEGAS, CLARK COUNTY, NEVADA

G. C. WALLACE, INC.
Engineers/Planners/Surveyors 1555 SOUTH RAINBOW BLVD., LAS VEGAS, NEVADA 89146

Quantum 06-29-07 07:36:03 R:\051\019\2953\ALTA\2953-spl.dwg

THE VILLAGE AT QUEENSRIDGE
JMA ARCHITECTURE STUDIOS
ALTA/ACSM LAND TITLE SURVEY

SHEET
2
OF 3 SHEETS

DEVELOPMENT PROGRAM & CONSTRUCTION STATUS

The Tivoli Village at Queensridge design evokes a classic European theme, with extensive stonework and intricate architectural details. Located at the eastern periphery of Summerlin and some of Las Vegas' most affluent neighborhoods, the project features an eclectic mix of high-end retail shops, boutiques and restaurants, along with Class A office space and future upscale condo residences. The development program and phasing is summarized as follows:

- 494,075 sf of retail & restaurant space for lease, developed in three phases:
 - Triad A: 227,541 sf -- opened April 2011
 - Triad B: 156,534 sf -- projected to be completed during 2015 Q1
 - Triad C: 110,000 sf -- projected to be completed during 2015 Q2

- 319,938 sf of office space for lease, developed in three phases:
 - Triad A: 164,898 sf -- opened April 2011
 - Triad B: 60,040 sf -- projected to be completed during 2015 Q1
 - Triad C: 95,000 sf -- projected to be completed during 2015 Q2

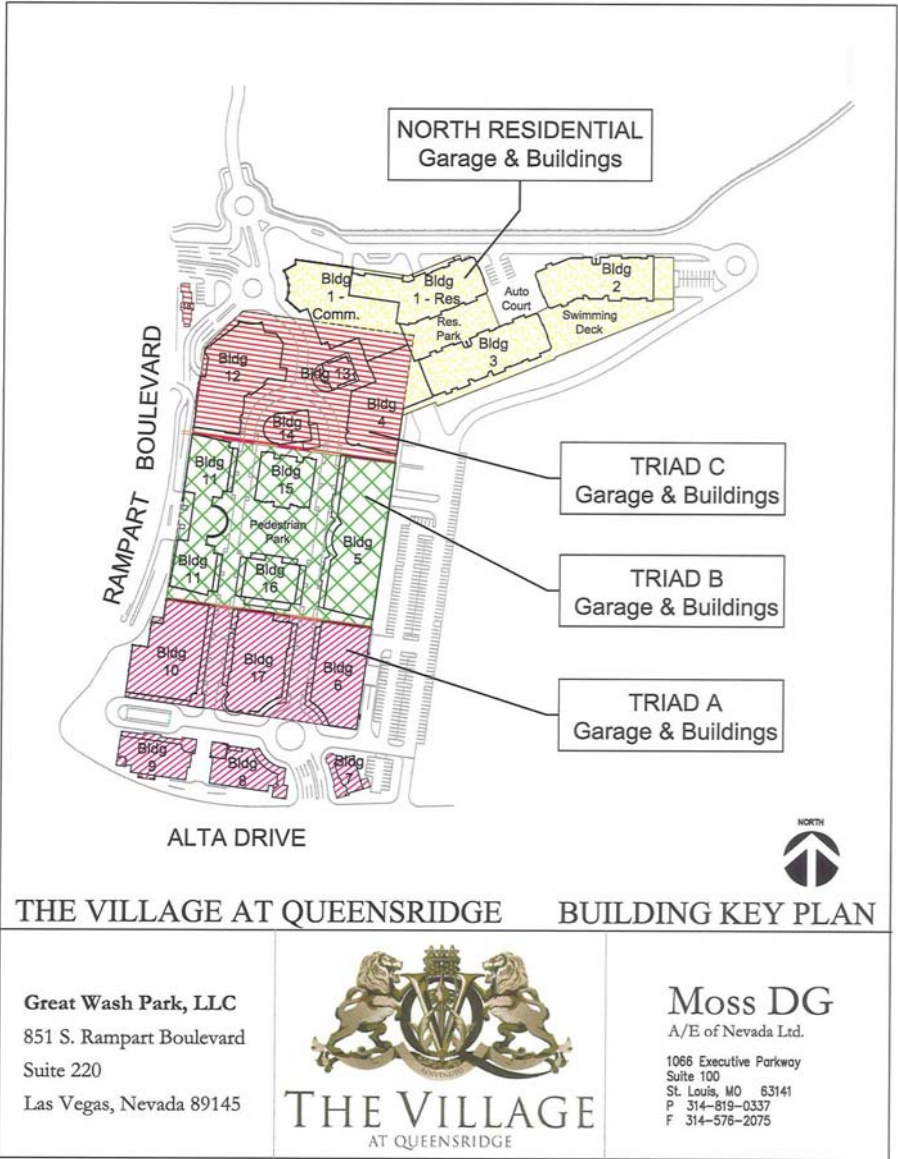
- Phase II residential land as entitled for 340 residential condo units. Project sponsor plans to sell this land as-entitled to a residential builder/developer in two pieces in 2017 and 2018.

- Total Budget: \$542 Million (excluding financing and land acquisition costs)
 - \$389 million in construction costs incurred to date, with approximately \$153 million remaining.

The graphics on the following pages include site and building plans for Tivoli Village at Queensridge. This is followed by the project budget, as provided by Great Wash Park LLC.

SITE PLAN





THE VILLAGE AT QUEENSRIDGE BUILDING KEY PLAN

Great Wash Park, LLC
 851 S. Rampart Boulevard
 Suite 220
 Las Vegas, Nevada 89145



Moss DG
 A/E of Nevada Ltd.
 1066 Executive Parkway
 Suite 100
 St. Louis, MO 63141
 P 314-819-0337
 F 314-576-2075



Aerial View of Current Improvements & Ongoing Construction of Tivoli Village





Main Entry to Tivoli Village



Exterior view of retail tenancy in place (Triad A)



Exterior view, Tivoli Village office space

DEVELOPMENT BUDGET

A detailed listing of the various project components along with budgeted hard and soft costs is provided below. Development budget information was provided by Great Wash Park LLC. The total construction budget for the project is approximately **\$542 million**. This includes all hard and soft costs, including all projected leasing and sale commissions, as well as tenant improvements (build-out costs) for the commercial space. The appraiser has reviewed the project budget and believes the costs to be reasonable based on experience and review of project cost information for other commercial & residential developments throughout the United States. As discussed, construction is well underway, and the property owners indicate that the remaining construction cost as of the date of valuation (March 31, 2013) was approximately **\$153 million**.

GREAT WASH PARK LLC Updated: 04 22 2013 Period Ending: MAR 2013						
	Costs		Costs Remaining			
	Cost through 03.31.13	TRIAD A	TRIAD B	TOTAL TRIAD A & B	FUTURE PHASE TRIAD C	Total Remaining
HARD COSTS						
PHASE 1	259,541,318	-	19,248	19,248	-	19,248
PHASE 2	17,496,701	-	47,503,299	47,503,299	-	47,503,299
PHASE 3	-	-	-	-	41,830,000	41,830,000
DESIGN	2,922,961	-	116,590	116,590	812,000	928,590
TOTAL HARD COSTS	279,960,980	-	47,639,137	47,639,137	42,642,000	90,281,137
TENANT IMPROVEMENTS	33,080,410	2,919,591	27,289,000	30,208,591	19,500,000	49,708,591
TOTAL HARD COSTS & TI	313,041,390	2,919,591	74,928,137	77,847,728	62,142,000	139,989,728
SOFT COSTS						
GENERAL ADMINISTRATIVE AND LEGAL	13,547,265	-	1,339,028	1,339,028	940,000	2,279,028
DESIGN/ARCH & ENGINEERING/GOVT FEES	25,100,296	-	900,381	900,381	465,000	1,365,381
LEASING (INCL. COMMISSION)	21,645,054	1,205,068	4,962,410	6,167,478	2,685,000	8,852,478
PROPERTY TAX & INSURANCE	15,801,847	-	(932,058)	(932,058)	210,000	(722,058)
CONTINGENCY	-	-	1,000,000	1,000,000	-	1,000,000
TOTAL SOFT COSTS	76,094,462	1,205,068	7,269,761	8,474,829	4,300,000	12,774,829
TOTAL PROJECT COSTS*	389,135,852	4,124,659	82,197,897	86,322,557	66,442,000	152,764,557
* Costs excluding land, developer fees & financing costs.						

Source: Great Wash Park, LLC

SUMMARY OF SALIENT FACTS AND CONCLUSIONS	
PROPERTY	Tivoli Village at Queensridge (under construction) NE corner Alta Dr. & Rampart Blvd. Las Vegas, NV 89145
PROPERTY TAX IDENTIFICATION NUMBER(S)	Clark County, NV 138-32-615-001
CURRENT OWNER(S) OF RECORD	Great Wash Park, LLC
LAND AREA	28.61 Acres
PROJECTED LEASABLE/SALEABLE AREA	814,013 sq. ft. retail & office area being developed by Great Wash Park LLC, plus land (460,000 sf) as entitled for 340 residential units
CURRENT OCCUPANCY	Partially improved, Tivoli Village at Queensridge currently under construction
YEAR BUILT	2011 (Triad A), 2015 (Triad B), 2015 (Triad C)
ZONING DESIGNATION	C-2, General Commercial
CONFORMING USE PER CURRENT ZONING	Yes (Development is fully entitled)
FLOOD ZONE	Zone X, not in 500-yr flood zone
FLOOD MAP	FEMA Comm. Map # 325276, Panel 2145E, dated Sept. 27, 2002
ANNUAL PROPERTY TAXES	\$564,203 (2012)
HIGHEST AND BEST USE	Mixed use, commercial & multifamily residential
VALUATION	Fair value, as of March 31, 2013 subject to the extraordinary assumptions & limiting conditions as outlined in this report
ESTIMATED MARKETING PERIOD	Varies by component
ESTIMATED EXPOSURE PERIOD	Varies by component
APPRAISER'S FINAL OPINION OF FAIR VALUE	\$260,000,000 as of March 31, 2013

INTENDED USER AND USE OF THE APPRAISAL - We have prepared this appraisal report for client internal accounting purposes and to support the value in the financial statements of Great Wash Park LLC. It is understood that this report may in the future be attached to an Israeli public filing of the following companies: IDB Group USA Investments Inc., Property and Building Corp. Ltd., Discount Investment Corp. Ltd, IDB Holdings Corp. Ltd, and/or IDB Development Corp. Ltd.

BOOK VALUE

The current Book Value per IFRS standards is \$280,000,000.

PROPERTY RIGHTS APPRAISED AND DATE OF VALUE

The valuation as provided herein is defined as follows:

- **“Fair Value”** of the property, as determined in accordance with International Accounting Standards (IAS 40), as of March 31, 2013, subject to the extraordinary assumptions and limiting conditions outlined in this report.

SCOPE OF THE APPRAISAL

This appraisal report is not limited in scope as to our analysis of the property. This is a complete appraisal, reported as a complete self contained appraisal report format, in accordance with the Uniform Standards of Professional Appraisal Practice and in compliance with FIRREA, Title XI pertaining to real estate appraisals, as well as International Accounting Standards. As such, this report contains a description of the subject property and provides an analysis of the various details considered in our analysis, along with the appraiser’s opinion of value.

In the preparation of this appraisal report, we have considered all available, relevant market data identified as impacting the market value of the subject. In the preparation of this report, we have completed a physical inspection of the subject property, its immediate neighborhood and competitive market area. We have also analyzed all available and relevant residential and commercial real estate information and related development market data, demographics and economic information for subject sub-market and the greater Las Vegas market.

Data sources relied upon are referenced throughout this report. The data which we have assembled has been confirmed, whenever possible, by personal contact with the buyer, seller or agent handling the particular sale or lease transactions. When personal confirmation was not possible by us, judgment was made as to its relevance and reliability.

UNDERLYING ASSUMPTIONS

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any and all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or in apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. All plans and project information presented herein, including square footages and project budget, tenant lease terms and rate information, were provided by the project sponsor and the appraiser assumes that this information is accurate and that the project will be developed as described herein. Substantial alteration from the development program as described in this report could result in material financial performance and valuation.

12. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

EXTRAORDINARY ASSUMPTIONS

Uniform Standards of Professional Appraisal Practice (USPAP) defines an “extraordinary assumption” as an assumption which is directly related to the assignment that if found to be false, could alter the appraiser’s opinions or conclusions.

In terms of this assignment, the following extraordinary assumptions are applicable: **it is assumed that the development program as described in this report is constructed as per the construction and phasing program as outlined herein. The project costs as presented in this report are assumed to be accurate. If the project costs, development components or timing vary significantly from those presented within this analysis, the financial viability of the project, the rate of return and valuation could in fact vary substantially.** Based on an extensive review of the project budget, actual construction activity and costs to date, construction cost indices, and professional knowledge based on experience in evaluating numerous real estate developments in Las Vegas and nationwide, the appraiser believes that the assumed costs and phasing schedule as presented herein are in fact reasonable.

LIMITING CONDITIONS

This appraisal report has been made with the following general limiting conditions:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication other than as stated in this report. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser and, in any event, only with proper written qualification, and only in its entirety.
3. The appraiser herein by reason of this report is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
5. All valuation services rendered by Marquette Advisors are subject to the above enumerated underlying assumptions and limiting conditions.

COMPETENCY PROVISION

Louis W. Frillman, MAI, CRE is competent in valuing similar complex mixed-use commercial and residential facilities and has appraised and consulted on a wide variety of similar development projects and existing centers throughout Nevada and the United States. Thus he has both the geographic experience and professional experience and expertise as required by this valuation assignment. Mr. Frillman's professional biography is provided on the following page.

PROFESSIONAL QUALIFICATIONS OF LOUIS W. FRILLMAN

President
MARQUETTE ADVISORS

Louis W. Frillman has been engaged in the real estate business nationwide since March 1975. During this time, he has developed skills in all areas of real estate practice including the acquisition, disposition, asset management, development, leasing, sale, financing, and valuation of industrial, commercial, and residential properties, including all major types of income-producing real estate. Currently, Mr. Frillman is President of Marquette Advisors, a national commercial real estate consulting firm.

Marquette Advisors currently operates a national real estate counseling practice with offices in Minneapolis and Seattle. Marquette provides comprehensive solutions to complex real estate problems and is practiced at managing and overseeing large real estate consulting projects nationwide. Mr. Frillman formerly was Executive Vice President of Marquette Partners, a 490-employee firm that managed and oversaw 45 million sq. ft. of investment properties of all types, including primarily regional and community shopping centers nationwide, and also office properties and industrial investment and corporate portfolios.

Mr. Frillman has completed counseling assignments dealing with significant decisions regarding real property utilized for real estate tax petitions, market feasibility and absorption analysis studies, valuations and disposition of major business properties, and investment analyses for acquisition of property by investors of all types. Geographically, he has been active in providing counsel on complex property issues with no boundary limitations for over 20 years. He has completed projects in Europe, the UK, Bermuda, Hawaii, Canada, Mexico, and parts of Central America.

He has developed all types of income producing properties, and in addition, has developed single-family custom housing. Mr. Frillman has provided counsel to real estate buyers, sellers, investors and lenders concerning virtually all types of real estate, worldwide.

In the hospitality and gaming areas, Mr. Frillman has conducted numerous market and financial feasibility studies, going concern and real estate valuations, and has provided other counseling services to scores of hospitality and gaming projects. Mr. Frillman is experienced at managing and overseeing large projects nationwide. His gaming experience spans North America and the Caribbean, including all existing gaming markets.

Mr. Frillman is a frequent guest lecturer at real estate conventions throughout the United States. He is a member of the American Society of Real Estate Counselors, the real estate counseling affiliate of the National Association of Realtors. He is an elected member of the Appraisal Institute and has served on the MAI Demonstration Appraisal Reports Committee nationally, and was a member of the Board of Directors for the local Institute Chapter as well as on the local admissions committee.

In 1973, Mr. Frillman graduated from the College of St. Thomas with a Bachelor of Arts Degree in Finance. He has completed all courses relating to earning and maintaining real estate valuation designations, licenses, and brokerage licenses, in multiple states. Mr. Frillman regularly attends professional educational seminars and has completed courses in a variety of related subjects including market feasibility analysis, syndication structure and analysis, subdivision development, the valuation of industrial real estate, the valuation of multiple-family properties, analysis of deminimus PUDs, methods of joint venture financing, valuation of business enterprises, and others.

In addition to attending courses in real estate, Mr. Frillman has lectured and taught real estate valuation for the University of St. Thomas and has been a guest lecturer at numerous continuing education seminars for the Law Board, NAIOP, American Society of Real Estate Counselors, and CORENET.

Mr. Frillman is a licensed and bonded real estate broker in the State of Minnesota and is an affiliate member of the National Association of Industrial and Office Parks (NAIOP), and has served on multiple committees of that association. He has also served as judge for the NAIOP "Awards of Excellence".

His community activities include being a full member of the Greater Minneapolis Board of Realtors, a member of the Urban Land Institute, a member of the National Trust for Historic Preservation, the Ramsey County Historical Society, the Ramsey Hill Association, and the Riverfront Development Committee of the Downtown Council of Minneapolis.

Mr. Frillman is a member of the American Society of Real Estate Counselors, the real estate counseling affiliate of the National Association of Realtors. He is an elected member of the Appraisal Institute, has served on the MAI Demonstration Appraisal Reports Committee nationally, and was a member of the Board of Directors for the local Institute Chapter as well as on the local admissions committee. He has also served as Chairman of the Candidate Guidance Committee.

He is an invited member of both the Real Estate Counselors (CRE) and Lambda Alpha, the international Land Economics Fraternity.

His charitable activities include eight years as board director of Catholic Charities for the Elderly. In that capacity, he served as development coordinator of Marion Center, a skilled care and assisted living care facility. He was responsible for coordinating all aspects of development including facility design and review, construction management, marketing programming, and ongoing management supervision.

Currently, he resides at 1661 Harbor Avenue SW, Seattle, Washington. He and his wife maintain a pied' a terre at 459 Portland in St. Paul, Minnesota. Mr. Frillman is married to the former Carol A. Motsinger, and has four children.

DEFINITION OF FAIR VALUE¹

Fair Value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

According to IAS40, the process for determining the fair value of investment property is given by current prices in an active market for similar properties in the same location and condition and subject to similar leases and other contracts. However, our analysis indicates that within the context of the subject market environment, there are no transactions involving similar properties which provide meaningful comparison and indication of value for the subject. As such, in accordance with IAS40, the appraiser has selected a discounted cash flow (DCF) approach as the appropriate method for determining the current fair value of the subject property.

¹ IAS 40, paragraphs 5, 36-40, 45-46.

REGIONAL CHARACTERISTICS

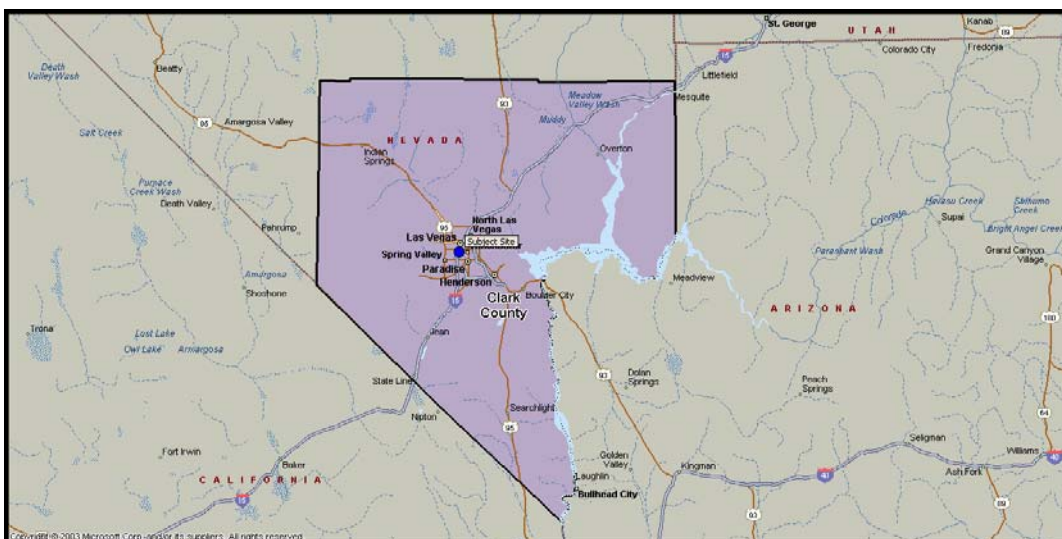
The following section provides an assessment of the market environment within which the Tivoli Village at Queensridge will operate. We begin with a discussion of the Las Vegas-Paradise Metropolitan Statistical Area (MSA). As well, we review relevant demographic and economic data, along with a description of the transportation infrastructure and tourism industry in the region. Demographic data is from the U.S. Census and ESRI Business Information Solutions, a nationally recognized econometric forecasting firm. Other economic data and tourism statistics were assembled from a variety of other sources, and are accordingly referenced throughout the report.

Las Vegas-Paradise Metropolitan Area

This section provides an overview of the Las Vegas-Paradise MSA, which consists of Clark County, Nevada, including the cities of Las Vegas, Henderson, North Las Vegas, Boulder City, and the surrounding areas. The county has a total area of 8,091 square miles. Land now covers 97.8% of the total area (7,910 miles), while water covers the remaining 2.2% (180 miles). Las Vegas is the most populous City in Clark County and the county seat.

The Colorado River forms the county's southeastern boundary, with Hoover Dam forming Lake Mead along much of its length. Las Vegas is frequently, yet incorrectly labeled a valley. By definition, the greater Las Vegas area is a land basin or bowl, surrounded by four mountain ranges, with nearby Mount Charleston being the highest elevation at 11,918 ft, located to the northwest. Other than the forests on Mount Charleston, the geography in Clark County is a desert. A map of Clark County is shown below:

Clark County, NV



Demographic Characteristics

Economic and demographic data was obtained for Las Vegas and Clark County, NV from the U.S. Census and ESRI Business Information Solutions (ESRI), an international econometric forecasting firm. Historical data (2000 and 2010) is from the U.S. Census, while current-year (2012) estimates and 5-year projections (2017) are from ESRI.

Population and Household Growth

In 2012, Las Vegas had an estimated 594,138 residents, up from 478,434 in 2000, reflecting an annual growth rate of about 2.0%. The remainder of Clark County showed a significant increase in population, growing by more than 42,200 residents per year between 2000 and 2012, reflecting a 4.7% average annual growth rate. In total, Clark County showed an annual population growth rate of 3.8% between 2000 and 2012, which significantly outpaced the United States annual growth rate of 1.0% during this timeframe.

Population and Household Growth Trends, 2000-2017 Las Vegas & Clark County								
	U.S. Census		Estimate 2012	Forecast 2017	Annual Growth Rates			
	2000	2010			2000 to 2012		2012 to 2017	
					Number	Percent	Number	Percent
Population								
Las Vegas	478,434	583,756	594,138	620,904	9,642	2.0%	5,353	0.9%
Remainder of Clark County	897,331	1,367,513	1,404,195	1,488,975	42,239	4.7%	16,956	1.2%
Clark County	1,375,765	1,951,269	1,998,333	2,109,879	51,881	3.8%	22,309	1.1%
United States	281,421,906	308,745,538	313,129,017	323,986,227	2,642,259	0.9%	2,171,442	0.7%
Households								
Las Vegas	176,750	211,689	216,411	224,766	3,305	1.9%	1,671	0.8%
Remainder of Clark County	335,503	503,676	518,466	546,000	15,247	4.5%	5,507	1.1%
Clark County	512,253	715,365	734,877	770,766	18,552	3.6%	7,178	1.0%
United States	105,480,101	116,716,292	118,208,713	122,665,498	1,060,718	1.0%	891,357	0.8%

Sources: US Census Bureau; ESRI

Between 2012 and 2017, Las Vegas is projected to grow by an average of 5,353 residents per year, reflecting an annual growth rate of about 0.9%. The remainder of the County is projected to grow by about 16,956 persons per year between 2012 and 2017, reflecting an annual growth rate of 1.1%. Clark County as a whole is projected to add 22,309 residents per year between 2012 and 2017, reflecting a 1.1% annual growth rate. Clark County had been one of the fastest growing counties in the United States until 2009, when population growth slowed dramatically due to a major housing market correction and national recession. Nonetheless, the Las Vegas market continues to rebound. Growth is expected to be considerably more moderate as compared to the prior decade; although, at 1.1% the Clark County population growth rate is expected to outpace the U.S. overall annual growth rate of 0.7% between 2012 and 2017.

Meanwhile, the number of households in Las Vegas and Clark County grew by annual rates of 1.9% (3,305 households per year) and 3.6% (18,552 households per year), respectively, between 2000 and 2012. Between 2012 and 2017, the Las Vegas household base is projected to increase by an average of 1,671 households per year (+0.8%), while Clark County is projected to increase by about 7,178 households per year (+1.0%), outpacing the U.S. annual growth rate of 0.8%. It is important to note that these growth forecasts are somewhat “back weighted,” as only moderate increases in population are likely to occur over the next several months. More significant population and household growth will be commensurate with continued and more robust economic recovery, expected into 2015-2017 and beyond.

Household Incomes

The following table illustrates the number of households by income level for Las Vegas, Clark County, and the United States as of 2012, according to estimates by ESRI. For comparison purposes, the table also shows the median income for each area, as well as projected income growth between 2012 and 2017.

Number of Households by Income Level (2012)						
Las Vegas and Clark County						
Income Level	Las Vegas		Clark County		United States	
		%		%		%
< \$15,000	21,858	10.1%	73,287	10.0%	15,958,008	13.5%
\$15,000 - \$24,999	21,858	10.1%	74,657	10.2%	13,239,237	11.2%
\$25,000 - \$34,999	23,372	10.8%	77,696	10.6%	12,648,199	10.7%
\$35,000 - \$49,999	31,596	14.6%	113,140	15.4%	17,140,083	14.5%
\$50,000 - \$74,999	43,499	20.1%	155,793	21.2%	21,986,589	18.6%
\$75,000 - \$99,999	27,484	12.7%	90,389	12.3%	13,357,444	11.3%
\$100,000 +	46,745	21.6%	149,914	20.4%	23,877,909	20.2%
Total	216,411	100.0%	734,877	100.0%	118,207,469	100.0%
Median Household Income (2012)	\$53,805		\$53,128		\$50,157	
Median Household Income (2017)	\$64,875		\$63,301		\$56,895	
Projected Annual Increase	4.11%		3.83%		2.69%	

Source: ESRI

The Las Vegas median household income was estimated to be \$53,805 in 2012, slightly higher than the national median income of \$50,157. Clark County had an estimated median household income of \$53,128 in 2012. By 2017, the Las Vegas median income is projected to increase to \$64,875, reflecting an annual growth rate of 4.11%. Clark County’s median household income is projected to increase at a slightly slower 3.83% annual growth rate. We note that household income growth in the Las Vegas Metro Area is expected to considerably outpace national growth rates between 2012 and 2017, according to forecasts by ESRI.

Employment Trends

Recent employment trends for the Las Vegas-Paradise MSA are shown on the table on the following pages. According to statistics published by the State of Nevada's Workforce Informer, the Las Vegas economy shed more than 130,900 jobs (covered employment, by place of work) between 2007 and 2010. Most of these losses occurred during 2008 and 2009, with the market beginning to stabilize somewhat during 2010. March 2013 resident employment was estimated at 895,300, up a full 47,845 workers from December 2010. The economy has stabilized, and job growth has returned to the region, albeit at a sluggish pace. Regional resident employment remains as of March 2013 is nearly equal to total employment in 2007. Unemployment in the region has declined from 14.4% in 2010 to 9.8% in March 2013.

The construction industry was particularly hard-hit by the recent recession, with job losses of – 58,500 between 2007 and 2010. Construction job losses have since moderated. Construction industry employment declined by another 2,100 jobs in 2011. During 2012 and 2013, construction employment has remained relatively stable.

The Las Vegas economy continues to show considerable improvement, characterized by modest job growth in several sectors. For a 27-month period ending March 2013, overall covered employment had increased by 26,400 jobs. During this timeframe, some sectors have seen modest employment gains, with others showing slight declines. We note that casino hotels & gaming have seen an addition of 21,100 workers since December of 2010. As well, the Professional and Business Services sector has added a total of 7,800 workers during this time.

The region is obviously well known for its gaming and tourism industries. The region employs a total of 268,400 workers in the Leisure and Hospitality sector, representing nearly one-third of regional employment. Current industry employment has nearly recovered to pre-recession levels, comparing to 275,400 Leisure & Hospitality workers employed in 2007. Recent casino openings such as MGM's City Center and Cosmopolitan, and a major expansion at Caesar's Palace have resulted in employment gains for this important sector, offsetting recent layoffs at other locations. The gaming sector has shown marked improvement in recent months, as will be discussed later in this report. As such, casino and related employment should increase going forward. Service sector employment and the Construction sector should continue to improve, with modest job growth expected, corresponding with continued economic improvement in the region.

Covered Employment (by place of work), 2006-2013

Clark County, NV

Industry Description	2006	2007	2008	2009	2010	2011	2012	2013	Change, 2007-2010		Change, 2010 to date	
	Total Jobs (Dec)	Total Jobs (Dec)	Total Jobs (Dec)	Total Jobs (Dec)	Total Jobs (Dec)	Total Jobs (Dec)	Total Jobs (Dec)	Total Jobs (March)	Total No.	Pct.	Total No.	Pct.
Natural Resources and Mining	500	400	300	300	200	200	300	300	-200	-50.0%	100	50.0%
Construction	104,400	99,000	80,800	53,300	40,500	38,400	37,000	36,200	-58,500	-59.1%	-4,300	-10.6%
Manufacturing	27,400	26,100	23,700	20,100	19,400	19,800	20,100	20,100	-6,700	-25.7%	700	3.6%
Trade, Transportation & Utilities	163,300	168,900	160,000	152,200	152,900	154,800	154,300	154,800	-16,000	-9.5%	1,900	1.2%
Wholesale Trade	24,100	24,200	23,100	20,800	20,500	20,900	20,200	20,300	-3,700	-15.3%	-200	-1.0%
Retail Trade	103,100	106,200	100,000	96,700	97,600	97,700	97,900	98,300	-8,600	-8.1%	700	0.7%
Information	10,800	11,100	10,200	9,400	9,300	9,300	9,400	9,200	-1,800	-16.2%	-100	-1.1%
Financial Activities	51,300	49,000	45,900	40,900	40,300	39,000	41,400	42,700	-8,700	-17.8%	2,400	6.0%
Professional and Business Services	114,000	113,100	103,000	98,500	99,200	100,900	106,600	107,000	-13,900	-12.3%	7,800	7.9%
Educational and Health Services	62,100	64,700	67,600	69,000	71,300	72,200	74,900	74,700	6,600	10.2%	3,400	4.8%
Leisure and Hospitality	271,500	275,400	258,900	252,100	252,600	256,900	263,600	264,800	-22,800	-8.3%	12,200	4.8%
Casino-Hotels and Gaming	169,700	168,500	155,700	152,600	155,600	156,700	157,900	176,700	-12,900	-7.7%	21,100	13.6%
Food Services and Drinking Places	72,900	75,900	74,400	72,100	74,800	79,100	79,700	82,800	-1,100	-1.4%	8,000	10.7%
Other Services	25,100	26,200	24,600	23,000	22,900	24,000	23,900	24,000	-3,300	-12.6%	1,100	4.8%
Government	97,500	102,400	105,600	98,100	96,800	93,400	93,500	98,000	-5,600	-5.5%	1,200	1.2%
Total Private and Government	927,900	936,300	880,600	816,900	805,400	808,900	825,000	831,800	-130,900	-14.0%	26,400	3.3%

* 2013 statistics as of March.

Source: Nevada Workforce Informer

Resident Employment and Unemployment Trends (by place of residence)				
Clark County, 1999-2013 (Not Seasonally Adjusted)				
Year	Labor Force	Employment	Unemployment	Unemployment
				Rate
2001	768,299	721,280	47,019	6.1%
2002	789,849	744,686	45,163	5.7%
2003	816,255	777,231	39,024	4.8%
2004	843,659	808,947	34,712	4.1%
2005	885,534	851,771	33,763	3.8%
2006	924,301	887,075	37,226	4.0%
2007	946,940	896,716	50,224	5.3%
2008	975,080	887,243	87,837	9.0%
2009	981,513	850,533	130,980	13.3%
2010	989,544	847,455	142,089	14.4%
2011	987,519	856,280	131,239	13.3%
2012	988,000	889,600	98,400	10.0%
2013 * (March)	992,400	895,300	97,100	9.8%
Change, 2007-2010	42,604	-49,261	91,865	9.1%
	4.5%	-5.5%	182.9%	
Change, 2010 to date	2,856	47,845	-44,989	-4.6%
	0.3%	5.6%	-31.7%	

* 2013 statistics are as of March. All other data is for year-end.

Source: U.S. Bureau of Labor Statistics

As of 2012 3rd Qtr. (most updated statistics available), the Clark County School District remained the region's single largest employer, by far, with over 30,000 employees. The next largest employers were Clark County, Wynn-Las Vegas and Bellagio, each with between 7,500 and 7,999 employees. Thirteen casino resort properties in Las Vegas employ between 2,500 and 7,999 workers, according to the Nevada Workforce Informer. Other major employers include the University of Nevada-Las Vegas with 5,000+ workers, the Las Vegas Metro Police with 5,000+ employees, the University Medical Center of Southern Nevada, with more than 3,500 employees, Southwest Airlines with 3,000+ employees and the City of Las Vegas with 2,500+ employees.

Major Employers, Clark County, NV as of Q3 2012		
Employer	Industry	Size Class(employees)
CLARK COUNTY SCHOOL DISTRICT	Elementary and Secondary Schools	30000 to 39999 employees
CLARK COUNTY	Executive & Legislative Offices Combined	8000 to 8499 employees
WYNN LAS VEGAS	Casino Hotels	7500 to 7999 employees
BELLAGIO LLC	Casino Hotels	7500 to 7999 employees
MGM GRAND HOTEL/CASINO	Casino Hotels	7500 to 7999 employees
ARIA RESORT & CASINO LLC	Casino Hotels	7000 to 7499 employees
MANDALAY BAY RESORT AND CASINO	Casino Hotels	6500 to 6999 employees
CAESARS PALACE	Casino Hotels	5500 to 5999 employees
LAS VEGAS METROPOLITAN POLICE	Police Protection	5000 to 5499 employees
UNIVERSITY OF NEVADA LAS VEGAS	Colleges and Universities	5000 to 5499 employees
THE VENETIAN CASINO RESORT	Casino Hotels	4000 to 4499 employees
MIRAGE CASINO-HOTEL, THE	Casino Hotels	4000 to 4499 employees
THE COSMOPOLITAN OF LAS VEGAS	Casino Hotels	3500 to 3999 employees
UNIVERSITY MEDICAL CTR OF S NV	General Medical and Surgical Hospitals	3500 to 3999 employees
THE PALAZZO CASINO RESORT	Casino Hotels	3500 to 3999 employees
ENCORE LAS VEGAS	Casino Hotels	3000 to 3499 employees
SOUTHWEST AIRLINES CO	Scheduled Passenger Air Transportation	3000 to 3499 employees
CITY OF LAS VEGAS	Executive & Legislative Offices Combined	2500 to 2999 employees
LUXOR	Casino Hotels	2500 to 2999 employees
BALLY'S CASINO HOTEL	Casino Hotels	2500 to 2999 employees

Source: Nevada Workforce Informer

Transportation & Travel Patterns

Las Vegas is ideally placed as a major transportation hub for the western United States. Moreover, the region is well served by a transportation system providing excellent links to other parts of the U.S. and the world.

Highways

- **U.S. Interstate 15** is the fourth-longest north-south transcontinental interstate highway in the United States, traveling through the states of California, Nevada, Arizona, Utah, Idaho, and Montana, as well as up to Alberta, Canada. I-15 crosses through major cities that include Los Angeles, Las Vegas, and Salt Lake City. Los Angeles is approximately 270 miles away from Las Vegas to the south, while Salt Lake City is roughly 430 miles away to the north.
- **U.S. Highway 93** is a main arterial is a major north-south United States highway in the Western United States. The southern terminus is at U.S. Route 60 in Wickenburg, Arizona. The northern terminus is at the Canadian border north of Eureka in Lincoln County, Montana, where the roadway continues into Roosville, British Columbia, as Highway 93. Major cities that US-93 travels through include Las Vegas, Phoenix (AZ), Twin Falls (ID), and Missoula (MT). Phoenix is only roughly 290 miles from Las Vegas to the southeast.
- **U.S. Highway 95** is a north-south highway in western United States. The highway's northern terminus is in Boundary County, Idaho, at the Canadian border crossing of Eastport, where it continues north as British Columbia Highway 95. Its southern terminus is in San Luis, Arizona, on the Mexican border, where a short spur leads to Mexican Federal Highway 2 at San Luis Río Colorado, Sonora. Reno (NV) is roughly 450 miles from Las Vegas and is accessed via U.S. Highway 95.

McCarran International Airport

McCarran International Airport is the principal commercial airport serving the Las Vegas region. The airport is located five miles south of the central business district of Las Vegas, within the unincorporated town of Paradise. McCarran is owned by Clark County and operated by the Clark County Department of Aviation. It serves as a focus city for Allegiant Air, Southwest Airlines, and US Airways; McCarran is also the largest operation base for both Allegiant and Southwest Airlines.

McCarran is the ninth busiest airport in the U.S. and is served by over 40 air carriers. With over 1,100 flights arriving and departing daily, McCarran International Airport offers direct flights to more than 125 U.S. Cities. In 2012, McCarran serviced about 41.7 million passengers, its highest total since 2008. Total passengers peaked at 47.8 million in 2007, which was just prior to a major economic recession. The table below shows total passengers volume at McCarran International Airport from 2002 through 2012.

Enplanements/Deplanements McCarran International Airport, 2002-2012			
Year	Total Passengers	Domestic	Charter & International
2012	41,667,596	37,924,705	3,742,891
2011	41,479,814	39,137,931	2,341,883
2010	39,757,359	37,680,055	2,077,304
2009	40,469,012	38,259,962	2,209,050
2008	44,074,642	41,830,579	2,244,063
2007	47,728,414	43,001,110	2,781,195
2006	46,193,329	41,772,944	2,639,684
2005	44,267,362	39,316,207	2,757,593
2004	41,441,531	36,910,019	3,284,127
2003	36,265,932	32,560,018	3,112,080
2002	35,009,011	31,108,364	3,249,287

Source: Las Vegas Convention and Visitors Authority, McCarran International Airport

With McCarran predicted to reach this capacity around 2017, Ivanpah Airport is currently being planned as a relief airport. As well, in June 2012, McCarran opened its new Terminal 3. “T3” is a new \$1.6 billion terminal which features 14 additional gates, including six designated for international travelers. With the expansion, McCarran can now accommodate approximately 53 million annual passengers. Its prior peak was 48 million passengers served in 2007. With the addition of Terminal 3, McCarran now features 117 total gates, a 6,000 space, eight level parking garage, a ticketing lobby, and two TSA security checkpoints and baggage claim area. A plan to extend the Las Vegas Monorail to McCarran is also under consideration. The proposed extension will add stops at Terminal 1 and at Terminal 3.

Tourism

Tourism, gaming and conventions are the economic driving forces for Las Vegas. Often referred to as the Entertainment Capital of the World, Las Vegas is famous for the number of large hotel/casino resorts and their associated entertainment. Nineteen of the twenty-five largest hotels in the world are located in Las Vegas.

The table and graphs on the following pages show a comparison of Las Vegas historical visitor counts, visitor origins and hotel/motel room inventory over the past several years.

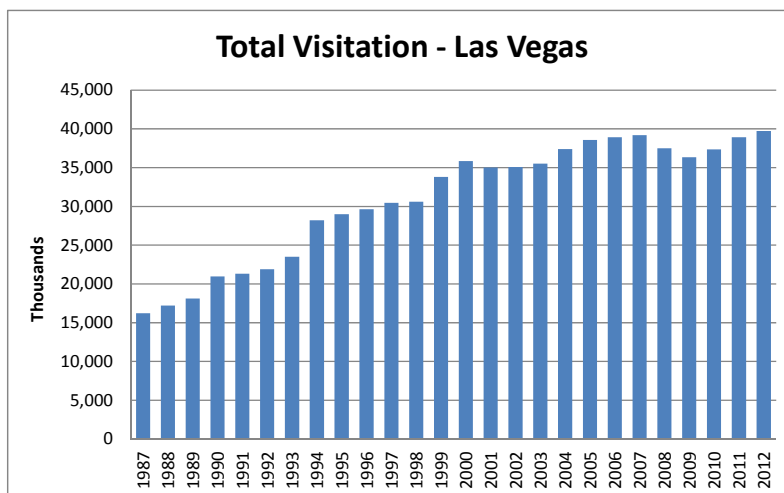
Annual Visitor Volume

Corresponding with a severe economic recession, Las Vegas visitation declined by 4.4% in 2008, followed by a 3.0% decline in 2009. The visitor declines of 2008/2009 are even more significant than the 2.3% decline experienced during the prior 2001/2002 U.S. recession. At that time, Las Vegas visitation declined for about a one-year timeframe, before stabilizing in 2002/03 and then showing impressive growth in 2004/05.

More recently, Las Vegas has clearly entered a recovery phase. In 2010, over 37.3 million people visited Las Vegas according to the Las Vegas Convention and Visitors Authority (LVCVA), which was up 2.7% from the prior year. Growth continued in 2011, with annual visitation estimated at 38.9 million, up 4.3% for the year. LVCVA statistics show that Las Vegas visitation increased by another 2.1% in 2012, to **39.7 million total visitors** for the year, surpassing pre-recession visitation levels. As visitation increases continue to outstrip hotel room inventory, Las Vegas hotel operators continue to see improvement in occupancy levels, as well as room rates.

Year	Total Visitation		Hotel/Motel Room Inventory	
	Number	% Change	Number	% Change
1987	16,216,102	-	58,474	-
1988	17,199,808	6.1%	61,394	5.0%
1989	18,129,684	5.4%	67,391	9.8%
1990	20,954,420	15.6%	73,730	9.4%
1991	21,315,116	1.7%	76,879	4.3%
1992	21,886,865	2.7%	76,523	-0.5%
1993	23,522,593	7.5%	86,053	12.5%
1994	28,214,362	19.9%	88,560	2.9%
1995	29,002,122	2.8%	90,046	1.7%
1996	29,636,361	2.2%	99,072	10.0%
1997	30,464,635	2.8%	105,347	6.3%
1998	30,605,128	0.5%	109,365	3.8%
1999	33,809,134	10.5%	120,294	10.0%
2000	35,849,691	6.0%	124,270	3.3%
2001	35,017,317	-2.3%	126,610	1.9%
2002	35,071,504	0.2%	126,787	0.1%
2003	35,540,126	1.3%	130,482	2.9%
2004	37,388,781	5.2%	131,503	0.8%
2005	38,566,717	3.2%	133,186	1.3%
2006	38,914,889	0.9%	132,605	-0.4%
2007	39,196,761	0.7%	132,947	0.3%
2008	37,481,552	-4.4%	140,529	6.0%
2009	36,351,469	-3.0%	148,941	12.0%
2010	37,335,436	2.7%	148,935	6.0%
2011	38,928,708	7.1%	150,161	6.9%
2012	39,727,022	2.1%	150,481	1.0%

Source: Las Vegas Convention and Visitors Authority



Visitor Origins

According to the most recently published “Las Vegas Visitor Profile” report by the Las Vegas Convention and Visitors Authority, reflecting travel data for 2012, about 83% of Las Vegas visitors were United States residents, with the remaining 17% coming from a foreign country. Just over half of Las Vegas visitors (54%) were from the Western states², while 11% were from the Midwest³, 11% from the South⁴, and 7% from the East⁵.

California’s share of Las Vegas visitation declined during the last 1990s and early 2000s. This was due in large part to the expansion of Indian gaming throughout the state, particularly in Southern California, as well as increases in foreign visitation to Las Vegas. However, we note that California continues to be an important feeder market for Las Vegas, as California visitors accounted for 33% of Las Vegas visitation in 2012, up from 28% in 2008.

Origin	1995	2000	2004	2005	2006	2007	2008	2009	2010	2011	2012
USA	87%	87%	87%	88%	87%	88%	85%	86%	82%	84%	83%
East	10%	9%	10%	9%	8%	9%	8%	7%	6%	6%	7%
South	12%	13%	13%	13%	13%	13%	13%	11%	11%	12%	11%
Midwest	14%	18%	17%	14%	14%	14%	12%	12%	12%	11%	11%
West	51%	48%	48%	52%	52%	52%	52%	55%	54%	55%	54%
Foreign	13%	13%	13%	12%	13%	12%	15%	14%	18%	16%	17%
Western States	51%	48%	48%	52%	52%	52%	52%	55%	54%	55%	54%
California	35%	30%	31%	33%	32%	31%	28%	31%	30%	31%	33%
<i>Southern Cal</i>	31%	26%	27%	29%	27%	25%	24%	26%	26%	26%	26%
<i>Northern Cal</i>	4%	4%	4%	4%	6%	6%	4%	5%	4%	5%	7%
Arizona	3%	4%	6%	6%	7%	9%	9%	10%	16%	9%	6%
Other Western States	12%	14%	11%	13%	12%	13%	15%	14%	16%	15%	15%

Source: Las Vegas Convention and Visitors Authority, Las Vegas Visitor Profile 1995-2012

Las Vegas Visitor Spending

The LVCVA also publishes an annual report on visitor spending. The most recently published survey was completed in 2012. It is important to note that this report is based upon a survey of approximately 3,600 visitors and thus expenditure amounts do not reflect actual revenues at Las Vegas resorts. Rather, the survey respondents provide an estimate of their daily and/or trip budget on various items, including gaming, lodging, food and beverage, shows, sight-seeing and transportation within the Las Vegas area. From this report, we have assembled average daily

² Western States include: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada (excluding Clark County), New Mexico, Oregon, Utah, Washington, & Wyoming.

³ Midwest States include: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, & Wisconsin.

⁴ Southern States include: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, & West Virginia.

⁵ Eastern States include: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, & Vermont.

expenditure data per visitor for each of the past seven years. This information is displayed on the table on the following page. In 2006, survey participants indicated an average daily budget of approximately \$495. Of that total, the average daily gaming budget comprised 29%, or about \$142 per day. Interestingly, the surveys indicate that gaming as a percentage of Vegas daily visitor spending declined from nearly 29% in 2006 to less than 22% in 2011. This is attributable at least in part to the expansion of non-gaming attractions throughout Las Vegas. However, we note that the 2012 survey showed that gambling accounted for 24.5% (\$113/day) of visitor spending, up from 21.8% (\$95/day) in 2011, indicating that Las Vegas gaming is again on the rise and is accounting for a more significant share of total visitor spending.

The 2012 survey indicated an average of \$459.91 in total expenditures per visitor, per day in 2012, up a full 5.4% compared to the prior year. To summarize, Las Vegas visitation has fully recovered, with the number of visitors in 2012 surpassing pre-recession levels and visitor spending on the rise. Due to the importance of the gaming and resort industries in Las Vegas, this trend is very positive and should have a corresponding positive impact on local and regional economics and real estate demand and values.

Avg. Daily Expenditures per Las Vegas Visitor (Includes only those that gambled)															
	<u>F&B</u>		<u>Transport</u>		<u>Shopping</u>		<u>Shows</u>		<u>Sightseeing</u>		<u>Lodging</u>		<u>Gambling</u>		<u>Total</u>
2005	\$55.31	11.6%	\$19.63	4.1%	\$48.95	10.3%	\$23.58	4.9%	\$24.80	5.2%	\$165.85	34.7%	\$139.22	29.2%	\$477.35
2006	\$56.70	11.5%	\$21.79	4.4%	\$44.80	9.1%	\$23.83	4.8%	\$30.47	6.2%	\$175.29	35.4%	\$141.73	28.7%	\$494.61
2007	\$56.55	11.7%	\$21.54	4.5%	\$40.75	8.5%	\$23.79	4.9%	\$42.20	8.8%	\$173.20	36.0%	\$123.48	25.6%	\$481.51
2008	\$60.75	12.9%	\$20.10	4.3%	\$44.28	9.4%	\$26.12	5.6%	\$30.88	6.6%	\$169.47	36.1%	\$118.22	25.2%	\$469.83
2009	\$54.42	13.6%	\$17.38	4.3%	\$37.19	9.3%	\$22.77	5.7%	\$35.17	8.8%	\$129.91	32.4%	\$104.69	26.1%	\$401.52
2010	\$55.83	13.3%	\$20.75	4.9%	\$41.81	9.9%	\$24.55	5.8%	\$33.65	8.0%	\$143.35	34.0%	\$101.35	24.1%	\$421.29
2011	\$58.44	13.4%	\$21.92	5.0%	\$45.05	10.3%	\$25.48	5.8%	\$42.19	9.7%	\$148.07	33.9%	\$95.24	21.8%	\$436.40
2012	\$61.89	13.5%	\$21.91	4.8%	\$60.23	13.1%	\$28.70	6.2%	\$28.10	6.1%	\$146.35	31.8%	\$112.72	24.5%	\$459.91

Source: Las Vegas Convention & Visitors Authority

Las Vegas Conventions

Las Vegas continues to be one of the world's premier meeting and convention destinations, with more meeting space (**9.0+ million square feet**) than any other city in the world. Las Vegas conventions can accommodate all types and sizes of groups ranging from a small intimate poolside gathering to a lavish banquet for 10,000 people, or a major international convention. The city has earned its distinction as a world-class meeting destination by providing some of the most complete, flexible and extensive meeting and convention facilities and services in the world. Two of the largest convention centers in City include the **Las Vegas Convention Center** and the **Sands Expo Center and Venetian Congress Facility**.

The **Las Vegas Convention Center** is one of the largest convention centers in the world, with over **3.2 million square feet** of exhibit and meeting space. The massive facility offers 16 exhibit halls (1,940,631 square feet) separable by movable walls, 144 meeting rooms (more than 241,000 square feet) to handle seating capacities ranging from 20 to 7,500, and a lobby and concourse area with 109,515 square feet.

The Las Vegas Convention Center is currently undergoing a major renovation and expansion, which will create a "convention district." The project will be developed in phases over several years. The first phase, over the next two years, will include programming and design, the development of overall budget, improvements to the current space at the Las Vegas Convention Center, and land acquisition. Phase one will cost roughly \$150 million according to the LVCVA. The plan includes three major initiatives. Phase I includes an update and expansion of the current facilities and developing a "convention district campus." The expansion project will add lobby, exhibition, meeting, and food and beverage space, along with technology upgrades throughout the complex. Public gathering spaces will be added outside the building, along with various design elements to enhance the neighborhood and establish a cohesive business district.

Phase II of the plan involves increasing Las Vegas' exposure to international markets. The city would do this by building a new world trade show facility and leveraging the World Trade Center designation that the city currently holds. The designation, bestowed by the World Trade Center Association, provides the LVCVA with opportunities to market Las Vegas to business travelers internationally under the World Trade Center brand. With a new World Trade Center facility, the LVCVA hopes to increase international market share by attracting more meetings and conventions to the destination.

Phase III will involve the development of a centralized transportation hub to improve connectivity and flow within the resort corridor. The LVCVA is presently working with local transportation stakeholders to define a long-term strategy to accommodate the movement of people as Las Vegas projects to host approximately 44 million annual visitors, compared to about 40 million visitors presently.

The second major convention facility in Las Vegas is the **Sands Expo Center and Venetian Congress facility**, located at "The Venetian," houses **more than 2.25 million square feet** of combined meeting and event space (the 3rd largest in the Country). The Sands Expo Center is the

site of numerous events throughout the year, including portions of the Consumer Electronics Show (CES) and the World Shoe Association show.

Sports

Las Vegas does not currently have a major-league professional sports franchise, although the metropolitan population is as large as or larger than many cities that do have them. Nonetheless, the city currently has two minor league sports teams, in baseball and hockey: The Las Vegas 51s of the Pacific Coast League (the AAA farm club of the New York Mets), and the Las Vegas Wranglers of the ECHL.

In the past, the city had teams in the Canadian Football League, the XFL and the Arena Football League. There was recent mention in the local media that the San Diego Chargers of the NFL may be considering Las Vegas as a potential future relocation destination. There had been speculation that the completion of a new arena formerly planned by Harrah's would bring teams from the NBA and/or NHL, although that project has been shelved. The city is also reportedly on the short list of Major League Soccer for an expansion franchise in the near future. There have also been contacts between city officials and several Major League Baseball owners regarding relocation.

High profile limited-duration sporting events have been successful. Las Vegas hosted the 2007 NBA All-Star Game. The NASCAR Sprint Cup series has drawn up to 165,000 fans. Las Vegas also hosts a significant number of professional fights. Many of these fights (such as those in MMA's UFC) take place near downtown or on the Strip in one of the major resort/hotel/casino event centers. Mandalay Bay is frequently a top contender as a venue for the UFC. The National Finals Rodeo has drawn thousands of fans to the city since 1985, and a contract extension was signed in 2005 keeping the event in Las Vegas through 2014. The NBA Summer League is currently held in the city, and the USA Olympic basketball team trained in the city in 2008.

The University of Nevada, Las Vegas competes in NCAA Division I in men's and women's sports. UNLV is a member of the Mountain West Conference. The College of Southern Nevada also has an athletic program, with significant success in baseball at the community college level.

TIVOLI VILLAGE PRIMARY TRADE AREA ANALYSIS

Tivoli Village at Queensridge is located at the northeast corner of Alta Dr. & Rampart Blvd. in the western portion of the City of Las Vegas. Summerlin is a master planned community developed by The Howard Hughes Corporation, spanning nearly 22,500 acres. These neighborhoods as shown on the following map are home to some of Las Vegas' wealthiest residents.

Summerlin is a fully integrated community, offering a mix of high quality residences and amenities throughout its diverse neighborhoods. Summerlin offers nine of the region's premier golf courses, including two TPC (Tournament Players Club) venues, more than 100 parks and a 150-mile pedestrian trail system. Major resorts within Summerlin include the JW Marriott Las Vegas Resort & Spa and the Red Rock Casino Resort.



Tivoli Village at Queensridge will attract much of its customer base from Summerlin’s affluent residential communities. Commercial development within and near Summerlin is concentrated primarily along its major arteries, especially Charleston Boulevard and Sahara Avenue to the south. The location of various retail centers is discussed in later sections of the report. Generally, the Summerlin area is “under-retailed” considering recent population growth and its affluent resident base, although the subject development will begin to further penetrate this dynamic market in the months ahead.

For our analysis purposes, we have defined the primary trade area for Tivoli Village to include the neighborhoods both within and in close proximity to Summerlin as depicted on the trade area map on the following page. This area spans roughly a 10- to 15-minute drive time surrounding Tivoli Village.

According to estimates by ESRI Business Information Solutions, the primary trade area was home to more than **494,000 residents** and about 193,100 households in 2011. The trade area is forecast to grow to approximately 509,700 residents and 198,300 households by 2016, accounting for about 14% of the growth expected in the Las Vegas-Paradise MSA over this five-year period. The median household income in the trade area was estimated at roughly \$54,700 in 2011, and is projected to increase to \$66,800 by 2016.

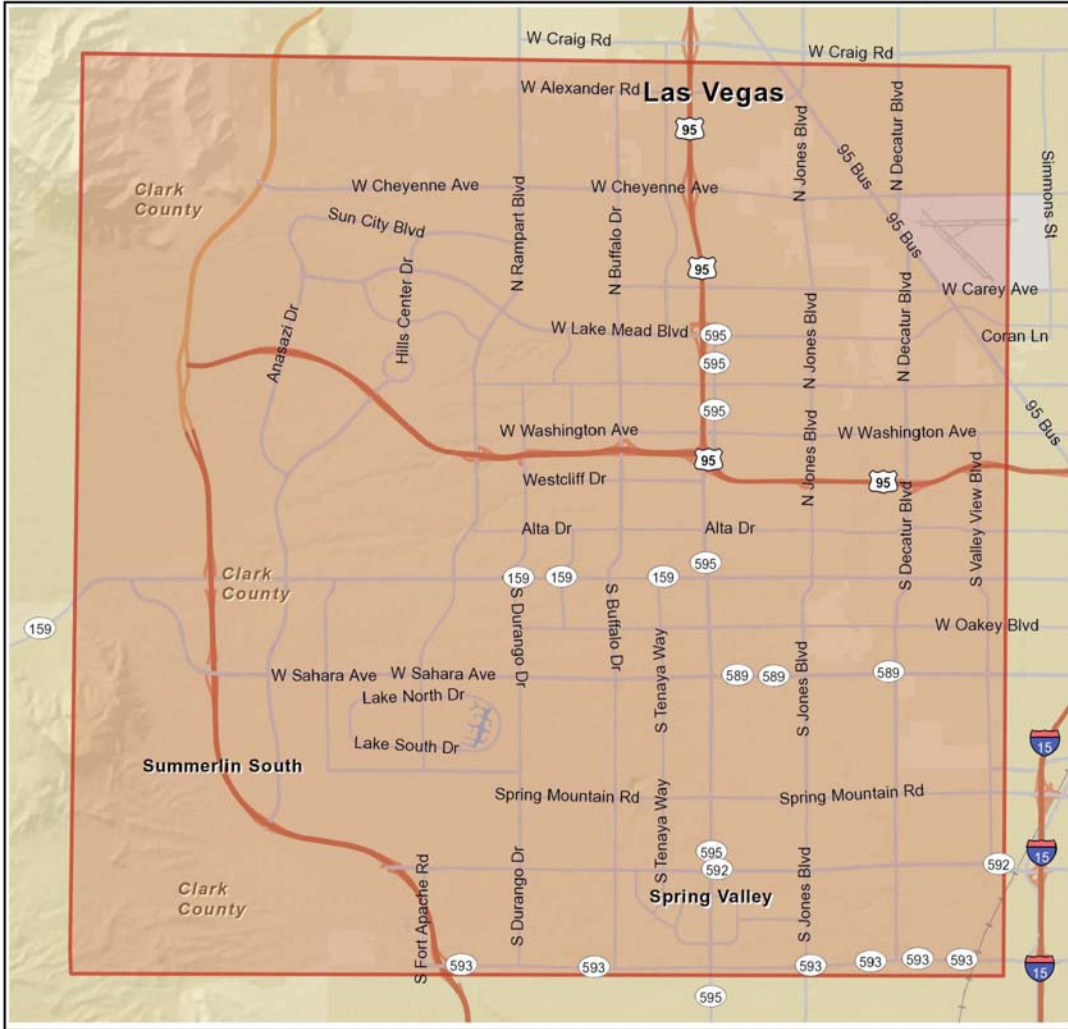
Summary Demographics - Tivoli Village Primary Trade Area		
	2011	2016
Population	494,009	509,737
Households	193,093	198,274
Median Age	38.4	39.0
Median Household Income	\$54,699	\$66,815
Source: ESRI Business Information Solutions		



Site Map

Summerlin Market Area
Area: 94.16 Square miles

Site Type: Custom Polygon



Annual Retail Goods & Services Expenditures, 2011 -- Tivoli Village at Queensridge Primary Trade Area			
	Spending Potential Index	Average Amount Spent	Total
Apparel and Services	75	\$1,729.63	\$333,980,734
Men's	70	\$310.86	\$60,025,112
Women's	66	\$527.82	\$101,919,105
Children's	80	\$309.84	\$59,826,972
Footwear	53	\$213.54	\$41,232,983
Watches & Jewelry	104	\$195.49	\$37,747,307
Apparel Products and Services (1)	190	\$172.09	\$33,229,254
Computer			
Computers and Hardware for Home Use	108	\$200.55	\$38,725,559
Software and Accessories for Home Use	110	\$30.36	\$5,862,727
Entertainment & Recreation	105	\$3,284.18	\$634,152,717
Fees and Admissions	106	\$635.04	\$122,622,302
Membership Fees for Clubs (2)	104	\$165.13	\$31,884,919
Fees for Participant Sports, excl. Trips	108	\$111.20	\$21,471,796
Admission to Movie/Theatre/Opera/Ballet	109	\$160.30	\$30,953,486
Admission to Sporting Events, excl. Trips	105	\$60.72	\$11,724,624
Fees for Recreational Lessons	103	\$136.90	\$26,434,294
Dating Services	106	\$0.79	\$153,183
TV/Video/Audio	105	\$1,259.25	\$243,151,785
Community Antenna or Cable TV	103	\$716.79	\$138,407,086
Televisions	109	\$203.82	\$39,356,520
VCRs, Video Cameras, and DVD Players	110	\$21.77	\$4,203,187
Video Cassettes and DVDs	110	\$56.34	\$10,878,798
Video and Computer Game Hardware and Software	110	\$59.70	\$11,526,831
Satellite Dishes	109	\$1.33	\$256,280
Rental of Video Cassettes and DVDs	112	\$44.52	\$8,596,908
Streaming/Downloaded Video	105	\$1.43	\$276,116
Audio (3)	102	\$145.70	\$28,133,838
Rental and Repair of TV/Radio/Sound Equipment	107	\$7.85	\$1,516,220
Pets	125	\$519.85	\$100,379,342
Toys and Games (4)	105	\$147.49	\$28,479,390
Recreational Vehicles and Fees (5)	94	\$294.74	\$56,911,876
Sports/Recreation/Exercise Equipment (6)	82	\$143.63	\$27,734,121
Photo Equipment and Supplies (7)	105	\$105.16	\$20,306,291
Reading (8)	101	\$151.71	\$29,294,507
Catered Affairs (9)	115	\$27.31	\$5,273,101
Food	105	\$7,858.96	\$1,517,512,462
Food at Home	105	\$4,534.19	\$875,522,392
Bakery and Cereal Products	103	\$595.70	\$115,024,736
Meats, Poultry, Fish, and Eggs	105	\$1,054.65	\$203,645,396
Dairy Products	103	\$497.80	\$96,121,935
Fruits and Vegetables	105	\$801.41	\$154,745,907
Snacks and Other Food at Home (10)	105	\$1,584.65	\$305,984,417
Food Away from Home	107	\$3,324.77	\$641,990,071
Alcoholic Beverages	109	\$601.84	\$116,210,211
Nonalcoholic Beverages at Home	105	\$445.44	\$86,011,387
Health			
Nonprescription Drugs	101	\$101.23	\$19,546,038
Prescription Drugs	96	\$464.30	\$89,653,670
Eyeglasses and Contact Lenses	101	\$75.46	\$14,570,813
Household Furnishings and Equipment			
Household Textiles (13)	105	\$134.93	\$26,054,892
Furniture	106	\$615.97	\$118,939,730
Floor Coverings	98	\$71.20	\$13,748,526
Major Appliances (14)	99	\$292.31	\$56,443,038
Housewares (15)	95	\$79.51	\$15,351,865
Small Appliances	102	\$32.37	\$6,251,260
Luggage	105	\$9.42	\$1,819,130
Telephones and Accessories	75	\$31.16	\$6,016,704
Household Operations			
Child Care	113	\$504.55	\$97,425,718
Lawn and Garden (16)	98	\$396.73	\$76,604,990
Moving/Storage/Freight Express	113	\$66.35	\$12,812,487
Housekeeping Supplies (17)	104	\$704.01	\$135,939,363
Personal Care Products (18)	108	\$415.59	\$80,247,954
School Books and Supplies (19)	109	\$113.43	\$21,903,215
Smoking Products	100	\$414.77	\$80,089,900

Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.

Source: Esri forecasts for 2011 and 2016; Consumer Spending data are derived from the 2006 and 2007 Consumer Expenditure Surveys, Bureau of Labor Statistics.

Source: ESRI Business Information Solutions

The preceding table presents a summary of trade area resident spending on retail goods and services, according to ESRI reports. ESRI develops estimates of current year (2011) total spending by trade area residents based on 2006 and 2007 consumer expenditure surveys by the U.S. Bureau of Labor Statistics. ESRI adjusts those reports to reflect population growth and changes in personal income levels and expenditure patterns.

In 2011, trade area residents spent an estimated **\$3.4 billion** on retail goods and services, including restaurants, an average of about **\$17,600 per household** in 2011. We note that the ESRI report references a “Spending Potential Index” well in excess of 100% for most product categories. The Spending Potential Index reflects the percentage of the U.S. average household expenditure on various goods and services. The high Spending Potential Index for the subject trade area is reflective of this market’s affluence. The information above will be used later in projecting potential retail sales for the subject trade area as a whole, and for Tivoli Village specifically.

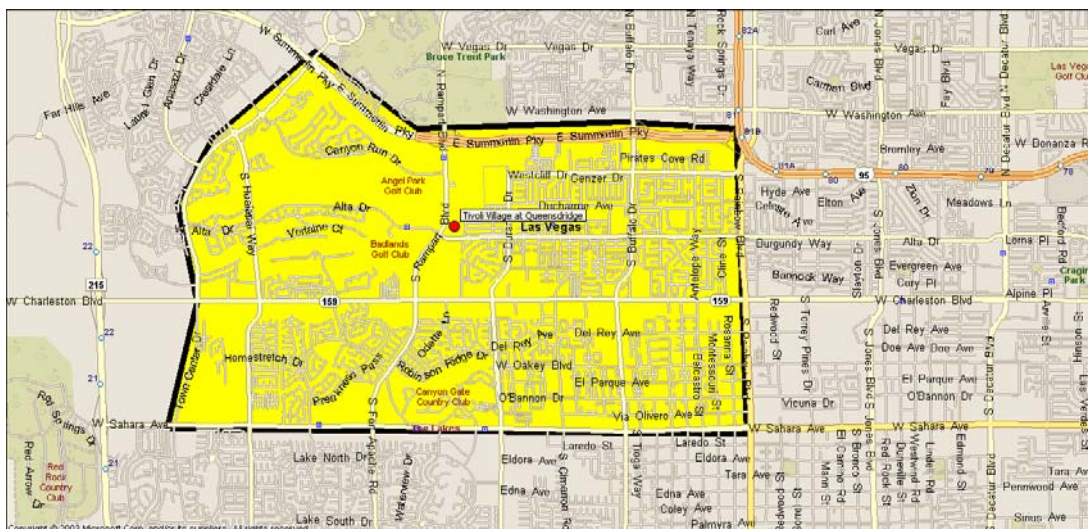
NEIGHBORHOOD ANALYSIS

Property Location & Neighborhood Boundaries

The subject property is located at the northeast corner of the intersection of Alta Boulevard and Rampart Drive. Tivoli Village is located in a neighborhood known as Queensridge, which is located in the far western portion of the city of Las Vegas, just east of the Summerlin master planned community. The general boundaries of the immediate neighborhood are as follows:

- North: Summerlin Parkway and Angle Park Golf Club
- South: W. Sahara Avenue
- West: Town Center Drive
- East: S. Rainbow Boulevard

Approximate Neighborhood Boundaries



Rampart Boulevard functions as a main north/south street within the central portion of the neighborhood, connecting various residential neighborhoods with the area's main commercial arterties, those being Sahara, Charleston and Summerlin Pkwy.

Alta Drive provides access to both residential and commercial development to the east and west of the subject site.

Land Use

Immediate neighbors to the property include the following:

- North: Angel Park Legacy Golf Club
- East: Residential neighborhoods
- Southwest: One Queensridge (luxury residential condominiums)
- West: SunCoast Casino and Hotel
- South: Boca Park Shopping Center (about 1.0 million sf)

Neighboring properties include high quality residential development primarily to the east, a luxury residential condominium complex known as One Queensridge immediately to the southwest, the SunCoast Casino property to the west, and Angel Park Legacy Golf Club to the north. The area immediately south is developed with a major shopping center development known as Boca Park.

The following aerial and street view photos depict the subject property and its immediate neighborhood.



Aerial view across site. Primarily single family homes to the east.



Aerial view looking northward across site. Angel Park Golf Club in distance.



Aerial view to the west. One Queensridge condos at SW and SunCoast Casino immediately west.



View of One Queensridge luxury condos, immediately SW of subject property



View of Boca Park shopping area south of subject property

SITE ANALYSIS

Size

The total acreage of the property subject to this analysis is 28.61 acres, or 1,246,252 square feet.

Shape

The shape of the site is somewhat irregular, as depicted on survey map and site plans presented previously in this report.

Improvements

Construction of Tivoli Village at Queensridge is ongoing, as depicted in the aerial construction photos provided in this report. The majority of site work and infrastructure improvements are in place. Underground parking areas have been constructed. Triad A improvements are complete and have been open since April 2011, comprising approximately 227,541 sf of rentable retail/restaurant space and 164,898 sf of rentable office area. Construction on Triads B & C is underway, which will add another 266,534 sf of retail/restaurant area and 155,040 sf of office area.

Access

Both pedestrian and vehicular access will be available to the property on both its western and southern boundaries, at Rampart and Alta. The property is centrally located within the neighborhood, thus providing ease of access for neighboring residential in all directions. The property's location is strategic in that it is easily accessible from the single family residential areas immediately east and for the residents of One Queensridge Place, with some of Las Vegas' most luxurious condo residences.

Topography & Drainage

The site is generally level and at grade with adjacent roadways. Site topography appears to be conducive to development as planned and the appraiser's inspection did not reveal any drainage problems which would impede any of the planned project components.

Soil Conditions

Soil reports were not made available for review by the appraiser. The project developers and related contracting professionals have obviously determined that the site should support the development as programmed, since it is currently under construction. The appraiser assumes this to be true for purposes of this valuation assignment.

Utilities

The property is located within the City of Las Vegas in Clark County and all necessary public utilities are available at the site, including water, sewer, gas and services such as garbage collection, police and fire protection. Additional electrical power was extended to the site in the Spring of 2009.

Flood Hazard Information

According to FEMA flood hazard information (Zone X, per community map number 32003, panel 2145E, dated Sept. 27, 2002) the subject property is located outside both the 100 and 500-year flood zones. A flood zone map is shown below.

Flood Insights test results for :
 Appraisal File Number : 09003
 Alta Dr & S Rampart Blvd, Las Vegas,NV 89145
 Geocoding Accuracy: SS - Matched to Street Address (Best)

Flood Zone Determinations

[Test Description](#)

SFHA (Flood Zone) Within 250 feet of multiple flood zones?
 Out Yes

The property is located close to multiple zones. Further analysis may be required to determine the exact placement and proper zone. Please [Click Here](#) if you would like to order a Manual Flood Determination

Community	Community Name	Zone	Panel	Panel Date	Cobra
325276	LAS VEGAS, CITY OF	X	2145E	September 27, 2002	OUT
FIPS Code	Census Tract				
32003	0032.23				

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Summary – Site Analysis

In conclusion, the appraiser's site analysis indicates that the property should support the planned development project and, in fact the property is strategically located for development to its highest and best use, that being a mixed-use commercial and residential village.

ZONING & RELATED ENTITLEMENTS

The property is subject to zoning regulation by the City of Las Vegas, Nevada. The property is currently zoned "C-2 – General Business." The existing improvements, as well as the planned development components, including commercial and residential, are all legal and conforming uses within this zoning district. Moreover, the project sponsors have been granted all required entitlements related to the development program as described herein in accordance with the conditions documented in the April 20, 2006 approval letter from the City of Las Vegas as presented on the following pages.



LAS VEGAS CITY COUNCIL

OSCAR B. GOODMAN
MAYOR

GARY REESE
MAYOR PRO TEM

LARRY BROWN
LAWRENCE WEEKLY
STEVE WOLFSON
LOIS TARKANIAN
STEVEN D. ROSS

DOUGLAS A. SELBY
CITY MANAGER

April 20, 2006

Mr. Frank Pankratz
Executive Home Builders
9755 West Charleston Boulevard
Las Vegas, Nevada 89117

RE: SDR-10770 – SITE DEVELOPOMENT PLAN REVIEW
CITY COUNCIL MEETING OF APRIL 19, 2006
RELATED TO VAR-10773

Dear Mr. Pankratz:

The City Council at a regular meeting held April 19, 2006 APPROVED the request for a Site Development Plan Review FOR A TEN-STORY MIXED-USE DEVELOPMENT CONSISTING OF 699,000 SQUARE FEET OF COMMERCIAL SPACE AND 340 RESIDENTIAL UNITS on 28.69 acres 8750 Alta Drive (APN 138-32-601-003), U (Undeveloped) Zone [GC (General Commercial) Master Plan Designation] under Resolution of Intent to C-2 (General Commercial) Zone. The Notice of Final Action was filed with the Las Vegas City Clerk on April 6, 2006. This approval is subject to:

Planning and Development

1. A Variance (VAR-10773) to allow Mixed-Use development, approved by the City Council.
2. The applicant shall comply with all conditions listed within Rezoning (ZON-5653) and Special Use Permit (SUP-5853).
3. This Site Development Plan Review shall expire two years from the date of final approval unless it is exercised or an Extension of Time is granted by the City Council.
4. All development shall be in conformance with the updated site plan dated stamped 3/16/06 and floor plan dated stamped 1/31/06, and the building elevations dated stamped 03/20/06, colored presentation material, dated stamped 3/16/06 with a maximum number of 340 units, except as amended by conditions herein.
5. Agreement for any adjustments to the eastern property line shall be submitted to the City of Las Vegas for review and approval.

CITY OF LAS VEGAS
400 STEWART AVENUE
LAS VEGAS, NEVADA 89101

VOICE 702.229.6011
TTY 702.386.9108

www.lasvegasnevada.gov

18112-001-06-05
CLV 7009



6. The applicant shall incorporate the Multi-Use Transportation Trail, as required by the Master Plan Transportation Trails Element, located along the western boundary of the property unless eliminated by a General Plan Amendment, subject to review and approval of the Planning and Development Department.
7. The applicant shall comply with all parking, loading and traffic standards of Title 19 (Zoning Ordinance), except as modified herein, subject to review and approval by the Planning and Development Department.
8. A technical landscape plan, signed and sealed by a Registered Architect, Landscape Architect, Residential Designer or Civil Engineer, must be submitted prior to or at the same time application is made for a building permit. The landscape plan shall include irrigation specifications. Landscape islands shall be provided in the surface parking lot in accordance with the requirements listed in Title 19.12.040. Trees shall be provided at a ratio of one tree for every six spaces in the surface parking lot.
9. All required perimeter landscape buffers shall comply with the minimum requirements listed in Title 19.12. Tree spacing within the buffer areas and the width of all buffers shall conform to the minimum requirements listed in Title 19.12.
10. No turf shall be permitted in the non-recreational common areas, such as medians and amenity zones in this development. Turf in other areas shall be limited to 12.5% of the total landscape area. The landscape plan shall be revised and approved by Planning and Development Department staff, prior to the time application is made for a building permit, to incorporate the required changes demonstrating conformance with Code.
11. The landscaping and a permanent underground sprinkler system shall be installed as required by the Planning Commission or City Council and shall be permanently maintained in a satisfactory manner. Failure to properly maintain required landscaping and underground sprinkler systems shall be cause for revocation of a business license.
12. All structures shall conform to the Residential Adjacency Standards listed in Title 19.08.060.
13. All glazing shall conform to the requirements listed in Title 19.08.045.
14. Any property line wall shall be a decorative block wall, with at least 20 percent contrasting materials along the exterior of the wall.
15. All mechanical equipment, air conditioners and trash areas shall be fully screened in views from the abutting streets and properties.

16. Loading spaces and services areas shall be screened from view of abutting streets and properties by a screen wall or dense landscaping. An additional sound wall shall be provided in front of the loading area on the east side of the site to buffer the area from the abutting residential properties, subject to review and approval by the Planning Department.
17. Parking lot lighting standards shall be no more than 20 feet in height and shall utilize 'shoe-box' fixtures and downward-directed lights. Wallpack lighting shall utilize 'shoe-box' fixtures and downward-directed lights on the proposed buildings. Non-residential property lighting shall be directed away from residential property or screened, and shall not create fugitive lighting on adjacent properties in accordance with the Residential Adjacency Standards.
18. A Master Sign Plan shall be submitted for approval of the Planning Commission prior to the issuance of a Certificate of Occupancy for any building on the site.
19. All utility boxes exceeding 27 cubic feet in size shall meet the standards of Municipal Code Section 19.12.050.
20. Prior to the submittal of a building permit, the applicant shall meet with Planning and Development Department staff to develop a comprehensive address plan for the subject site. A copy of the approved address plan shall be submitted with any future building permit applications related to the site.
21. No access shall be allowed from the subject site to Venetian Strada.
22. No trash pick-up service or deliveries shall be allowed to the loading area on the east side of the property between the hours of 10:00 p.m. and 7:00 a.m. Failure to comply with this requirement shall result in action by the Code Enforcement Division.
23. The emergency access road on the east side of the development site shall be limited to emergency vehicles only, and shall not be used by residents or guests of the development.
24. A fully operational fire protection system, including fire apparatus roads, fire hydrants and water supply, shall be installed and shall be functioning prior to construction of any combustible structures.
25. All City Code requirements and design standards of all City departments must be satisfied.

Public Works

26. Coordinate with the Collection System Planning Section of the Department of Public Works to determine an appropriate down stream relief system for the public sewer connection to this site, prior to the issuance of any permits. Provide public sewer easements for all public sewers not located within existing public street right-of-way prior to the issuance of any permits. Comply with the recommendations of the Collection System Planning Section of the Department of Public Works.
27. Driveways shall be designed, located and constructed in accordance with Standard Drawing #222A.
28. A Homeowners' Association shall be established to maintain all perimeter walls, private roadways, landscaping and common areas created with this development. All landscaping shall be situated and maintained so as to not create sight visibility obstructions for vehicular traffic at all development access drives and abutting street intersections.
29. Meet with the Clark County School District to discuss the impact this site plan has on the District's schools, and to identify possible methods to mitigate the impacts.
30. The design and layout of all onsite private circulation and access drives shall meet the approval of the Department of Fire Services.
31. All landscaping installed with this project shall be situated and maintained so as not to create sight visibility obstructions for vehicular traffic at all development access drives and abutting street intersections.
32. Landscape and maintain all unimproved rights-of-way adjacent to this site.
33. Submit an Encroachment Agreement for all landscaping and private improvements, located within the public rights-of-way adjacent to this site prior to occupancy of this site.

Mr. Frank Pankratz
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April 20, 2006

34. An update to the previously approved Traffic Impact Analysis [TIA #T5604] must be submitted to and approved by the Department of Public Works prior to the issuance of any building or grading permits, submittal of any construction drawings or the recordation of a Map subdividing this site. Comply with the recommendations of the approved Traffic Impact Analysis prior to occupancy of the site. The Traffic Impact Analysis shall also include a section addressing Standard Drawings #234.1 #234.2 and #234.3 to determine additional right-of-way requirements for bus turnouts adjacent to this site, if any; dedicate all areas recommended by the approved Traffic Impact Analysis. All additional rights of way required by Standard Drawing #201.1 for exclusive right turn lanes and dual left turn lanes shall be dedicated prior to or concurrent with the commencement of on site development activities unless specifically noted as not required in the approved Traffic Impact Analysis. If additional rights of way are not required and Traffic Control devices are or may be proposed at this site outside of the public right of way, all necessary easements for the location and/or access of such devices shall be granted prior to the issuance of permits for this site. Phased compliance will be allowed if recommended by the approved Traffic Impact Analysis. No recommendation of the approved Traffic Impact Analysis, nor compliance therewith, shall be deemed to modify or eliminate any condition of approval imposed by the Planning Commission or the City Council on the development of this site.
35. Site development to comply with all applicable conditions of approval for Zoning Reclassification ZON 5653 and all other subsequent site related actions.
36. The developer of this site shall post a bond in the amount of \$350,000 to cover the cost of a traffic signal system at the intersection of Durango Drive and Venetian Strada/Lunsford Avenue, and the developer shall design and construct the signal within 1 year after issuance of the certificate of occupancy and/or final inspection for the final condominium building proposed on this site if and only if a signal warrant study, to be performed by the City at or about that same time warrants the signal. Said bond amount shall be included with the overall bond for off-site improvements associated with this project, and will not be released until the signal is accepted for maintenance by the city. Should the signal not meet warrants upon review of the study, this additional bond will be released as soon as possible.

Sincerely,



Angela Crolli
Deputy City Clerk II for
Barbara Jo Ronemus, City Clerk

cc: See Attached List

Mr. Frank Pankratz
SDR-10770 – Page Six
April 20, 2006

cc: Planning and Development Dept.
Development Coordination-DPW
Dept. Of Fire Services

Mr. Neil Breen
JMA Architecture Studios
10190 Covington Cross Drive
Las Vegas, Nevada 89144

Mr. Greg Borgel
Moreno & Associates
300 South Fourth Street, Suite #1500
Las Vegas, Nevada 89101

HIGHEST AND BEST USE ANALYSIS

The highest and best use of the subject real estate as it is regarded in this report conforms to the following definition:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

The definitions of highest and best use indicate that there are two types of highest and best use. The first type is highest and best use of land or a site as though vacant. The second is highest and best use of a property as improved. Each type requires a separate analysis. Moreover, in each case the existing use may or may not be different from the site's highest and best use.

Any determination of highest and best use includes identifying the motivations of probable purchasers. The motivations are based on perceptions of benefits that accrue to property ownership. Different motivations influence highest and best use and are significant to an appraiser's conclusions about the highest and best use of any parcel of real estate.

The first type of highest and best use -- highest and best use of land or a site as though vacant -- assumes that a parcel of land is vacant or that it can be made vacant through the demolition of any improvements. The question to be answered in the analysis of this type of highest and best use is, "If the land is (or were) vacant, what use should be made of it?" That is, what type of building or other improvements (if any) should be constructed on the land?

The second type of highest and best use -- highest and best use of a property as improved -- pertains to the use that should be made of the property as it exists.

The purpose of estimating the highest and best use for land or a site is to identify the use that causes the land to have value. There are two reasons for identifying the highest and best use of land as though vacant in an appraisal. First, the identification is required in certain appraisal techniques that require a separate land value. Second, the identification helps to identify comparable properties.

There are also two reasons for analyzing the highest and best use of a property as improved. The first is to identify the use of the property that is expected to produce the highest overall return per dollar of invested capital. The second reason is to help in identifying comparable properties.

For use to be the highest and best use of both land as though vacant and property as improved it must meet four criteria. The criteria are that the highest and best use must be (1) physically possible, (2) legally permissible, (3) financially feasible, and (4) maximally productive. These criteria should usually be considered sequentially because, for instance, it makes no difference that a use is financially feasible if it is physically impossible to construct an improvement or if such a use is not legally permitted. Only when there is a reasonable possibility that one of the prior

unacceptable conditions can be changed is it appropriate to proceed with the analysis. For example, if the current zoning does not accommodate a likely candidate for highest and best use, but there is a possibility that the zoning can be changed, the proposed use could be considered on that basis. Some factors to consider under each criterion are discussed below.

Physically Possible

Size, shape, area, and terrain affect the uses to which land may be developed. Because of limited size, certain parcels can reach their highest and best use only as part of an assemblage. Availability and capacity of public utilities and the site's topography and subsoil conditions affect future utilization of the site.

Highest and best use of a property as improved also depends on physical considerations. Whether or not the property is in good repair and can continue to accommodate the current use may be relevant. If the property should be converted to another use, the cost of conversion must be analyzed relative to the returns to be generated by the converted use. Obviously, the costs of conversion depend on the property's existing physical status.

Legally Permissible

Except for a legally nonconforming property, the first area of inquiry in questionable cases is to determine what is legally permissible. Private restriction, zoning, building codes, historic district controls, and environmental regulations are considered because they may preclude many possible highest and best uses.

Financially Feasible

After determining the uses that are physically possible and legally permissible, an appraiser need not consider the uses that do not meet those criteria. The uses that do meet them are analyzed further to determine those that are likely to produce some income, or return, greater than the combined income needed to satisfy operating expenses, financing expenses, and capital amortization. All uses that are expected to produce a positive return are regarded as financially feasible.

Maximally Productive

Among financially feasible uses, the use that provides the highest rate of return, or value, is the highest and best use.

Analysis of the Subject Property and Conclusions

All public utilities are available at the site and the development program as described in this report is partially complete (Triad A opened April 2011), with remaining improvements (Triads B & C) currently in development scheduled to be completed during 2014 Q4 (Triad B) and 2015 Q1 (Triad C), with marketing and pre-leasing activity for these phases underway. The construction progress to date, the development budget as assumed, and projected financial performance as presented in this

analysis indicate that the development as proposed is physically possible and financially feasible. The proposed development is a legal and conforming use in accordance with the property's current zoning, C-2, General Business District, and the development program as described has been granted all zoning related entitlements from the governing authority, that being the City of Las Vegas, NV. From our analysis of the planned Tivoli Village at Queensridge's commercial and residential components and a review of related real estate market conditions, we believe that the planned commercial and residential components are also the maximally productive use of this property in comparison with other forms of development.

In summary, we believe the highest and best use is for the construction of a mixed use commercial and residential development, incorporating retail, restaurant and office space for lease to multiple tenants, along with for-sale residences as depicted on the development plans provided by the project sponsor and presented in this report. This is supported by physical, legal, and financial considerations.

The following section of the report contains an assessment of market conditions related to the proposed development, culminating with occupancy and financial projections for the development project.

COMPETITIVE MARKET ANALYSIS

MARKET ANALYSIS INTRODUCTION

This section of the report contains an assessment of relevant market conditions related to the planned Tivoli Village at Queensridge development project. Key profit centers for the property are as follows:

- 494,075 sf of retail & restaurant space for lease, developed in three phases:
 - Triad A: 227,541 sf -- opened April 2011
 - Triad B: 156,534 sf -- projected to be completed during 2015 Q1
 - Triad C: 110,000 sf -- projected to be completed during 2015 Q2
- 319,938 sf of office space for lease, developed in three phases:
 - Triad A: 164,898 sf -- opened April 2011
 - Triad B: 60,040 sf -- projected to be completed during 2015 Q1
 - Triad C: 95,000 sf -- projected to be completed during 2015 Q2
- Phase II residential land as entitled for 340 residential condo units. Project sponsor plans to sell this land as-entitled to a residential builder/developer in two pieces in 2017 and 2018.
- Total Budget: \$542 Million (excluding financing, developer fees and land acquisition costs)
 - \$389 million incurred to date, with \$153 million remaining.

Our market analysis focuses on each of the primary profit centers. Occupancy and financial projections are presented later in the report for all project components.

SUBJECT OPERATING STATUS AS OF MARCH 31, 2013

Triad A at Tivoli Village at Queensridge is complete, having opened in April of 2011. Lease-up of Triad A continues to date, while construction of Triads B & C is underway.

Tivoli Village - Retail/Restaurant Leasing to Date. Triad A, with 227,541 sf of gross leasable retail area, opened in April 2011. As of the valuation date, March 31, 2013, a total of **178,451 sf has been leased (78%)**. Physical occupancy includes tenants with 159,629 sf (70%), while another 18,822 sf of retail/restaurant area has been leased (under contract), with those tenants scheduled to take occupancy in the coming months. Of the remaining 49,090 sf available for lease in Triad A, approximately 26,000 sf is currently in lease negotiations.

The weighted average base rental rate for current retail tenants in the coming year is **\$24 psf**. The weighted average “effective” base rental rate (net of abatement) for current retail tenants in year one is **\$16 psf**, increasing to \$28 psf in year two as rent abatement and concessions burn off. It is important to note that the current average is held down somewhat due to the fact that several of the

Triad A leases were negotiated well in advance of the Triad A occupancy date. Our analysis shows that base rental rates among the most recently negotiated retail leases range from the upper \$20's to mid \$30's psf. Our market analysis follows, which leads us to this conclusion regarding achievable base rental rates for the subject.

Tivoli Village -- Office Leasing to Date. Triad A office leasable area consists of 164,898 sf. To date, a total of **93,016 sf (56%)** has been leased and is currently occupied. Out of the remaining 71,882 sf of office space available in Triad A, approximately 47,000 sf is currently in lease negotiations. The average base rental rate for leased office space equates to **\$26 psf** in year one, increasing to \$28 in year two.

RETAIL MARKET ENVIRONMENT

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

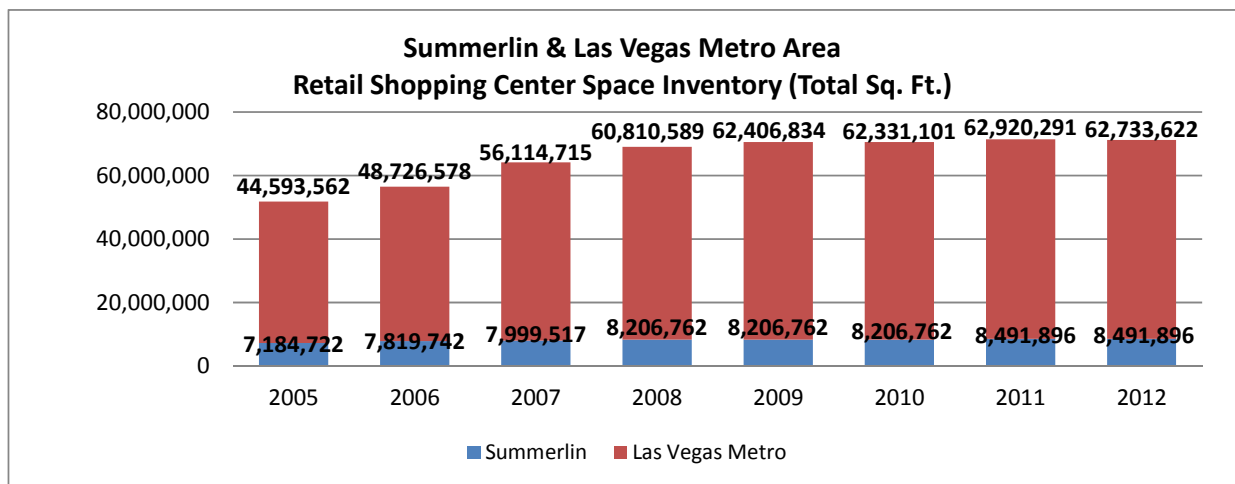
The Nevada economy and that of Las Vegas continues to recover, according to the UNLV Center for Business and Economic Research. Local market experts expect a continuance of a somewhat uneven recovery for the greater Las Vegas economy, mainly driven by tourism. The Las Vegas unemployment rate was 9.8% as of March 2013, down considerably from the 14-15% unemployment range in 2010. The recent recession created major downward pressure on consumer spending, and retailers and owners/operators of commercial real estate were in turn impacted. A recovery has since taken hold, however, as retail vacancy had declined to 12.2% metro-wide at year-end 2012, and 7.9% in the Summerlin area, the lowest by far among the Las Vegas submarkets. In spite of improving fundamentals, the market has not yet transitioned from recovery to expansion. The subject Tivoli Village development accounts for the vast majority of retail square footage being added in the entire region at this time.

Given the strong fundamentals inherent to the Las Vegas market, most notably its prominence as an international tourist destination and sustained population and household growth, local and national retail market experts note that while there will continue to be volatility from quarter to quarter, current trends are in fact positive and the Las Vegas market in 2013 continues its recovery. Notably, in the case of the Las Vegas-Summerlin submarket, specifically, within which the subject property is located, retail construction lagged the addition of residential rooftops, and now retail development is following. Importantly, the residential build-out in Summerlin has included some of the region's most affluent housing. Construction and lease-up at Tivoli Village continue to forge ahead.

The following points summarize the current status and our analysis of the Las Vegas retail market. Market statistics are from CBRE-Las Vegas or other sources as noted.

Supply

- The Las Vegas metro market contains a total of 62.7 million sf of retail space. The Summerlin submarket contains 8.5 million sf, comprising approximately 13.5% of the regional market.
- The Las Vegas metro market saw the construction of approximately 17.8 million sf of retail shopping center space between 2005 and 2009. Of that total, the Summerlin submarket accounted for 1.02 million sf, or about 5.7% of new construction in the region.
- Construction has slowed throughout the metro area, with a net increase of only about 330,000 sf between 2009 and 2012 year-end, compared to 3.54 million sf constructed in 2008 and 5.21 million sf in 2007. A number of projects were been postponed during the recent economic recession. Since that time, conditions have improved, although the market has not fully transitioned from a recovery phase to one of expansion. Only about 400,000 sf is presently under construction in the entire regional market, most of which is the subject Tivoli Village at Queensridge development.



Source: CBRE-Las Vegas

- In addition to Tivoli Village at Queensridge, the most notable pending development in west Las Vegas is the *Summerlin Centre* project situated on 106 acres just south of the Red Rock Casino Resort, lying approximately four miles west of Tivoli Village. The project was initially conceptualized by General Growth, which had announced anchors for the project inclusive of Nordstrom, Dillard's and Macy's. However, since that time General Growth filed for bankruptcy protection and construction halted while the company underwent corporate financial restructuring. The project has since been taken over by the Howard Hughes Corporation, which over the past year has announced that it has confirmed letters of intent from Dillard's and Macy's, and plans to develop between 1.0 and 1.5 million square feet in an enclosed mall. At this time, much uncertainty remains in regards to whether and when the project will come to fruition. Brokers interviewed gauged the likelihood of this project being developed as "50/50" at this time, considering the current market environment,

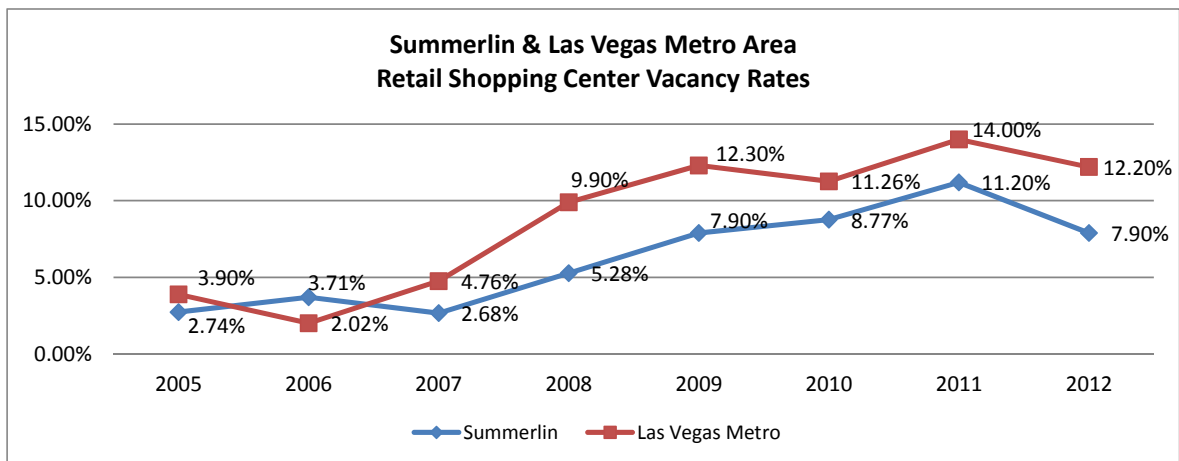
the location of the project, and co-tenancy issues related to the Dillards and Macy's agreements which pose a challenge in locking in an in-line tenant roster. From our interviews, it is our understanding that to date Howard Hughes has not secured any signed leases from in-line tenants, although we understand they are actively marketing the development concept.

- The Summerlin Centre project to date has not impacted Tivoli Village in terms of lease-up. Leasing activity at Tivoli Village remains strong. We note that the Tivoli and Summerlin Centre projects are differentiated, both in terms of location (Summerlin Centre is four miles west) and concept. Tivoli Village is a non-anchored, open air center featuring a high-end tenant profile comprised of luxury brands and boutiques, while we would expect Summerlin Centre's tenancy would be consistent with that of a typical enclosed regional mall.
- For purposes of our performance projections for the subject Tivoli Village property, we have assumed that the Summerlin Centre development does in fact come to fruition. We assume that the mall will open with approximately 1.0 million sf of space in 2017. For the reasons described above, and based on leasing activity to date, we do not expect that this development will have a significant leasing impact on Tivoli Village, either in terms of absorption or rental rates. Still, the addition of a competing 1.0 million sf regional mall in west Las Vegas will undoubtedly result in a redistribution of shopping and consumer spending activity within the trade area over the long term. Thus, the project will in fact have some impact on Tivoli Village in terms of store sales performance, and percentage rent income. However, it is important to note that the introduction of Tivoli Village and an assumed new 1.0 million square foot mall is expected to "grow the trade area," as the retail profile and draw of Summerlin and west Las Vegas as a whole will increase, corresponding with the marked increase in the number and quality of retail and restaurant outlets in the submarket.

Demand

- The metro area saw negative absorption of -318,326 sf during 2011, following positive absorption of +272,061 sf in 2010. However, market conditions improved in 2012, with metro area retail centers seeing positive absorption of +784,955 sf for the year, with more than 280,000 sf of absorption in the west metro submarket. CBRE's 2012 Q4 report notes that much of the activity in 2012 related to discount retailers opening additional stores or entering the Las Vegas market for the first time. Meanwhile, much of the positive absorption in the west submarket is directly attributable to high-end retail and restaurant operations opening at Tivoli Village.
- Prior to the most recent recession, the Las Vegas metro market saw the absorption of 11,936,318 sf of retail shopping center space over a five-year period, with the Summerlin submarket capturing approximately 6.6% of metro-wide demand. Demand to date remains strongest in the western half of metro area, while eastern submarkets lag somewhat.

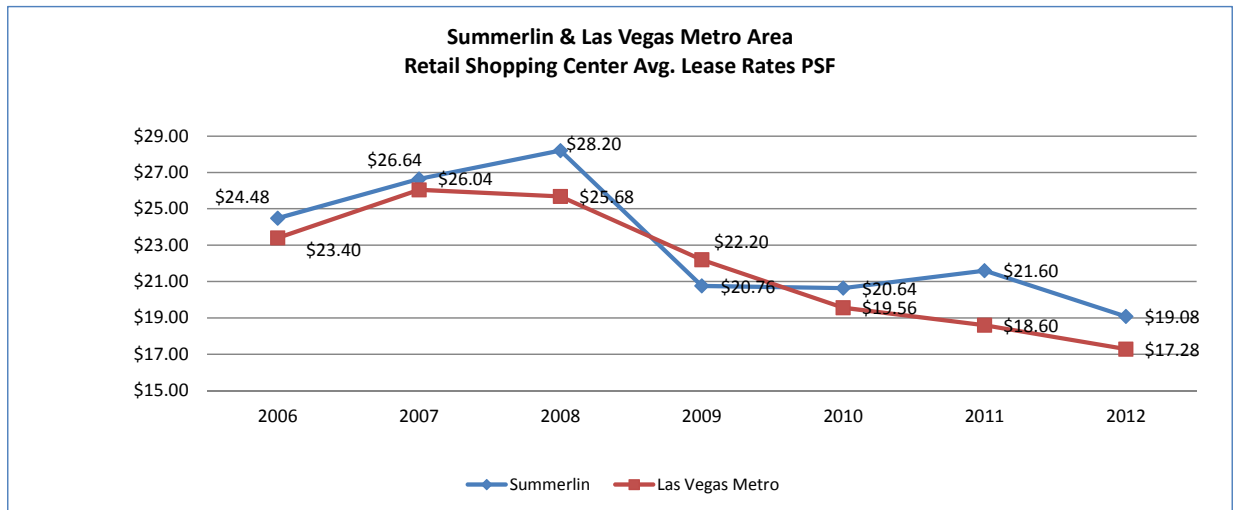
- The Las Vegas market reported a 12.2% retail vacancy rate for 2012 Q4, down from 14.0% a year ago. At 12.2%, 2012 year-end vacancy was the lowest since prior to the recession of 2008/2009. Summerlin's vacancy rate, at 7.9% for 2012 Q4, was by far the lowest among nine Las Vegas submarkets according to CBRE's quarterly reporting. The majority of existing centers in the Summerlin submarket maintain relatively high occupancy levels. The submarket benefits from an affluent resident base and a retail market which has added only about 380,000 sf of rentable retail space over the past five years, with 227,541 sf of new inventory being that which has been added at the subject Tivoli Village.
- The subject Tivoli Village is the only retail center planned for the Summerlin submarket for the coming year and thus the submarket should sustain a low vacancy rate compared to other parts of the region.



Source: CB Richard Ellis

Rental Rates

- In December of 2012, the Las Vegas metro area average rental rate was reported at \$17.28 psf (per year). In spite of improved economic conditions and market recovery, the metro area's average retail rental rate remained well below pre-recession levels, which were in the mid to upper-\$20s psf.
- The West (Summerlin) submarket finished the 2012 with an average NNN lease rate of \$19.08 psf. This is down from \$21.60 psf in 2011 at year end. The decline is skewed somewhat by excess vacancy within power centers and corresponding declines in asking rents for this product class during the year.



Source: CBRE-Las Vegas

- Rental rates at the subject Tivoli Village are “top of market” for suburban Las Vegas, reflecting the high quality of the location and development concept, and pent-up demand for quality space among high-end and boutique retailers and restaurants. Leasing agents indicate that interest from high-end national tenants has improved recently, with several showing interest in Tivoli Village.

Analysis of Comparable/Competitive Shopping Centers

Additionally, Marquette Advisors compiled current leasing information on a number of newer shopping centers throughout the western portion of the Las Vegas metro area. The table on the following page summarizes current space availability and asking NNN rental rates at the selected newer retail centers.

Current Retail Space Availability & Asking Base Rental Rates (March/April 2013)
Selected Shopping Centers - Las Vegas Summerlin Submarket

Property Name	Address	Total Sq. Ft. Vacant	Center Size	Net Lease Rates PSF	Anchor Tenants in Center or Adjacent
Buffalo Square	7520 W. Washington	6,395	176,000	\$21.60	Lowe's, McDonald's
Shoppes at Summerlin Pkwy.	7591 W. Washington	2,329	16,147	\$21.00	Kmart, Trader Joe's
Village Square	9400 W. Sahara	25,000	970,382	\$22.00	Regal Cinemas, Walgreens, Euphoria
Trailwoods Center	9691 Trailwood	2,462	167,182	\$27.00	Leslie's Pool Supplies, Rachel's Kitchen
Vista Commons	11720 W. Charleston	7,196	99,000	\$35.00	Albertson's, Bank of America, Wells Fargo
Grand Flamingo	9695 W. Flamingo	21,685	N/A	\$27.00	Target, LV Athletic Club, Famous Dave's
Ft. Apache Commons	1215 S. Fort Apache Rd.	3,677	38,098	\$30.00	Whole Foods, LuLu Lemon, Athletica
Canyon Gate Center	8555 W. Sahara	7,084	72,991	\$22.80	Smith's Grocery
Average among selected properties				\$25.80	

Sources: LoopNet; Marquette Advisors

- We found very limited availability of in-line space in high-quality retail centers in and around Summerlin. Much of the inline space currently listed for-lease is in west-metro centers which are considerably older and of lesser quality in comparison with the subject property, Tivoli Village at Queensridge. We found that asking NNN rates in the selected shopping centers ranged from \$22 to \$35 psf, with an average of about \$26 psf.
- The subject Tivoli Village to-date has commanded going-in lease rates in the upper \$20s, increasing to the mid to upper \$30s psf by year three. More recent LOIs and lease negotiations are focusing at considerably higher rent levels, ranging from \$35 to \$50+ psf. This activity and an uptick recently in inquiries from high-end national retailers are an indication of the desirability of this location and the quality of the development program in comparison with market alternatives.

Key Conclusions: Retail Market Analysis

The Las Vegas retail market has suffered greatly under the strains of a recent economic recession, bringing substantial negative absorption and a decline in rental rates. Many shopping centers throughout the region continue to deal with large vacancies related to bankruptcies and corresponding exodus of significant tenants. However, the past several months have brought improvement, particularly in terms of demand and absorption, with the western Las Vegas submarkets leading the way.

The subject property is located within the Summerlin submarket of Las Vegas, which maintains strong fundamentals compared to most of the nine submarkets in this region, reporting a 2012 year-end vacancy rate of 7.9% compared to the 12.2% metro-wide figure. The Summerlin vacancy rate was by far the lowest among the region's nine submarkets, according to CBRE's most recent survey. The submarket benefits from an established base of affluent households, and a relatively short supply of high-quality shopping centers, as retail development lagged residential rooftops during past growth years. Much of Summerlin's current vacancy relates to bankruptcies and re-marketing of anchor and junior anchor spaces, along with smaller in-line suites in older, lesser quality shopping centers.

Meanwhile, we believe that the best indicator of success for Tivoli Village is its pre-leasing activity to date. Thus far, approximately 178,000 sf in Triad A has been leased. The average base rent among current tenants for in the coming year is \$24, increasing to \$28 in year two. More recently executed deals, and current LOI's and negotiations for remaining space in Triad A and spaces in Triads B & C reflect considerably higher base rental rates, ranging from \$35 to \$50+ psf.

Based on our market analysis, detailed review of the subject leasing activity to date and projected improvement in market conditions, we believe that an appropriate base market rental rate for the subject property as of the valuation date is approximately **\$33 psf** (NNN) in the coming year. We believe that the property's market rate for new leases will improve substantially in the coming months as lease-up continues, with an expanded, diversified and successful tenant mix along with

the completion of Triads B & C. Therefore, we have factored in a market rent growth rate of 7.5% in years one and two of the forecast period, 5% in year three, and 3% annual growth thereafter.

OFFICE MARKET ENVIRONMENT

Tivoli Village at Queensridge will also include a total of approximately 320,000 sf of rentable office space in Triads A, B and C. Accordingly, we have reviewed Tivoli Village office leasing activity to date for Triad A, as well as local and regional office lease market conditions. We begin with a discussion of the regional office real estate market, followed by a closer examination of occupancy and rental rates for selected comparable and/or competitive Class A office buildings within the submarket and elsewhere in Las Vegas.

Much like the Las Vegas retail market, the office market continues to struggle back from a local and national recession. Tenant demand remained very weak through 2010, resulting in a rise in vacancy and creating downward pressure on rental rates. Meanwhile, development slowed due to weak market fundamentals and limited availability of credit. More recent improvement has been noted in the market, and leasing activity to date at Tivoli Village is indicative of a positive market response to high-quality suburban office space within the Summerlin market. A recent report by CBRE-Las Vegas stated, “In 2012, the metropolitan Las Vegas office market experienced the strongest growth in nearly four years. The improvement was most prominent in Class A office space, particularly in the Summerlin area and in the Hughes Center in the Central East submarket.”⁶

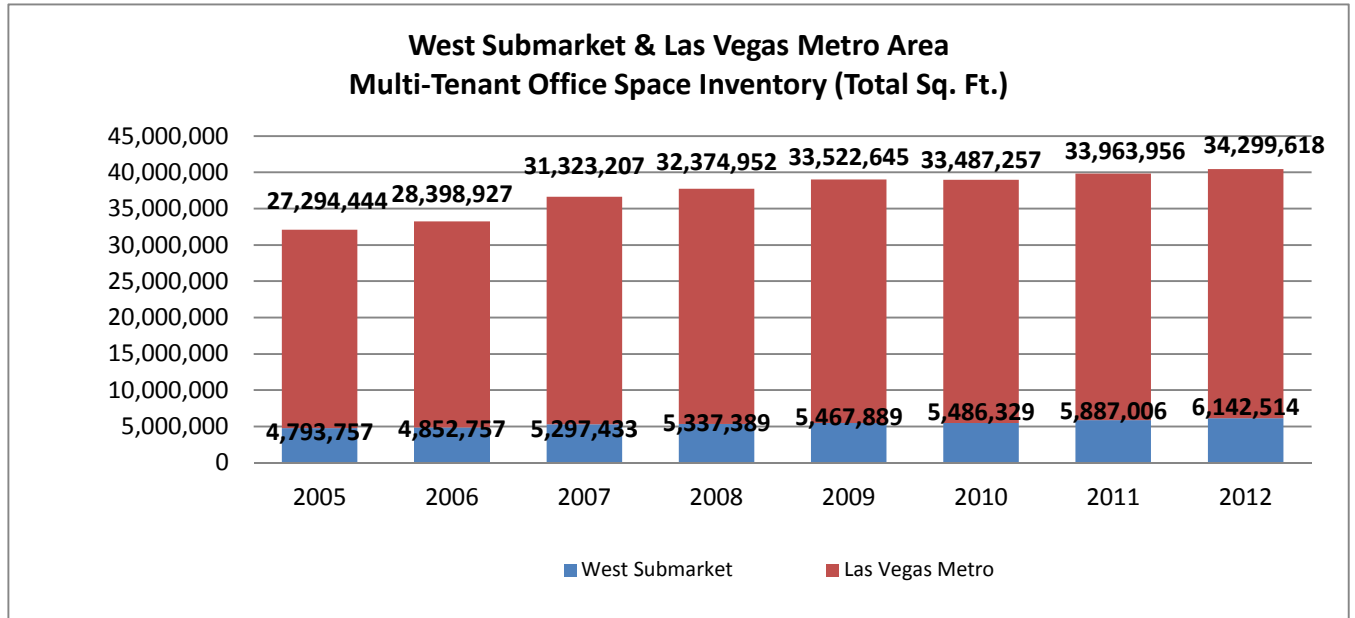
The following points summarize our analysis of the Las Vegas office market. Market statistics are again from CB Richard Ellis-Las Vegas or other sources as noted.

Supply

- The Las Vegas metro market contains a total of about 34.3 million sf of net rentable office space. Tivoli Village at Queensridge is located within the region’s “West” submarket, which includes buildings located west of Rainbow Boulevard, south of Lake Mead Blvd. and north of Tropicana. The West submarket contains approximately 6.14 million sf, comprising 18% of the regional multi-tenant office market.
- Aside from the Tivoli Village development, construction activity remains slow, as developers await further improvement in the economy, business expansion and job growth. Only 127,000 sf of office space is under construction in the metro area at this time, with Tivoli Village accounts for all but about 22,000 sf of new office space in development metro-wide at present.
- The West submarket has just in recent years begun to see the development of high quality Class A office space. Significant developments in the West in recent years have included

⁶ *Greater Las Vegas Office Marketview, 2012 Q4.* CBRE-Las Vegas.

The Pavilion at Summerlin Centre and City Center West on Lake Mead Boulevard, in addition to Tivoli Village at Queensridge.



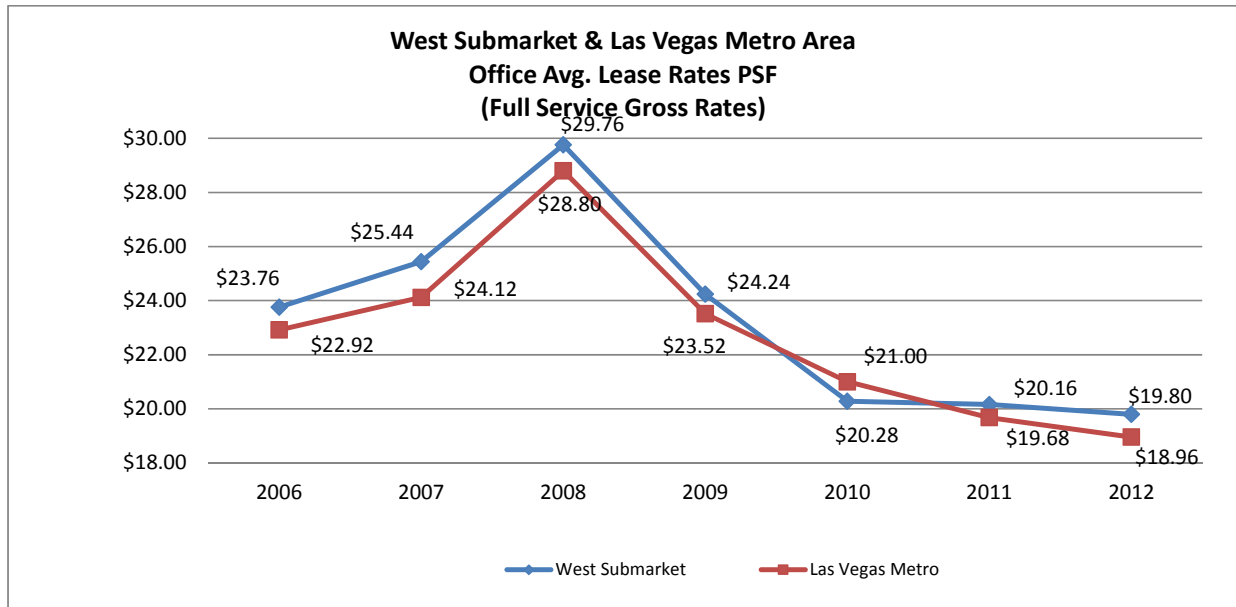
Source: CBRE-Las Vegas

Demand

- The regional office market saw negative absorption of -223,024 sf of office space during 2011. However, under improved economic conditions the market saw positive absorption of 439,050 sf. The West (Summerlin) submarket accounted for a full 271,521 sf of positive absorption in 2012, while the Southeast submarket experienced 146,727 sf of absorption during the year.
- The Las Vegas office market ended 2012 with a 24.8% vacancy rate, down from 25.3% in 2011. Vacancy rates remain high in most submarkets, as the economy has been slow to recover. The economic environment has improved, although business expansion and corresponding demand for office space, while improving, remains sluggish. At 22.2%, vacancy in the subject submarket (West) was the second lowest among all submarkets. Only the Downtown submarket reported lower vacancy, at 13.5%, corresponding with Zappos.com new corporate headquarters and related office demand in the Downtown area.

Rental Rates

- Office space in Las Vegas is typically quoted as a full service gross (FSG) rate, thereby including all tenant costs for occupancy such as monthly rent and CAM and tax payments on a pro-rata basis.



Source: CBRE-Las Vegas

- The metro average annual FSG rate according to CBRE published reports in 2012 Q4 was \$18.96 psf. This is down from \$19.68 psf at year end 2011, and 21.00 psf in 2010. Rental rates have been held down by a stubbornly high vacancy rate in some submarkets.
- Office buildings in the West submarket reported a \$19.80 psf average annual gross rental rate, compared to \$20.16 psf a year ago. The West market still has a relatively shallow supply of modern Class A office buildings, although recent developments such as the Pavilion and Tivoli have been well received and command market-leading rental rates. Those projects command near top-of-market rental rates for the metro area, just slightly below or in some cases comparable to rent levels at Hughes Center, Las Vegas premier office address. An analysis some of the West’s Class A office buildings, as well as Hughes Center is provided on the following page.

Analysis of Market Leading Class A Office Buildings

Clearly the office space at Tivoli Village will continue to be positioned as a top-of-market office facility within the West submarket. We believe that the best indicators of supportable rental rates here is reflected by recent leasing activity and rates at the subject property, as well as newer Class A buildings within the West submarket and others elsewhere in the metro area, including the Hughes Center. The Hughes Center is outside the submarket but considered the premier office park in the Vegas market. A table summarizing current space availability by center and current asking gross rental rates is provided below.

Our analysis showed that premier office space at the Hughes Center commands gross rents ranging from the low to upper-\$30s psf on a gross basis. Meanwhile, our survey revealed that Class A buildings within the West submarket have gross asking rental rates ranging from the low \$20’s to

low-\$30s psf, with an average of about \$26.00 psf. Current asking gross rent at Tivoli Village is \$30 psf, compared to \$33 psf at The Pavilion on West Charleston. Interviews with local brokers revealed that actual effective rental rates are slightly lower than listed rates, as brokers continue to cut deals on renewals and in an effort to lure new tenants within a recovering market. Concessions range from 2 to 8 months of free rent on 5 year deals, with “asking” rents also discounted by around \$2 psf. Our market interviews also indicate that tenant paid CAM and related occupancy costs generally run from around \$7 to \$10 psf.

Survey of Selected Class A Office Buildings - Current Listings Las Vegas Metro Area -- 2013 Q1					
Property Name	Address	Sq. Ft. Total	Total Sq. Ft. Vacant	Vacancy Rate	Full Service Rate PSF
The Pavilion	10801 W. Charleston	143,643	15,723	10.9%	\$33.00
Howard Hughes Plaza	10000 W. Charleston	71,388	39,692	55.6%	\$30.00
The Plazas at Summerlin	1635 Village Center Circle	87,950	15,894	18.1%	\$25.20
City Center West	7201 W. Lake Mead Blvd.	106,000	37,711	35.6%	\$28.20
The Canyons Center	1120-1180 Town Centre Drive	207,466	88,546	42.7%	\$25.20
1000 W. Charleston	1000 W. Charleston	71,388	36,461	51.1%	\$27.60
Summerlin Center	10655 Park Run	50,000	4,437	8.9%	\$20.40
3755 Breakthrough	3755 Breakthrough	97,897	32,229	32.9%	\$27.00
Westcliff Tower	6900 Westcliff	81,069	10,492	12.9%	\$23.40
Fort Apache Commons	1215 S. Fort Apache Road	59,600	5,976	10.0%	\$23.40
Subtotal - Selected Buildings in West Submarket		976,401	287,161	29.4%	\$26.34
Rainbow Sunset Pavilion	6385 S. Rainbow	215,940	24,655	11.4%	\$28.20
Town Square	6605 S. Las Vegas Blvd.	352,000	104,927	29.8%	\$30.00
Hughes Center	3993 Howard Hughes Pkwy	170,868	50,462	29.5%	\$34.80
Hughes Center	3883 Howard Hughes Pkwy	238,957	29,640	12.4%	\$37.80
Hughes Center	3800 Howard Hughes Pkwy	259,080	36,469	14.1%	\$37.80
Hughes Center	3960 Howard Hughes Pkwy	161,542	31,929	19.8%	\$34.80
Hughes Center	3763 Howard Hughes Pkwy	120,824	4,974	4.1%	\$31.80
Hughes Center	3753 Howard Hughes Pkwy	120,824	11,072	9.2%	\$31.80
Hughes Center	3773 Howard Hughes Pkwy	164,673	33,923	20.6%	\$34.20
Subtotal - Other Selected Class A Buildings		1,804,708	328,051	18.2%	\$34.71

Sources: LoopNet; CBRE; Colliers; Marquette Advisors

Key Conclusions: Office Market Analysis

The Las Vegas office market saw a marked increase in vacancy as a result of the recent economic recession, rising from 16% in 2007 to more than 25% during the recession. Since that time, economic conditions have improved, and office market conditions have stabilized, although vacancy has remained elevated over the past 2+ years. The average office rent today is approximately \$10 less than the pre-recession average. The office market in Las Vegas is tied to growth in the hospitality and gaming sectors, as well as population growth and increases in professional and business services. Population growth stalled in 2008/2009, corresponding with a major housing market correction, while the Las Vegas gaming market also saw declines due to a

marked decline in in-migration. Local market experts expect a long recovery period, although most agree that the market has bottomed out and has in fact entered a recovery phase. Job losses have moderated. Long-term population growth is expected to continue to drive population-serving employment growth, and corresponding office space demand. The Clark County population is projected to grow at a rate of about 1.0% annually over the next five years. Meanwhile, the well-established Las Vegas gaming/resort industry has shown much improvement. Major resort properties such as City Center and Cosmopolitan are now up and running, and collectively employ more than 20,000 workers. Other major gaming/resort projects such as SLS Las Vegas, The Plaza Las Vegas, Echelon and others are also expected to move forward in the next several years as market conditions continue to improve.

The subject property is located within the West submarket of Las Vegas, which had a 17.9% vacancy rate at 2009 year end, rising to 20.2% during 2010. The current (2012 Q4) West market vacancy rate was 22.2%, the second-lowest among all Las Vegas submarkets. Recent Class A office buildings in the submarket, such as The Pavilion and Triad A of Tivoli at Queensridge have been well received and command top-of-market rental rates for suburban Class A space. The best indication of the market's response to the subject property is its leasing activity to date. Tivoli Village Triad A opened in April of 2011, with 164,898 sf of leasable office area. To date, more than 89,000 sf has been leased, with an average scheduled year one base rent of \$26 psf as of March 2013, increasing to \$28 psf in year two. We expect that the office space at Tivoli Village will be the only significant office development in this submarket in 2013-2015. The West submarket still has a relatively shallow supply of modern Class A office properties, which are presently concentrated within the Howard Hughes office park area. The Summerlin market, with strong demographics and an expanding business community, should support an increase in long-term demand for high quality professional office space.

The subject will be the premier office property for lease within the Summerlin market. Based on our market analysis and review of the subject leasing activity to date we estimate a current going-in year one market rental rate (before concessions) of approximately **\$30 psf (gross)** for Tivoli Village office space, with an average two months of rent abatement on new leases. However, based on continuing improvement in the economy and most recent lease negotiations, we expect a burn-off of concessions and sharper 7.5% growth years one and two of the projection period, followed by 5% growth in year three, and 3% annual growth thereafter.

**ABSORPTION &
FINANCIAL PROJECTIONS**

ABSORPTION ANALYSIS & FINANCIAL PROJECTIONS

Introduction

Based on our market analysis, we have concluded that there is in fact sufficient market support for the subject development, including all Triads as planned. In this section we present a summary of our absorption and financial projections for Tivoli Village at Queensridge. Triad A opened in April of 2011 and is currently in lease-up as described in this report. Triads B and C are scheduled to be completed during 2015 Q1 and 2015 Q2, respectively. We have developed projections of overall utilization and financial performance for three primary profit centers, including:

- Retail space rentals 494,075 sf (including minimum rent and percentage rental payments)
- Office space rentals (319,938 sf)
- Future residential land sale, as entitled for 340 condo units

Property Absorption & Financial Performance

Based on our analysis of subject development, leasing activity to date and considering regional and national population growth trends, economics and market characteristics, we have estimated the financial performance for Tivoli Village at Queensridge. Projected revenues are from current leases in place, plus the absorption of remaining space based on an estimated lease schedule and market rental rates. The property is projected to be fully complete (Triads A, B, and C) and reach a stabilized occupancy level (95%) by early to mid-2016, or about 36-39 months from the March 31, 2013 valuation date. Residential land as entitled for 340 units is projected to be sold to a homebuilder(s) in 2017 and 2018, as planned. Our financial projections and valuation model reflect an analysis period including the remaining lease-up phase (projected to extend from the March 31, 2013 valuation date to early 2016) and five years following stabilization (2017-2021), with projected EBITDA for stabilized year six (at March 31, 2022) of the projection period used for exit valuation purposes. In developing our projections, several key assumptions were made, including the following:

- Management personnel for all facility components will have extensive experience in the operation and leasing/sales of comparable properties;
- All components of the Village will use comprehensive accounting and control systems capable of providing management with accurate and timely performance data, as well as ensuring control and reporting of all transactions;
- Management will ensure a comprehensive program of on-going maintenance covering all facilities, furnishings and equipment;
- Throughout the period under analysis, management will institute an aggressive program of advertising and promotions targeted toward all local and regional demand components;

- The property will incorporate the facilities described herein, in accordance with the phasing schedule contained in this report; and,
- No new competitive developments, other than those mentioned and assumed as competitors in this report, will enter the competitive market during the projection period.

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

Retail Village

Absorption: A total of 494,075 sf of retail/restaurant space will be built. Triad A, with 227,541 sf opened in April of 2011. As of the March 31, 2013 valuation date, a total of 178,451 sf of retail area had been leased, or about 78% of Triad A retail GLA. Our analysis of the property's leasing activity, paired with a review of local and regional demand and absorption trends, we expect that the remaining retail & restaurant space (315,624 sf remaining) will be absorbed between April 1, 2013 and July 1, 2016 (39 months). From our analysis of the subject property and the surrounding market we believe it is reasonable to expect that the total 494,075 sf of retail/restaurant GLA in Triads A, B and C will achieve a stabilized occupancy level of approximately 95% by mid-2016.

Rental Rates: Recently executed leases at Tivoli Village have ranged from the upper \$20's to mid-\$30's psf, while current letters of intent in negotiation (LOI's) for approximately 26,000 sf range from the low-\$30s to the mid- to upper-\$40's psf. Based on our market analysis, detailed review of the subject leasing activity to date, and projected improvement in market conditions, we believe that an average effective base rental rate of approximately **\$33 psf** is achievable for year one of our projection period. Based on the quality of the asset, the tenant mix and the initial sales performance of these tenants, and considering the strength of the surrounding Summerlin market, we believe that management will be well positioned to raise the market rent in the coming months, commensurate with continued lease-up momentum and opening of Triads B & C. Therefore, our market rent estimate at \$33 in year one is assumed to increase at an annual rate of 7.5% in the first two years (2014 & 2015), followed by 5% growth in year three (2016), and 3% annually thereafter.

Retail Sales Percentage Revenue: The property will also generate substantial retail sales, given the projected high-end tenant mix, the affluence of the trade area, especially the nearby Summerlin neighborhoods, and the quality of Tivoli Village in comparison with other retail centers and shopping nodes in the trade area. We have completed an analysis of current and projected consumer retail & restaurant spending by the trade area resident base, as shown on the table on the following page. ESRI projections indicate that total trade area resident consumer spending on retail and restaurants is projected to be approximately \$4.2 billion in 2016. This is based upon the current expenditure characteristics of the trade area population base, inflated to 2016 dollars to reflect population, income, and expenditure growth during this timeframe. We expect that the majority of these expenditures (around 80%) will occur within the defined trade area, with minimal leakage to retail stores and restaurants elsewhere in Las Vegas and other markets. Additional retail sales in the subject trade area will come from persons residing outside of the trade area who will be attracted to

Tivoli Village and other shopping centers in the Summerlin area, as well as tourists staying at Summerlin-area hotels and resorts. We estimate that around 20% or more of trade area retail sales will come from persons who reside outside of the defined trade area. In total, we estimate that resident spending leakage will be approximately offset by the influx of consumer spending from persons residing outside the trade area and tourists, such that trade area total retail sales will be approximately \$5.0 billion in 2016. Projected trade area retail sales has been adjusted to reflect increases in spending in the area corresponding with the introduction of new store concepts at centers such as Tivoli Village and another 1,000,000 sf in assumed new competition (Summerlin Center), assumed for our analysis purposes to open in 2016. This \$5.0 billion in trade area store sales includes spending by trade area residents and others visiting the area, including tourists and other drive-in spending.

Tivoli Village will compete with other retail centers throughout the trade area for these expenditures. By 2017, Tivoli Village is projected to have reached stabilized occupancy and ramp-up in marketing by its commercial tenant base. We believe that the subject property is very well located due to its proximity to residential density to the east, and some of Summerlin's most affluent neighborhoods to the west and north. As well, the property will enjoy a prominent location that is within easy driving distance for the entire trade area. The Village will offer a diverse tenant base, with a mix of very unique, high-end retail shops and restaurants. In evaluating the potential "market share" for retail at Tivoli Village (i.e. the % of trade area consumer spending captured by Tivoli Village stores and restaurants), we have considered a "fair share" analysis which assumes that the center would capture its proportionate share of retail spending in the area based on its size (approximately 470,000 sf of occupied retail area) compared to the total amount of retail/restaurant space in the trade area (projected to be approximately 11,500,000 sf in 2017, including Tivoli Village and Summerlin Center). However, we believe the subject property is well positioned to capture a disproportionately high percentage of trade area expenditures for the reasons described above. We have concluded that it is reasonable to expect that Tivoli Village at Queensridge will capture as much as 120% of its "fair share" of consumer spending in the trade area by 2016-2017. In the initial years, we estimate that it will capture between 70% and 100% of its "fair share" of trade area retail sales. On this basis, we estimate that by 2017, stores and restaurants at Tivoli Village will capture total combined sales of approximately \$270 million, or about \$575 per square foot of retail area.

We have also analyzed retail lease agreements to-date for the subject property, as provided by the property owner. Based on this analysis and projected future leasing activity, we estimate an approximate average percentage basis for Tivoli Village leases will be approximately 7.50% in the first year of the projection period, decreasing to 7.00% by 2017 following opening and stabilization of Triads B and C. From here, we can calculate the estimated percentage rent for Tivoli Village as shown on the following page.

Tivoli Village at Queensridge - Retail Sales Percentage Rent Calculations

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Summerlin Trade Area Projected Retail Sales by Year	\$4,275,000,000	\$4,500,000,000	\$5,000,000,000	\$5,500,000,000	\$5,775,000,000	\$5,948,250,000	\$6,126,697,500	\$6,310,498,425	\$6,499,813,378
Tivoli Occupied Retail/Restaurant Space by Year	218,354	227,198	330,041	470,000	470,000	470,000	470,000	470,000	470,000
Tivoli Retail Sales "Fair Share" Capture Rate by Year	2.14%	2.22%	2.91%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%
<i>Tivoli Projected Capture Rate as % of "Fair Share"</i>	70%	100%	120%	120%	120%	120%	120%	120%	120%
Tivoli Projected Capture Rate	1.50%	2.22%	3.50%	4.92%	4.92%	4.92%	4.92%	4.92%	4.92%
Projected Tivoli Retail Sales by Year	\$63,946,144.85	\$99,967,850.43	\$174,778,361.35	\$270,444,638.19	\$283,966,870.10	\$292,485,876.20	\$301,260,452.48	\$310,298,266.06	\$319,607,214.04
Tivoli Village Retail Sales PSF	\$292.86	\$440.00	\$529.57	\$575.41	\$604.18	\$622.31	\$640.98	\$660.21	\$680.02
Projected Average Base Rent PSF by Year	\$18.53	\$29.51	\$35.69	\$38.25	\$39.47	\$40.52	\$41.49	\$42.53	\$44.10
Divided by Average % Basis	7.50%	7.50%	7.25%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Equals	\$247.07	\$393.43	\$492.22	\$546.42	\$563.92	\$578.85	\$592.78	\$607.55	\$629.97
Tivoli Retail Sales PSF	\$292.86	\$440.00	\$529.57	\$575.41	\$604.18	\$622.31	\$640.98	\$660.21	\$680.02
Projected Overage	\$45.78	\$46.57	\$37.35	\$28.99	\$40.26	\$43.46	\$48.20	\$52.66	\$50.04
Times Tivoli Occupied Retail/Restaurant Space	218,354	227,198	330,041	470,000	470,000	470,000	470,000	470,000	470,000
Equals	\$9,996,945	\$10,581,744	\$12,326,844	\$13,627,263	\$18,923,114	\$20,426,783	\$22,654,981	\$24,748,606	\$23,519,581
Tivoli Percentage Rent Income by Year	\$749,771	\$793,631	\$893,696	\$953,908	\$1,324,618	\$1,429,875	\$1,585,849	\$1,732,402	\$1,646,371
Tivoli Percentage Rent Income by Year (rounded)	\$700,000	\$800,000	\$900,000	\$1,000,000	\$1,300,000	\$1,400,000	\$1,600,000	\$1,700,000	\$1,600,000

Source: Marquette Advisors

Office Space

Absorption: To date, a total of 93,016 sf has been leased, or about 56% of Triad A's 164,898 sf of office space. Another 155,040 sf is scheduled to come online in Triad B (60,040 sf in April 2015) and C (95,000 sf in July 2015). Employment contraction in the Las Vegas market has stabilized, with the economy now in a recovery phase. The long-term growth pattern and economic fundamentals indicate that office-related employment in the Las Vegas region will continue to expand. The West submarket remains somewhat underserved in terms of high quality Class A office buildings, given its affluence and the expansion of population and commercial growth into this area. Based on our review of local and regional growth characteristics, paired with leasing activity at Tivoli Village to date and interviews with management, we estimate that the subject office space will achieve a stabilized occupancy level of approximately 95% by mid-2016.

Rental Rates: Base rental rates for current office tenants average \$26 psf (gross) in the coming year, increasing to \$28 psf in year two. We expect that the subject office space will be able to command top-of-market rental rates within the West submarket. It will be marketed as the premier office address within the greater Summerlin/Queensridge area and will feature very high-quality space, comparable or superior to that found at Howard Hughes Place. Based on our market analysis and most recent lease transactions, we estimate a current base market rental rate of **\$30 psf (gross)** in current year dollars for the remaining office space. Similar to the retail component, we expect that the ramp up in construction and leasing activity will create the opportunity for significant rent increases in the initial years of the projection period. We estimate a 7.5% annual growth rate for the office market rent in years one and two, followed by 5% growth in year three, and 3% per year thereafter.

Other Income

Additionally, Tivoli Village at Queensridge will generate revenue from miscellaneous categories including parking, advertising sales, tenant marketing charges, vending and other miscellaneous revenue. Our estimates include "other miscellaneous income" at 10% of base rental revenue, plus 15% of scheduled expense reimbursement revenue in accordance with lease terms.

Market Leasing Assumptions

Remaining Triad A, B and C space is projected to be absorbed between the March 31, 2013 valuation date and mid-2016. Triad B is expected to be completed during 2015 Q1, followed by Triad C in 2015 Q2. Lease-up reflects the base rental rates as set forth in this section (\$33 psf NNN retail and \$30 psf gross for office). Tenant improvement expense on projected new leases is accounted for in the estimated remaining construction cost.

For expiring leases, our modeling reflects a 75% renewal probability with assumed market lease rates as set forth above. We assume no TI costs on renewals, and a \$20 psf cost is assumed for non-renewals (new second generation leases) to account for TI's. We estimate an average of three

months vacant on non-renewing spaces. The average lease term is projected to be ten years based on recent leasing and current lease negotiations. Leasing commissions are estimated at 6% for new leases and 3% on renewals.

Vacancy Assumptions

Our modeling includes a 5% general vacancy factor, calculated as a percentage of potential gross revenue during the projection period. General vacancy is inclusive of structural vacancy, as well as absorption and turnover vacancy in the property over the projection period.

Operating Expenses

Operating expense estimates were developed for the property based on our analysis of expenses for Triad A to date and budget information as provided by Great Wash Park LLC, and from our review of expense ratios for comparable high-end retail/office properties throughout the western U.S.

- Real estate taxes in 2012 were \$564,476. Taxes will increase based on future year assessments as construction continues. Taxes are estimated to be \$600,000 in year one of our projection period, increasing to \$1,000,000 in year two. When fully complete, taxes are estimated to be approximately \$2.25 psf of total net rentable area, with an assumed 2% annual inflation rate.
- Retail CAM is estimated at \$7.00 psf of retail area in year one, increasing at a rate of 2% annually for the projection period.
- Office CAM expenses are projected at \$5.50 psf of office area in year one, also increasing at a rate of 2% annually
- Additional expenses include administrative & general expenses, projected at 1% of effective gross income. We have also factored in an annual reserve payment equal to 1% of effective gross income.

Total operating expenses are estimated at approximately \$3.075 million in year one (ending March 2014), increasing to \$7.8 million in 2017 and \$8.7 million in 2022.

Projected Income & Expenses – Tivoli Village at Queensridge Operating Components

The tables on the following pages summarize our income and operating expenses for Tivoli Village at Queensridge. Our financial projections for the property produce an estimated **EBITDA (before leasing commissions and TI's) of approximately \$27.09 million by 2017, increasing to approximately \$32.39 million in 2022.** (Note that these projections exclude additional revenue during this timeframe from the sale of the entitled residential land parcel).

Tivoli Village at Queensridge
Schedule Of Prospective Cash Flow
In Inflated Dollars for the Fiscal Year Beginning 4/1/2013

For the Years Ending	Year 1 Mar-2014	Year 2 Mar-2015	Year 3 Mar-2016	Year 4 Mar-2017	Year 5 Mar-2018	Year 6 Mar-2019	Year 7 Mar-2020	Year 8 Mar-2021	Year 9 Mar-2022
Potential Gross Revenue									
Base Rental Revenue	\$9,706,848	\$11,932,028	\$26,825,064	\$30,050,722	\$31,001,998	\$31,897,675	\$32,711,332	\$33,540,781	\$35,372,339
Absorption & Turnover Vacancy	(734,211)	(12,183)	(6,810,931)	(198,884)	(13,758)	(24,391)	(12,328)		(425,638)
Base Rent Abatements	(1,227,531)	(343,450)							
Scheduled Base Rental Revenue	7,745,106	11,576,395	20,014,133	29,851,838	30,988,240	31,873,284	32,699,004	33,540,781	34,946,701
Expense Reimbursement Revenue	363,367	929,193	1,797,394	2,358,663	2,445,773	2,507,692	2,601,184	2,700,738	2,384,447
Retail Sales Pct. Rent	700,000	800,000	900,000	1,000,000	1,300,000	1,400,000	1,600,000	1,700,000	1,600,000
Marketing Reimbursement	54,505	139,379	269,609	353,799	366,866	376,154	390,178	405,111	357,667
Misc Revenue	970,685	1,193,203	2,682,506	3,005,072	3,100,200	3,189,768	3,271,133	3,354,078	3,537,234
Total Potential Gross Revenue	9,833,663	14,638,170	25,663,642	36,569,372	38,201,079	39,346,898	40,561,499	41,700,708	42,826,049
General Vacancy		(720,335)		(1,639,529)	(1,896,984)	(1,944,173)	(2,016,363)	(2,085,035)	(1,736,946)
Effective Gross Revenue	9,833,663	13,917,835	25,663,642	34,929,843	36,304,095	37,402,725	38,545,136	39,615,673	41,089,103
Operating Expenses									
Tax	600,000	1,000,000	1,800,000	1,836,000	1,872,720	1,910,174	1,948,378	1,987,345	2,027,092
Retail CAM	1,371,958	1,678,810	3,368,499	3,435,869	3,504,586	3,574,678	3,646,172	3,719,095	3,793,477
Office CAM	906,939	925,078	1,700,569	1,867,364	1,904,711	1,942,806	1,981,662	2,021,295	2,061,721
Admin & General	98,337	139,178	256,636	349,298	363,041	374,027	385,451	396,157	410,891
Reserves	98,337	139,178	256,636	349,298	363,041	374,027	385,451	396,157	410,891
Total Operating Expenses	3,075,571	3,882,244	7,382,340	7,837,829	8,008,099	8,175,712	8,347,114	8,520,049	8,704,072
Net Operating Income	6,758,092	10,035,591	18,281,302	27,092,014	28,295,996	29,227,013	30,198,022	31,095,624	32,385,031
Leasing & Capital Costs									
Tenant Improvements	42,710	21,223			22,527	39,937	20,185		696,919
Leasing Commissions	105,707	54,822			61,912	109,760	55,476		2,208,874
Total Leasing & Capital Costs	148,417	76,045			84,439	149,697	75,661		2,905,793
Total Hard/Construction Costs	76,383,500	76,383,500							
Cash Flow Before Debt Service & Taxes	(\$69,773,825)	(\$66,423,954)	\$18,281,302	\$27,092,014	\$28,211,557	\$29,077,316	\$30,122,361	\$31,095,624	\$29,479,238

Source: Marquette Advisors

Value of Excess Land

With respect to the Phase II land (10.6 acres), the developers have secured entitlement for a total of 340 residential condo units on the site. They have indicated an intention to sell this parcel in two pieces in 2017 and 2018, as Summerlin and Las Vegas residential market conditions continue to improve. Determining the ultimate sale value of that land, as entitled, as of that future date is very difficult at this time considering the current market environment, the amount of time between this writing and the consummation of the sale, and an absence of comparable arms-length market sales transactions involving large residential land tracts. Nonetheless, given the market information available as of the date of this report, and in consideration of the quality of this location and the Tivoli Village development components, we believe it is reasonable to assume that these 340 residential units, as finished, would command end pricing in the range of \$700,000 to \$900,000. On that basis, we have concluded for purposes of this valuation that a developer/builder would pay approximately \$160,000 per unit for the land, reflecting a future (2017 and 2018) gross value of approximately **\$54 million**.

In estimating the present value of these future revenues, as of the March 31, 2013 valuation date, we have applied a market-appropriate discount rate for the subject land transaction, after considering all risk elements inherent to the subject property and its market area, as well as all available published market information. We have noted that Summerlin and Las Vegas residential market conditions have improved considerably over the past several months. According to data obtained from local market data provider MyLVCondoSales.com, which tracks all condo sales for all high-rise properties in the Las Vegas region, the neighboring One Queensridge luxury condominium development recorded 15 unit closings during the 2013 Q1 at an average sale price of \$1,188,000 (\$368 psf), compared to 3 sales during 2012 Q1 and an average price of \$925,000 (\$257 psf). The 2012 Q4 PriceWaterhouseCoopers market survey indicates a discount rate range for entitled development land of 10% to 25% nationally, compared to a range of 15% to 30% in 2011. Discount rates for development land have declined significantly over the past year, as a result of improving residential development and land market economics. Considering the characteristics of the subject site and market factors, the appraiser has selected a discount rate of 25% for the subject land sale transaction, projected to occur in 2017 and 2018, yielding a present value of **\$20 million** for the excess residential development land as of the March 31, 2013 valuation date.

VALUATION

VALUATION

Introduction

We have been asked to provide an opinion of the “**Fair Value,**” **as-is, as of March 31, 2013,** subject to the assumptions noted within this report. The property is partially complete as of the valuation date, and is presently leased to tenants totaling approximately 271,000 sf in Triad A. Triads B and C are now under construction. Development programming and construction cost estimates have been provided and are assumed for purposes of this report.

In accordance with IASCF standards, in developing an opinion of the “Fair Value,” the appraiser has relied upon the income approach to value the property via a discounted cash flow approach (or “DCF”), given the unique income-producing characteristics of the development. Moreover, we note that the likely buyer would also place primary reliance upon the income and profitability characteristics of the asset in making an investment decision regarding such a property.

Income Approach to Value

Normally, the sale of a commercial real estate development such as the subject is based upon the income flow generated by that operation. For this reason the Income Approach to value is considered to be the primary indicator of fair value, with the valuation based upon market-derived cash flow projections. We have relied upon such an approach in valuing the subject mixed-use facility.

Discounting

Discounting is the process of converting forecast future income receipts to a present worth estimate. The mathematical foundation of this process is the basic formula for compound interest. Discounting is the mechanical basis for all income capitalization analysis in income property appraising.

Value as of a given valuation date is the discounted present worth of the anticipated future income(s) reasonably expected to be generated by an income-producing property over a specified period of time. The appraiser is called upon to identify the value, as defined, of the future income receipts forecast to be receivable by the holder of a specific interest (rights) in the income-producing real property being appraised. The process by which future income receipts are converted to a present capital value is termed *discounting*.

Capitalization is the process of converting periodic income payments into an appropriate lump-sum capital value. It may be used to estimate either present worth or future worth. Discounting is that form of capitalization specifically concerned with the calculation of present worth of future receipts. Appraisals nearly always involve discounting because the final objective is usually a present worth estimate.

Many different capitalization methods and techniques are available to process anticipated future income into a present worth estimate. The method used depends primarily on the characteristics of the forecast income stream itself. Each technique incorporates specific assumptions about the character of that income stream, the form of the appropriate rate of return, or discount rate, and the time period involved. The appraiser cannot properly select the appropriate technique without being fully aware of these underlying assumptions. He must assure himself that they correspond to and describe the income, rate, and time characteristics of the appraisal problem represented by the subject property. Only then can the appraisal reflect the appraiser's best analytical judgment applied to pertinent and relevant facts of the market.

Every capitalization method or technique therefore requires inputs of amount of income, time of receipt, and rate or yield. The role of discounting and compound interest is to develop the proper factor(s) in terms of rate and time, which are then used in processing income to a present worth estimate.

The basic valuation formula for all valuations is " $V=I/R$." This formula is a simple representation of the discounting process. "I" represents the forecast future income receipts. "R" is the rate incorporating compensation to the investor for waiting a specified time, for giving up alternative investment income opportunities, and for assuming the risks of the investment position. Finally, "V" is the present worth of the forecast future income (I) discounted at the applicable rate of discount (R).

Discounting is based on rigidly defined mathematical relationships. It is not appraising. Merely processing an income stream by an indisputably correct mathematical formula does not in itself produce supportable present worth of market value estimates. Discounting is necessary to measure value correctly, which is the appraiser's task. The mathematical or arithmetic manipulation of figures is sterile, however, without good, reliable, and appropriate market data. Moreover, the appraiser's judgment -- based on his informed, trained observations and analysis of the market -- is essential to select the most applicable technique for the given appraisal problem. It is also necessary to identify and obtain the data required to put into the formula.

Discounting is based on the concept of time preference. This means that present money is always worth more than future money. Conversely, money (income) due and receivable in the future is worth less today. This is because the investor is foregoing alternative income opportunities or alternative uses of the money, while it is committed to the particular investment in question. The anticipated future income receipts are to be discounted. A rate of discount that reflects compensation for overcoming time preference only is termed a "riskless money rate," and represents the *opportunity cost* of making a particular investment.

It has already been pointed out that the future income receipts receivable from ownership of rights in income-producing real estate can be categorized in two ways: an annual stream of net cash income, and a lump sum reversion at some specified future date. In fact, the total flow of future income receipts is really a series of individual payments, and can be treated as such in the discounting process.

The discount rate, also called the interest rate, or rate of return on investment in appraisal literature, is the basic building block in the capitalization process. The forces of market supply and demand for investment funds determine it. Thus, the appraiser must evaluate the market environment in terms of which the subject property is being appraised. There are in fact many sub-markets in "the money market," just as there are in "the real estate market." The appraiser must identify the submarket in which an investor in the property in question would be competing in order to identify the prevailing rate that must apply to the subject property.

A discount rate is a *ratio* between annual net income and value or sale price. It is expressed as a percentage on an annual basis, or as a related decimal figure. It represents one basis for comparing alternative investments: What is the rate of return on alternative investment "A" as compared with that on alternative investment "B"?

A rate of return is paid or offered on an investment in order to attract investment capital. The rate offered or anticipated must be competitively attractive in terms of similar alternative investments with the same risks and income streams. This represents the operation of the principle of substitution or opportunity cost. A rate of return must be paid or offered to compensate the investor for:

- 1) overcoming time preference;
- 2) giving up liquidity;
- 3) assuming investment management burdens; and,
- 4) assuming the risks of investment and ownership.

The principle of substitution or opportunity cost dictates that a rate of return must be offered or paid to meet the competition of alternative investment outlets for the investor's funds. This is the basis for the "pure" or riskless rate of discount. Even with no change in the purchasing power of the dollar and absolute certainty of receipt of the income in the future, a rate of return must be anticipated to overcome the opportunity cost of waiting and for giving up liquidity. Discount factors found in compound interest tables represent this opportunity cost of time only. Mathematically, they ignore changes in purchasing power and are based on certain receipt of the future income.

Differential rates of return must be offered or paid by different properties to compensate the investor for:

- 1) differences in liquidity or marketability;
- 2) differences in investment management or administrative costs; and
- 3) differences in investment risks. These investment risks include the risk of loss or diminution of principal; the risk of nonpayment or decline of anticipated net income; the risk of instability or variability of anticipated net income; and the risk of a decrease in the time period over which net income is actually generated.

Risks

The risks, or conversely, the degree of certainty, inherent and evident in the particular income stream deemed most probable for the property being appraised must be identified and evaluated. These risks are reflected in the rate of discount on which the applicable discount factors are based.

There is always uncertainty about the future. There is necessarily uncertainty about each of the component characteristics of forecast future income receipts: the amount, the timing, the periodicity, the duration, and the variability. The degree of uncertainty over whether each of these components will be realized as forecast is measured in part by the subjective probabilities assigned them by market participants, and by the appraiser. The risks borne by the income property investor combine to form the quality of the income stream. The perceived levels of these risks help establish the rate of discount used in capitalizing the forecast future income.

Entitlement Risk: This is the risk associated in securing necessary planning & zoning approvals and all government required entitlements needed to construct the project as planned. In terms of the subject property, the projected is fully entitled and is in fact under construction. Thus entitlement risk is not relevant in the case of the subject property.

Income or Market Risk: This is the risk that the future income receipts will not be as great as the forecast amounts, or that their timing will be other than that forecast. It is based on the possibility that gross income or rental receipts will be lower, or that operating expenses will be higher, or both. There is also risk that market conditions will change as the property comes online and space is offered for lease. There is certainly considerable income risk associated with the subject development as of the valuation date, as the future cash receipts as projected are dependent upon the future absorption of space through lease and sale agreements. Approximately 178,000 sf of retail space has been leased to date, while more than 93,000 sf of office space has been leased. Another 543,000 sf in Triads A, B and C remains to be leased, with the property projected to reach a stabilized 95% occupancy level by early to mid-2016. We expect that leasing velocity will continue to improve as the subject property continues to open in phases and further establish itself as the premier commercial center within the trade area and with improving trade area and regional economic conditions.

Investment or Money Market Risk: This is the risk that future rates of discount will be higher than those applicable at the time the appraisal and the investment decision is made. If this occurs, then the income stream being produced by the property will have a lower present worth because it must be discounted at a higher rate. Money market and investment market conditions totally beyond the control of the investor determine what are acceptable market rates of return, so the evaluation of the interest risk depends primarily on forecasts of money market conditions. This risk is particularly significant for fixed-level income streams, such as level rentals under a lease or fixed debt service on mortgage loans. The rapid rise in rates of interest

during the late 1960's illustrates the degree of interest risk that a long-term investor faces. Once again, the longer the income forecast period, the greater the interest risk will be.

Purchasing Power Risk: This is the risk that dollars received in the future will have less purchasing power as the result of inflation. It is encountered in every long-term investment, whether in real property or other assets. Purchasing power risk is not usually taken into account overtly in appraisal analysis. Neither the mathematics of the discounting process nor rates of discount specifically include compensation for the assumption of this risk by the investor. Because it is universal in the economy, its influence is felt primarily in basic long-term rates of interest on which discount rates for real estate investments are based.

The several risks of long-term investments in real property are beyond the control of the individual investor. The investor(s) must recognize and usually accept them.

The second important ingredient in developing an appropriate discount factor is the time period (usually called the income projection period or capital recovery period) over which net income is forecast or expected to be received. An income stream for a finite time period has built into it the requirement that the investor recover his capital investment along with receiving a return on that investment for the time period specified.

If one dollar is deposited to earn interest periodically, and the interest payments added to the original deposit are also left on deposit to earn interest in successive periods, the principal sum grows or accumulates at a compound rate. This is the basic fact of compound interest. The compound interest concept provides the theoretical mathematical basis for discounting, and hence the entire process of income capitalization.

Compounding refers to successive accumulations from the present to a specified future date. Discounting involves successive deductions from a future sum or sums receivable at specified future dates to the present.

Selected Discount & Terminal Cap Rates for Subject Property

The foremost surveyor of discount rates over the last 10 years in the real estate business nationally is the Real Estate Investor Survey by Price Waterhouse Coopers (PWC) (formerly known as the "Korpacz Investor Survey"). As of 2013 Q1, national discount rates applicable to retail developments ranged from 5.75% to 14.0% with an average of 8.6%. Meanwhile, residual cap rates ranged from 4.5% to 12.0%, with an average of 7.3%. Discount rates for suburban office properties ranged from 6.0% to 12.50%, with an average of 8.7%, while residual cap rates ranged from 6.0% to 11.0%, with an average of 8.03%.

Based on the characteristics of the subject property and the surrounding market environment, various risk elements as relevant to the subject development, and in consideration of the extraordinary assumptions and hypothetical conditions stated in this analysis, the appraiser believes

that the discount rate applicable to the operating components of the subject property should fall near the mid-point of the reported range, and has accordingly selected a discount rate of **9.00%** for the projected cash flows. The appraiser has also determined that a blended residual cap rate of **6.25%** for the office/retail cash flow is appropriate for the subject property, falling between the low end and mid-point of the reported range as reported in the most recent PWC survey.

Contained on the pages following this analysis is an estimate of the discounted cash flows from the property performance projected, along with the estimated costs anticipated to finalize construction of the asset over the next several months.

Our Discounted Cash Flow Approach is based on the following assumptions:

- Discount Rate - Operating Components: 9.00%
- Terminal Cap Rate – Operating Components: 6.25%
- Present Value today based on the time period shown, calculated from March 31, 2013 forward, assuming construction completion in accordance with the assumed phasing schedule set forth in this report.
- Operating EBITDA and land sale proceeds as set forth in the prior analysis and financial projections.
- Remaining project costs (excluding land acquisition cost developer fees and financing costs) as of the valuation date estimated at approximately \$153 million.

The variations set forth below are examples of the valuation result which occurs under differing discount and residual cap rates. In our opinion, we believe the base model results reflecting the discounting process as set forth above and the financial performance projections as derived from our the appraiser’s market analysis provide the best indication of value in the case of the subject property as of the date of valuation.

Tivoli Village at Queensridge - Operating Components (excludes excess residential land)				
Resale - Cap Rate Matrix				
Cash Flow Before Debt Service plus Property Resale in Year 8, Mar-2021				
Discounted Annually (Endpoint on Cash Flow & Resale)				
For the Cap Rates	Net Proceeds From Sale	P.V. of Property @ 8.50%	P.V. of Property @ 9.00%	P.V. of Property @ 9.50%
5.75%	\$563,217,930	\$276,172,219	\$263,806,113	\$251,940,185
6.25%	518,160,496	252,712,189	241,193,306	230,140,335
6.75%	479,778,237	232,727,720	221,930,545	211,570,093

Source: Marquette Advisors

Based on our analysis and the income (DCF) approach, the appraiser has reached a value conclusion for the operating components of Tivoli Village at Queensridge (retail and office village) of \$240,000,000. Adding the present value of the residential land parcel at \$20,000,000 results in a fair value estimate for the subject property as of March 31, 2013 as follows:

Fair Value Tivoli Village Operating Components:	\$240,000,000
Fair Value of Phase II Residential Land:	\$20,000,000
Total Fair Value:	\$260,000,000

FINAL RECONCILIATION OF VALUE

Based on the Discounted Cash Flow approach as presented herein, utilizing the income capitalization and discounting process as described above, the estimated Fair Value of the property as of March 31, 2013, subject to all extraordinary assumptions and limiting conditions outlined in this report is:

TWO HUNDRED SIXTY MILLION DOLLARS....\$260,000,000

CERTIFICATE OF APPRAISER

We certify, to the best of our knowledge and belief, that:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and we have no personal interest or bias with respect to the parties involved.
4. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. Our value conclusions as well as other opinions expressed herein are not based upon a requested minimum valuation, specific valuation or the approval of a loan.
6. Our analyses, opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and International Accounting Standards. We have read, understood and satisfied the competency provision of the USPAP, and we have not relied upon any departure provisions of USPAP.
7. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
8. Mr. Louis W. Frillman, MAI, CRE is a licensed appraiser in the state of Minnesota, License Number AP-4000728. Mr. Frillman has obtained a temporary practice permit from the State of Nevada for purposes of this valuation assignment. NV temporary permit #12309.
9. As of the date of this report, Louis W. Frillman, MAI, CRE has completed the requirements of the continuing education program of the Appraisal Institute.
10. The undersigned have made personal inspections of the property that is the subject of this report on multiple dates in April 2013. Louis W. Frillman, MAI, CRE personally inspected the subject property.
11. No one provided significant valuation assistance to the person signing this report.
12. The appraiser's analyses, opinions and conclusions were developed and this report is intended to comply with the appraisal related mandates within Title XI of the Federal Financial Institution's Reform, Recovery and Enforcement Act of 1989 (FIRREA).
13. The date of this report, April 26, 2013, indicates that our perspective of the market conditions as of the effective date of the appraisal, March 31, 2013, was current.
14. Our estimate of the Fair Value range of the property known as Tivoli Village at Queensridge, as defined in International Accounting Standards guidelines, for the subject as of March 31, 2013, subject to the assumptions and limiting conditions set forth in this report is: **\$260,000,000.**



Louis W. Frillman, MAI, CRE
NV Temporary Appraisal Permit #12309

ADDENDA

Tivoli Village at Queensridge
Presentation Rent Roll & Current Term Tenant Summary
As of Apr-2013 for 392,439 Square Feet

Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	Months to Abate	Pcnt to Abate
1 Kolesar & Letham Law Office Jun-2011 to May-2021 120 Months	31,009.00 7.90%	\$20.92	Jun-2012	\$24.75	1-5	100.00%
		\$648,848	Jun-2013	\$28.71	12-13	100.00%
		\$1.74	Jun-2014	\$29.28	24-25	100.00%
		\$54,071	Jun-2015	\$29.87	36-37	100.00%
			Jun-2016	\$30.47		
			Jun-2017	\$31.08		
			Jun-2018	\$31.70		
			Jun-2019	\$32.33		
			Jun-2020	\$32.33		
2 Merrill Lynch Office Jun-2011 to May-2021 120 Months	27,072.00 6.90%	\$25.80	Jun-2012	\$26.45	1-24	50.00%
		\$698,458	Jun-2013	\$27.11		
		\$2.15	Jun-2014	\$27.78		
		\$58,205	Jun-2015	\$28.48		
			Jun-2016	\$29.19		
			Jun-2017	\$29.92		
			Jun-2018	\$30.67		
			Jun-2019	\$31.43		
			Jun-2020	\$32.22		
3 MultiMedia Office Jul-2012 to Jun-2017 60 Months	4,003.00 1.02%	\$28.20	Jul-2013	\$29.04	1-3	100.00%
		\$112,885	Jul-2014	\$29.88	13-15	100.00%
		\$2.35	Jul-2015	\$30.60		
		\$9,407	Jul-2016	\$31.32		
4 Regus Office Jul-2011 to Jun-2021 120 Months	12,635.00 3.22%	\$32.76	Jun-2012	\$33.72	1-9	100.00%
		\$413,923	Jun-2013	\$34.68		
		\$2.73	Jun-2014	\$35.76		
		\$34,494	Jun-2015	\$36.84		
			Jun-2016	\$37.92		
			Jun-2017	\$39.00		
			Jun-2018	\$40.20		
			Jun-2019	\$41.40		
			Jun-2020	\$42.60		
5 Sklar Williams Office Jan-2012 to Dec-2021 120 Months	8,648.00 2.20%	\$25.80	Jan-2015	\$26.40	2	100.00%
		\$223,118	Jan-2016	\$27.00	4	100.00%
		\$2.15	Jan-2017	\$27.60	6	100.00%
		\$18,593	Jan-2018	\$28.20	8	100.00%
			Jan-2019	\$28.80	10	100.00%
			Jan-2020	\$29.40	12	100.00%
					Jan-2021	\$30.00
6 Summerlin Dental Office Jan-2013 to Dec-2022 120 Months	4,005.00 1.02%	\$28.20	Jan-2014	\$30.90	-	-
		\$112,941	Jan-2015	\$31.52		
		\$2.35	Jan-2016	\$32.15		
		\$9,412	Jan-2017	\$32.79		
			Jan-2018	\$33.45		
			Jan-2019	\$34.12		
			Jan-2020	\$34.80		
			Jan-2021	\$35.49		
			Jan-2022	\$36.20		
7 Ticor Title Office	5,644.00	\$28.80	May-2013	\$29.52	1-2	100.00%
		\$162,547	May-2014	\$30.24	13-14	100.00%

Tivoli Village at Queensridge
Presentation Rent Roll & Current Term Tenant Summary
As of Apr-2013 for 392,439 Square Feet

Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	Months to Abate	Pcnt to Abate
May-2012 to Apr-2018 72 Months	1.44%	\$2.40 \$13,546	May-2015 May-2016 May-2017	\$30.96 \$31.80 \$32.64		
8 ANGL Retail Apr-2013 to Jan-2024 130 Months	3,130.00 0.80%	\$19.17 \$60,000 \$1.60 \$5,000	Apr-2016 Apr-2017 Apr-2018 Apr-2019 Apr-2020 Apr-2021 Apr-2022	\$40.00 \$41.20 \$42.44 \$43.71 \$45.02 \$46.37 \$47.76	-	-
9 BluNoir Retail Sep-2011 to Aug-2021 120 Months	1,700.00 0.43%	\$42.00 \$71,400 \$3.50 \$5,950	Sep-2012 Sep-2013 Sep-2014 Sep-2015 Sep-2016 Sep-2017 Sep-2018 Sep-2019 Sep-2020	\$45.00 \$46.35 \$47.74 \$49.17 \$50.65 \$52.17 \$53.73 \$55.34 \$57.00	1-2 4-27	100.00% 100.00%
10 Charming Charlies Retail May-2011 to Apr-2021 120 Months	9,585.00 2.44%	\$0.00 \$0 \$0.00 \$0	Jul-2012 Apr-2013 Apr-2016	\$12.52 \$15.65 \$22.43	1-14	100.00%
11 David Barton Gym Retail Mar-2012 to Feb-2027 180 Months	31,547.00 8.04%	\$0.00 \$0 \$0.00 \$0	Mar-2013 Mar-2015 Mar-2016 Mar-2017 Mar-2018 Mar-2019 Mar-2020 Mar-2021 Mar-2022 Mar-2023 Mar-2024 Mar-2025 Mar-2026	\$14.06 \$23.97 \$24.69 \$25.43 \$26.19 \$26.98 \$27.79 \$28.62 \$29.48 \$30.36 \$31.27 \$32.21 \$33.18	-	-
12 Designs by Jeff White Retail May-2011 to Apr-2021 120 Months	2,113.00 0.54%	\$30.00 \$63,390 \$2.50 \$5,283	May-2012 May-2013 May-2017	\$40.00 \$65.00 \$75.00	7 19	100.00% 100.00%
13 Ethan Allen Retail Dec-2012 to Nov-2014 24 Months	4,121.00 1.05%	\$30.00 \$123,630 \$2.50 \$10,303	Dec-2013	\$35.00	-	-
14 Kidville Retail	10,119.00	\$0.00 \$0	Jun-2014	\$30.00	-	-

Tivoli Village at Queensridge
Presentation Rent Roll & Current Term Tenant Summary
As of Apr-2013 for 392,439 Square Feet

Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	Months to Abate	Pcnt to Abate
Jun-2011 to May-2021 120 Months	2.58%	\$0.00 \$0				
15 La Casa De La Habana Retail Sep-2012 to Aug-2019 84 Months	3,381.00 0.86%	\$26.56 \$89,810 \$2.21 \$7,484	Sep-2013 Sep-2014 Sep-2015 Sep-2016 Sep-2017 Sep-2018	\$30.36 \$34.15 \$35.18 \$36.23 \$37.32 \$38.44	-	-
16 LV Market Retail Jun-2012 to May-2022 120 Months	21,690.00 5.53%	\$0.00 \$0 \$0.00 \$0	Jun-2014 Jun-2017	\$34.27 \$39.51	-	-
17 Obika Retail May-2011 to Apr-2021 120 Months	2,536.00 0.65%	\$45.00 \$114,120 \$3.75 \$9,510	May-2013 May-2016	\$55.00 \$65.00	1-32	100.00%
18 Pandora Retail Nov-2011 to Oct-2018 84 Months	1,246.00 0.32%	\$0.00 \$0 \$0.00 \$0	Jul-2012 Nov-2013 Nov-2014 Nov-2015 Nov-2016 Nov-2017	\$61.80 \$63.65 \$65.56 \$67.53 \$69.56 \$71.64	15-16 27-28	100.00% 100.00%
19 Parmida Homes Retail Jun-2012 to May-2022 120 Months	12,972.00 3.31%	\$0.00 \$0 \$0.00 \$0	Jun-2014 Jun-2015 Jun-2016 Jun-2017 Jun-2018 Jun-2019 Jun-2020 Jun-2021	\$26.17 \$26.69 \$27.22 \$27.77 \$28.32 \$28.89 \$29.47 \$30.06	25-28	100.00%
20 Ritual Salon Retail May-2011 to Apr-2021 120 Months	3,792.00 0.97%	(\$15.82) (\$60,000) (\$1.32) (\$5,000)	Jul-2011 Jan-2014 May-2014 May-2018	\$0.00 \$35.00 \$45.00 \$50.00	1-32	100.00%
21 Roc Republic of Coutu Retail May-2011 to Apr-2021 120 Months	5,391.00 1.37%	\$0.00 \$0 \$0.00 \$0	May-2013 May-2014 May-2015 May-2016 May-2017 May-2018 May-2019 May-2020	\$35.00 \$36.05 \$37.13 \$38.25 \$39.39 \$40.57 \$41.79 \$43.05	1-24	100.00%
22 Temp Lease - Acura Retail	3,332.00	\$9.00 \$30,000	May-2012 Aug-2012	\$0.00 \$6.84	-	-

Tivoli Village at Queensridge
Presentation Rent Roll & Current Term Tenant Summary
As of Apr-2013 for 392,439 Square Feet

Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	Months to Abate	Pcnt to Abate
May-2011 to Apr-2013 24 Months	0.85%	\$0.75 \$2,500				
23 Temp Lease - Bobby Wh Retail May-2011 to Apr-2013 24 Months	1,265.00 0.32%	\$19.94 \$25,221 \$1.66 \$2,102	Nov-2011 May-2012	\$23.74 \$25.17	-	-
24 Temp Lease - Brighton Retail Oct-2011 to Sep-2013 24 Months	1,470.00 0.37%	\$20.41 \$30,003 \$1.70 \$2,500	-	-	-	-
25 Temp Lease - Cucina O Retail Oct-2011 to Sep-2013 24 Months	1,200.00 0.31%	\$12.50 \$15,000 \$1.04 \$1,250	Apr-2012 Jan-2013	\$15.00 \$0.00	-	-
26 Temp Lease - The Dog Retail May-2011 to Apr-2013 24 Months	1,275.00 0.32%	\$16.00 \$20,400 \$1.33 \$1,700	Nov-2011 May-2012	\$17.74 \$17.76	1	100.00%
27 Vasari Retail May-2011 to Apr-2021 120 Months	3,000.00 0.76%	\$0.00 \$0 \$0.00 \$0	Jul-2012 May-2014 May-2018	\$60.00 \$65.00 \$70.00	1-4 13-15	100.00% 100.00%
28 Vasari Shoe Salon Retail May-2011 to Apr-2021 120 Months	1,143.00 0.29%	\$50.00 \$57,150 \$4.17 \$4,763	May-2013 May-2014 May-2015 May-2016 May-2017 May-2018 May-2019 May-2020	\$55.00 \$56.65 \$58.35 \$60.10 \$61.90 \$63.76 \$65.67 \$67.64	1-4 13-14	100.00% 100.00%
29 Brio Restaurant May-2011 to Apr-2021 120 Months	10,590.00 2.70%	\$0.00 \$0 \$0.00 \$0	May-2014	\$31.08	-	-
30 Cantina Laredo Restaurant Dec-2012 to Nov-2022 120 Months	8,257.00 2.10%	\$25.43 \$209,985 \$2.12 \$17,499	Dec-2013 Dec-2014 Dec-2016 Dec-2021	\$26.65 \$31.49 \$33.07 \$34.72	-	-
31 Echo & Rigs		\$31.76	Jun-2015	\$41.79	-	-

Tivoli Village at Queensridge
Presentation Rent Roll & Current Term Tenant Summary
As of Apr-2013 for 392,439 Square Feet

Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	Months to Abate	Pcnt to Abate
Restaurant Jun-2013 to May-2023 120 Months	9,659.00 2.46%	\$306,774 \$2.65 \$25,565	Jun-2016 Jun-2017 Jun-2018 Jun-2019 Jun-2020 Jun-2021 Jun-2022	\$42.63 \$43.48 \$44.35 \$45.23 \$46.14 \$47.06 \$48.00		
32 Kabuki Restaurant Apr-2012 to Mar-2022 120 Months	5,893.00 1.50%	\$31.87 \$187,834 \$2.66 \$15,653	Apr-2013 Apr-2014 Apr-2015 Apr-2016 Apr-2017 Apr-2018 Apr-2019 Apr-2020 Apr-2021	\$32.83 \$33.81 \$34.83 \$35.88 \$36.95 \$38.06 \$39.20 \$40.37 \$41.58	-	-
33 Leone Cafe Restaurant May-2011 to Apr-2021 120 Months	1,774.00 0.45%	\$45.00 \$79,825 \$3.75 \$6,652	May-2013 May-2014 May-2015 May-2016 May-2017 May-2018 May-2019 May-2020	\$58.10 \$59.27 \$60.45 \$61.60 \$62.90 \$64.16 \$65.44 \$66.75	-	-
34 Ogden's Hops & Harves Restaurant May-2013 to Apr-2023 120 Months	6,033.00 1.54%	\$38.50 \$232,271 \$3.21 \$19,356	May-2014 May-2015 May-2016 May-2017 May-2018 May-2019 May-2020 May-2021 May-2022	\$40.00 \$50.00 \$51.00 \$52.02 \$53.06 \$54.12 \$55.20 \$56.31 \$57.43	1-4 13-16	100.00% 100.00%
35 Pizza Lounge Restaurant Mar-2013 to Feb-2023 120 Months	2,779.00 0.71%	\$26.05 \$72,380 \$2.17 \$6,032	Mar-2014 Mar-2016 Mar-2017 Mar-2018 Mar-2019 Mar-2020 Mar-2021 Mar-2022	\$32.96 \$33.95 \$34.97 \$36.02 \$37.10 \$38.22 \$39.36 \$40.54	1-3	100.00%
36 Poppy Den Gastropub Restaurant Jan-2013 to Feb-2023 122 Months	7,458.00 1.90%	\$27.91 \$208,131 \$2.33 \$17,344	Jan-2014 Jan-2015 Jan-2016 Jan-2017 Jan-2018 Jan-2019 Jan-2020 Jan-2021 Jan-2022	\$36.24 \$39.87 \$41.06 \$42.30 \$43.56 \$44.87 \$46.22 \$47.60 \$49.03	1-8	100.00%

ENGAGEMENT LETTER



CONSULTING AGREEMENT

Great Wash Park LLC ("Company") as owner of the subject property known as Tivoli Village at Queensridge, having offices at 9755 W. Charleston Blvd., Las Vegas, Nevada 89117, retains Marquette Advisors, Inc. ("Consultant") whose address is 50 South 6th Street, Suite 1370, Minneapolis, Minnesota 55402 as an independent contractor to perform the services as described herein.

1. CONSULTING ACTIVITIES.

The Company hereby employs the Consultant to perform the following services in accordance with the terms and conditions set forth in this Agreement, in reference to the property known as Tivoli Village at Queensridge in Las Vegas, Nevada:

- Consultant will provide an update to the appraisal report in reference to the subject property, to be valued as of March 30, 2013. Report will be developed in accordance with USPAP and IFRS standards.
- Additional consulting time subsequent to delivery of the appraisal draft, related to the valuation assignment, as required by the Company and its auditors.

2. TERM AND TERMINATION OF AGREEMENT.

This Agreement will commence upon receipt of an executed copy of this Agreement with retainer and continue until the services described in the preceding section have been completed. The Company may terminate this Agreement upon five (5) days written notice to Consultant. In the event of termination by the Company, payment for services rendered through the date of Termination shall be immediately due and payable. The Consultant may terminate this Agreement upon five (5) days written notice to the Company in the event that the company does not make payments to the Consultant due in accordance with the terms of this Agreement.

3. REPORTING/LIAISON.

Mr. Louis W. Frillman and Mr. Brent E. Wittenberg shall be Consultant's primary contacts with Company and shall perform the consulting services hereunder with the assistance of associates of Marquette Advisors. Mr. Mr. Ron Hyman, Mr. Noam Ziv, and Mr. Matthew Bunin shall be the Company's primary contacts with Consultant and shall have full power and authority to give direction to the Consultant regarding the services to be delivered by Consultant under this Agreement. Company and Consultant shall have the right to change the primary contact designated under this Agreement upon written notice to the other party and with the consent of such party, which consent shall not be unreasonably withheld.

4. INDEPENDENT CONTRACTOR STATUS AND AUTHORITY.

- (a) Consultant Responsibility. Both the Company and the Consultant agree that the Consultant will act as an independent contractor in the performance of its duties under this Agreement. The Consultant is not an agent of the Company for any purposes (and will not represent itself as an agent of the Company). Consultant is solely responsible for Consultant's activities and shall establish its methods and work hours consistent with its best judgment in delivering the services agreed upon. Consultant acknowledges that it shall have no authority to make commitments to or enter into contracts on behalf of or otherwise obligate the Company in any manner whatsoever, except as specifically provided in this Agreement.

Marquette Advisors Offices:

Minneapolis Office: 50 South Sixth Street, Suite 1370, Minneapolis, MN 55402

Phone: 612-335-8888; Fax: 612-334-3022

Seattle Office: 2723 California Ave. SW, Seattle, WA 98116

Phone: 425-392-7482; Fax: 425-392-7330

- (b) Taxes. Consultant shall be responsible for payment of all taxes, including federal, state and local taxes which arise out of the Consultant's activities under this Agreement, including by way of illustration, but not limitation, federal and state income tax, social security tax, unemployment insurance taxes and any other taxes or business license fees which are required.
- (c) Services Delivered to Others. Nothing contained in this Agreement shall prevent the Consultant from providing services for other businesses or clients (whether concurrently or in the future) provided that the Consultant complies with the requirements of Paragraphs 5 and 7 of this Agreement.

5. COPYRIGHTS.

All reports, materials and documents made or compiled for Company or developed as a result of services performed for Company hereunder, shall be deemed to be a work made for hire and made in the course of the services rendered hereunder and shall belong exclusively to Company. Consultant shall immediately upon the termination, cancellation or expiration of this Agreement turn over to Company all reports, materials, documents and deliverables created, prepared or developed pursuant to this Agreement, together with any Company documents or other materials furnished to Consultant during the course of Consultant's services and all copies thereof, except as otherwise provided herein. Nothing herein shall prevent use by Consultant of non-confidential information in connection with its appraisal and consulting business for other clients.

6. CHARGES AND TERMS OF PAYMENT.

The Company shall compensate the Consultant for services, which are rendered to the Company under this Agreement in accordance with the following terms and conditions:

- (a) Payment Schedule. Company agrees to compensate Consultant for services rendered during the terms hereof, as follows:
 - (i) Retainer: An initial retainer of \$8,000.00 shall be paid upon execution of this Agreement.
 - (ii) Payment 2: Payment of \$6,000 plus reimbursable expenses due upon delivery of draft no change letter. All fees plus expenses must be paid in full prior to Consultant's release of final document.
 - (iii) Consulting Time (as required): Further invoices to be billed monthly to job completion. Consulting time shall be based on hourly rates as follows:
 - (1) Louis Frillman - \$450/hour
 - (2) Brent Wittenberg - \$275/hour
 - (3) Other Associates - \$150-\$250/hour
- (b) Billing Intervals. Services rendered under this Agreement shall be billed as scheduled above. Invoices for services shall be payable within ten (10) days of receipt by the Company. A monthly charge of 1.5% will be charged upon all balances, which remain unpaid after 30 days.
- (c) Reimbursements. Company shall reimburse consultant for reasonable out-of-pocket expenses, which are incurred in the performance of services rendered under this Agreement. Expenses shall include those expenses reasonable and necessary under the circumstances and proper documentation shall be provided when expenses are invoiced to the Company. Consultant shall retain records relating to expenses to be available for review by Company for a period of two (2) years from the date that such expenses are submitted for reimbursement.

7. CONFIDENTIAL INFORMATION.

- (a.) Nondisclosure. During the performance of service to Company, Consultant may have access to, have disclosed to it, or otherwise obtain information concerning Company's business operations, employees, activities, plans, finance, methods and/or other information relating to the past, present or future business activities of Company, its subsidiaries and affiliated companies and the customers, clients and suppliers of said entities. Consultant will regard and preserve all such information and shall not disclose to any person, firm or enterprise or use the same for Consultant's own benefit without first obtaining the Company's written consent. Company acknowledges that certain Company information, may be publicly known and not considered confidential by Company, such information shall not be subject to the foregoing restrictions, however, that in this regard, Consultant shall be responsible for inquiring to and verifying with Company the status of any particular information prior to disclosure.
- (b.) Consultant's Clients. Except as otherwise provided in this Agreement, Consultant agrees not to use the name of or permit any reference to Company in Consultant's advertising or promotional material without obtaining the prior written consent of Company. However, Consultant may use Company's name on a formal client list to be disclosed to prospective clients only. Nothing in this Paragraph 7 shall prohibit Consultant from using proper consulting techniques for other clients.

8. GENERAL.

- (a.) Delays. Company and Consultant will not be liable for delays or failure to perform due to causes beyond its control. In no event will Company or Consultant be liable for any special, indirect, incidental or consequential damages in connection with or otherwise arising out of this Agreement.
- (b.) Assignment. The services to be provided hereunder are personal in nature and Consultant may not assign this Agreement or otherwise transfer or subcontract any right and/or obligations or assign the primary responsibility hereunder to another employee(s) of Consultant without Company's prior written consent and any attempt to do so will be void and will constitute a default hereunder.
- (c.) Entire Agreement. No Agreement constitutes the entire agreement between the parties and supersedes all previous agreements, promises, proposals, representations, understandings and negotiations whether written or oral, between the parties respecting the subject matter hereof.
- (d.) Invalidity. In the event any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provisions of this Agreement shall be replaced by a mutually acceptable provision, which, being valid, legal and enforceable, comes closest to the intention of the parties underlying the invalid, illegal or unenforceable provision.
- (e.) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one in the same instrument.
- (f.) Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the substantive law without reference to the choice of law of the State of Minnesota. Any action which is brought to enforce this Agreement shall be brought in the District Court of the State of Minnesota.
- (g.) Modification. Any modification to this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if it is evidenced in writing, signed by each party or an authorized representative of each party.

- (h.) Notices. Any notice which is provided for in this Agreement or which concerns this Agreement shall be in writing and shall be deemed sufficiently given when sent by certified or registered mail, or recognized courier delivery service to the address of the party being notified set forth at the beginning of this Agreement.
- (i.) Enforceability. In the event that the Company does not pay compensation due to the Consultant under this Agreement and the Consultant brings legal action to enforce this Agreement or collect such compensation, Consultant shall be entitled to recover its reasonable attorneys' fees and costs incurred in such enforcement and collection.

CONSULTANT:

MARQUETTE ADVISORS, INC.

By: 

Printed Name: Louis W. Frillman

Its: President

Date: April 10, 2013

COMPANY:

GREAT WASH PARK LLC

By: 

Printed Name: Matthew R. Burin

Its: Chief Financial Officer

Date: 4-15-13

PWC INVESTOR SURVEY
(Relevant Sections)

First Quarter 2013

Investors Guarded but Optimistic about 2013

PwC Real Estate Investor Survey™





Dear Reader:

This quarter's Survey data reveals that most investors hold a cautionary outlook for the commercial real estate (CRE) industry heading into 2013. Many point to the economy's stuttering performance at the end of 2012 and the unknown impact of the sequester that took effect on March 1 as main reasons for their guarded viewpoint. As our lead story states, however, many investors are also optimistic about the year ahead given the U.S. job figures for February 2013, as well as the recent strong performance on Wall Street.

More insight into the recovery of the CRE industry can be found in this quarter's *PwC Real Estate Barometer* section, which shows the real estate cycle positions for four main CRE property types, as well as numerous metros, from 2013 through 2016. While the multifamily sector is still thriving, it appears that a slowdown in leasing will delay the overall recovery of the office sector.

Also in this issue are the semiannual lodging pages, extracted from *Hospitality Directions US*, published by PwC Hospitality & Leisure in January 2013. While PwC's lodging outlook stands slightly more positive than just two months ago, it remains conservative since the near term stands almost as challenging as it has been for some time.

As 2013 progresses, let's hope that the U.S. economy gains momentum, the sequester's impact is minimal, and confidence replaces caution. During the year, I am proud to note that the Survey's publication team will be working on adding new features and content, such as a national student housing market and expanded coverage of certain office markets.

If you have ideas or suggestions for future articles or content to cover, please share them with me by emailing susan.m.smith@us.pwc.com.

Sincerely,

A handwritten signature in cursive script that reads "Susan Smith".

Susan M. Smith
Editor-in-Chief

National Regional Mall Market

Class-A and better regional and super-regional malls continue to outperform the retail sector as a whole, keeping average overall capitalization (cap) rates low and rent growth expectations elevated during the first quarter of 2013. As shown in Table 1, the average initial-year market rent change rate increases 17 basis points this quarter, reaching 2.75% – an average last reported for this market in the early part of 2008.

While this market’s average overall cap rate inches up nine basis points this quarter, it actually dips five basis points for the Class-A+ sector, defined as a regional mall that reports in-line retail sales of

\$600.00 per square foot or greater. For Class-A and Class-B+ regional malls, average overall cap rates hold steady this quarter at 6.27% and 7.08%, respectively.

The optimism that many investors express with regard to this market’s current and expected near-term performance stems from very few additions to supply over the past five years, as well as pent-up consumer demand. Even though investors continue to watch the rising popularity of e-commerce among consumers, one Survey participant believes that it’s had “no measurable impact on isolated and market-dominant enclosed malls.” ◆

KEY 1Q13 SURVEY STATS*

Tenant Retention Rate:

Average	70.4%	=
Range	50.0% to 85.0%	

Months of Free Rent⁽¹⁾:

Average	4.0	=
Range	0 to 12	
% of participants using	50.0%	=

Average Overall Cap Rates:

Class A+	5.58%	▼
Class A	6.27%	=
Class B+	7.08%	=

* ▼, ▲, = change from prior quarter
(1) on a ten-year lease

Table 1
NATIONAL REGIONAL MALL MARKET^(d)
First Quarter 2013

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	5.75% – 14.00%	5.75% – 14.00%	5.25% – 14.00%	7.00% – 17.00%	7.00% – 11.00%
Average	9.25%	9.25%	9.29%	10.70%	8.72%
Change (Basis Points)		0	-4	-145	+53
OVERALL CAP RATE (OAR)^a					
Range	4.50% – 10.00%	4.50% – 10.00%	4.75% – 10.50%	5.00% – 12.00%	5.00% – 9.50%
Average	6.92%	6.83%	7.23%	8.34%	6.68%
Change (Basis Points)		+9	-31	-142	+24
RESIDUAL CAP RATE					
Range	4.50% – 12.00%	4.75% – 12.00%	5.00% – 12.00%	6.25% – 12.00%	6.00% – 10.00%
Average	7.19%	7.23%	7.52%	8.91%	7.38%
Change (Basis Points)		-4	-33	-172	-19
MARKET RENT CHANGE^b					
Range	0.00% – 6.00%	0.00% – 6.00%	(2.00%) – 3.00%	(4.00%) – 1.00%	0.00% – 3.90%
Average	2.75%	2.58%	1.58%	(0.17%)	2.63%
Change (Basis Points)		+17	+117	+292	+12
EXPENSE CHANGE^b					
Range	0.00% – 3.00%	0.00% – 3.00%	0.00% – 4.00%	0.00% – 5.00%	3.00% – 3.00%
Average	2.00%	2.00%	2.25%	2.23%	3.00%
Change (Basis Points)		0	-25	-23	-100
MARKETING TIME^c					
Range	3 – 24	3 – 24	3 – 18	3 – 18	3 – 12
Average	9.7	9.4	8.4	7.8	7.1
Change (▼, ▲, =)		▲	▲	▲	▲

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months d. relates to Class A+, A, B+, and B malls

National Power Center Market

E-commerce and digital rivals continue to negatively impact the performance of many big-box stores, weakening the desire to acquire power centers among some investors. For buyers still pursuing opportunities, trade area demographics are a key factor in the decision-making process. “While older populations tend to do more in-store buying, younger populations like to ‘show-room’ and then buy on-line,” explains an investor.

The leases at a property are another major consideration when looking at a potential power center acquisition. Longer lease terms are preferred, and “tenants need to have good credit.”

The retail sales of the tenants are also very important and are compared to a tenant’s other stores and its industry. “We obviously are looking for the better stores for each respective tenant,” states a participant.

Some investors believe the best way for big-box merchants to compete with e-commerce is for them to have both a “click” and a “brick” address. However, this usually entails the tenant downsizing at some point. OfficeMax, for example, recently announced plans to decrease store sizes and has also partnered with an Internet company to offer website services, as well as support for local businesses in stores. ♦

KEY 1Q13 SURVEY STATS*

Tenant Retention Rate:

Average 68.3% ▲
Range 60.0% to 85.0%

Months of Free Rent⁽¹⁾:

Average 4.2 =
Range 1 to 6
% of participants using 50.0% =

Average Overall Cap Rates:

75.0% big-box space 7.22% ▼
85.0% big-box space 7.13% ▼
100.0% big-box space 7.13% ▼

* ▼, ▲, = change from prior quarter
(1) on a ten-year lease

Table 2
NATIONAL POWER CENTER MARKET
First Quarter 2013

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	6.00% – 10.00%	6.00% – 10.00%	6.00% – 11.00%	7.50% – 15.00%	6.75% – 11.50%
Average	8.17%	8.17%	8.33%	10.05%	8.23%
Change (Basis Points)		0	-16	-188	-6
OVERALL CAP RATE (OAR)^a					
Range	6.00% – 8.75%	6.00% – 8.75%	6.25% – 9.00%	7.50% – 10.00%	5.75% – 9.00%
Average	6.98%	6.98%	7.32%	8.55%	7.13%
Change (Basis Points)		0	-34	-157	-15
RESIDUAL CAP RATE					
Range	6.00% – 9.00%	6.00% – 9.00%	6.00% – 9.00%	7.50% – 10.00%	6.50% – 9.50%
Average	7.19%	7.27%	7.52%	8.68%	7.55%
Change (Basis Points)		-8	-33	-149	-36
MARKET RENT CHANGE^b					
Range	0.00% – 3.00%	0.00% – 3.00%	0.00% – 3.00%	(10.00%) – 3.00%	0.00% – 4.00%
Average	1.17%	1.17%	1.00%	(1.70%)	2.88%
Change (Basis Points)		0	+17	+287	-171
EXPENSE CHANGE^b					
Range	0.00% – 3.00%	0.00% – 3.00%	0.00% – 3.00%	2.00% – 3.00%	3.00% – 3.00%
Average	2.46%	2.46%	2.54%	2.90%	3.00%
Change (Basis Points)		0	-8	-44	-54
MARKETING TIME^c					
Range	2 – 18	2 – 18	3 – 18	3 – 18	3 – 9
Average	7.5	7.5	7.5	10.2	5.6
Change (▼, ▲, =)		=	=	▼	▲

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

National Strip Shopping Center Market

While many investors seeking deals of less than \$10.0 million continue to look at acquiring grocery-anchored strip shopping centers as a “gold standard,” some investors have expressed concern for this sector’s performance due to the growing number of discount merchants that carry groceries and the popularity of e-merchants that provide home delivery of groceries. “The changing grocery landscape is more of a concern in markets with aged demographics than in markets with younger demographics and newer assets,” shares a participant.

Overall, investors believe that nondominant grocery stores present

the greatest risk against e-grocers and big-box superstores. “The best grocers offer amenities that are hard to replicate on-line or in big-box stores so they will remain dominant,” remarks a participant. On the other hand, the financial health and viability of certain grocers have always been in question and need to be analyzed with extra caution. “Centers with less-than-stellar grocery stores should not be trading at aggressive overall cap rates,” adds the investor.

This quarter, the average overall cap rate slips only two basis points to 7.04%, the lowest average ever reported for this market since it debuted in 1991. ♦

KEY 1Q13 SURVEY STATS*

Tenant Retention Rate:

Average	67.8%	▲
Range	50.0% to 80.0%	

Months of Free Rent⁽¹⁾:

Average	2.6	▼
Range	0 to 6	
% of participants using	77.7%	▼

Market Conditions Favor:

Buyers	30.0%	=
Sellers	22.0%	▼
Neither	48.0%	▲

* ▼, ▲, = change from prior quarter
(1) on a ten-year lease

Table 3
NATIONAL STRIP SHOPPING CENTER MARKET
First Quarter 2013

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	6.50% – 12.50%	6.50% – 12.50%	6.50% – 12.50%	7.50% – 12.50%	6.00% – 10.00%
Average	8.42%	8.43%	8.41%	9.58%	8.34%
Change (Basis Points)		- 1	+ 1	- 116	+ 8
OVERALL CAP RATE (OAR)^a					
Range	5.50% – 9.50%	5.25% – 9.50%	5.50% – 9.50%	7.25% – 11.40%	5.80% – 9.00%
Average	7.04%	7.06%	7.18%	8.49%	7.28%
Change (Basis Points)		- 2	- 14	- 145	- 24
RESIDUAL CAP RATE					
Range	6.00% – 12.00%	6.00% – 12.00%	6.00% – 12.00%	7.50% – 12.00%	6.00% – 10.00%
Average	7.61%	7.66%	7.80%	8.86%	7.78%
Change (Basis Points)		- 5	- 19	- 125	- 17
MARKET RENT CHANGE^b					
Range	0.00% – 4.00%	0.00% – 4.00%	0.00% – 5.00%	0.00% – 3.00%	1.20% – 3.90%
Average	1.44%	1.75%	1.64%	0.69%	2.86%
Change (Basis Points)		- 31	- 20	+ 75	- 142
EXPENSE CHANGE^b					
Range	2.50% – 4.00%	2.50% – 4.00%	2.50% – 5.00%	1.00% – 4.00%	3.00% – 4.00%
Average	3.03%	3.03%	3.11%	2.88%	3.10%
Change (Basis Points)		0	- 8	+ 15	- 7
MARKETING TIME^c					
Range	2 – 18	2 – 18	2 – 18	2 – 18	2 – 12
Average	7.1	7.1	7.1	9.6	6.1
Change (▼, ▲, =)		=	=	▼	▲

a. Rate on unleveraged, all-cash transactions

b. Initial rate of change

c. In months

National Suburban Office Market

The underlying fundamentals are improving very slowly for the national suburban office market as a whole. On a year-over-year basis in 2012, the overall vacancy rate for the U.S. suburban office sector dipped only 91 basis points to 17.59%, as per Cushman & Wakefield. Still, of the 37 suburban areas included in its research, 26 of them reported year-over-year declines in vacancy. The other 11 suburban markets reported increases in office vacancy, including Northern Virginia, Westchester County, and Philadelphia.

Like their downtown counterparts, most suburban office areas remain oversupplied due to a lack of employ-

ment growth. “Diminished demand on the part of a labor pool that increasingly wants to work in an urban setting is one concern that investors have about this market,” comments a participant. Another issue is that historically, suburban office product has been more volatile, making it difficult to time acquisitions and dispositions.

While some investors believe that the cons associated with buying suburban office assets outnumber the pros, positive elements include cheaper rents, the opportunity to invest at discounted prices, less competition for high-quality assets, and the ability to diversify through geography and asset class. ♦

KEY 1Q13 SURVEY STATS*

Tenant Retention Rate:

Average	64.0%	=
Range	50.0% to 75.0%	

Months of Free Rent⁽¹⁾:

Average	5.2	▼
Range	0 to 12	
% of participants using	100.0%	=

Market Conditions Favor:

Buyers	50.0%	▲
Sellers	10.0%	▼
Neither	40.0%	▲

* ▼, ▲, = change from prior quarter
(1) on a ten-year lease

Table 5
NATIONAL SUBURBAN OFFICE MARKET
First Quarter 2013

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	6.00% – 12.50%	6.00% – 12.50%	6.00% – 12.50%	7.25% – 14.00%	7.00% – 12.50%
Average	8.70%	8.49%	8.68%	10.07%	8.74%
Change (Basis Points)		+ 21	+ 2	- 137	- 4
OVERALL CAP RATE (OAR)^a					
Range	5.00% – 10.50%	5.00% – 10.50%	5.00% – 11.00%	6.75% – 12.00%	5.00% – 10.50%
Average	7.50%	7.42%	7.52%	8.79%	7.13%
Change (Basis Points)		+ 8	- 2	- 129	+ 37
RESIDUAL CAP RATE					
Range	6.00% – 11.00%	6.00% – 11.00%	6.00% – 11.00%	7.00% – 11.50%	6.00% – 11.00%
Average	8.03%	7.89%	7.95%	8.85%	7.90%
Change (Basis Points)		+ 14	+ 8	- 82	+ 13
MARKET RENT CHANGE^b					
Range	(3.00%) – 4.00%	(3.00%) – 4.00%	(5.00%) – 4.00%	(20.00%) – 3.00%	0.00% – 8.00%
Average	1.40%	1.55%	1.54%	(2.46%)	3.14%
Change (Basis Points)		- 15	- 14	+ 386	- 174
EXPENSE CHANGE^b					
Range	2.00% – 4.00%	2.00% – 4.00%	2.00% – 4.00%	1.00% – 4.00%	3.00% – 4.00%
Average	2.70%	2.73%	2.79%	2.71%	3.09%
Change (Basis Points)		- 3	- 9	- 1	- 39
MARKETING TIME^c					
Range	2 – 18	2 – 18	2 – 18	3 – 18	2 – 9
Average	8.8	9.0	8.5	9.0	6.1
Change (▼, ▲, =)		▼	▲	▼	▲

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months