APPRAISAL UPDATE OF
REAL PROPERTY

HERITAGE FIELDS MASTER-PLAN
(formerly Marine Corp Air Station El Toro)
Irvine, California 92618

IN A SUMMARY
APPRAISAL REPORT
As of April 1, 2008

Prepared For:

Lehman Brothers
Real Estate Mezzanine Partners
399 Park Avenue, 11th Floor
New York, New York 10022

Prepared By:

Cushman & Wakefield of California, Inc.
Valuation Services, Capital Markets Group
1750 Fifth Avenue, 4th Floor
San Diego, California 92101
Original C&W File ID: 07-31028-9175
New C&W File ID: 08-31028-9067

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May 21, 2008

Mr. Andrew Dillenburg
Lehman Brothers
Real Estate Private Equity
399 Park Avenue, 11th Floor
New York, New York 10022

RE: Heritage Fields Master-Plan (2,107± Gross Acres)
Irvine, California 92618
Original C&W File ID. 07-31028-9175
New C&W File ID. 08-31028-9067

Dear Mr. Dillenburg:

Cushman & Wakefield of California, Inc. previously conducted a real property appraisal of the Heritage Fields master-plan project (formerly Marine Corp Air Station El Toro) in El Toro, California as more particularly detailed in the self-contained narrative appraisal report (C&W File No. 07-31028-9175), dated July 20, 2007, and prepared for Lehman Brothers. Lehman Brothers has requested an update of said appraisal and valuation conclusions, the findings of which are presented in the attached summary appraisal report. The appraisal update was performed with sufficient detail and scope to meet the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and the appraisal requirements of FIRREA.

For this update, the prior appraisal is incorporated by reference as to specified information, analyses, and conclusions. It is recommended that the readers of this report have available a copy of the previous appraisal for reference. The appraisal update was prepared to estimate the market value "as is" of the subject property as of April 1st, 2008. The intended use of this report is for the client, Lehman Brothers, for loan underwriting. It may be used in connection with the acquisition, disposition, and/or financing of the property appraised.

As currently proposed, Heritage Fields will consist primarily of residential, parks/recreation, golf course, and R&D land uses. Other non-residential elements are to include educational facilities, medical office, office, auto-center, retail, commercial, exposition, and agriculture. Proposed are 4,895 residential units in a wide variety of products and including 4,291 market-rate and 604 non-market rate units.

I, Brian J. Curry, MAI, SRA, made an inspection of the property, gathered and analyzed considerable data and information having a bearing on its value. My findings are submitted in this summary report. Based on my investigation and analyses, it was my opinion that as of April 1, 2008, the market value "as is" as defined herein, representing the fee simple interest in this property and subject to the assumptions as set forth within the body of this report, was as follows:

$790,000,000
Seven Hundred Ninety Million Dollars
Date of Value – April 1, 2008

The appraiser recognizes the assistance of Tim Garey, Michele Kauffman, Chris Kelsey, and Lori Matzke, all appraisers with Cushman & Wakefield, in various analyses, valuation, and final report preparation.

As the subject is a master-planned community, the valuation methodology incorporated land use and cost assumptions. Of significant importance is that the appraisers relied upon the proposed land use and development cost budgets provided by the master developer. Further, recommendations from a cost review study conducted by Developers Research were also incorporated into the analyses. It was assumed that the submitted project land use, costs, and reimbursements were accurate for use in this analysis. Please reference the Extraordinary and General Limiting Conditions section of this report regarding additional assumptions relevant to the analyses and valuation conclusions contained herein.

This report contains a total of 61 pages plus Addenda, which is a required portion of this report. The appraisal was prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Foundation, the regulations adopted by the Office of the Comptroller of the Currency; and the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute.

This appraisal report was prepared for use by Lehman Brothers. The appraisers and Lehman Brothers make no express or implied representation or warranty of any kind, and expressly disclaim any liability to any other person or entity with respect to the appraisal report. Again, the reader of this report is advised to give special attention to the Extraordinary and General Limiting Conditions upon which the valuation analyses and conclusions were drawn.

I appreciate the opportunity of submitting this summary appraisal report. Please call if I may be of further service.

Respectfully submitted,

Brian J. Curry, MAI, SRA
Certified General Real Estate Appraisers
OREA No. AG003374-Expires February 23, 2010

CERTIFICATION STATEMENT

I certify that to the best of our knowledge and belief:

1. the statements 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. I 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. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. my engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors 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;
7. the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan;
8. my analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice;
9. 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 Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice;
10. that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
11. I, Brian J. Curry MAI, SRA, made a personal inspection of the property that is the subject of this report;
12. Tim Garey, Michele Kauffman, Chris Kelsey, and Lori Matzke, all appraisers with Cushman & Wakefield, provided significant professional assistance to the person signing this certification;
13. as of the date of this report, I, Brian J. Curry, MAI, have completed the continuing education program of the Appraisal Institute;
14. I hereby certify that I am competent to complete the appraisal assignment. The reader is referred to the appraiser's qualifications contained in the report Addenda;
15. the date of market value "as is" was April 1, 2008; and the date of appraisal report was May 21, 2008.

Brian J. Curry, MAI, SRA
Certified General Real Estate Appraisers
OREA No. AG003374-Expires February 23, 2010

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SCHEDULE OF MAPS/EXHIBITS

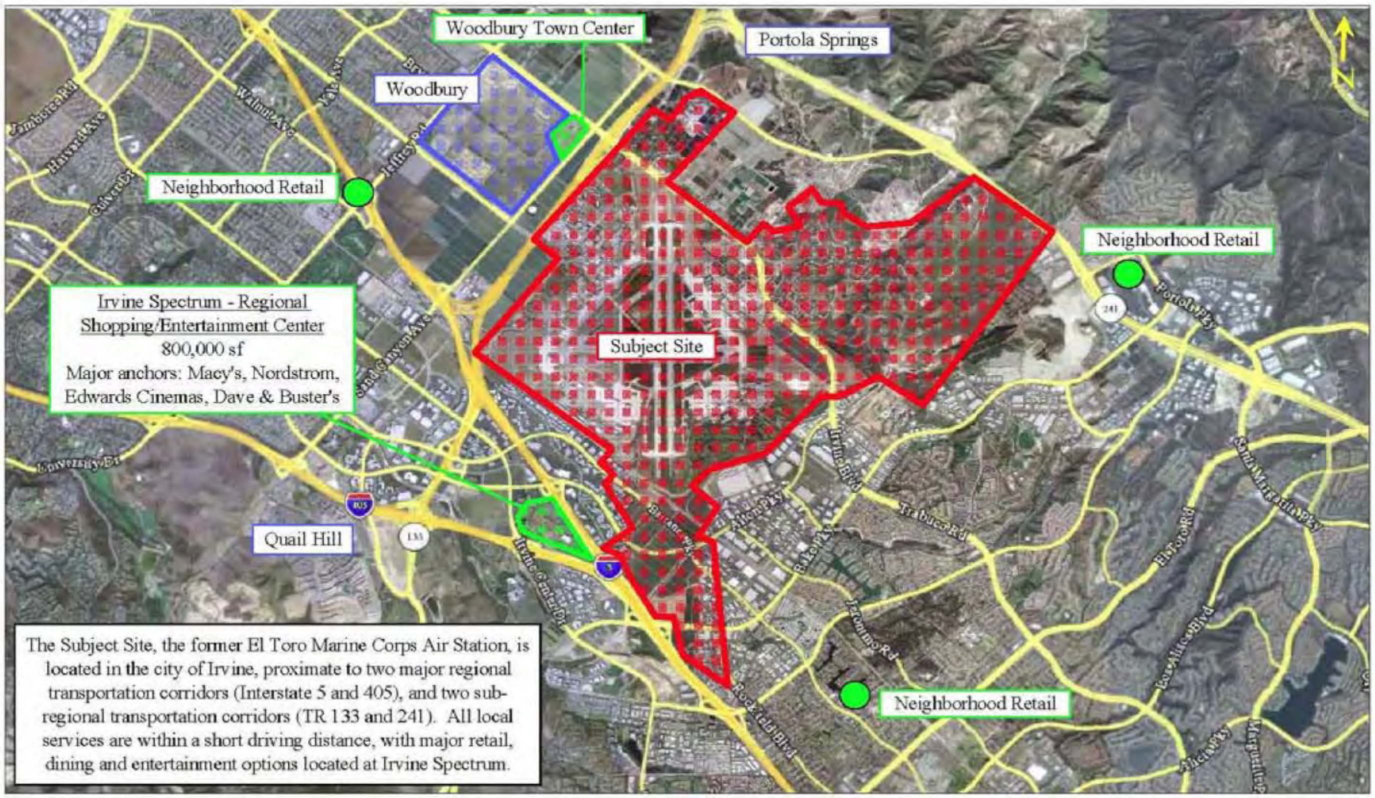
ADDENDA

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY:	The subject property encompasses the proposed Heritage Fields master-plan in El Toro, California. Heritage Fields represents the redevelopment of the former Marine Corps Air Station El Toro and generally located north of Interstate 5, south of Portola Parkway and Irvine Boulevard, west of Alton Parkway and east of Highway 133. As currently proposed, Heritage Fields will consist primarily of residential, parks/recreation, golf course, and R&D land uses. Other non-residential elements are to include educational facilities, medical office, office, auto-center, retail, commercial, exposition, and agriculture. Proposed are 4,895 residential units in a wide variety of products and including 4,291 market-rate and 604 non-market rate units.
OWNERS OF RECORD:	Heritage Fields LLC
OWNERSHIP INTEREST:	Fee simple estate
DESCRIPTIVE DATA:	Site Area (Gross Acres) 2,107± (Per Developer) Site Area (Net Saleable Acres) 2,086± (Per Developer) Thomas Bros. Map: 861 A6-J4; 891 C1-D4. Development Agreement: Ordinance No. 05-10 Tract Map: Vesting Tentative No. 17008
MARKET VALUE "AS IS":	$790,000,000
DATE OF VALUE:	April 1, 2008
EXPOSURE & MARKETING PERIOD:	Market Value "As Is": 12 Months
DATE OF REPORT:	May 21, 2008
APPRAISERS:	Brian J. Curry, MAI, SRA Lori Matzke Chris Kelsey Michele Kauffman Tim Garey **Cushman & Wakefield of California, Inc.** Valuation Services, Capital Markets Group 1750 Fifth Avenue, 4th Floor San Diego, California 92101 Phone: (619) 241.7723 Fax: (619) 744.4041 Email: brian.curry@cushwake.com

EXHIBIT III-1

SUBJECT SITE LOCAL SETTING
IRVINE, CALIFORNIA
APRIL 2007



Source: Google Pro

96147.22 Maps.xls: Loc

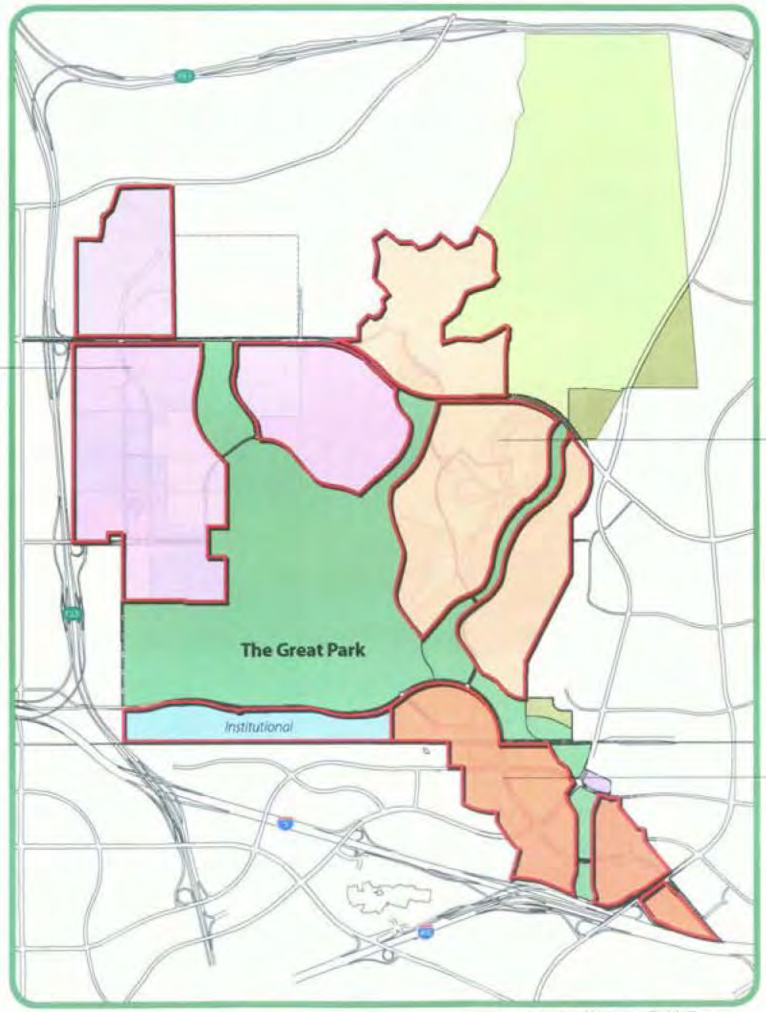
THE CONCORD GROUP

PROPOSED HERITAGE FIELDS DISTRICTS

VISION

A Framework of Districts

The Lifelong Learning District
The Lifelong Learning District is envisioned as a mixed-use district with uses including education, research and development, office, retail and senior housing. At completion, the Lifelong Learning District will provide an array of art, culture, sports, recreation, nature and multiple living and work venues, all as a Gateway to the Great Park, and all facilitating the journey of lifelong learning.



Proposed Heritage Fields Districts

The Park District
This residential district of intimate neighborhoods is formed around the regional open space corridors of the Great Park, a large golf destination, a forest of mature trees, and a natural appearing lake, which supports outdoor pursuits of sailing, fishing, and nature walks. The community is specifically and uniquely designed as a "heritage" community presenting recreation lifestyle facilities.

The Transit Oriented District
The Transit-Oriented Development District (TODD) is envisioned to be a transit-oriented living environment centered around the Irvine Train Station. It will be a mixed-use, pedestrian-oriented, gateway to the Great Park.

SECTION 1 | INTRODUCTION AND VISION 5

EXTRAORDINARY ASSUMPTIONS

1. The appraisers relied on land development cost and reimbursements estimates provided by the developer and Developers Research. It was assumed that the costs were reasonably true and correct. Any substantial changes in the cost estimates could have an effect on the value conclusions and the feasibility of development. It was assumed that competent and professional engineering has been completed and that the cost estimates were prepared by a qualified, professional service. A copy of the developer's pro forma with estimated costs is included the Addenda. Note that individual planning area intracts and fees have been revised from those presented in the developer's business plan. Revised intracts and fees, per a more recent schedule, were those incorporated into individual planning area buildout residual analyses.

2. The developer provided the appraisers with a land development pro forma. The pro forma presented land sale revenues, critical path, etc. that may have been relied upon for this appraisal. It was assumed that information in the pro forma, and subsequent "verbal" updates by the developer, was reasonably true and correct. Note that any substantial changes in the estimates would have an effect on market value conclusions. A copy of the developer's pro forma is included the Addenda.

3. It was assumed that the subject site is of a physical and legal nature that would allow for the development of all residential and non-residential property types as presented in the developer's latest business plan. Further, it was assumed that approval of the density bonus program under the affordable housing guidelines will be approved as proposed resulting in the unit yield provided.

4. It was assumed that land development of the subject property will proceed as currently proposed with no substantial delays due to legal consequences, lack of adequate infrastructure, utilities, etc.

5. This appraisal report was prepared for use by Lehman Brothers. The appraisers and Lehman Brothers make no express or implied representation or warranty of any kind, and expressly disclaim any liability to any other person or entity with respect to the appraisal report.

6. The property, being a former US Navy facility, includes several so-called LIFOC (Lease In Furtherance of Conveyance) parcels which will be conveyed to the developer subsequent to final environmental clearance hurdles. This protocol is standard in base realignment and disposition scenarios such as the Heritage Fields project. It was assumed that environmental clearance and conveyance will proceed with no substantial obstacles that would alter the development plan as currently proposed by the master developer.

7. Acceptance of, and/or use of this report constitutes acceptance of the above extraordinary assumptions.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

1. The property benefits from an approved vesting tentative tract map. This is typical of master-planned communities in the area and not anticipated to unduly hinder the subject's development as proposed. It is recommended that the client have available a copy of the Tentative Map(s) Conditions of Approval and Development Agreement and retain appropriate legal council to review said document to assess the impact of the Conditions in their lending decisions.

2. The developer provided a title report (Order No. 7002439-23) prepared by First American Title Company, dated December 7, 2006. There were numerous listed exceptions, primarily utility easements. No significant adverse easements, conditions, or encroachments, which were deemed to have a substantial impact on value, were noted upon review of the report or during the onsite inspection. The property was appraised assuming clear title and no unknown adverse easements or encroachments. A full title review is recommended.

3. The property rights appraised were the fee simple interest. It is recognized there are several short-term leases for older properties on the property. We have not specifically analyzed said leases.

4. The appraisers relied on various information provided by the County of Orange, Lennar, The Concord Group, Hanley Wood, REIS, Developers Research, Burns Real Estate Consulting, and others. All of said information was assumed reasonably true and correct.

5. Individual residential planning area values incorporated hypothetical product line assumptions, which is typical of master-planned communities. No guarantee can be made as to eventual specific product constructed in each respective neighborhood. However, it was assumed that the planning areas/parcels would be developed with product relatively similar to that of the assumed hypothetical product.

6. The appraisers were provided copies of Soils, Hazardous Waste, Geotechnical, Environmental site assessment reports prepared by various individuals and/or professional services. Per the studies, there were no soils, hazardous waste, geotechnical, or environmental conditions that would preclude development as proposed. It was assumed that all mitigation measures can be accomplished per the provisions found in the Environmental Impact Report. Further, it was assumed that any and all costs of potential mitigation measures, the responsibility of the master developer (buyer), have been discovered and included in the developer's cost budget. For further details, it is recommended that the reader refer to a copy of the Environmental Impact Report.

7. All exhibits included in this report, including all maps, are for illustrative purposes only. The appraisers make no guaranty as to the absolute accuracy of the boundaries depicted on any map, or the exact location of any properties illustrated on any exhibit.

8. No responsibility was assumed for the legal description or title considerations. Title to the property was assumed to be good and marketable unless otherwise stated.

9. The property was appraised free and clear of any or all liens or encumbrances unless otherwise stated.

10. Responsible ownership and competent property management were assumed.

11. The information furnished by the client and others was believed to be reliable. However, no warranty is given for its accuracy.

12. All engineering was assumed to be correct. The sketches and maps in this report were included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, were included for the same purpose and were not intended to represent the property in other than actual status, as of the date of the photos. Site plans were not surveys unless shown from separate surveyor.

13. It was assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility was assumed for such conditions or for arranging for engineering studies that may be required to discover them.

14. The appraisal was based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report. Further, that all applicable zoning, building, and use regulations have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report. Further, it was assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority, local, state, federal and/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.

15. It was assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there was no encroachment or trespass unless noted in the report.

16. The distribution, if any, of the total valuation in this report between land and improvements applied only under the stated program of utilization. The separate allocations must not be used in conjunction with any other appraisal and are invalid if so used.

17. Possession of this report or any copy thereof does not carry with it the right of publication. 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 appraisers, and in any event only with the proper written qualification and only in its entirety.

18. The appraisers herein by reason of this appraisal 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 made.

19. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraisers 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 appraisers.

20. The value estimate provided in the report applies to the entire property, and any proration of the total into fractional interest will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.

21. No responsibility was assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical, or engineering nature. No opinion was rendered as to the title, which was presumed to be good and merchantable. The property was appraised as if free and clear, unless otherwise stated in this report. The legal description was assumed to be correct as used in this report as furnished by the client, his designee, or as derived by the appraisers. It was assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility was assumed for such conditions or for arranging for engineering studies that may be required to discover them. This would include subsoil conditions that are either

expansive or restrictive to development, hazardous or toxic waste conditions due to chemical storage or leaks of underground tanks or onsite chemical use. The appraisers assumed no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard or earthquake insurance.

22. Any proposed improvements were assumed to have been completed unless otherwise stipulated; any construction was assumed to conform to building plans referenced. The appraisers assumed that the reader or user has been provided with copies of available building plans and all leases and amendments, if any, encumbering the property.

23. The forecasts, projections, or operating estimates contained herein were based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are subject to changes in future conditions.

24. The appraisers may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client, legal authorities via subpoena, or the Appraisal Institute.

25. Acceptance of, and/or use of this appraisal report constitutes acceptance of the above conditions.

GENERAL INFORMATION

PROPERTY IDENTIFICATION / LEGAL DESCRIPTION

The subject property encompasses the proposed Heritage Fields master-plan in Irvine, California. Heritage Fields represents the redevelopment of the former Marine Corps Air Station El Toro and generally located north of Interstate 5, south of Portola Parkway and Irvine Boulevard, west of Alton Parkway and east of Highway 133. A full legal description of the property may be found in the title report in the original report Addenda.

STATEMENT OF OWNERSHIP

According to the developer, as of the date of value, title to the estate, or interest, was vested in the name of Heritage Fields, LLC. Title was held in fee.

DATE OF APPRAISAL / DATE OF REPORT

The date of market value "as is" was April 1, 2008. The date of appraisal report was May 21, 2008.

INTENDED USE / INTENDED USER

The appraisal was prepared to estimate the market value "as is" of the subject property. The intended use of this report is for the client, Lehman Brothers, for loan underwriting. It may be used in connection with the acquisition, disposition, and financing of the sale of the property. This appraisal report was prepared for use by Lehman Brothers. The appraisers and Lehman Brothers make no express or implied representation or warranty of any kind, and expressly disclaim any liability to any other person or entity with respect to the appraisal report.

SCOPE OF WORK

The client requested a comprehensive appraisal reported in a summary update narrative report. The appraisal was prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Foundation; the regulations adopted by the Office of the Comptroller of the Currency; the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute; and Lehman Brothers Appraisal Guidelines. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. Note that the client specifically requested a summary appraisal report. Additional analyses and pertinent information is retained in the appraisers' files.

The property was last inspected in March 2008. The developer, Lennar, provided pertinent information regarding the project, including title report, development agreement, proposed land use plan, lot/planning area exhibits, Environmental Impact Report, Design Guidelines, Tentative Map, business plan, revenue/costs pro forma, and other general information regarding the subject. Regional, city, and neighborhood data were based on numerous public and private sources, published studies, reports, and articles. The regional, city, and neighborhood descriptions were also based on a physical inspection by the appraisers. Site and improvement data were based on physical inspection of the subject, as well as plans, studies, assessor's records, budgets/schedules, and exhibits provided to the appraisers.

In estimating the highest and best use for the property, an analysis was made of the data compiled in the above noted steps. Furthermore, a study and analysis of the residential and commercial markets in the subject area was performed to determine the financial feasibility and maximally profitable use of the proposed community. In additional to documentation provided by Lennar (i.e. business plan; cash flows; etc.) data was collected from Comps Incorporated, Hanley Wood, The Concord Group, Burns Real Estate Consulting, Developers Research, in-house materials, and other sources. The following documents/reports were provided and reviewed. Said documents are retained in the appraisers' file. It is assumed that the intended user of this report has similar documentation for reference.

SUPPLEMENTAL DOCUMENTS ***Heritage Fields (El Toro MCAS)***		
Item	**Provider**	**Dated**
Heritage Fields Demand & Absorption Analysis	John Burns Real Estate Consulting	31-Mar-08
Residential Market Update and Product Program Validation	The Concord Group	27-Feb-08
Market Update for the Commercial Office Development Opportunity In Heritage Fields	The Concord Group	25-Feb-08
Heritage Fields Density Bonus Request	Legal Abstract	10-Apr-08
Heritage Fields Requirement to pay the Supplemental Development Agreement Fee	Legal Abstract	16-May-08
Heritage Fields Schedule of Initial Lot Deliveries (2009)	Developers Research	Undated
Heritage Fields Cost Cash Flow (Quarterly)	Developers Research	Undated
Heritage Fields Variance Summary	Developers Research	28-Apr-08

The appraisers confirmed all sales, market, and/or other data used in the report with one or more persons and focused the data search on the subject's sphere of influence. Persons contacted included buyers, sellers, brokers, property developers, public officials, and others. The data collected and confirmed has been reported to an extent sufficient for the particular appraisal problem involved. After assembling and analyzing the data defined in the scope of the work, a final estimate of market value was made.

In the valuation process, three approaches to value are typically used. The cost approach requires an analysis of sales of similar parcels into an estimate of market value for the subject site. An estimate is then made as to the cost to replace the subject's improvements at today's costs using reliable sources of cost data. Depreciation or obsolescence from all causes is estimated based on the experiences of similar properties. This is then deducted from the replacement cost if new to arrive at the present worth of the improvements and the site. In analyzing the property, the appraisers performed static and yield residual analyses of the subdivision development method for residential product. This methodology is essentially an inverse cost approach analysis used by investors/builders analyzing a probable purchase price for the subject after deducting the appropriate costs for all other agents of production. Therefore, a cost approach analysis was inherently performed by the appraisers in the valuation of the subject.

In the income approach, the property's ability to generate net operating income is fully analyzed. The basis of this approach is founded on the principle of discounting the anticipated flow of future benefits into a present value indication. A variation of the income approach and cost approach, the development method**,** was used to estimate the market values of the various residential planning areas/parcels. This method provided estimates of the market value as finished superpads by estimating aggregate retail sales proceeds from proposed improvements and deducting profit and expenses in an appropriate manner. The development method accounts for the cost to develop the homes and all expenses, including a profit factor for the risk involved. A static residual model and yield analysis discounted cash flow (DCF) were used for this procedure. For the yield analysis, the periodic net revenues are discounted to determine the present worth of the future income stream after deducting development costs, costs to complete, and expenses. The sum of the discounted net incomes results in the estimated market value of the planning area (land). The static model incorporated the features of the yield model, but was presented in a cumulative line format. After the market values “at completion” of the residential planning areas/parcels were estimated, these figures were inputted into a larger master discounted cash flows to estimate the “as is” market value for the entire property.

For land, the sales comparison approach is typically deemed the most appropriate. The sales comparison approach involves the comparison of sales, listings, expired listings, offers, etc. of properties to the subject (comparables) to indicate and provide a basis for determining its value. Adjustments and/or comparisons of the comparables are made to the subject relative to differences or similarities in property rights conveyed, financing, sale conditions, market conditions, location, legal, and physical characteristics. The basis for the adjustments and/or comparisons is generally formulated from data which indicate reactions of buyers and sellers to these differences. A range of adjusted values for the subject is usually found in this approach. The appraisers must correlate the range into a final indicated value by selectively rating the comparables as to their overall comparative values.

The sales comparison approach was used in estimating the market value of the individual non-residential subject planning areas/parcels. Due to the lack of relevant recent residential land sales data, the sales comparison approach was not utilized in valuating the residential planning areas. Also, a sales comparison analysis was considered in valuing the entire property. Said analysis would involve comparing larger master-planned community land sales to the subject property, adjusting for the various differences discussed above. In that there were few recent master-planned community sales from the larger Orange County area, and each master-planned community varies substantially in physical and financial characteristics (i.e. development potential), this approach had very limited application in this analysis. Additionally, due to the large project size of master-planned communities, most developers/buyers of master-plans analyze the individual component neighborhoods within the master-plans in arriving at a reasonable price for the entire property. Accordingly, the sales comparison approach to the entire master-plan was not deemed appropriate.

For this update, the appraisers reviewed market studies prepared by The Concord Group and Burns Real Estate Consulting. Recommendations from the reports were considered in developing the valuation analyses and conclusions. The appraisers also incorporated cost recommendations from Developers Research, which preformed a complete review of the Lennar cost budgets.

HISTORY OVERVIEW OF SUBJECT PROPERTY

The subject property represents a portion of what was the Marine Corp Air Station El Toro (MCAS El Toro). The decision to close MCAS El Toro was made by the Department of Navy (DON) under the Base

Realignment and Closure Act in July, 1993. Since that time several plans for the reuse of the site have been prepared by various entities including the County of Orange, El Toro Reuse Planning Authority (ETRPA), and the City of Irvine. The current plan, called the Orange County Great Park Plan, is consistent with the concept for reuse of El Toro approved by the voters of Orange County in the March, 2002 initiative (Measure W). The Measure W initiative resulted in the designation of MCAS El Toro for park, open space and other uses and incorporating the site into the City of Irvine.

The purchase of the former Marine Corps Air Station at El Toro took place in early 2005. By way of winning bid via online auction, Heritage Fields, LLC acquired the property for a total purchase price of $649,500,000. The land was subsequently transferred on July 12, 2005 from federal control to Heritage Fields, which voluntarily entered into a Development Agreement with the City of Irvine that guaranteed limited development rights in return for a package of land dedication and fees to be used by the City to develop the Orange County Great Park.

The market value “as is” has been reconciled at $790,000,000, which is higher than the 2005 acquisition price of $649,500,000. A review of the builder’s cost budget indicated $300,000,000± has been expended on the project to-date. Thus, total costs to date, including the land basis, were $950,000,000±. This figure does not include an additional $74,000,000 paid to SunCal Communities as a “redemption fee” to dissolve a partnership and various indirects costs such as property taxes, management, etc. Thus, total expenditures to date are over $1,000,000,000. The property has benefited from extensive cost expenditures and advancement in entitlements since acquisition. On the other hand, residential market conditions have deteriorated considerably since the purchase date in 2005. The appraised value, which is well below the sum of the acquisition basis and costs expended to date, was deemed reasonable given the substantial softening in the market and downward trend in land values.

EXPOSURE AND MARKETING TIME

The estimated market value of the subject was premised on achieving a sale of the project in a reasonable exposure and marketing time. Indications of the exposure time associated with the market value estimate were provided by exposure times of master-planned community land sales in Los Angeles, Orange, Riverside, and San Diego Counties, interviews with participants in the market, and an analysis of general economic conditions. There have been few recent larger land acquisitions in this market as market conditions have softened. In a more active market, exposure times were quoted as typically ranging from three to twelve months depending on the complexity of the property, size of investment, etc. However, Given that the subject is an infill Orange County project and there is potential for future housing demand, it would likely generate substantial interest on part of potential buyers if offered for purchase. However, the large scale of the project, and the significant investment capacity to execute an acquisition of this type, limits the number of qualified buyers. A marketing and/or exposure period of twelve months was deemed reasonable for the larger property “as is.” An acquisition such as the subject property would require a large equity investment. The most probable buyer profile for a project such as the subject would include larger regional and national developers and/or builders, which often joint venture with various equity partners.

PERSONAL PROPERTY, FIXTURES, AND INTANGIBLE ITEMS

The property valued in this assignment did not include any personal property, fixtures, equipment, or intangibles. The contributory value of any such items was not applicable for this assignment and was not reflected in the reported value conclusions, the exception being any non-realty items included in the golf course "at completion" estimate.

DEFINITION OF FEE SIMPLE ESTATE

The property rights of ownership appraised were the fee simple estate. The fee simple title is regarded as an estate without limitations or restrictions and can be defined as:

> *Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*[1]

DEFINITION OF MARKET VALUE

For this assignment, market value can be defined as:

> *The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*
>
> *(1) buyer and seller are typically motivated;*
>
> *(2) both parties are well informed or well advised, and acting in what they consider their own best interest;*
>
> *(3) a reasonable time is allowed for exposure in the open market;*
>
> *(4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and*
>
> *(5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*[2]

DEFINITION OF MARKET VALUE "AS IS"

The scope of this assignment included providing a market value "as is" estimate for the entire property. Market value "as is" can be defined as:

> *The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.*[3]

---

[1]Appraisal Institute, *The Dictionary of Real Estate Appraisal*, (AI, Chicago: 2002), p. 113.

[2] Federal Register, Vol. 55. No. 161, 12 CFR Part 323, Section 323, Page 383, August 20, 1990. Also conforms to: 12 CFR Part 564, which applies to the Office of Thrift Supervision (OTS) of the Department of the Treasury; 12 CFR Part 722, which applies to the National Credit Union Administration (NCUA); 12 CFR Part 34, which applies to the Office of the Comptroller of the Currency (OCC) of the Department of the Treasury; and 12 CFR Part 225, which applies to the Federal Reserve System (FRS); RTC CFR 1608; and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

[3]Appraisal Institute, *The Dictionary of Real Estate Appraisal*, (AI, Chicago, IL: 2002), p. 306.

DEFINITION OF MARKET VALUE "AT COMPLETION"

The scope of this assignment included providing market value "at completion" estimates for the individual planning areas as graded superpads. Prospective market value "at completion" can be defined as:

> *Market value as if complete on appraisal date means the market value of a property with all proposed construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal.*[4]

DEFINITION OF FINISHED LOTS

For this assignment, finished lots can be defined as:

> *A parcel which as legal development entitlements created by a recorded subdivision map and a physical condition which includes fine graded, level building pads with an intract infrastructure abutting the individual lots consisting of asphalt paved right-of-way with concrete curb, gutter, sidewalks and street lighting in addition to necessary wet and dry utilities. With the exception of building permit and plan check fees, the finished lot condition also assumes prepayment of all applicable development fees including school and development impact fees.*[5]

DEFINITION OF BLUE TOP LOTS

For this assignment, blue top lots can be defined as:

> *A parcel which has legal development entitlements created by a recorded subdivision map and a physical condition which includes graded, level "certified" building pads and streets with offsite infrastructure abutting the neighborhood perimeter. A blue top condition would not include street improvements and completed intracts but would include installed utilities in the rights-of-way and stubbed to individual lots.*[6]

DEFINITION OF SUPERPAD

For this assignment, superpad can be defined as:

> *Rough grading of the site to a sheet graded pad within each neighborhood, erosion control landscaping complete on external slopes, and storm drains stubbed to the neighborhood perimeter. Sewer, water and dry utilities are installed in backbone streets and stubbed to the neighborhood perimeter. Backbone streets between neighborhoods are constructed. Any fees, site plans, or other costs associated with construction of improvements are not included.*[7]

DEFINITION OF AGGREGATE RETAIL REVENUES

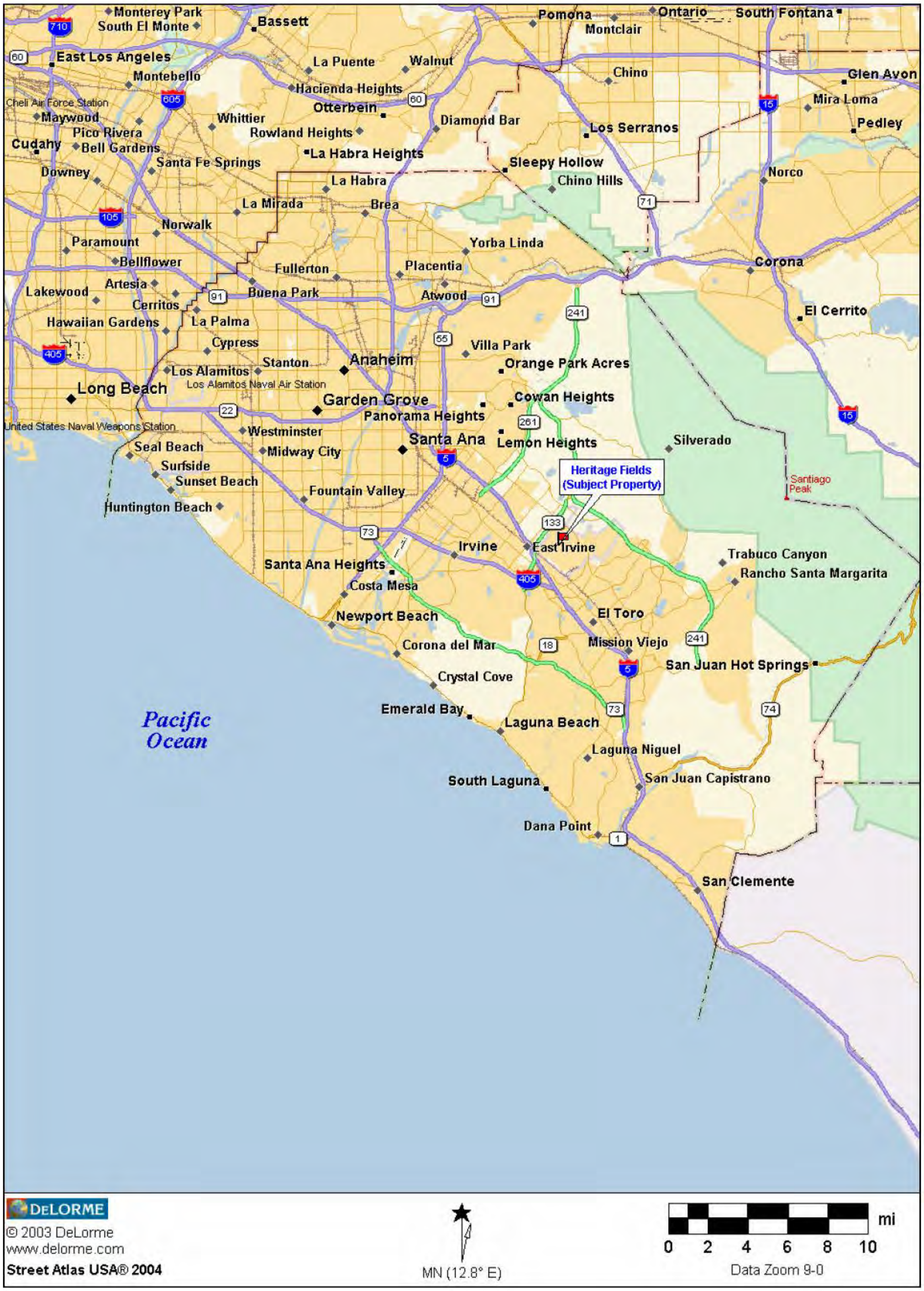
For this assignment, aggregate retail revenues can be defined as:

> *The sum of a number of individual market values of discrete units of realty: e.g., finished sites, condominiums, detached single family residences, individual units in a planned unit development, etc. Aggregate retail revenues* is not *a market value. The basic assumption underlying this value is that each unit will be sold individually at full market (retail) price (i.e., market value) to as many buyers as there are units on the same (effective) date of value. In the market valuation process each unit is individually valued based on market evidence. Then, those individual market values are totaled to arrive at the aggregate retail revenues.*[8]

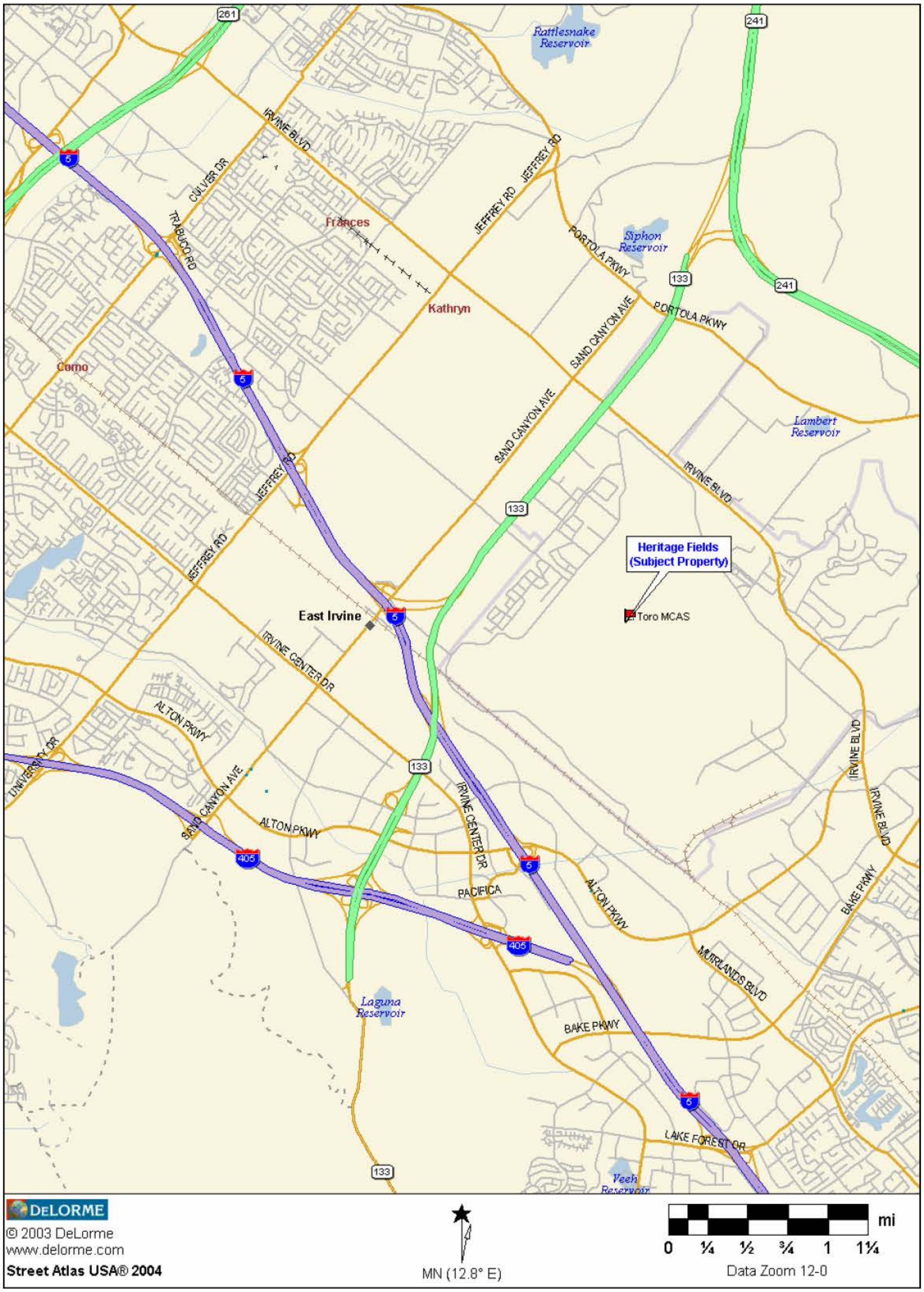
---

[4] Appraisal Policies and Practices of Insured Institutions and Service Corporations, Federal Home Loan Bank Board, "Final Rule", 12 CFR Parts 563 and 571, December 21, 1987.
[5] Cushman & Wakefield – San Diego
[6] Ibid.
[7] Op.Cit.
[8] Cushman & Wakefield – San Diego

REGIONAL MAP



CITY MAP


Rattlesnake Reservoir
Siphon Reservoir
Lambert Reservoir
Laguna Reservoir
Veeh Reservoir
Frances
Kathryn
Como
East Irvine
Heritage Fields (Subject Property)
Toro MCAS
IRVINE BLVD
JEFFREY RD
CULVER DR
TRABUCO RD
PORTOLA PKWY
SAND CANYON AVE
IRVINE CENTER DR
ALTON PKWY
UNIVERSITY DR
PACIFICA
MUIRLANDS BLVD
BAKE PKWY
LAKE FOREST DR
DELORME
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Street Atlas USA® 2004
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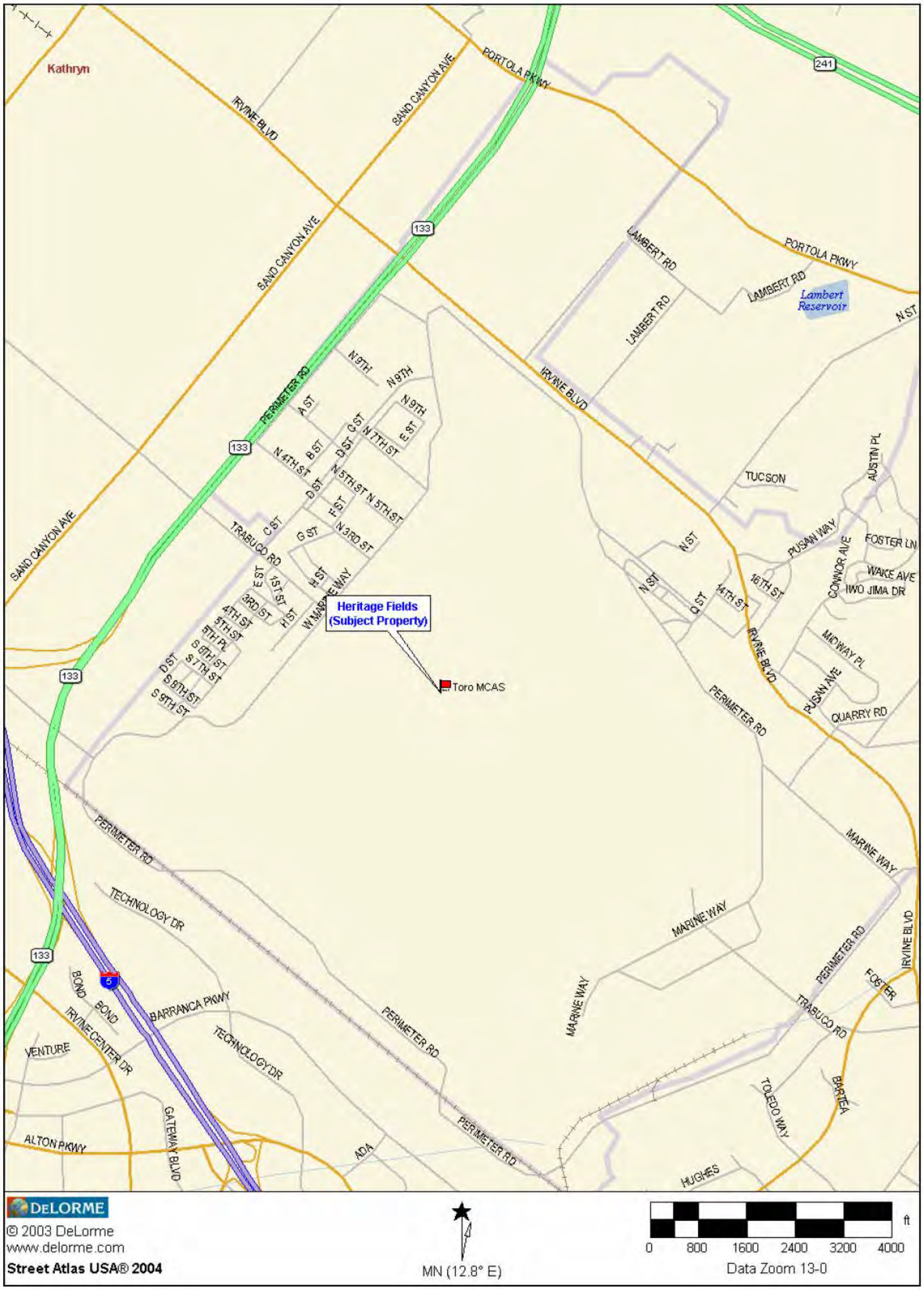
NEIGHBORHOOD MAP

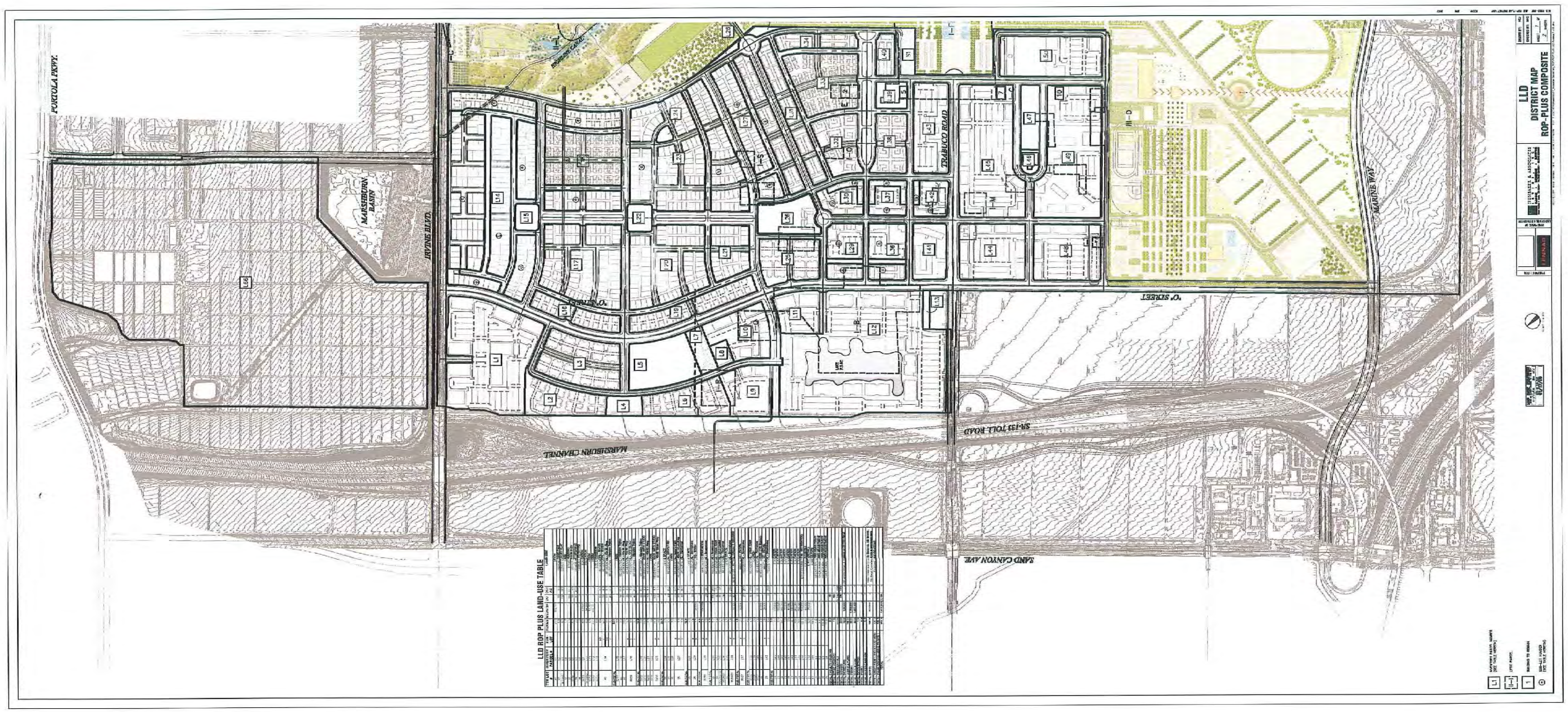


CUSHMAN & WAKEFIELD

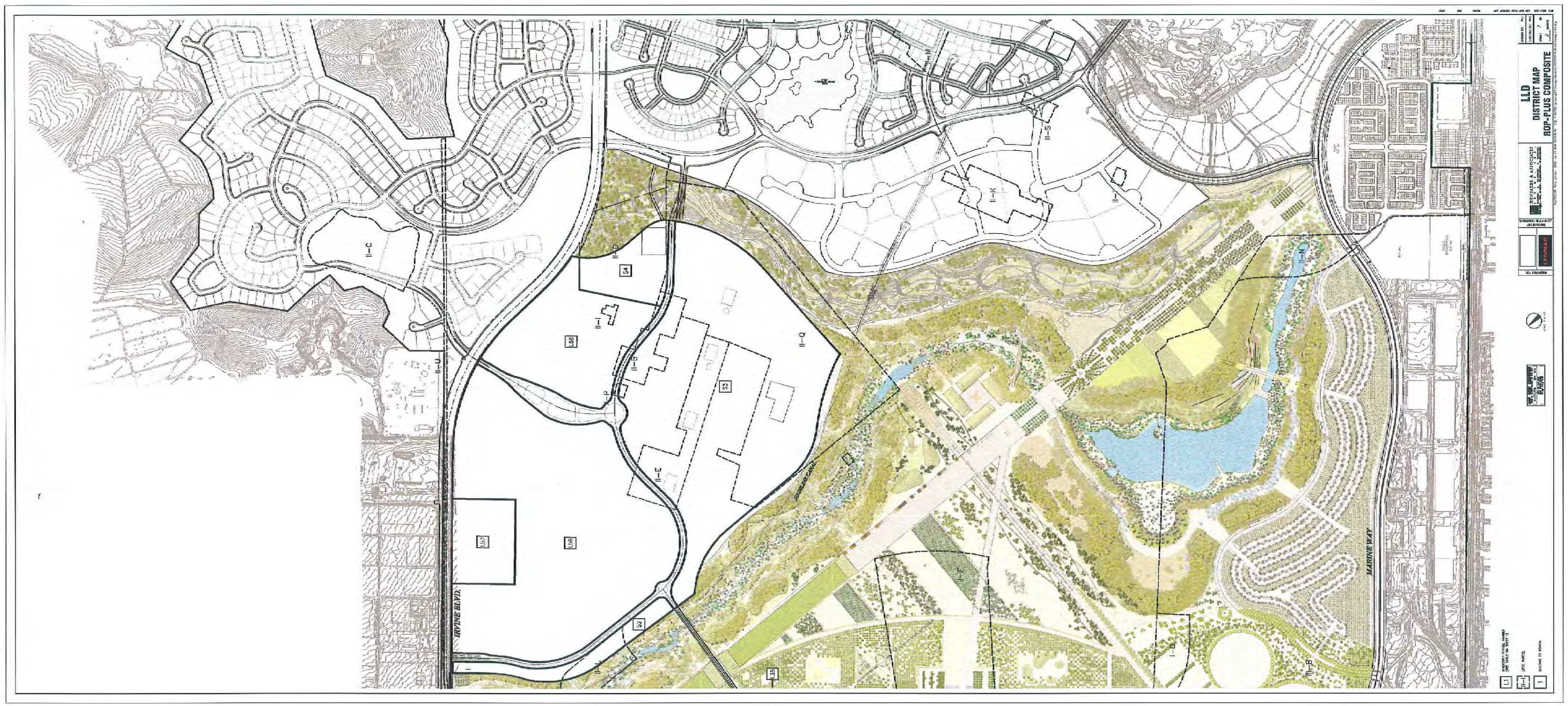
FOIA CONFIDENTIAL TREATMENT REQUESTED BY
LEHMAN BROTHERS HOLDINGS INC.

LBEX-DOCID 2096020

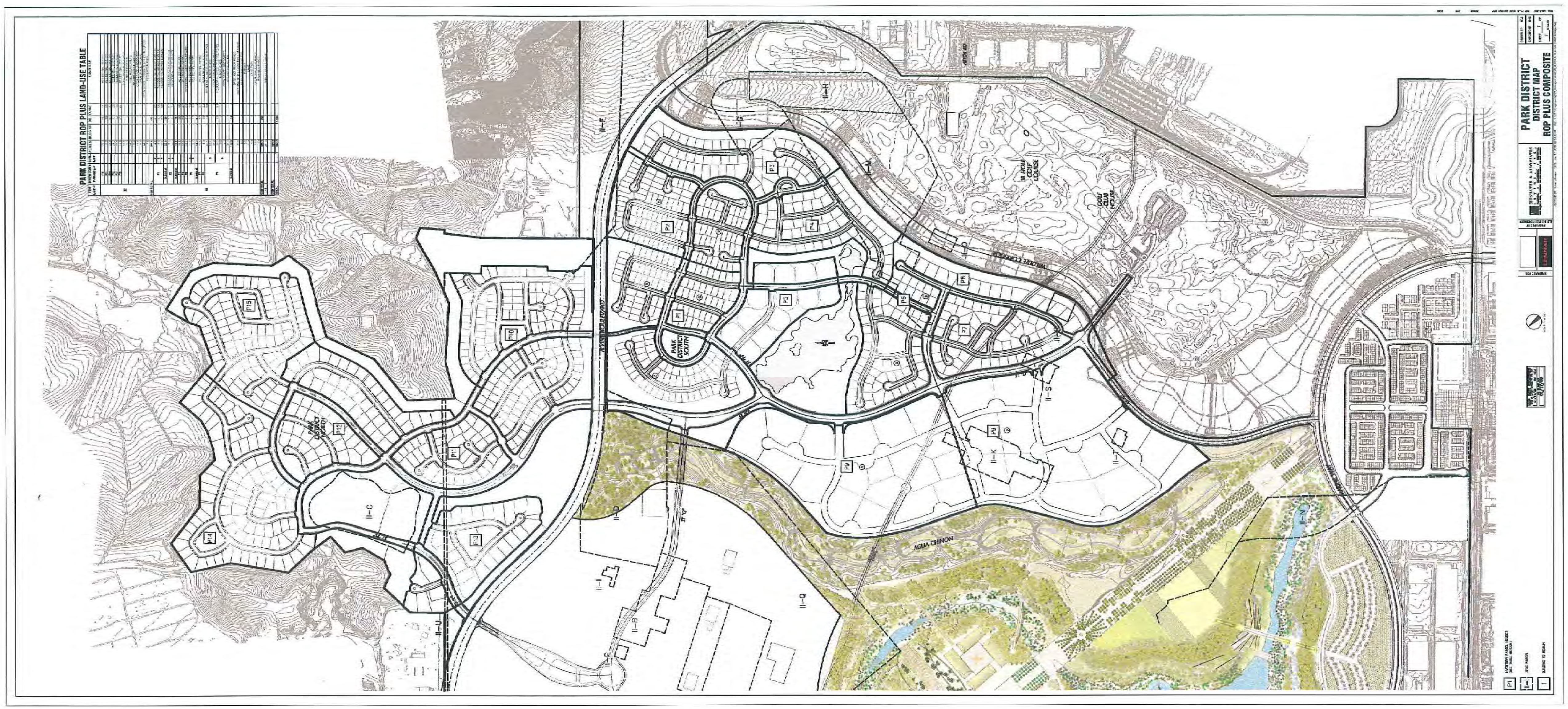
LIFE-LONG LEARNING DISTRICT SITE PLAN 1



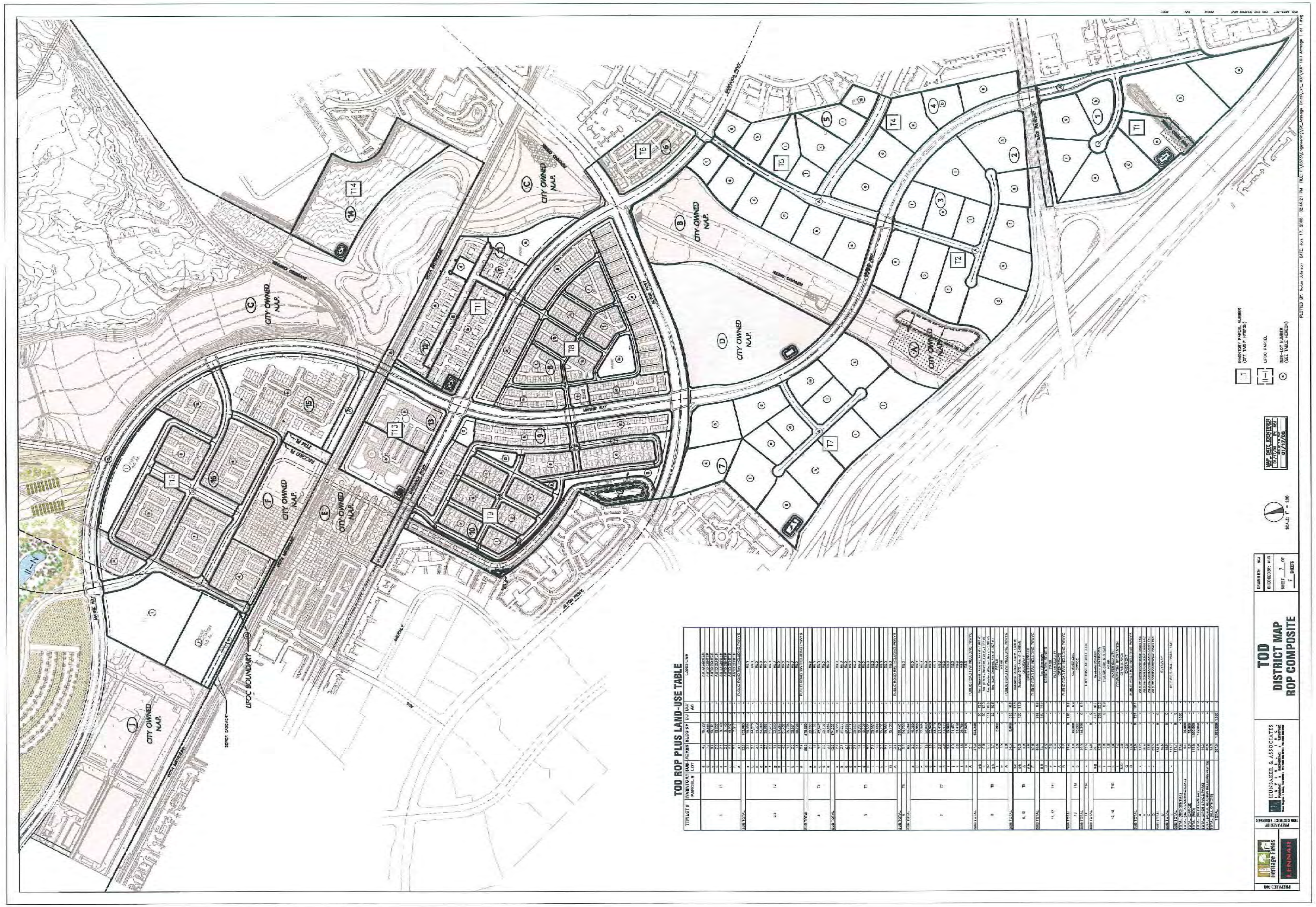
LIFE-LONG LEARNING DISTRICT SITE PLAN 2



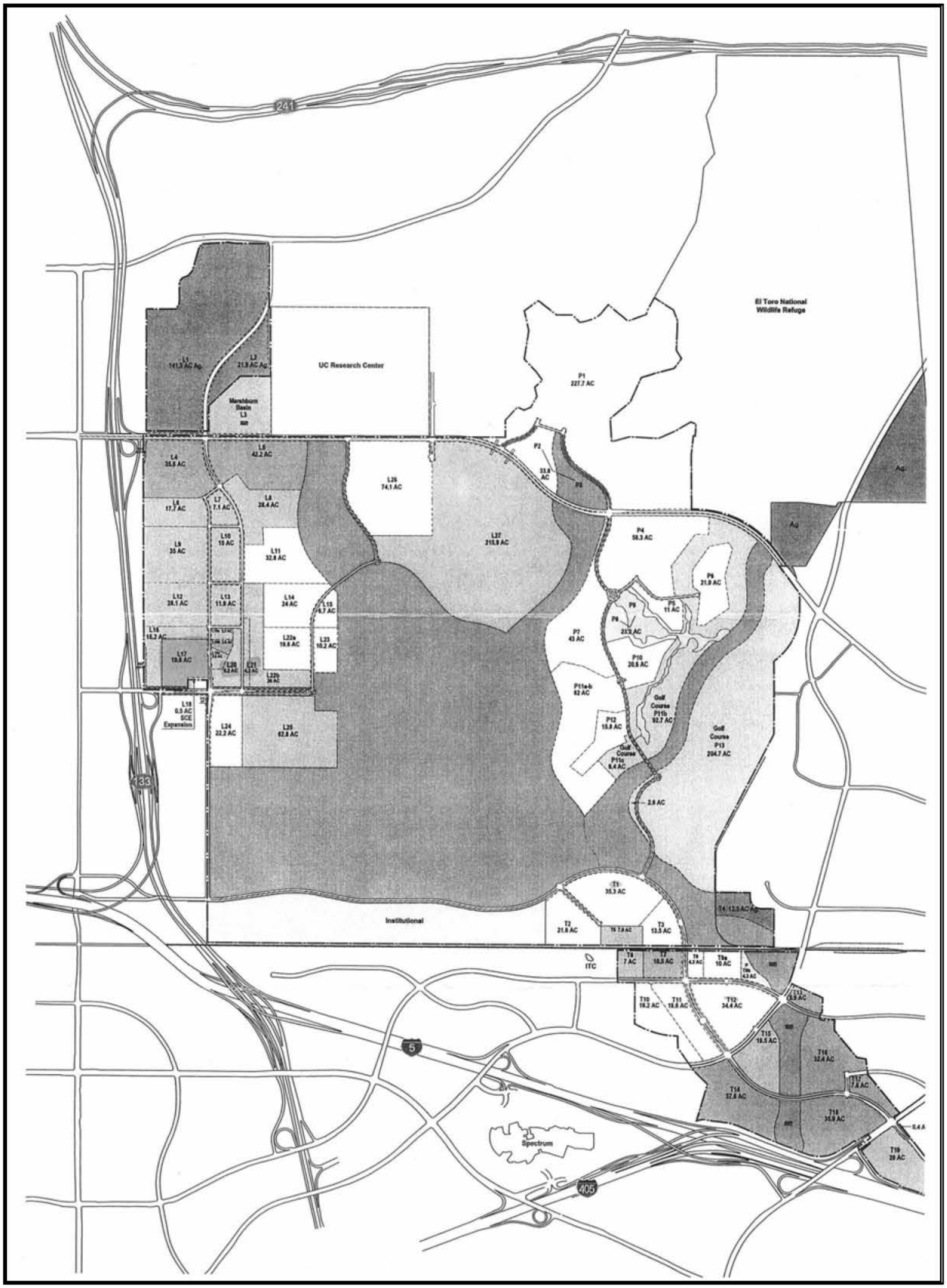
PARK DISTRICT SITE PLAN



TRANSIT-ORIENTED DISTRICT SITE PLAN



MASTER LAND USE PLAN



CUSHMAN & WAKEFIELD.

HIGHEST AND BEST USE COMMENTARY

The appraisers must properly develop highest and best use conclusions of a property from two perspectives: 1) as if vacant, and 2) as if improved as proposed. Highest and best use can be defined as:

> *1. Highest & Best Use - 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.*
>
> *2. Highest & Best Use As Vacant - Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.*
>
> *3. Highest & Best Use As Improved - The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.* [9]

HIGHEST AND BEST USE AS VACANT

LEGAL PERMISSIBILITY

The subject benefits from a Development Agreement and companion discretionary approvals for development of the Heritage Fields master-plan. The proposed, which includes a wide variety of land uses including residential, recreational, park, golf course, commercial, R&D, educational, agriculture, etc. would be legally permissible.

PHYSICALLY POSSIBLE

The topography of the subject property is fairly level. Proposed road improvements and utility connections are in place, adjoin the subject's perimeter, or will be available via extensions from existing mains. Geotechnical investigations indicate that development of the subject is physically possible, provided the conclusions and recommendations of the study are incorporated into planning and construction. Per extensive studies, there are no soils, hazardous waste, geotechnical, biological, environmental, archeological, or paleontological conditions that would preclude development as proposed. Newer development is common in the area and the site was not reported to vary substantially in site characteristics from other improved properties. Thus, to the best knowledge of the appraisers, the legally permitted land uses were physically possible.

FINANCIALLY FEASIBLE

Development of master-plans and entitled land throughout Southern California and Orange County would indicate that an element of profit exists between costs of development and final sale revenues, providing acquisition of land at market prices and development at anticipated construction costs.

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[9] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, (AI, Chicago, IL: 2002), p. 135-136.

As demonstrated in the market value "as is" section, the discounted cash flow indicated a total property value of $790,000,000. Under the 21% IRR assumption, the implied static profit was over $860,000,000. Said profit would equate to 52% of the total costs including the indicated land basis. Note that this analysis was unleveraged. Thus, the actual return on equity, or cash-on-cash, would be higher if the investment was financed. Assuming all costs of development were financed and the land represents the equity contribution, the cash-on-cash return would be 109%. Per a survey of active market participants involved in the acquisition and development of similar properties, these rates of return would be adequate to attract investment into a development project such as Heritage Fields. Note that the profit indicators are for master land development only and *do not* reflect any additional profit from construction of product in the individual planning areas.

MAXIMALLY PROFITABLE

Based on the previous discussion, the Heritage Fields project as proposed (with ongoing revisions to address market standards) was considered to be a market acceptable plan, and would bring the highest return to the land in obtainable revenues (with consideration for the entire master-plan), and is the maximally profitable use of the subject site as vacant. Finally, as previously discussed in this report, the subject's submarket is being developed with new master-planned projects. Considering the current and proposed infrastructure and the trend in development of vacant land in this area, a master-planned community is appropriate and conforming to the area and is the Highest and Best Use of the site as vacant.

HIGHEST AND BEST USE AS IMPROVED OR AS PROPOSED

The proposed land use, per the current and/or pending entitlements, was also found to meet the criteria of Highest and Best Use (see "as vacant" discussion).

MOST PROBABLE BUYER

The most probable buyer of the subject property, "as is," "as proposed," or "as improved," would require a buyer that could support a large equity investment. The most probable buyer profile for a project such as the subject would include larger regional and national developers and/or builders, which often joint venture with various equity partners.

MARKET VALUE "AS IS"

INTRODUCTION

The appraisers first analyzed and valued, in current dollars, the individual planning areas and parcels intended for future land sale revenue events. The resulting "as if complete" market values for these planning areas did not take into account the additional costs of development, primarily on- and offsite land development costs, associated with the entire master development program. In this analysis, the entire property was considered as one holding. Thus, the valuation accounts for the various remaining (as of the "as is" date of value) major backbone infrastructure land development costs, common area costs, master development costs, timing for development, profit in land development, etc. for the entire development as opposed to a single planning area/parcel.

Two methods of valuation to the entire property are typically considered, the sales comparison approach and the development approach. The appraisers first considered the sales comparison approach. The appraisers did not discover any relevant recent larger master-planned land sales in Orange County deemed competitive and reasonably comparable to the subject. Several dated land sales were encountered in Los Angeles, Orange, Riverside and San Diego Counties that were acquired for master-planned development. As individual master-plans involve a unique array of planned/proposed development, and there have not been any relevant recent sales which would reflect the most recent housing downturn, it was not possible to analyze the data in an appropriate way that would render a meaningful value for the subject. Thus, a sales comparison approach to the larger property as a whole was not utilized.

In this case, the development approach was deemed the appropriate method of valuation to market value "as is" as it is the most commonly applied methodology utilized by buyers and sellers of master-planned communities in their purchasing and selling decisions.

DEVELOPMENT METHOD

For this analysis, the appraisers utilized the yield model (discounted cash flow) of the development method. The appraisers integrated the individual market values "as if complete" of the specific neighborhoods/planning area groups into the discounted cash flow at their prospective dates of sale. A discount was then applied for the time lag between the prospective dates of sale and the date of value "as is." There are several reasons supporting the rationale for this analysis. First, it is common for developers to analyze master-plans on a neighborhood-by-neighborhood (planning area/parcel) basis. As developers typically analyze master-plans by their individual components, the appraisers concluded market values for each respective neighborhood (planning area/parcel). This valuation process allows a master developer to identify the estimated incremental value of each neighborhood (planning area/parcel) for possible sale to guest builders or for internal purposes if proceeding with their own build-out of the project. Assuming a master developer builds out all or portions of the master-plan, separate cash flows of the individual neighborhoods allow for considerations of equity partners, accounting, allocating costs, tracking profit and internal rates of return, land and home construction loans, etc., for each respective planning area. This methodology also allows for any profit applicable to the master developer for master land development, if applicable.

Lots can be delivered in a variety of conditions, from sheet graded to fully finished with all fees paid. For the purposes of this analysis, the appraisers valued all of the individual planning areas (excluding golf course) assuming a sheet graded superpad condition as currently intended by the master developer. The revenue event for the golf course represented an "at completion" but not yet stabilized condition.

LAND SALE REVENUES

This initial analysis involved estimating the market value of specific planning areas/parcels within the Heritage Fields master-plan. The development and/or sales comparison approaches were utilized in estimating the market value for each planning area/parcel. Several of the superpad parcels include affordable low or moderate income housing (L5, L7, and T15h) totaling 544 units. Of these, 399 are designated very low and 145 moderate income housing. An additional 60 units are designated as Faculty Housing (L36b). Typical of master-plan communities and affordable housing requirements, each parcel or portion is essentially a "cost" of development and are not revenue generating from land sale proceeds. These parcels would likely be transferred to an affordable housing developer.

Non-Residential

The sales comparison approach was employed in valuing the non-residential planning area values. The following table summarizes the concluded values for these planning areas. Specific analyses relative are retained in the appraisers' files. Variances in the price per square foot, or price per acre, were due to specific location and/or site size (economies of scale).

NON-RESIDENTIAL LAND VALUATION ASSUMPTIONS* ***Heritage Fields (El Toro MCAS)***		
Proposed Land Use	**Reconciled Per Square Foot**	**Reconciled Per Acre**
R&D	$30.00 to $38.00	n/a
Medical Office	$60.00 to $65.00	n/a
Auto Center	$40.00 to $43.00	n/a
Education	$18.00 to $28.00	n/a
Exposition	$25.00 to $30.00	n/a
Retail / Commercial	$35.00 to $40.00	
Agriculture	n/a	$60,000 to $80,000
** Sheet-graded superpad with all perimeter offsites installed.*		

Residential

The development and/or sales comparison approaches were considered in estimating the market value for each residential planning area. The sales comparison approach is an applicable approach to valuing subdivision land provided there are sufficient competitive and recent land sales data. The appraisers inquired with brokers, appraisers, lenders, developers, and other market participants as to more recent comparable land sales data from the more immediate Orange County market. No truly applicable land sale data was confirmed. Due to the downturn in the residential housing market, land sale activity for subdivision land has virtually halted. The Irvine Company, with large land holdings, has reportedly been in negotiations to "re-contract" land to guest builders at revised lower prices. However, details on specifics were not verified.

A consensus among market participants is that older data has no relevance on current market value. With more recent price depreciation, slowing sales, and the credit crisis, the older data is simply not a reliable indicator of current market value. Potential buyers formulate prospective buildout strategies (residuals) in considering any new acquisitions. In many cases, holding durations are built into the analyses to allow for a 1-3 year market recovery period. Some potential buyers are seeking acquisitions on a speculation and hold strategy rather than immediate development, construction, and product sales.

As more recent truly competitive land sales were not discovered, the sales comparison approach was not applied. An analysis of the older data would involve incorporation of a market conditions adjustment that would primarily be derived from more current residual analyses. It is likely that new transactions will occur later in 2008 as many assets are recycled via disposition strategies on part of builders, lenders, and investors.

Hence, the development approach (residual model) was deemed the most appropriate methodology for valuing the residential planning areas. Builder down residual cash flows were prepared for the residential planning area valuation. There were 32 product type residual cash flows prepared. Indications from these analyzes were then utilized and correlated with all of the market-rate residential planning areas by product type.

For product pricing, the appraisers conducted market surveys and reviewed the Lennar, Concord, and Burns proposed pricing assumptions. Based upon said analysis, reconciled product base pricing ranged from $470,000 to $3,700,000 with a non-weighted average unit price of $1,070,469 or $380 per square foot. For comparison, the $1,070,469 figure is 9% below the Lennar pricing and between the Concord and Burns pricing, after consideration for concessions. Additional consideration was given for lot, model, and upgrade premiums.

Site development, fees, and vertical cost assumptions reflected Lennar budgets. Various soft costs, such as sales, closing, marketing, taxes, general and administrative, costs, were based upon market standard. Finally, 10% and 12% static profit assumptions, detached and attached product respectively, were incorporated into the residual models.

A summary of base pricing assumptions and the results of the builder residuals is presented in the following two tables. More detailed presentation of the builder down assumptions and residuals is presented in the Addenda. Additional specific analyses relative are retained in the appraisers' files.

PRODUCT & PRICING ASSUMPTIONS BY PRODUCT TYPE[(1)] *Heritage Fields Master Plan, Irvine, California*							
Product Type		**Estimated "Base" Price After Concessions**			**C&W Weighted Average**		
Detached	**Lot Size / Product**	**Lennar**	**Concord**	**Burns[(2)]**	**Size (sf)**	**Base Price**	**PSF**
18	50 x 105	$1,170,000	$1,132,800	$1,010,000	2,850	$1,070,000	$375
19	55 x 105	$1,350,000	$1,296,000	$1,125,000	3,200	$1,220,000	$381
15	42 x 90 Alley	$877,500	$816,000	$770,000	2,190	$770,000	$352
12	SFD Cluster	$765,000	$710,400	$597,450	1,850	$660,000	$357
16	45 x 95 Alley w/studio	$1,080,000	$960,000	$885,000	2,600	$930,000	$358
14	40 x 90 Urban Alley	$1,124,612	$984,000	$800,000	2,700	$895,000	$331
38	SFD 70 x 100	$1,343,400	$1,296,000	$1,254,472	3,350	$1,280,000	$382
39	75 x 100	$1,417,500	$1,358,400	$1,349,472	3,650	$1,360,000	$373
45	SFD 85 x 120	$1,887,300	$1,752,000	$1,598,333	4,600	$1,700,000	$370
47	SFD 100 x 120	$1,980,000	$1,896,000	$1,781,667	5,100	$1,840,000	$361
50	SFD 110 x 150	$2,475,000	$2,328,000	$2,245,000	5,600	$2,400,000	$429
40	SFD 75 x 110	$1,440,000	$1,382,400	$1,389,472	3,650	$1,385,000	$379
27	6 Pac	$1,035,000	$955,200	$949,500	2,600	$960,000	$369
41	80 x 95	$1,345,500	$1,286,400	$1,229,472	3,000	$1,260,000	$420
43	90 x 95	$1,435,500	$1,372,800	$1,329,472	3,200	$1,360,000	$425
49	100 x 150	$2,340,000	$2,232,000	$1,971,667	5,500	$2,200,000	$400
29	Courtyard	$945,000	$902,400	$905,000	2,450	$905,000	$369
52	Large	$4,050,000	$3,840,000	$3,410,000	8,000	$3,700,000	$463
63	Zero Lot Line	$766,500	$729,600	$665,000	1,927	$700,000	$363
61	Townhouse (Camden)	$547,988	$532,800	$515,000	1,600	$525,000	$328
62	Courtyard (8 pack)	$654,450	$547,200	$510,000	1,302	$530,000	$407
64	Timberhill	$658,201	$624,000	$540,000	1,668	$585,000	$351
65	SFD	$823,500	$816,000	$775,000	2,498	$800,000	$320
Attached							
4	Senior 4 Plex	$450,000	$432,000	$405,000	1,155	$410,000	$355
11	Courtyard Luxury Flats	$720,000	$662,400	$571,250	1,850	$620,000	$335
8	Mansion Triplex	$639,000	$624,000	$545,000	1,550	$550,000	$355
7	Row TH	$652,500	$595,200	$525,000	1,600	$530,000	$331
5	Brownstone	$553,500	$470,400	$470,000	1,215	$480,000	$395
6	Green Court	$607,500	$508,800	$460,000	1,350	$470,000	$348
26	Duplex	$1,170,000	$1,084,800	$1,025,000	3,000	$1,030,000	$343
60	Duplex	$773,100	$729,600	$655,000	2,015	$660,000	$328
58	Motorcourt	$481,500	$456,000	$465,000	1,272	$470,000	$369
	NonWeighted Average	**$1,173,720**	**$1,103,550**	**$1,022,726**	**2,815**	**$1,070,469**	**$380**

[(1)] Heritage Fields 2008 Overlay Plan
[(2)] Does not reflect additional 8% (detached) and 12% (attached) price depreciation during 2008 and 2009 (per Burns study).

RESIDENTIAL REVENUES BY PLANNING AREA
Heritage Fields Master Plan, Irvine, California

Neighborhood	Planning Area/Parcel	Product Number	Proposed Land Use	Product Description	No. of Homes	Blue Top/Superpad Revenues	Blue Top/Superpad Per Lot
LLD (Lifelong Learning District)	L2	4	Residential	Senior 4 Plex	56	$6,689,326	$119,452
	L3	11	Residential	Courtyard Luxury Flats	132	$29,302,390	$221,988
	L6	4	Residential	Senior 4 Plex	58	$6,928,231	$119,452
	L14a-b	18	Residential	50 x 105	63	$33,701,731	$534,948
	L14c	19	Residential	55 x 105	59	$34,763,847	$589,218
	L14d-e	15	Residential	42 x 90 Alley	61	$20,799,076	$340,968
	L14f	8	Residential	Mansion Triplex	45	$9,599,749	$213,328
	L16	8	Residential	Mansion Triplex	54	$11,519,699	$213,328
	L17	15	Residential	42 x 90 Alley	91	$31,028,130	$340,968
	L18a	15	Residential	42 x 90 Alley	26	$8,865,180	$340,968
	L18b	12	Residential	SFD Cluster	98	$26,068,581	$266,006
	L18c	8	Residential	Mansion Triplex	48	$10,239,732	$213,328
	L19	8	Residential	Mansion Triplex	84	$17,919,532	$213,328
	L20	16	Residential	45x95 Alley w/studio	84	$36,189,712	$430,830
	L21	15	Residential	42 x 90 Alley	32	$10,910,991	$340,968
	L23a	16	Residential	45 x 95 Alley w/studio	103	$44,375,480	$430,830
	L23b	14	Residential	40 x 90 Urban Alley	63	$25,868,882	$410,617
	L25	11	Residential	Courtyard Luxury Flats	93	$20,644,866	$221,988
	L27a	11	Residential	Courtyard Luxury Flats	15	$3,329,817	$221,988
	L27b	14	Residential	40 x 90 Urban Alley	46	$18,888,390	$410,617
	L27c	7	Residential	Row TH	90	$17,302,073	$192,245
	L29a	5	Residential	Brownstone	30	$4,680,560	$156,019
	L30b	5	Residential	Brownstone	21	$3,276,392	$156,019
	L31	5	Residential	Brownstone	116	$18,098,165	$156,019
	L32	6	Residential	Green Court	92	$15,559,903	$169,129
	L33	12	Residential	SFD Cluster	86	$22,876,510	$266,006
	L34	7	Residential	Row TH	54	$10,381,244	$192,245
	L36a	5	Residential	Brownstone	30	$4,680,560	$156,019
	L37b	5	Residential	Brownstone	28	$4,368,523	$156,019
	L38	6	Residential	Green Court	80	$13,530,350	$169,129
	L40	7	Residential	Row TH	33	$6,344,094	$192,245
	L42b	5	Residential	Brownstone	8	$1,248,149	$156,019
Subtotal	--	---	---	--	**1,979**	**$529,979,865**	---
PD (Park District)	P10	38	Residential	SFD 70 x 100	156	$88,313,316	$566,111
	P11	39	Residential	75 x 100	39	$23,505,586	$602,707
	P14	45	Residential	SFD 85 x 120	87	$64,498,401	$741,361
	P12	47	Residential	SFD 100 x 120	73	$56,731,292	$777,141
	P13	50	Residential	SFD 110 x 150	32	$36,098,557	$1,128,080
	P15	40	Residential	SFD 75 x 110	83	$50,117,617	$603,827
	P1a	26	Residential	Duplex	41	$17,998,604	$438,990
	P1b	26	Residential	Duplex	41	$17,998,604	$438,990
	P1c	26	Residential	Duplex	57	$25,022,450	$438,990
	P2a	27	Residential	6 Pac	41	$18,030,869	$439,777
	P2b	27	Residential	6 Pac	74	$32,543,520	$439,777
	P3	41	Residential	80 x 95	60	$35,968,296	$599,472
	P4	43	Residential	90 x 95	59	$38,654,022	$655,153
	P5	29	Residential	Courtyard	91	$39,627,000	$435,462
	P6a	41	Residential	80 x 95	55	$32,970,938	$599,472
	P6b	41	Residential	80 x 95	12	$7,193,659	$599,472
	P7	43	Residential	90 x 95	52	$34,067,952	$655,153
	P8	49	Residential	100 x 150	16	$16,177,717	$1,011,107
	P9ai	52	Residential	Large	19	$28,212,459	$1,484,866
	P9bi	52	Residential	Large	12	$17,818,395	$1,484,866
Subtotal	--	---	---	--	**1,100**	**$681,549,254**	---
TODD (Transit Oriented District)	T8a-b	64	Residential	Timberhill	90	$21,707,807	$241,198
	T8c	62	Residential	Courtyard (8 pack)	80	$18,157,338	$226,967
	T8d-f	61	Residential	Townhouse (Camden)	111	$23,050,100	$207,659
	T8g-k	63	Residential	Zero Lot Line	82	$24,717,359	$301,431
	T9a-c	60	Residential	Duplex	112	$27,157,799	$242,480
	T9d-k	65	Residential	SFD	120	$38,583,959	$321,533
	T11a-c	58	Residential	Motorcourt	180	$33,787,971	$187,711
	T15a-g	61	Residential	Townhouse (Camden)	437	$90,746,790	$207,659
Subtotal	--	---	---	--	**1,212**	**$277,909,123**	---
Total					**4,291**	**$1,489,438,242**	---

1) Hypothetical product assumptions based on Heritage Fields 2008 Overlay Business Plan.
2) Above summary only includes residential revenue generating events.

Total Land Sale Revenues

The aggregate of land sale revenues from the planning area valuation was $2,205,952,682. As a matter of reference, this figure is 16% below the developer's scheduled land sale proceeds of $2,619,804,078. The figure represents the aggregate of parcel values for both residential and non-residential land and the golf course "at completion." Again, any changes in actual lot yield and/or land development costs would affect the indicated revenue event assumptions.

LAND SALE REVENUE SUMMARY* *Heritage Fields (El Toro MCAS)*			
District	**Developer**	**Appraised**	**Variance**
Life-Long Learning District	$1,207,294,372	$963,024,261	-20.23%
Park District	$828,538,057	$705,687,014	-14.83%
Transit-Oriented District	$583,971,649	$537,241,407	-8.00%
Totals	$2,619,804,078	$2,205,952,682	-15.80%
** Non-Trended (2008 $s).*			

ABSORPTION / PROSPECTIVE DATES OF COMPLETION

The date of market value "as is" was April 1, 2008. Utilizing a master development schedule the appraisers developed prospective dates of completion and sale for specific planning areas and parcels. The prospective dates represent the time period in which individual neighborhoods would be delivered and subsequently built out by merchant builders per the assumed critical path timeline. The prospective dates of completion were formulated so as to limit intra-project competition and allow for absorption of inventory with maximum absorption without extensive overlapping and competition among similar product types. It was assumed that physical development of the project would proceed as projected, allowing for delivery of the neighborhoods as of the dates identified by the developer and/or appraisers for prospective dates of completion.

Residential

The appraisers reviewed the master developer's critical path in formulating the development timing for both revenues and costs. The developer's latest plan has residential land sale revenue events occurring from the 4th quarter 2009 through the 4th quarter 2016. The revised development plan intends to initially introduce the Life-Long Learning District (LLD) in 2009 followed by the Transit-Oriented District (TODD) in 2011 and Park District in 2012. The latest plan would suggest a total of 4,291 market-rate unit land sales over the course of a 29-quarter period, averaging 148 units per quarter or 592 units per annum. However, given that 2015 and 2016 would account for only 115 lots, the effective sales rate would be much higher on average from the 4th quarter 2009 through 2014. During that 21-quarter period, 4,176 lots are scheduled for sale, indicating an average of 199 units per quarter or 795 units per annum.

ABSORPTION PROJECTIONS OVERVIEW
Heritage Fields (El Toro MCAS)

	Lennar (Lot Sales)				
Year	**LLD**	**PD**	**TODD**	**Annual**	**Totals**
2009	898			898	898
2010	278			278	1,176
2011	522		363	885	2,061
2012	165	298	232	695	2,756
2013	84	300	617	1,001	3,757
2014	32	387		419	4,176
2015		96		96	4,272
2016		19		19	4,291
2017				0	4,291
2018				0	4,291
2019				0	4,291
2020				0	4,291
2021				0	4,291
2022				0	4,291
2023				0	4,291
Totals	1,979	1,100	1,212	3,393	4,291

The appraisers also reviewed market studies prepared by The Concord Group and Burns Real Estate Consulting. Each report projected unit sales absorption by district. Concord has suggested initial absorption of 150 LLD units in 2010 and close-out of PD units in 2018. Over the 9-year period the project would average 477 unit sales per annum. Excluding the last two years of their projections, which account for only 86 sales, the project would average 601 sales per annum (4,205 unit sales / 7 years).

ABSORPTION PROJECTIONS OVERVIEW
Heritage Fields (El Toro MCAS)

	The Concord Group (Unit Sales)					John Burns REC (Unit Sales)				
Year	**LLD**	**PD**	**TODD**	**Annual**	**Totals**	**LLD**	**PD**	**TODD**	**Annual**	**Totals**
2009				0	0				0	0
2010	150			150	150	171			171	171
2011	508			508	658	594			594	765
2012	718		81	799	1,457	518			518	1,283
2013	393	78	272	743	2,200	401	117		518	1,801
2014	149	283	383	815	3,015	228	229	186	643	2,444
2015	61	393	353	807	3,822	67	229	362	658	3,102
2016		260	123	383	4,205		204	236	440	3,542
2017		81		81	4,286		156	90	246	3,788
2018		5		5	4,291		92	60	152	3,940
2019					4,291		51	60	111	4,051
2020					4,291		22	60	82	4,133
2021					4,291			60	60	4,193
2022					4,291			60	60	4,253
2023					4,291			38	38	4,291
Totals	1,979	1,100	1,212	4,291	4,291	1,979	1,100	1,212	4,291	4,291

Burns has suggested initial absorption of 171 LLD units in 2010 and close-out of TODD units in 2023. Over the 14-year period the project would average 307 unit sales per annum. Excluding the last three years of their projections, which account for 158 TODD sales, the project would average 376 sales per annum (4,133 unit sales / 11 years).

Concord projections are more tailored to the Lennar plan with TODD units entering the market in 2012 followed by PD units in 2013. Burns has suggested bringing PD units to market in 2013 followed by TODD units in 2014. Notable is that neither study would substantiate Lennar's intended delivery of 1,176 LLD lots in 2009-2010. Cumulative unit sales from the two studies by the end of 2011 are 658 and 765 units, Concord and Burns respectively.

As previously discussed, the general consensus among market participants is for a continued "soft" market through 2009 and potential market recovery in 2010. The latest market downturn has resulted in a termination of new merchant builder lot sales. Based on conversations with market participants, this trend of limited land sales volume will continue through the end of 2008, the exception being potential "recycled" lots in REO sales and/or liquidation dispositions of distressed properties. Given the latest assessment of the real estate housing and credit markets, this scenario would seem reasonable.

Accordingly, the appraisers scheduled initial residential planning area deliveries in the 1st quarter 2010. The slowdown has also resulted in builders more willing to employ phased take-downs of lots over time as opposed to large initial acquisitions. As such, the appraisers incorporated phased "option" take-downs for several of the larger lot count planning areas.

ABSORPTION PROJECTIONS OVERVIEW
Heritage Fields (El Toro MCAS)

	Appraised (Lot Sales)				
Year	**LLD**	**PD**	**TODD**	**Annual**	**Totals**
2009				0	0
2010	711			711	711
2011	921			921	1,632
2012	231	255		486	2,118
2013	84	348	363	795	2,913
2014	32	270	232	534	3,447
2015		206	399	605	4,052
2016		15	218	233	4,285
2017		6	0	6	4,291
2018				0	4,291
2019				0	4,291
2020				0	4,291
2021				0	4,291
2022				0	4,291
2023				0	4,291
Totals	1,979	1,100	1,212	4,291	4,291

The appraisers concurred with market entry of LLD lots/units in 2010 but at a slower velocity that proposed by the developer. Given the most recent downturn and unknown ability to capture the yet to be recognized demand, a total of 1,632 lots were scheduled for delivery by year-end 2011. This figure is lower than the 2,061 lots proposed by Lennar during the same time period. This figure would also be sufficient to address proposed cumulative year-end 2012 unit sales by Concord and Burns, being 1,457 and 1,283 sales respectively. It would be reasonable to assume that some of the lots would actually be realized as unit sales in 2013. Concord and Burns project cumulative unit sales of 2,200 and 1,801 by year-end 2013 respectively. As scheduled, PD lot delivery would commence in 2012 and TODD lots in 2013. Final close-out of lot sales would occur in 2017, which is attributable to a last take-down of larger lots in the PD.

Based upon a total development duration time period of 37 quarters, the project would average 464 lot sales per annum. Based upon a lot sales development duration time period of 30 quarters, the project would average 572 lot sales annually.

RESIDENTIAL LAND ABSORPTION SUMMARY
Heritage Fields (El Toro MCAS)

Qtr	Qtr Ending	Lot Sales	Cumulative Lot Sales	Qtr	Qtr Ending	Lot Sales	Cumulative Lot Sales
1	Jun-08	0	0	23	Dec-13	711	2,913
2	Sep-08	0	0	24	Mar-14	86	2,999
3	Dec-08	0	0	25	Jun-14	0	2,999
4	Mar-09	0	0	26	Sep-14	0	2,999
5	Jun-09	0	0	27	Dec-14	448	3,447
6	Sep-09	0	0	28	Mar-15	155	3,602
7	Dec-09	0	0	29	Jun-15	411	4,013
8	Mar-10	655	655	30	Sep-15	39	4,052
9	Jun-10	0	655	31	Dec-15	0	4,052
10	Sep-10	0	655	32	Mar-16	227	4,279
11	Dec-10	56	711	33	Jun-16	0	4,279
12	Mar-11	274	985	34	Sep-16	6	4,285
13	Jun-11	400	1,385	35	Dec-16	0	4,285
14	Sep-11	84	1,469	36	Mar-17	0	4,285
15	Dec-11	163	1,632	37	Jun-17	6	4,291
16	Mar-12	26	1,658	38	Sep-17	0	4,291
17	Jun-12	0	1,658	39	Dec-17	0	4,291
18	Sep-12	205	1,863	40	Mar-18	0	4,291
19	Dec-12	255	2,118	41	Jun-18	0	4,291
20	Mar-13	0	2,118	42	Sep-18	0	4,291
21	Jun-13	84	2,202	43	Dec-18	0	4,291
22	Sep-13	0	2,202	Totals	---	4,291	4,291

Total Number Market Rate Residential Lots	4,291
Total Development Period (Qtrs)	37
Average Absorption Lots/Annum (Market Rate Units)	464
Total Lot Sales Development Period (Qtrs)	30
Average Absorption Lots/Annum (Market Rate Units)	572

The developer’s capture projections assume the overall community will be able to support an average of nearly 800 market-rate home sales per year. A survey of larger area master-plans in the submarket indicated that capture rates, defined here as annual homes sales in a specific master-plan, have ranged from around 100 to over 500 units. Capture rates had been increasing since the recessionary years of the early 1990s, but have declined precipitously during the past two years due to decreasing demand. Per a survey of market participants, most developers of larger master-plans anticipate an average of 200 to 400 sales per year in a healthy market. Said capture rates typically reflect sales from an average of four to eight simultaneous selling projects averaging 3.0 to 6.0 sales per month. However, depending upon the location and product, annual sales and the number of selling projects can be above/below these averages.

Accordingly to Hanley Wood Market Intelligence, Orange County recorded 5,612 new home sales in 2005, 3,663 sales in 2006, and 2,919 sales in 2007. The 2007 figure is 48% below the 2005 figure. During the same time period, the Central Submarket recorded 2,807, 2,128, and 1,770 sales respectively. The 2007 figure is 37% below the 2005 figure. It is likely that 2008 sales activity will also be at or lower than that experienced in 2007.

ORANGE COUNTY NEW HOME SALES *Heritage Fields (El Toro MCAS)*			
District	**2005**	**2006**	**2007**
Orange County	5,612	3,663	2,919
Orange County Central Submarket	2,807	2,128	1,770
Source: Hanley Wood Market Intelligence			

If assuming a market recovery and increasing sales rates starting in 2010±, annual sales between the 2006 and 2007 figures would be reasonable. Assuming 2,000 unit sales on average, the subject's average sales pace would encompass approximately 29% of the submarket (572/2,000). Heritage Fields will, in all likelihood, be one of only several active master-plans at the time its product becomes available. Hence, competitive pricing will be one key to success in capture. Heritage Fields will offer a diverse range of product types and sizes which should assist in above average absorption. Further, Heritage Fields will essentially be offering three more distinct master-plan communities (LLD, PD, TODD) which should inherently advance overall capture compared to stand-alone master-plans.

The appraisers also reviewed detailed supply and demand analyses presented by The Concord Group and Burns Real Estate Consulting. Said conclusions were considered in formulated capture rate assumptions. Accordingly, the projected sales rate for the subject, per the formulated development and sales schedule, represented a reasonable rate of overall capture of the Central submarket and overall Orange County activity. Projections reflect average stabilized absorption and capture through the development period. As past years have demonstrated, however, housing markets are cyclical and projections over the long-term are conjectural.

Non-Residential

The appraisers reviewed the master developer's critical path in formulating the development timing for both revenues and costs. The developer's latest plan has initial delivery of TODD R&D planning areas in the 1st quarter 2009. Developers Research conducted a cost/planning/critical path review of the business plan and has estimated the earliest delivery to be July 2009. The appraisers have assumed a 3rd quarter 2009 entry for R&D product in the TODD. Considering initial greater absorption of pent-up demand and subsequent absorption at roughly 25 to 26 acres of R&D product annually, the R&D revenue events would occur through the 1st quarter 2013. The exception was T15l (recreational R&D) which was scheduled for the 3rd quarter 2014 per Lennar's plan. R& D in the LLD is intended to vary from the traditional R&D in the TODD and marketed toward different user types. TODD R&D was scheduled for delivery in the 1st quarter 2010 and predicated on the assumption there will be internal product segmentation of L12, the larger 43.3-acre planning area.

The developer's latest plan has initial delivery of LLD Education planning areas in the 1st quarter 2009. Developers Research conducted a cost/planning/critical path review of the business plan and has estimated the earliest delivery to be February 2009. The appraisers have assumed a 1st quarter 2009 entry for Education product. The 92.40 acres of education land was projected to be absorbed over a 4-year period ending the 1st quarter 2012.

The developer's latest plan has initial delivery of TODD Auto-Center planning areas in the 2nd quarter 2009. Developers Research conducted a cost/planning/critical path review of the business plan and has estimated the earliest delivery to be July 2009. The appraisers have assumed delivery of all 27.90 acres of auto-service land in the 3rd quarter 2009.

Other non-residential land sale revenue events would come from Medical Office, Expo, Retail/Commercial, Hotel, House of Worship, and Ag-Land. Medical office land sales, totaling 26.30 acres, were projected for the 2nd and 3rd quarters 2010. Expo land, totaling 135.80 acres, was projected for delivery in the 2nd quarter 2011. Retail/Commercial, totaling 15.70 acres, was scheduled for delivery from the 1st quarter 2010 through the 1st quarter 2014, depending on specific planning area and location. Both the House of Worship and Hotel sites in the LLD were scheduled for delivery in the 1st quarter 2010. Finally, the Agriculture properties, made up by two parcels, were scheduled for delivery in the 3rd quarter 2012 and 1st quarter 2015.

Tables summarizing estimated land sale revenues and projected timing for planning area land sale revenue events follow.

LAND SALE REVENUES SUMMARY
Heritage Fields, Irvine, California

Planning Area	Proposed Land Use	Product Number	Value At Completion	Value Per Lot	Value Per SF	Value Per Acre	Qtr Ending Delivered	Product Description	Density or FAR	Acres	Number Units
Life-Long Learning District (LLD)											
L1	RDOM	84	$56,715,120		$60.00		2Q/10	Medical Office		21.7	
L2	Residential	4	$6,689,326	$119,452			4Q/10	Senior 4 Plex	18.0	5.8	56
L3	Residential	11	$29,302,390	$221,988			2Q/11	Courtyard Luxury Flats	19.0	9.1	132
L4	Park	79						Park		1.7	
L5	Residential	21					1Q/10	ETHIC	7.4	7.5	166
L6	Residential	4	$6,928,231	$119,452			4Q/11	Senior 4 Plex	18.0	6.1	58
L7	Residential	55					3Q/11	Affordable (Low)	20.9	2.0	90
L8	Families Forward	55						Affordable (Low)	20.9	1.0	
L9	Education	73	$7,927,920		$28.00		1Q/12	Institutional		6.5	
L10	Education	73	$7,683,984		$28.00		1Q/12	Institutional		6.3	
L11	RDOM	84	$13,024,440		$65.00		3Q/10	Medical Office		4.6	
L12	RDOM	71	$67,901,328		$36.00		1Q/10	R&D (LLD)		43.3	
L13	SCE Expansion	76						Civic		0.6	
L14a-b	Residential	18	$33,701,731	$534,948			1Q/11	50x105	5.2	9.4	63
L14c	Residential	19	$34,763,847	$589,218			1Q/11	55x105	4.0	14.0	59
L14d-e	Residential	15	$20,799,076	$340,968			1Q/11	42x90 Alley	6.8	7.0	61
L14f	Residential	8	$9,599,749	$213,328			1Q/11	Mansion Triplex	12.3	3.7	45
L15	Park	79						Park		1.5	
L16	Residential	8	$11,519,699	$213,328			4Q/11	Mansion Triplex	12.3	3.9	54
L17	Residential	15	$31,028,130	$340,968			3Q/12	42x90 Alley	6.8	14.5	91
L18a	Residential	15	$8,865,180	$340,968			1Q/12	42x90 Alley	6.8	3.7	26
L18b	Residential	12	$26,068,581	$266,006			2Q/11	SFD Cluster	8.6	9.9	98
L18c	Residential	8	$10,239,732	$213,328			3Q/12	Mansion Triplex	12.3	3.2	48
L19	Residential	8	$17,919,532	$213,328			2Q/13	Mansion Triplex	12.3	5.6	84
L20	Residential	16	$36,189,712	$430,830			3Q/11	45x95 Alley w/studio	5.7	13.8	84
L21	Residential	15	$10,910,991	$340,968			1Q/14	42x90 Alley	6.8	4.8	32
L22	Park	79						Park		1.6	
L23a	Residential	16	$44,375,480	$430,830			1Q/10	45x95 Alley w/studio	5.7	18.1	103
L23b	Residential	14	$25,868,882	$410,617			1Q/10	40x90 Urban Alley	5.9	8.6	63
L24	Open Space	76						Civic		0.5	
L25	Residential	11	$20,644,866	$221,988			1Q/10	Courtyard Luxury Flats	19.0	6.1	93
L26	Park	79						Park		5.0	
L27a	Residential	11	$3,329,817	$221,988			1Q/10	Courtyard Luxury Flats	19.0	1.2	15
L27b	Residential	14	$18,888,390	$410,617			1Q/11	40x90 Urban Alley	5.9	5.6	46
L27c	Residential	7	$17,302,073	$192,245			2Q/11	Row TH	15.0	5.6	90
L28	Open Space	76						Civic		0.5	
L29a	Residential	5	$4,680,560	$156,019			4Q/11	Brownstone	15.8	1.4	30
L29b	Mixed-Use - RDOM	71	$4,861,296		$36.00		1Q/10	R&D (LLD)		3.1	
L30a	Mixed-Use - Education	73	$2,927,232		$28.00		1Q/11	Institutional		2.4	
L30b	Residential	5	$3,276,392	$156,019			4Q/11	Brownstone	15.8	0.9	21
L31	Residential	5	$18,098,165	$156,019			1Q/10	Brownstone	15.8	5.7	116
L32	Residential	6	$15,559,903	$169,129			1Q/10	Green Court	16.8	5.4	92
L33	Residential	12	$22,876,510	$266,006			1Q/10	SFD Cluster	8.6	9.1	86
L34	Residential	7	$10,381,244	$192,245			1Q/10	Row TH	15.0	3.0	54
L35	Open Space	76						Civic		0.5	
L36a	Residential	5	$4,680,560	$156,019			3Q/12	Brownstone	15.8	1.4	30
L36b	Residential	22					2Q/10	Faculty Housing	4.0	3.2	60
L37a	Mixed-Use - Retail	69	$3,201,660		$35.00		1Q/10	Retail		2.1	
L37b	Residential	5	$4,368,523	$156,019			3Q/12	Brownstone	15.8	1.1	28
L38	Residential	6	$13,530,350	$169,129			2Q/11	Green Court	16.8	4.5	80
L39	House of Worship	76	$3,049,200		$35.00		1Q/10	Civic		2.0	
L40	Residential	7	$6,344,094	$192,245			1Q/10	Row TH	15.0	1.8	33
L41	Mixed-Use - Hotel (150 Rms)	87	$7,013,160		$35.00		1Q/10	Hotel		4.6	
L42a	Mixed-Use - Retail	69	$3,963,960		$35.00		3Q/10	Retail		2.6	
L42b	Residential	5	$1,248,149	$156,019			3Q/12	Brownstone	15.8	0.4	8
L43	Education	73	$9,391,536		$28.00		1Q/09	Institutional		7.7	
L44	Education	73	$10,855,152		$28.00		1Q/09	Institutional		8.9	
L45	Education	73	$14,662,296		$18.00		1Q/09	Institutional		18.7	
L46	Education	73	$1,219,680		$28.00		1Q/11	Institutional		1.0	
L47	Education	73	$3,659,040		$28.00		1Q/11	Institutional		3.0	
L48	Education	73	$11,099,088		$28.00		1Q/10	Institutional		9.1	
L49	Education	73	$14,740,704		$18.00		1Q/10	Institutional		18.8	
L50	Education	73	$8,712,000		$20.00		1Q/11	Institutional		10.0	
L56a	Expo (Commercial Recreation)	81	$36,590,400		$30.00		2Q/11	Expo Ctr.		28.0	
L56b	Expo (Commercial Recreation)	81	$32,670,000		$30.00		2Q/11	Expo Ctr.		25.0	
L56c	Expo (Commercial Recreation)	81	$32,670,000		$30.00		2Q/11	Expo Ctr.		25.0	
L56d	Expo (Commercial Recreation)	81	$32,670,000		$30.00		2Q/11	Expo Ctr.		25.0	
L57	Expo (School)	76						Civic		13.0	
L58	Expo (Retail)	85	$35,719,200		$25.00		2Q/11	Expo (Retail)		32.8	
L66	Agriculture	77	$10,116,000			$60,000	1Q/15	Agriculture		168.6	
S1-S4	Great Park Land Adjustment	76						Civic		131.0	
Total			$963,024,261							844.8	2,295

LAND SALE REVENUES SUMMARY
Heritage Fields, Irvine, California

Planning Area	Proposed Land Use	Product Number	Value At Completion	Value Per Lot	Value Per SF	Value Per Acre	Qtr Ending Delivered	Product Description	Density or FAR	Acres	Number Units
Park District (PD)											
P10	Residential	38	$88,313,316	$566,111			4Q13 / 1Q15	SFD 70x100	4.4	29.0	156
P11	Residential	39	$23,505,586	$602,707			3Q/15	SFD 75x100	4.1	9.7	39
P14	Residential	45	$64,498,401	$741,361			4Q/13 / 4/Q14	SFD 85x120	3.0	27.9	87
P12	Residential	47	$56,731,292	$777,141			4Q13 / 1Q/15	SFD 100x120	2.5	24.2	73
P13	Residential	50	$36,098,557	$1,128,080			4Q/13 / 4Q/14	SFD 110x150	1.8	16.5	32
P15	Residential	40	$50,117,617	$603,827			4Q/13 / 1Q/15	SFD 75x110	3.7	18.8	83
	Spine and Minor Roads	76						Civic		53.8	
	Park Dedication	79						Park		5.3	
	Fuel Modification	76						Civic		16.2	
	Neighborhood Greens	79						Park		5.0	
	Open Space Landscaped	76						Civic		11.5	
	Open Space Natural	76						Civic		6.1	
	Open Space Orchards	76						Civic		44.1	
	Recreation Area	79						Park		1.4	
P1a	Residential	26	$17,998,604	$438,990			4Q/12	Duplex	5.2	4.8	41
P1b	Residential	26	$17,998,604	$438,990			4Q/13	Duplex	5.2	7.3	41
P1c	Residential	26	$25,022,450	$438,990			4Q/14	Duplex	5.2	11.4	57
P2a	Residential	27	$18,030,869	$439,777			4Q/12	6 Pac	4.3	6.7	41
P2b	Residential	27	$32,543,520	$439,777			4Q/13 / 4Q/14	6 Pac	4.3	10.2	74
P3	Residential	41	$35,968,296	$599,472			4Q/12	SFD 80x95	4.0	14.8	60
P4	Residential	43	$38,654,022	$655,153			4Q/12	SFD 90x95	2.3	13.9	59
P5	Residential	29	$39,627,000	$435,462			4Q/12 / 4Q/13	Courtyard	6.4	13.1	91
P6a	Residential	41	$32,970,938	$599,472			1Q/14 / 4Q/14	SFD 80x95	4.0	11.5	55
P6b	Residential	41	$7,193,659	$599,472			2Q/15	SFD 80x95	4.0	2.7	12
P7	Residential	43	$34,067,952	$655,153			1Q/14 / 4Q/14	SFD 90x95	2.3	12.5	52
P8	Residential	49	$16,177,717	$1,011,107			4Q/12 / 4Q/13	SFD 100x150	2.0	6.9	16
P9ai	Residential	52	$28,212,459	$1,484,866			4Q/14 / 1Q/16	Large	0.3	43.1	19
P9aii	Minor Roads	76						Civic		59.4	
P9aiii	Open Space Landscaped	76						Civic		29.2	
P9bi	Residential	52	$17,818,395	$1,484,866			3Q/16 / 2Q/17	Large	0.3	39.1	12
P9bii	Minor Roads	76						Civic		9.8	
P9biii	Open Space Landscaped	76						Civic		4.3	
P9biv	Open Space / Other	76						Civic		13.1	
	Spine and Minor Roads	76						Civic		13.0	
	Neighborhood Greens	79						Park		6.0	
Hamlet	Hamlet	69	$8,537,760		$35.00		1Q/14	Retail		5.6	
	Lake	79						Park		11.4	
	Lake Park	79						Park		5.4	
	Open Space Orchards	76						Civic		13.9	
	Remaining Parcel	76						Civic		3.1	
GC	Golf Facilities (18-Hole)	78	see GC				1Q/10	Golf Course		211.0	
Total			$690,087,014							852.7	1,100

LAND SALE REVENUES SUMMARY
Heritage Fields, Irvine, California

Planning Area	Proposed Land Use	Product Number	Value At Completion	Value Per Lot	Value Per SF	Value Per Acre	Qtr Ending Delivered	Product Description	Density or FAR	Acres	Number Units
Transit-Oriented District (TOD)											
T1a	Auto Center	72	$8,054,000		$43.00		3Q/09	Auto Ctr		4.3	
T1b	Auto Center	72	$13,673,000		$43.00		3Q/09	Auto Ctr		7.3	
T1c	Auto Center	72	$6,743,000		$43.00		3Q/09	Auto Ctr		3.6	
T1d	Auto Center	72	$5,053,000		$40.00		3Q/09	Auto Ctr		2.9	
T1e	Auto Center	72	$4,356,000		$40.00		3Q/09	Auto Ctr		2.5	
T1f	Auto Center	72	$4,356,000		$40.00		3Q/09	Auto Ctr		2.5	
T1g	Auto Center	72	$4,879,000		$40.00		3Q/09	Auto Ctr		2.8	
T1h	Auto Center	72	$3,485,000		$40.00		3Q/09	Auto Ctr		2.0	
T1A	Public Road R/W	76						Civic		4.1	
T2a	R&D	82	$4,469,256		$38.00		1Q/12	R&D (TODD f/way)		2.7	
T2b	R&D	83	$4,861,296		$36.00		1Q/12	R&D (TODD no f/way)		3.1	
T2c	R&D	83	$4,861,296		$36.00		1Q/12	R&D (TODD no f/way)		3.1	
T2d	R&D	82	$6,290,064		$38.00		2Q/12	R&D (TODD f/way)		3.8	
T2e	R&D	82	$4,469,256		$38.00		2Q/12	R&D (TODD f/way)		2.7	
T2f	R&D	82	$3,641,616		$38.00		3/Q12	R&D (TODD f/way)		2.2	
T2g	R&D	83	$2,509,056		$36.00		3/Q12	R&D (TODD no f/way)		1.6	
T2h	R&D	83	$7,056,720		$36.00		3/Q12	R&D (TODD no f/way)		4.5	
T2i	R&D	83	$6,743,088		$36.00		4Q/12	R&D (TODD no f/way)		4.3	
T2j	R&D	83	$2,822,688		$36.00		4Q/12	R&D (TODD no f/way)		1.8	
T2k	R&D	83	$3,136,320		$36.00		1Q/13	R&D (TODD no f/way)		2.0	
T2l	R&D	83	$2,822,688		$36.00		1Q/13	R&D (TODD no f/way)		1.8	
T2A	Public Road R/W	76						Civic		2.4	
T4a	R&D	83	$3,293,136		$36.00		3Q/09	R&D (TODD no f/way)		2.1	
T4b	R&D	83	$2,979,504		$36.00		3Q/09	R&D (TODD no f/way)		1.9	
T4c	R&D	83	$4,704,480		$36.00		3Q/09	R&D (TODD no f/way)		3.0	
T4d	R&D	83	$3,920,400		$36.00		3Q/09	R&D (TODD no f/way)		2.5	
T4e	R&D	83	$4,234,032		$36.00		3Q/09	R&D (TODD no f/way)		2.7	
T5a	R&D	83	$4,234,032		$36.00		3Q/09	R&D (TODD no f/way)		2.7	
T5b	R&D	83	$3,763,584		$36.00		4Q/09	R&D (TODD no f/way)		2.4	
T5c	R&D	83	$3,293,136		$36.00		4Q/09	R&D (TODD no f/way)		2.1	
T5d	R&D	83	$3,449,952		$36.00		4Q/09	R&D (TODD no f/way)		2.2	
T5e	R&D	83	$3,293,136		$36.00		4Q/09	R&D (TODD no f/way)		2.1	
T5f	R&D	83	$2,195,424		$36.00		1Q/10	R&D (TODD no f/way)		1.4	
T5g	R&D	83	$1,724,976		$36.00		1Q/10	R&D (TODD no f/way)		1.1	
T5h	R&D	83	$3,136,320		$36.00		1Q/10	R&D (TODD no f/way)		2.0	
T5i	R&D	83	$3,293,136		$36.00		1Q/10	R&D (TODD no f/way)		2.1	
T5j	R&D	83	$2,038,608		$36.00		2Q/10	R&D (TODD no f/way)		1.3	
T5k	R&D	83	$3,920,400		$36.00		2Q/10	R&D (TODD no f/way)		2.5	
T5l	R&D	83	$3,293,136		$36.00		2Q/10	R&D (TODD no f/way)		2.1	
T5m	R&D	83	$1,724,976		$36.00		2Q/10	R&D (TODD no f/way)		1.1	
T5A	Public Road R/W	76						Civic		2.8	
T6	R&D	83	$9,252,144		$36.00		3Q/10	R&D (TODD no f/way)		5.9	
T7a	R&D	83	$5,018,112		$36.00		3Q/10	R&D (TODD no f/way)		3.2	
T7b	R&D	83	$4,390,848		$36.00		4Q/10	R&D (TODD no f/way)		2.8	
T7c	R&D	83	$3,606,768		$36.00		4Q/10	R&D (TODD no f/way)		2.3	
T7d	R&D	83	$2,509,056		$36.00		1/Q11	R&D (TODD no f/way)		1.6	
T7e	R&D	83	$2,509,056		$36.00		1/Q11	R&D (TODD no f/way)		1.6	
T7f	R&D	83	$4,861,296		$36.00		1/Q11	R&D (TODD no f/way)		3.1	
T7g	R&D	82	$5,959,008		$38.00		2Q/11	R&D (TODD f/way)		3.6	
T7h	R&D	82	$4,800,312		$38.00		2Q/11	R&D (TODD f/way)		2.9	
T7i	R&D	82	$4,634,784		$38.00		3Q/11	R&D (TODD f/way)		2.8	
T7j	R&D	82	$7,117,704		$38.00		3Q/11	R&D (TODD f/way)		4.3	
T7k	R&D	83	$5,645,376		$36.00		4Q/11	R&D (TODD no f/way)		3.6	
T7l	R&D	83	$2,822,688		$36.00		4Q/11	R&D (TODD no f/way)		1.8	
T7m	R&D	83	$2,509,056		$36.00		4Q/11	R&D (TODD no f/way)		1.6	
T7A	Public Road R/W	76						Civic		2.1	
T8a-b	Residential	64	$21,707,807	$241,198			4Q/13	Timberhill	13.0	6.8	90
T8c	Residential	62	$18,157,338	$226,967			4Q/13	Courtyard (8-pack)	12.0	6.0	80
T8d-f	Residential	61	$23,050,100	$207,659			4Q/13	Townhome (Camden)	18.0	6.7	111
Tbg-k	Residential	63	$24,717,359	$301,431			4Q/13	Zero Lot Line	12.0	7.7	82
T8l	Retail	69	$1,045,440		$40.00		1Q/12	Retail		0.6	
T8m	Park	79						Park		1.5	
T8A	Public Road R/W	76						Civic		5.0	
T9a-c	Residential	60	$27,157,799	$242,480			4Q/14	Duplex	14.0	8.1	112
T9d-k	Residential	65	$38,583,959	$321,533			4Q/14	SFD	7.5	10.9	120
T9A	Guideway	76						Civic		5.9	
T9B-E	Open Space / Park	79						Park		3.6	
T9F	Public Road R/W	76						Civic		10.0	
T11a-c	Residential	58	$33,787,971	$187,711			2Q/15	Motorcourt	15.0	12.1	180
T11d	Recreation Center	79						Park		0.5	
T11e	Public Park	79						Park		2.8	
T11f	Water Quality	76						Civic		0.4	
T11A	Open Space	76						Civic		0.4	
T11B	Public Road R/W	76						Civic		2.2	
T13a	Commercial	69	$7,318,080		$35.00		3Q/11	Retail		4.8	
T13b	Office	70	$8,385,300		$35.00		1Q/11	Office		5.5	
T14	Exclusive Agriculture	77	$1,000,000			$80,000	3Q/12	Agriculture		12.5	
T15a-g	Residential (4 Products)	61	$90,746,790	$207,659			2Q/15 - 1Q/16	Townhome (Camden)	18.0	26.1	437
T15b	Residential	56					2Q/15	Apts (Affordable)	27.9	13.0	288
T15i	Police Sub-Station	76						Civic		5.0	
T15j	Park	79						Park		4.0	
T15k	Water Quality	76						Civic		1.0	
T15l	Commercial Recreational	83	$13,172,544		$36.00		3Q/14	R&D (TODD no f/way)		8.4	
T15A-B	Open Space	76						Civic		2.0	
T15C	Easement	76						Civic		0.5	
T15D	Public Road R/W	76						Civic		12.0	
Total			$537,241,407							337.3	1,500

GRAND TOTAL			**$2,190,352,682**							**2,035**	**4,895**

DEVELOPMENT METHOD - ABSORPTION SCHEDULE

LIFE-LONG LEARNING DISTRICT

Commencing April 2008		Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	
Period (Quarterly)		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	Totals
Planning Area	No Lots																																												
L1	0																																											0
L2	56										56																																56
L3	132												132																														132
L4	0																																											0
L5	166							166																																			166
L6	58														58																												58
L7	90													90																													90
L8	0																																											0
L9	0																																											0
L10	0																																											0
L11	0																																											0
L12	0																																											0
L13	0																																											0
L14a-b	63											63																															63
L14c	59											59																															59
L14d-e	61											61																															61
L14f	45											45																															45
L15	0																																											0
L16	54														54																												54
L17	91																	91																									91
L18a	26															26																											26
L18b	98												98																														98
L18c	48																	48																									48
L19	84																				84																						84
L20	84													84																													84
L21	32																							32																			32
L22	0																																											0
L23a	103							103																																			103
L23b	63							63																																			63
L24	0																																											0
L25	93							93																																			93
L26	0																																											0
L27a	15							15																																			15
L27b	46											46																															46
L27c	90												90																														90
L28	0																																											0
L29a	30														30																												30
L29b	0																																											0
L30a	0																																											0
L30b	21														21																												21
L31	116							116																																			116
L32	92							92																																			92
L33	86							86																																			86
L34	54							54																																			54
L35	0																																											0
L36a	30																	30																									30
L36b	60								60																																		60
L37a	0																																											0
L37b	28																	28																									28
L38	80												80																														80
L39	0																																											0
L40	33							33																																			33
L41	0																																											0
L42a	0																																											0
L42b	8																	8																									8
L43	0																																											0
L44	0																																											0
L45	0																																											0
L46	0																																											0
L47	0																																											0
L48	0																																											0
L49	0																																											0
L50	0																																											0
L56a	0																																											0
L56b	0																																											0
L56c	0																																											0
L56d	0																																											0
L57	0																																											0
L58	0																																											0
L66	0																																											0
S1-S4	0																																											0
Totals	2,295	0	0	0	0	0	0	0	821	60	0	56	274	400	174	163	26	0	205	0	0	84	0	0	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,295

Commencing April 2008		Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	
Period (Quarterly)		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	Totals
Planning Area	Revenue																																												
L1	$56,715,120								$56,715,120																																		$56,715,120
L2	$6,689,326										$6,689,326																																$6,689,326
L3	$29,302,390												$29,302,390																														$29,302,390
L4	$0																																											$0
L5	$0																																											$0
L6	$6,928,231														$6,928,231																												$6,928,231
L7	$0																																											$0
L8	$0																																											$0
L9	$7,927,920															$7,927,920																											$7,927,920
L10	$7,683,984															$7,683,984																											$7,683,984
L11	$13,024,440									$13,024,440																																	$13,024,440
L12	$67,901,328							$67,901,328																																			$67,901,328
L13	$0																																											$0
L14a-b	$33,701,731											$33,701,731																															$33,701,731
L14c	$34,763,847											$34,763,847																															$34,763,847
L14d-e	$20,799,076											$20,799,076																															$20,799,076
L14f	$9,599,749											$9,599,749																															$9,599,749
L15	$0																																											$0
L16	$11,519,699														$11,519,699																												$11,519,699
L17	$31,028,130																	$31,028,130																									$31,028,130
L18a	$8,865,180															$8,865,180																											$8,865,180
L18b	$26,068,581												$26,068,581																														$26,068,581
L18c	$10,239,732																	$10,239,732																									$10,239,732
L19	$17,919,532																				$17,919,532																						$17,919,532
L20	$36,189,712													$36,189,712																													$36,189,712
L21	$10,910,991																							$10,910,991																			$10,910,991
L22	$0																																											$0
L23a	$44,375,480							$44,375,480																																			$44,375,480
L23b	$25,868,882							$25,868,882																																			$25,868,882
L24	$0																																											$0
L25	$20,644,866							$20,644,866																																			$20,644,866
L26	$0																																											$0
L27a	$3,329,817							$3,329,817																																			$3,329,817
L27b	$18,888,390											$18,888,390																															$18,888,390
L27c	$17,302,073												$17,302,073																														$17,302,073
L28	$0																																											$0
L29a	$4,680,560														$4,680,560																												$4,680,560
L29b	$4,861,296							$4,861,296																																			$4,861,296
L30a	$2,927,232											$2,927,232																															$2,927,232
L30b	$3,276,392														$3,276,392																												$3,276,392
L31	$18,098,165							$18,098,165																																			$18,098,165
L32	$15,559,903							$15,559,903																																			$15,559,903
L33	$22,876,510							$22,876,510																																			$22,876,510
L34	$10,381,244							$10,381,244																																			$10,381,244
L35	$0																																											$0
L36a	$4,680,560																	$4,680,560																									$4,680,560
L36b	$0																																											$0
L37a	$3,201,660							$3,201,660																																			$3,201,660
L37b	$4,368,523																	$4,368,523																									$4,368,523
L38	$13,530,350												$13,530,350																														$13,530,350
L39	$3,049,200							$3,049,200																																			$3,049,200
L40	$6,344,094							$6,344,094																																			$6,344,094
L41	$7,013,160							$7,013,160																																			$7,013,160
L42a	$3,963,960									$3,963,960																																	$3,963,960
L42b	$1,248,149																	$1,248,149																									$1,248,149
L43	$9,391,536			$9,391,536																																							$9,391,536
L44	$10,855,152			$10,855,152																																							$10,855,152
L45	$14,662,296			$14,662,296																																							$14,662,296
L46	$1,219,680											$1,219,680																															$1,219,680
L47	$3,659,040											$3,659,040																															$3,659,040
L48	$11,099,088							$11,099,088																																			$11,099,088
L49	$14,740,704							$14,740,704																																			$14,740,704
L50	$8,712,000											$8,712,000																															$8,712,000
L56a	$36,590,400												$36,590,400																														$36,590,400
L56b	$32,670,000												$32,670,000																														$32,670,000
L56c	$32,670,000												$32,670,000																														$32,670,000
L56d	$32,670,000												$32,670,000																														$32,670,000
L57	$0																																											$0
L58	$35,719,200												$35,719,200																														$35,719,200
L66	$10,116,000																											$10,116,000															$10,116,000
S1-S4	$0																																											$0
Totals	$963,024,261	$0	$0	$0	$34,908,984	$0	$0	$0	$279,345,397	$56,715,120	$16,988,400	$6,689,326	$134,270,745	$256,522,994	$36,189,712	$26,404,882	$24,477,084	$0	$51,565,094	$0	$0	$17,919,532	$0	$0	$10,910,991	$0	$0	$0	$10,116,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$963,024,261

DEVELOPMENT METHOD - ABSORPTION SCHEDULE

PARK DISTRICT

Commencing April 2008		Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	
Period (Quarterly)		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	Totals
Planning Area	No Lots																																												
P10	156																							78					78																156
P11	39																														39														39
P14	87																							44				43																	87
P12	73																							37					36																73
P13	32																							16				16																	32
P15	83																							42					41																83
0	0																																												0
0	0																																												0
0	0																																												0
0	0																																												0
0	0																																												0
0	0																																												0
0	0																																												0
0	0																																												0
P1a	41																			41																									41
P1b	41																							41																					41
P1c	57																											57																	57
P2a	41																			41																									41
P2b	74																							37				37																	74
P3	60																			60																									60
P4	59																			59																									59
P5	91																			46				45																					91
P6a	55																								28			27																	55
P6b	12																													12															12
P7	52																								26			26																	52
P8	16																			8				8																					16
P9ai	19																											10					9												19
P9aii	0																																												0
P9aiii	0																																												0
P9bi	12																																		6			6							12
P9bii	0																																												0
P9biii	0																																												0
P9biv	0																																												0
0	0																																												0
0	0																																												0
Hamlet	0																																												0
0	0																																												0
0	0																																												0
0	0																																												0
0	0																																												0
GC	0																																												0
Totals	1,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	255	0	0	0	348	54	0	0	216	155	12	39	0	9	0	6	0	0	6	0	0	0	0	0	0	1,100

Planning Area	Revenue	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Totals
P10	$88,313,316																							$44,156,658					$44,156,658																$88,313,316
P11	$23,505,586																														$23,505,586														$23,505,586
P14	$64,498,401																							$32,619,881				$31,878,520																	$64,498,401
P12	$56,731,292																							$28,754,216					$27,977,076																$56,731,292
P13	$36,098,557																							$18,049,279				$18,049,279																	$36,098,557
P15	$50,117,617																							$25,360,722					$24,756,895																$50,117,617
0	$0																																												$0
0	$0																																												$0
0	$0																																												$0
0	$0																																												$0
0	$0																																												$0
0	$0																																												$0
0	$0																																												$0
0	$0																																												$0
P1a	$17,998,604																			$17,998,604																									$17,998,604
P1b	$17,998,604																							$17,998,604																					$17,998,604
P1c	$25,022,450																											$25,022,450																	$25,022,450
P2a	$18,030,869																			$18,030,869																									$18,030,869
P2b	$32,543,520																							$16,271,760				$16,271,760																	$32,543,520
P3	$35,968,296																			$35,968,296																									$35,968,296
P4	$38,654,022																			$38,654,022																									$38,654,022
P5	$39,627,000																			$20,031,231				$19,595,769																					$39,627,000
P6a	$32,970,938																								$16,785,205			$16,185,733																	$32,970,938
P6b	$7,193,659																													$7,193,659															$7,193,659
P7	$34,067,952																								$17,033,976			$17,033,976																	$34,067,952
P8	$16,177,717																			$8,088,859				$8,088,859																					$16,177,717
P9ai	$28,212,459																											$14,848,663					$13,363,796												$28,212,459
P9aii	$0																																												$0
P9aiii	$0																																												$0
P9bi	$17,818,395																																		$8,909,198			$8,909,198							$17,818,395
P9bii	$0																																												$0
P9biii	$0																																												$0
P9biv	$0																																												$0
0	$0																																												$0
0	$0																																												$0
Hamlet	$8,537,760																								$8,537,760																				$8,537,760
0	$0																																												$0
0	$0																																												$0
0	$0																																												$0
0	$0																																												$0
GC	See GC								See GC																																				$0
Totals	$690,087,014	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$138,771,880	$0	$0	$0	$210,895,748	$42,356,941	$0	$0	$139,290,380	$96,890,629	$7,193,659	$23,505,586	$0	$13,363,796	$0	$8,909,198	$0	$0	$8,909,198	$0	$0	$0	$0	$0	$0	$690,087,014

DEVELOPMENT METHOD - ABSORPTION SCHEDULE

TRANSIT-ORIENTED DISTRICT (RESIDENTIAL & RETAIL)

Commencing April 2008		Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	
Period (Quarterly)		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	Totals
Planning Area	No Lots																																												
T1a	0																																												0
T1b	0																																												0
T1c	0																																												0
T1d	0																																												0
T1e	0																																												0
T1f	0																																												0
T1g	0																																												0
T1h	0																																												0
T1A	0																																												0
T2a	0																																												0
T2b	0																																												0
T2c	0																																												0
T2d	0																																												0
T2e	0																																												0
T2f	0																																												0
T2g	0																																												0
T2h	0																																												0
T2i	0																																												0
T2j	0																																												0
T2k	0																																												0
T2l	0																																												0
T2A	0																																												0
T4a	0																																												0
T4b	0																																												0
T4c	0																																												0
T4d	0																																												0
T4e	0																																												0
T5a	0																																												0
T5b	0																																												0
T5c	0																																												0
T5d	0																																												0
T5e	0																																												0
T5f	0																																												0
T5g	0																																												0
T5h	0																																												0
T5i	0																																												0
T5j	0																																												0
T5k	0																																												0
T5l	0																																												0
T5m	0																																												0
T5A	0																																												0
T6	0																																												0
T7a	0																																												0
T7b	0																																												0
T7c	0																																												0
T7d	0																																												0
T7e	0																																												0
T7f	0																																												0
T7g	0																																												0
T7h	0																																												0
T7i	0																																												0
T7j	0																																												0
T7k	0																																												0
T7l	0																																												0
T7m	0																																												0
T7A	0																																												0
T8a-b	90																							90																					90
T8c	80																							80																					80
T8d-f	111																							111																					111
Tbg-k	82																							82																					82
T8l	0																																												0
T8m	0																																												0
T8A	0																																												0
T9a-c	112																											112																	112
T9d-k	120																											120																	120
T9A	0																																												0
T9B-E	0																																												0
T9F	0																																												0
T11a-c	180																													180															180
T11d	0																																												0
T11e	0																																												0
T11f	0																																												0
T11A	0																																												0
T11B	0																																												0
T13a	0																																												0
T13b	0																																												0
T14	0																																												0
T15a-g	437																													219			218												437
T15b	288																													288															288
T15i	0																																												0
T15j	0																																												0
T15k	0																																												0
T15l	0																																												0
T15A-B	0																																												0
T15C	0																																												0
T15D	0																																												0
Totals	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	363	0	0	0	232	0	687	0	0	218	0	0	0	0	0	0	0	0	0	0	0	1,500

Planning Area	Revenue																																												Totals
T1a	$8,054,000						$8,054,000																																						$8,054,000
T1b	$13,673,000						$13,673,000																																						$13,673,000
T1c	$6,743,000						$6,743,000																																						$6,743,000
T1d	$5,053,000						$5,053,000																																						$5,053,000
T1e	$4,356,000						$4,356,000																																						$4,356,000
T1f	$4,356,000						$4,356,000																																						$4,356,000
T1g	$4,879,000						$4,879,000																																						$4,879,000
T1h	$3,485,000						$3,485,000																																						$3,485,000
T1A	$0																																												$0
T2a	$4,469,256																$4,469,256																												$4,469,256
T2b	$4,861,296																$4,861,296																												$4,861,296
T2c	$4,861,296																$4,861,296																												$4,861,296
T2d	$6,290,064																	$6,290,064																											$6,290,064
T2e	$4,469,256																	$4,469,256																											$4,469,256
T2f	$3,641,616																		$3,641,616																										$3,641,616
T2g	$2,509,056																		$2,509,056																										$2,509,056
T2h	$7,056,720																		$7,056,720																										$7,056,720
T2i	$6,743,088																			$6,743,088																									$6,743,088
T2j	$2,822,688																			$2,822,688																									$2,822,688
T2k	$3,136,320																				$3,136,320																								$3,136,320
T2l	$2,822,688																				$2,822,688																								$2,822,688
T2A	$0																																												$0
T4a	$3,293,136						$3,293,136																																						$3,293,136
T4b	$2,979,504						$2,979,504																																						$2,979,504
T4c	$4,704,480						$4,704,480																																						$4,704,480
T4d	$3,920,400						$3,920,400																																						$3,920,400
T4e	$4,234,032						$4,234,032																																						$4,234,032
T5a	$4,234,032						$4,234,032																																						$4,234,032
T5b	$3,763,584							$3,763,584																																					$3,763,584
T5c	$3,293,136							$3,293,136																																					$3,293,136
T5d	$3,449,952							$3,449,952																																					$3,449,952
T5e	$3,293,136							$3,293,136																																					$3,293,136
T5f	$2,195,424								$2,195,424																																				$2,195,424
T5g	$1,724,976								$1,724,976																																				$1,724,976
T5h	$3,136,320								$3,136,320																																				$3,136,320
T5i	$3,293,136								$3,293,136																																				$3,293,136
T5j	$2,038,608									$2,038,608																																			$2,038,608
T5k	$3,920,400									$3,920,400																																			$3,920,400
T5l	$3,293,136									$3,293,136																																			$3,293,136
T5m	$1,724,976									$1,724,976																																			$1,724,976
T5A	$0																																												$0
T6	$9,252,144										$9,252,144																																		$9,252,144
T7a	$5,018,112										$5,018,112																																		$5,018,112
T7b	$4,390,848											$4,390,848																																	$4,390,848
T7c	$3,606,768											$3,606,768																																	$3,606,768
T7d	$2,509,056												$2,509,056																																$2,509,056
T7e	$2,509,056												$2,509,056																																$2,509,056
T7f	$4,861,296												$4,861,296																																$4,861,296
T7g	$5,959,008													$5,959,008																															$5,959,008
T7h	$4,800,312													$4,800,312																															$4,800,312
T7i	$4,634,784														$4,634,784																														$4,634,784
T7j	$7,117,704														$7,117,704																														$7,117,704
T7k	$5,645,376															$5,645,376																													$5,645,376
T7l	$2,822,688															$2,822,688																													$2,822,688
T7m	$2,509,056															$2,509,056																													$2,509,056
T7A	$0																																												$0
T8a-b	$21,707,807																							$21,707,807																					$21,707,807
T8c	$18,157,338																							$18,157,338																					$18,157,338
T8d-f	$23,050,100																							$23,050,100																					$23,050,100
Tbg-k	$24,717,359																							$24,717,359																					$24,717,359
T8l	$1,045,440																$1,045,440																												$1,045,440
T8m	$0																																												$0
T8A	$0																																												$0
T9a-c	$27,157,799																											$27,157,799																	$27,157,799
T9d-k	$38,583,959																											$38,583,959																	$38,583,959
T9A	$0																																												$0
T9B-E	$0																																												$0
T9F	$0																																												$0
T11a-c	$33,787,971																													$33,787,971															$33,787,971
T11d	$0																																												$0
T11e	$0																																												$0
T11f	$0																																												$0
T11A	$0																																												$0
T11B	$0																																												$0
T13a	$7,318,080														$7,318,080																														$7,318,080
T13b	$8,385,300												$8,385,300																																$8,385,300
T14	$1,000,000																		$1,000,000																										$1,000,000
T15a-g	$90,746,790																													$45,477,224			$45,269,566												$90,746,790
T15b	$0																																												$0
T15i	$0																																												$0
T15j	$0																																												$0
T15k	$0																																												$0
T15l	$13,172,544																										$13,172,544																		$13,172,544
T15A-B	$0																																												$0
T15C	$0																																												$0
T15D	$0																																												$0
Totals	$537,241,407	$0	$0	$0	$0	$0	$73,964,584	$13,799,808	$10,349,856	$10,977,120	$14,270,256	$7,997,616	$18,264,708	$10,759,320	$19,070,568	$10,977,120	$15,237,288	$10,759,320	$14,207,392	$9,565,776	$5,959,008	$0	$0	$87,632,604	$0	$0	$13,172,544	$65,741,758	$0	$79,265,195	$0	$0	$45,269,566	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$537,241,407

REVENUE APPRECIATION

The marketing and sale of the planning areas will occur over an extended term. For this reason, it would be imprudent to assume no change in underlying land values. In the late 1980s, the residential land market was characterized by rapidly appreciating values that at times exceeded 20% annually. Residential land values were observed to have substantially declined between 1990 and 1994, oftentimes exceeding a 50% decrease. During 1994, several submarkets experienced moderate increases as builders/developers appeared to be anticipating a shortage of available lots for construction. Between late 1993 and early 1995, increases of up to 20% were demonstrated in certain areas of Southern California. This trend stabilized in 1995 and into 1996. However, beginning in mid-1996 through 2005, demand for residential land ready for immediate development in desirable areas progressively increased. This situation, combined with the steadily decreasing supply of improved sites, fueled rapid price increases of residential land in most areas of Orange County.

Starting in 2006 and through 2008 to-date demand substantially decreased, resulting in decreasing home sales rates, home and land pricing. The majority of market participants surveyed anticipate 2008 to remain "soft" with potential positive movement (albeit only moderate if at all) in sales velocity, home, and land pricing sometime in 2010±. In general, the overall trend during the past two decades has been one of upward change. The observed fluctuation serves to illustrate the fact that changes in value do occur as normal economic cycles but are rarely predictable.

The short-term projection is for flat and or downward pressure on pricing. The long-term projections are for moderate positive growth in nearly all sectors. A general consensus, based upon interviews with builders, developer's, and brokers active in the market, is for flat and possible downward pricing in 2008 and no major upward trend in pricing through 2009. The majority of those interviewed suggested an anticipated recovery, and hence renewed price appreciation, in 2010±.

In that the master development cash flow incorporates "land" rather than "home" sale revenues, consideration must be given to the relative price trending in underlying land resulting from the assumed home trending assumptions. As exhibited in the following table, the appraisers prepared a land sale revenues trending analysis, which incorporates pertinent assumptions relative to said trending (i.e. home prices, home price trending, profit, costs, cost trending, time frame, etc.). The analysis was specifically tailored to the appraisers' product and cost assumptions for Heritage Fields. Per the appraisers' assumptions, the *non-weighted* average base home price (present dollars) in the for-sale residential neighborhoods was \$1,070,000± or \$380± per square foot. Static profit was assumed to remain constant at about 11% of sales when considering the weighting of multiple product lines ranging from 10% to 12%. Turn-key costs, including intracts, construction costs, softs, indirects, and fees (present dollars) were assumed to be \$210± per square foot with consideration of a non-weighted average of detached and attached product within the subject project. Finally, the term of land development and land sales (to merchant builders) was assumed to be 10± years.

LAND SALE REVENUES TRENDING ANALYSIS					
Heritage Fields (El Toro MCAS)					
General Product & Pricing Assumptions					
Average Home Price (Current $)		$1,070,000	Static Profit		11.00%
Average Price PSF (Current $)		$380	Total Costs (Current $ PSF)		$210.00
Average Home Size		2,815	Time Period (Yrs)		10.00
Scenario 1			**Scenario 2**		
Price Trending (Per Annum)		0.00%	Price Trending (Per Annum)		3.00%
Cost Trending (Per Annum)		3.00%	Cost Trending (Per Annum)		3.00%
Category	Current $	Trended $	Category	Current $	Trended $
Home Price	$1,070,000	$1,070,000	Home Price	$1,070,000	$1,437,991
Profit	($117,700)	($117,700)	Profit	($117,700)	($158,179)
Costs	($591,150)	($794,456)	Costs	($591,150)	($794,456)
Land Value	$361,150	$157,844	Land Value	$361,150	$485,355
Land Trending Factor		**-7.94%**	**Land Trending Factor**		**3.00%**
Scenario 3			**Scenario 4**		
Price Trending (Per Annum)		4.00%	Price Trending (Per Annum)		5.00%
Cost Trending (Per Annum)		3.00%	Cost Trending (Per Annum)		3.00%
Category	Current $	Trended $	Category	Current $	Trended $
Home Price	$1,070,000	$1,583,861	Home Price	$1,070,000	$1,742,917
Profit	($117,700)	($174,225)	Profit	($117,700)	($191,721)
Costs	($591,150)	($794,456)	Costs	($591,150)	($794,456)
Land Value	$361,150	$615,180	Land Value	$361,150	$756,740
Land Trending Factor		**5.47%**	**Land Trending Factor**		**7.68%**

The two variables in each respective scenario were home and cost trending. Effective land price annual trending factors ranged from -7.94% to 7.68%, depending on the Scenario. As will be discussed further, the appraisers have assumed a cost inflation factor of 3.00%. Scenario 1 reflected an inverse revenue/cost trending situation in which cost increases continued with flat pricing. In this case, 0.00% revenue and 3.00% cost trending resulted in a net land trending factor of -7.94%. Scenario 2 demonstrated that the underlying land would trend similar to revenues and costs if both were assumed to be trending forward at the same rate of 3.00%.

Scenarios 3 and 4 demonstrated that if revenue trending exceeds cost trending, the implied land trending would increase at a greater rate. A combination of 4.00% home and 3.00% cost trending assumptions indicated an underlying land appreciation rate of 5.47% (Scenario 3). Finally, if assuming more aggressive price trending at 5.00%, and cost trending at 3.00%, the inflation factor for land would increase substantially, at 7.68% (Scenario 4).

Perhaps most critical is how market participants would model trending in a current land purchase pro forma. There have been very few recent acquisitions that might indicate as such. However, a survey of participants and a review of “revised” pro formas, are indicative of more recent trending assumptions. For short term developments, a consensus is no trending would be applicable. For longer term developments, moderate appreciation starting in 2010± might be applicable. Of note is that the developer’s latest business plan integrated residential land inflation of 4.81% in 2010, 6.56% in 2011, 8.31% in 2012, and 10.06% in 2013 forward. Non-residential land was inflated at 6% beginning in 2008.

In this case, given the magnitude of the housing downturn and the potential for continued price depression, land pricing was held flat through 2009 and into early 2010. Assuming a modest market recovery in 2010, a 5.00% *land* trending factor was deemed reasonable (see Scenario 3). The 5.00% per annum increase was held constant in the valuation analysis commencing the 3rd quarter 2010 and reflects an overall trend rather than potential cyclical variances in inflation rates over an extended period of time. Increases were calculated on a compounded quarterly basis. Again, it is important to recognize that the assumed revenue trending assumptions were made companion to cost trending assumptions (to follow).

OTHER REVENUES

CFD Reimbursements

The developer's total budget for CFD reimbursements is $288,675,810. The developer's plan scheduled reimbursements to commence in the 4th quarter 2008 and through the 4th quarter 2015. Said budget is based upon the total budgeted CFD engineering and backbone infrastructure costs. Developers Research has reviewed the costs and has estimated remaining expenditures of $259,366,142. Per the developer's business plan cash flow, an additional $40,307,581 is scheduled for CFD-related costs expended to date. Thus, total reimbursements were estimated at $299,673,723. Reimbursements were scheduled for the quarter following respective expenditures commencing in the 3rd quarter ending December 2008 per the developer's schedule.

CFD Management Fees

Per a Master Implementation Agreement with the City, the developer is to receive fees for managing the joint backbone development, which is 5% of the budgeted CFD engineering and backbone infrastructure costs. The developer's total budget for CFD Management Fees is $12,985,185 of which $12,471,780 was reportedly remaining as of April 1, 2008. Developers Research has reviewed the costs and has estimated remaining expenditures of $259,366,142, indicating $12,968,307 in management fees ($259,366,142 x 5%). Per the developer's business plan cash flow, an additional $641,388 is scheduled for CFD-related management fees in the 1st quarter ending June 2008. Thus, total management fee reimbursements were estimated at $13,609,695. Reimbursements were scheduled for the quarter following respective expenditures.

Golf Course Sale "At Completion"

The appraisers valued the proposed golf course "at completion." For the master cash flow, the "at completion" value of $15,600,000 was incorporated as a sale event in the 1st quarter 2010, the projected date of completion. This golf course revenue figure, and corresponding date, reflect the golf course value "at completion" but not yet at stabilized occupancy. It was assumed that all golf course development and construction costs were incorporated into the LLC backbone infrastructure budget provided.

Interim Income Properties

The master developer has secured various interim income streams from current and/or proposed tenancy in Heritage Fields. The income properties are managed and operated by LNR, a commercial property entity of Lennar. Per the plan, net income from these sources totals $11,770,003. The majority of this figure has already been recognized since Lennar acquired the property in 2005. Of the total, $4,041,707 is scheduled from the 2nd quarter 2008 through the 2nd quarter 2011, after which no additional income stream is anticipated. The revenue was allocated over the course of the cash flow per the developer's schedule and reflects diminishing tenancy (income and expenses) as the project is redeveloped. The appraisers have assumed the reported income stream is reasonably true and correct and has not been provided nor reviewed leases and expenses relative.

MASTER-PLAN DEVELOPMENT COSTS

The proposed master-planned community is subject to extensive on- and offsite development costs. Land development cost estimates were provided by the developer. The appraisers assumed the on- and offsite costs and reimbursements submitted by the developer were correct and reasonable for use in this analysis. Further, the appraisers have incorporated various remaining cost estimates provided by Developers Research and pertaining to planning, entitlements, LLC engineering, CFD engineering, LLC backbone infrastructure, and CFD infrastructure. The developer's submitted pro forma is included in the Addenda.

LLC Engineering

The developer's total budget for non-CFD engineering costs is $52,499,876 of which $39,304,841 was reportedly remaining as of April 1, 2008. Developers Research has reviewed the costs and has estimated remaining expenditures of $38,004,960. This cost was allocated over the course of the cash flow per Developers Research recommendation which incorporated the appraisers' absorption assumptions.

CFD Engineering

The developer's total budget for CFD-related engineering costs is $34,441,010 of which $32,658,819 was reportedly remaining as of April 1, 2008. Developers Research has reviewed the costs and has estimated remaining expenditures of $58,633,218. This cost was allocated over the course of the cash flow per Developers Research recommendation which incorporated the appraisers' absorption assumptions.

LLC Backbone Infrastructure

The developer's total budget for backbone land development infrastructure is $243,959,335 of which $211,445,529 was reportedly remaining as of April 1, 2008. Developers Research has reviewed the costs and has estimated remaining expenditures of $211,726,289. This cost was allocated over the course of the cash flow per Developers Research recommendation which incorporated the appraisers' absorption assumptions.

CFD Backbone Infrastructure

The developer's total budget for CFD-related backbone land development infrastructure is $254,234,800 of which $253,034,801 was reportedly remaining as of April 1, 2008. Developers Research has reviewed the costs and has estimated remaining expenditures of $200,732,924. This cost was allocated over the course of the cash flow per Developers Research recommendation which incorporated the appraisers' absorption assumptions.

Real Estate Taxes & Assessments

Property taxes were calculated assuming a conservative 1.75% overall tax rate, initial purchase at the indicated land basis, and subsequent diminishing inventory (planning areas) as the sites are sold. The revised annual basis (remaining inventory) was increased 2.00% per annum per California law. Planning area revenue event totals were used to revise the diminishing basis for each assessment period due to diminishing inventory. Thus, the assessment to the master developer decreases as the planning areas/parcels are delivered and released from the assessment calculation.

Redemption Price

Per the budget, a negotiated redemption price payable to SunCal Communities totaled $74,000,000. The redemption price was negotiated for partnership dissolution. Per the developer, the redemption price has been paid in full.

Acquisition, Closing Costs, & Predevelopment

A land acquisition such as the subject would warrant extensive due diligence activity pertaining to entitlement issues, feasibility studies, professional services, etc. Acquisition and closing costs include title work, escrow charges, etc. The developer's budget totaled $2,954,831, all of which had been expended as of April 1, 2008. However, a new acquisition would still require a budget for initial pre-acquisition due diligence and closing costs. Based on a review of cost budgets from other larger development properties an allowance of $500,000 was included in the first quarter of the cash flow.

Homeless Provider Agreements

The total budget for various negotiated homeless provider agreements is $30,580,000 of which $29,533,875 was reportedly remaining as of April 1, 2008. The remaining agreement costs were allocated over the course of the cash flow per the developer's schedule.

Development Agreement Fees

Companion to the acquisition and disposition agreement are $200,000,000 in development agreement fees due the city. Per the developer, the entire $200,000,000 budget has been paid in full.

North Irvine Traffic Mitigation Fee (NITM Fee)

The total budget for a North Irvine Traffic Mitigation (NITM) Fee is $99,075,047. This fee was allocated over the course of the cash flow per the developer's schedule.

Planning

The total budget for project planning expenses is $9,005,000 of which $3,186,820 was reportedly remaining as of April 1, 2008. Said cost has been included in the Developers Research budget and thus excluded here.

Entitlements

The total budget for project entitlement expenses is $10,500,000 of which $4,863,929 was reportedly remaining as of April 1, 2008. Said cost has been included in the Developers Research budget and thus excluded here.

Financing / Holding Costs

Land developers will commonly analyze property acquisitions with leveraged and/or unleveraged cash flows. In this analysis, the cash flows were prepared on an unleveraged basis and the reconciled discount rate (IRR) reflected the non-leveraged assumption. It is recognized that the developer will likely leverage the project with financing. However, as the discount rate employed reflected an unleveraged assumption the analysis correlated accordingly.

General Legal

The budget for legal expenses totaled $4,000,000 of which $2,198,394 was reportedly remaining as of April 1, 2008. This budget was deemed reasonable and remaining legal-related costs were allocated over the course of the cash flow per the developer's schedule.

Public Affairs (Special Projects)

Developers will commonly allow a budget for public affair events, special projects, and other unforeseen expenditures relative to advancing the project accordingly. The budget for public affairs totaled $6,550,000 of which $2,475,169 was reportedly remaining as of April 1, 2008. This budget was deemed adequate and remaining special project costs were allocated over the course of the cash flow per the developer's schedule.

Income Property (Other Expenses)

The master developer has secured various interim income streams from current and/or proposed tenancy in Heritage Fields. The net income previously reported as a revenue source was that "net" income after certain operating expenses relative to respective tenants. The master developer is responsible for additional interim income property operating expenses not reflected in the previous net income calculation. The budget totaled $7,006,396 of which $2,471,291 was reportedly remaining as of April 1, 2008. This figure was allocated per the developer's schedule and reflects diminishing tenancy (income and expenses) as the project is redeveloped. The appraisers have assumed the reported income stream is reasonably true and correct and has not been provided nor reviewed leases and expenses relative.

Caretaking

Caretaking involves all expenses relative to security, project maintenance, etc. not reflected in any of the other cost categories. Caretaking expenses are often reflected as part of indirect construction and/or general conditions. The budget totaled $15,405,351 of which $12,534,076 was reportedly remaining as of April 1, 2008. This cost was allocated over the course of the cash flow per the developer's schedule.

Environmental Insurance Premium

The total budget for an environmental insurance policy is $8,844,882 and the entire premium has reportedly been paid as of April 1, 2008.

Environmental Cleanup

The total budget for yet-to-be discovered adverse environmental conditions is $10,000,000 of which $9,980,156 was reportedly remaining as of April 1, 2008. This cost is essentially a contingency above and beyond those environmental clean-up responsibilities borne by the US Navy. This cost was allocated over the cash flow per the developer’s schedule.

General Liability Insurance

The general liability insurance budget totaled $13,408,039 of which $9,294,615 was reportedly remaining as of April 1, 2008. This cost was allocated over the course of the cash flow per the developer’s schedule.

Land Sales Closing Costs

Land sale commissions were assumed to be minimal in that the majority of residential planning area/parcel sales within master-planned communities occur between guest builders and the master developer without broker representation. The developer has budgeted 1.054% for land sale closing costs. Per their key assumptions overview, this figure reflects .29% for closing costs on residential land sales and 3.00% for commissions and closing costs on non-residential land sales. With the inclusion of commercial land parcels, an allowance of 1.50% of total land sale revenues (excluding golf course) was reasonable for closing costs, legal fees, and any brokerage fees, referral fees, etc.

Master Marketing / HOA

As is typical in master-planned communities, the appraisers assumed a cooperative marketing program would be created to provide additional marketing for the community. The developer has budgeted total master marketing expenses at 1.00% of home sales and assumed a 100% recovery via builder co-op. In this analysis, the appraisers assumed the co-op reimbursement program would fall slightly short of the net master marketing costs. An allowance of 0.50% of sale revenues was included and allocated over Quarters 5-13 of the cash flow, reflecting a net cost to the developer after co-op reimbursements from participating builders. Costs within this category also incorporated any homeowners’ fee subsidies required on the part of the master developer. In all likelihood, given the timing projected by the master developer, HOA costs would be minimal.

Master Contingency

The developer has included a master contingency at $41,666,908, or 14%± of combined LLC engineering and backbone infrastructure costs. Developers Research has estimated contingencies at $61,311,462, or 24.52% of their combined LLC engineering and backbone infrastructure costs, which also includes planning and entitlements. A review of other master developer budgets indicates such contingencies are typically 10% to 20% of costs. Given the scope of the project, and the other expense/cost categories, a 20% figure, totaling $49,946,250, was deemed reasonable and included in the cash flow companion to the LLC engineering and backbone infrastructure cost expenditures.

Master Management (Overhead / General & Administration)

Over the duration of the project, the master developer's staff and/or hired consultants will have to oversee all aspects of the project, including planning, entitlements, development and construction oversight, land sales, master marketing, financial reporting, etc. The subject developer included this cost at 1.00% of land sale revenues. Per a review of other master developer budgets this figure was considered slightly understated and a 1.50% of land sale revenues (excluding golf course) figure was included. The management expense was allocated over the duration of the development period cash flow.

Development Costs Summary

As summarized in the following table, remaining master development costs totaled $867,676,234. Note these cost figures *do not* include builder costs of intracts and residential fees due at permit, which are passed on to guest builders and were incorporated into the individual residential planning area/parcel analyses.

MASTER DEVELOPMENT COST / EXPENSE SUMMARY
Heritage Fields (El Toro MCAS)

COST / EXPENSE (Untrended Costs in April 2008 $s)	SOURCE[1]	TOTALS
LLC ENGINEERING	DR	$38,004,960
CFD ENGINEERING	DR	$58,633,218
LLC BACKBONE INFRASTRUCTURE	DR	$211,726,289
CFD BACKBONE INFRASTRUCTURE	DR	$200,732,924
REAL ESTATE TAXES	C & W	$63,907,627
REDEMPTION PRICE	DEV	$0
PRECLOSING / DUE DILIGENCE	C & W	$500,000
HOMELESS PROVIDER AGREEMENTS	DEV	$29,533,875
DEVELOPMENT AGREEMENT FEES	DA	$0
NITM FEE	DEV	$99,075,047
PLANNING (INCLUDED ABOVE)	DR	$0
ENTITLEMENTS (INCLUDED ABOVE)	DR	$0
GENERAL LEGAL	DEV	$2,198,394
PUBLIC AFFAIRS	DEV	$2,475,169
INCOME PROP OTHER EXPENSES	DEV	$2,471,291
CARETAKING	DEV	$12,534,076
ENVIRONMENTAL INSURANCE	DEV	$0
ENVIRONMENTAL CLEAN-UP	DEV	$9,980,156
GENERAL LIABILITY INSURANCE	DEV	$9,294,615
SALES / CLOSING COSTS / LEGAL	C & W	$32,855,290
MARKETING/ADV (AFTER COOP)	C & W	$10,951,763
MASTER CONTINGENCY	C & W	$49,946,250
MASTER MANAGEMENT & FEES	C & W	$32,855,290
TOTALS (To Superpad Lots/Parcels)		**$867,676,234**

[1] Cushman & Wakefield (appraisers' estimate per schedule)
DEV = (developer's pro forma)
C & W = Cushman & Wakefield
DR = Developers Research
DA = Development Agreement
Costs are reflected in non-trended April 2008 $s.

COST INFLATION

The development of the project will occur over an extended term. For this reason, it would be imprudent to assume no change in development costs. As detailed in the following table, the appraisers gathered historical cost information from two sources, The Engineering News Record and Marshall Valuation Service. The Marshall cost index indicated an average annual increase of 4.89% over the past 27 years ending January 2007 with an average compounded increase of 3.16% per annum. A review of the Engineering News Record (ENR) building cost index indicated an average annual increase of 4.76% over the past 25 years ending January 2005 and an average compounded increase of 3.19% per annum. Cost increases are also commonly tied to annual CPI increases. Over the past several years, the CPI has indicated fairly modest increases, typically 3.00%± but increasing as of late.

CONSTRUCTION COST INDEX ANALYSIS
Heritage Fields (El Toro MCAS)

	Marshall & Swift			**Engineering News Record**		
Year	Index	Annual % Increase	Cumulative Increase(1)	Index	Annual % Increase	Cumulative Increase(1)
1980	1076	-	-	1819	-	-
1981	1146	6.55%	6.55%	1941	6.71%	6.71%
1982	1185	3.34%	10.11%	2097	8.04%	15.28%
1983	1226	3.51%	13.98%	2234	6.53%	22.81%
1984	1281	4.43%	19.03%	2384	6.71%	31.06%
1985	1309	2.23%	21.67%	2417	1.38%	32.88%
1986	1316	0.53%	22.32%	2428	0.46%	33.48%
1987	1325	0.68%	23.14%	2483	2.27%	36.50%
1988	1354	2.21%	25.87%	2541	2.34%	39.69%
1989	1379	1.85%	28.20%	2598	2.24%	42.83%
1990	1422	3.06%	32.12%	2634	1.39%	44.80%
1991	1434	0.88%	33.28%	2702	2.58%	48.54%
1992	1460	1.81%	35.70%	2751	1.81%	51.24%
1993	1530	4.82%	42.24%	2834	3.02%	55.80%
1994	1593	4.10%	48.07%	2996	5.72%	64.71%
1995	1636	2.71%	52.08%	3111	3.84%	71.03%
1996	1644	0.48%	52.81%	3111	0.00%	71.03%
1997	1703	3.58%	58.28%	3203	2.96%	76.09%
1998	1731	1.64%	60.87%	3364	5.03%	84.94%
1999	1776	2.61%	65.06%	3391	0.80%	86.42%
2000	1852	4.30%	72.15%	3456	1.92%	89.99%
2001	1886	1.82%	75.30%	3539	2.40%	94.56%
2002	1920	1.80%	78.46%	3574	0.99%	96.48%
2003	1971	2.66%	83.20%	3623	1.37%	99.18%
2004	2077	5.38%	93.05%	3693	1.93%	103.02%
2005	2231	7.41%	107.36%	3984	7.88%	119.02%
2006	2317	3.85%	115.35%	---	---	---
2007	2495	7.68%	131.90%	---	---	---
Avg Annual Rate (Straight Avg)			**4.89%**		---	**4.76%**
Avg Annual Rate (Compounded)			**3.16%**		---	**3.19%**

(1) *Calculated from base year 1980.*

Finally, perhaps most relative to estimated cost trending rates are those assumptions being made by market participants in their selling and buying decisions. A survey of developers and builders indicated that many are incorporating slight cost inflation trending assumptions, typically ranging from 2.00% to 4.00%. Costs were increasing at a higher than average rate from 2004-2007. With the housing downturn, more recent cost surveys suggest more flat if not decreasing cost trends and new budgets typically reflect as such. Though continued cost decreases are not anticipated over the long-term, trends suggest that construction costs will likely remain soft and then begin increasing companion to a housing recovery. Of note, the subject developer utilized a 0% inflation factor on backbone infrastructure costs in the latest business plan. Given that revenues assumptions have been held static into 2010 (see previous discussion), cost trending was also held flat through the 2nd quarter 2010 and increasing 3.00% per annum (compounded quarterly) commencing in the 3rd quarter 2010.

DISCOUNT RATE (IRR) / IMPLIED STATIC PROFIT

Finally, the appraisers considered the inclusion of profit or entrepreneurial reward for the master developer. In projects with substantial risk and costs companion to developing the master-plan, some form of return is appropriate to the master development position. In projects of lesser risk, proven success, lower costs of development, and/or smaller in size, profit is often attributable to construction and product sales only. Many considerations were taken into account in reconciling an appropriate rate for the subject, including the risk in development, timing, stage of development, cost of funds, etc.

Risk elements can vary depending upon location and product but overall the following elements are typically weighed in determining an appropriate discount rate that can range from 15% to 25% for a residential master-planned community. Elements considered are stage of entitlements, developer demand for subject product, inventory competition, number of units, type of master development program, lot and product type, duration of the development, overall range of product pricing, maturity of the submarket, lot condition, development costs, availability and cost of financing, other items. This range of discount rates is also confirmed via published data such as Korpacz and RealtyRates.com.

A survey of master developers and a review of master development pro formas indicate that most participants are typically requiring non-leveraged IRR hurdle rates at 20%± in a typical master development program of moderate risk. Higher threshold rates, up to 10% higher, could be expected in the prevailing market for projects lacking entitlements and/or in a raw land condition. Further, all participants would contend that as of late some type of additional increase in returns would be required to account for the housing downturn, increase in risk, and difficult and/or lack of credit/financing facilities.

A survey of master developer’s land development pro formas indicates across the board use of single unleveraged discount rate regardless of positive or negative cash flows. No bifurcated rates were presented in any master developer pro formas utilized in the land basis purchase pro formas. In that a large portion of the profit is realized in construction, the internal rate of return (IRR), or discount rate, applicable to the master developer’s position must reflect any remaining applicable profit to the master developer for remaining land development, management, risk, time, etc. The discount rate would also account for the time (holding period) from the date of value "as is" to the prospective dates for each of the individual neighborhoods.

With regard to the subject, higher risk ratings relate primarily to softening demand and price points (stage of market cycle). There is the potential for continuing softening in home prices and the timing of a market recovery is not yet substantiated. Notable is the Burns study suggests 8% to 12% price depreciation in 2008 and 2009, attached and detached product respectively. The subject project is a large sized master-plan and has substantial cost obligations with regard to on- and offsite improvements. The master developer's risk would arise primarily from speculation on demand, pricing, and capture and the long-term holding period requiring substantial expenditures for installation of on- and offsite improvements over the development term. A substantial portion of the development cost budget is currently planned to be financed by way of a Community Facility District (CFD). The Development Agreement (DA) has several provisions relative to the formation of the CFD, conditions precedent, and responsibilities/obligations on part of both the City and developer. Given the latest downturn in the housing cycle, the reliability of the CFD financing in terms of amount and timing, and the ability and timing to execute bond sales, is less certain. It is anticipated that both City and developer will be involved in potential DA amendments addressing this facility and obligations relative. However, a final CFD financing plan has not been formulated or submitted. This inherently increases risk. Finally, there is some element of risk in the final approvals for the bonus density relative to affordable housing requirements. Although there is strong consensus that the bonus density will be approved, there is the potential for additional unknown costs and time delays relative.

Lower risk ratings relate to the infill Orange County location, wide variety of product type, and secured entitlements and development agreements. In addition, the developer is currently processing a new plan, which if approved, would result in a much higher residential yield potentially exceeding 9,000 housing units. It was also common for master developer's to integrate profit participation agreements with guest builders providing an additional revenue stream over the course of the development duration. The appraisers did consider master developer profit participation in the planning area cash flow analyses in estimating planning area "at completion" values. Participation revenues are not guaranteed but have been achievable in previous master-plans. In this case, profit participation revenues were not included as revenue events. The potential "upside" relative to the land re-use plan and unquantifiable profit participation should be recognized in the risk (discount rate) applied.

The subject would represent one of very few opportunities to acquire a large land holding of development property in Orange County. However, as of late, the number of qualified buyers who would be able to execute such an acquisition has diminished. In the past and when market conditions were in the growth cycle, a coastal-oriented property such as the subject would have attracted potential interest with implied discount rates at or slightly below 20%. However, the risks now inherent suggest such a rate would be overly aggressive. Considering these factors, an unleveraged IRR at 21% was deemed appropriate with a sensitivity range of 19% to 23% presented.

DISCOUNT RATE *Heritage Fields (El Toro MCAS)*		
Risk Element	**Subject**	**Risk Rating**
Entitlements	Approvals w/need for final bonus density	Low to Moderate
Product Demand by Developers	Low; Anticipated to Increase	High
Supply / Competition	Infill Orange County; Moderate "New" Supply	Moderate
Demand	Low; Anticipated to Increase	High
Product Type (Residential)	Attached & Detached	Moderate
Product Type (Commercial)	Office, Industrial, Retail, & Mixed-use	Moderate
Development Duration	8 to 10 Years	Moderate
Product Pricing	Medium to Very High	Moderate to High
Submarket Location	Mature Area; Infill Orange County	Low
Lot Condition	Raw Infill ReUse Site	Moderate to High
Market Cycle	Down or Flat; Anticipated Upturn	Moderate to High
CFD Funding	Difficulty in timing and securing CFD bond financing	Moderate
Builder Profit Participation	Excluded from master revenues	Lower due to Upside
Other	Potential density increase to 9,000+ units	Lower due to Upside
Overall Subject Risk Ranking	---	**Moderate**
Discount Rate	---	**21%**

Master-Planned Community - Discount Rate Ranking	
Low Risk	18% to 20%
Moderate Risk	19% to 23%
High Risk	23%+

Based on analysis of similar projects and past interviews with participants in large land developments this rate was sufficient to attract investment capital, considering the risk of land development and additional reward attributable to product construction and sales. Said static rate also reflects the trending assumptions for land, product, development, and costs. The discounted cash flow and static presentation of the revenue and cost assumptions and relative rates of return follow.

HERITAGE FIELDS (EL TORO MCAS)
SUBDIVISION DEVELOPMENT METHOD - AS-IS VALUE

TOTAL NUMBER OF RESIDENTIAL LOTS / UNITS	4,895	ABSORPTION (ALL UNITS)		REVENUE INFLATION RATE / ANNUM	5.00%	Starting Qtr 10	SALES / CLOSING / TITLE COSTS	1.50%	Land Sale Proceeds
TOTAL NUMBER OF NON-MARKET RATE RESIDENTIAL LOTS / UNITS	604	AVG (LOTS / ANNUM) - TOTAL PERIOD	529	COST INFLATION RATE / ANNUM	3.00%	Starting Qtr 10	MARKETING / ADVERTISING (AFT BUILDER COOP)	0.50%	Land Sale Proceeds
TOTAL NUMBER OF MARKET RATE RESIDENTIAL LOTS / UNITS	4,291	AVG (LOTS / ANNUM) - DEVELOPMENT PERIOD	653	UNLEVERAGED DISCOUNT RATE (NPV)	21.00%	Per Annum (Qtrly)	MASTER DEVELOPER CONTINGENCY	20.00%	LLC Backbone & Engineering
TOTAL DEVELOPMENT PERIOD (QTRS)	37			NUMBER PERIODS PER ANNUM	4		MASTER MANAGEMENT / OVERHEAD / ADMIN	1.50%	Land Sale Proceeds
TOTAL LOT SALES DEVELOPMENT PERIOD (QTRS)	30	ABSORPTION (MARKET RATE UNITS)		COMPOUNDING UNLEVERAGED DISC RATE (NPV)	4.88%	Per Quarter	REAL ESTATE OVERALL TAX RATE	1.750%	Land Basis
		AVG (LOTS / ANNUM) - TOTAL PERIOD	464						
		AVG (LOTS / ANNUM) - DEVELOPMENT PERIOD	572						

PERIOD COMMENCING JULY 2007			Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10
PERIOD (QUARTERLY)			1	2	3	4	5	6	7	8	9	10
ABSORPTION												
LIFE-LONG LEARNING DISTRICT			0	0	0	0	0	0	0	821	60	0
PARK DISTRICT			0	0	0	0	0	0	0	0	0	0
TRANSIT-ORIENTED DISTRICT			0	0	0	0	0	0	0	0	0	0
TOTALS			0	0	0	0	0	0	0	821	60	0
CUMULATIVE LOTS / UNITS SOLD			0	0	0	0	0	0	0	821	881	881
LOTS / UNITS UNSOLD			4,895	4,895	4,895	4,895	4,895	4,895	4,895	4,074	4,014	4,014
LAND SALE PROCEEDS												
LIFE-LONG LEARNING DISTRICT		$963,024,261	$0	$0	$0	$34,908,984	$0	$0	$0	$279,345,397	$56,715,120	$16,988,400
PARK DISTRICT		$690,087,014	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TRANSIT-ORIENTED DISTRICT		$537,241,407	$0	$0	$0	$0	$0	$73,964,584	$13,799,808	$10,349,856	$10,977,120	$14,270,256
SUB-TOTAL (NON-TRENDED)		$2,190,352,682	$0	$0	$0	$34,908,984	$0	$73,964,584	$13,799,808	$289,695,253	$67,692,240	$31,258,656
TRENDING FACTOR	5.00%	---	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0125
SUB-TOTAL (TRENDED)			$0	$0	$0	$34,908,984	$0	$73,964,584	$13,799,808	$289,695,253	$67,692,240	$31,649,389
OTHER REVENUES												
CFD REIMBURSEMENTS		$299,673,723	$0	$0	$43,428,179	$1,882,169	$29,316,850	$5,735,217	$8,134,283	$9,041,732	$9,603,228	$10,194,742
CFD MANAGEMENT FEES		$13,609,695	$641,388	$63,236	$92,794	$94,108	$1,465,843	$286,761	$406,714	$452,087	$480,161	$509,737
GOLF COURSE SALE (AT COMPLETION)		$15,600,000	$0	$0	$0	$0	$0	$0	$0	$15,600,000	$0	$0
INTERIM INCOME PROPERTIES		$4,041,707	$587,863	$324,139	$324,139	$324,139	$326,703	$327,894	$327,894	$327,894	$330,473	$331,762
SUB-TOTAL		$332,925,125	$1,229,251	$387,375	$43,845,112	$2,300,416	$31,109,396	$6,349,872	$8,868,891	$25,421,713	$10,413,862	$11,036,241
TOTAL REVENUES		**$2,523,277,807**	**$1,229,251**	**$387,375**	**$43,845,112**	**$37,209,400**	**$31,109,396**	**$80,314,456**	**$22,668,699**	**$315,116,966**	**$78,106,102**	**$42,685,630**
LAND DEVELOPMENT COSTS (REMAINING)												
LLC ENGINEERING		$38,004,960	$851,944	$1,402,677	$1,546,877	$2,015,509	$2,596,313	$1,974,861	$1,608,867	$2,109,402	$2,079,931	$1,896,971
CFD ENGINEERING		$58,633,218	$1,264,716	$1,855,882	$1,882,169	$27,189,667	$2,068,178	$1,145,823	$1,150,274	$1,124,336	$1,461,852	$1,092,891
LLC BACKBONE INFRASTRUCTURE		$211,726,289	$0	$2,785,714	$2,785,714	$5,940,203	$8,810,919	$11,145,765	$10,709,802	$12,182,551	$9,812,680	$10,074,234
CFD BACKBONE INFRASTRUCTURE		$200,732,924	$0	$0	$0	$2,127,183	$3,667,039	$6,988,460	$7,891,458	$8,478,892	$8,732,890	$8,216,099
SUB-TOTAL (NON-TRENDED)		$509,097,391	$2,116,660	$6,044,273	$6,214,760	$37,272,562	$17,142,449	$21,254,909	$21,360,401	$23,895,181	$22,087,353	$21,280,195
TRENDING FACTOR	3.00%	---	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0075
SUB-TOTAL (TRENDED)			$2,116,660	$6,044,273	$6,214,760	$37,272,562	$17,142,449	$21,254,909	$21,360,401	$23,895,181	$22,087,353	$21,439,796
OTHER COSTS & EXPENSES (REMAINING)												
REAL ESTATE TAXES	1.75%	$63,907,627	$3,469,207	$3,469,207	$3,469,207	$3,469,207	$3,482,594	$3,482,594	$3,363,946	$3,341,810	$2,909,124	$2,798,367
REDEMPTION PRICE		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
PRECLOSING / DUE DILIGENCE		$500,000	$500,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
HOMELESS PROVIDER AGREEMENTS		$29,533,875	$0	$0	$0	$0	$0	$0	$0	$1,898,875	$2,359,833	$3,455,250
DEVELOPMENT AGREEMENT FEES		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NITM FEE		$99,075,047	$0	$0	$0	$13,983,312	$842,622	$1,941,854	$11,440,522	$35,696,950	$1,013,952	$940,667
PLANNING (INCLUDED ABOVE)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ENTITLEMENTS (INCLUDED ABOVE)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GENERAL LEGAL		$2,198,394	$199,854	$199,854	$199,854	$199,854	$199,854	$199,854	$199,854	$199,854	$199,854	$199,854
PUBLIC AFFAIRS		$2,475,169	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$75,169	$0
INCOME PROP OTHER EXPENSES		$2,471,291	$398,720	$287,136	$287,136	$287,136	$288,220	$150,052	$138,725	$138,725	$139,815	$140,361
CARETAKING		$12,534,076	$795,250	$795,250	$795,250	$795,250	$795,250	$623,910	$495,250	$495,250	$495,250	$474,833
ENVIRONMENTAL INSURANCE		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ENVIRONMENTAL CLEAN-UP		$9,980,156	$0	$0	$0	$1,000,000	$3,250,000	$3,500,000	$2,230,156	$0	$0	$0
GENERAL LIABILITY INSURANCE		$9,294,615	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SALES / CLOSING COSTS / LEGAL	1.50%	$32,855,290	$0	$0	$0	$523,635	$0	$1,109,469	$206,997	$4,345,429	$1,015,384	$474,741
MARKETING/ADV (AFTER COOP)	0.50%	$10,951,763	$0	$0	$0	$0	$547,588	$1,095,176	$1,642,765	$1,642,765	$1,642,765	$1,642,765
MASTER CONTINGENCY	20.00%	$49,946,250	$170,389	$837,678	$866,518	$1,591,142	$2,281,446	$2,624,125	$2,463,734	$2,858,391	$2,378,522	$2,412,198
MASTER MANAGEMENT & FEES	1.50%	$32,855,290	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723
SUB-TOTAL		$358,578,843	$6,772,143	$6,827,848	$6,856,688	$23,088,259	$12,926,297	$15,965,757	$23,420,671	$51,856,770	$13,168,390	$13,477,757
TOTAL COSTS & EXPENSES (REMAINING)		**($867,676,234)**	**($8,888,803)**	**($12,872,121)**	**($13,071,448)**	**($60,360,821)**	**($30,068,746)**	**($37,220,666)**	**($44,781,072)**	**($75,751,951)**	**($35,255,743)**	**($34,917,554)**
RESIDUAL NET CASH FLOW			**($7,659,552)**	**($12,484,746)**	**$30,773,664**	**($23,151,421)**	**$1,040,650**	**$43,093,790**	**($22,112,373)**	**$239,365,014**	**$42,850,359**	**$7,768,076**

PERIOD COMMENCING JULY 2007	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
PERIOD (QUARTERLY)	11	12	13	14	15	16	17	18	19	20
ABSORPTION										
LIFE-LONG LEARNING DISTRICT	56	274	400	174	163	26	0	205	0	0
PARK DISTRICT	0	0	0	0	0	0	0	0	255	0
TRANSIT-ORIENTED DISTRICT	0	0	0	0	0	0	0	0	0	0
TOTALS	56	274	400	174	163	26	0	205	255	0
CUMULATIVE LOTS / UNITS SOLD	937	1,211	1,611	1,785	1,948	1,974	1,974	2,179	2,434	2,434
LOTS / UNITS UNSOLD	3,958	3,684	3,284	3,110	2,947	2,921	2,921	2,716	2,461	2,461
LAND SALE PROCEEDS										
LIFE-LONG LEARNING DISTRICT	$6,689,326	$134,270,745	$256,522,994	$36,189,712	$26,404,882	$24,477,084	$0	$51,565,094	$0	$0
PARK DISTRICT	$0	$0	$0	$0	$0	$0	$0	$0	$138,771,880	$0
TRANSIT-ORIENTED DISTRICT	$7,997,616	$18,264,708	$10,759,320	$19,070,568	$10,977,120	$15,237,288	$10,759,320	$14,207,392	$9,565,776	$5,959,008
SUB-TOTAL (NON-TRENDED)	$14,686,942	$152,535,453	$267,282,314	$55,260,280	$37,382,002	$39,714,372	$10,759,320	$65,772,486	$148,337,656	$5,959,008
TRENDING FACTOR	1.0252	1.0380	1.0509	1.0641	1.0774	1.0909	1.1045	1.1183	1.1323	1.1464
SUB-TOTAL (TRENDED)	$15,056,410	$158,327,331	$280,899,102	$58,801,478	$40,274,740	$43,322,441	$11,883,519	$73,552,857	$167,958,401	$6,831,551
OTHER REVENUES										
CFD REIMBURSEMENTS	$9,308,990	$8,675,726	$8,119,824	$8,872,931	$9,344,312	$9,059,616	$8,940,025	$7,926,043	$8,312,773	$6,855,026
CFD MANAGEMENT FEES	$465,450	$433,786	$405,991	$443,647	$467,216	$452,981	$447,001	$396,302	$415,639	$342,751
GOLF COURSE SALE (AT COMPLETION)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
INTERIM INCOME PROPERTIES	$331,762	$132,784	$44,261	$0	$0	$0	$0	$0	$0	$0
SUB-TOTAL	$10,106,202	$9,242,296	$8,570,076	$9,316,578	$9,811,528	$9,512,597	$9,387,026	$8,322,345	$8,728,412	$7,197,777
TOTAL REVENUES	**$25,162,612**	**$167,569,628**	**$289,469,178**	**$68,118,055**	**$50,086,268**	**$52,835,038**	**$21,270,546**	**$81,875,202**	**$176,686,813**	**$14,029,328**
LAND DEVELOPMENT COSTS (REMAINING)										
LLC ENGINEERING	$1,862,574	$2,340,133	$1,605,644	$1,252,795	$1,301,961	$1,437,153	$1,086,990	$979,993	$1,162,534	$972,591
CFD ENGINEERING	$927,132	$965,714	$767,905	$748,162	$863,276	$637,082	$634,492	$625,684	$573,723	$572,259
LLC BACKBONE INFRASTRUCTURE	$9,645,161	$9,279,629	$10,403,573	$8,134,175	$5,451,947	$7,483,795	$7,337,574	$6,645,277	$7,016,499	$7,636,989
CFD BACKBONE INFRASTRUCTURE	$7,748,594	$7,154,110	$8,105,026	$8,596,150	$8,196,340	$8,302,943	$7,291,551	$7,687,089	$6,281,303	$6,178,689
SUB-TOTAL (NON-TRENDED)	$20,183,461	$19,739,586	$20,882,148	$18,731,282	$15,813,524	$17,860,973	$16,350,607	$15,938,043	$15,034,059	$15,360,528
TRENDING FACTOR	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537	1.0616	1.0696	1.0776	1.0857
SUB-TOTAL (TRENDED)	$20,487,348	$20,187,066	$21,515,695	$19,444,321	$16,538,609	$18,820,038	$17,357,786	$17,046,707	$16,200,440	$16,676,379
OTHER COSTS & EXPENSES (REMAINING)										
REAL ESTATE TAXES	$2,747,222	$2,723,191	$2,523,086	$2,077,014	$1,984,789	$1,922,402	$1,893,244	$1,874,929	$1,762,964	$1,510,450
REDEMPTION PRICE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
PRECLOSING / DUE DILIGENCE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
HOMELESS PROVIDER AGREEMENTS	$3,455,250	$3,455,250	$3,455,250	$3,455,250	$7,998,917	$0	$0	$0	$0	$0
DEVELOPMENT AGREEMENT FEES	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NITM FEE	$1,563,538	$6,995,239	$6,823,050	$2,257,921	$1,884,353	$574,406	$0	$1,945,687	$2,304,183	$1,062,327
PLANNING (INCLUDED ABOVE)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ENTITLEMENTS (INCLUDED ABOVE)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GENERAL LEGAL	$199,854	$0	$0	$0	$0	$0	$0	$0	$0	$0
PUBLIC AFFAIRS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
INCOME PROP OTHER EXPENSES	$140,361	$56,178	$18,726	$0	$0	$0	$0	$0	$0	$0
CARETAKING	$434,000	$434,000	$434,000	$434,000	$434,000	$434,000	$434,000	$434,000	$381,500	$276,500
ENVIRONMENTAL INSURANCE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
ENVIRONMENTAL CLEAN-UP	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GENERAL LIABILITY INSURANCE	$0	$411,342	$1,234,026	$1,234,026	$1,234,026	$411,342	$0	$0	$0	$0
SALES / CLOSING COSTS / LEGAL	$225,846	$2,374,910	$4,213,487	$882,022	$604,121	$649,837	$178,253	$1,103,293	$2,519,376	$102,473
MARKETING/ADV (AFTER COOP)	$1,095,176	$1,095,176	$547,588	$0	$0	$0	$0	$0	$0	$0
MASTER CONTINGENCY	$2,336,200	$2,376,634	$2,474,713	$1,948,860	$1,412,718	$1,879,994	$1,788,701	$1,631,138	$1,762,717	$1,869,423
MASTER MANAGEMENT & FEES	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723
SUB-TOTAL	$13,136,169	$20,860,643	$22,662,648	$13,227,816	$16,491,647	$6,810,703	$5,232,921	$7,927,769	$9,669,463	$5,759,896
TOTAL COSTS & EXPENSES (REMAINING)	**($33,623,518)**	**($41,047,709)**	**($44,178,344)**	**($32,672,137)**	**($33,030,256)**	**($25,630,741)**	**($22,590,707)**	**($24,974,476)**	**($25,869,902)**	**($22,436,274)**
RESIDUAL NET CASH FLOW	**($8,460,906)**	**$126,521,918**	**$245,290,834**	**$35,445,919**	**$17,056,012**	**$27,204,298**	**($1,320,161)**	**$56,900,726**	**$150,816,910**	**($8,406,946)**

PRESENT VALUE OF NET CASH FLOW	19.00%	$851,036,977
PRESENT VALUE OF NET CASH FLOW	20.00%	$821,265,370
PRESENT VALUE OF NET CASH FLOW	**21.00%**	**$792,961,682**
PRESENT VALUE OF NET CASH FLOW	22.00%	$766,035,817
PRESENT VALUE OF NET CASH FLOW	23.00%	$740,404,146

HERITAGE FIELDS (EL TORO MCAS)
SUBDIVISION DEVELOPMENT METHOD - AS-IS VALUE

Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
21	22	23	24	25	26	27	28	29	30	31	32
84	0	0	32	0	0	0	0	0	0	0	0
0	0	348	54	0	0	216	155	12	39	0	9
0	0	363	0	0	0	232	0	687	0	0	218
84	0	711	86	0	0	448	155	699	39	0	227
2,518	2,518	3,229	3,315	3,315	3,315	3,763	3,918	4,617	4,656	4,656	4,883
2,377	2,377	1,666	1,580	1,580	1,580	1,132	977	278	239	239	12
$17,919,532	$0	$0	$10,910,991	$0	$0	$0	$10,116,000	$0	$0	$0	$0
$0	$0	$210,895,748	$42,356,941	$0	$0	$139,290,380	$96,890,629	$7,193,659	$23,505,586	$0	$13,363,796
$0	$0	$87,632,604	$0	$0	$13,172,544	$65,741,758	$0	$79,265,195	$0	$0	$45,269,566
$17,919,532	$0	$298,528,352	$53,267,932	$0	$13,172,544	$205,032,138	$107,006,629	$86,458,854	$23,505,586	$0	$58,633,362
1.1608	1.1753	1.1900	1.2048	1.2199	1.2351	1.2506	1.2662	1.2820	1.2981	1.3143	1.3307
$20,800,178	$0	$355,235,230	$64,178,759	$0	$16,269,912	$256,408,557	$135,492,822	$110,843,470	$30,511,724	$0	$78,024,417
$6,750,948	$6,288,298	$5,664,180	$5,780,808	$5,798,206	$5,851,377	$5,617,165	$7,620,403	$17,634,823	$18,191,444	$6,533,527	$2,961,295
$337,547	$314,415	$283,209	$289,040	$289,910	$292,569	$280,858	$381,020	$881,741	$909,572	$326,676	$148,065
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$7,088,495	$6,602,713	$5,947,389	$6,069,848	$6,088,116	$6,143,946	$5,898,023	$8,001,423	$18,516,564	$19,101,016	$6,860,203	$3,109,360
$27,888,673	**$6,602,713**	**$361,182,619**	**$70,248,607**	**$6,088,116**	**$22,413,858**	**$262,306,581**	**$143,494,245**	**$129,360,034**	**$49,612,741**	**$6,860,203**	**$81,133,777**
$702,227	$729,991	$889,096	$652,601	$609,599	$639,703	$455,088	$355,330	$347,083	$243,356	$117,341	$59,275
$518,386	$518,386	$524,549	$541,947	$595,118	$598,694	$1,627,228	$1,641,135	$1,529,347	$1,500,593	$425,905	$353,571
$7,134,815	$6,306,948	$6,632,956	$6,040,364	$5,181,591	$5,457,674	$5,970,816	$5,622,132	$4,435,280	$3,734,684	$1,036,828	$332,095
$5,769,912	$5,145,794	$5,256,259	$5,256,259	$5,256,259	$5,018,471	$5,993,175	$15,993,688	$16,662,097	$5,032,934	$2,535,390	$1,168,870
$14,125,340	$12,701,119	$13,302,860	$12,491,171	$11,642,567	$11,714,542	$14,046,307	$23,612,285	$22,973,807	$10,511,567	$4,115,464	$1,913,811
1.0938	1.1020	1.1103	1.1186	1.1270	1.1354	1.1440	1.1525	1.1612	1.1699	1.1787	1.1875
$15,450,394	$13,996,766	$14,769,840	$13,972,656	$13,121,081	$13,301,213	$16,068,419	$27,214,105	$26,676,820	$12,297,409	$4,850,763	$2,272,664
$1,530,312	$1,499,198	$1,499,198	$980,851	$906,127	$906,127	$882,797	$519,672	$336,759	$180,572	$138,109	$138,109
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$3,523,170	$337,801	$1,486,538	$1,154,346	$0	$153,429	$117,612	$741,711	$127,097	$162,760	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$276,500	$276,500	$276,500	$276,500	$276,500	$276,500	$184,333	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$433,623	$1,300,869	$1,300,869	$1,300,869	$433,623
$312,003	$0	$5,328,528	$962,681	$0	$244,049	$3,846,128	$2,032,392	$1,662,652	$457,676	$0	$1,170,366
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$1,714,442	$1,550,956	$1,670,310	$1,497,354	$1,305,325	$1,384,647	$1,470,196	$1,377,853	$1,110,641	$930,776	$272,076	$92,951
$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723	$938,723
$8,295,150	$4,603,177	$11,199,797	$5,810,454	$3,426,674	$3,903,474	$7,439,789	$6,043,973	$5,476,740	$3,971,376	$2,649,777	$2,773,772
($23,745,544)	**($18,599,943)**	**($25,969,637)**	**($19,783,111)**	**($16,547,756)**	**($17,204,687)**	**($23,508,208)**	**($33,258,079)**	**($32,153,561)**	**($16,268,784)**	**($7,500,540)**	**($5,046,436)**
$4,143,129	**($11,997,230)**	**$335,212,982**	**$50,465,496**	**($10,459,639)**	**$5,209,171**	**$238,798,373**	**$110,236,166**	**$97,206,474**	**$33,343,956**	**($640,336)**	**$76,087,340**

Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	
33	34	35	36	37	38	39	40	41	42	43	TOTAL
0	0	0	0	0	0	0	0	0	0	0	2,295
0	6	0	0	6	0	0	0	0	0	0	1,100
0	0	0	0	0	0	0	0	0	0	0	1,500
0	6	0	0	6	0	0	0	0	0	0	4,895
4,883	4,889	4,889	4,889	4,895	4,895	4,895	4,895	4,895	4,895	4,895	4,895
12	6	6	6	0	0	0	0	0	0	0	0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$963,024,261
$0	$8,909,198	$0	$0	$8,909,198	$0	$0	$0	$0	$0	$0	$690,087,014
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$537,241,407
$0	$8,909,198	$0	$0	$8,909,198	$0	$0	$0	$0	$0	$0	$2,190,352,682
1.3474	1.3642	1.3812	1.3985	1.4160	1.4337	1.4516	1.4698	1.4881	1.5067	1.5256	---
$0	$12,153,864	$0	$0	$12,615,355	$0	$0	$0	$0	$0	$0	$2,448,537,022
$1,522,441	$353,571	$353,571	$0	$0	$0	$0	$0	$0	$0	$0	$299,673,723
$76,122	$17,679	$17,679	$0	$0	$0	$0	$0	$0	$0	$0	$13,609,695
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$15,600,000
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$4,041,707
$1,598,563	$371,250	$371,250	$0	$0	$0	$0	$0	$0	$0	$0	$332,925,125
$1,598,563	**$12,525,114**	**$371,250**	**$0**	**$12,615,355**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,794,077,502**
$59,275	$59,275	$0	$0	$0	$0	$0	$0	$0	$0	$0	$38,004,960
$353,571	$353,571	$0	$0	$0	$0	$0	$0	$0	$0	$0	$58,633,218
$274,799	$206,781	$76,325	$0	$0	$0	$0	$0	$0	$0	$0	$211,726,289
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$200,732,924
$687,645	$619,627	$76,325	$0	$0	$0	$0	$0	$0	$0	$0	$509,097,391
1.1964	1.2054	1.2144	1.2235	1.2327	1.2420	1.2513	1.2607	1.2701	1.2796	1.2892	---
$822,708	$746,890	$92,691	$0	$0	$0	$0	$0	$0	$0	$0	$538,757,152
$32,833	$32,833	$16,416	$16,416	$16,745	$0	$0	$0	$0	$0	$0	$63,907,627
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$500,000
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$29,533,875
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$99,075,047
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,198,394
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,475,169
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,471,291
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$12,534,076
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$9,980,156
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$9,294,615
$0	$182,308	$0	$0	$189,230	$0	$0	$0	$0	$0	$0	$36,917,286
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$10,951,763
$79,938	$64,140	$18,538	$0	$0	$0	$0	$0	$0	$0	$0	$52,505,385
$938,723	$938,723	$938,723	$0	$0	$0	$0	$0	$0	$0	$0	$32,855,290
$1,051,493	$1,218,003	$973,677	$16,416	$205,975	$0	$0	$0	$0	$0	$0	$364,977,583
($1,874,201)	**($1,964,893)**	**($1,066,368)**	**($16,416)**	**($205,975)**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**($903,957,127)**
($275,638)	**$10,560,221**	**($695,119)**	**($16,416)**	**$12,409,380**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,890,120,375**

CUSHMAN & WAKEFIELD

DEVELOPMENT METHOD STATIC MODEL (LAND SALES MODEL)

Heritage Fields (El Toro MCAS)

NonTrended Revenues & Costs / UnLeveraged Model

	SubTotals	Totals	% Sales
LAND SALES / OTHER REVENUES			
LIFE-LONG LEARNING DISTRICT	$963,024,261		38.17%
PARK DISTRICT	$690,087,014		27.35%
TRANSIT-ORIENTED DISTRICT	$537,241,407		21.29%
CFD REIMBURSEMENTS	$299,673,723		11.88%
CFD MANAGEMENT FEES	$13,609,695		0.54%
GOLF COURSE SALE (AT COMPLETION)	$15,600,000		0.62%
INTERIM INCOME PROPERTIES	$4,041,707		0.16%
TOTAL REVENUES		$2,523,277,807	100.00%
LESS COSTS & EXPENSES:			
LLC ENGINEERING	$38,004,960		1.51%
CFD ENGINEERING	$58,633,218		2.32%
LLC BACKBONE INFRASTRUCTURE	$211,726,289		8.39%
CFD BACKBONE INFRASTRUCTURE	$200,732,924		7.96%
REAL ESTATE TAXES	$63,907,627		2.53%
REDEMPTION PRICE	$0		0.00%
PRECLOSING / DUE DILIGENCE	$500,000		0.02%
HOMELESS PROVIDER AGREEMENTS	$29,533,875		1.17%
DEVELOPMENT AGREEMENT FEES	$0		0.00%
NITM FEE	$99,075,047		3.93%
PLANNING (INCLUDED ABOVE)	$0		0.00%
ENTITLEMENTS (INCLUDED ABOVE)	$0		0.00%
GENERAL LEGAL	$2,198,394		0.09%
PUBLIC AFFAIRS	$2,475,169		0.10%
INCOME PROP OTHER EXPENSES	$2,471,291		0.10%
CARETAKING	$12,534,076		0.50%
ENVIRONMENTAL INSURANCE	$0		0.00%
ENVIRONMENTAL CLEAN-UP	$9,980,156		0.40%
GENERAL LIABILITY INSURANCE	$9,294,615		0.37%
SALES / CLOSING COSTS / LEGAL	$32,855,290		1.30%
MARKETING/ADV (AFTER COOP)	$10,951,763		0.43%
MASTER CONTINGENCY	$49,946,250		1.98%
MASTER MANAGEMENT & FEES	$32,855,290		1.30%
TOTAL COSTS / EXPENSES		($867,676,234)	-34.39%
LESS LAND (PER DISCOUNTED CASH FLOW):		($792,961,682)	31.43%
MASTER DEVELOPER'S PROFIT[(1)]:		$862,639,890	34.19%

[(1)]Implied static profit± via iteration to results of yield (discounted cash flow) methodology.

As Unleveraged Discount Rate:	21.00%
As % All Costs Including Land (UnLeveraged)	51.95%
As % Land Basis (Assuming 100% Development Financing)	108.79%
As % Cash-On-Cash (Assuming 100% Development Financing / 50% Acq. Loan)	217.57%

CONCLUSION

Incorporating the foregoing assumptions, the discounted cash flow indicated a total property "as is" value of $792,961,682. The indicated value range utilizing a range of discount rates from 19% to 23% is approximately $740,000,000 to $851,000,000. Under the 21% discount rate assumption, the implied static profit was $862,639,890. Said profit would equate to 52% of the total costs including the indicated land basis. Note that this analysis was unleveraged. Thus, the actual return on equity, or cash-on-cash, would be higher if the investment was financed. Assuming all costs of development were financed and the land represents the equity contribution, the cash-on-cash return would be 109%. These rates of return were deemed adequate to attract capital to this type investment. It should also be recognized that a master developer might also recognize additional profit in the planning area/parcel build-outs.

Based upon the comprehensive analyses presented, and subject to the limiting conditions and assumptions outlined in this report, the market value "as is" of the Heritage Fields property appraised was reconciled at **$790,000,000** as of **April 1, 2008**.

Again, Cushman & Wakefield of California, Inc. previously conducted a real property appraisal of the Heritage Fields master-plan project as more particularly detailed in the self-contained narrative appraisal report (C&W File No. 07-31028-9175), dated July 20, 2007, and prepared for Lehman Brothers. Lehman Brothers requested an update of said appraisal and valuation conclusions. For this update, the prior appraisal is incorporated by reference as to specified information, analyses, and conclusions. It is recommended that the readers of this report have available a copy of the previous appraisal for reference.