

ATTACHMENT D

Summary Appraisal of Underlying Commercial Land and
Air Rights Ground Rent Valuation for the Event Center

SUMMARY APPRAISAL OF

**UNDERLYING COMMERCIAL LAND
GROUND RENT VALUATION**

LOCATED AT

**SOUTHEAST CORNER OF L.A. LIVE WAY AND CHICK HEARN COURT
LOS ANGELES, CALIFORNIA 90015**

FOR

**KNN PUBLIC FINANCE,
A DIVISION OF ZIONS FIRST NATIONAL BANK**

AS OF

SEPTEMBER 21, 2011

BY

**RIGGS & RIGGS, INC.
4195 VALLEY FAIR STREET, SUITE 207
SIMI VALLEY, CALIFORNIA 93063**

RIGGS & RIGGS, INC.
Real Estate Appraisers and Consultants
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December 2, 2011

Mr. David Brodsky, Managing Director
KNN Public Finance, a Division of Zions First National Bank
1333 Broadway, Suite 1000
Oakland, CA 94612

Our File No. 11-087

Re: Ground Rent Valuation of Underlying Commercial Land
Southeast corner of L.A. Live Way and Chick Hearn Court, Los Angeles
City of Los Angeles Ownership

Dear Mr. Brodsky:

In accordance with our contract, we have made an investigation and analysis of the above-referenced property for the purpose of calculating the annual market ground rent for the subject property as of July 1 of the years 2011, 2012, 2013, 2014, 2015, 2016 and 2017 based upon an opinion of the market value of the fee simple interest in the subject property, underlying land only, as of September 21, 2011 under two scenarios: 1) assuming a gross site area of 614,975± square feet, or 14.12± acres; and 2) assuming a gross site area of 633,150± square feet, or 14.54± acres. Although the subject property is currently improved with a portion of the West Hall of the Los Angeles Convention Center in Scenario One and portions of Staples Center and the West Hall of the Los Angeles Convention Center in Scenario Two, the property has been valued as-vacant. No deduction has been made for demolition of the existing improvements, as demand is considered sufficient to offset these costs in redeveloping the site. **Please refer to Extraordinary Assumption No. 19.** The intended use of the report is for negotiations between the proposed developer, Anschutz Entertainment Group, Inc., (AEG) and the property owner, the City of Los Angeles, to establish market ground rent, City planning decisions, and municipal bond financing. A legal description is provided in this Summary Appraisal Report.

This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP), which is part of the Appraisal Institute Code of Ethics and Professional Appraisal Standards for a Summary Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in our files. The depth of discussion contained in this Summary Appraisal Report is specific to the needs of only the client.

This Summary Appraisal Report has been prepared for the sole and exclusive use of representatives with KNN Public Finance, the City of Los Angeles, and Public Resources Advisory Group, the intended users, and is not intended for any other user. The Client is KNN Public Finance. We request that our written authorization be obtained before releasing this report to any other party. Any third party who relies on this appraisal does so at their own risk. **The user of this Summary Appraisal Report is directed to review the Limiting and Extraordinary Assumptions and Conditions, particularly Nos. 19, 22, 23, 24, 25 and 26. The Market Value opinions are strictly contingent upon the Limiting and Extraordinary Assumptions and Conditions.**

The attached summary and exhibits provide the basic details of the property and our analysis. Additional data has been retained in our files. This Summary Appraisal Report is not based on a requested minimum or specified valuation. Further, we have not considered any personal property, fixtures, or intangible items which may be a part of, or located on, the real property.

Mr. David Brodsky
December 2, 2011
Page Two

Under **Scenario One**, the Market Value of the Fee Simple Interest in the subject property, underlying land only, as of September 21, 2011 is:

NINETY-TWO MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS.....
.....**\$92,250,000.**

Under **Scenario One**, the annual Market Ground Rent conclusions for the subject property, underlying land only, are:

As of July 1, 2011.....	\$6,457,500
As of July 1, 2012.....	\$6,558,017
As of July 1, 2013.....	\$6,689,178
As of July 1, 2014.....	\$6,822,961
As of July 1, 2015.....	\$6,959,420
As of July 1, 2016.....	\$7,098,609
As of July 1, 2017.....	\$7,240,581

Under **Scenario Two**, the Market Value of the Fee Simple Interest in the subject property, underlying land only, as of September 21, 2011 is:

NINETY-FOUR MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS ...
.....**\$94,970,000.**


Under **Scenario Two**, the annual Market Ground Rent conclusions for the subject property, underlying land only, are:

As of July 1, 2011.....	\$6,647,900
As of July 1, 2012.....	\$6,751,381
As of July 1, 2013.....	\$6,886,409
As of July 1, 2014.....	\$7,024,137
As of July 1, 2015.....	\$7,164,619
As of July 1, 2016.....	\$7,307,912
As of July 1, 2017.....	\$7,454,070

This letter of transmittal, including the Limiting and Extraordinary Assumptions and Conditions and Certifications on the accompanying pages, must remain attached to this Summary Appraisal Report, which contains 61 pages plus related exhibits, in order for the value opinions set forth to be considered valid. We hereby certify that we have no interest, present or prospective, in the property appraised and that our opinion is in no way contingent upon the basis of our employment.

Respectfully submitted,

RIGGS & RIGGS, INC.


Mark D. Brusca
SCREA AG036814
Expires March 29, 2013

RIGGS & RIGGS, INC.

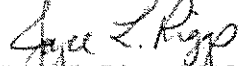

Joyce L. Riggs, MAI, SR/WA
SCREA AG005451
Expires April 7, 2013

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EXECUTIVE SUMMARY



The subject property is located at the southeast corner of L.A. Live Way and Chick Hearn Court in the City and County of Los Angeles and State of California. The U.S. Postal Zip Code is 90015.

At the request of the client, the subject property has been valued under two scenarios. In **Scenario One**, the subject consists of the underlying land of a portion of Los Angeles County Assessor's Parcel Number (APN) 5138-016-912, which is currently improved with a portion of the West Hall of the Los Angeles Convention Center. The site is generally level and irregular in shape, with a gross area of 614,975± square feet, or 14.12± acres. In **Scenario Two**, the subject consists of the area described in Scenario One plus 18,175± square feet, or 0.42± acres, of the underlying land located at the northwest corner of APN 5138-016-913, which is improved with portion of Staples Center adjacent to the northeast driveway to the West Hall of the Los Angeles Convention Center. The site is generally level and generally rectangular in shape, with a gross area of 633,150± square feet, or 14.54± acres. **Please refer to Extraordinary Assumption Nos. 19, 25 and 26.**

In both scenarios, the subject property is located at the signalized intersection of two collector streets, and is also visible from the Harbor (110) Freeway. Visibility is considered good-to-excellent, and accessibility is considered good overall. The property is currently owned by The City of Los Angeles and zoned PF-4D-O, Public Facilities, with a land use designation of Public Facilities. According to the Los Angeles Department of City Planning, the subject would likely be re-zoned C2-4D-O, Commercial, with a corresponding land use designation of Regional Commercial, if sold to a private party. **Please refer to Extraordinary Assumption Nos. 22 and 23.** This will be transmitted in greater detail in the sections to follow.

**SUMMARY OF SALIENT DATA
SCENARIO ONE**

MARKET GROUND RENT CONCLUSIONS:

AS OF JULY 1, 2011	\$6,457,500
AS OF JULY 1, 2012.....	\$6,558,017
AS OF JULY 1, 2013.....	\$6,689,178
AS OF JULY 1, 2014.....	\$6,822,961
AS OF JULY 1, 2015.....	\$6,959,420
AS OF JULY 1, 2016.....	\$7,098,609
AS OF JULY 1, 2017.....	\$7,240,581

FEE SIMPLE MARKET VALUE OF THE SUBJECT PROPERTY \$92,250,000

SUBJECT DATA

GROSS LAND AREA	614,975± SQUARE FEET, OR 14.12± ACRES
PRESENT USE OF THE LAND	LOS ANGELES CONVENTION CENTER (PORTION)
ZONING.....	CITY OF LOS ANGELES, PF-4D-O (PUBLIC FACILITIES)
GENERAL PLAN.....	CITY OF LOS ANGELES, PUBLIC FACILITIES
HIGHEST AND BEST USE AS-VACANT.....	TO CONSTRUCT A COMMERCIAL, RESIDENTIAL OR MIXED USE DEVELOPMENT
HIGHEST AND BEST USE AS-IMPROVED.....	NOT APPLICABLE
PROPERTY RIGHTS APPRAISED	FEE SIMPLE AND LEASED FEE INTERESTS
OWNER OF RECORD.....	CITY OF LOS ANGELES
DATE OF REPORT.....	DECEMBER 2, 2011
DATES OF INSPECTION.....	SEPTEMBER 14 AND 21, 2011
DATE OF VALUE.....	SEPTEMBER 21, 2011
PURPOSE OF THE APPRAISAL.....	MARKET VALUE, MARKET GROUND RENT

**SUMMARY OF SALIENT DATA
SCENARIO TWO**

MARKET GROUND RENT CONCLUSIONS:

AS OF JULY 1, 2011	\$6,647,900
AS OF JULY 1, 2012	\$6,751,381
AS OF JULY 1, 2013	\$6,886,409
AS OF JULY 1, 2014	\$7,024,137
AS OF JULY 1, 2015	\$7,164,619
AS OF JULY 1, 2016	\$7,307,912
AS OF JULY 1, 2017	\$7,454,070

FEE SIMPLE MARKET VALUE OF THE SUBJECT PROPERTY \$94,970,000

SUBJECT DATA

GROSS LAND AREA	633,150± SQUARE FEET, OR 14.54± ACRES
PRESENT USE OF THE LAND	PORTIONS OF LOS ANGELES CONVENTION CENTER AND STAPLES CENTER
ZONING.....	CITY OF LOS ANGELES, PF-4D-O (PUBLIC FACILITIES)
GENERAL PLAN.....	CITY OF LOS ANGELES, PUBLIC FACILITIES
HIGHEST AND BEST USE AS-VACANT	TO CONSTRUCT A COMMERCIAL, RESIDENTIAL OR MIXED USE DEVELOPMENT
HIGHEST AND BEST USE AS-IMPROVED.....	NOT APPLICABLE
PROPERTY RIGHTS APPRAISED	FEE SIMPLE AND LEASED FEE INTERESTS
OWNER OF RECORD	CITY OF LOS ANGELES
DATE OF REPORT	DECEMBER 2, 2011
DATES OF INSPECTION.....	SEPTEMBER 14 AND 21, 2011
DATE OF VALUE.....	SEPTEMBER 21, 2011
PURPOSE OF THE APPRAISAL.....	MARKET VALUE, MARKET GROUND RENT

ASSUMPTIONS AND LIMITING CONDITIONS

This Summary Appraisal Report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the subject property is assumed to be good and marketable unless otherwise stated.
2. The subject property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative materials in this report are included only to help the reader visualize the subject property.
6. It is assumed that there are no hidden or unapparent conditions of the subject property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the subject property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the subject property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the subject property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
11. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the subject property described and that there is no encroachment or trespass unless noted in the report.
12. Any allocations of the total opinion of value in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

13. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purposes by any person other than the party to whom it is addressed without the written consent of Riggs & Riggs, Inc., and in any event, only with properly written qualification and only in its entirety.
14. Riggs & Riggs, Inc., by reason of this summary appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the subject property in question unless arrangements have been previously made.
15. Neither all nor any part of the contents of the appraisal report shall be disseminated to the public or any unauthorized third party through advertising, public relations, public meetings/hearings, news, sales, or other media without the prior written consent and approval of Riggs & Riggs, Inc. Riggs & Riggs, Inc., assumes no liability for the unauthorized release of this report.
16. An inspection of the subject property was made by Joyce L. Riggs, MAI, SR/WA, and Mark D. Brusca. Ms. Riggs and Mr. Brusca gathered all the information, reviewed the data, and prepared the analysis in the appraisal report.

EXTRAORDINARY ASSUMPTIONS AND CONDITIONS

This Summary Appraisal Report is strictly contingent upon the following conditions affecting the subject property. The client is urged to review these extraordinary assumptions and conditions and to obtain experts in the field as needed.

17. This is a **Summary Appraisal Report** which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it does not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in our file. The information contained in this report is specific to the needs of the client and for the intended use as stated in this report. Riggs & Riggs, Inc., is not responsible for unauthorized use of this report.
18. According to ZIMAS, the subject property is not located within an Alquist-Priolo Earthquake Fault Zone or a landslide or liquefaction zone, although it is located in an unidentified fault zone and a Methane Zone. Nearly all areas in Southern California are susceptible to intermittent earthquakes. While the City of Los Angeles Building and Safety, Engineering, and Planning Departments have the authority to withhold permits on projects located within Methane Zones, this is not considered to adversely impact the subject as development is allowed upon approval of detailed plans containing suitable methane mitigation systems.

Although requested, Riggs & Riggs, Inc., was not provided with a soils or geological report for review. The site appears adequate to support construction standards consistent with the highest and best use conclusion. For the purpose of this appraisal, it is assumed that the soil and geological conditions are not unfavorable. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover any defects in the property. The client should retain experts in the field and make their own assessment of the physical condition of the property before making a decision on the subject property. **Riggs & Riggs, Inc., reserves the right to amend the opinion of value if additional information is provided subsequent to the date of this report.**

19. At the request of the client, the subject property has been appraised under two scenarios. In Scenario One, the subject property consists of the underlying land of a portion of APN 5138-016-912. According to an exhibit provided by the client and labeled Scenario One, the gross site area is 614,975± square feet, or 14.12± acres. In Scenario Two, the subject property consists of the 614,975± square feet, or 14.12± acres, from Scenario One plus 18,175± square feet, or 0.42± acres, of the underlying land located at the northwest corner of APN 5138-016-913. According to an exhibit provided by the client and labeled Scenario Two, the gross site area under Scenario Two is 633,150± square feet, or 14.54± acres. Although the subject is improved with a portion of the West Hall of the Los Angeles Convention Center in Scenario One and portions of the Los Angeles Convention Center and Staples Center in Scenario Two, no consideration has been given to the improvements at the client's request. As the exact topography of the site was unclear at the time of inspection due to the convention center improvements, it is assumed that the site is generally level at street grade in both scenarios. Although it is our understanding that the improvements will be demolished as part of the ground lease, no deduction has been made for demolition of the existing improvements, as demand is considered sufficient to offset these costs in redeveloping the site. **It is assumed that there will be no extraordinary costs, such as asbestos removal or hazmat remediation, associated with the demolition. Such extraordinary costs, if required, could impact the value of the property. Riggs & Riggs, Inc., has relied upon the exhibits provided by the client, along with the Los Angeles County Assessor's Plat Map, for area calculations and dimensions, and reserves the right to alter the opinion of value if this information is revised and/or additional information is provided subsequent to the date of this report.**

20. Although requested, Riggs & Riggs, Inc., was not provided with a Preliminary Title Report specific to the subject property. A Preliminary Title Report covering 9 parcels labeled Parcel A through Parcel I was provided, but this report does not identify these parcels by their Los Angeles County Assessor's Parcel Numbers (APNs). Schedule B includes 10 exceptions labeled A through J that identify the affected parcel(s) by APN rather than parcel label, one of which includes the subject APN. There are also 98 numbered exceptions noted under Schedule B, some of which reference specific parcels by parcel label but not by APN. Riggs & Riggs, Inc., was not able to identify which of these exceptions impact the subject property, if any. Although requested, Riggs & Riggs, Inc., was not provided with a map plotting the encumbrances that impact the subject property. Therefore, for the purposes of analysis, it is assumed that any encumbrances impacting the site are typical for an urban property and do not impact the value of the site. **Riggs & Riggs, Inc., makes no legal opinion nor expresses any warranty about the property and encumbrances affecting the subject. Further, this Summary Appraisal Report has been prepared assuming the property is free and clear of any liens or debt recorded against it. The user of this report should review a Preliminary Title Report for the subject property and all underlying documents and consider the impact of any items that may have an effect on value. A copy of the provided Preliminary Title Report is included in the Addenda section for further review. Riggs & Riggs, Inc., reserves the right to alter the opinion of value if additional information is provided subsequent to the date of this report.**
21. Although requested, Riggs & Riggs, Inc., was not provided with a Phase I or II Environmental Site Assessment Report pertaining to the subject property. The property is currently improved with a portion of the West Hall of the Los Angeles Convention Center in both scenarios, as previously discussed. **According to information provided by the client, although the City of Los Angeles is aware that there is asbestos present in the improvements, there have not been any studies conducted to date to determine remediation costs or extraordinary demolition costs attributable to the asbestos, if any. Therefore, it is assumed for purposes of analysis that there will be no extraordinary demolition costs related to the asbestos. Unless otherwise stated in this report, the existence of other hazardous materials, which may or may not be present on the site, was not observed during the inspection. Riggs & Riggs, Inc., however, is not qualified to detect such substances. The presence of substances such as contaminated soil, tainted ground water, or other potentially hazardous materials may affect the value of the site. The opinion of value is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field and consider the impact on value, if any. Riggs & Riggs, Inc., reserves the right to alter the opinion of value if said information becomes available.**
22. The subject property is currently owned by the City of Los Angeles and is therefore zoned PF-4D-O, Public Facilities, with a corresponding General Plan land use designation of Public Facilities. According to the General Plan, the property could be rezoned to the zone(s) most consistent within 500 feet if sold to a private party. When asked what the zone would likely be in such a circumstance, pursuant to the definition of Market Value, Senior City Planner Jon Foreman with the Los Angeles Department of City Planning indicated that the subject would most likely be rezoned C2-4D-O, Commercial, and the land use designation would likely be amended to Regional Commercial for consistency. It is assumed that any costs associated with the zone change and General Plan amendment would be absorbed by the City. For purposes of analysis, we have relied upon the information provided by the City and have appraised the subject property assuming that the zone change and General Plan Amendment would be approved if sold to a private party. **Riggs & Riggs, Inc. reserves the right to alter the opinion of value if said information was misrepresented or should change.**
23. The subject property comprises portions of APNs 5138-016-912 (Scenario One) or 5138-016-912 and 913 (Scenario Two). According to the City of Los Angeles Department of City Planning's Zoning Information and Map Access System (ZIMAS), this legal parcel is impacted by multiple case numbers and is located within the following designated areas: Los Angeles State Enterprise Zone, Greater

Downtown Housing Incentive Area, Downtown Design Guide Project Area, Staples Streetscape, Downtown Adaptive Reuse Incentive Area, Central City Parking area, Downtown Parking area, South Park Business Improvement District, Los Angeles Renewal Community, and Central City Revitalization Zone. Additionally, a number of the comparable sales utilized in this report are also located in the City of Los Angeles and are impacted by multiple case numbers and/or located within multiple designated areas. Riggs & Riggs, Inc., was referred to Senior City Planner Jon Foreman for information regarding ZIMAS case numbers and designated areas. Mr. Foreman and his staff researched the case numbers and designated areas impacting the subject property and comparable sales and provided a summary of those that they considered most pertinent. The items that were considered to have an impact on the subject property are discussed in the Zoning section of this report and were considered in our analysis. The items that were considered to have an impact on the comparable sales are discussed on the data sheet for each respective sale and were also considered in our analysis. It is assumed that any case number or designated area not specifically addressed by Mr. Foreman does not impact the subject and/or comparable sales. **Riggs & Riggs, Inc., reserves the right to alter the opinion of value if provided with additional information subsequent to the date of this report.**

24. In addition to providing an opinion of the market value of the fee simple interest in the subject property as of September 21, 2011 in each scenario, the client has requested that Riggs & Riggs, Inc., calculate the market ground rent as of July 1 of 2011, 2012, 2013, 2014, 2015, 2016 and 2017 in each scenario. Since 2012 through 2017 represent future dates, Riggs & Riggs, Inc., has calculated the market ground rent based upon the market value of the fee simple interest as of September 21, 2011, assuming an annual growth rate of 2.0 percent between September 21, 2011 and July 1, 2017 for valuation purposes, and applying a market-derived rate of return on the land. The market ground rent calculations will be utilized in negotiations with the proposed developer, AEG, to establish a ground lease for the subject property as outlined in a draft document titled "Memorandum of Understanding between City of Los Angeles and Anschutz Entertainment Group, Inc.," ("MOU"). According to this document, the terms of the proposed ground lease would include a 55 year term and 1.75 percent annual escalations. **Riggs & Riggs, Inc., reserves the right to alter the opinion(s) of value if presented with additional or differing information subsequent to the date of this report.**
25. Although the client has indicated that air rights and an Event Center Central Plant area will likely be added to the subject property at an undetermined future date, which may include a portion of Vacation Area 4 - Airspace identified on an exhibit entitled Convention and Event Center Street Vacation Concept Plan and dated September 6, 2011, these areas had not been finalized as of the date of value and therefore were not considered in this report, as agreed by the client. Additionally, it is assumed that there are no reciprocal easements that positively or negatively impact the subject. **Riggs & Riggs, Inc., reserves the right to alter the opinion of value if provided with additional information subsequent to the date of this report.**
26. According to the Los Angeles Department of City Planning, the City has transferred approximately 2 million square feet of transferrable development rights from the Los Angeles Convention Center and/or Staples Center to other projects in downtown Los Angeles. The City has indicated that the land underlying Staples Center, the South Hall and/or the West Hall of the Convention Center may be impacted. Although requested, the City was not able to provide any further information as of the date of this report. Therefore, since there is no specific information indicating whether and to what extent development rights have been transferred from the subject property, the property has been appraised assuming that no development rights have been transferred. **Riggs & Riggs, Inc., reserves the right to alter the opinion of value if provided with information to the contrary subsequent to the date of this report.**
27. This Summary Appraisal Report has been prepared for the sole and exclusive use of representatives with KNN Public Finance, the City of Los Angeles, and Public Resources Advisory Group, and is not intended for any other user. We request that you seek our written authorization before releasing the report to any other party. Any third party who relies on this report does so at their own risk.

28. The liability of Riggs & Riggs, Inc., is limited to the fee paid for the appraisal services. Riggs & Riggs, Inc., is not responsible for erroneous information provided by others.
29. Riggs & Riggs, Inc., is not a necessary party in any inquiry or judicial proceeding and will not be called to testify in any litigation or other proceeding arising out of their duties in this matter. If Riggs & Riggs, Inc., is compelled to incur court costs, attorney fees or other out-of-pocket expenses in connection with court proceedings, such costs or expenses together with the appraiser's usual hourly per diem of \$250.00 per hour for professional services for study preparation, testimony or travel will be paid by the party (or parties) who acts to bring any suit requiring a judicial proceeding.

CERTIFICATION OF THE APPRAISER

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

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.

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.

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

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

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 cause of the client, the amount of the opinion of value, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

Mark D. Brusca made an inspection of the property that is the subject of this report on September 14, 2011. The date of value is September 21, 2011.

No one provided professional assistance to the persons signing this assignment.

As of the date of this report, Mark D. Brusca, has completed the requirements of the Continuing Education Program of the Office of Real Estate Appraisers. I certify that use of this report is subject to the requirements of the Appraisal Institute relative to review by its duly authorized representatives.

Respectfully submitted,

RIGGS & RIGGS, INC.



Mark D. Brusca
SCREA No. AG036814
Expires March 29, 2013

CERTIFICATION OF THE APPRAISER

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

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.

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.

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

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

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 cause of the client, the amount of the opinion of value, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.


Joyce L. Riggs, MAI, SR/WA made an inspection of the property that is the subject of this report on September 21, 2011. The date of value is September 21, 2011.

No one provided professional assistance to the persons signing this assignment.

As of the date of this report, Joyce L. Riggs, MAI, SR/WA, has completed the requirements of the Continuing Education Program of the Office of Real Estate Appraisers, the Appraisal Institute, and the International Right of Way Association. I certify that use of this report is subject to the requirements of the Appraisal Institute relative to review by its duly authorized representatives.

Respectfully submitted,

RIGGS & RIGGS, INC.


Joyce L. Riggs, MAI, SR/WA
SCREA No. AG005451
Expires April 7, 2013

APPRAISAL REPORT

IDENTIFICATION OF THE PROPERTY

The subject property is located at the southeast corner of L.A. Live Way and Chick Hearn Court in the City and County of Los Angeles and State of California. The United States Postal Zip Code is 90015. The Los Angeles County Thomas Guide reference is page 634, grid D/5. The U.S. Census Tract Number is 2077.10.

LEGAL DESCRIPTION

Although requested, Riggs & Riggs, Inc., was not provided with a Preliminary Title Report specific to the subject property. In Scenario One, the subject consists of a portion of APN 5138-016-912; in Scenario Two, the subject consists of portions of APNs 5138-016-912 and 913. The legal description for APN 5138-016-912 is summarized as: a portion of lot 1 of tract 28165 and the adjacent vacated street to the southeast. The legal description for APN 5138-016-913 is summarized as: a vacated street, a portion of lot 1 and all of lots 2 and 3 of tract 28165. The legal description for the subject property is also included in the Preliminary Title Report that was provided to Riggs & Riggs, Inc., a copy of which can be found in the Addenda to this report, and which covers 9 parcels labeled Parcel A through Parcel I, although it does not identify which parcel or parcels represent the subject.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to calculate the annual market ground rent for the subject property as of July 1 of the years 2011, 2012, 2013, 2014, 2015, 2016 and 2017 based upon an opinion of the market value of the fee simple interest in the subject property, underlying land only, as of September 21, 2011 under two scenarios: 1) assuming a gross site area of 614,975± square feet, or 14.12± acres; and 2) assuming a gross site area of 633,150± square feet, or 14.54± acres. as of September 21, 2011. **Please refer to Extraordinary Assumption Nos. 19, 24, 25 and 26.**

INTENDED USE/USER OF THE APPRAISAL

The intended use of this Summary Appraisal Report is for negotiations between the proposed developer, Anschutz Entertainment Group, Inc., (AEG) and the property owner, the City of Los Angeles, to establish market ground rent, City planning decisions, and municipal bond financing. This appraisal has been prepared for the sole and exclusive use of representatives with KNN Public Finance, the City of Los Angeles, and Public Resources Advisory Group, the intended users, and is not intended for any other user. The client is KNN Public Finance. Any third party who relies on this appraisal does so at their own risk.

PROPERTY RIGHTS APPRAISED

The property rights to be appraised are the fee simple interest in the subject property, underlying land only.

DATE OF REPORT

The date of report is December 2, 2011.

DATE OF VALUATION

The date of value is September 21, 2011.

DATES OF INSPECTION

The dates of inspection were September 14 and 21, 2011.

OWNER OF RECORD

According to the Preliminary Title Report, the fee title to the subject property is vested in:

THE CITY OF LOS ANGELES

DEFINITIONS

Market Value:

“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 interests;
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.”¹

Market Rent

“The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).”²

Fee Simple Estate

“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.”³

¹ Definition from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery and Enforcements Act (FIRREA) of 1989.

² *Dictionary of Real Estate Appraisal* (Fifth Edition 2010), Appraisal Institute, Pages 121-122.

³ *Id.*, Page 78.

SCOPE OF THE ASSIGNMENT

The scope of this appraisal involved a thorough analysis of the subject property with respect to physical, legal, and economic factors in order to develop a reasonable opinion of the market value and annual market ground rent under two scenarios. Various local agents and services, such as CoStar Group, Inc., MLS, CARETS Commercial, and NDCData.com, provided information concerning comparable sales. Buyers, sellers, or their representatives were contacted to verify information when possible. This investigation also included discussions with city and county officials, as well as researching recent market trends.

A search of similar properties was undertaken with respect to the comparable land sales in developing an opinion of the Market Value of the fee simple interest in the subject property (underlying land) as of September 21, 2011 in each scenario, using the Sales Comparison Approach to value. In each scenario, the concluded market value was multiplied by a future value factor in order to derive the market value of the land as of July 1 of the years 2012, 2013, 2014, 2015, 2016 and 2017; the market value was considered the same on July 1, 2011 as on September 21, 2011. An appropriate rate of return was then applied to derive a market ground rental rate for each year. **Please refer to Extraordinary Assumption Nos. 19, 20, 22, 23, 24, 25 and 26.**

PROPERTY HISTORY

According to the Preliminary Title Report prepared by Chicago Title Company, the subject is vested in The City of Los Angeles. Although public record does not indicate when the property owner acquired the property, the last recorded transfer of the subject property occurred on March 27, 1998 for no consideration, according to a Parcel Profile Report obtained from the Los Angeles Department of City Planning. No transfers are known to have occurred within the last three years, and the property is not currently listed for sale or available in the open market.

REGIONAL DATA

The subject property is located within the County of Los Angeles. The following is a discussion of the environmental, governmental, social, and economic forces affecting the stability of the real estate market and the subject property. This section of the report will analyze the effect that these forces have on the economic bases of the state, county, and subject's trade area, relative to the subject property.

California had a Gross Domestic Product (GDP) of approximately \$1.9 trillion in 2010 and would rank 9th as a separate nation, ahead of Canada, Russia and India. The Los-Angeles 5-County Metropolitan Area accounted for approximately \$835 billion and would rank 16th as a separate nation, ahead of the Netherlands, Turkey and Indonesia. Clearly, the region is a major economic center of development.

The State experienced a period of economic growth between 1995 and 2001, during which time the state underwent a transition from a predominantly aerospace and defense industry reliant economy to a diversified economy with the expansion of radio, television and film industries, a rise in the professional and service sectors and an increase in trade and manufacturing resulting from its position as an entry point for Pacific Rim goods. The state slipped back into recession in late 2001, emerging in late 2003 and 2004 due to higher spending by the Department of Defense and other governmental agencies leading to modest job gains. The state experienced modest growth between 2005 and 2006.

California is currently in the midst of a deep recession that started with weakness in housing and mortgage finance in 2007 and 2008, and subsequently spread to the rest of the economy. The situation has been exacerbated by soaring energy prices, which have caused further problems for businesses and consumers. A number of prominent retail chains have shrunk or disappeared altogether, and auto dealerships have suffered from the combined impact of high fuel prices and the credit crunch. State and local government revenues have fallen, and unemployment has risen across the State, with the majority of job losses in the manufacturing, retail trade, and construction sectors. Conditions are expected to stabilize in 2011, with recovery anticipated in 2012.

Preliminary estimates indicate that California experienced an annual unemployment rate of 11.3% in 2010. The current unemployment rate in the state as of January 2011 is 12.4%. Personal income grew by 2.7 % in 2010 following a rare decline of 2.4% in 2009, and is expected to grow by 4.6% in 2011. Taxable Retail sales increased by an estimated 6.6% in 2010, after a 12.9% decline in 2009, and are expected to increase by 6.5% in 2011. New home construction is expected to increase by 9.0% in 2011, while non-residential construction is expected to decline by 7.2%. Overall, California's economy is expected to stabilize in 2011, with more substantial recovery predicted for 2012.

Location and Physical Factors

The subject is located within the Los Angeles County Metropolitan Area (LAMA). The LAMA contains five counties: Los Angeles, Ventura, Orange, Riverside, and San Bernardino. San Diego County is not considered part of the LAMA, but is located within Southern California.

Los Angeles County contains 4,084 square miles, and is the largest county in the state in terms of population. The County is comprised of 88 cities and unincorporated areas. Los Angeles County is located in the southwestern part of California and borders the Pacific Ocean to the south and west. It is bounded by the following regions:

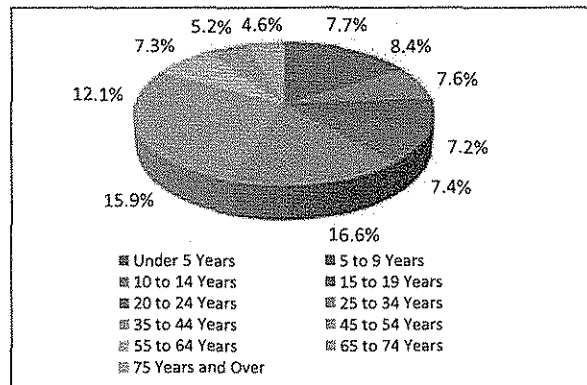
On the North	Kern County
On the South	Orange County
On the East.....	San Bernardino County
On the West	Ventura County

The terrain of the County varies from a broad coastal plain, known as the Los Angeles basin, to mountain ranges separated by interior valleys. Major mountain ranges include the San Gabriel Mountains, Santa Monica Mountains, Santa Susana Mountains, and Puente Hills. The interior valleys include the San Fernando Valley, San Gabriel Valley, Pomona Valley, and Antelope Valley. There are several minor fault lines located in Los Angeles, which connect to California's major fault line, the San Andreas Fault.

Los Angeles County experiences a Mediterranean-like climate, sunny and warm, with a mean annual temperature of 61.7 degrees Fahrenheit. Due to the mild climate, Los Angeles County has lower heating and air conditioning costs than most cities in the United States. The mean annual rainfall is 12.9 inches, and its mean annual humidity is 65%. A favorable climate has contributed greatly to the growth of the region. However, during the past several decades, the area has experienced increased air pollution due to smog. Governmental agencies at the state and local levels, through zoning and transportation regulations, have had moderate success in reducing this hazard.

Sociological Factors

According to U.S. Census 2000, Los Angeles County has a population of about 10 million people. The County accounts for almost 30% of the California population. The population has grown at a steady pace and has increased over 13% since 1990. Foreign immigration and natural births added 50% to the region's growth over the past decade. However, population growth is expected to continue at a slower pace in the future. The chart below reflects the age distribution of Los Angeles County.



AGE DISTRIBUTION
(U.S. CENSUS BUREAU 2000 STATISTICS)

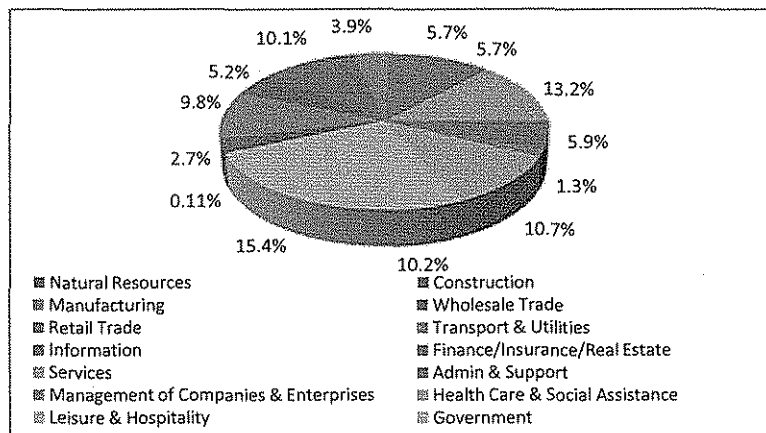
According to the U.S. Census 2000, Los Angeles County residents are predominantly between the ages of 25-34 years old (16.6%). Los Angeles County has over 3.2 million housing units and an average household of 2.87 persons.

There are many social and cultural facilities that enhance the desirability of the County. Recreational amenities include beaches and harbors along the Pacific Ocean, marinas, golf courses, parks, theaters, and entertainment centers. Cultural facilities include numerous colleges and universities, libraries, and museums. Health care facilities, including hospitals and acute-care nursing homes, are well-represented in the County. Some points of interest within the County are: Los Angeles Civic Center, Chinatown, Dodger Stadium, Aquarium of the Pacific, J. Paul Getty Museum, Huntington Library, Griffith Park, Greek Theatre, Hollywood Bowl, Hollywood Park, Santa Anita Racetrack, Grauman’s Chinese Theatre, Hollywood Walk of Fame, La Brea Tar Pits, Los Angeles County Museum of Art, the Museum of Contemporary Art, Los Angeles Zoo, Los Angeles County Music Center, Norton Simon Museum, Queen Mary, Rose Bowl, Six Flags Magic Mountain, and Universal Studios. These points of interest attract local residents and are also visited by millions of tourists worldwide.

Some new and major projects under construction in Los Angeles County include the 1.4 billion dollar Alameda Corridor East Project, Los Angeles/Long Beach Port Expansion, MetroRail line extensions, the expansion of Los Angeles International Airport, and “L.A. Live,” a retail/entertainment/hotel complex in downtown Los Angeles. Recently completed projects include the JW Marriott hotel in Downtown Los Angeles at “L.A. Live,” as well as the W Hotel in Hollywood.

Economic Factors

Los Angeles County is a major economic center for the city, state, and national level. According to the 2011-2012 Economic Forecast & Industry Outlook, Los Angeles County’s GDP would be \$505 billion, which would rank 20th in the world if it were a separate nation. Los Angeles County has a very diverse economic base, as indicated in the following table.

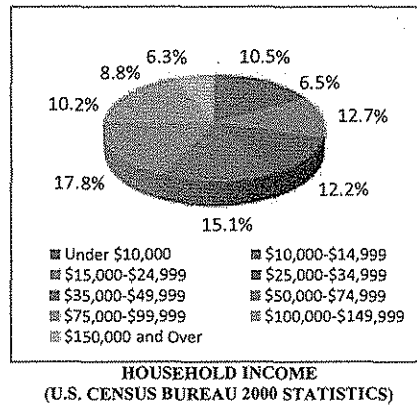


2010 NONFARM EMPLOYMENT IN LOS ANGELES COUNTY
(LOS ANGELES ECONOMIC DEVELOPMENT CORPORATION 2010 BENCHMARK)

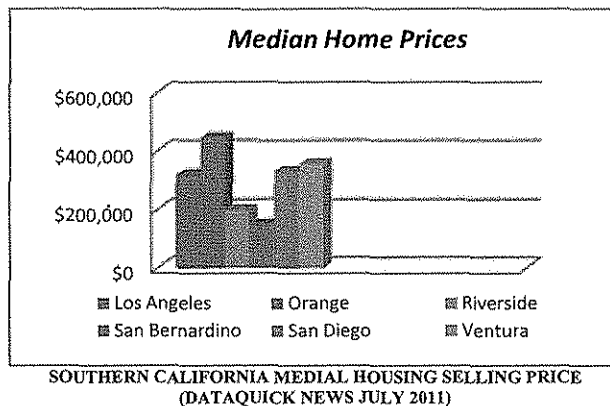
The economy is diverse with no single sector dominating the market. Education, health services, information, and professional business services are expected to add jobs in 2010, while retail, manufacturing, construction, and government are expected to lose jobs.

The excellent public and private services offered in Los Angeles County are major industries in their own right. A vast network of hospitals and health care facilities, educational institutions, entertainment productions, and sporting events are major building blocks that demonstrate the growth of Los Angeles County. According to the Los Angeles County Office of Education, Los Angeles County has 2,230 public schools, with over 1.5 million students enrolled at the elementary and secondary levels. The County has a number of local programs to successfully integrate students into the workplace and enhance teacher skills. The area will continue to progress with its vast pool of skilled and unskilled workers and economic activity. Business, cultural, and geographic diversification of Los Angeles County will play a prominent role in the local, regional, and national economies.

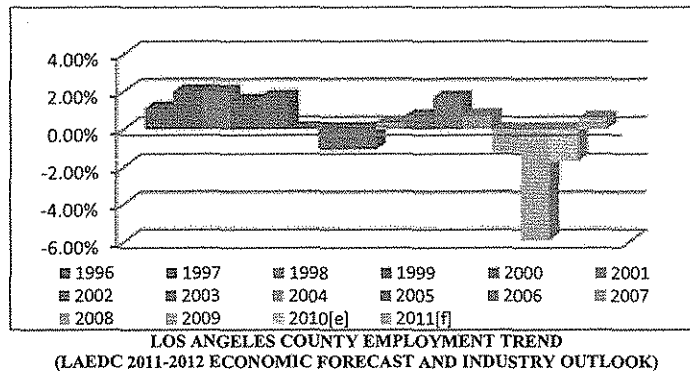
The per capita income for Los Angeles County is expected to be \$40,446 in 2011, below the state average per capita income of \$43,138, and the Consumer Price Index is expected to rise by 2.0%. According to the U.S. Census Bureau 2000 statistics, Los Angeles County has a median household income of \$40,929 and an average household size of 2.87 persons. Approximately 18% of the income earned is between \$50,000 and \$74,999. The following chart illustrates household income in Los Angeles County.



According to DataQuick News, Los Angeles County has the fourth highest housing cost in Southern California, while neighboring Orange County has the highest cost. The median Los Angeles County home price was \$318,000 as of June 2011, down from \$335,000 in June 2010. The chart below shows the median housing selling prices in Southern California as reported by DataQuick News in July 2011.



During the past decade, Los Angeles County's economy underwent major job restructuring due to the national recession of the 1990s. As presented below, the economy experienced generally increasing job growth between 1996 and 1998, and generally decreasing growth between 1999 and 2001. It slipped into recession in 2002 and 2003, before returning to generally increasing growth between 2004 and 2006. The rate of job growth decreased in 2007, and turned negative between 2008 and 2010. Current forecasts anticipate a gain of 0.6%, or 24,100 jobs, in 2011. California had an unemployment rate, not seasonally adjusted, of 12.1% as of June 2011, down from 12.2% in June 2010. Los Angeles County had an unemployment rate, not seasonally adjusted, of 12.4% as of June 2011, which is equivalent to the rate as of June 2010.



Historically, Los Angeles County has been the second largest business and post-industrial economic center in the United States, due to its diversity of people, cultures, scenery, climate, and physical environment. It has been a highly influential force in the Western United States and the Pacific Rim. Los Angeles County accounts for one-third of California's total economy and is the nation's leading manufacturing and aerospace center. Although the manufacturing, trade, and service sectors are predominant, the County is a major center for economically resilient industries such as telecommunication, motion pictures, computer and communications equipment, medical laboratories, television, and business services.

In summary, Los Angeles County is expected to experience a gradual economic improvement throughout 2011, after recessionary conditions throughout 2010. Personal income, taxable retail sales, and nonfarm employment are all expected to increase after the steep decline from the previous year. According to the Los Angeles County Economic Development Corporation 2011-2012 Economic Forecast and Industry Outlook, some of the factors that will influence economic conditions in Los Angeles County in 2011 include:

- Improvement in international trade and tourism;
- Increased public sector construction due to the federal government's infrastructure program;
- Improving retail sales;
- Continued decline in the nonresidential real estate sector, with high vacancies and declining lease rates and property values;
- Little improvement in residential construction due to an oversupply of apartments and condominiums; and
- Ongoing financial problems for local governments due to the decline in home values, drop in retail sales and the state's perpetual budget problems.

Transportation Factors

Regional transportation in Los Angeles County includes highways, air, rail, and other means of travel. The heart of the County's vast transportation system is its advanced highway system. This mass transit system, consisting of hundreds of miles of highways and freeways, connects Los Angeles County to the rest of California and the United States. The freeway system that serves Los Angeles County includes, but is not limited to, U.S. Interstate 5, U.S. Interstate 10, U.S. Interstate 405, and Highway 101. Los Angeles County has the largest freeway system in the world and allows commuters to travel in any direction within the County.

Los Angeles County is situated near several major airports with relatively short driving distances. Los Angeles International Airport (LAX) is the primary international airport that services the region. It is the 3rd largest airport in the world and the key facility in Southern California airport network. Fueled by the growing volume of LAX activity, intensive development of commercial land is noticeable in the airport area. Bob Hope Airport (BUR) does not offer international service, but provides commuter air service to major national cities. This airport caters to 4.9 million travelers per year on six major carriers, with more than 70 flights daily. The Los Angeles County Metropolitan Area has three other metropolitan airports to serve the

region: John Wayne Airport (SNA), Ontario International Airport (ONT), and Long Beach Airport (LGB). This network of airports serves as a travel medium for residents and an economic portal for businesses.

Los Angeles County provides both public and commercial rail use. MetroRail commuter rail lines provide linkage to neighboring counties and are quickly becoming an alternate source of transportation. Long Beach and Los Angeles County Harbors are found in the heart of Los Angeles County. They are the second and third largest economic ports in the nation, respectively. They contain 9.2 square miles and as one entity rank as the 2nd largest economic port in terms of dollar value of exports and imports. Together, L.A. and Long Beach Harbors handle more than half of the United States Pacific Coast tonnage. This vast maritime center is an economic stimulus to the region, generating nearly 300,000 jobs and billions of dollars in annual revenue. Port Hueneme and San Diego Harbor are found west and south of Los Angeles County, respectively. National and international businesses use these ports as their gateway for trade with North and South America, Europe, and Asia.

Technological advancements in transportation and innovative changes in the workplace will continue to improve, including flexible work schedules, child care facilities for employees, and telecommunications systems for employees to work at home. Since 1975, air quality control programs have evidenced a 35 percent decline in emissions of reactive organic gases and nitrogen oxides. Carbon monoxides emissions have dropped by 45 percent during the last decade; smog alerts have declined 60 percent. With modern technology, transportation and air quality should continue to improve.

Governmental Factors

Los Angeles County consists of incorporated and unincorporated cities. The unincorporated portions of the County are governed by a five-member Board of Supervisors elected to four-year terms. The County provides key municipal services, such as fire and police protection, to many of its unincorporated cities. The larger incorporated cities provide their own municipal services. Los Angeles has an elected mayor who leads the administrative branch of the government. The legislative branch, represented by 15 City Council members, is elected by voters to 4-year terms to administrate over the City and its services.

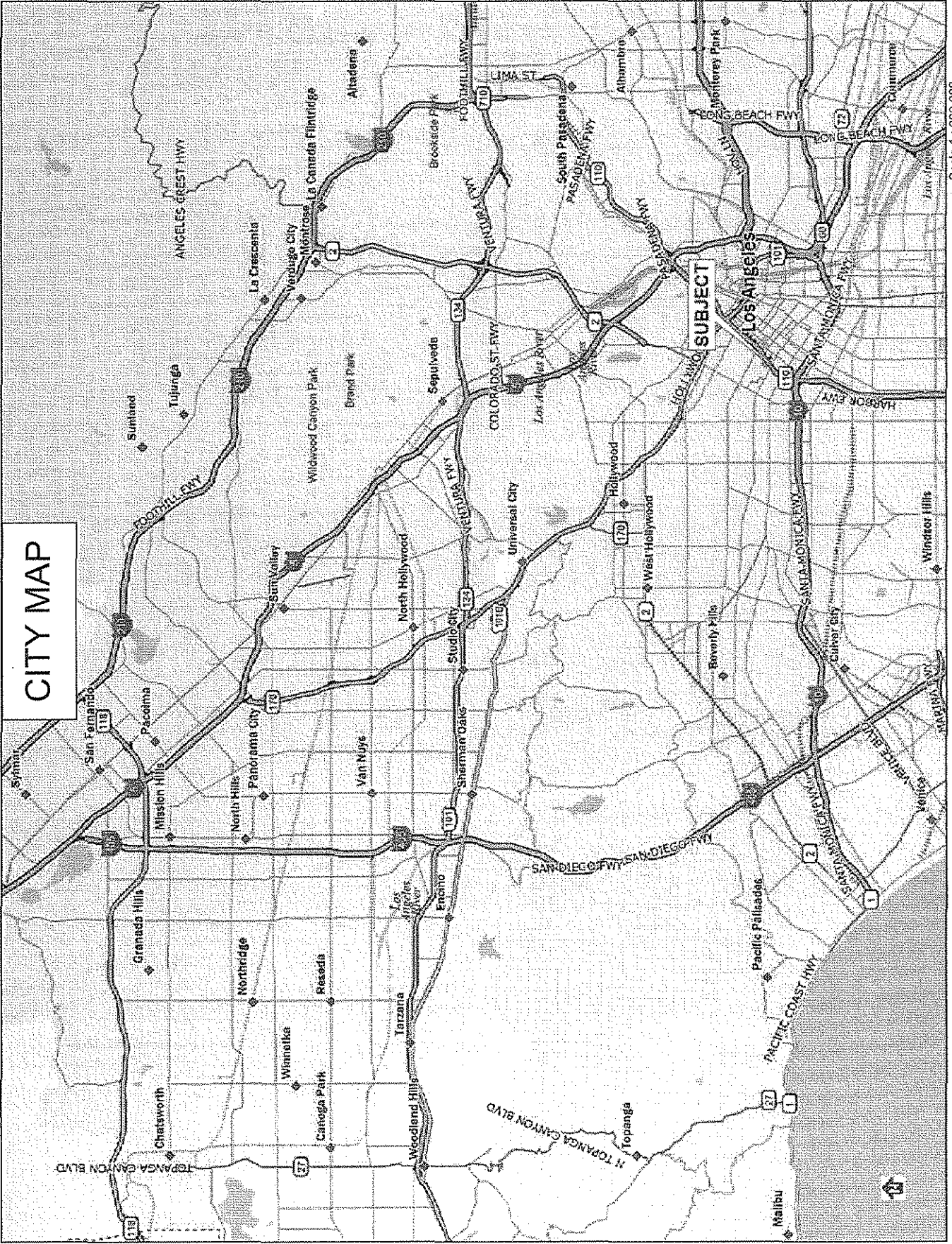
Additionally, the State of California provides many services for residents through their employment services, state parks, regulatory agencies, and state highway system. The services provided by the City, County, and State agencies have been adequate, despite budget cuts resulting from the passage of Proposition 13 in 1978 and past recession. Given the continued stability of local government, along with adequate revenues, these municipal services are expected to continue.

Future Outlook

The area's extraordinary expansion has created important challenges to its future growth (i.e., affordable housing, clean air, adequate water supply, and traffic congestion). Los Angeles County is a freeway county with many centers of economic activity. Distance is measured in terms of driving time, not miles. As traffic congestion increases, freeway and light rail access have become critical considerations for Los Angeles County and its commuters.

Despite the challenges that Los Angeles County faces, the region is expected to retain its premier position in the world for decades to come. This is supported by its strategic location, role among trading nations of the Pacific Rim and South America, vast transportation network, vital marketplace, skilled workforce, and climate. The region is expected to stabilize through 2011, after experiencing recessionary conditions through 2010; however, many of the County's major industries are expected to continue to struggle through 2012.

[The following articles and sources have been used in development of the Regional Analysis: "2011-2012 Economic Forecast & Industry Outlook," Los Angeles County Economic Development Corporation; various articles from the Los Angeles Times; 1994-2011 Labor Market Information, California Employment Development Department; www.factfinder.census.gov, U.S. Census Bureau website; www.bls.gov/lau, U.S. Department of Labor Bureau of Labor Statistics website; lacounty.info, Los Angeles County website; www.dqnews.com, DataQuick News website]



CITY MAP



CITY DATA

The subject property is located within the City of Los Angeles. The following is an analysis focusing on the physical characteristics, land use, demographics, and employment of the City of Los Angeles.

Los Angeles is the largest city in California encompassing 468.7 square miles. The City stretches from the Pacific Ocean to the Santa Monica Mountains and San Gabriel Mountains. Geographically, it is divided into three areas: the inland Los Angeles Basin, the San Fernando Valley, and the coastal areas. The City has a mild temperature year-round due to the Pacific Ocean breezes and Santa Ana winds. There are 35 planning areas located within the City.

Land Uses

Development in Los Angeles began in the Los Angeles Basin area and emanated to the surrounding suburbs of the San Fernando Valley and coastal areas. The Downtown Los Angeles area is the financial core of the City and home to numerous high-rise buildings, luxury hotels, and popular eateries. This area also houses the City's wholesale districts, including the Flower Mart, the Garment District, and the Jewelry Mart.

Los Angeles has been a popular tourist destination for more than a century, with attractions that include the Hollywood Wax Museum, Hollywood Bowl, Mann's Chinese Theater, Pantages Theater, the Music Center (comprised of the Ahmanson Theater, the Mark Taper Forum, the Dorothy Chandler Pavilion, and the Disney Concert Hall), the MOCHA art gallery, Dodger Stadium, Kodak Theatre, and Staples Center/L.A. Live. The City has seen several waves of high profile foreign investment, including Middle Eastern investment during the energy crisis of the 1970's, Japanese investment during Japan's stock market boom of the 1980's, Korean investment during the 1990's, and ongoing investment currently dominated by the Chinese.

Los Angeles has been developed with a wide-range of single and multi-family residential, commercial office, retail, and industrial buildings, as well as schools, hospitals, religious institutions, public parks, and other community and recreational/entertainment facilities and services. Redevelopment is occurring in the older areas of the City due to gentrification and organized Redevelopment Agencies. Some recent projects include the mixed-use 1600 Vine project, the LAX Tom Bradley Terminal renovation, and the L.A. Live entertainment campus.

Population

As of January 1, 2011, the City of Los Angeles population was estimated at 3,810,129, a 0.4 percent increase from the January 1, 2010 population of 3,793,106. In 2000, Los Angeles was ranked as the second largest city in the United States with a population of 3,694,820, according to the Census Bureau. In 1980, the City was ranked as the third largest city in the United States with 2,966,850 people. Population is expected to continue to grow in the near to mid-term. According to DQNews, the median home price was \$309,000 as of July 2011, which is a 3.4 percent drop from the July 2010 median price of \$320,000.

Government and Community Services

The City government offices are housed in the Civic Center. Buildings within the Civic Center include the Federal Building, City Hall, the County Courthouse, the Hall of Administration, the Hall of Records, Los Angeles Department of Water & Power, Los Angeles County Criminal Courts, the County Jail, Parker Center, Ronald Reagan State Office Building, Terminal Annex Post Office, and the Employment Development building.

City of Los Angeles schools are part of the Los Angeles Unified School District, the second largest public school system in the country, behind the New York City school district. Enrollment in grades K through 12 for the 2010 - 2011 school year was 671,648. Additionally, there are numerous two-year, four-year, and graduate level colleges and universities throughout the City, including University of Southern California (USC), University of California at Los Angeles (UCLA), Cal State University at Los Angeles (CSULA), Cal State University at Northridge (CSUN), as well as several privately-funded educational institutions.

Transportation and Access

Excellent regional transportation systems serve the City of Los Angeles. Major interstate freeways bisecting the city include the San Diego (I-405), Golden State (I-5), Santa Monica (I-10), Harbor (I-110), and Glenn Anderson (I-105) Freeways. Additionally, there are several U.S. Highways and County Highways.

Residents are provided interstate and transcontinental bus service via Greyhound Bus Lines. Local commuter service is provided by Southern California Metropolitan Transit Authority. Air transportation is provided by LAX, and ocean transportation is provided by the port harbor areas, as previously discussed in Regional Data. There are several Metro Rail Lines, both above and underground, that connect downtown Los Angeles and provide transportation to satellite cities in and around Los Angeles. The City plans to spend \$150 billion over the next 30 years on regional transportation to build light rail, heavy rail, and commuter rail systems.

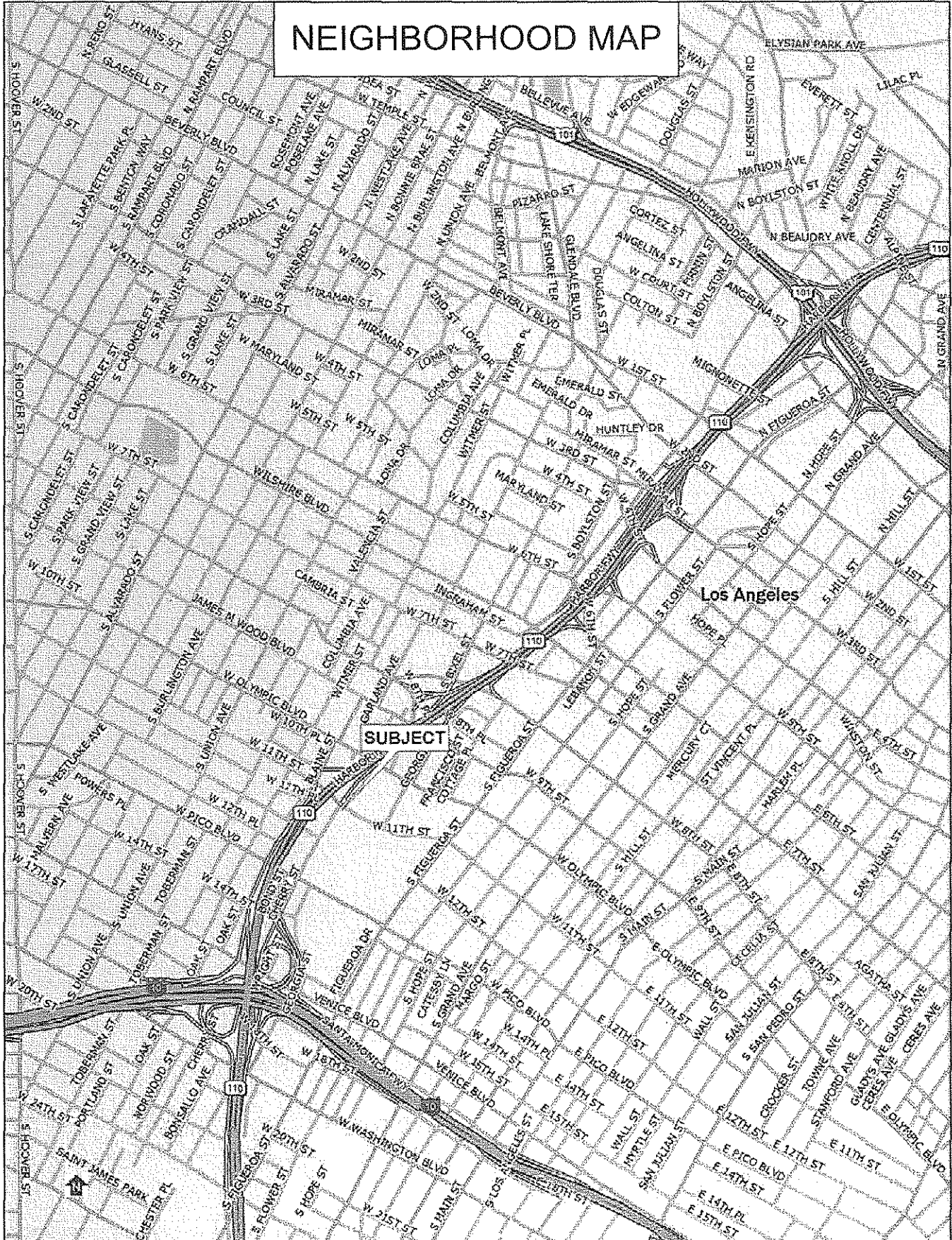
Employment

Los Angeles has a very strong and diversified economic base, with no one sector being dominant. The City is home to one of the world's busiest ports and international airports. The Downtown Los Angeles Area is the financial, professional, and retail center of the City, which is active in both domestic and international trade. The banking and finance industry is strong in Los Angeles, with over 100 foreign and even more domestic bank branches in the City. The manufacturing sector is also very strong in the City. Goods from the aerospace, agricultural, textiles, fabricated metals, rubbers, plastics, electrical equipment, computer equipment, and motion picture industries are all produced in Los Angeles. The unemployment rate for the City in June 2011 was 13.6 percent, down from 13.7 percent in June 2010.

Conclusion

The City of Los Angeles is a well-established area that is supported by the professional, financial, and entertainment industries and related tourist industry. The local economy is currently stabilizing after experiencing recessionary conditions due to the financial lending crunch caused by the subprime market and rippling through the economic markets. Assuming no adverse changes in the local or national economy, the future outlook for the City of Los Angeles is expected to be generally stable for the foreseeable future.

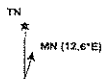
NEIGHBORHOOD MAP



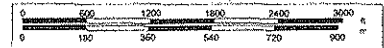
Data use subject to license.

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www.delorme.com



Scale 1 : 20,800



1" = 1,733.3 ft Data Zoom 13-3

NEIGHBORHOOD DATA

The subject property comprises the underlying land of a portion of the Los Angeles Convention Center in Downtown Los Angeles. It is adjacent and west of Staples Center and adjacent and south of L.A. Live; the Civic Center is located approximately 1.7 miles to the northwest. The neighborhood is generally defined by the Hollywood/Ventura (101) Freeway to the north, the Pasadena/Harbor (110) Freeway to the west, San Pedro Street to the east, and the Santa Monica (10) Freeway to the south.

The subject neighborhood provides a mixture of commercial, residential, industrial and public uses and is nearly built-out. Commercial uses are primarily located in the central and western portions of the neighborhood, while industrial uses are located in the southeastern portion. Public and residential uses are scattered throughout the neighborhood, with the greatest concentration of public uses located in the northeast and southwest and the greatest concentration of residential uses located in the south. Properties vary in age, quality, and condition. The neighborhood is considered to be in a stable to revitalization stage of development.

Major traffic arterials in the neighborhood include Venice, Pico, Olympic, Wilshire and Beverly Boulevards; 3rd, 6th, 9th, Alameda, San Pedro, Main, Spring, Hill, and Figueroa Streets; and Grand and Central Avenues and Broadway are the major traffic arterials in the subject neighborhood. The closest access to the Pasadena/Harbor Freeway is at 11th Street, adjacent and northwest of the subject, and the closest access to the Santa Monica Freeway is at Flower Street, approximately ½ mile southeast of the subject. Union Station and the Patsaouras Transit Plaza are located just northeast of the subject neighborhood, providing Amtrak, commuter Metrolink, and subway Metrorail service, as well as several local transit bus lines, including the MTA and downtown DASH shuttles. Air transportation is available via Los Angeles International Airport located 11 miles southwest of the subject.

In conclusion, the subject is located in proximity to commercial and industrial development, residential subdivisions, major thoroughfares, and regional transportation systems. These transportation systems provide linkage to rail, airport, and shipping facilities. Community facilities including libraries, parks, golf courses, schools, and hospitals are located nearby. The continued and future acceptance of the neighborhood appears stable.

**SITE DESCRIPTION
COMMON CHARACTERISTICS**

Location

The subject site is located at the southeast corner of L.A. Live Way and Chick Hearn Court in the City and County of Los Angeles and State of California, 90015. The Los Angeles County Thomas Guide reference is page 634, grid D/5.

Topography/Drainage

Topography of the subject site is generally level. At the time of inspection, no flooding or ponding was evident. The subject is not located within a special flood hazard area. The site is located in Zone X of National Flood Insurance Program (NFIP) Map No. 06037C1620F, map dated September 26, 2008. Zone X is defined as an area of minimal to moderate flood hazard. Flood hazard insurance is available, but not required by federal regulations. **Please refer to Extraordinary Assumption No. 19.**

Nuisances and Hazards

Although requested, Riggs & Riggs, Inc., was not provided with a Phase I or II Environmental Site Assessment Report pertaining to the subject site. The property is currently improved with a portion of the West Hall of the Los Angeles Convention Center in both scenarios, as previously discussed. **According to information provided by the client, although the City of Los Angeles is aware that there is asbestos present in the improvements, there have not been any studies conducted to date to determine remediation costs or extraordinary demolition costs attributable to the asbestos, if any. Therefore, it is assumed for purposes of analysis that there will be no extraordinary demolition costs related to the asbestos. Please refer to Extraordinary Assumption No. 21.**

Soils and Geology

According to ZIMAS, the subject site is not located within an Alquist-Priolo Earthquake Fault Zone or a landslide or liquefaction zone, although it is located in an unidentified fault zone and a Methane Zone. While the City of Los Angeles Building and Safety, Engineering, and Planning Departments have the authority to withhold permits on projects located within Methane Zones, this is not considered to adversely impact the subject as development is allowed upon approval of detailed plans containing suitable methane mitigation systems.

Although requested, Riggs & Riggs, Inc., was not provided with a soils or geological report for review. The site appears adequate to support construction standards consistent with the highest and best use conclusion. For the purpose of this appraisal, it is assumed that the soil and geological conditions are not unfavorable. **Please refer to Extraordinary Assumption No. 18.**

Utilities

The subject site is located in an urban area, with all typical utilities and services available along L.A. Live Way and Chick Hearn Court. Additionally, off-site utilities and improvements including asphaltic streets; concrete curbs, gutters, and sidewalks; storm drains; fire hydrants and streetlights are located along L.A. Live Way and Chick Hearn Court adjacent to the subject.

Zoning

The subject site is currently owned by the City of Los Angeles and zoned PF-4D-O, Public Facilities. According to Senior City Planner Jon Foreman with the Los Angeles Department of City Planning, the site would likely be re-zoned C2-4D-O, Commercial, if sold to a private party. **Please refer to Extraordinary Assumption Nos. 22 and 23.**

Uses permitted in the C2 zone include, but are not limited to, art or antique shops, tire shops, restaurants/tea rooms/cafes, advertising signs/structures/billboards, auditoriums or stadiums with a seating capacity of not more than 3,000, automotive fueling and service stations, new and used automobile sales, hospitals, parking buildings, second-hand stores, schools, and motion picture or media production. Additionally, CR, C1, C1.5 and R4 uses are permitted, with some limitations. The O supplemental use district allows oil drilling with a number of limitations.

There are no lot area or setback requirements for commercial uses in the C2 zone; residential uses must meet the lot area and setback requirements for the R4 zone (a minimum lot width of 50 feet and minimum lot area of 5,000 square feet, or 400 square feet per dwelling unit. Setback requirements vary depending upon building height, but are generally 15 feet for the front [10 feet for key lots], 3 to 16 feet for the sides, and 15 to 20 feet for the rear). The subject property is in Height District 4D, which limits CR uses to 75 feet; there are no specific height limits for other commercial uses. Although the maximum Floor Area Ratio (FAR) for R4 and commercial uses is normally 13:1, the "D" prefix refers to an additional development limitation created by Ordinance No. 176647, which reduces the maximum FAR to 6:1, with some exceptions.

Parking requirements vary depending upon use, with retail uses generally requiring 1 parking space for each 250 square feet of gross floor area and residential uses generally requiring 1 parking space for each dwelling unit of less than 3 habitable rooms, 1 ½ parking spaces for each dwelling unit of 3 habitable rooms, and 2 parking spaces for each dwelling unit of more than 3 habitable rooms. The subject property is located within the Central City and Downtown Business District Parking Areas. The Central City Parking Area has reduced parking requirements for residential uses, including a requirement of only 1 to 1 ¼ spaces per dwelling unit. The Downtown Business District Parking Area has reduced parking requirements for a variety of uses, including a requirement of 1 space per 1,000 square feet of gross floor area for business, commercial or industrial buildings having a gross floor area of 7,500 square feet or more.

According to the City of Los Angeles Zone Information and Map Access System (ZIMAS), there are three Zoning Information (ZI) cases that impact the subject property: the Los Angeles State Enterprise Zone (ZI-2374) allows reduced parking ratios and provides economic incentives to stimulate local investment and employment through tax and regulation relief and improvement of public services; the Greater Downtown Housing Incentive Area (ZI-2385) allows a 35 percent floor area bonus for projects that voluntarily provide a prescribed percentage of units for affordable housing; and the Downtown Design Guide Project Area (ZI-2416) requires clearance from the Department of City Planning before grading, foundation, building, sign or use of land permits are issued. The property is also located within the South Park Business Improvement District, which uses property-based assessments to provide services, activities and programs within the district, and the Downtown Adaptive Reuse Incentive Area, which provides a number of incentives to change the use of any eligible existing building or portion thereof to dwelling units, guest rooms, or joint living and work quarters. The subject site appears to conform to current zoning requirements.

General Plan

Although the subject's General Plan land use designation is currently Public Facilities, Senior City Planner Jon Foreman has indicated that the designation would likely be amended to Regional Commercial if the property were sold to a private party. The Regional Commercial land use designation is consistent with the C2-4D-O zoning designation. **Please refer to Extraordinary Assumption No. 22.**

Redevelopment Area

The subject was located within the Central Business District Redevelopment Area, which expired on July 18, 2010.

Encumbrances

Although requested, Riggs & Riggs, Inc., was not provided with a Preliminary Title Report specific to the subject site or a map plotting the encumbrances that impact the subject site. Therefore, for the purposes of analysis, it is assumed that any encumbrances impacting the subject property are typical for an urban property and do not adversely impact the site. **Please refer to Extraordinary Assumption No. 20.**

SCENARIO ONE

Location

The subject site is identified as a portion of APN 5138-016-912, located at the southeast corner of L.A. Live Way and Chick Hearn Court.

Size and Shape

The subject site is irregular in shape and contains a gross area of 614,975± square feet, or 14.12± acres. The approximate boundaries and dimensions of the site are as follows:

North Boundary (Chick Hearn Court)	652.41± Linear Feet
South Boundary	789.50± Linear Feet
East Boundary.....	Varies
West Boundary (L.A. Live Way).....	829.17± Linear Feet

Please refer to the exhibit labeled Scenario One on the accompanying page for reference. **Please refer to Extraordinary Assumption Nos. 19 and 25.**

Accessibility and Visibility

The subject site consists of the underlying land of a portion of the Los Angeles Convention Center located at the signalized southeast corner of L.A. Live Way and Chick Hearn Court in downtown Los Angeles. The site has 829.17± feet of frontage and 3 curb cuts along L.A. Live Way and 652.41± feet of frontage and 2 curb cuts along Chick Hearn Court.

L.A. Live Way (formerly Cherry Street/Sentous Street) is a northeast-southwest, 102± foot wide, asphalt-paved collector street with 2 to 3 northeast-bound lanes, 2 southwest-bound lanes, a mid-block northeast left turn pocket, a mid-block southwest left turn pocket, and northeast left and right turn lanes at Chick Hearn Court. Chick Hearn Court (formerly 11th Street) is a northwest-southeast, 107± foot wide, asphalt-paved collector street with 2 lanes in each direction, northwest-bound left and right lanes at L.A. Live Way and southeast-bound left turn lane at Georgia Street. Even though both streets are over 100 feet wide, the City of Los Angeles identifies them as collector streets.

The field inspection was conducted during normal business hours, and traffic was noted to be moderate to heavy along L.A. Live Way and Chick Hearn Court. Regional access to the subject property is provided by the Harbor (110) Freeway at L.A. Live Way approximately 1 block southwest of the subject (northbound) or Olympic Boulevard approximately 1 block north of the subject (southbound), and the Santa Monica (10) Freeway at Grand Avenue approximately 0.7 miles southeast of the subject (eastbound) or Hoover Street approximately 0.9 miles southwest of the subject (westbound). Overall, visibility is considered good-to-excellent and accessibility is considered good.

Site Utility

The subject consists of a 614,975± square foot, or 14.12± acre, irregular, generally level site located at the signalized intersection of two collector streets. Access is provided by 3 curb cuts along L.A. Live Way and 2 curb cuts along Chick Hearn Court. The property is adjacent to Staples Center and L.A. Live and is improved with a portion of the Los Angeles Convention Center, although only the underlying land has been appraised at the request of the client. **Please refer to Extraordinary Assumption Nos. 19, 20, 22, 23, 25**

and 26. The subject has an adequate frontage-to-depth ratio, with visibility that is considered good-to-excellent and accessibility that is considered good overall. All utilities are available to the site, and there are no apparent on/off-site conditions that detrimentally impact the site's use. The site's configuration and location pose no major developmental problems. The site is similar to other parcels in the neighborhood and is functionally adequate for a commercial, residential or mixed use as permitted under current zoning. Overall, the utility of the subject is considered good.

Real Estate Assessment Data

The subject site, identified as a portion of Los Angeles County Assessor's Parcel Number 5138-016-912, is located in Tax Rate Area 00211. The 2011-2012 tax rate is 1.245849 percent per \$100 of assessed value. The subject is exempt from all taxes as it is owned by the City of Los Angeles, and therefore is not assessed.

Improvement Summary

The subject site consists of the underlying land of a portion of APN 5138-016-912. Although the property is currently improved with a portion of the West Hall of the Los Angeles Convention Center, no consideration has been given to any existing buildings or improvements on the site, which will be demolished according to the terms of the proposed ground lease, at the client's request. No deduction has been made for demolition costs, as demand is considered sufficient to offset them. **Please refer to Extraordinary Assumption No. 19.**

HIGHEST AND BEST USE

Highest and best use is defined on Page 278 of The Appraisal of Real Estate, Appraisal Institute (13th Edition, 2008), as:

“The reasonably probable and legal use of vacant land or an improved property that is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value.”

The concept of highest and best use represents the premise upon which value is based. In the context of the market value definition used in this report, other appropriate terms can also reflect the highest and best use concept. These are the most probable and most profitable use for the site, first "as if vacant" and then "as improved or proposed."

The determination of highest and best use is based not only on an analysis of the property in question, but also on an analysis of the overall community, its history and trends, zoning, market conditions, as well as the basic principles of land utilization.

As indicated in the definition above, there are four elements in highest and best use analysis that must be considered. The highest and best use of a property is that use, among alternate uses, that is legally permissible, physically possible, financially feasible, and maximally productive.

The following factors must be considered as follows:

- | | |
|------------------------|--|
| <u>Legal Use:</u> | The use in question must be legally permissible. |
| <u>Physical Use:</u> | The use in question must be physically possible. |
| <u>Feasible Use:</u> | The use in question must be economically feasible, not speculative or conjecture. |
| <u>Productive Use:</u> | Among the feasible uses, that use which will produce the highest net return to the land. |

Factors controlling highest and best use include:

- Type of use;
- Duration of use;
- Location of use; and
- Degree of intensity of use-density.

The highest use of land is dictated by zoning and other government and/or private restrictions. The best use is constituted by that single use from the possible alternative types of improvements which will produce the greatest economic advantage.

The following are our conclusions of Highest and Best Use As-Vacant:

As-Vacant

The Highest and Best Use of the subject as vacant assumes that the property is vacant or could be rendered vacant by demolishing the existing improvements. Based on that assumption, possible uses for the property can be considered among those uses which are legally permissible, physically possible, financially feasible, and maximally productive.

Legal - The subject's zoning is governed and enforced by the City of Los Angeles. Although the site is currently owned by the City of Los Angeles and zoned PF-4D-O, Public Facilities, with a corresponding land use designation of Public Facilities, Senior City Planner Jon Foreman has indicated that it would likely be rezoned C2-4D-O, Commercial, with a corresponding land use designation of Regional Commercial if sold to a private party. **Please refer to Extraordinary Assumption No. 22 and 23.** Uses permitted in the C2 zone include, but are not limited to, art or antique shops, tire shops, restaurants/tea rooms/cafes, advertising signs/structures/billboards, auditoriums or stadiums with a seating capacity of not more than 3,000, automotive fueling and service stations, new and used automobile sales, hospitals, parking buildings, second-hand stores, schools, and motion picture or media production. CR, C1, C1.5 and R4 uses are also permitted, with some limitations. The O supplemental use district allows oil drilling with a number of limitations. There are no lot area or setback requirements for commercial uses in the C2 zone; residential uses must meet the lot area and setback requirements for the R4 zone. Parking requirements vary depending upon use. The subject property is in Height District 4D, which limits CR uses to a maximum height of 75 feet; there are no specific height limits for other commercial uses. The D prefix generally limits the Floor Area Ratio (FAR) for R4 and commercial uses to a maximum of 6:1, with some exceptions.

The subject is located within the Los Angeles State Enterprise Zone, which allows reduced parking ratios and provides economic incentives to stimulate local investment and employment through tax and regulation relief and improvement of public services, and the Greater Downtown Housing Incentive Area, which allows a 35 percent floor area bonus for projects that voluntarily provide a prescribed percentage of units for affordable housing. It is also located within the Central City and Downtown Business District Parking Areas, which have reduced parking requirements for a variety of uses.

Although requested, Riggs & Riggs, Inc., was not provided with a Preliminary Title Report specific to the subject property or a map plotting the encumbrances that impact the subject property. Therefore, for the purposes of analysis, it is assumed that any encumbrances impacting the subject property are typical for an urban property and do not adversely impact the site. **Please refer to Extraordinary Assumption No. 20.** These are the legal uses and requirements under the current zoning.

Physical - After identifying the legal uses of the site, the physical uses of a vacant site are considered. Development constraints imposed on a site vary by its configuration, size, and topography, which are fixed in location. The subject is irregular in shape, with a gross area of 614,975± square feet, or 14.12± acres. **Please refer to Extraordinary Assumption No. 19.** The site is not located within an Alquist-Priolo fault zone, although it is located within an unidentified fault zone and a methane zone. Topography is generally level, and the site is considered legally conforming to current zoning requirements. The site is located at the signalized intersection of two collector streets, with good-to-excellent visibility, good accessibility, and an adequate frontage-to-depth ratio. Taking these physical and legal factors into consideration, the subject site has good utility and appears to be legally and physically suited for a commercial, residential or mixed use consistent with zoning.

Economic - The best use is considered to be that single use from among all the physically possible uses legally-permitted by zoning which will produce the greatest economic advantage to a vacant site. This is due to the fact that real estate is fixed in location and return on land arises from the residual income remaining after all operational and financial expenses are deducted from the gross income.

The subject property is located in downtown Los Angeles and surrounded by L.A. Live to the north, a portion of the Los Angeles Convention Center to the south, Staples Center to the east and parking to the west. The downtown area is 99% built-out, and new construction is limited to the redevelopment of existing properties. Economic conditions are stabilizing, and projects that had been suspended due to the recession are starting to move forward.

Based on a cursory review of the legal restrictions and physical site, it is our opinion that it is economically-feasible to develop a commercial, residential or mixed use on the subject site, assuming that financing could be obtained. The maximally productive use is considered to be that single use from among all the physically possible and legally permissible uses that will produce the greatest economic advantage to a vacant site. After review of the legal, physical, and economic factors mentioned relative to the subject, it is our opinion that the highest and best use of the site, as though vacant, is to develop a commercial, residential or mixed use consistent with zoning, assuming that financing could be obtained.

APPROACHES TO VALUE

The valuation of any parcel of real estate is derived principally through the three basic approaches to market value: the Cost Approach; the Income Capitalization Approach; and the Sales Comparison Approach. The methodology used in the following sections of the appraisal include:

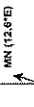
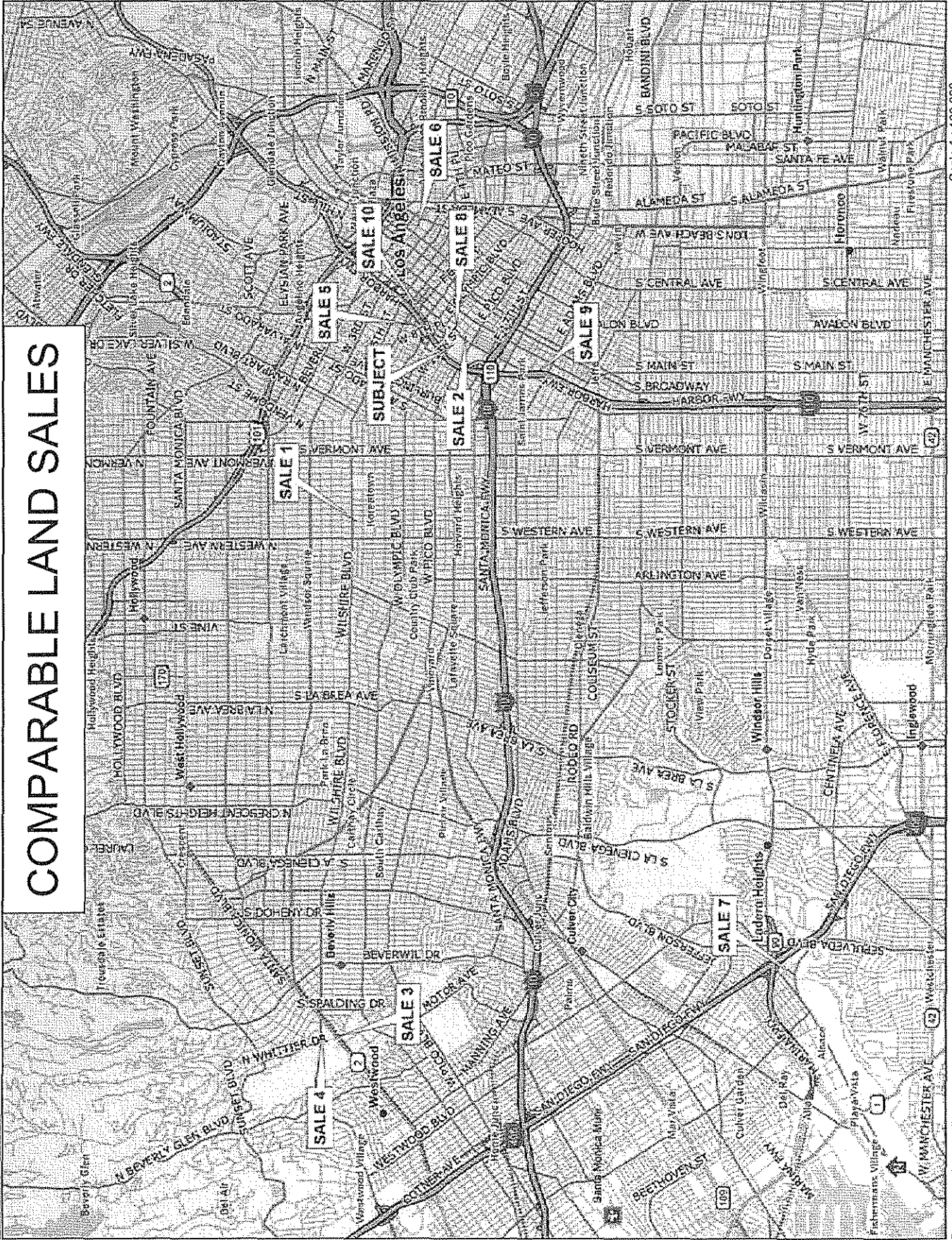
Cost Approach - This approach to value is devoted to an analysis of the physical value of the property; that is, the current market value of the vacant land, to which is added the cost to construct the improvements. Any accrued depreciation is deducted for physical deterioration, functional obsolescence, and external obsolescence. Physical deterioration measures the physical wearing out of the property as observed during the field inspection. Functional obsolescence reflects a lack of desirability by reason of layout, style or design of the structure. External obsolescence denotes a loss in value from causes outside the property itself.

Income Capitalization Approach - Investment properties are normally valued in proportion to their ability to produce income. Hence, an analysis of the property in terms of its ability to provide a sufficient net annual return on invested capital is an important means of valuing an asset. An opinion of value by the Income Capitalization Approach is arrived at by capitalizing the net income at an interest rate or investment yield commensurate with the risk inherent in the fee ownership of the property. Such a conversion of income considers competitive returns offered by alternative investments. Commercial developments are considered to be desirable real estate investments.

Sales Comparison Approach - This approach to value is based upon the principle of substitution; that is, when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable property, assuming no costly delay in making the substitution. As no property is identical to another, it is necessary to make adjustments for any differences.

The indications of value derived by the three approaches are not always possible or practical to use. The nature of the property being appraised and the amount, quality, and type of market data available dictates the use or non-use of one or more of the approaches to value. In this appraisal, only the Sales Comparison Approach was utilized since only the underlying land of the subject property is being appraised. The Cost and Income Capitalization Approaches are not applicable.

COMPARABLE LAND SALES



SALES COMPARISON APPROACH

The application of the Sales Comparison Approach produces an opinion of value for the subject property by comparing it with similar or comparable properties which have recently sold. The comparison process is used to determine the degree of comparability between two properties. This process involves judgment. Similarity in value factors, such as property rights, buyer expenditures, financing, condition of sale, market conditions, location, and physical characteristics are considered meaningful for this analysis.

The sale price of the properties deemed to be most comparable establish a range in which the value of the subject property should fall. Further consideration of the comparative data will result in a figure representing the value of the subject property – the most probable price at which it could be sold by a willing seller to a willing buyer as of the date of the value.

The technique is fairly simple in nature. Sales data of comparable properties are gathered, investigated, and verified. Data sources have been discussed, and each sale is confirmed with buyer, seller, or representative when possible. After verification, comparison is made between the comparable and the subject. Adjustments, if required, are made for any differences between sale and subject. The result is some unit or units of comparison which will be helpful in evaluating the subject property.

The Sales Comparison Approach is used to estimate the value of real estate, based on the theory that an informed and prudent buyer would not pay more for a property than the cost of acquiring another property with the same utility. It is, therefore, based upon the principle of substitution. This approach requires an active market and the availability of other properties from which a buyer can make a choice.

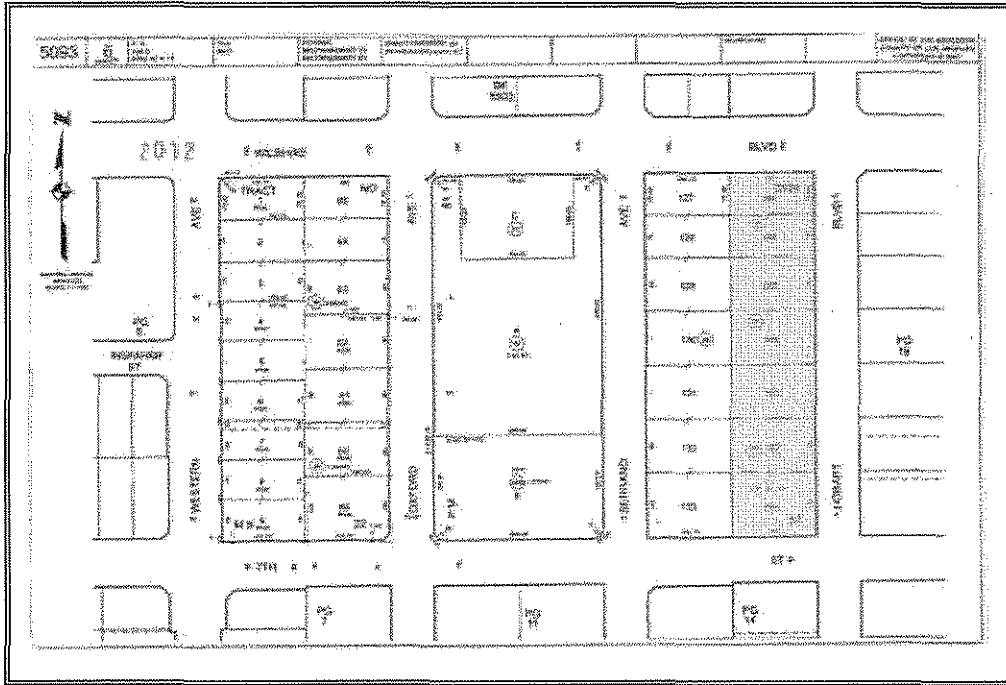
Several transfers are considered reasonably comparable to the subject and suitable for further analysis. Data items are narrowed to those sales which exhibit the greatest similarity to the subject. In order to determine an indicated value, the subject was evaluated based on the Sale Price Per Square Foot.

Market Data Summary

Although the subject property is currently zoned PF-4D-O, Senior City Planner Jon Foreman has indicated that it would likely be re-zoned C2-4D-O if sold to a private third party. Therefore, consistent with the conclusion of Highest and Best Use As Vacant, a search was made for sales of commercial land within the City of Los Angeles and surrounding markets over the past 3 years. This resulted in 5 sales that were considered reasonably similar to the subject, all of which were under 8 acres in size. The search was therefore expanded to include sales over the past 6 years that were in proximity to the subject. The resulting sales were gathered, compared and analyzed. The results of this process provide the basis for the opinion of value for the site as if vacant and available for development to its highest and best use. All of the sales are adjusted for quantitative factors, when applicable. Our market data is found on the following page, along with a location map depicting each sale.

LAND SALES SUMMARY					
Sale No.	Location	Sale Date	Zoning	Land Area (SF)	Sale Price
				Orientation	Sale Price/SF
1	3670 Wilshire Boulevard Los Angeles	7/14/11	(T)(Q)C2-2	96,762 SF	\$21,000,000
				Corner	\$217.03
2	1215 South Flower Street Los Angeles	6/10/11	LASED	118,832 SF	\$31,000,000
				Corner	\$260.87
3	10000 Santa Monica Boulevard Los Angeles	11/17/10	C2-2-O	105,415 SF	\$59,500,000
				Corner	\$564.44
4	9900 Wilshire Boulevard Beverly Hills	10/6/10	Wilshire Specific	346,302 SF	\$148,300,000
				Interior	\$428.24
5	1136 Ingraham Street Los Angeles	9/1/10	C4(CW)-U/6	71,783 SF	\$10,000,000
				Corner	\$139.31
6	Southeast corner of Los Angeles Street and 2nd Street Los Angeles	3/18/08	[Q]C2-4D-O	44,027 SF	\$10,975,000
				Corner	\$249.28
7	Jefferson Boulevard at Centinela Avenue Los Angeles (Playa Vista)	2/9/07	M(PV)	2,787,840 SF	\$265,000,000
				Corner	\$95.06
8	1101 South Flower Street Los Angeles	8/15/06	LASED	200,812 SF	\$80,000,000
				Corner	\$398.38
9	2300 - 2400 South Flower Street Los Angeles	7/18/06	[Q]C2-2-O	411,642 SF	\$70,500,000
				Corner	\$171.27
10	The city block bounded by James M. Wood Boulevard, Francisco Street, 8th Street and the Harbor/Pasadena (110) Freeway Los Angeles	12/14/05	C2-4D	274,428 SF	\$70,000,000
				Corner	\$255.08
Subject	Southeast corner of LA Live Way and Chick Hearn Court Los Angeles	--	C2-4D-O	614,975 SF	--
				Corner	--

LAND SALE NO. 1



Physical Description

Location: 3670 Wilshire Boulevard
Los Angeles, CA 90010
Thomas Brothers Guide: Los Angeles County: 633, H/2
Assessor Parcel Number: 5093-006-031, 032 (now 5093-006-031, 033 and 034)

Land Description

Site Area: 96,762± Square Feet, or 2.22± Acres
Shape: Rectangular
Topography: Level
Utilities: All available to site
Zoning: (T)(Q)C2-2, City of Los Angeles

Sale Data

Interest Sold: Fee Simple
Date of Sale: July 14, 2011
Deed Date: July 13, 2011
Document No.: 0944687 and 0944688
Sale Price: \$21,000,000
Sale Price/SF: \$217.03
Grantor: Shinyoung 3670, LLC
Grantee: Lee & Hankey Investments, LLC
Financing: All cash transaction

Verification:

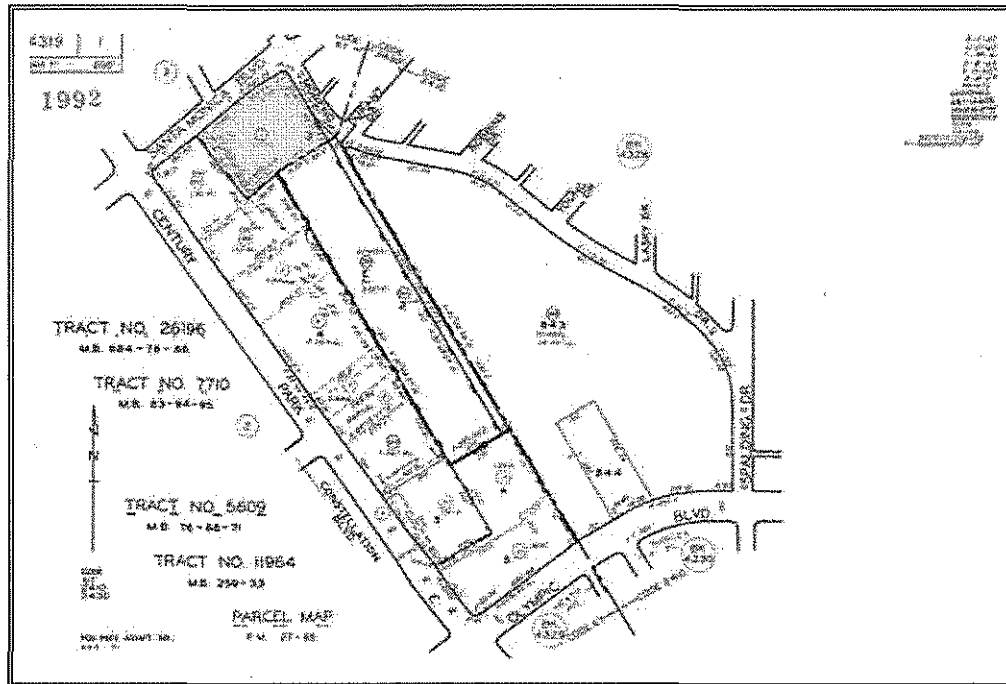
Jimmy Chai, Buyer's Broker

Comments: This site is located at the signalized southwest corner of Wilshire and Hobart Boulevards and the non-signalized northwest corner of Hobart Boulevard and 7th Street, with access from Hobart Boulevard and 7th Street. The buyer's broker indicated that the property was fully entitled for 378 residential condominiums and 8,000 square feet of retail space at the time of sale, although he was unable to estimate the contributory value of the entitlements. The buyer reportedly planned to sell the back half of the property to CRA/LA at the time of sale, though this deal subsequently fell through. The site, which was vacant at the time of sale, is located within the Los Angeles State Enterprise Zone.

Land Sale No. 2 (Continued)

Comments: This site is located at the signalized southeast corner of Figueroa and 12th Streets and the signalized southwest corner of Flower and 12th Streets, with access from all three streets. It is across the street from Staples Center and the Los Angeles Convention Center and within the Los Angeles Sports and Entertainment District Specific Plan. According to the Specific Plan, this site is designated for 822,000 square feet of residential space (648 dwelling units) and 48,000 square feet of retail/entertainment/restaurant space. Although Tract Map No. 53384, an air rights subdivision, was recorded on June 11, 2003 and Tentative Tract Map No. 66892 was approved on December 13, 2007, they did not have any contributory value according to the listing broker. The site, which was improved with a parking lot at the time of sale, is located within the Los Angeles State Enterprise Zone, the Greater Downtown Housing Incentive Area, and the Central City and Downtown Business District Parking Areas.

LAND SALE NO. 3



Physical Description

Location: 10000 Santa Monica Boulevard
Los Angeles, CA 90067
Thomas Brothers Guide: Los Angeles County: 632, E/2
Assessor Parcel Number: 4319-001-001 and 002

Land Description

Site Area: 105,415± Square Feet, or 2.42± Acres (gross)
104,544± Square Feet, or 2.40± Acres (net)
Shape: Generally Rectangular
Topography: Generally Level
Utilities: All available to site
Zoning: C2-2-O, City of Los Angeles

Sale Data

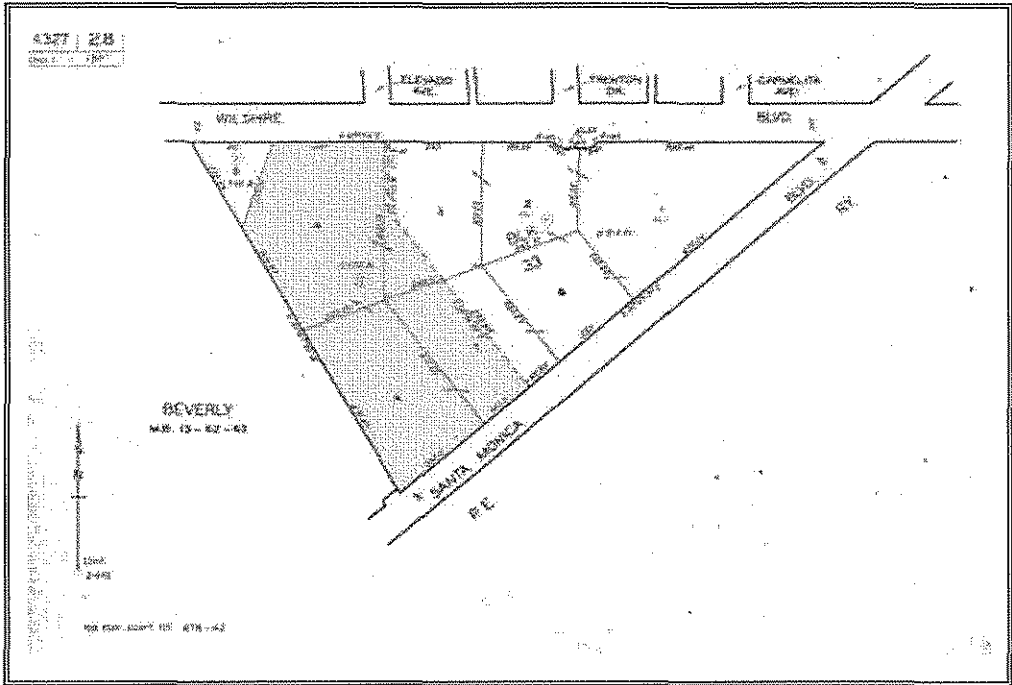
Interest Sold: Fee Simple
Date of Sale: November 17, 2010
Deed Date: November 15, 2010
Document No.: 1653726
Sale Price: \$59,500,000
Sale Price/SF: \$564.44
Grantor: Gonzalo-Century City LLC
Grantee: SM 10000 Property, LLC
Financing: All cash transaction

Verification:

Javier Rivera, Listing Broker

Comments: This site is located at the signalized southwest corner of Santa Monica Boulevard and Moreno drive, with access from both. It is within the Century City district of the City of Los Angeles, and the City of Beverly Hills is adjacent to the east and south. According to the listing broker, the property was not entitled at the time of sale. The buyer reportedly intended to develop 262 residential condominium units on the site, which was vacant at the time of sale.

LAND SALE NO. 4



Physical Description

Location:	9900 Wilshire Boulevard Beverly Hills, CA 90210
Thomas Brothers Guide:	Los Angeles County: 632, E/2
Assessor Parcel Number:	4327-028-002

Land Description

Site Area:	346,302± Square Feet, or 7.95± Acres
Shape:	Irregular
Topography:	Generally level to slightly sloping
Utilities:	All available to site
Zoning:	9900 Wilshire Specific Plan, City of Beverly Hills

Sale Data

Interest Sold:	Fee Simple
Date of Sale:	October 6, 2010
Deed Date:	September 13, 2010
Document No.:	1422081
Sale Price:	\$148,300,000
Sale Price/SF:	\$428.24
Grantor:	9900 Wilshire Holdings, Inc.
Grantee:	BH Wilshire International, LLC
Financing:	All cash transaction

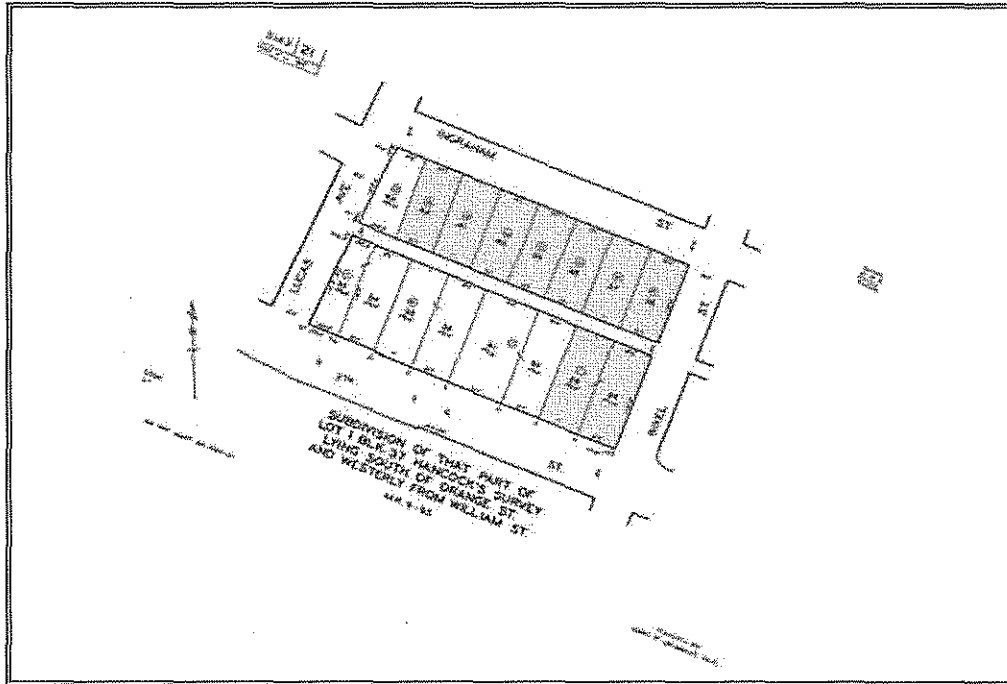
Verification:

Michael Lesser, Listing Broker

Land Sale No. 4 (Continued)

Comments: This site is located at the signalized southwest corner of Wilshire Boulevard and Merv Griffin Way (a private street), and the non-signalized northwest corner Santa Monica Boulevard and Merv Griffin Way, with access from all three streets. The property is improved with a former Robinsons-May department store and parking structure, which reportedly had no contributory value. It was fully entitled for 235 residential condominiums and 17,000 square feet of retail and restaurant space at the time of sale. According to the listing broker, the property was listed on the open market for approximately 4 weeks and then sold at auction that was open by invitation to all serious bidders. The property was discounted by \$7,000,000 (4.7 percent) in recognition of demolition costs, and the entitlements contributed approximately 25 percent of the purchase price. An upward adjustment was therefore made for Buyer's Expenditures, and a downward adjustment was made for Condition of Sale.

LAND SALE NO. 5



Physical Description

Location: 1136 Ingraham Street
Los Angeles, CA 90017
Thomas Brothers Guide: Los Angeles County: 634, D/4
Assessor Parcel Number: 5143-021-001 and 008 through 014

Land Description

Site Area: 71,783± Square Feet, or 1.65± Acres (gross)
65,604± Square Feet, or 1.51± Acres (net)
Shape: Irregular
Topography: Level
Utilities: All available to site
Zoning: C4(CW)-U/6, City of Los Angeles

Sale Data

Interest Sold: Fee Simple
Date of Sale: September 1, 2010
Deed Date: August 16, 2010
Document No.: 1230729
Sale Price: \$10,000,000
Sale Price/SF: \$139.31
Grantor: Ingraham & Bixel, LLC
Grantee: Career Lofts, LLC
Financing: \$5,000,000 cash down payment (50%); \$5,000,000 1st TD with Shinhan Bank America at undisclosed market terms

Verification:

Mark Hong, Listing Broker

Land Sale No. 5 (Continued)

Comments: This site is located at the non-signalized southwest corner of Ingraham and Bixel Streets and the signalized northwest corner of Bixel and 7th Streets and is bisected by a public alley. Access is currently provided along Ingraham and Bixel Streets and the public alley. The property is located within the Central City West Specific Plan and allows C4 uses, with a height limit of 1,218 feet and a maximum FAR of 6:1. Although it was entitled for 334 residential condominiums and 15,175 square feet of retail space at the time of sale, the value of the entitlements was nominal as the buyer plans to re-entitle the property for 300 apartment units according to the listing broker. The site, which was improved with a parking lot at the time of sale, is located within the Los Angeles State Enterprise Zone and the Central City Parking Area.