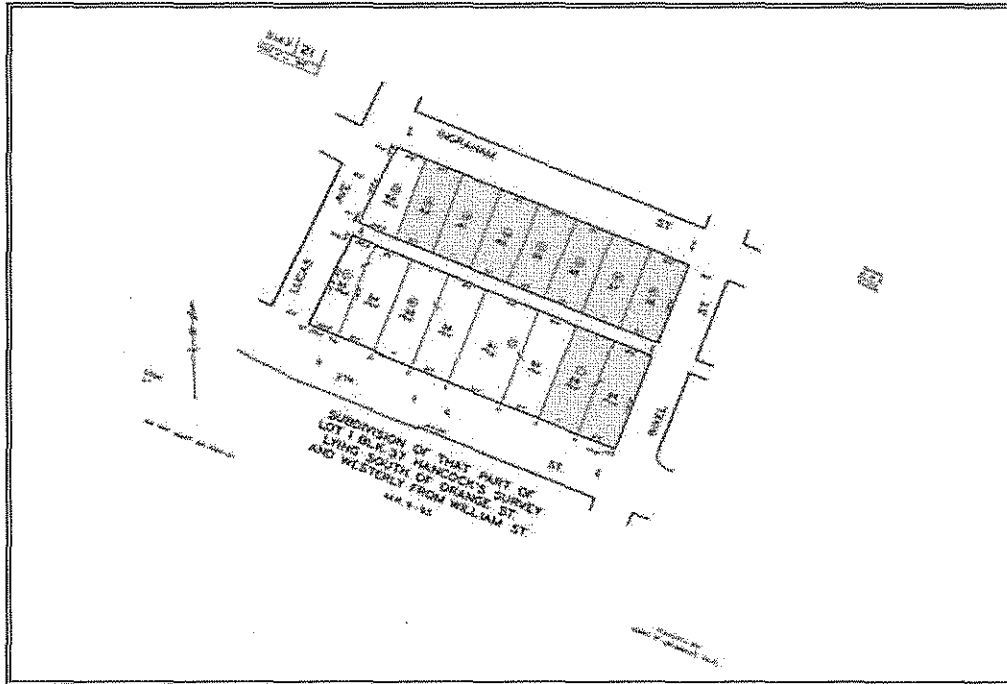


**LAND SALE NO. 5**



**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 1<sup>st</sup> TD with Shinhan Bank America at undisclosed market terms

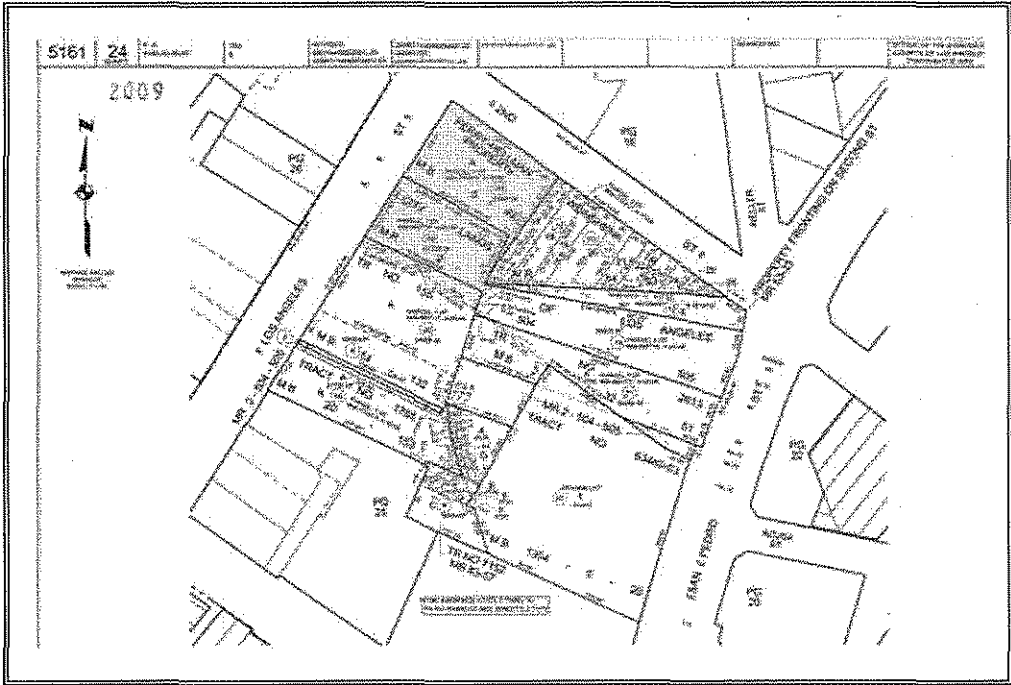
**Verification:**

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 7<sup>th</sup> 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.

**LAND SALE NO. 6**



**Physical Description**

Location: Southeast corner of Los Angeles Street and 2nd Street  
Los Angeles, CA 90012  
Thomas Brothers Guide: Los Angeles County: 634, G/4  
Assessor Parcel Number: 5161-024-014, 018

**Land Description**

Site Area: 44,027± Square Feet, or 1.01± Acres  
Shape: Generally Rectangular  
Topography: Level  
Utilities: All available to site  
Zoning: [Q]C2-4D-O, City of Los Angeles

**Sale Data**

Interest Sold: Fee Simple  
Date of Sale: March 18, 2008  
Deed Date: March 14, 2008  
Document No.: 0461811  
Sale Price: \$10,975,000  
Sale Price/SF: \$249.28  
Grantor: CityView Kor I, LLC  
Grantee: Avalon Bay Communities, Inc.  
Financing: All cash transaction

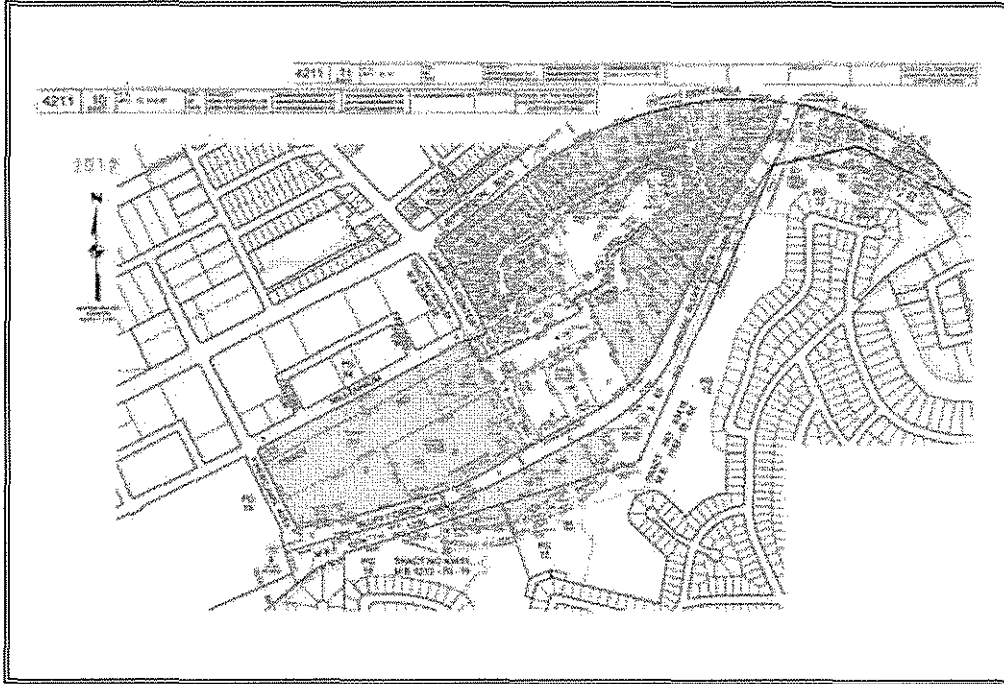
**Verification:**

Christopher Payne, Buyer

**Land Sale No. 6 (Continued)**

**Comments:** This site is located at the signalized southeast corner of 2<sup>nd</sup> and Los Angeles Streets, with access from both and reciprocal access through the properties to the south and east. This property is part of a larger proposed development known as "The Block 8 Development," a mixed-use project consisting of 519 residential condominium units, 231 apartment units and 50,000 square feet of retail space. Although the buyer had previously purchased the adjacent parcels to the south, there was reportedly no premium paid for assemblage. According to the buyer, the property was fully entitled at the time of sale, with the entitlements contributing approximately 30 percent to the purchase price; a downward Condition of Sale adjustment was therefore made. The [Q] zoning condition limits the ground floor commercial uses that can be developed on the site. The site, which was improved with two parking lots 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. 7**



**Physical Description**

Location: Jefferson Boulevard at Centinela Avenue  
Los Angeles (Playa Vista), CA 90045  
Thomas Brothers Guide: Los Angeles County: 672, F/7  
Assessor Parcel Number: 4211-010-042 through 048, 051, 052, 057 through 059, 064 through 067, 079 and 080; 4211-011-027 through 043

**Land Description**

Site Area: 2,787,840± Square Feet, or 64.00± Acres  
Shape: Irregular  
Topography: Level  
Utilities: All available to site  
Zoning: M(PV), City of Los Angeles

**Sale Data**

Interest Sold: Fee Simple  
Date of Sale: February 9, 2007  
Deed Date: February 8, 2007  
Document Nos.: 0284592 through 0284601  
Sale Price: \$265,000,000  
Sale Price/SF: \$95.06  
Grantor: Playa Phase 1 Commercial Land Company, LLC  
Grantee: PV Campus Parcel 1, L.P. through PV Campus Parcel 10, L.P. (each deed individually identified)  
Financing: All cash transaction

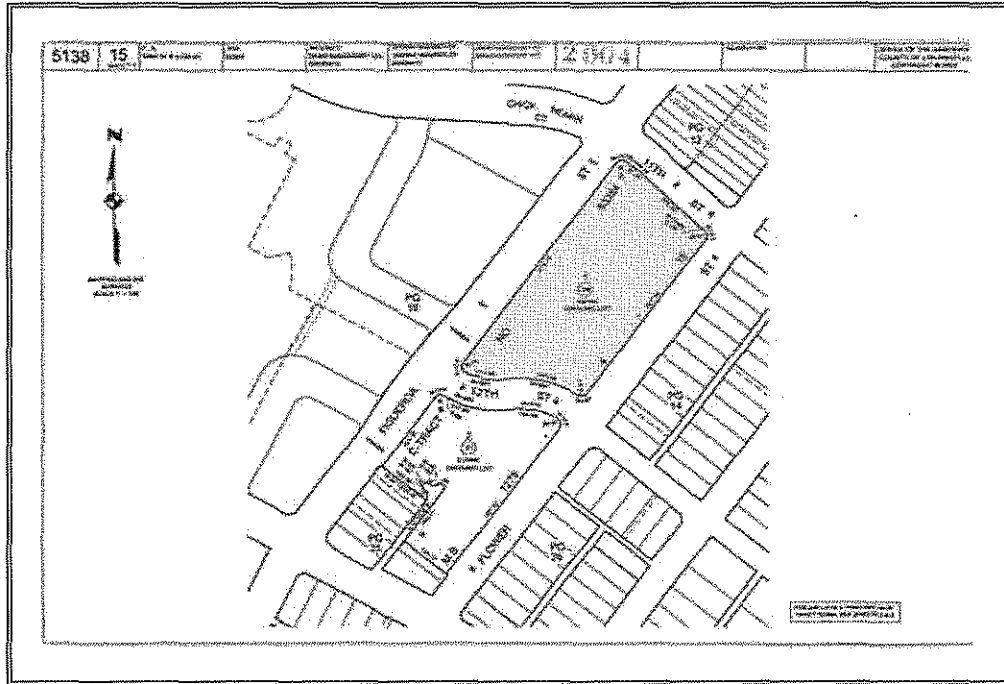
**Verification:**

Randy Johnson, Senior VP/CFO for Seller

**Land Sale No. 7 (Continued)**

**Comments:** This sale is located along the south side of Jefferson Boulevard and Centinela Avenue, the north side of Bluff Creek Drive between the intersection of Bluff Creek Drive and Centinela Avenue and Westlawn Avenue. All corners are signalized. The Site is zoned M(PV), Playa Vista Specific Plan, which allows C2 uses. At the time of sale, vesting tentative tract map 49104 and tentative tract map 52092 had been approved after hearings before the Coastal Commission and Los Angeles Department of City Planning. According to the seller, the purchase price consisted of \$200,000,000 in cash and a Letter of Credit for \$65,000,000. The sale was all cash to the seller, and the buyer obtained financing through Bank of America after the close of escrow. The seller was unable to estimate the contributory value of the entitlements. Although there are 11 buildings on the property which are classified as "historical," including the 300,000 square foot building where the Spruce Goose was built, the seller does not believe that they had any contributory value.

**LAND SALE NO. 8**



**Physical Description**

Location: 1101 South Flower Street  
Los Angeles, CA 90015  
Thomas Brothers Guide: Los Angeles County: 634, D/5  
Assessor Parcel Number: 5138-015-026 and 028 through 038 (now 5138-015-026)

**Land Description**

Site Area: 200,812± Square Feet, or 4.61± Acres  
Shape: Generally Rectangular  
Topography: Level  
Utilities: All available to site  
Zoning: LASED, City of Los Angeles

**Sale Data**

Interest Sold: Fee Simple  
Date of Sale: August 15, 2006  
Deed Date: Undated  
Document No.: 1810546  
Sale Price: \$80,000,000  
Sale Price/SF: \$393.38  
Grantor: L A Arena Land Company, LLC, and Flower Holdings, L L C  
Grantee: JM Fig LLC, as to a 45% interest, MG Fig LLC, as to a 5% interest,  
HS Fig LLC, as to a 17% interest, and CLAD Resources Borrower,  
LLC, as to a 33% interest  
Financing: \$15,000,000 cash down payment (18.8%); \$65,000,000 1<sup>st</sup> TD with  
Wachovia Bank at undisclosed market terms

**Verification:**

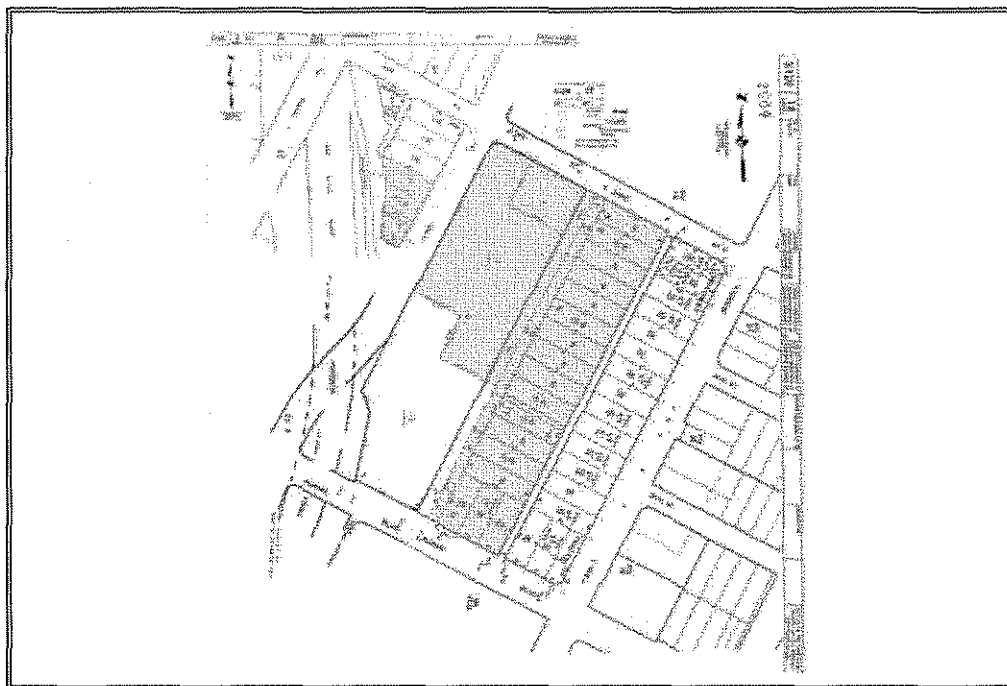
Rich Mayo, Buyer's Broker

**Land Sale No. 8 (Continued)**

**Comments:** This site is located across the street from Staples Center, and consists of the entire city block bounded by 11<sup>th</sup> Street on the north, 12<sup>th</sup> Street on the south, Flower Street on the east and Figueroa Street on the west. It is located at four signalized corners, with access from 11<sup>th</sup>, Flower, and Figueroa Streets. The site is within the Los Angeles Sports and Entertainment District Specific Plan, which was in the process of being amended to allow 207,376 square feet of hotel/ballroom space (222 rooms), 1,009,439 square feet of residential space (860 dwelling units) and 271,286 square feet of retail/entertainment/restaurant space at the time of sale. Tract Map No. 53384, an air rights subdivision, was recorded on June 11, 2003. Although the property, formerly a Bank of America facility, is improved with a parking lot and 2 buildings that provide access to a large underground vault, the improvements had no contributory value according to the buyer's broker. The value of the air rights subdivision was offset by increased demolition costs associated with the underground vault. The site 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. 9**



**Physical Description**

Location: 2300 - 2400 South Flower Street  
Los Angeles, CA 90007  
Thomas Brothers Guide: Los Angeles County: 634, C/7  
Assessor Parcel Numbers: 5126-005-005 through 007 (now 5126-005-008); 5126-017-014 and 015 (now 5127-017-017); and 5126-018-032 through 035 (now 5126-018-032, 033, 035 and 037 through 039)

**Land Description**

Site Area: 411,642± Square Feet, or 9.45± Acres  
Shape: Irregular  
Topography: Level  
Utilities: All available to site  
Zoning: [Q]C2-2-O, City of Los Angeles

**Sale Data**

Interest Sold: Fee Simple  
Date of Sale: July 18, 2006  
Deed Date: July 18, 2006  
Document No.: 1576695  
Sale Price: \$70,500,000  
Sale Price/SF: \$171.27  
Grantor: Los Angeles Orthopaedic Hospital Foundation  
Grantee: Palmer/Flower Street Properties  
Financing: \$27,500,000 cash down payment (39.0%); \$43,000,000 1<sup>st</sup> TD with Bank of America at undisclosed market terms

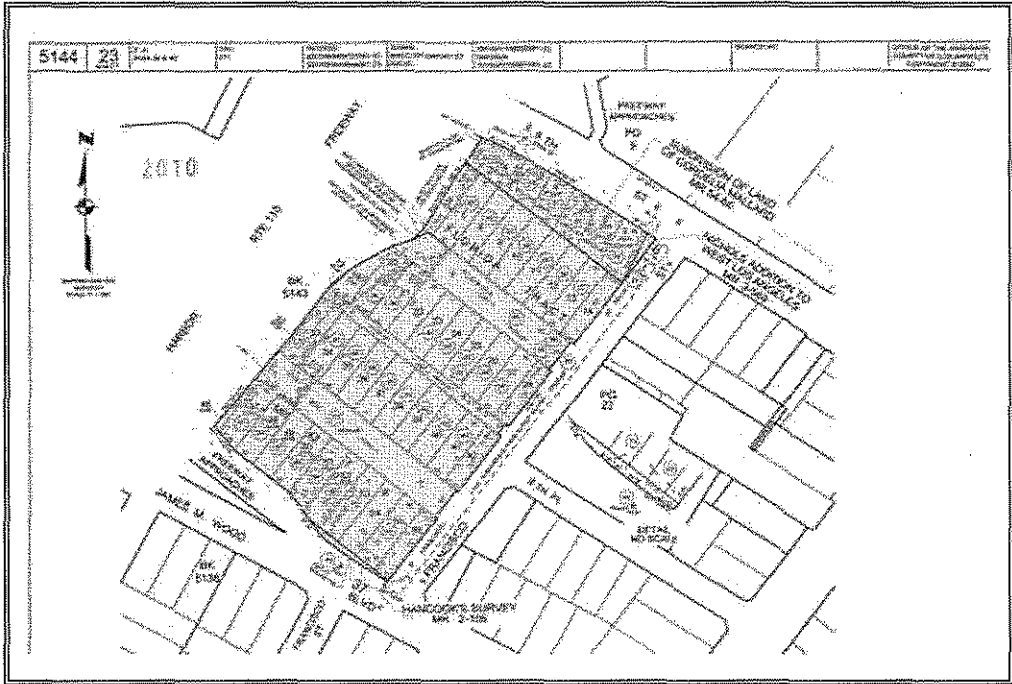
**Verification:**

Emily Cohen, Entitlement Manager for Buyer  
Dwight Hotchkiss, Listing Broker

**Land Sale No. 9 (Continued)**

**Comments:** This sale consists of two non-contiguous parcels of land, a 0.47± acre parcel located along the northwest side of Flower Street, 120± feet southwest of 23<sup>rd</sup> Street, and an 8.98± acre parcel located at the signalized southwest corner of Flower and 23<sup>rd</sup> Streets, a portion of which extends to Adams Boulevard on the southwest. The smaller parcel is accessible from Flower Street; the larger parcel includes a portion of vacated Hope Street and is accessible from 23<sup>rd</sup> Street and Adams Boulevard. The larger parcel is not accessible from Flower Street due to an Expo Line light rail station scheduled to open in November 2011. Although this station did not exist at the time of sale, the alignment was approved on December 15, 2005. According to Emily Cohen, Entitlement Manager for the Buyer, a small portion of the property was improved with a building at the time of sale, which did not have any contributory value and was subsequently demolished. The [Q] zoning condition restricted permitted uses to educational, hospital, medical office, parking and related uses at the time of sale. According to Ms. Cohen and Gregg Shoup, City Planner with the City of Los Angeles, this property sold without entitlements, although the applicant reportedly had high expectations that a zone change and GPA would be approved. The site is located within the Los Angeles State Enterprise Zone, the Greater Downtown Housing Incentive Area, and the Central City Parking Area.

**LAND SALE NO. 10**



**Physical Description**

Location: The city block bounded by James M. Wood Boulevard, Francisco Street, 8<sup>th</sup> Street and the Harbor/Pasadena (110) Freeway  
 Los Angeles, CA 90017  
 Thomas Brothers Guide: Los Angeles County: 634, D/4  
 Assessor Parcel Number: 5144-023-023 through 030, 032 through 057, 059 through 063, 065, 066, and 068 through 072

**Land Description**

Site Area: 274,428± Square Feet, or 6.30± Acres  
 Shape: Generally Rectangular  
 Topography: Level  
 Utilities: All available to site  
 Zoning: C2-4D, City of Los Angeles

**Sale Data**

Interest Sold: Fee Simple  
 Date of Sale: December 14, 2005  
 Deed Date: December 14, 2005  
 Document No.: 3069921  
 Sale Price: \$70,000,000  
 Sale Price/SF: \$255.08  
 Grantor: City Centre Development  
 Grantee: LA Metropolis, LLC  
 Financing: \$6,545,000 cash down payment (9.4%); \$63,455,000 1<sup>st</sup> TD with Fremont Investment & Loan at undisclosed market terms

**Verification:**

John E. Vallance, Seller

**Land Sale No. 10 (Continued)**

**Comments:** This sale consists of 46 contiguous parcels bounded by 8<sup>th</sup> Street on the north, James M. Wood Boulevard on the south, Francisco Street on the east and the Harbor/Pasadena (110) Freeway on the west. The site is visible from the freeway, and access is provided along Francisco Street and 8<sup>th</sup> Street (a one-way street). Over the past 18 years, the seller has assembled the site, vacated interior streets, entered into a Development Agreement with the Los Angeles Planning Department and the Community Redevelopment Agency, and entitled the property for 3,000,000± square feet, which includes 3 office towers, 200,000 square feet of retail, 100,000 square feet of entertainment (Arts, Museum, etc.), and a hotel. The seller estimated that the entitlements contributed approximately 25 percent to the purchase price; a downward Condition of Sale adjustment was therefore made. 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.

## Discussion of Adjustments

All of the land sales have been adjusted to the subject property for property rights, buyer expenditures, financing, condition of sale, market conditions, location, and physical factors when applicable. These adjustments are defined below:

### Property Rights at Sale

This category adjusts for property rights conveyed and takes into account differences in legal estate between the subject and each comparable property. Generally, property rights are either fee simple interest or leased fee interest.

### Buyer Expenditures

This category adjusts for additional costs incurred by the buyer which are required to make the property ready for development and/or use. This includes expenditures for demolition costs and other expenses paid by the buyer in addition to the purchase price.

### Financing

This category adjusts the sale price of each comparable into its cash equivalent or modifies the price to current market financing. Favorable financing often leads to a higher selling price and unfavorable financing may reflect a lower selling price.

### Condition of Sale

This category adjusts for atypical conditions of sale and reflects any difference between the actual sale price of a comparable and its probable sale if it were currently sold in an arm's length transaction. Please refer to the individual datasheets for discussion of applicable adjustments.

### Market Conditions (Time)

This category adjusts for market conditions and reflects changes in the prices paid due to changes in market conditions over time. The comparable properties are adjusted from the date of sale to date of value. In reviewing the market, we found ten commercial land sales that cover a marketing time from December 2005 through July 2011. These were the most recent and competitive sales in the subject market. Our analysis of available market information, supported by discussions with market participants in the course of our verifications, indicates land prices for commercial land increased by approximately 12 percent annually, or 1.00 percent per month, between December 2005 and December 2007, decreased by approximately 12 percent annually, or 1.00 percent per month, between January 2008 and December 2010, and were generally stable between January 2011 and the present. Therefore, time adjustments were made for the appropriate time periods to the date of value.

### Location and Physical Conditions

These categories consider differences between the subject and each comparable property for location and physical conditions. We considered differences in location, zoning, size, site utility, visibility and accessibility. Each is defined below:

Location - This category adjusts the sales for differences in location for linkages, area, and other factors.

Zoning - This category adjusts for differences in zoning and allowable land uses.

Size - This category adjusts for differences in the size of each comparable to the subject site. Typically, smaller properties require downward adjustment as they tend to reflect higher unit prices than larger sites. Larger properties require upward adjustment as they tend to reflect lower unit prices than smaller sites.

Site Utility - This category adjusts for differences in topography, development, configuration, and usability of the site.

Visibility - This category adjusts for differences in the visibility of each sale to the subject site.

Accessibility - This category adjusts for differences in the accessibility of each sale to the subject site.

The adjustment grid on the following page summarizes the adjustments for each of the sales as they apply to the subject property. Adjustments for differences between the subject and each comparable property are expressed in percentages for property rights, buyer expenditures, financing, condition of sale, and market conditions based on our analysis of the market, as applicable. Qualitative adjustments have been applied for the location and other physical characteristics of each sale compared with the subject. A superior rating indicates the market data item is being adjusted downward to the subject. An inferior rating indicates the market data item is being adjusted upward to the subject. Each physical characteristic may not be weighted equally. Then, an overall rating is assigned to each sale as it compares with the subject.

LAND SALE ADJUSTMENT GRID - SCENARIO ONE											
Adjustment Factors	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	Sale 9	Sale 10
Unadjusted \$/SF		\$217.03	\$260.87	\$564.44	\$428.24	\$139.31	\$249.28	\$95.06	\$398.38	\$171.27	\$255.08
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted \$/SF		\$217.03	\$260.87	\$564.44	\$428.24	\$139.31	\$249.28	\$95.06	\$398.38	\$171.27	\$255.08
Buyer Expenditures	--	None	None	None	4.70%	None	None	None	None	None	None
Adjusted \$/SF		\$217.03	\$260.87	\$564.44	\$448.37	\$139.31	\$249.28	\$95.06	\$398.38	\$171.27	\$255.08
Financing	--	Cash	Market	Cash	Cash	Market	Cash	Cash	Market	Market	Market
Adjusted \$/SF		\$217.03	\$260.87	\$564.44	\$448.37	\$139.31	\$249.28	\$95.06	\$398.38	\$171.27	\$255.08
Condition of Sale	--	Arms Length	Arms Length	Arms Length	-25.0%	Arms Length	-30.0%	Arms Length	Arms Length	Arms Length	-25.0%
Adjusted \$/SF		\$217.03	\$260.87	\$564.44	\$336.28	\$139.31	\$174.50	\$95.06	\$398.38	\$171.27	\$191.31
Market Conditions	--	0.00%	0.00%	-1.48%	-2.86%	-4.01%	-33.32%	-25.33%	-19.47%	-18.55%	-11.45%
Adjusted \$/SF		\$217.03	\$260.87	\$556.08	\$326.66	\$133.72	\$116.00	\$70.98	\$320.82	\$139.50	\$169.40
Location and Physical Conditions											
Location	Gd - Ex	Gd - Ex	Gd - Ex	Excellent	Excellent	Good	Good	Good	Gd - Ex	Good	Gd - Ex
Adjustment	Similar	Similar	Similar	Sl. Superior -	Sl. Superior -	Sl. Inferior +	Sl. Inferior +	Sl. Inferior +	Similar	Sl. Inferior +	Similar
Zoning/Entitlements	C2-4D-O	(T)(Q)C2-2 Entitled	LASED	9900 Wishire Specific Plan	C2-2-O	C4(CW)-U/6	(Q)C2-4D-O	M(PV) Entitled	LASED	(Q)C2-2-O	C2-4D
Adjustment	Superior -	Superior -	Sl. Superior -	Sl. Inferior +	Sl. Inferior +	Similar	Sl. Inferior +	Superior -	Sl. Superior -	Inferior +	Similar
Size	614,975 SF	96,762 SF	118,832 SF	346,302 SF	105,415 SF	71,783 SF	44,027 SF	2,787,840 SF	200,812 SF	411,642 SF	274,428 SF
Adjustment	Smaller -	Smaller -	Smaller -	Smaller -	Smaller -	Smaller -	Smaller -	Larger +	Smaller -	Sl. Smaller -	Smaller -
Site Utility	Good	Average	Avg - Gd	Avg - Gd	Average	Average	Average	Avg - Gd	Good	Avg - Gd	Good
Adjustment	Inferior +	Inferior +	Sl. Inferior +	Sl. Inferior +	Inferior +	Inferior +	Inferior +	Sl. Inferior +	Similar	Sl. Inferior +	Similar
Visibility	Gd - Ex	Gd - Ex	Gd - Ex	Gd - Ex	Gd - Ex	Good	Good	Good	Excellent	Good	Excellent
Adjustment	Similar	Similar	Similar	Similar	Similar	Good	Good	Good	Sl. Superior -	Sl. Inferior +	Sl. Superior -
Accessibility	Good	Good	Gd - Ex	Gd - Ex	Gd - Ex	Good	Good	Avg - Gd	Gd - Ex	Good	Avg - Gd
Adjustment	Similar	Similar	Sl. Superior -	Sl. Superior -	Sl. Superior -	Similar	Similar	Sl. Inferior +	Sl. Superior -	Similar	Sl. Inferior +
Overall Rating	Superior	Superior	Superior	Superior	Superior	Inferior	Inferior	Inferior	Superior	Inferior	Superior

Analysis and Conclusions

The adjusted sales range from \$70.98 to \$556.08 per square foot, before adjusting for physical characteristics. Based on our analysis of the land sales, the overall ratings of the adjusted sales compared to the subject property are as follows:

Inferior (Sale Nos. 5, 6, 7 and 9)	\$70.98 to \$139.50 per square foot
Similar	N/A
Superior (Sale Nos. 1, 2, 3, 4, 8 and 10)	\$169.40 to \$556.08 per square foot

Based on our analysis, an expected value indicator for the subject should fall between \$139.50 and \$169.40 per square foot. Sale Nos. 5, 6, 7 and 9 were considered inferior to the subject overall at \$70.98 to \$139.50 per square foot, due primarily to inferior location, site utility and visibility as compared to the subject. They set the lower range of value for the subject. Sale Nos. 1, 2, 3, 4, 8 and 10 were considered superior to the subject overall at \$169.40 to \$556.08 per square foot, due primarily to superior zoning or entitlement status, accessibility, or smaller size as compared to the subject. They set the upper range of value for the subject.

After considering adjustments for differences in property rights, buyer expenditures, financing, conditions of sale, market conditions, location and physical characteristics, it is our opinion that an appropriate value indicator for the subject site, underlying land only, is \$150.00 per square foot, which is within the range of the market. Shown below is our calculation of the market value of subject site:

**LAND MARKET VALUE**

Land Area		Price/Square Foot	Indicated Value
614,975± SF	x	\$150.00	= \$92,246,250
<b>Indicated Value of the Subject Site by the Sales Comparison Approach</b>		<b>Rounded To:</b>	<b><u>\$92,250,000</u></b>

**RECONCILIATION AND FINAL OPINION  
(FEE SIMPLE)**

The final conclusion or opinion has resulted from the application of the Sales Comparison Approach. In summary, this approach provides a value indicator for vacant land and is most commonly used by market participants. The Sales Comparison Approach is considered to be the primary approach to value. **Please refer to Extraordinary Assumption Nos. 18, 19, 20, 21, 22, 23, 25 and 26.** Based on the data presented, analysis, and reconciliation, 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.



**MARKET GROUND RENT CALCULATIONS**

At the request of the Client, we have calculated the annual market ground rent for the subject property as of July 1 of 2011, 2012, 2013, 2014, 2015, 2016 and 2017 based upon the \$92,250,000 concluded market value of the fee simple interest in the subject property as of September 21, 2011. The market ground rent calculations will be utilized in negotiations with the proposed developer, AEG, to establish a ground lease for the subject property. According to the terms of the draft MOU, the proposed ground lease would have a 55 year term, with 1.75 percent annual escalations. Based upon our review of the draft MOU and analysis of the market, it is our opinion that a 1.75 percent rent escalation rate is reasonable. **Please refer to Extraordinary Assumption No. 24.**

The market was surveyed for current ground leases, rates of return, and leasing practices of both private firms and public agencies to derive the estimated net operating income attributable to the land. No recent vacant land leases were discovered in the area. Therefore, the market value of the land was multiplied by an appropriate rate of return to derive a market rental rate for the land. A survey of private firms and public agencies was therefore conducted to determine their required rates of return on land. The following table shows the results of that survey:

<b>GROUND LEASES</b>		
<b>Firm</b>	<b>Public/Private</b>	<b>Required Rates of Return</b>
CJ Segerstrom & Sons	Private	9.0 to 10.0%
Teachers Insurance & Annuity Association	Private	8.0 to 9.5%
McDonald's, Canoga Park (Ground Lessee)	Private	5.3%
Jack in the Box, Valencia (Ground Lessee)	Private	5.3%
Chili's, Pico Rivera (Ground Lessee)	Private	5.1%
First Industrial Acquisitions, Inc. (Listing)	Private	7.5 to 8.25%
City of Long Beach	Public	8.0 to 8.5%
County of Los Angeles	Public	8.0%
County of Orange	Public	8.0 to 9.0%
Los Angeles County MTA	Public	6.5%
MWDSC	Public	6.0 to 10.0%
Port of Long Beach	Public	8.0 to 12.0%
Port of Los Angeles	Public	10.0%
San Bernardino County	Public	10.0%
Southern California Edison	Public	10.0%

Land leases are typically written for a 5 to 12 percent return on the estimated value of the land. Our records indicate that municipal agencies, such as The Metropolitan Water District of Southern California, Port Authorities, and Southern California cities predominantly range from 6.5 to 10 percent. Private firms have negotiated ground leases in the range of 5.1 to 10 percent. Based on our analysis, we conclude a 7.0 percent rate of return is appropriate.

The market value of the subject property as of July 1, 2011 was considered to be unchanged from September 21, 2011, consistent with our analysis of the market and the market condition adjustments utilized in the valuation of the underlying land. A future value factor, based upon a 2.0 percent annual growth rate commencing on September 21, 2011, was applied to the concluded market value of the fee simple interest in the subject property as of September 21, 2011 in order to calculate the market value of the subject property as of July 1 of 2012, 2013, 2014, 2015, 2016 and 2017, as agreed with the client. The following table

summarizes our calculations of the market value of the subject property as of July 1 of 2011, 2012, 2013, 2014, 2015, 2016 and 2017:

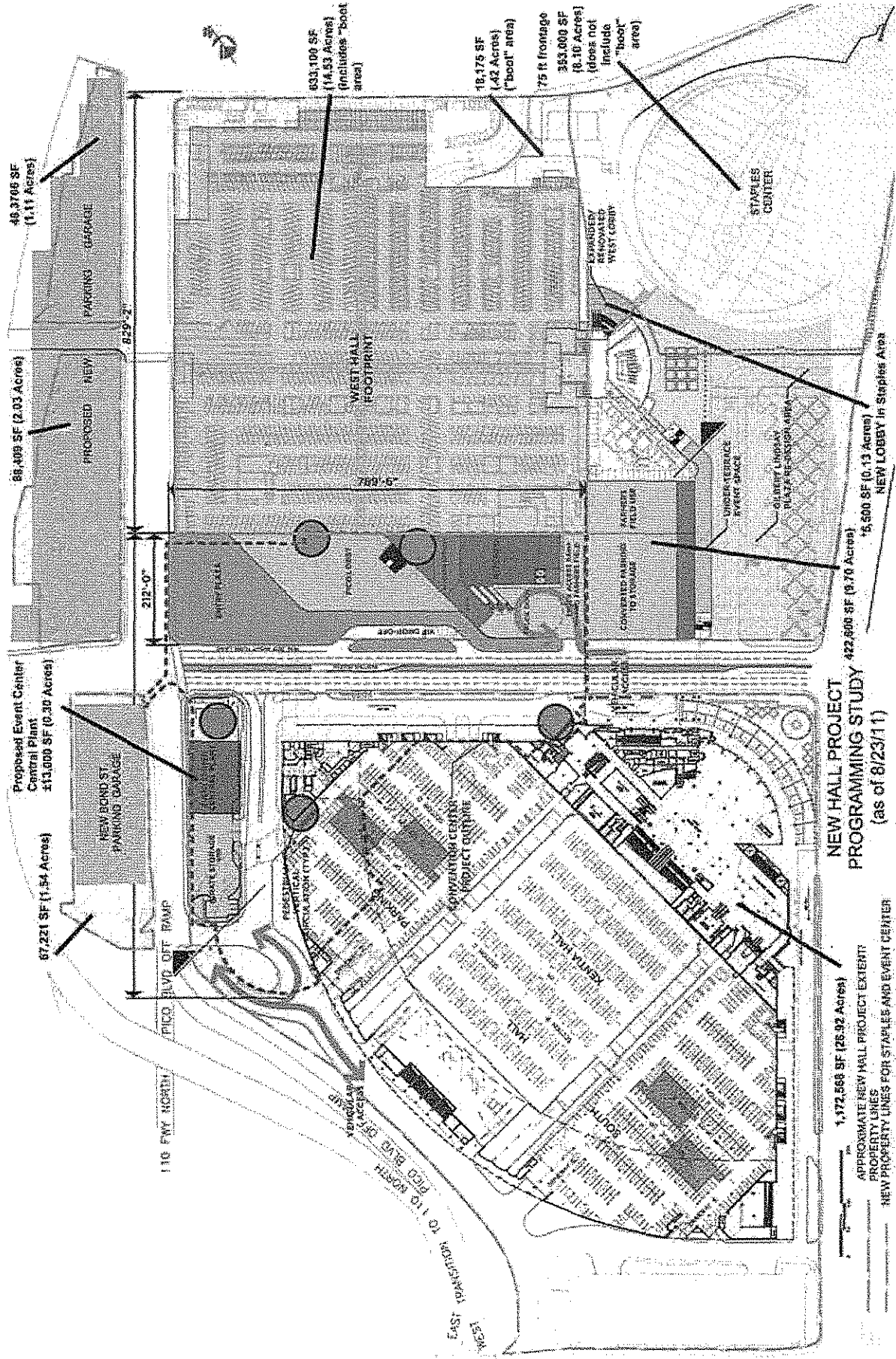
Lease Date	MV 9/21/11		FV Factor		MV as of Lease Date
7/1/2011	\$92,250,000	x	1.00000000	=	\$92,250,000
7/1/2012	\$92,250,000	x	1.01556595	=	\$93,685,959
7/1/2013	\$92,250,000	x	1.03587728	=	\$95,559,679
7/1/2014	\$92,250,000	x	1.05659482	=	\$97,470,872
7/1/2015	\$92,250,000	x	1.07772672	=	\$99,420,290
7/1/2016	\$92,250,000	x	1.09928125	=	\$101,408,695
7/1/2017	\$92,250,000	x	1.12126687	=	\$103,436,869

The concluded 7.0 percent rate of return was multiplied by the calculated market value of the land as of July 1 of 2011, 2012, 2013, 2014, 2015, 2016 and 2017 in order to derive the annual market rental rate for the land on each of those dates. The annual market ground rental rates are calculated as follows:

Date	MV		Rate		Term		Market Rent
7/1/2011	\$92,250,000	x	7.0%	x	1 Year	=	\$6,457,500
7/1/2012	\$93,685,959	x	7.0%	x	1 Year	=	\$6,558,017
7/1/2013	\$95,559,679	x	7.0%	x	1 Year	=	\$6,689,178
7/1/2014	\$97,470,872	x	7.0%	x	1 Year	=	\$6,822,961
7/1/2015	\$99,420,290	x	7.0%	x	1 Year	=	\$6,959,420
7/1/2016	\$101,408,695	x	7.0%	x	1 Year	=	\$7,098,609
7/1/2017	\$103,436,869	x	7.0%	x	1 Year	=	\$7,240,581

The final conclusions or opinions have resulted from applying an appropriate rate of return on land to the market land value for each year, which was calculated by applying a future value factor to the concluded market value of the subject property as of September 21, 2011. Based on the data presented, analysis, and reconciliation, the annual Market Ground Rent conclusions 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



**NEW HALL PROJECT  
PROGRAMMING STUDY** 422,500 SF (9.70 Acres)  
(as of 8/23/11)

1,172,568 SF (26.92 Acres)  
APPROXIMATE NEW HALL PROJECT EXTENT  
PROPERTY LINES  
NEW PROPERTY LINES FOR STABLES AND EVENT CENTER

### Scenario Two

Architect: [unreadable] New Hall Project Programming Level 00 - Includes Free Standing Support Post Programming Study 0 24

**SCENARIO TWO**

Location

The subject site is identified as portions of APNs 5138-016-912 and 913, located at the southeast corner of L.A. Live Way and Chick Hearn Court.

Size and Shape

The subject site is generally rectangular in shape and contains a gross area of 633,150± square feet, or 14.54± acres. The approximate boundaries and dimensions of the site are as follows:

North Boundary (Chick Hearn Court) .....	727.41± 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 Two 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 portions of the Los Angeles Convention Center and Staples 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 727.41± 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 11<sup>th</sup> 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 site 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 633,150± square foot, or 14.54± acre, generally rectangular, 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 L.A. Live and is improved with portions of the Los Angeles Convention Center and Staples 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 portions of APNs 5138-016-912 and 913, 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 portions of APNs 5138-016-912 and 913. Although the property is currently improved with portions of Staples Center and 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 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.** 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 generally rectangular in shape, with a gross area of 633,150± square feet, or 14.54± 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, a portion of 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.

## 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 highest 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.

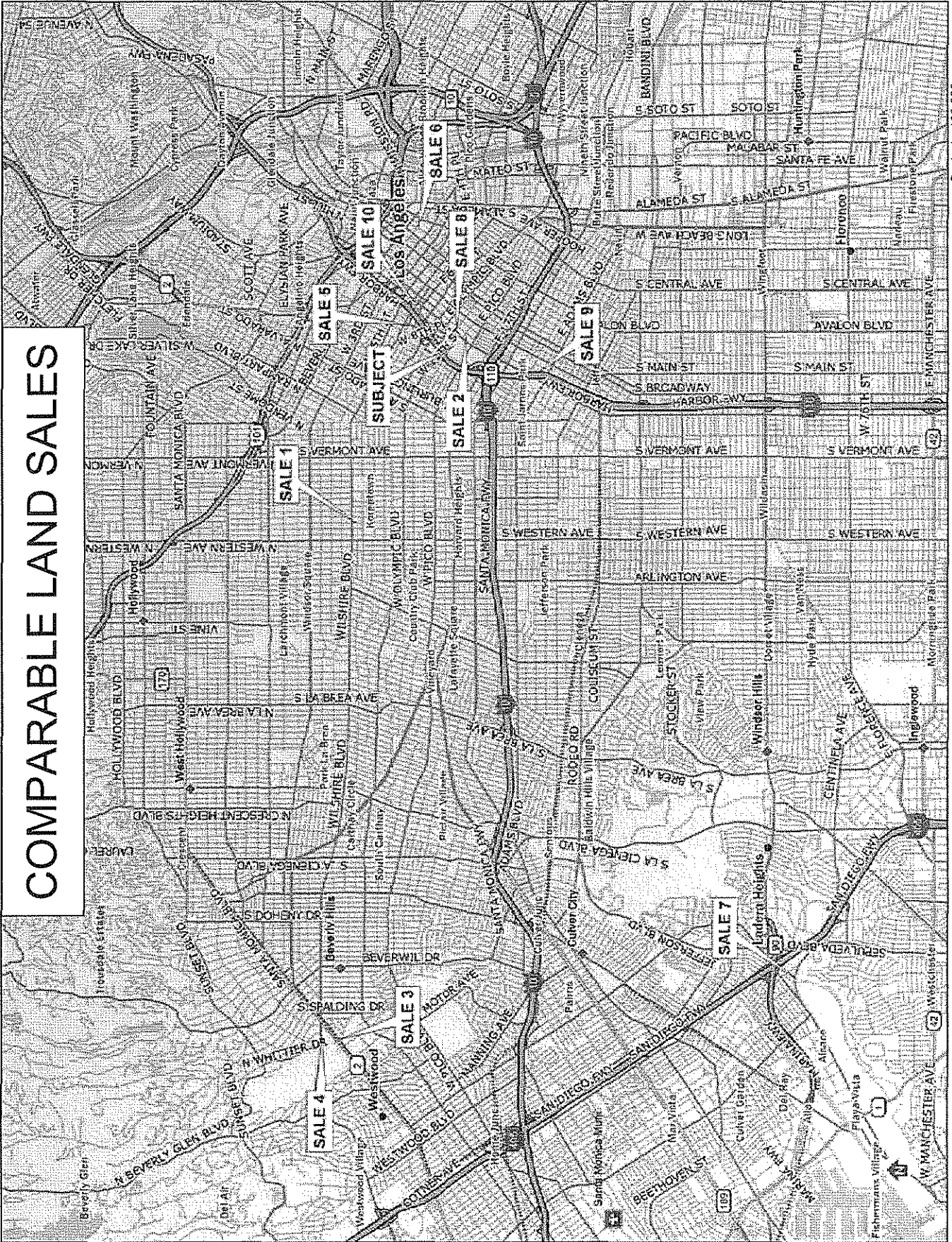
The Sales Comparison Approach is used to estimate the value of real estate, based on the theory that an informed and prudent buyer would not pay more for a property than the cost of acquiring another property with the same utility. It is, therefore, based upon the principle of substitution. This approach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

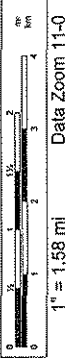
### Market Data Summary

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.

# COMPARABLE LAND SALES



Scale 1 : 100,000



ANK (12.6°E)

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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	633,150 SF	--
				Corner	--

## Discussion of Adjustments

All of the land sales have been adjusted to the subject property for property rights, buyer expenditures, financing, condition of sale, market conditions, location, and physical factors when applicable. These adjustments are defined below:

### Property Rights at Sale

This category adjusts for property rights conveyed and takes into account differences in legal estate between the subject and each comparable property. Generally, property rights are either fee simple interest or leased fee interest.

### Buyer Expenditures

This category adjusts for additional costs incurred by the buyer which are required to make the property ready for development and/or use. This includes expenditures for demolition costs and other expenses paid by the buyer in addition to the purchase price.

### Financing

This category adjusts the sale price of each comparable into its cash equivalent or modifies the price to current market financing. Favorable financing often leads to a higher selling price and unfavorable financing may reflect a lower selling price.

### Condition of Sale

This category adjusts for atypical conditions of sale and reflects any difference between the actual sale price of a comparable and its probable sale if it were currently sold in an arm's length transaction.

### Market Conditions (Time)

This category adjusts for market conditions and reflects changes in the prices paid due to changes in market conditions over time. The comparable properties are adjusted from the date of sale to date of value. In reviewing the market, we found ten commercial land sales that cover a marketing time from December 2005 through July 2011. These were the most recent and competitive sales in the subject market. Our analysis of available market information, supported by discussions with market participants in the course of our verifications, indicates land prices for commercial land increased by approximately 12 percent annually, or 1.00 percent per month, between December 2005 and December 2007, decreased by approximately 12 percent annually, or 1.00 percent per month, between January 2008 and December 2010, and were generally stable between January 2011 and the present. Therefore, time adjustments were made for the appropriate time periods to the date of value.

### Location and Physical Conditions

These categories consider differences between the subject and each comparable property for location and physical conditions. We considered differences in location, zoning, size, site utility, visibility and accessibility. Each is defined below:

Location - This category adjusts the sales for differences in location for linkages, area, and other factors.

Zoning - This category adjusts for differences in zoning and allowable land uses.

Size - This category adjusts for differences in the size of each comparable to the subject site. Typically, smaller properties require downward adjustment as they tend to reflect higher unit prices than larger sites. Larger properties require upward adjustment as they tend to reflect lower unit prices than smaller sites.

Site Utility - This category adjusts for differences in topography, development, configuration, and usability of the site.

Visibility - This category adjusts for differences in the visibility of each sale to the subject site.

Accessibility - This category adjusts for differences in the accessibility of each sale to the subject site.

The adjustment grid on the following page summarizes the adjustments for each of the sales as they apply to the subject property. Adjustments for differences between the subject and each comparable property are expressed in percentages for property rights, buyer expenditures, financing, condition of sale, and market conditions based on our analysis of the market, as applicable. Qualitative adjustments have been applied for the location and other physical characteristics of each sale compared with the subject. A superior rating indicates the market data item is being adjusted downward to the subject. An inferior rating indicates the market data item is being adjusted upward to the subject. Each physical characteristic may not be weighted equally. Then, an overall rating is assigned to each sale as it compares with the subject.

LAND SALE ADJUSTMENT GRID - SCENARIO TWO											
Adjustment Factors	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	Sale 9	Sale 10
Unadjusted \$/SF		\$217.03	\$260.87	\$564.44	\$428.24	\$139.31	\$249.28	\$95.06	\$398.38	\$171.27	\$255.08
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted \$/SF		\$217.03	\$260.87	\$564.44	\$428.24	\$139.31	\$249.28	\$95.06	\$398.38	\$171.27	\$255.08
Buyer Expenditures	--	None	None	None	4.70%	None	None	None	None	None	None
Adjusted \$/SF		\$217.03	\$260.87	\$564.44	\$448.37	\$139.31	\$249.28	\$95.06	\$398.38	\$171.27	\$255.08
Financing	--	Cash	Market	Cash	Cash	Market	Cash	Cash	Market	Market	Market
Adjusted \$/SF		\$217.03	\$260.87	\$564.44	\$448.37	\$139.31	\$249.28	\$95.06	\$398.38	\$171.27	\$255.08
Condition of Sale	--	Arms Length	Arms Length	Arms Length	-25.0%	Arms Length	-30.0%	Arms Length	Arms Length	Arms Length	-25.0%
Adjusted \$/SF		\$217.03	\$260.87	\$564.44	\$336.28	\$139.31	\$174.50	\$95.06	\$398.38	\$171.27	\$191.31
Market Conditions	--	0.00%	0.00%	-1.48%	-2.86%	-4.01%	-33.52%	-25.33%	-19.47%	-18.55%	-11.45%
Adjusted \$/SF		\$217.03	\$260.87	\$556.08	\$326.66	\$133.72	\$116.00	\$70.98	\$320.82	\$139.50	\$169.40
Location and Physical Conditions											
Location	Gd - Ex	Gd - Ex	Gd - Ex	Excellent	Excellent	Good	Good	Good	Gd - Ex	Good	Gd - Ex
Adjustment		Similar	Similar	Sl. Superior -	Sl. Superior -	Sl. Inferior +	Sl. Inferior +	Sl. Inferior +	Similar	Sl. Inferior +	Similar
Zoning/Entitlements	C2-4D-O	(T)(Q)C2-2 Entitled	LASED	9900 Wilshire Specific Plan	C2-2-O	CA(CW)-U/6	[Q]C2-4D-O	M(PV) Entitled	LASED	[Q]C2-2-O	C2-4D
Adjustment		Superior -	Sl. Superior -	Sl. Inferior +	Sl. Inferior +	Similar	Sl. Inferior +	Superior -	Sl. Superior -	Inferior +	Similar
Size	633,150 SF	96,762 SF	118,832 SF	346,302 SF	105,415 SF	71,783 SF	44,027 SF	2,787,840 SF	200,812 SF	411,642 SF	274,428 SF
Adjustment		Smaller -	Smaller -	Smaller -	Smaller -	Smaller -	Smaller -	Larger +	Smaller -	Sl. Smaller -	Smaller -
Site Utility	Good	Average	Avg - Gd	Avg - Gd	Good	Average	Average	Avg - Gd	Good	Avg - Gd	Good
Adjustment		Inferior +	Sl. Inferior +	Sl. Inferior +	Sl. Inferior +	Inferior +	Inferior +	Sl. Inferior +	Similar	Sl. Inferior +	Similar
Visibility	Gd - Ex	Gd - Ex	Gd - Ex	Gd - Ex	Gd - Ex	Good	Good	Good	Excellent	Good	Excellent
Adjustment		Similar	Similar	Similar	Similar	Sl. Inferior +	Sl. Inferior +	Sl. Inferior +	Sl. Superior -	Sl. Inferior +	Sl. Superior -
Accessibility	Good	Good	Gd - Ex	Gd - Ex	Good	Good	Good	Avg - Gd	Gd - Ex	Good	Avg - Gd
Adjustment		Similar	Sl. Superior -	Sl. Superior -	Sl. Superior -	Similar	Similar	Sl. Inferior +	Sl. Superior -	Similar	Sl. Inferior +
Overall Rating		Superior	Superior	Superior	Superior	Inferior	Inferior	Inferior	Superior	Inferior	Superior

Analysis and Conclusions

The adjusted sales range from \$70.98 to \$556.08 per square foot, before adjusting for physical characteristics. Based on our analysis of the land sales, the overall ratings of the adjusted sales compared to the subject property are as follows:

Inferior (Sale Nos. 5, 6, 7 and 9)	\$70.98 to \$139.50 per square foot
Similar	N/A
Superior (Sale Nos. 1, 2, 3, 4, 8 and 10)	\$169.40 to \$556.08 per square foot

Based on our analysis, an expected value indicator for the subject should fall between \$139.50 and \$169.40 per square foot. Sale Nos. 5, 6, 7 and 9 were considered inferior to the subject overall at \$70.98 to \$139.50 per square foot, due primarily to inferior location, site utility and visibility as compared to the subject. They set the lower range of value for the subject. Sale Nos. 1, 2, 3, 4, 8 and 10 were considered superior to the subject overall at \$169.40 to \$556.08 per square foot, due primarily to superior zoning or entitlement status, accessibility, or smaller size as compared to the subject. They set the upper range of value for the subject.

After considering adjustments for differences in property rights, buyer expenditures, financing, conditions of sale, market conditions, location and physical characteristics, it is our opinion that an appropriate value indicator for the subject site, underlying land only, is \$150.00 per square foot, which is within the range of the market. Shown below is our calculation of the market value of subject site:

**LAND MARKET VALUE**

Land Area		Price/Square Foot		Indicated Value
633,150±SF	x	\$150.00	=	\$94,972,500
<b>Indicated Value of the Subject Site by the Sales Comparison Approach</b>			<b>Rounded To:</b>	<b><u>\$94,970,000</u></b>

**RECONCILIATION AND FINAL OPINION  
(FEE SIMPLE)**

The final conclusion or opinion has resulted from the application of the Sales Comparison Approach. In summary, this approach provides a value indicator for vacant land and is most commonly used by market participants. The Sales Comparison Approach is considered to be the primary approach to value. **Please refer to Extraordinary Assumption Nos. 18, 19, 20, 21, 22, 23, 25 and 26.** Based on the data presented, analysis, and reconciliation, 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.**



## MARKET GROUND RENT CALCULATIONS

At the request of the Client, we have calculated the annual market ground rent for the subject property as of July 1 of 2011, 2012, 2013, 2014, 2015, 2016 and 2017 based upon the \$94,970,000 concluded market value of the fee simple interest in the subject property as of September 21, 2011. The market ground rent calculations will be utilized in negotiations with the proposed developer, AEG, to establish a ground lease for the subject property. According to the terms of the draft MOU, the proposed ground lease would have a 55 year term, with 1.75 percent annual escalations. Based upon our review of the draft MOU and analysis of the market, it is our opinion that a 1.75 percent rent escalation rate is reasonable. **Please refer to Extraordinary Assumption No. 24.**

The market was surveyed for current ground leases, rates of return, and leasing practices of both private firms and public agencies to derive the estimated net operating income attributable to the land. No recent vacant land leases were discovered in the area. Therefore, the market value of the land was multiplied by an appropriate rate of return to derive a market rental rate for the land. A survey of private firms and public agencies was therefore conducted to determine their required rates of return on land. The following table shows the results of that survey:

GROUND LEASES		
Firm	Public/Private	Required Rates of Return
CJ Segerstrom & Sons	Private	9.0 to 10.0%
Teachers Insurance & Annuity Association	Private	8.0 to 9.5%
McDonald's, Canoga Park (Ground Lessee)	Private	5.3%
Jack in the Box, Valencia (Ground Lessee)	Private	5.3%
Chili's, Pico Rivera (Ground Lessee)	Private	5.1%
First Industrial Acquisitions, Inc. (Listing)	Private	7.5 to 8.25%
City of Long Beach	Public	8.0 to 8.5%
County of Los Angeles	Public	8.0%
County of Orange	Public	8.0 to 9.0%
Los Angeles County MTA	Public	6.5%
MWDSC	Public	6.0 to 10.0%
Port of Long Beach	Public	8.0 to 12.0%
Port of Los Angeles	Public	10.0%
San Bernardino County	Public	10.0%
Southern California Edison	Public	10.0%

Land leases are typically written for a 5 to 12 percent return on the estimated value of the land. Our records indicate that municipal agencies, such as The Metropolitan Water District of Southern California, Port Authorities, and Southern California cities predominantly range from 6.5 to 10 percent. Private firms have negotiated ground leases in the range of 5.1 to 10 percent. Based on our analysis, we conclude a 7.0 percent rate of return is appropriate.

The market value of the subject property as of July 1, 2011 was considered to be unchanged from September 21, 2011, consistent with our analysis of the market and the market condition adjustments utilized in the valuation of the underlying land. A future value factor, based upon a 2.0 percent annual growth rate commencing on September 21, 2011, was applied to the concluded market value of the fee simple interest in the subject property as of September 21, 2011 in order to calculate the market value of the subject property as of July 1 of 2012, 2013, 2014, 2015, 2016 and 2017, as agreed with the client. The following table

summarizes our calculations of the market value of the subject property as of July 1 of 2011, 2012, 2013, 2014, 2015, 2016 and 2017:

Lease Date	MV 9/21/11		FV Factor		MV as of Lease Date
7/1/2011	\$94,970,000	x	1.00000000	=	\$94,970,000
7/1/2012	\$94,970,000	x	1.01556596	=	\$96,448,299
7/1/2013	\$94,970,000	x	1.03587728	=	\$98,377,265
7/1/2014	\$94,970,000	x	1.05659482	=	\$100,344,810
7/1/2015	\$94,970,000	x	1.07772671	=	\$102,351,706
7/1/2016	\$94,970,000	x	1.09928125	=	\$104,398,740
7/1/2017	\$94,970,000	x	1.12126687	=	\$106,486,715

The concluded 7.0 percent rate of return was multiplied by the calculated market value of the land as of July 1 of 2011, 2012, 2013, 2014, 2015, 2016 and 2017 in order to derive the annual market rental rate for the land on each of those dates. The annual market ground rental rates are calculated as follows:

Date	MV		Rate		Term		Market Rent
7/1/2011	\$94,970,000	x	7.0%	x	1 Year	=	\$6,647,900
7/1/2012	\$96,448,299	x	7.0%	x	1 Year	=	\$6,751,381
7/1/2013	\$98,377,265	x	7.0%	x	1 Year	=	\$6,886,409
7/1/2014	\$100,344,810	x	7.0%	x	1 Year	=	\$7,024,137
7/1/2015	\$102,351,706	x	7.0%	x	1 Year	=	\$7,164,619
7/1/2016	\$104,398,740	x	7.0%	x	1 Year	=	\$7,307,912
7/1/2017	\$106,486,715	x	7.0%	x	1 Year	=	\$7,454,070

The final conclusions or opinions have resulted from applying an appropriate rate of return on land to the market land value for each year, which was calculated by applying a future value factor to the concluded market value of the subject property as of September 21, 2011. Based on the data presented, analysis, and reconciliation, the annual Market Ground Rent conclusions 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

# ADDENDA

SUBJECT PHOTOPAGES



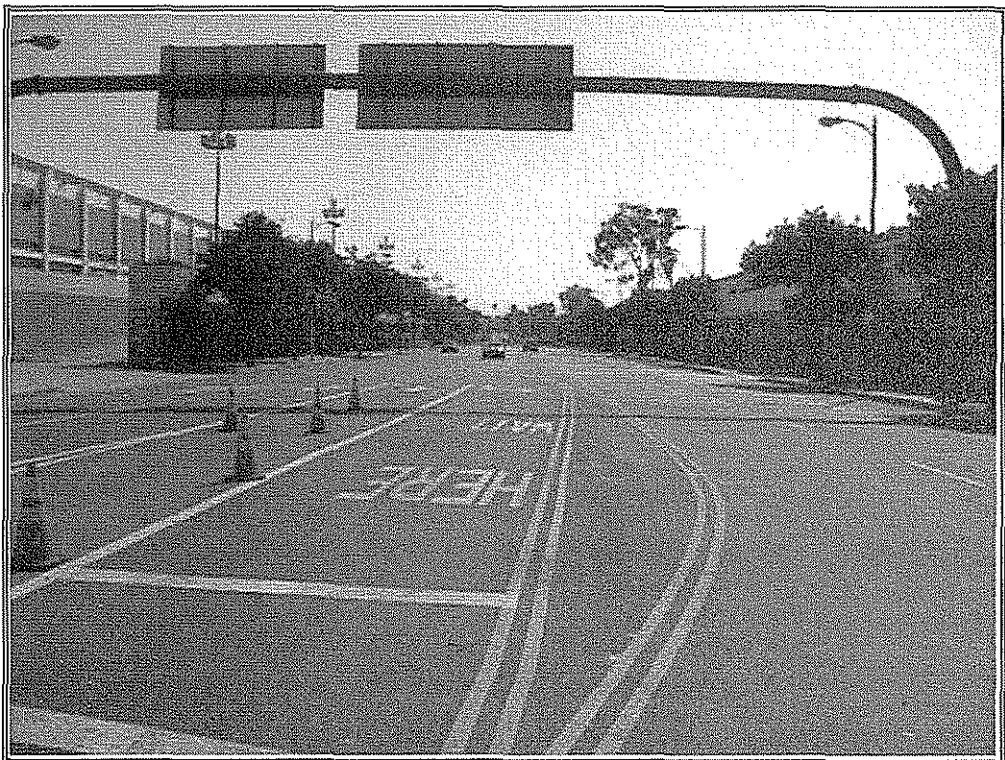
SUBJECT PROPERTY LOOKING NORTHEAST FROM PICO BOULEVARD



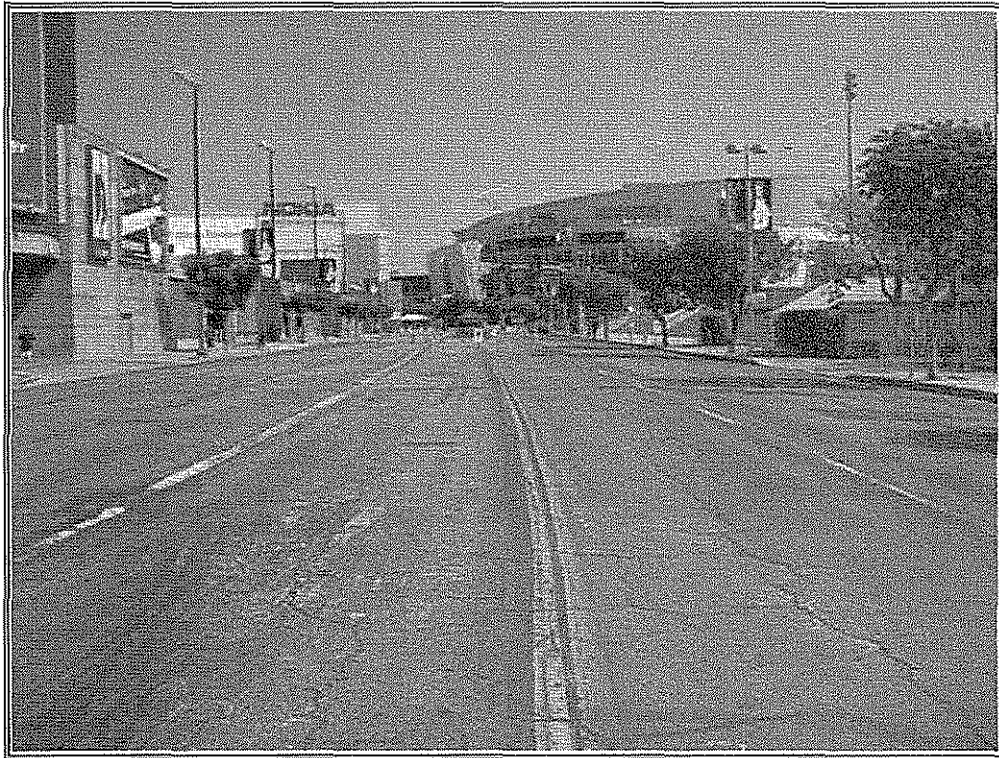
SUBJECT PROPERTY LOOKING SOUTHEAST FROM CHICK HEARN COURT



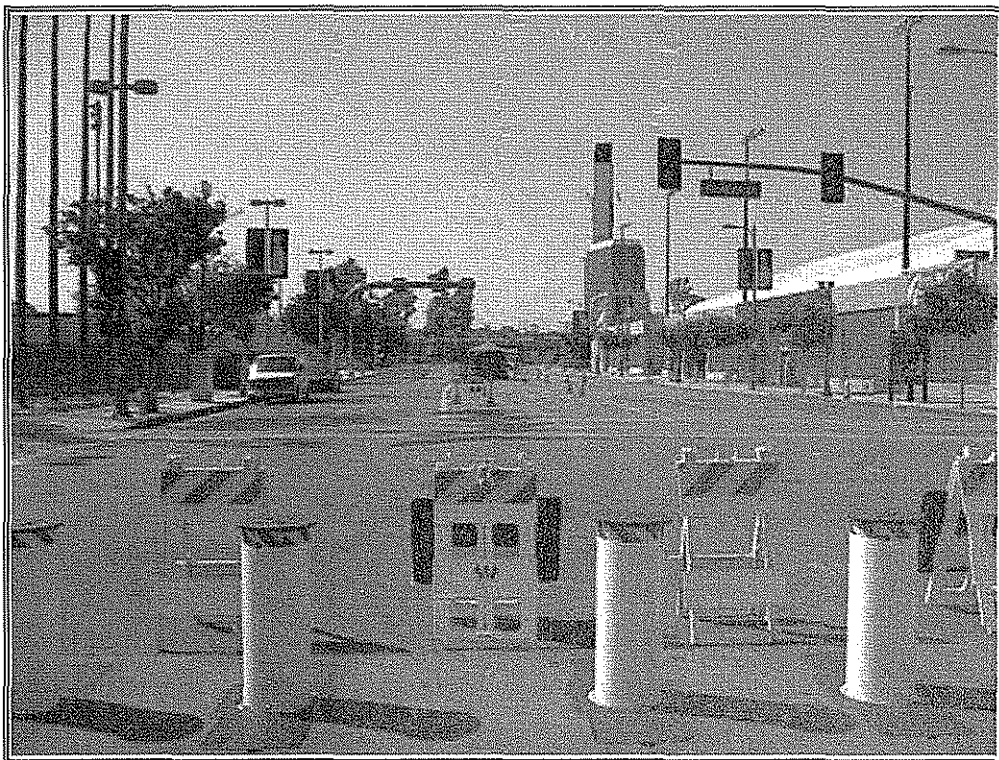
STREET SCENE LOOKING NORTH ALONG L.A. LIVE WAY  
WITH SUBJECT AT RIGHT OF PHOTO



STREET SCENE LOOKING SOUTH ALONG L.A. LIVE WAY  
WITH SUBJECT AT LEFT OF PHOTO



STREET SCENE LOOKING EAST ALONG CHICK HEARN COURT  
WITH SUBJECT AT RIGHT OF PHOTO



STREET SCENE LOOKING WEST ALONG CHICK HEARN COURT  
WITH SUBJECT AT LEFT OF PHOTO



# Chicago Title Company

Commercial/Industrial Division,  
700 South Flower, Suite 800 Los Angeles, CA 90017 (213) 488-4300

## Title Department:

Chicago Title Company  
Attn: Dave Balassi  
Email: [Dave.Balassi@CTT.com](mailto:Dave.Balassi@CTT.com)  
Phone: (213) 488-4394  
Fax: (213) 488-4360  
Order No.: 116743050F-X49



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## PRELIMINARY REPORT

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Property Address: AEG Los Angeles Stadium and Event Center

Dated as of: August 1, 2011 at 7:30 am

In response to the application for a policy of title insurance referenced herein, Chicago Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said Policy forms.

The printed Exceptions and Exclusion from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Chicago Title Insurance Company

***Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.***

***It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.***

## SCHEDULE A

1. The estate or interest in the land hereinafter described or referred to covered by this report is:

A Fee

2. Title to said estate or interest at the date hereof is vested in:

City of Los Angeles

3. The land referred to in this report is situated in the State of California, County of Los Angeles and is described in the Legal Description, attached hereto:

END OF SCHEDULE A



## LEGAL DESCRIPTION

### PARCEL A:

LOTS 1 TO 6 INCLUSIVE OF TRACT 28165, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 814 PAGES 66 TO 69 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF TRENTON STREET SOUTH BETWEEN FIGUEROA STREET AND PICO BOULEVARD AS SHOWN AND DEDICATED ON THE MAP OF TRACT 28165, NOW VACATED BY (COUNCIL FILE NO. 82-1136 OF THE CITY OF LOS ANGELES) RESOLUTION NO. 83-01558 OF THE CITY OF LOS ANGELES, ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY CLERK OF SAID CITY, AND RECORDED JUNE 5, 1990 AS INSTRUMENT NO. 90-1003283, AS SAID VACATION IS SHOWN IN VOLUME 23 PAGE 89 OF STREET VACATION MAPS ON FILE IN THE OFFICE OF CITY CLERKS OF SAID CITY AND TOGETHER WITH ALL OF NAGOYA STREET AND TRENTON STREET SHOWN AS TRENTON STREET NORTH ON THE MAP OF SAID TRACT 28165, BOUNDED AS FOLLOWS:

BOUNDED SOUTHEASTERLY BY A STRAIGHT LINE CONNECTING THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE IN THE SOUTHEASTERLY LINE OF LOT 1 OF SAID TRACT, SHOWN AS HAVING A BEARING AND LENGTH OF SOUTH 37° 41' 37" WEST, 187.38 FEET WITH THE SOUTHWESTERLY TERMINUS OF THAT CERTAIN COURSE IN THE SOUTHEASTERLY LINE OF LOT 3 OF SAID TRACT, SHOWN AS HAVING A BEARING AND LENGTH OF SOUTH 37° 41' 37" WEST, 363.89 FEET; AND BOUNDED NORTHERLY BY A LINE DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEASTERLY TERMINUS OF THAT CERTAIN CURVE IN THE NORTHERLY LINE OF SAID LOT 1, SHOWN AS HAVING A RADIUS OF 651 FEET, AND AN ARC LENGTH OF 256.90 FEET; THENCE CONTINUING EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 1° 59' 47", AN ARC DISTANCE OF 22.68 FEET; THENCE SOUTH 86° 28' 08" EAST, 99.75 FEET TO THE NORTHERLY LINE OF LOT 2, SAID TRACT 28165, NOW VACATED BY (COUNCIL FILE NO. 82-1136 OF THE CITY OF LOS ANGELES) RESOLUTION NO. 90-01558 OF THE CITY OF LOS ANGELES, ON FILE IN THE OFFICE OF THE CITY CLERK OF SAID CITY, AND RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 90-1426183, OFFICIAL RECORDS.

**LEGAL DESCRIPTION**  
(continued)

## EXCEPTING THEREFROM:

THOSE PORTIONS OF LOTS 1, 2 AND 3 AND TRENTON STREET NORTH, 82 FEET AND 97 FEET WIDE, NOW VACATED BY (COUNCIL FILE NO. 82-1136 OF THE CITY OF LOS ANGELES) RESOLUTION NO. 90-01558 OF THE CITY OF LOS ANGELES, ON FILE IN THE OFFICE OF THE CITY CLERK OF SAID CITY, AND RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 90-1426183, OFFICIAL RECORDS, AS SHOWN ON TRACT NO. 28165, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 814 PAGES 66 PAGES 66 TO 69 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF LOT 1, DISTANT THEREON SOUTH 61 DEGREES 51 MINUTES 21 SECONDS EAST 652.41 FEET FROM THE NORTHWESTERLY TERMINUS OF SAID LINE SHOWN AS SOUTH 61 DEGREES 51 MINUTES 43 SECONDS EAST 666.02 FEET ON SAID TRACT NO. 28165 THEREOF; THENCE SOUTH 28 DEGREES 08 MINUTES 39 SECONDS WEST 44.47 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 105.00 FEET; THENCE SOUTHWESTERLY, WESTERLY AND NORTHWESTERLY 138.02 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 75 DEGREES 18 MINUTES 41 SECONDS; THENCE NORTH 76 DEGREES 32 MINUTES 40 SECONDS WEST 33.23 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 43.00 FEET; THENCE WESTERLY 29.66 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 39 DEGREES 31 MINUTES 13 SECONDS; THENCE ON A NON-TANGENT LINE SOUTH 61 DEGREES 32 MINUTES 47 SECONDS EAST 162.17 FEET; THENCE NORTH 28 DEGREES 27 MINUTES 13 SECONDS EAST 31.50 FEET; THENCE SOUTH 61 DEGREES 32 MINUTES 47 SECONDS EAST 34.73 FEET; THENCE SOUTH 28 DEGREES 27 MINUTES 13 SECONDS WEST 31.50 FEET; THENCE SOUTH 61 DEGREES 32 MINUTES 47 SECONDS EAST 32.62 FEET; THENCE 28 DEGREES 25 MINUTES 47 SECONDS WEST 269.35 FEET; THENCE SOUTH 61 DEGREES 48 MINUTES 26 SECONDS EAST 63.37 FEET; THENCE NORTH 73 DEGREES 31 MINUTES 42 SECONDS EAST 60.45 FEET, TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 161.60 FEET AND TO WHICH BEGINNING A RADIAL LINE BEARS NORTH 72 DEGREES 37 MINUTES 32 SECONDS EAST; THENCE SOUTHWESTERLY 100.58 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 35 DEGREES 39 MINUTES 46 SECONDS; THENCE ON A NON-TANGENT LINE; SOUTH 61 DEGREES 37 MINUTES 19 SECONDS EAST 377.64 FEET TO THE NORTHWESTERLY RIGHT OF WAY LINE OF FIGUEROA STREET, 112 FEET WIDE, AS SHOWN ON SAID MAP, THENCE NORTH 37 DEGREES 41 MINUTES 47 SECONDS EAST 61.43 FEET ALONG SAID NORTHWESTERLY RIGHT-OF-WAY LINE OF FIGUEROA STREET, 112 FEET WIDE, TO THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE IN THE MOST SOUTHEASTERLY LINE OF SAID LOT 1 SHOWN AS SOUTH 37 DEGREES 41 MINUTES 37 SECONDS WEST 187.38 FEET; THENCE ON A DIRECT LINE NORTH 42 DEGREES 20 MINUTES 09 SECONDS EAST 123.63 FEET TO THE EASTERLY TERMINUS OF THAT CERTAIN COURSE IN THE MOST SOUTHEASTERLY LINE OF SAID LOT

**LEGAL DESCRIPTION**

(continued)

3; SHOWN AS SOUTH 78 DEGREES 04 MINUTES 11 SECONDS WEST 22.85 FEET; THENCE NORTH 37 DEGREES 41 MINUTES 47 SECONDS EAST 545.94 FEET ALONG THE NORTHWESTERLY RIGHT-OF-WAY LINE OF FIGUEROA STREET, 102 FEET WIDE, AS SHOWN ON SAID MAP TO THE MOST EASTERLY CORNER OF LOT 2; THENCE NORTH 15 DEGREES 32 MINUTES 53 SECONDS WEST 17.90 FEET ALONG THE EASTERLY LINE OF SAID LOT 2 TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF SAID ELEVENTH STREET, 102 FEET WIDE, AS SHOWN ON SAID MAP, SAID RIGHT-OF-WAY LINE BEING A NON-TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 549.00 FEET TO WHICH BEGINNING A RADIAL LINE BEARS NORTH 20 DEGREES 09 MINUTES 57 SECONDS EAST; THENCE WESTERLY 159.32 FEET ALONG SAID CURVED RIGHT-OF-WAY THROUGH A CENTRAL ANGLE OF 16 DEGREES 37 MINUTES 40 SECONDS; THENCE NORTH 86 DEGREES 27 MINUTES 43 SECONDS WEST 235.98 FEET ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF ELEVENTH STREET, TO THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE IN THE NORTHERLY LINE OF SAID LOT 2; SHOWN AS NORTH 50 DEGREES 01 MINUTES 32 SECONDS EAST 21.76 FEET ON SAID MAP; THENCE NORTH 86 DEGREES 16 MINUTES 08 SECONDS WEST 122.45 FEET ALONG A DIRECT LINE TO THE EASTERLY TERMINUS OF THAT CERTAIN CURVE IN THE SOUTHERLY LINE OF SAID ELEVENTH STREET, 102 FEET WIDE, AS SHOWN ON SAID MAP, HAVING A RADIUS OF 651 FEET, SAID POINT ALSO BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 651.00 FEET, AND TO WHICH BEGINNING A RADIAL LINE BEARS SOUTH 5 DEGREES 31 MINUTES 37 SECONDS WEST; THENCE WESTERLY AND NORTHWESTERLY 256.98 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 22 DEGREES 37 MINUTES 03 SECONDS; THENCE NORTH 61 DEGREES 51 MINUTES 21 SECONDS WEST 13.62 FEET ALONG THE SOUTHEASTERLY RIGHT-OF-WAY OF ELEVENTH STREET, 102 FEET WIDE TO THE POINT OF BEGINNING.

EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN LOTS 13 AND 14, BLOCK 2 OF SAID SENTOUS TRACT, ALL GAS, OIL AND MINERAL BELOW A DEPTH OF 500 FEET, WITHOUT RIGHT OF SURFACE ENTRY, AS GRANTED TO ROBERT W.P. MONTGOMERY, A MARRIED MAN, BY DEED RECORDED JULY 18, 1967 IN BOOK D3706 PAGE 541, OFFICIAL RECORDS, AS INSTRUMENT NO. 3015.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN LOT 70 OF SAID KINCAID'S TRACT AND THE SOUTHWESTERLY 6 FEET OF THE ALLEY ADJOINING SAID LOT 70; LOTS 42 AND 43 OF SAID FORMAN'S SUBDIVISION OF THE WEST 20 ACRES OF LOT 8, BLOCK 36 OF HANCOCK'S SURVEY, ALL GAS, OIL AND MINERALS BELOW A DEPTH OF 500 FEET WITHOUT RIGHT OF SURFACE ENTRY AS GRANTED LOT JAMES A. HENDERSON, A MARRIED MAN BY DEED NOVEMBER 16, 1966 IN BOOK D3483 PAGE 677, OFFICIAL RECORDS, AS INSTRUMENT NO. 2050.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN LOT 16 OF SAID KUGHEN AND CASTERLINE'S SUBDIVISION OF THE WARD TRACT, AN UNDIVIDED ONE-HALF INTEREST AND TO ALL CARBONS, MINERALS HYDROCARBONS AND OIL AND GAS APPURTENANT TO SAID LAND AS GRANTED TO CAROLE L. BENSON BY DEED RECORDED MARCH 29, 1968 IN BOOK D3955 PAGE 794, OFFICIAL RECORDS.

BY AN INSTRUMENT DATED JUNE 6, 1968 EXECUTED BY CAROLE L. BENSON, ALL RIGHTS TO ENTER UPON THE SURFACE OF SAID LAND WERE QUITCLAIMED TO THE CITY OF LOS ANGELES RECORDED JUNE 28, 1968 AS INSTRUMENT NO. 2969.

## LEGAL DESCRIPTION

(continued)

ALSO EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN LOT 38 OF SAID KINCAID'S TRACT, ALL OF THE OIL, GAS, GOLD, SILVER AND OTHER PRECIOUS METALS, MINERALS AND MINERAL SUBSTANCES AND OTHER HYDROCARBON SUBSTANCES, AS GRANTED TO SAHARA APTS., INC., A CORPORATION, BY DEED RECORDED IN BOOK 56379 PAGE 119, OFFICIAL RECORDS, BUT WITHOUT THE RIGHT OF SURFACE ENTRY AND QUITCLAIMED BY SAID SAHARA APTS., INC., IN DEED RECORDED IN BOOK D1492 PAGE 847, OFFICIAL RECORDS. A DEED TO THE CITY OF LOS ANGELES FURTHER RECITES, "IT IS FURTHER UNDERSTOOD THAT ALL DIRECTIONAL DRILLING SHALL BE CONDUCTED IN SUCH A MANNER THAT THE WELLS, HOLE, SHAFT OR OTHER MEANS OF REACHING OR REMOVING SUCH OIL, GAS OR OTHER HYDROCARBON SUBSTANCES DOES NOT PENETRATE ANY PART OR PORTION OF SAID REAL PROPERTY WITHIN 500 FEET OF THE SURFACE THEREOF".

ALSO EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN THAT LOT PORTION OF LOT 3, BLOCK 4 OF SAID SENTOUS TRACT, ALL MINERALS, OILS, GASES AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER SAID PORTION OF LOT 3, WITHOUT, HOWEVER THE RIGHT TO DRILL, DIG OR MINE THROUGH THE SURFACE OF SAID LAND AS RESERVED BY STATE OF CALIFORNIA, IN DEED RECORDED SEPTEMBER 24, 1958 AS INSTRUMENT NO. 3651 IN BOOK D225 PAGE 376, OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN LOTS 2, 3 AND 14, BLOCK 4 OF SAID SENTOUS TRACT, ALL GAS, OIL AND MINERALS BELOW THE DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY AS GRANTED TO COMERA TYPE, INC., A CORPORATION BY DEED RECORDED DECEMBER 19, 1967 AS INSTRUMENT NO. 2531 IN BOOK D3862 PAGE 920, OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN LOTS 1 TO 19 OF SAID KINCAID'S TRACT, ALL OIL, GAS AND HYDROCARBON SUBSTANCES LYING BENEATH A DEPTH OF 500 FEET FROM THE PRESENT SURFACE OF SAID LAND AND WITHOUT ANY RIGHT OF ENTRY UPON THE SURFACE OF SAID LAND ABOVE SAID 500 FOOT DEPTH, TOGETHER WITH ANY AND ALL LEASES AFFECTING SUCH OIL AND GAS, ETC., WHETHER OF RECORD OR NOT, AS RESERVED TO THE GRANTOR THEREIN IN DEED EXECUTED BY R. LESLIE KELLEY, A MARRIED MAN RECORDED APRIL 1, 1966 IN BOOK D3257 PAGE 809, OFFICIAL RECORDS, AS INSTRUMENT NO. 1580.

A DEED TO THE CITY OF LOS ANGELES FURTHER RECITES; "IT IS FURTHER UNDERSTOOD THAT ALL DIRECTIONAL DRILLING SHALL BE CONDUCTED IN SUCH A MANNER THAT THE WELL, HOLE SHAFT OR OTHER MEANS OF REACHING OR REMOVING SUCH OIL, GAS OR OTHER HYDROCARBON SUBSTANCES DOES NOT PENETRATE ANY PART OR PORTION OF SAID REAL PROPERTY WITHIN 500 FEET OF THE SURFACE THEREOF".

**LEGAL DESCRIPTION**  
(continued)

ALSO EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN PORTIONS OF LOT 8, BLOCK 36, HANCOCK'S SURVEY SPECIFICALLY DESCRIBED IN DECREES OF DISTRIBUTION RECORDED IN BOOK D4172 PAGE 989, OFFICIAL RECORDS, IN BOOK D4330 PAGE 949, OFFICIAL RECORDS, IN BOOK D4275 PAGE 35, OFFICIAL RECORDS AND IN BOOK D4038 PAGE 742, OFFICIAL RECORDS (CITY PARCELS 50, 51, 11, 12 AND 13). THE EASTERLY 25 FEET OF LOT 25 AND ALL OF LOTS 26, 30, 31, 41, 42, 59, 62, 63 AND 64. THE SOUTHWESTERLY 25 FEET OF LOT 53 ALL IN FORMAN'S SUBDIVISION OF THE WEST 20 ACRES OF LOT 8 BLOCK 36 OF HANCOCK'S SURVEY, PORTIONS OF LOTS 12 AND 13 OF KUGHEN AND CASTERLINE'S SUBDIVISION, OF THE WARD TRACT RECORDED IN BOOK D4330 PAGE 975, OFFICIAL RECORDS (CITY PARCEL 52); LOTS 39, 45 (44 PORTIONS OF 46 AND 48, RECORDED IN BOOK D4337 PAGE 756, OFFICIAL RECORDS), (ALL OF LOT 47 AND PORTION OF LOT 49 RECORDED OCTOBER 28, 1969 AS INSTRUMENT NO. 7262 IN BOOK M3334 PAGE 145, OFFICIAL RECORDS). LOTS 51, 68, 69, 27 AND 29 ALL IN KINCAID'S TRACT AND ALL OF THE FIRESTONE TRACT, ALL CRUDE OIL, PETROLEUM, GAS, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS OF WHATEVER NATURE IN, UNDER, AND RECOVERABLE FROM THE REAL PROPERTIES, WITHOUT THE RIGHT TO ENTER, DRILL OR PENETRATE IN OR UPON THE SURFACE OF SAID REAL PROPERTIES, OR WITHIN 500 FEET THEREOF FOR THE PURPOSE OF RECOVERING CRUDE OIL, PETROLEUM, GAS, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS OF WHATEVER NATURE AS EXCEPTED IN THE FINAL ORDERS OF CONDEMNATION, A CERTIFIED COPY OF WHICH, WERE RECORDED IN VARIOUS INSTRUMENTS OF RECORD.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN THE REMAINING LOTS ACQUIRED BY THE CITY OF LOS ANGELES, BY VARIOUS DEEDS OF RECORD (BUT NOT INCLUDING THOSE PORTIONS OF SENTOUS STREET, ELEVENTH STREET, GEORGIA STREET DESCRIBED IN DEEDS RECORDED APRIL 9, 1885, IN BOOK 137 PAGE 390 OF DEEDS, IN BOOK 137 PAGE 391 OF DEEDS, IN BOOK 137 PAGE 392 OF DEEDS, IN BOOK 137 PAGE 393 OF DEEDS, RELINQUISHMENT RECORDED APRIL 22, 1964 IN BOOK R1896 PAGE 67, OFFICIAL RECORDS AND LOT 17 OF KUGHEN AND CASTERLINE'S SUBDIVISION OF THE WARD TRACT):

ALL OIL, GAS AND OTHER CARBON SUBSTANCES IN, UNDER AND RECOVERABLE FROM SAID HEREINBEFORE DESCRIBED PROPERTY, TOGETHER WITH THE RIGHT TO DRILL FOR AND PRODUCE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES BY DIRECTIONAL DRILLING CONDUCTED FROM SURFACE LOCATIONS ON LAND OTHER THAN THE LANDS HEREINABOVE MENTIONED; IT BEING UNDERSTOOD THAT SUCH EXCEPTION AND RESERVATION SHALL NOT OPERATE TO CREATE ANY RIGHT TO CONDUCT DRILLING OPERATIONS FROM ANY PORTIONS OF THE SURFACE OF SAID ABOVE DESCRIBED LAND. IT IS FURTHER UNDERSTOOD THAT ALL DIRECTIONAL DRILLING, SHALL BE CONDUCTED IN SUCH A MANNER THAT THE WELL, HOLE SHAFT OR OTHER MEANS OF REACHING OR REMOVING SUCH OIL, GAS OR OTHER HYDROCARBON SUBSTANCES DOES NOT PENETRATE ANY PART OR PORTION OF SAID REAL PROPERTY WITHIN 500 FEET OF THE SURFACE THEREOF, AS RESERVED BY VARIOUS DEEDS OF RECORD.

**LEGAL DESCRIPTION**  
(continued)

ALSO EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN THE LAND DESCRIBED IN THE FINAL ORDER OF CONDEMNATION, A CERTIFIED COPY OF WHICH WAS RECORDED APRIL 25, 1969 AS INSTRUMENT NO. 3171 ALL CRUDE OIL, PETROLEUM, GAS, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS OF WHATEVER NATURE IN, UNDER AND RECOVERABLE FROM THE SAID REAL PROPERTIES WITHOUT THE RIGHT TO ENTER, DRILL OR PENETRATE IN OR UPON THE SURFACE OF SAID REAL PROPERTIES, OR WITHIN 500 FEET THEREOF, FOR THE PURPOSES OF RECOVERING CRUDE OIL, PETROLEUM, GAS, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS OF WHATEVER NATURE. AS EXCEPTED IN THE FINAL ORDER OF CONDEMNATION, A CERTIFIED COPY OF WHICH WAS RECORDED APRIL 25, 1969 IN BOOK D4350 PAGE 624, OFFICIAL RECORDS AS INSTRUMENT NO. 3171.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN THE LAND DESCRIBED IN THE FINAL ORDER OF CONDEMNATION, A CERTIFIED COPY OF WHICH WAS RECORDED JUNE 10, 1969 AS INSTRUMENT NO. 2600 ALL CRUDE OIL, PETROLEUM, GAS, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS OF WHATEVER NATURE IN, UNDER AND RECOVERABLE FROM THE SAID REAL PROPERTIES WITHOUT THE RIGHT TO ENTER, DRILL OR PENETRATE IN OR UPON THE SURFACE OF SAID REAL PROPERTIES, OR WITHIN 500 FEET THEREOF, FOR THE PURPOSES OF RECOVERING CRUDE OIL, PETROLEUM, GAS, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS OF WHATEVER NATURE, AS EXCEPTED IN THE FINAL ORDER OF CONDEMNATION, A CERTIFIED COPY OF WHICH WAS RECORDED JUNE 10, 1969 IN BOOK D4397 PAGE 132, OFFICIAL RECORDS, AS INSTRUMENT NO. 2600.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND INCLUDED WITHIN THE LAND DESCRIBED IN THE FINAL ORDER OF CONDEMNATION, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 23, 1970 AS INSTRUMENT NO. 2758 ALL CRUDE OIL, PETROLEUM, GAS, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS OF WHATEVER NATURE IN, UNDER AND RECOVERABLE FROM THE SAID REAL PROPERTIES WITHOUT THE RIGHT TO ENTER, DRILL OR PENETRATE IN OR UPON THE SURFACE OF SAID REAL PROPERTIES, OR WITHIN 500 FEET THEREOF, FOR THE PURPOSES OF RECOVERING CRUDE OIL, PETROLEUM, GAS, ASPHALTUM AND KINDRED SUBSTANCES AND OTHER MINERALS OF WHATEVER NATURE, AS EXCEPTED IN THE FINAL ORDER OF CONDEMNATION, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 23, 1970 IN BOOK D4615 PAGE 229, OFFICIAL RECORDS.

PARCEL B:

PARCELS 1 AND 2 OF OFFICIAL MAP NO. 2, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, RECORDED ON JUNE 14, 1989 AS INSTRUMENT NO. 89-958587, IN BOOK 5 PAGES 38 TO 40 OF OFFICIAL MAPS.

EXCEPT FROM SAID PARCEL 1 THAT PORTION THEREOF DESCRIBED AS "PARCEL S-1 AND S-3" IN GRANT DEED TO THE STATE OF CALIFORNIA RECORDED MARCH 1, 1994 AS INSTRUMENT NO. 94-415105, OF OFFICIAL RECORDS.

**LEGAL DESCRIPTION**  
(continued)

PARCEL C:

PARCEL 1:

A PARCEL OF LAND, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING THAT PORTION OF THE AIRSPACE OVER PICO BOULEVARD, 102 FEET WIDE, AS SHOWN ON THE MAP OF TRACT 28165, AS PER MAP RECORDED IN BOOK 814 PAGES 66 PAGES 66 TO 69 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED NORTHWESTERLY BY A LINE PARALLEL WITH AND DISTANT 280 FEET NORTHWESTERLY MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE AND ITS PROLONGATION OF LOT 5, DENNIS AND STEWART'S ADDITION, AS PER MAP RECORDED IN BOOK 6 PAGE 440 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND BOUNDED SOUTHEASTERLY BY A LINE PARALLEL WITH AND DISTANT 10 FEET NORTHWESTERLY MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE AND ITS PROLONGATION OF SAID LOT 5, SAID AIRSPACE LYING ABOVE A HORIZONTAL DATUM PLANE AT AN ELEVATION WHICH IS 15 FEET 0 INCH ABOVE THE MAXIMUM TOP OF CURB ELEVATION BELOW SAID AIRSPACE ON THE NORTHERLY SIDE OF SAID PICO BOULEVARD AS SAID CURB IS SHOWN ON PLAN NO. P-25905 ON FILE IN THE OFFICE OF THE CITY ENGINEER OF THE CITY OF LOS ANGELES.

PARCEL 2:

A PARCEL OF LAND, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING THAT PORTION OF THE AIRSPACE OVER PICO BOULEVARD, 102 FEET WIDE, AS SHOWN ON SAID MAP OF TRACT 28165, BOUNDED NORTHWESTERLY BY A LINE PARALLEL WITH AND DISTANT 7 FEET THE NORTHWESTERLY MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE AND ITS PROLONGATION OF LOT 4, BLOCK 1, WRIGHT'S SUBDIVISION OF THE SISTER OF CHARITY TRACT, AS PER MAP RECORDED IN BOOK 5 PAGE 431 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND BOUNDED SOUTHEASTERLY BY A LINE PARALLEL WITH AND DISTANT 28 FEET SOUTHEASTERLY MEASURED AT RIGHT ANGLES FROM SAID NORTHWESTERLY LINE AND ITS PROLONGATION OF LOT 4, SAID AIRSPACE LYING ABOVE A HORIZONTAL DATUM PLANE AT AN ELEVATION WHICH IS 15 FEET 0 INCH ABOVE THE MAXIMUM TOP OF CURB ELEVATION BELOW SAID AIRSPACE ON THE NORTHERLY SIDE OF SAID PICO BOULEVARD AS SAID CURB IS SHOWN ON PLAN NO. P-25905 ON FILE IN THE OFFICE OF THE CITY ENGINEER OF THE CITY OF LOS ANGELES.

**LEGAL DESCRIPTION**  
(continued)

PARCEL D: (STAPLES CENTER)

THOSE PORTIONS OF LOTS 1, 2 AND 3 AND TRENTON STREET NORTH, 82 FEET AND 97 FEET WIDE, NOW VACATED BY (COUNCIL FILE NO. 82-1136 OF THE CITY OF LOS ANGELES) RESOLUTION NO. 90-01558 OF THE CITY OF LOS ANGELES, ON FILE IN THE OFFICE OF THE CITY CLERK OF SAID CITY, AND RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 90-1426183, OFFICIAL RECORDS, AS SHOWN ON TRACT NO. 26165, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 814 PAGES 66 TO 69 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF LOT 1, DISTANT THEREON SOUTH 61 DEGREES 51 MINUTES 21 SECONDS EAST 652.41 FEET FROM THE NORTHWESTERLY TERMINUS OF SAID LINE SHOWN AS SOUTH 61 DEGREES 51 MINUTES 43 SECONDS EAST 66.02 FEET ON SAID TRACT NO. 28165 THEREOF; THENCE SOUTH 28 DEGREES 08 MINUTES 39 SECONDS WEST 44.47 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 105.00 FEET; THENCE SOUTHWESTERLY, WESTERLY AND NORTHWESTERLY 138.02 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 75 DEGREES 18 MINUTES 41 SECONDS; THENCE NORTH 76 DEGREES 32 MINUTES 40 SECONDS WEST 33.23 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 43.00 FEET; THENCE WESTERLY 29.66 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 29 DEGREES 31 MINUTES 13 SECONDS; THENCE ON A NON-TANGENT LINE SOUTH 61 DEGREES 32 MINUTES 47 SECONDS EAST 162.17 FEET; THENCE SOUTH 28 DEGREES 27 MINUTES 13 SECONDS WEST 31.50 FEET; THENCE SOUTH 61 DEGREES 32 MINUTES 47 SECONDS EAST 34.73 FEET; THENCE SOUTH 28 DEGREES 27 MINUTES 13 SECONDS WEST 31.50 FEET; THENCE SOUTH 61 DEGREES 32 MINUTES 47 SECONDS EAST 32.62 FEET; THENCE 28 DEGREES 25 MINUTES 47 SECONDS WEST 269.35 FEET; THENCE SOUTH 61 DEGREES 48 MINUTES 26 SECONDS EAST 63.37 FEET; THENCE NORTH 73 DEGREES 31 MINUTES 42 SECONDS EAST 60.45 FEET, TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 161.60 FEET AND TO WHICH BEGINNING A RADIAL LINE BEARS NORTH 72 DEGREES 37 MINUTES 32 SECONDS EAST; THENCE SOUTHWESTERLY 100.58 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 35 DEGREES 39 MINUTES 46 SECONDS;



**LEGAL DESCRIPTION**

(continued)

THENCE ON A NON-TANGENT LINE; SOUTH 61 DEGREES 37 MINUTES 19 SECONDS EAST 377.64 FEET TO THE NORTHWESTERLY RIGHT OF WAY LINE OF FIGUEROA STREET, 112 FEET WIDE, AS SHOWN ON SAID MAP, THENCE NORTH 37 DEGREES 41 MINUTES 47 SECONDS EAST 61.43 FEET ALONG SAID NORTHWESTERLY RIGHT-OF-WAY LINE OF FIGUEROA STREET, 112 FEET WIDE, TO THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE IN THE MOST SOUTHEASTERLY LINE OF SAID LOT 1 SHOWN AS SOUTH 37 DEGREES 41 MINUTES 37 SECONDS WEST 187.38 FEET; THENCE ON A DIRECT LINE NORTH 42 DEGREES 20 MINUTES 09 SECONDS EAST 123.63 FEET TO THE EASTERLY TERMINUS OF THAT CERTAIN COURSE IN THE MOST SOUTHEASTERLY LINE OF SAID LOT 3; SHOWN AS SOUTH 78 DEGREES 04 MINUTES 11 SECONDS WEST 22.85 FEET; THENCE NORTH 37 DEGREES 41 MINUTES 47 SECONDS EAST 545.94 FEET ALONG THE NORTHWESTERLY RIGHT-OF-WAY LINE OF FIGUEROA STREET, 102 FEET WIDE, AS SHOWN ON SAID MAP TO THE MOST EASTERLY CORNER OF LOT 2; THENCE NORTH 15 DEGREES 32 MINUTES 53 SECONDS WEST 17.90 FEET ALONG THE EASTERLY LINE OF SAID LOT 2 TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF SAID ELEVENTH STREET, 102 FEET WIDE, AS SHOWN ON SAID MAP, SAID RIGHT-OF-WAY LINE BEING A NON-TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 549.00 FEET TO WHICH BEGINNING A RADIAL LINE BEARS NORTH 20 DEGREES 09 MINUTES 57 SECONDS EAST; THENCE WESTERLY 159.32 FEET ALONG SAID CURVED RIGHT-OF-WAY THROUGH A CENTRAL ANGLE OF 16 DEGREES 37 MINUTES 40 SECONDS; THENCE NORTH 86 DEGREES 27 MINUTES 43 SECONDS WEST 235.98 FEET ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF ELEVENTH STREET, TO THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE IN THE NORTHERLY LINE OF SAID LOT 2; SHOWN AS NORTH 50 DEGREES 01 MINUTES 32 SECONDS EAST 21.76 FEET ON SAID MAP; THENCE NORTH 86 DEGREES 16 MINUTES 08 SECONDS WEST 122.45 FEET ALONG A DIRECT LINE TO THE EASTERLY TERMINUS OF THAT CERTAIN CURVE IN THE SOUTHERLY LINE OF SAID ELEVENTH STREET, 102 FEET WIDE, AS SHOWN ON SAID MAP, HAVING A RADIUS OF 651 FEET, SAID POINT ALSO BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 651.00 FEET, AND TO WHICH BEGINNING A RADIAL LINE BEARS SOUTH 5 DEGREES 31 MINUTES 27 SECONDS WEST; THENCE WESTERLY AND NORTHWESTERLY 256.96 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 22 DEGREES 37 MINUTES 03 SECONDS; THENCE NORTH 61 DEGREES 51 MINUTES 21 SECONDS WEST 13.62 FEET ALONG THE SOUTHEASTERLY RIGHT-OF-WAY OF ELEVENTH STREET, 102 FEET WIDE TO THE POINT OF BEGINNING.

## LEGAL DESCRIPTION

(continued)

EXCEPT THEREFROM, ALL OIL, CRUDE OIL, GAS, PETROLEUM, ASPHALTUM, HYDROCARBONS, CARBONS, MINERALS, AND MINERAL SUBSTANCES, GOLD, SILVER AND OTHER PRECIOUS METALS, AND OTHER KINDRED SUBSTANCES AND MINERALS OF WHATEVER NATURE, IN, UNDER AND RECOVERABLE FROM THE HEREINBEFORE DESCRIBED LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND PRODUCE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES BY DIRECTIONAL DRILLING CONDUCTED FROM SURFACE LOCATIONS ON LAND OTHER THAN THE LANDS HEREINABOVE MENTIONED, SUCH EXCEPTION AND RESERVATION SHALL NOT OPERATE TO CREATE ANY RIGHT TO CONDUCT DRILLING OPERATIONS FROM ANY PORTION OF THE SURFACE OF SAID ABOVE DESCRIBED LAND, ALL DIRECTIONAL DRILLING SHALL BE CONDUCTED IN SUCH A MANNER THAT THE WELL, HOLE SHAFT OR OTHER HYDROCARBON SUBSTANCES DOES NOT PENETRATE ANY PART OR PORTION OF SAID REAL PROPERTY WITHIN 500 FEET OF THE SURFACE THEREOF, AS EXCEPTED AND RESERVED IN VARIOUS INSTRUMENTS OF RECORD, THREE OF WHICH RECORDED JANUARY 10, 1958 AS INSTRUMENT NO. 2914, IN BOOK 56379, PAGE 119, OCTOBER 23, 1968 AS INSTRUMENT NO. 2933, IN BOOK D4172 PAGE 989 AND JANUARY 23, 1970 AS INSTRUMENT NO. 2758 IN BOOK D4615 PAGE 229, ALL OF OFFICIAL RECORDS.

### PARCEL E: (PICO BOULEVARD)

A PARCEL OF LAND, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING THAT PORTION OF PICO BOULEVARD, 102 FEET WIDE, AS SHOWN ON THE MAP OF TRACT 28165, AS PER MAP RECORDED IN BOOK 814 PAGES 66 PAGES 66 TO 69 INCLUSIVE OF MAPS BOUNDED AS FOLLOWS:

ON THE WEST BY THE SOUTHERLY PROLONGATION OF THE NORTHWESTERLY LINE OF LOT 1 OF THE AFOREMENTIONED TRACT 28165 HAVING A BEARING OF NORTH 28° 21' 02" EAST AND A DISTANCE OF 927.29 FEET;

ON THE EAST BY THE NORTHERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF PARCEL 1 OF OFFICIAL MAP NO. 2, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, RECORDED ON JUNE 14, 1989 AS INSTRUMENT NO. 89-958587, IN BOOK 5 PAGES 38 TO 40 OF OFFICIAL MAPS, HAVING A BEARING OF NORTH 27° 57' 40" EAST AND A DISTANCE OF 1,245.85 FEET.

### PARCEL F: (SENTOUS STREET)

A PARCEL OF LAND, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING THAT PORTION OF SENTOUS STREET, 102 FEET WIDE, AS SHOWN ON THE MAP OF TRACT 28165, AS PER MAP RECORDED IN BOOK 814 PAGES 66 PAGES 66 TO 69 INCLUSIVE OF MAPS BOUNDED AS FOLLOWS:

ON THE NORTH BY THE SOUTHEASTERLY PROLONGATION OF A LINE IN THE NORTHERLY LINE OF LOT 5 OF SAID TRACT 28165, HAVING A BEARING OF SOUTH 7° 24' 08" WEST AND A DISTANCE OF 29.20 FEET, AND ON THE SOUTH BY THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF LOT 1 OF SAID TRACT 28165 HAVING A BEARING OF 61° 33' 15" WEST, AND A DISTANCE OF 920.18 FEET.