



Scott D. Smith  
Managing Director

**CBRE Hotels**  
3280 Peachtree Road NE  
Suite 1400  
Atlanta, GA 30305  
+1 404 504 5948 Office  
+1 404 558 3658 Mobile  
[Scott.Smith@cbre.com](mailto:Scott.Smith@cbre.com)  
[www.cbrehotels.com](http://www.cbrehotels.com)

July 3, 2018

Mr. Ra'anan Ben-Zur  
French Quarter Holdings, Inc  
3443 Kingsboro Road, Suite 2313  
Atlanta, GA 30326  
Tel: 404-254-3573

**Re: Economic Impact Study for the Proposed Lantern Head Rosewood Resort and South West Point Marina and Resort Project**

Dear Mr. Ben-Zur:

In accordance with our engagement letter, we have completed our economic impact study in connection with your development opportunity of a mixed-use developments to be situated in the southeastern tip of Great Abaco, Bahamas.

**PROJECT SUMMARY**

Lantern Head is in excess a 600-acre site that is located 45 miles south of the capital city of Marsh Harbour and borders the Abaco National Park. The site contains approximately 10,000 feet of shoreline with elevations that top 100 feet. The town of Sandy Point is approximately 20 miles to the southwest and is served by a 4,500-foot air strip. The Marsh Harbour International Airport is located approximately half an hour north of the Subject site.

The South West Point site includes over 500 acres, 7,000 feet of Shoreline and has an elevation of 80". It is situated approximately four miles to the southwest of the Lantern Head site and will be accessed by a roadway taking approximately five minutes to traverse.

Part of the project (but off site) will be the renovation of the Sandy Point Airport which will be a port of entry airport fully equipped to service private aircraft.

The site plan for Lantern Head includes the following proposed developments:

- A 50-room luxury Rosewood Resort that will include a spa, gym, bar, casual restaurant and upscale restaurant;
- 76 residential branded units, some of which (43 units) to be put into a rental pool and included as room inventory;

- Beach Club with comprehensive offering of outdoor pools, pool side F&B offering, water sports and
- 18-hole golf course with three tennis courts and Clubhouse.

The site plan for South West Point includes the following proposed improvements:

- A 75-room upscale hotel and 100-room limited-service hotel;
- 136-slip Marina consisting of 23 300'-600' slips, 23 200' slips, and 40 slips of 175' and 50 of 150". There will be a mixture of both rental and "for sale" slips;
- Each concrete floating dock will be state-of-the-art with waste removal, electrical hook ups and fuel;
- Marina Store, Yacht Charter, repair services, fishing and scuba shops;
- Port of Entry Customs Office;
- Full Service Restaurant; and Bar;
- 83 – Home Lots of which 44 will have individual 100'- boat slips.

At the direction of the client, we have assumed the both developments will be operational by January 2024. Our analysis will be based upon a comprehensive analysis and understanding of the market opportunities for these components.

## **ECONOMIC IMPACT ESTIMATES**

CBRE Hotels has prepared estimates of the economic benefit associated by the operation of the proposed Lantern Head Resort and the South West Point mixed use development to be located in Great Abaco, Bahamas. The estimates of economic impact are for dollars spent and people employed within the Abacos. The following paragraphs summarize the methodology and assumptions used to prepare the estimates of economic impact.

## **OPERATIONAL IMPACT**

### **Methodology**

Estimates of economic impact were prepared based on the developer's estimates of revenues and expenses for five years of operation. CBRE Hotels reviewed the developer's operating proforma and compared it to our data base of similar operating hotels in the Caribbean region. The operating proforma provided by the developer appears to be reasonable. We utilized the revenues and expenses provided by Rosewood Hotels and estimated an additional five years of performance.

To measure the economic impact of the Subject Resort, the IMPLAN software system was utilized. IMPLAN is an economic impact assessment modeling tool and data set with economic impact multipliers for all 52 U.S. states and territories such as Puerto Rico and the U.S. Virgin Islands. The IMPLAN software system was originally developed by the U.S. Forest Service in cooperation with the Federal Emergency Management Agency (FEMA) and the U.S. Department of the Interior Bureau of Land

Management. The data collected by IMPLAN is from the U.S. Department of Commerce, the U.S. Bureau of Labor Statistics, and other federal and state government agencies.

Despite our best efforts, we were unable to identify economic impact multipliers or similar data points for the Bahamas. As a proxy, we used the IMPLAN model for the U.S. Virgin Islands. We believe this to be the most comparable island with data available for use in this analysis.

### **Economic Impact Measurements**

Three measures of economic impact were estimated:

- **Output Impact:** Revenues received by local businesses resulting from the operation of the Subject Properties. This includes the revenues received by the Subject Resort, money spent by hotel management to purchase goods and services, and money spent by employees of the hotel and employees at local vendors.
- **Earnings Impact:** Salaries and wages paid to employees at the Subject Properties, and employees at local vendors within the Abacos.
- **Employment Impact:** Full-time equivalent jobs at the Subject Properties and vendors within the Abacos.

Of these three impact measurements, the direct, indirect, and induced effects have been summed and included in our estimated impact. The definitions of these three effects as defined by IMPLAN can be found below.

- **Direct Effect**
  - For Output, these effects are either 1.00 or 0.00. For every dollar spent in an Industry, if the Industry exists in the region, there is one dollar's worth of activity in the local economy. If the Industry doesn't exist in the region, the effect is 0.00.
  - For Employment, the Effect represents the number of jobs per \$1,000,000 of production in the Industry.
  - Wages Effects represent the Wages dollars per \$1,000,000 of production in the Industry.
- **Indirect Effects**
  - For Output, the Effect represents the sum of local business to business purchases per dollar of Output.

- For Employment, the Effect represents the number of jobs per \$1,000,000 of business to business purchases by all resultant rounds of local Industry purchases.
- Wages Effect represents the value of Wages dollars per \$1,000,000 of business to business purchases by all resultant rounds of local Industry purchases.
- **Induced Effects**
  - For Output, the Effect represents the sum of local Household purchases per dollar of Output, based on Wages payments made by the target Industry and the local Industries from which they purchase.
  - For Employment, the Effect represents the number of jobs supported in local Industries per \$1,000,000 of Direct spending in the target Industry because of Household purchases derived from Wages payments throughout all rounds of the impact.
  - Wages Effect represents the value of Wages dollars per \$1,000,000 of Direct spending in the target Industry in local Industries because of Household purchases derived from Wages payments throughout all rounds of the impact.

For the purpose of our report, we have allocated the Direct, Indirect, and Induced effects under the respective Employment, Wages and Output impact

**ESTIMATED IMPACT: LANTERN HEAD**

The following table summarizes the estimated economic benefit to Abaco associated with the operation of the Subject Rosewood Resort for a stabilized representative year of operations, presented in 2024 Dollars. For the stabilized representative year 2024, total revenues were estimated to be \$52,189,307 (2024 Dollars). The representative year’s Total Revenues were determined by taking the stabilized year’s revenues (fourth year) and discounting them back to the first year of operation (2024) at 3.0 percent.

<b>Economic Impact - Proposed Lanternhead Resort</b>			
<u>Impact Type</u>	<u>Employment</u>	<u>Wages</u>	<u>Output</u>
Direct Effect	287	\$22,879,730	\$51,458,348
Indirect Effect	16	1,070,111	2,317,726
Induced Effect	<u>76</u>	<u>3,837,404</u>	<u>10,891,207</u>
Total Effect	379	27,787,246	64,667,281

Source: CBRE Hotels, IMPLAN

In order to project the future Wages and Output impact during stabilization, we have divided the Total Effect for both Wages and Output by the representative year's Total Revenues to determine the standard ratio for Wages and Output. The ratios used can be found in the following table.

	<u>Total</u>	<u>Ratio</u>
Rep. Year Total Revenue	\$52,189,307	-
Output	64,667,281	1.24
Wages	27,787,246	0.53

The ratios are then multiplied by the Total Revenue for each year to determine the Wages and Output impact for each year. Economic Impact totals during the first ten years of operation can be found in the following table.

<b>Summary of Estimated Annual Operating Results</b>				
<b>Year</b>	<b>Total Revenue</b>	<b>Economic Impact</b>		
		<b>Output</b>	<b>Wages</b>	<b>Total (Rounded)</b>
2024	\$42,160,125	\$52,240,216	\$22,447,390	\$74,688,000
2025	\$49,587,636	61,443,574	26,402,033	87,846,000
2026	\$55,140,882	68,324,550	29,358,758	97,683,000
2027	\$58,740,444	72,784,734	31,275,280	104,060,000
2028	\$60,012,865	74,361,379	31,952,757	106,314,000
2029	\$61,815,022	76,594,415	32,912,283	109,507,000
2030	\$63,667,498	78,889,800	33,898,599	112,788,000
2031	\$65,577,591	81,256,578	34,915,594	116,172,000
2032	\$67,545,804	83,695,373	35,963,533	119,659,000
2033	\$69,572,655	86,206,825	37,042,693	123,250,000
<b>Total</b>	<b>\$593,820,521</b>	<b>\$735,797,442</b>	<b>\$316,168,919</b>	<b>\$1,051,967,000</b>

Source: CBRE Hotels

**Fiscal Impact**

The Value Added Tax (VAT) was introduced in January 2015 as part of a broader tax reform in the Bahamas. This broad-based consumption tax is applied to most goods and services that are imported, bought, or sold for use in the Bahamas. Effective July 1, 2018, the VAT tax was raised from 7.5 percent to 12.0 percent and removed all breadbasket items (excluding sugar), medicine, residential property insurance, and certain residential utilities which would become effective August 1. Rates of VAT are applied which is the standard rate of 12.0 percent and a zero rate. Goods exported to customers abroad are classified as exempt from VAT or zero rated. For the purpose of this study, we have assumed that all goods and services fall under the standard rate.

The following table contains the VAT tax totals for the ten-year estimate. Please note that the following nomenclature:

RR – Room Revenue, F&B – Food and Beverage, OOD – Other operated Departments, ROI – Rentals and Other Income

<b>Summary of Estimated Annual Lodging and Sales Tax</b>					
<b>Year</b>	<b>VAT</b>	<b>VAT</b>	<b>VAT</b>	<b>VAT</b>	<b>Total Tax</b>
	<b>12% of RR</b>	<b>12% of F&amp;B</b>	<b>12% of OOD</b>	<b>12% of ROI</b>	
2024	\$2,991,994	\$1,046,920	\$992,109	\$28,192	\$5,059,215
2025	3,809,995	1,118,909	988,568	33,044	5,950,516
2026	4,472,451	1,185,390	921,956	37,109	6,616,906
2027	4,921,445	1,232,727	855,343	39,338	7,048,853
2028	5,033,426	1,257,641	870,352	40,125	7,201,544
2029	5,184,641	1,295,371	896,462	41,329	7,417,803
2030	5,339,944	1,334,232	923,356	42,569	7,640,100
2031	5,500,150	1,374,259	951,057	43,846	7,869,311
2032	5,665,261	1,415,486	979,588	45,161	8,105,496
2033	5,835,276	1,457,951	1,008,976	46,516	8,348,719
<b>Total</b>	<b>\$48,754,583</b>	<b>\$12,718,886</b>	<b>\$9,387,766</b>	<b>\$397,228</b>	<b>\$71,258,463</b>

Source: CBRE Hotels

**ESTIMATED IMPACT: SOUTH WEST POINT - MARINA**

The following table summarizes the estimated economic benefit to Abaco associated with the operation of the Proposed Marina for a representative year of operations, presented in 2024 Dollars. For the representative year 2024, total revenues were estimated to be \$21,796,726 (2024 Dollars). The representative year's Total Revenues were determined by taking the stabilized year's revenues (fourth year) and discounting them back to the first year of operation (2024) at 3.0 percent.

<b>Economic Impact - Proposed South West Point Marina</b>			
<u>Impact Type</u>	<u>Employment</u>	<u>Labor Income</u>	<u>Output</u>
Direct Effect	50	\$1,703,116	\$20,782,015
Indirect Effect	21	1,481,212	3,482,535
Induced Effect	<u>10</u>	<u>515,392</u>	<u>1,462,771</u>
Total Effect	81	3,699,720	25,727,321

Source: CBRE Hotels, IMPLAN

In order to project the future Wages and Output impact during stabilization, we have divided the Total Effect for both Wages and Output by the representative year's Total Revenues to determine the standard ratio for Wages and Output. The ratios used can be found in the following table.

	<u>Total</u>	<u>Ratio</u>
Rep. Year Total Revenue	\$ 21,796,726	-
Output	25,727,321	1.18
Wages	3,699,720	0.17

The ratios are then multiplied by the Total Revenue for each year to determine the Wages and Output impact for each year. Economic Impact totals during the first ten years of operation can be found in the following table.

<b>Summary of Estimated Annual Operating Results</b>				
<b>Fiscal Year</b>	<b>Total Revenue</b>	<b><i>Economic Impact</i></b>		
		<b>Output</b>	<b>Wages</b>	<b>Total (Rounded)</b>
2024	\$15,741,811	\$18,580,526	\$2,671,974	\$21,252,000
2025	\$18,650,412	22,013,633	3,165,672	25,179,000
2026	\$21,138,406	24,950,286	3,587,978	28,538,000
2027	\$23,817,871	28,112,938	4,042,783	32,156,000
2028	\$24,532,407	28,956,326	4,164,067	33,120,000
2029	\$25,268,380	29,825,016	4,288,989	34,114,000
2030	\$26,026,431	30,719,767	4,417,659	35,137,000
2031	\$26,954,662	31,815,385	4,575,214	36,391,000
2032	\$27,763,302	32,769,847	4,712,471	37,482,000
2033	\$28,596,201	33,752,942	4,853,845	38,607,000
<b>Total</b>	<b>\$238,489,884</b>	<b>\$281,496,666</b>	<b>\$40,480,652</b>	<b>\$321,976,000</b>

Source: CBRE Hotels

**Fiscal Impact**

The Value Added Tax (VAT) was introduced in January 2015 as part of a broader tax reform in the Bahamas. This broad-based consumption tax is applied to most goods and services that are imported, bought, or sold for use in the Bahamas. Effective July 1, 2018, the VAT tax was raised from 7.5 percent to 12.0 percent and removed all breadbasket items (excluding sugar), medicine, residential property insurance, and certain residential utilities which would become effective August 1. Rates of VAT are applied which is the standard rate of 12.0 percent and a zero rate. Goods exported to customers abroad are classified as exempt from VAT or zero rated. For the purpose of this study, we have assumed that all goods and services fall under the standard rate.

The following table contains the VAT tax totals for the ten-year estimate.

<b>Summary of Estimated Annual Sales Tax</b>			
<b>Fiscal Year</b>	<b>VAT</b>	<b>VAT</b>	<b>Total VAT</b>
	<b>12% of SR</b>	<b>12% of OI</b>	
2024	\$1,512,250	\$376,768	\$1,889,017
2025	1,814,700	423,350	2,238,049
2026	2,064,221	472,388	2,536,609
2027	2,334,157	523,987	2,858,145
2028	2,404,182	539,707	2,943,889
2029	2,476,308	555,898	3,032,206
2030	2,550,597	572,575	3,123,172
2031	2,627,115	589,752	3,216,867
2032	2,705,928	607,445	3,313,373
2033	2,787,106	625,668	3,412,774
<b>Total</b>	<b>\$23,276,564</b>	<b>\$5,287,536</b>	<b>\$28,564,100</b>

Source: CBRE Hotels

**ESTIMATED IMPACT: SOUTH WEST POINT - HOTELS**

The following table summarizes the estimated economic benefit to Abaco associated with the operation of the Proposed 75-room Full Service hotel and 100-room Extended Stay hotel for a representative year of operations, presented in 2024 Dollars. For the representative year 2024, total revenues were estimated to be \$28,949,063 (2024 Dollars). The representative year's Total Revenues were determined by taking the stabilized year's revenues (fourth year) and discounting them back to the first year of operation (2024) at 3.0 percent.

<b>Economic Impact - Proposed South West Point Hotels</b>			
<u>Impact Type</u>	<u>Employment</u>	<u>Labor Income</u>	<u>Output</u>
Direct Effect	150	\$12,325,204	\$27,711,803
Indirect Effect	9	576,286	1,248,163
Induced Effect	<u>41</u>	<u>2,067,163</u>	<u>5,866,959</u>
Total Effect	200	14,968,653	34,826,925

Source: CBRE Hotels, IMPLAN

In order to project the future Wages and Output impact during stabilization, we have divided the Total Effect for both Wages and Output by the representative year's Total Revenues to determine the standard ratio for Wages and Output. The ratios used can be found in the following table.



	<u>Total</u>	<u>Ratio</u>
Rep. Year Total Revenue	\$ 28,949,063	-
Output	34,826,925	1.20
Wages	14,968,653	0.52

The ratios are then multiplied by the Total Revenue for each year to determine the Wages and Output impact for each year. Economic Impact totals during the first ten years of operation can be found in the following table.

<b>Summary of Estimated Annual Operating Results</b>				
<b>Fiscal Year</b>	<b>Total Revenue</b>	<b>Economic Impact</b>		
		<b>Output</b>	<b>Wages</b>	<b>Total (Rounded)</b>
2024	\$28,949,063	\$34,826,925	\$14,968,653	\$49,796,000
2025	\$29,817,534	35,871,733	15,417,712	51,289,000
2026	\$30,712,060	36,947,885	15,880,244	52,828,000
2027	\$31,633,422	38,056,322	16,356,651	54,413,000
2028	\$32,582,425	39,198,011	16,847,350	56,045,000
2029	\$33,559,898	40,373,952	17,352,771	57,727,000
2030	\$34,566,695	41,585,170	17,873,354	59,459,000
2031	\$35,603,695	42,832,725	18,409,555	61,242,000
2032	\$36,671,806	44,117,707	18,961,841	63,080,000
2033	\$37,771,960	45,441,238	19,530,696	64,972,000
<b>Total</b>	<b>\$331,868,559</b>	<b>\$399,251,670</b>	<b>\$171,598,826</b>	<b>\$570,851,000</b>

*Source: CBRE Hotels*

**Fiscal Impact**

The Value Added Tax (VAT) was introduced in January 2015 as part of a broader tax reform in the Bahamas. This broad-based consumption tax is applied to most goods and services that are imported, bought, or sold for use in the Bahamas. Effective July 1, 2018, the VAT tax was raised from 7.5 percent to 12.0 percent and removed all breadbasket items (excluding sugar), medicine, residential property insurance, and certain residential utilities which would become effective August 1. Rates of VAT are applied which is the standard rate of 12.0 percent and a zero rate. Goods exported to customers abroad are classified as exempt from VAT or zero rated. For the purpose of this study, we have assumed that all goods and services fall under the standard rate.

The following table contains the VAT tax totals for the ten-year estimate.

<b>Summary of Estimated Annual Lodging and Sales Tax</b>			
<b>Fiscal Year</b>	<b>VAT</b>	<b>VAT</b>	<b>Total Tax</b>
	<b>12% of RR</b>	<b>12% of OI</b>	
2024	\$2,792,250	\$681,638	\$3,473,888
2025	2,876,018	702,087	3,578,104
2026	2,962,298	723,149	3,685,447
2027	3,051,167	744,844	3,796,011
2028	3,142,702	767,189	3,909,891
2029	3,236,983	790,205	4,027,188
2030	3,334,093	813,911	4,148,003
2031	3,434,115	838,328	4,272,443
2032	3,537,139	863,478	4,400,617
2033	3,643,253	889,382	4,532,635
<b>Total</b>	<b>\$32,010,017</b>	<b>\$7,814,210</b>	<b>\$39,824,227</b>

Source: CBRE Hotels

**TOTAL PROJECTED ECONOMIC AND EMPLOYMENT SUMMARY**

The table below presents the total projected economic, employment, and fiscal impact for the Proposed Resort’s first ten years of operations.

<b>Summary of Economic, Employment and Fiscal Impact</b>	
<b>Economic Impact - Total Economic Impact From Operations</b>	
Proposed Lantern Head Hotel	\$1,051,967,000
Proposed South West Point Marina	\$321,976,000
Proposed South West Point Hotels	\$570,851,000
<b>Grand Total Economic Impact From Operations</b>	<b>\$1,944,794,000</b>
<b>Employment Impact - Total Jobs From Operations</b>	
Proposed Lantern Head Hotel	379 Jobs
Proposed South West Point Marina	81 Jobs
Proposed South West Point Hotels	200 Jobs
<b>Grand Total Employment Impact from Operations</b>	<b>660 Jobs</b>
<b>Fiscal Impact - Potential Value Added Tax (Rounded)</b>	
Proposed Lantern Head Hotel	\$71,258,463
Proposed South West Point Marina	\$28,564,000
Proposed South West Point Hotels	\$39,824,000
<b>Grand Total Potential Value Added Tax</b>	<b>\$139,646,463</b>

Source: CBRE Hotels, IMPLAN

Note: Economic and Fiscal Impact is the sum of the impact over a 10-year period.

It should be noted that there will be additional economic benefits associated with the renovation and operation of the Sandy Point Airport. These would include increased jobs, airport landing fees, and jet fuel sales. We also understand that the developer may include a casino in the South West Marina Village which would generate additional economic benefits.

We appreciate the opportunity to be of service to French Quarter Holdings, Inc and thank you for selecting CBRE Hotels for professional services. We look forward to discussing our findings with you.

Sincerely,  
**CBRE Hotels**

**TERMS AND CONDITIONS**

1. The Terms and Conditions herein are part of an agreement for Consulting report services (the "Agreement" ) between CBRE, Inc. (the "Consultant") and the client signing this Agreement, and for whom the Consulting report services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the Consulting report office is located for the Consultant executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the Consulting report fee and preparation of an Consulting report report (the "Consulting report Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Consulting report Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site). Additional copies of the Consulting report Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Consultant is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Consulting report Report, the Consultant's expertise, or the Property, Client shall pay Consultant's additional costs and expenses, including but not limited to Consultant's attorneys' fees, and additional time incurred by Consultant based on Consultant's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Consulting report Report), meeting participation, and Consultant's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional Consulting report services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Consultant shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 30 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Consultant executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Consultant assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Consultant to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Consulting report fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Consultant relating to this Agreement, or Consultant's or Client's performance hereunder, Consultant and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Consultant executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding

shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Consutant is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between Client and Consutant. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Consuting report Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Consutant's analyses, opinions, and conclusions will be true and correct to Consutant's actual knowledge and belief. Consutant does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Consutant by Client or others. The conclusions and any permitted reliance on and use of the Consuting report Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Consutant shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Consutant with such materials with respect to the assignment as are requested by Consutant and in the possession or under the control of Client. Client shall provide Consutant with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Consutant. With respect to data provided by Client, Consutant shall not violate the confidential nature of the Consutant-Client relationship by improperly disclosing any proprietary information furnished to Consutant. Notwithstanding the foregoing, Consutant is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Consuting report Institute if such disclosure is required to enable Consutant to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Consuting report Report the Consutant will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material) on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Consuting report fee.
13. In the event Client intends to use the Consuting report Report in connection with a tax matter, Client acknowledges that Consutant provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Consuting report Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Consuting report Report. Client agrees that Consutant shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Consutant relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Consutant shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Consuting report Report to any third party.
15. **LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES AND AGGREGATE DAMAGES IN CONNECTION WITH**

THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO CONSULTANT UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Consulting report Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Consulting report Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Consultant as an "Intended User" of the Consulting report Report provided that either Consultant has received an acceptable release from such third party with respect to such Consulting report Report or Client provides acceptable indemnity protections to Consultant against any claims resulting from the distribution of the Consulting report Report to such third party, (ii) any third party service provider (including rating agencies and Client's auditors) using the Consulting report Report in the course of providing services for the sole benefit of Client, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Consultant consents, in writing, to Client incorporating or referencing the Consulting report Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Consultant with complete copies of such materials and Consultant has approved all such materials in writing. Client shall not modify any such materials once approved by Consultant. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Consulting report Report by such party extend any right to the party to use and rely on such report, and Consultant shall have no liability for such unauthorized use and reliance on any Consulting report Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Consultant, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Consultant and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Consulting report Report.
17. In the event Client incorporates or references the Consulting report Report, in whole or in part, in any offering or other material intended for review by other parties, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the Consulting report or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iii) an actual or alleged violation of applicable law by Client (including, without limitation, securities laws) or the negligent or intentional acts or omissions of Client (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Consultant (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Consultant and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Consulting report Report, (b) any services or Consulting reports under this Agreement or (c)

any acts or conduct relating to such services or Consulting reports, shall be filed within two (2) years from the date of delivery to Client of the Consulting report Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.