Valbridge
PROPERTY ADVISORS
Lubawy & Associates, Inc.

3034 S. Durango Drive
Suite 100
Las Vegas, NV 89117
702-242-9369 phone
702-242-6391 fax
valbridge.com

April 1, 2015

Ms. Krynn Williams
Property Acquisition Administrator
Clark County Real Property Management
500 S. Grand Central Parkway, 4th Floor
Las Vegas, NV 89155

RE: Annual Market Rate and Rent for Land
W of Needles Highway and N of Nevada State Line
Laughlin, Clark County, Nevada 89029

Dear Ms. Williams:

In accordance with your request, we have prepared opinions of the market rate and annual market rent for the above-referenced property. The following addendum letter sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our market rate and market rent opinions.

It is emphasized that use of information in this addendum letter without access to our original appraisal report (15-0016-001) should not occur. Without access to the original appraisal report, readers might misunderstand or be misled. Therefore, by reference, this letter is being make an integral part of the appraisal report (15-0016-001) and should only be used by readers in conjunction with that report.

The opinions of annual market rent concluded to in the following addendum letter analysis, as of February 14, 2015, are summarized as follows:

Identification	Annual Fair Market Rent
2,596-AC Site	**$560,000**
1,625-AC Site	**$350,000***

* Rounded

Valuation of the Annual Market Rent

Description of the Land

This appraisal report addendum letter is to assist Clark County in establishing annual market rent for the subject property.

Adequately comparable land rents indicated by the market as typical on a per acre or per square foot basis for development land like the subject land were not found during our investigations. The comparables that were selected for use establish initial land rent on the basis of a rate of return on the market value of the land, and those comparables are discussed later in this letter. The market rent for the subject land is, therefore, based on the market value of the property. It is emphasized that brokers and real estate professionals in Southern Nevada nearly exclusively use this return on value methodology to establish rent for long term leased land. That has been the conclusion from discussions between the appraiser and real estate brokers, and other market professionals over the years. When non return on market value of the land rents per acre or per square foot have been used by brokers and real estate professionals (i.e. rents that were not calculated based on a return on the market value methodology used here), it was for land such as at airports for hangar sites or in the case of vacant land for non-development type shorter term leases, to establish a rent for recovery of generally property taxes and a small amount for miscellaneous record keeping expenses. This has been consistently the case from our experience over the years with professionals who have been establishing ground rents in Southern Nevada.

It is also emphasized that real estate owners want a rent that reflects a market rate of return in accordance with the market value of their property. If they cannot get an adequate rent reflecting a market rate of return, they can instead sell the real estate at market value and get an adequate return via the sale. The concept of receiving an adequate, market rate of return for renting a property (including land) has not changed over the years, and we have seen many rates of return for establishing initial rent at 10% for the land. The rent establishment comparables presented below are typical for both the past and present. Establishment of the initial market rent provides a starting rent to use in the lease of the land.

Summary of the Annual Rental Value of the Subject Land:

With regard to the subject land, the following formula summarizes the method to be used in establishing the market rent for the property:

Market Value of Property x Rate of Return = Annual Market Rent

As indicated, the above formula is the method to be used in determining the annual rent for the property, and the rate of return on the underlying land value commonly used for calculating land lease rates for private enterprise developments is abstracted from the market.

That noted, rates of return for various investments are detailed as follows. Currently, the prime lending rate is 3.25% and mortgage interest rates range from 3.04% to 3.80%. Savings rates for Certificates of Deposit and money market funds range from approximately 0.2% to 1.98%, and Government Treasury Bonds yield between 0.02% and 2.53%. Corporate bond rates average approximately 3.50% to 10%

For build-to-suit real estate offerings, survey data indicates that the required rate of return is based upon a property's attributes, alternative investments, the illiquidity of the improved real estate, and the previously mentioned financial markets. The required rate of return on structural improvements may be slightly above the required rate of return on the land component depending upon the particular investor and their criteria. This division between the rates of return appears to recognize that building improvements depreciate whereas the land component does not. We have utilized a survey of market participants detailed below to derive the applicable rate of return for the subject property.

Rate of Return Analysis

The following is a survey of market participants of various rates of returns in the local market for underlying land and improvements used to establish typical, initial long term lease rental rates for development of properties. For long-term leases of 10-30 years, typical lease terms include a triple net (NNN) expense basis, rent escalation of 10% every five years, and one or more renewal options. All of the information available to us is included in the summaries below. Again, the comparables are presented to support the establishment of the initial market rent for the subject property, and not to establish other lease terms:

> Along the south side of Craig Road, just west of Decatur Boulevard (5100 Craig Road) is a Creative Kids Learning Center (APN 138-01-701-021). This day care facility was constructed under a build-to-suit arrangement where the developer constructed the improvements and leased the facility based on a rate of return. The building totals approximately 9,700 square feet, and is situated on a site approximating 74,500 square feet in size. The lease is for 10 years, plus renewal options. The annual rent is based on approximately 12% of the projected cost, plus the land value. The lease rent was established in 1994 (Lester Hall, Creative Kids owner, 702-871-0078).
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> Doc Holiday's Saloon, located at 8450 Westcliff Drive (APN 138-28-401-010), was a build-to-suit property. The total construction cost for this property was $813,000. The negotiated rental rate has a base amount of $101,808 per year which equates to a 12.5% rate of return overall. The lease rent was established in 1996 (Stan Wasserkrug, developer, 702-368-8998).
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> A Checker Auto Parts Store was constructed at 2451 North Jones Boulevard (APN 138-14-802-008). The property was a built-to-suit and lease back. The terms of the lease were based upon a 10% return on the total investment including both land and improvements. The lease rent was established in 1996 (Donald Maltzman, property owner, 760-324-9968).
>
> According to Mr. Eli Applebaum (702-933-4090), a real estate developer and investor, he has negotiated leases with rates of return ranging from 11% to 14% depending mostly on the credit strength of the tenant. He also stated that the rates of return on machinery, equipment, and other forms of personal property are the same as land and improvements. Mr. Applebaum's lease rate information was provided in 2007.
>
> Mr. David Bonanni with Las Cal Corporation (702-880-5818), operates Taco Bell franchises within the Las Vegas Valley. He indicated build to suit properties are leased upon a two-tiered rate of return method. The land value is provided at a 10% return and the improvements at a 12% rate of return. The blended rate of return was 11%. The lease rate formula is current.
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> An office/warehouse building located at 985 White Drive in Las Vegas (APN 177-03-817-005) was constructed under a partial owner occupied and a build-to-suit arrangement where the developer

bought and constructed the interior improvements and leased the facility. The building totals approximately 4,700 square feet. The annual rent was approximately 11.1% of the projected cost of the property. The lease rate was established in 2005 (Darren Welsh, property owner, 702-796-9465).

The above data suggests that rates of return for land in a typical healthy market range from 10% to 12%. The improvements, on the other hand, have rates of return that are slightly greater and generally range from 11% to 14%. However, it appears that most properties have rates of return of approximately 12% for the improvements and 10% for the land component. Therefore, we have determined that the typical rate of return for the land component is around 10%. However, the aforementioned rates include an entrepreneurial incentive for management, coordination, and expertise involved in a build to suit transaction. The subject should not require any significant Clark County involvement in management or development expertise, if the site were leased.

That is the case because it is emphasized that with a long-term triple net (NNN) lease, the lessee will gain control of the land to develop a project, and during the lease term, Clark County's involvement with the land will effectively be to collect an annual rent payment. All other responsibility for the land will fall to the lessee.

Please note that although the rent comparables above do not show planned rent escalations, it is not considered necessary to have this information as rent escalations vary from lease to lease (That is the case even though using the same rate of return methodology for establishing the initial rent.). We have appraised many properties over the years using the rate of return methodology to establish initial market rent for land as well as build-to-suit leases, and we have applied appropriate rent escalations consistently for the types of lessees involved. Smaller commercial properties have typically different rent escalations and times of applying the escalations than larger corporate type properties.

The lessee (developer) will be responsible for planning for and paying for all development of the property, including all infrastructure development such as any needed road construction and utility line extensions. The land is not being leased as shovel ready. Clark County will approve the development plan to insure that it complies with the zoning code and the land use master plan, but Clark County has that authority for all similar land development plans in its jurisdiction. Clark County will not be involved with construction management, or daily business operations on the property to any greater degree than is typical for nearly all other private developments in the County's jurisdiction.

Clark County offering the subject land for lease is not to maintain greater control of the land than would be the case if instead it were sold. The intent is to facilitate use and development of the land. It is emphasized that the County has not created a government sponsored Business Park/Industrial enterprise zone in the subject area, and projects on the leased land would not be tied to any Clark County enterprise zone plan. Government sponsored enterprise zones exist in Nevada communities, including in areas of the Las Vegas Valley, but such zones have not been established in the subject area.

Another market participant, Mr. Richard Worthington with the Molasky Group, indicated that they build their rate of return based on the 30 year bond rate, adding an illiquidity rate of 100 basis points, a real estate risk factor (minimum of 50 basis points for credit tenants) and an entrepreneurial component from 0 basis points to 500 basis points depending on the level of work, management, coordination, and expertise provided by the developer.

Using the above formula, a rate of return can be calculated. The 30-year bond rate is 2.53% (source: Board of Governors of the Federal Reserve System). Adding 100 basis points for illiquidity and 100 basis points for real estate risk, a rate of 4.53% is derived. However, this does not account for any entrepreneurial incentive. The subject land is Clark County land that doesn't require much government management, coordination, or other expertise, and, therefore based on this analysis, an additional 100 basis points are being added. The total rate of return therefore equates to 5.53% (4.53% + 1.0% = 5.53%).

Please note that the Molasky Group, headed by Irwin Molasky, has been a major developer in Southern Nevada since the 1950s. The company built the Boulevard Mall (Las Vegas first enclosed mall), Humana Sunrise Hospital and Medical Center, Paradise Palms (the first master planned community in Southern Nevada), the 17-story Class-A Bank America office tower (250,000 square feet), and several shopping centers including the Mission Center, Park Place, Decatur Meadows, and Sahara Square. The company has built several apartment complexes including the Villas de Mission complexes and the Pacific Harbors complexes, and the company constructed multi-story medical office buildings, and high-rise luxury condominium projects including Regency Towers at the Las Vegas Country Club, and Park Towers at the Hughes Center (two towers with condominium pricing from $925,000 to $4,900,000).

In recent years, the Molasky Group built the Molasky Corporate Center (17-story, Class-A, 265,000 square foot office building anchored by the Southern Nevada Water Authority), Social Security and Internal Revenue Service office complexes in Southern Nevada; FBI offices in San Diego (273,000 square feet), Cincinnati, Minneapolis, and Portland; along with the Best of the Boulevard and the Best of the West power shopping centers, and the Ovation Senior Citizen Apartment Communities. The company built the La Costa Resort and Spa Country Club Community years ago near San Diego, the Paradise Aviation Jet Hangars, and the 48-acre Pacific Industrial Park in Henderson, Nevada. Another business enterprise of the company was the creation of Lorimar Television Company that produced The Waltons, Dallas, Eight is Enough, and others, along with movies (Lorimar was purchased by Warner Communications.). The Molasky Group is a sophisticated, highly successful, and very well respected real estate development and real estate holding company.

It is emphasized that major real estate investors and developers in Southern Nevada know who Irwin Molasky is, and they respect his approach to real estate development and real estate leasing as being reflective of current, major real estate practices in the United States. The Molasky Group is widely respected outside Nevada as well.

We also spoke with local real estate brokers and agents who have active listings of land for rent in the Las Vegas Valley. Robert Reel with Reel Investment Group, LLC has several listings of land for lease, and he indicated that the land rent market is still soft. He noted that low return investments currently yield only 1% to 2%, while commercial loans have interest rates of 5% to 6%. He said land investors want 6% to 8% return in the current market for land leases.

Mr. Reel, along with all the real estate professionals contacted for this analysis, said that the intended use of the land significantly affects the rate of return that can be negotiated. He said land that receives entitlements and valuable improvements under the lease agreement that can revert to the landowner would result in a lower lease rate. He further indicated that good location where demand for the land exists affects the lease rate, and full payment upfront of the lease rent will lower the rate. Mr. Reel said he leased a site in Florida where all the rent was paid up front, and the lease rate was low. Mr. Reel uses the rate of return method to establish the lease rate. He said land leases are not occurring frequently enough in the current market to use rent rates per square foot of land as the basis for the land lease rate.

Ron McMenemy with McMenemy Investments indicated land lease rates currently are in the 6.5% to 8% range, and that he uses the rate of return method to establish the lease rate [i.e. (Current Market Value of the Land x the Rate of Return) ÷ 12 months = Land Lease Rent per Month]. He said the percentage rate of return depends on location, the extent of infrastructure in place (such as utilities, streets, etc.), and other variables. He emphasized that rent for outlying and outskirts land would be lower. Mr. McMenemy did a large land lease in late 2011 in the valley at a 6.5% return.

Jeremy Foley with Gatski Commercial indicated a 6% to 8% rate of return for a power substation type lease is fair. Mr. Foley said the lease rate is dependent on what is going to be put on the land. He said there are lots of variables that affect the lease rate including location, infrastructure in place, the term of the lease, whether rent is paid up front, etc.

D. Kent Boswell with Prudential Americana indicated that 7% to 8% return is the current lease rate range for land. He said the market is still down and land leases aren't occurring much, so lease rates must reflect what the market will bear. He also noted that if a landowner isn't using the land, and no one is interested in leasing it, the asking lease rate obviously needs to be low.

Jennifer Levine with NAI Global emphasized that the market is down, and for two of the sites she was offering for lease, the landowner only wanted to recoup property taxes. She said she leased a 45-acre site in the valley in 2011 at $0.035 per square foot per month. Ms. Levine believed land lease rates possible would be $0.04 per square foot of land per month near the center of town, and half that amount in more outskirts areas.

Keith Spencer with CBRE tries to initiate land leases at a 10% return, but he recognized that market conditions were down. Consequently, his leases have a negotiable rate change within a period of time to reflect the true ongoing condition of the market. Mr. Spencer typically expects to cap the rate change at no more than 20% up or down.

Paul Callister with Allbright Callister and Associates, LLC emphasized that the land rental market was still weak, and he indicated land rentals were seldom occurring. He said landowners try to get what they can for land rentals and land sales. He leased 2.5 acres in the southwest part of the valley in March 2012 at $4,500 per month to Precision Partners, LLC.

Please also note that the real estate brokers and agents indicated that asking rents that are advertised via LoopNet, Property Line, etc. are only asking rents subject to change when potential land lessees come forward. The asking rents range from $.01 to $.62 per square foot per month, but few leases were actually being consummated in the market, and the real estate professional are negotiating what the market will bear.

We did receive recent information during our market research investigations about a 41.46-acre land lease at 750 Terminal Road in New Orleans, Louisiana that supports the rent establishment and rent escalation methodology we are using for this appraisal. The site has rail improvements, and the lessor is The Board of Commissioners of the Port of New Orleans. The lessee is Bulk Resources/LA, and the lease is for 20 years commencing on October 1, 2012 with two renewal options of five years each. The rent is for land only (There is a separate Dock lease at $20 per linear foot per year escalated every five years, with a daily dockage fee as well.). The initial base rent was established based on the underlying land value (based on a recent appraisal), and equates to 8.975% of underlying land value. Rent escalations occur every five years based on the CPI. The methodology for establishing the initial rent and the escalations was indicated to be the historically used methodology as well (Chris Bonura, Director of Real Estate for Port of New Orleans, 504-528-3222).

Also please note that we contacted Korpacz Real Estate Investor Survey and Real Estate Research Corporation to see if they had any surveys of ground rent lease rates, and they said no.

Rate of Return Reconciliation

After reviewing all of the above, and given the still recovering real estate market, we have concluded to a rental rate of 8.0% per year. The rate is in line with the local market currently. Therefore, the February 14, 2015 opinion of the annual fair market rent for the subject property is summarized as follows:

Identification	Market Value				Annual Fair Market Rent
2,596-AC Site	$7,000,000	x	.08	=	$560,000
1,629-AC Site	$4,400,000	X	.08	=	$350,000*

* Rounded

The above opinion of rent assumes a typical long term, triple net (NNN) ground lease agreement. Non-typical lease terms could affect the opinion of rent.

Ground Lease Market Adjustments Over The Term Of The Lease

With regard to rent escalations for a typical long-term ground lease, we reviewed ground leases detailed as follows:

Location	Type of Property	Acreage	Term of Lease	Rent Escalation
8511 Golf Course Rd Albuquerque, NM	Walmart Center	5.15	20 Yr. NNN 15, 5-yr Options	5% at each option
3055 Murphy Canyon Rd San Diego, CA	Holiday Inn	2.28	99 Yr. NNN	Adjustment every 4 years CPI
Bear Creek Crossing Petrosky, MI	Aldi Food Market	2.86	20 Yr. NNN	7% increase every 5 years
500 N. Ventu Park Rd Thousand Oaks, CA	Chase Bank Branch	1.46	20 Yr. NNN	10% increase every 5 years
O'Hare Airport Chicago, IL	TGI Fridays Restaurant	0.42	12 Yr. NNN 4, 5-yr Options	10% increase every 5 years
5630 W. Touhy Ave Niles, IL	Walmart Center	9.80	25 Yr. NNN 7, 10-yr options	10% 1st Option 5% Options 2-7
121 N. Pioneer Rd. Fond du Lac, WI	Buffalo Wild Wings Restaurant	1.88	10 Yr. NNN 4, 5-yr Options	10% increase every option
118 E. New Circle Rd Lexington, KY	CVS Pharmacy	1.86	25 Yr. NNN 6, 5-yr Options	5% increase every option
Rural Markets Nationwide	Tractor Supply	4.20	15 Yr. NN	10% increase every 5 years
Nationwide	Family Dollar	0.60 to 1.50	10 Yr. NNN	10% increase every 5 years
Nationwide	McDonalds	1.10	20 Yr. NNN	10% increase every 5 years
Nationwide	Bank of America	1.00 to 1.50	15-20 Yrs. NNN 5, 5-yr options	10%-12% increase every 5 years
Nationwide	Shell Oil	0.75	20 Yr. NNN	10% increase every 5 years

The above listed ground leases provide the typical range of lease terms and lease renewal options. The typical range of rent escalations is also shown, and the large ground leased sites for Walmart and Tractor Supply have longer lease terms. Walmart rent escalations are applied at the beginning of each 5- to 10-year lease option at 5% to 10% at each option, equating to .5% to 1% per year. Smaller ground lease tenants typically have 5-year lease options to renew with 10% rent increases at each renewal option, equating to a 2% increase per year.

It is emphasized that although the rate of return rent formula for establishing initial rent is pretty constant, we have seen a variety of rent escalation methodologies to adjust the rent over subsequent years. Effectively, all rent escalations are intended to cover at least inflation (i.e. escalations based on increases in the consumer price index, CPI, with some not to exceed 2% to 3% per year). Some escalations are applied annually, and others are applied every five years at 10% to as high as 15%. Typically, smaller properties tend to have rental rates increase at the CPI, and larger corporate leases tend to increase 10% every five years. The subject property falls in line with the latter more corporate leases at 10% every five years.

Certification

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

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, impartial, and 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 no personal interest with respect to the parties involved.

4. Kendal Stewart has not provided previous services, as an appraiser, regarding the property that is the subject within the three-year period immediately preceding acceptance of this assignment. Matthew Lubawy, MAI, CVA, CMEA has not provided previous services, as an appraiser or in any other capacity, regarding the property that is the subject within the three-year period immediately preceding acceptance of this assignment.

5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

8. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

9. Kendal Stewart has personally inspected the subject property. Matthew Lubawy has not personally inspected the subject property.

10. No one provided significant real property appraisal assistance to the appraisers signing this certification.

11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice (USPAP).

12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

13. As of the date of this report, Matthew Lubawy has completed the continuing education program of the Appraisal Institute.

Kendal Stewart
Senior Appraiser
Nevada License #A.0002588-CG
License Expires April 30, 2015
kstewart@valbridge.com

Matthew Lubawy, MAI, CVA, CMEA
Senior Managing Director
Nevada License #A.0000044-CG
License Expires April 30, 2015
mlubawy@valbridge.com