

Preston Gateway Partners, LLC

Response to Town Of Preston's Request for Additional Information

December 18, 2007

1. If selected as the purchaser of the Norwich State Hospital site, Preston Gateway Partners ("PGP") is willing to commit to fund and complete construction of the entire first phase of development totaling approximately \$406,475,500 of development. This commitment is in addition to the previous commitment for the funding of the clean-up of the entire site, currently estimated at \$40,000,000. The total PGP commitment now stands at over \$446,000,000, including infrastructure and soft costs. Please see the table below and the attached Exhibit A for the detailed breakdown of the development phasing.

The Phase I development is comprised of the following items:

Residential Single Family Residences Surrounding the Golf Course

Unit Count: 82

Estimated Appraised Value: \$750,000 each

Average Layout: Approximately 4 Bedrooms

Residential Town Homes

Unit Count: 176

Estimated Appraised Value: \$400,000 each

Average Layout: Approximately 2.5 Bedrooms

Residential Senior Housing

Unit Count: 155

Estimated Appraised Value: \$160,000 each

Average Layout: Approximately 2.5 Bedrooms

Hotel – Full Service

Room Count: 225

Estimated Construction Cost: \$240,000 per room

Hotel – Fractional Ownership

Room Count: 225

Estimated Construction Cost: \$240,000 per room

Medium Format Retail Space

Square Footage Proposed in Phase I: 424,000 Sq.Ft.

Estimated Construction Cost: \$200 per Sq.Ft.

Restaurant/Entertainment Retail

Square Footage Proposed in Phase I: 106,000 Sq.Ft.

Estimated Construction Cost: \$200 per Sq.Ft.

Recreation

Public Golf Course

Estimated Construction Cost: \$700,000 per hole

Club House, Locker Rooms and Concessions

Estimated Construction Cost: 4,000,000

Miscellaneous Soft Costs (Approximate Costs Only)

Infrastructure: \$50,000,000

Legal: \$3,500,000

Architectural/Engineering: \$2,500,000

Total Estimated Phase I Development Cost: \$350,475,500

Total Estimated Phase I Soft Costs: \$56,000,000

Total Estimated Phase I Spend: \$406,475,500

It should be noted that our commitment outlined above is predicated on reaching a mutually acceptable Property Disposition and Development Agreement with the Town of Preston. The PDDA will outline the specific and final terms, product mix and conditions pertaining to the commitments outlined above.

2. PGP will agree to pay the full tax rate for the entitled, remediated land based on the Town of Preston's mill rate. In addition to the remediation funding, PGP will escrow an amount equal to 5 years of the State PILOT payments currently received by the Town as well as two years of the Town's estimated soft costs. In total, PGP estimates that approximately \$55 million dollars will be placed in escrow at the closing of the property.

3. Preston Gateway Partners, LLC, a subsidiary of Prudential Real Estate Investors and Renova Partners LLC, will be the guarantor of the all payments. The combined assets of the participants of the joint venture are over \$40 billion.

4. Upon closing, PGP will agree to escrow an amount equal to 5 years of the State PILOT payments currently received by the Town. The escrow account will be controlled by the town's attorney and will help to ensure that there will be no shortfall for the Town of Preston during the construction period, regardless of development progress. At such time that the real property taxes generated by the development exceed the PILOT amount, the Town will no longer draw from the escrow account and will, in turn, collect the revenue generated by the development. PGP has agreed to pay taxes equal to the full assessed value of the property multiplied by Town of Preston's mill-rate. PGP will not request any discounts and/or limits to the amount of taxes to be paid.

5. PGP is willing to consider any development opportunity that maintains the quality and sense of community that is in the current proposal. Understanding the Town's concern about the scale of the residential development proposed by both developers, PGP has met with alternative users that might replace some portion of the residential development. These discussions have been fruitful, but are still confidential at this time.

6. Yes, PGP will be willing to release our Application Fee to the Town at the beginning of the negotiations of the Exclusive Negotiating Agreement.

7. After the review of all pertinent documents and prior to the execution of a binding PDDA, PGP will agree to reimburse reasonable litigation costs of the Town for any action brought by Utopia Studios, LTD ("Utopia"). Upon execution of the PDDA, and as specified in our original proposal, PGP will fully indemnify the Town against any action brought by Utopia.

8. PGP has committed to pay the full assessed tax bill for the entire proposed development without any caps, offsets or reductions. Based on our current economic modeling and using Urban Land Institute values, PGP believes that the full estimated tax payment of \$11,400,000 will create an annual additional tax surplus of approximately \$3,600,000, as shown in Exhibit B. This means that the project will not only pay for the increased demand on town services, but will provide additional funds for reduction of the Town's overall tax burden. Upon completion of the detailed studies and economic analysis with the Town that would be completed as part of the PDDA, PGP would be willing to negotiate for further mitigation measures should the studies demonstrate that they are required.

9. As per our proposal, PGP will cover ALL mutually agreed upon soft costs which may arise from the re-development of the Norwich State Hospital property. PGP does not intend to put any artificial limits on the soft costs, and looks forward to working with the town to define how best to carry out the development in a safe and orderly fashion. In addition, PGP would be willing to escrow the estimated Town's expenses for the first two years of the project's redevelopment.

10. Please refer to Exhibit A. Exhibit A outlines the details of the proposed project, and demonstrates that the PGP plan is both feasible and within the existing product types found in the current Preston marketplace. It is of extreme importance that the plan brought forth by PGP could be built, occupied and become a productive part of the community.

11. PGP will submit our confidential financial information as per the RFP section on FOIA exemption. The Prudential financial information can be found in our initial submittal.