

ATTACHMENT F

Summary Appraisal of Underlying Commercial Land and
Air Rights Ground Rent Valuation for Bond Street Garage

SUMMARY APPRAISAL OF

**UNDERLYING COMMERCIAL LAND AND AIR RIGHTS
GROUND RENT VALUATION**

LOCATED AT

**1206 WEST PICO BOULEVARD AND 1332 BOND STREET
LOS ANGELES, CALIFORNIA 90015**

FOR

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

AS OF

NOVEMBER 3, 2011

BY

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

RIGGS & RIGGS, INC.

Real Estate Appraisers and Consultants

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August 29, 2012

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

Our File No. 11-085

Re: Ground Rent Valuation of Underlying Commercial Land and Air Rights
1206 West Pico Boulevard and 1332 Bond Street, Los Angeles
City of Los Angeles Ownership

Dear Mr. Brodsky:

In accordance with our contract, we have made an investigation and analysis of the above-referenced property for the purpose of calculating the annual ground rent as of September 1 of 2012, 2013 and 2014. The subject property is one of several properties that are addressed in a draft document titled "Memorandum of Understanding between City of Los Angeles and Anschutz Entertainment Group, Inc.," ("MOU"). According to the draft MOU, AEG would ground lease the subject property from the City of Los Angeles for the exclusive purpose of constructing a parking structure that will accommodate approximately 1,000 vehicles. Although the MOU calls for AEG to pay an annual ground rent based on "Fair Market Value," the client has requested that Riggs & Riggs, Inc., calculate the annual ground rent payable by AEG for the subject property as of September 1 of 2012, 2013 and 2014 based upon the Value In Use of the fee simple and air rights interests in the underlying land as of November 3, 2011, under the hypothetical condition that the property is limited to a parking use as outlined in the terms of the MOU, and assuming that AEG will have exclusive use of the property and the parking structure to be constructed thereon per subsequent negotiations between the City of Los Angeles and AEG. A *Hypothetical Condition* is defined in the 2012-2013 USPAP as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. We recognize that the subject property is not limited to a parking use as of the date of value, as the MOU is not a legally binding document. The hypothetical condition eliminates consideration of the site's highest and best use to arrive at an opinion of the Value In Use. As such, the Value In Use and ground rent conclusions do not represent Market Value or Fair Market Value as outlined in the MOU. Please refer to Extraordinary Assumption Nos. 24 and 25.

Although the subject property is currently improved with a surface parking lot and a portion of Bond Street, the property has been valued as-vacant. No deduction has been made for demolition of the existing improvements, as demand is considered sufficient to offset these costs in redeveloping the site. **Please refer to Extraordinary Assumption No. 19.** The intended use of the report is for negotiations between the proposed developer, Anschutz Entertainment Group, Inc., (AEG) and the property owner, the City of Los Angeles, to establish ground rent, City planning decisions, and municipal bond financing. A legal description is provided in this Summary Appraisal Report.

This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP), which is part of the Appraisal Institute Code of Ethics and Professional Appraisal Standards for a Summary Report.

Mr. David Brodsky
August 29, 2012
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As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in our files. The depth of discussion contained in this Summary Appraisal Report is specific to the needs of only the client.

This Summary Appraisal Report has been prepared for the sole and exclusive use of representatives with KNN Public Finance, the City of Los Angeles, and Public Resources Advisory Group, the intended users, and is not intended for any other user. The Client is KNN Public Finance. We request that our written authorization be obtained before releasing this report to any other party. Any third party who relies on this appraisal does so at their own risk. **The user of this Summary Appraisal Report is directed to review the Limiting and Extraordinary Assumptions and Conditions, particularly Nos. 19, 21, 22, 23, 24, 25 and 26. The value opinions are strictly contingent upon the Limiting and Extraordinary Assumptions and Conditions, and do not represent Market Value or Fair Market Value.**

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

The Value In Use of the Fee Simple and Air Rights Interests in the subject property, underlying land only, as of November 3, 2011 is:

SIX MILLION FOUR HUNDRED TEN THOUSAND DOLLARS
..... \$6,410,000.


The annual conclusions of Ground Rent payable by AEG for the use of the subject property based upon the Value In Use of the subject property, underlying land and air rights only, are:

AS OF SEPTEMBER 1, 2012 \$456,136
AS OF SEPTEMBER 1, 2013 \$465,259
AS OF SEPTEMBER 1, 2014 \$474,564

This letter of transmittal, including the Limiting and Extraordinary Assumptions and Conditions and Certifications on the accompanying pages, must remain attached to this Summary Appraisal Report, which contains 41 pages plus related exhibits, in order for the value opinions set forth to be considered valid. We hereby certify that we have no interest, present or prospective, in the property appraised and that our opinion is in no way contingent upon the basis of our employment.

Respectfully submitted,

RIGGS & RIGGS, INC.


Mark D. Brusca
SCREA AG036814
Expires March 29, 2013

RIGGS & RIGGS, INC.


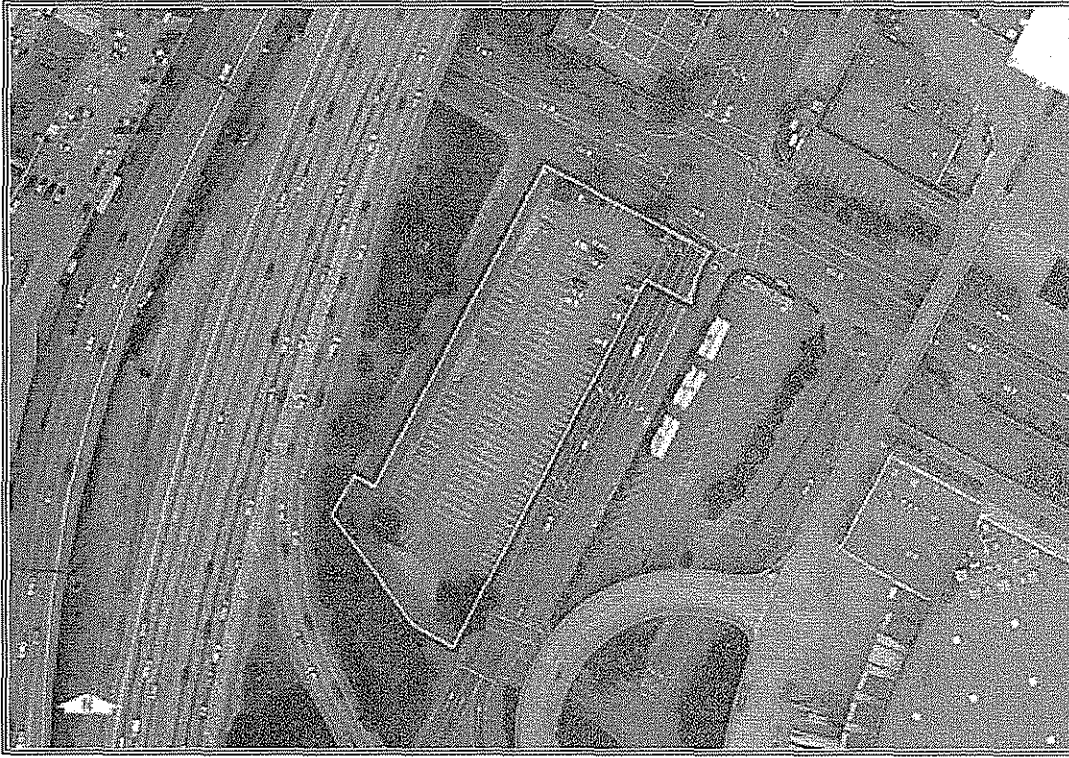

Joyce L. Riggs, MAI, SR/WA
SCREA AG005451
Expires April 7, 2013

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EXECUTIVE SUMMARY



The subject property is located at 1206 West Pico Boulevard and 1332 Bond Street in the City and County of Los Angeles and State of California. The U.S. Postal Zip Code is 90015.

The subject property is located at the signalized southwest corner of L.A. Live Way and Pico Boulevard and the non-signalized southeast corner of Pico Boulevard and Bond Street; it is also located opposite the signalized T-intersection of L.A. Live Way and Convention Center Drive, and includes the air rights above an adjacent portion of L.A. Live Way. It is currently accessed from Bond Street and L.A. Live Way, but also has legal access from Pico Boulevard, according to the Los Angeles Department of City Planning. The site is generally level, with a total area of 67,209± square feet, or 1.54± acres, excluding the air rights. It is adjacent and west of the Los Angeles Convention Center and visible from the Harbor (110) Freeway; visibility is considered good-to-excellent, and accessibility is considered good overall. The site is irregular in shape and relatively narrow, with a width that varies but is generally less than 150 feet; site utility is considered fair-to-average overall. Although the site is currently improved with a surface parking lot and a portion of Bond Street, only the underlying land and air rights have been appraised at the request of the client. **Please refer to Extraordinary Assumption No. 19.**

The subject property is currently owned by the City of Los Angeles and zoned PF-4D-O, Public Facilities, with a land use designation of Public Facilities. Although the Los Angeles Department of City Planning has indicated that the property would likely be re-zoned C2-4D-O, Commercial, with a corresponding land use designation of Regional Commercial, if sold to a private party, the client has requested that the property be evaluated based upon its Value In Use under the hypothetical condition that it is limited to a parking lot use according to the terms of the draft MOU. **Please refer to Extraordinary Assumption Nos. 22, 23, 24 and 25.** This will be transmitted in greater detail in the sections to follow.

SUMMARY OF SALIENT DATA

ANNUAL GROUND RENT CONCLUSIONS PAYABLE BY AEG:

AS OF SEPTEMBER 1, 2012.....	\$456,136
AS OF SEPTEMBER 1, 2013.....	\$465,259
AS OF SEPTEMBER 1, 2014.....	\$474,564

FEE SIMPLE VALUE IN USE OF THE SUBJECT PROPERTY \$6,410,000

SUBJECT DATA

FEE LAND AREA.....	67,209± SQUARE FEET, OR 1.54± ACRES
AIR RIGHTS AREA.....	4,680± SQUARE FEET
PRESENT USE OF THE LAND	SURFACE PARKING AND PUBLIC STREET
ZONING.....	CITY OF LOS ANGELES, PF-4D-O (PUBLIC FACILITIES)
GENERAL PLAN.....	CITY OF LOS ANGELES, PUBLIC FACILITIES
PROPERTY RIGHTS APPRAISED	FEE SIMPLE AND AIR RIGHTS INTERESTS
OWNER OF RECORD	CITY OF LOS ANGELES
DATE OF REPORT.....	AUGUST 29, 2012
DATES OF INSPECTION.....	SEPTEMBER 14 AND 21 AND NOVEMBER 3, 2011
DATE OF VALUE.....	NOVEMBER 3, 2011
PURPOSE OF THE APPRAISAL.....	VALUE IN USE

ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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

EXTRAORDINARY ASSUMPTIONS AND CONDITIONS

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

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

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

19. As instructed by the client, the subject property consists of the fee simple interest in Lot 1 of Vesting Tentative Tract Map No. 70661, along with the air rights to Vacation Area 3 as described in an undated document labeled Attachment No. 1 - Vacation Request Convention and Event Center and an accompanying two page drawing dated September 6, 2011, a copy of which can be found in the Addenda. Lot 1 combines Los Angeles County Assessor's Parcel Number (APN) 5134-007-921 (less a small area adjacent to L.A. Live Way and Pico Boulevard required for street dedication) with Vacation Area 10 as detailed in the vacation request documents referenced above. Although an exhibit labeled New Hall Project Programming Study dated August 23, 2011 and prepared by Bradley Atwell, Architectural Associate I/CAD Specialist for the Los Angeles Convention Center, indicates that the site area of the fee simple portion of the subject property is 67,221 square feet, or 1.54 acres, Vesting Tentative Tract Map No. 70661 indicates an area of 67,209± square feet, or 1.54± acres. At the recommendation of Mr. Atwell, we have relied upon the areas reported on the vesting tentative tract map. According to the vacation request documents, Vacation Area 10 contains a fee simple area of 17,860± square feet, which is included in the overall fee simple area of 67,209± square feet reported above; the air rights portion of the subject property consists of Vacation Area 3, with an area of 4,680± square feet, commencing 14 feet above street grade. Although requested, Riggs & Riggs, Inc., was not provided with complete dimensions for the subject property; dimensions and street frontages were therefore estimated utilizing the Los Angeles County Assessor's plat map, Vesting Tentative Tract Map No. 70661, and the vacation drawings provided by the client. Additionally, although the site is

currently improved with a surface parking lot and a portion of Bond Street, no consideration has been given to the improvements at the client's request, as it is our understanding that they will be demolished as part of the ground lease. No deduction has been made for demolition of the existing improvements, as demand is considered sufficient to offset these costs in redeveloping the site. **It is assumed that there will be no extraordinary costs, such as asbestos removal or hazmat remediation, associated with the demolition. Such extraordinary costs, if required, could impact the value of the property. Riggs & Riggs, Inc., has relied upon Vesting Tentative Tract Map No. 70661 and Attachment No. 1 - Vacation Request Convention and Event Center and reserves the right to alter the opinion of value if this information is revised and/or additional information is provided subsequent to the date of this report.**

20. Riggs & Riggs, Inc., was provided with a Preliminary Title Report labeled AEG Los Angeles Stadium and Event Center that references 9 parcels labeled Parcel A through Parcel I, although it does not identify these parcels by their APNs. This report appears to cover a large area that includes the fee simple portion of the subject property, although the only specific mention of the subject is in a list of 7 tax-exempt APNs included as one of 10 exceptions labeled A through J in Schedule B. Schedule B also includes 98 numbered exceptions, some of which reference specific parcels by parcel label (A through I) but not by APN. Riggs & Riggs, Inc., was not able to identify which of these exceptions impact the subject property, if any. A Preliminary Title Report for a portion of L.A. Live Way (formerly Cherry Street) that appears to include Vacation Area 3 was also provided, although the vacation area is not specifically identified. Although most of the underlying documents were also provided, several were not; items for which underlying documents were not provided could not be analyzed. 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 site are typical for an urban property and do not impact the value of the site. **Riggs & Riggs, Inc., makes no legal opinion nor expresses any warranty about the property and encumbrances affecting the subject. Further, this Summary Appraisal Report has been prepared assuming the property is free and clear of any liens or debt recorded against it. The user of this report should review a Preliminary Title Report for the subject property and all underlying documents and consider the impact of any items that may have an effect on value. Copies of the provided Preliminary Title Reports are included in the Addenda section for further review. Riggs & Riggs, Inc., reserves the right to alter the opinion of value if additional information is provided subsequent to the date of this report.**
21. Riggs & Riggs, Inc., was provided with the following Environmental Site Assessment Reports pertaining to the subject property: a Phase II Investigation Report dated February 11, 2008 and an Additional Phase II Investigation Report dated March 31, 2008. Both reports were prepared by SCS Engineers. The initial investigation detected PCE in all analyzed soil samples and recommended additional testing to determine the horizontal and vertical extent of the contamination. The second investigation concluded that PCE contamination extended to a depth of 85 feet and was present in the ground water. It recommended further investigation of the soil and groundwater with regulatory agency oversight. **Although requested, Riggs & Riggs, Inc., was not provided with any additional studies regarding the environmental status of the site and/or the need for remediation, if applicable, and it is our understanding that none have been conducted. It is therefore assumed that there are no conditions that would adversely impact the subject property. The client is urged to retain an expert in this field and consider the impact on value, if any. The presence of substances such as contaminated soil, tainted ground water, or other potentially hazardous materials may affect the value of the site. The opinion of value is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. Riggs & Riggs, Inc., reserves the right to alter the opinion of value if provided with additional information subsequent to the date of this report.**

22. The subject property is currently owned by the City of Los Angeles and is therefore zoned PF-4D-O, Public Facilities, with a corresponding General Plan land use designation of Public Facilities. According to the General Plan, the property could be rezoned to the zone(s) most consistent within 500 feet if sold to a private party. It is our understanding that a parking structure with a private use component would not be allowed under this zoning. When asked what the zone would likely be in such a circumstance, Senior City Planner Jon Foreman with the Los Angeles Department of City Planning indicated that the subject would most likely be rezoned C2-4D-O, Commercial, and the land use designation would likely be amended to Regional Commercial for consistency. It is assumed that any costs associated with the zone change and General Plan amendment would be absorbed by the City. For purposes of analysis, we have relied upon the information provided by the City and have appraised the subject property assuming that the zone change and General Plan Amendment would be approved if sold to a private party. **Riggs & Riggs, Inc. reserves the right to alter the opinion of value if said information was misrepresented or should change.**
23. The subject property comprises a portion of Bond Street which is to be vacated, along with the majority of APN 5134-007-921. According to the City of Los Angeles Department of City Planning's Zoning Information and Map Access System (ZIMAS), this legal parcel is impacted by multiple case numbers and is located within the following designated areas: Los Angeles State Enterprise Zone, Greater Downtown Housing Incentive Area, Downtown Design Guide Project Area, Downtown Adaptive Reuse Incentive Area, Central City Parking Area, Los Angeles Renewal Community, and Central City Revitalization Zone. Additionally, a number of the comparable sales utilized in this report are also located in the City of Los Angeles and are impacted by multiple case numbers and/or located within multiple designated areas. Riggs & Riggs, Inc., was referred to Senior City Planner Jon Foreman for information regarding ZIMAS case numbers and designated areas. Mr. Foreman and staff researched the case numbers and designated areas impacting the subject property and comparable sales and provided a summary of those that they considered most pertinent. The items that were considered to have an impact on the subject property are discussed in the Zoning section of this report and were considered in our analysis. The items that were considered to have an impact on the comparable sales are discussed on the data sheet for each respective sale and were also considered in our analysis. It is assumed that any case number or designated area not specifically addressed by Mr. Foreman does not impact the subject and/or comparable sales. **Riggs & Riggs, Inc., reserves the right to alter the opinion of value if provided with additional information subsequent to the date of this report.**
24. The terms of the draft MOU call for AEG to ground lease the subject property from the City of Los Angeles for the exclusive purpose of constructing a parking structure that will accommodate approximately 1,000 vehicles. **Although the MOU calls for the subject to be ground leased to AEG with annual rental payments based on "Fair Market Value," the client has requested that Riggs & Riggs, Inc., calculate the annual ground rent as of September 1 of 2012, 2013 and 2014 based upon the hypothetical condition that the property is limited to a parking use. A *Hypothetical Condition* is defined in the 2012-2013 USPAP as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. We recognize that the subject property is not limited to a parking use as of the date of value, as the MOU is not a legally binding document. The hypothetical condition eliminates consideration of the site's highest and best use to arrive at an opinion of the Value In Use. As such, the Value In Use and ground rent conclusions do not represent Market Value or Fair Market Value as outlined in the MOU. Because the annual ground rent calculations are for future dates, Riggs & Riggs, Inc., has based the calculations upon the Value In Use of the fee simple and air rights interests in the subject property, underlying land only, as of November 3, 2011, assuming an annual growth rate of 2.0 percent between November 3, 2011 and September 1, 2014 for valuation purposes, and applying a market-derived rate of return on the land. The ground rent calculations will be utilized in negotiations with the proposed developer, AEG, to establish a ground lease for the subject**

property. Riggs & Riggs, Inc., reserves the right to alter the opinion(s) of value if presented with additional or differing information subsequent to the date of this report.

25. Although the terms of the MOU require AEG to construct a parking structure on the subject property and provide the City of Los Angeles with “rent-free” use of that structure for Los Angeles Convention Center events, while allowing for a reduction in AEG’s annual ground rental payments commensurate with the City’s use of the property, the client has requested that the property be appraised assuming that AEG will have exclusive use of the parking structure per subsequent negotiations between the City and AEG. It is therefore assumed for purposes of analysis that AEG will have exclusive use of the parking structure to be constructed on the subject property, and that there will be no shared use and no commensurate reduction in ground rent as outlined in the MOU. **Riggs & Riggs, Inc., reserves the right to alter the opinion(s) of value if presented with additional or differing information subsequent to the date of this report.**
26. The subject property includes the air rights to Vacation Area 3, totaling 4,680± square feet. Although the market was surveyed for comparable air rights sales, none were discovered in the area. Therefore, an allocation of the air rights from the underlying fee simple land was considered. The proposed use of the subject site was analyzed and generally confirmed with the client, and an allocation factor was developed incorporating the air rights component as a percentage of the proposed use of the site. **Riggs & Riggs, Inc., reserves the right to alter the opinion of value if comparable air rights sales become available or if provided with additional information regarding the proposed use of the subject site subsequent to the date of this report.**
27. This Summary Appraisal Report has been prepared for the sole and exclusive use of representatives with KNN Public Finance, the City of Los Angeles, and Public Resources Advisory Group, and is not intended for any other user. We request that you seek our written authorization before releasing the report to any other party. Any third party who relies on this report does so at their own risk.
28. The liability of Riggs & Riggs, Inc., is limited to the fee paid for the appraisal services. Riggs & Riggs, Inc., is not responsible for erroneous information provided by others.
29. Riggs & Riggs, Inc., is not a necessary party in any inquiry or judicial proceeding and will not be called to testify in any litigation or other proceeding arising out of their duties in this matter. If Riggs & Riggs, Inc., is compelled to incur court costs, attorney fees or other out-of-pocket expenses in connection with court proceedings, such costs or expenses together with the appraiser's usual hourly per diem of \$250.00 per hour for professional services for study preparation, testimony or travel will be paid by the party (or parties) who acts to bring any suit requiring a judicial proceeding.

CERTIFICATION OF THE APPRAISER

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

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

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

I completed one Market Value appraisal and one Value In Use appraisal of the property that is the subject of this report once within the three-year period immediately preceding acceptance of this assignment; I have performed no other services, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.

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

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

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the opinion of value, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.


Mark D. Brusca made an inspection of the property that is the subject of this report on September 14 and November 3, 2011. The date of value is November 3, 2011.

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

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

Respectfully submitted,

RIGGS & RIGGS, INC.


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

CERTIFICATION OF THE APPRAISER

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

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

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

I completed one Market Value appraisal and one Value In Use appraisal of the property that is the subject of this report once within the three-year period immediately preceding acceptance of this assignment; I have performed no other services, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.

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The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.


Joyce L. Riggs, MAI, SR/WA made an inspection of the property that is the subject of this report on September 21, 2011. The date of value is November 3, 2011.

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

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

Respectfully submitted,

RIGGS & RIGGS, INC.


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

APPRAISAL REPORT

IDENTIFICATION OF THE PROPERTY

The subject property is located at 1206 West Pico Boulevard and 1332 Bond Street in the City and County of Los Angeles and State of California. The United States Postal Zip Code is 90015. The Los Angeles County Thomas Guide reference is page 634, grid C/5. The U.S. Census Tract Number is 2077.10.

LEGAL DESCRIPTION

Riggs & Riggs, Inc., was provided with a Preliminary Title Report prepared by Chicago Title Company, Order No. 116743050F-X49 dated August 1, 2011. This report is labeled AEG Los Angeles Stadium and Event Center and references 9 parcels labeled Parcel A through Parcel I. It appears to include the fee simple portion of the subject property, along with a number of other properties, although there is no differentiation between the subject and the other properties. A Preliminary Title Report for a portion of L.A. Live Way that appears to include Vacation Area 3 was also provided, although the vacation area is not specifically identified. That report was also prepared by Chicago Title Company, Order No. 116743050J-X49 August 1, 2011.

Although requested, Riggs & Riggs, Inc., was not provided with a Preliminary Title Report specific to the subject property. The subject consists of the fee simple interest in Lot 1 of Vesting Tentative Tract Map No. 70661 (which includes the majority of APN 5134-007-921 and the fee simple interest in Vacation Area 10), along with the air rights to Vacation Area 3 as detailed in Attachment No. 1 - Vacation Request Convention and Event Center and an accompanying two page drawing dated September 6, 2011, copies of which are included in the Addenda. The legal descriptions for APN 5134-007-921 and a portion of L.A. Live Way are included in the Preliminary Title Reports that were provided to Riggs & Riggs, Inc., copies of which can be found in the Addenda to this report. **Please refer to Extraordinary Assumption Nos. 19 and 20.**

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to calculate the annual ground rent payable by AEG for the subject property as of September 1 of 2012, 2013 and 2014 based upon the Value In Use of the fee simple and air rights interests in the underlying land as of November 3, 2011, under the hypothetical condition that the property is limited to a parking use as outlined in the terms of the MOU, and assuming that AEG will have exclusive use of the property and the parking structure to be constructed thereon per subsequent negotiations between the City of Los Angeles and AEG. **Please refer to Extraordinary Assumption Nos. 19, 24 and 25.**

INTENDED USE/USER OF THE APPRAISAL

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

PROPERTY RIGHTS APPRAISED

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

DATE OF REPORT

The date of report is August 29, 2012.

DATE OF VALUATION

The date of value is November 3, 2011.

DATES OF INSPECTION

The dates of inspection were September 14 and 21 and November 3, 2011.

OWNER OF RECORD

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

THE CITY OF LOS ANGELES

DEFINITIONS

Value In Use:

“The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Value In Use may or may not be equal to Market Value but is different conceptually.”¹

Ground Rent

“The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land.”²

Fee Simple Estate

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”³

Air Rights

“The right to undisturbed use and control of designated air space above a specific land area within stated elevations. Such rights may be acquired to construct a building above the land or building of another or to protect the light and air of an existing or proposed structure on an adjoining lot.”⁴

¹ *Dictionary of Real Estate Appraisal* (Fifth Edition 2010), Appraisal Institute, Page 206.

² *Id.*, at page 92.

³ *Id.*, at page 78.

⁴ *Id.*, at page 6.

SCOPE OF THE ASSIGNMENT

The subject property includes the fee simple interest in APN 5134-007-921 (less a small area adjacent to L.A. Live Way and Pico Boulevard required for street dedication) and a portion of Bond Street, which is to be fully vacated, along with the air rights above an adjacent portion of L.A. Live Way. The scope of this appraisal involved a thorough analysis of the subject property with respect to physical, legal, and economic factors in order to develop a reasonable opinion of the Value In Use and ground rent payable by AEG under the terms of the draft MOU and subsequent negotiations between the City of Los Angeles and AEG. Various local agents and services, such as CoStar Group, Inc., MLS, CARETS Commercial, and NDCData.com, provided information concerning comparable sales. Buyers, sellers, or their representatives were contacted to verify information when possible. This investigation also included discussions with city and county officials, as well as researching recent market trends.

A search of similar properties was undertaken with respect to the comparable land sales in developing an opinion of the Value In Use of the fee simple portion of the subject site as of November 3, 2011. The market was then surveyed for comparable air rights sales; however, none were discovered in the area. Therefore, an allocation of the air rights from the underlying fee simple land was considered in order to conclude a final value opinion for the air rights areas. Since public streets do not transfer in the open market, the Across the Fence Technique was utilized.

The Value In Use of the fee simple and air rights portions were added to arrive at an overall opinion of the Value In Use for the subject site. The concluded Value In Use was multiplied by a future value factor in order to derive the Value In Use of the land as of September 1 of the years 2012, 2013 and 2014. An appropriate rate of return was then applied to derive the total ground rental rate for each year. **Please refer to Extraordinary Assumption Nos. 19, 20, 21, 22, 23, 24, 25 and 26.**

PROPERTY HISTORY

According to the Preliminary Title Reports prepared by Chicago Title Company, the subject is vested in The City of Los Angeles. Although public record does not indicate when the property owner acquired the property, the last recorded transfer of the subject property occurred on July 17, 1989 for no consideration, according to a Parcel Profile Report obtained from the Los Angeles Department of City Planning. No transfers are known to have occurred within the last three years, and the property is not currently listed for sale or available in the open market.

REGIONAL DATA

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

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

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

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

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

Location and Physical Factors

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

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

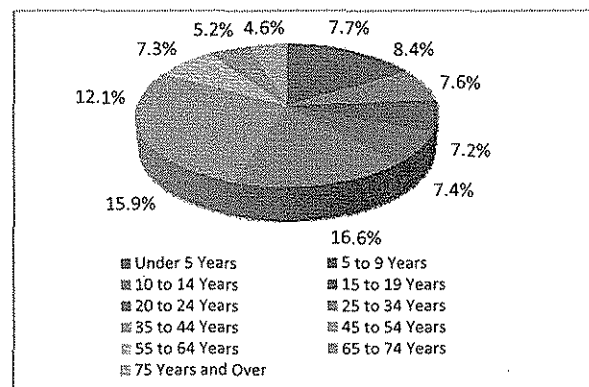
On the North	Kern County
On the South	Orange County
On the East.....	San Bernardino County
On the West	Ventura County

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

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

Sociological Factors

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



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

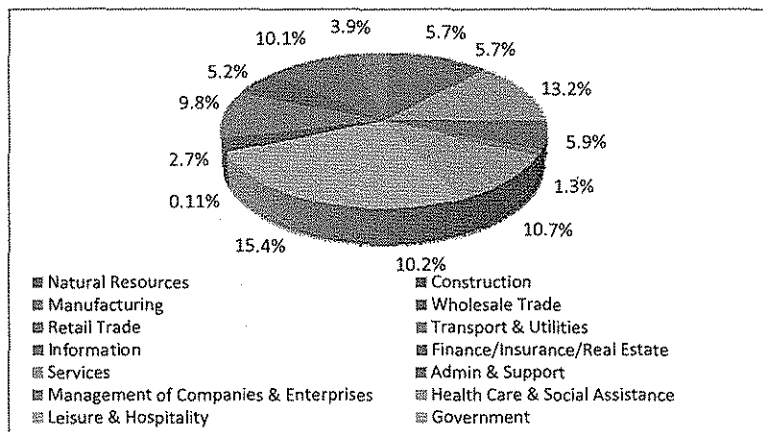
According to the U.S. Census 2000, Los Angeles County residents are predominantly between the ages of 25-34 years old (16.6%). Los Angeles County has over 3.2 million housing units and an average household of 2.87 persons.

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

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

Economic Factors

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

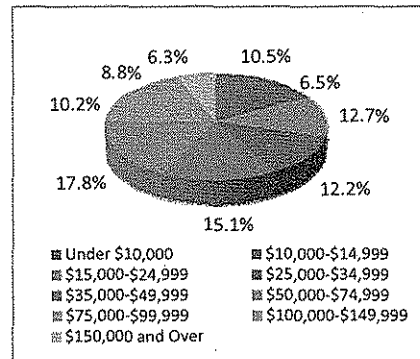


2010 NONFARM EMPLOYMENT IN LOS ANGELES COUNTY
(LOS ANGELES ECONOMIC DEVELOPMENT CORPORATION 2010 BENCHMARK)

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

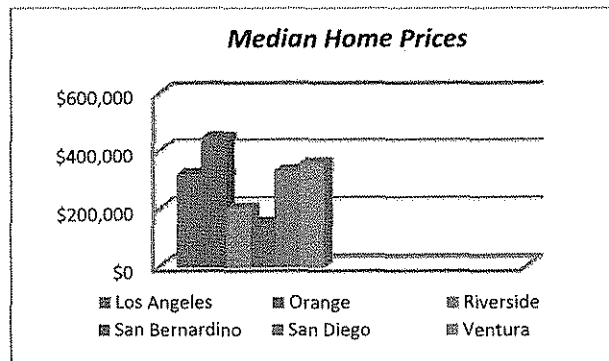
The excellent public and private services offered in Los Angeles County are major industries in their own right. A vast network of hospitals and health care facilities, educational institutions, entertainment productions, and sporting events are major building blocks that demonstrate the growth of Los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

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



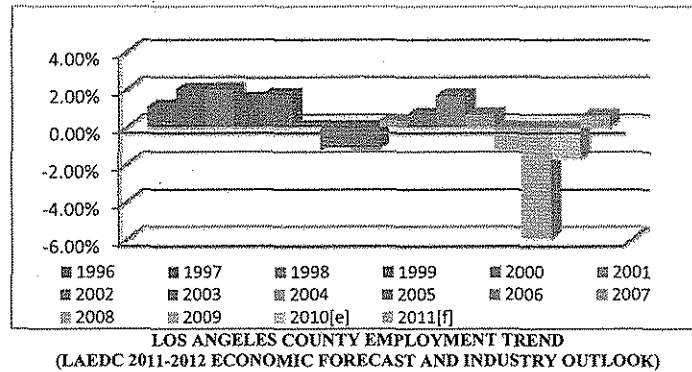
HOUSEHOLD INCOME
(U.S. CENSUS BUREAU 2000 STATISTICS)

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



SOUTHERN CALIFORNIA MEDIAL HOUSING SELLING PRICE
(DATAQUICK NEWS JULY 2011)

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



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

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

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

Transportation Factors

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

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

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

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

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

Governmental Factors

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

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

Future Outlook

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

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

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

CITY DATA

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

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

Land Uses

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

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

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

Population

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

Government and Community Services

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

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

Transportation and Access

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

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

Employment

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

Conclusion

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

NEIGHBORHOOD MAP



Data use subject to license.

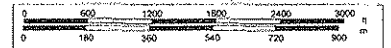
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TN

MN (12.6°E)

Scale 1 : 20,800



1" = 1,733.3 ft

Data Zoom 13-3

NEIGHBORHOOD DATA

The subject property comprises the fee simple interest in the underlying land of a surface parking lot and a portion of Bond Street adjacent and west of the Los Angeles Convention Center in Downtown Los Angeles, along with the air rights above an adjacent portion of L.A. Live Way. It is adjacent and east of the Harbor (110) Freeway, and the Civic Center is located approximately 1.7 miles to the northwest. The neighborhood is generally defined by the Hollywood/Ventura (101) Freeway to the north, the Pasadena/Harbor (110) Freeway to the west, San Pedro Street to the east, and the Santa Monica (10) Freeway to the south.

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

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

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

SITE DESCRIPTION

Location

The subject site is located at the 1206 West Pico Boulevard and 1332 Bond Street in the City and County of Los Angeles and State of California, 90015. The Los Angeles County Thomas Guide reference is page 634, grid C/5. The subject is also identified as the fee simple interest in APN 5134-007-921 (less a small area adjacent to L.A. Live Way and Pico Boulevard required for street dedication) and a portion of Bond Street, which is to be fully vacated, along with the air rights above an adjacent portion of L.A. Live Way.

Size and Shape

The fee simple portion of the subject property is irregular in shape and contains a total area of 67,209± square feet, or 1.54± acres. The approximate boundaries and dimensions are as follows:

North Boundary (Pico Boulevard).....	128.62± Linear Feet
South Boundary	Varies
East Boundary (L.A. Live Way).....	466.51± Linear Feet
West Boundary (Bond Street).....	390.38± Linear Feet

Additionally, the subject includes the air rights to a 4,680± square foot area commencing 14 feet above the street grade of L.A. Live Way; the northern boundary is at Pico Boulevard, and the area extends approximately 80 feet to the southwest.

Please refer to the Convention and Event Center Street Vacation Concept Plan on the accompanying page for reference. **Please refer to Extraordinary Assumption No. 19.**

Topography/Drainage

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

Nuisances and Hazards

Riggs & Riggs, Inc., was provided with the following Environmental Site Assessment Reports pertaining to the subject property: a Phase II Investigation Report dated February 11, 2008 and an Additional Phase II Investigation Report dated March 31, 2008. Both reports were prepared by SCS Engineers. The initial investigation detected PCE in all analyzed soil samples and recommended additional testing to determine the horizontal and vertical extent of the contamination. The second investigation concluded that PCE contamination extended to a depth of 85 feet and was present in the ground water. It recommended further investigation of the soil and groundwater with regulatory agency oversight. **Although requested, Riggs & Riggs, Inc., was not provided with any additional studies regarding the environmental status of the site and/or the need for remediation, if applicable. It is therefore assumed that there are no conditions that would adversely impact the subject property. The client is urged to retain an expert in this field and consider the impact on value, if any. Please refer to Extraordinary Assumption No. 21.**

Soils and Geology

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

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

Utilities

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

Accessibility and Visibility

The subject site is located at the signalized intersection of L.A. Live Way and Pico Boulevard and the non-signalized intersection of Pico Boulevard and Bond Street; it is also located opposite the signalized T-intersection of L.A. Live Way and Convention Center Drive, providing signalized access to the south driveway along L.A. Live Way (formerly Bond Street). Street frontage includes 466.51± feet along L.A. Live Way, 128.62± feet along Pico Boulevard, and 390.38± feet along Bond Street. The site has physical access from Bond Street and L.A. Live Way, and the Los Angeles Department of City Planning has indicated that it also has legal access from Pico Boulevard.

L.A. Live Way (formerly Cherry Street/Sentous Street) is a one-way, northeast-bound, asphalt-paved local street of varying width, with 2 left turn lanes, 2 through lanes and 1 right turn lane at Pico Boulevard. Pico Boulevard is a northwest-southeast, asphalt-paved modified secondary highway of varying width, with 2 northwest-bound lanes, 3 southeast-bound lanes, and a northwest-bound right turn lane and a southeast-bound left turn lane at Pico Boulevard. A portion of existing Bond Street will be vacated to form the subject property. The remainder of Bond Street will vary in width, and will legally terminate 390.38± feet southwest of Pico Boulevard. **Please refer to Extraordinary Assumption No. 19.**

The field inspection was conducted during normal business hours, and traffic was noted to be moderate to heavy along L.A. Live Way and Pico Boulevard; there was no traffic along Bond Street. Regional access to the subject property is provided by the Harbor (110) Freeway at L.A. Live Way adjacent to the subject (northbound) or Olympic Boulevard approximately 0.3 miles 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 0.7 miles southwest of the subject (westbound). Overall, visibility is considered good-to-excellent and accessibility is considered good. The subject site appears to conform to current zoning requirements.

Zoning

The subject property is currently owned by the City of Los Angeles and zoned PF-4D-O, Public Facilities. According to Senior City Planner Jon Foreman, the site would likely be re-zoned C2-4D-O, Commercial, if sold to a private party. Although there are a variety of commercial and residential uses permitted in the C2

zone, for purposes of analysis, the client has requested that Riggs & Riggs, Inc., provide an opinion of the Value In Use of the property under the hypothetical condition that it is limited to only a parking use, as specified in the MOU. **Please refer to Extraordinary Assumption Nos. 22, 23, 24 and 25.**

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

Parking requirements vary depending upon use, with retail uses generally requiring 1 parking space for each 250 square feet of gross floor area and residential uses generally requiring 1 parking space for each dwelling unit of less than 3 habitable rooms, 1 ½ parking spaces for each dwelling unit of 3 habitable rooms, and 2 parking spaces for each dwelling unit of more than 3 habitable rooms. The subject property is located within the Central City Parking Area, which has reduced parking requirements for residential uses, including a requirement of only 1 to 1 ¼ spaces per dwelling unit.

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

General Plan

Although the subject's General Plan land use designation is currently Public Facilities, Senior City Planner Jon Foreman has indicated that the designation would likely be amended to Regional Commercial if the property were sold to a private party. The Regional Commercial land use designation is consistent with the C2-4D-O zoning designation. **Please refer to Extraordinary Assumption Nos. 22.**

Redevelopment Area

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

Encumbrances

Riggs & Riggs, Inc., was provided with a Preliminary Title Report prepared by Chicago Title Company, Order No. 116743050F-X49 dated August 1, 2011. This report is labeled AEG Los Angeles Stadium and Event Center and references 9 parcels labeled Parcel A through Parcel I. It appears to include the fee simple portion of the subject property, along with a number of other properties, although there is no differentiation between the subject and the other properties. A Preliminary Title Report for a portion of L.A. Live Way that appears to include Vacation Area 3 was also provided, although the vacation area is not specifically identified. This report was also prepared by Chicago Title Company, Order No. 116743050J-X49 dated August 1, 2011

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

Site Utility

The subject consists of an irregularly-shaped, generally level site with a total area of 67,209± square feet, or 1.54± acres, along with the air rights above an adjacent portion of L.A. Live Way. It is located at a signalized intersection and a non-signalized intersection, and is also opposite a signalized T-intersection. The site is currently accessed from Bond Street and L.A. Live Way, and the Los Angeles Department of City Planning has indicated that it also has legal access from Pico Boulevard. It has good-to-excellent visibility and good accessibility, with all utilities available along L.A. Live Way and Pico Boulevard. The development potential of the site is somewhat limited by its irregular shape and relatively narrow width, which varies but is generally less than 150 feet. Site utility is considered fair-to-average overall.

Although the subject site is adjacent to the Los Angeles Convention Center and is improved with a surface parking lot and a portion of Bond Street, only the underlying land and air rights have been appraised at the request of the client. **Please refer to Extraordinary Assumption Nos. 19 and 20.**

Real Estate Assessment Data

The subject site, identified as Lot 1 of Vesting Tentative Tract Map No. 70661, along with the air rights above an adjacent portion of L.A. Live Way, 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. **Please refer to Extraordinary Assumption No. 19.**

Improvement Summary

Although the subject property is currently improved with a surface parking lot and a portion of Bond Street, no consideration has been given to any existing 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 Analysis

The client has requested that Riggs & Riggs, Inc., calculate the annual ground rent payable by AEG for the subject property as of September 1 of 2012, 2013 and 2014 based upon the Value In Use of the fee simple and air rights interests in the underlying land as of November 3, 2011, under the hypothetical condition that the property is limited to a parking use as outlined in the terms of the MOU, and assuming that AEG will have exclusive use of the property and the parking structure to be constructed thereon per subsequent negotiations between the City of Los Angeles and AEG. **The hypothetical assumption eliminates consideration of the highest and best use, to arrive at an opinion of Value In Use. As such, the Value In Use and ground rent conclusions do not represent Market Value or Fair Market Value as outlined in the MOU. Please refer to Extraordinary Assumption Nos. 24 and 25.**

APPROACHES TO VALUE

The valuation of any parcel of real estate is derived principally through the three basic approaches to 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 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 the subject property consists of underlying fee land and air rights. 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 most probable price at which it could be sold by a willing seller to a willing buyer as of the date of the value.

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

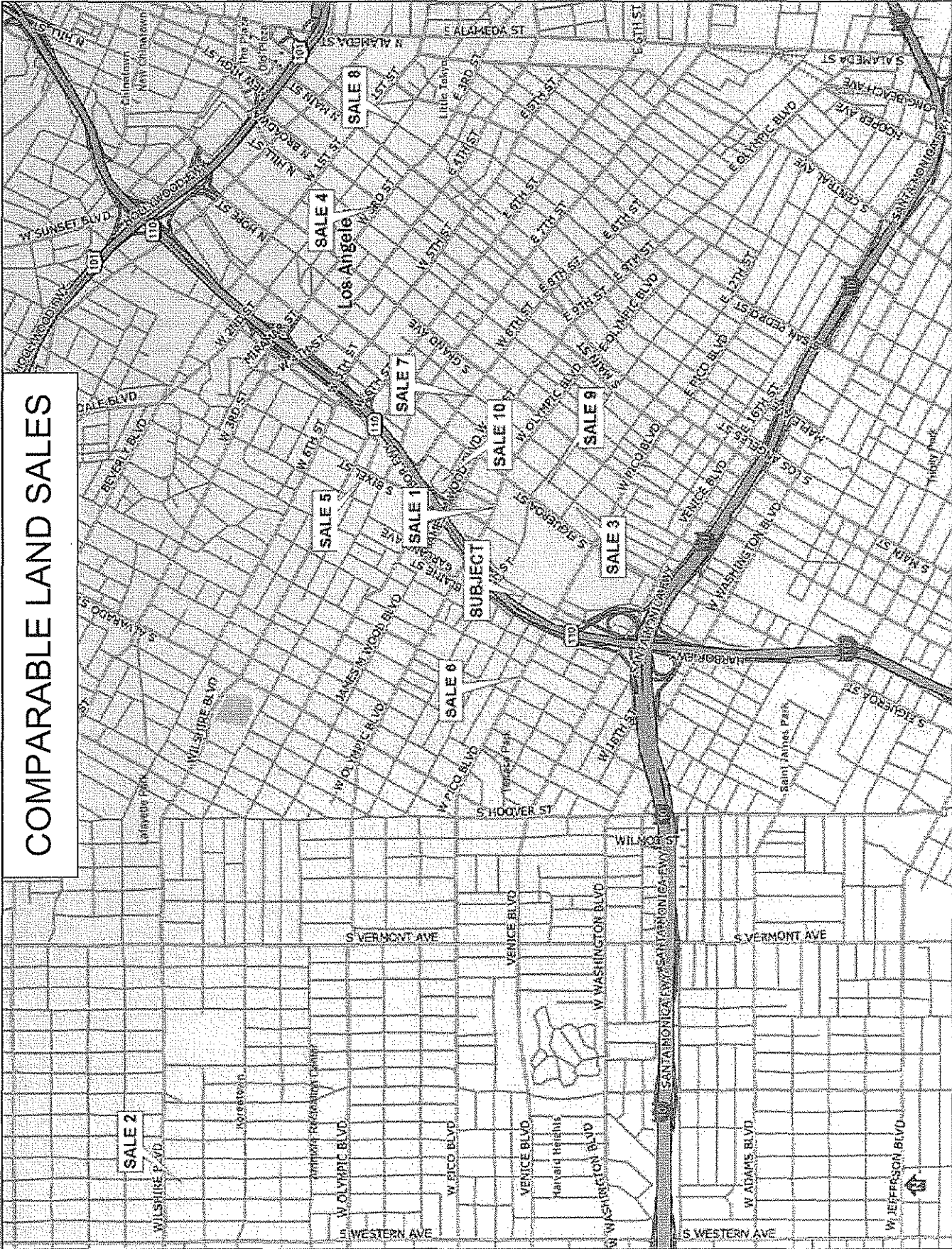
The Sales Comparison Approach is used to estimate the value of real estate, based on the theory that an informed and prudent buyer would not pay more for a property than the cost of acquiring another property with the same utility. It is, therefore, based upon the principle of substitution. This approach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

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

Market Data Summary

The subject property is currently owned by the City of Los Angeles and zoned PF-4D-O, Public Facilities. According to Senior City Planner Jon Foreman, the site would likely be re-zoned C2-4D-O, Commercial, if sold to a private party. Although there are a variety of commercial and residential uses permitted in the C2 zone, for purposes of analysis, the client has requested that Riggs & Riggs, Inc., provide an opinion of the Value In Use of the property under the hypothetical condition that it is limited to a parking use, as specified in the MOU. Riggs & Riggs, Inc., conducted a search for sales of properties within the subject market legally limited to a parking use over the past 3 years; however, none were found. The search was therefore expanded to include commercial land within the subject market over the past 4 years. The resulting sales were gathered, compared and analyzed. The results of this process provide the basis for the opinion of the Value In Use of the site. 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.

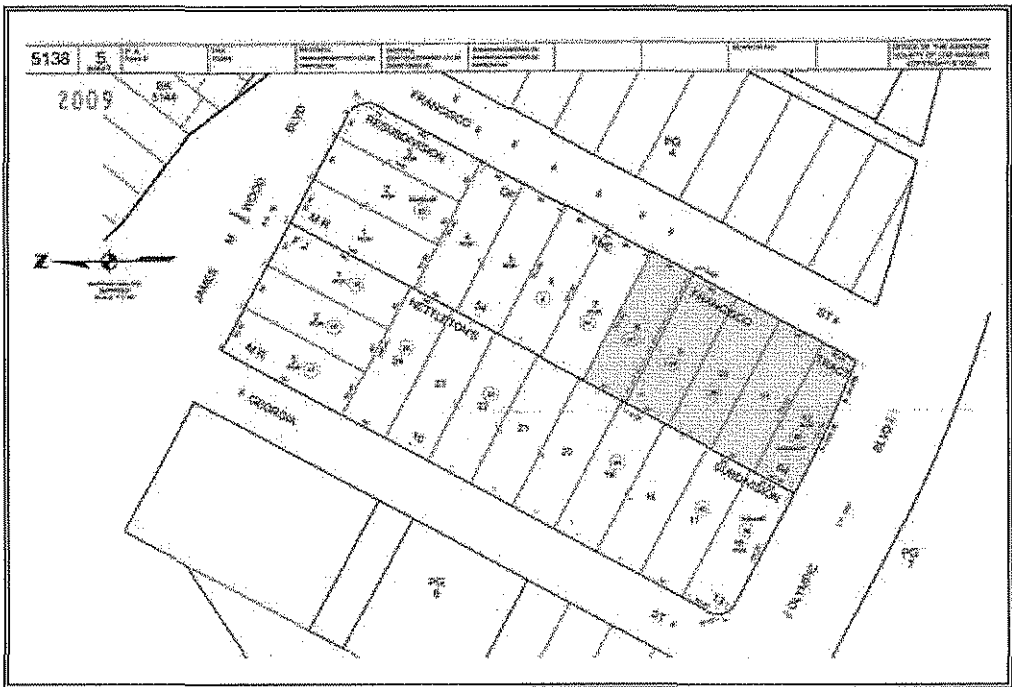
COMPARABLE LAND SALES



LAND SALES SUMMARY

Sale No.	Location	Sale Date	Zoning / Permitted Uses	Land Area (SF)	Sale Price
				Orientation	Sale Price/SF
1	901 West Olympic Boulevard Los Angeles	8/17/11	LASED	44,530 SF	\$20,000,000
				Corner	\$449.14
2	1215 South Flower Street Los Angeles	6/10/11	LASED	118,832 SF	\$31,000,000
				Corner	\$260.87
3	1329 - 1421 West 7th Street Los Angeles	3/31/11	C2(CW)-U/3	25,680 SF	\$1,800,000
				Interior	\$70.09
4	311 West 3rd Street Los Angeles	3/10/11	C2-4D	26,400 SF	\$3,300,000
				Corner	\$125.00
5	1136 Ingraham Street Los Angeles	9/1/10	C4(CW)-U/6	71,783 SF	\$10,000,000
				Corner	\$139.31
6	1521 West Pico Boulevard Los Angeles	4/17/09	CM-1 & R4-1	37,500 SF	\$5,200,000
				Interior	\$138.67
7	805 South Hope Street Los Angeles	7/22/08	C2-4D	35,630 SF	\$17,000,000
				Corner	\$477.13
8	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
Subject	1206 West Pico Boulevard and 1332 Bond Street Los Angeles	--	Parking	67,209 SF	--
				Corner	--

LAND SALE NO. 1



Physical Description

Location: 901 West Olympic Boulevard
 Los Angeles, CA 90015
 Thomas Brothers Guide: Los Angeles County: 634, D/4
 Assessor Parcel Number: 5138-005-036, 038, 041, 045

Land Description

Site Area: 44,530± Square Feet, or 1.02± Acres
 Shape: Generally Rectangular
 Topography: Level
 Utilities: All available to site
 Zoning: LASED, City of Los Angeles

Sale Data

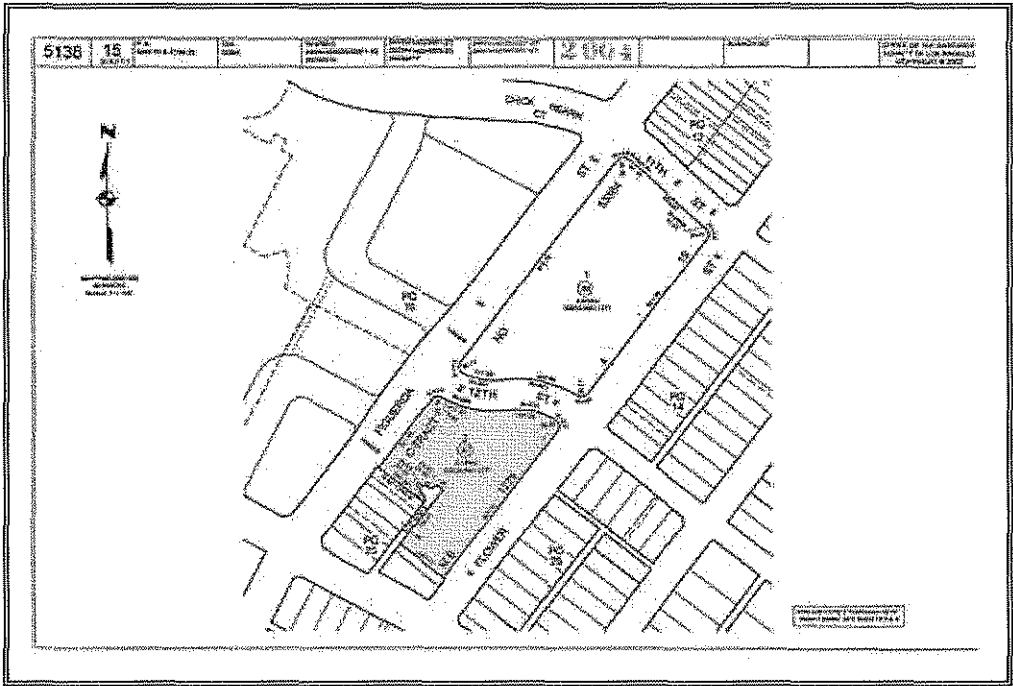
Interest Sold: Fee Simple
 Date of Sale: August 17, 2011
 Deed Date: August 17, 2011
 Document No.: 1107244
 Sale Price: \$20,000,000
 Sale Price/SF: \$449.14
 Grantor: L.A. Arena Land Company, LLC
 Grantee: 901 West Olympic Boulevard Limited Partnership
 Financing: All cash transaction

Verification:

Homer Williams, Chairman for Buyer

Comments: This site is located at the signalized northwest corner of Olympic Boulevard and Francisco Street, and appears to have legal access from both. It is across the street from the Ritz Carlton/JW Marriott Tower and within the Los Angeles Sports and Entertainment District Specific Plan. According to the Specific Plan, this site and the neighboring parcels to the west are designated for 206,500 square feet of hotel/ballroom space (275 rooms), 601,800 square feet of office space and 89,250 square feet of residential space (65 dwelling units). The site, which was improved with a parking lot at the time of sale, is located within the Los Angeles State Enterprise Zone, the Greater Downtown Housing Incentive Area, and the Central City and Downtown Business District Parking Areas.

LAND SALE NO. 2



Physical Description

Location: 1215 South Flower Street
 Los Angeles, CA 90015
 Thomas Brothers Guide: Los Angeles County: 634, D/5
 Assessor Parcel Number: 5138-015-027 and 039 through 044

Land Description

Site Area: 118,832± Square Feet, or 2.73± Acres (gross)
 116,610± Square Feet, or 2.68± Acres (net)
 Shape: Irregular
 Topography: Level
 Utilities: All available to site
 Zoning: LASED, City of Los Angeles

Sale Data

Interest Sold: Fee Simple
 Date of Sale: June 10, 2011
 Deed Date: June 9, 2011
 Document No.: 0797691
 Sale Price: \$31,000,000
 Sale Price/SF: \$260.87
 Grantor: Ektornet US Figueroa Sub, LLC
 Grantee: LR-1220 Figueroa, LLC
 Financing: \$10,000,000 cash down payment (32.3%); \$21,000,000 1st TD with Preferred Bank at undisclosed market terms

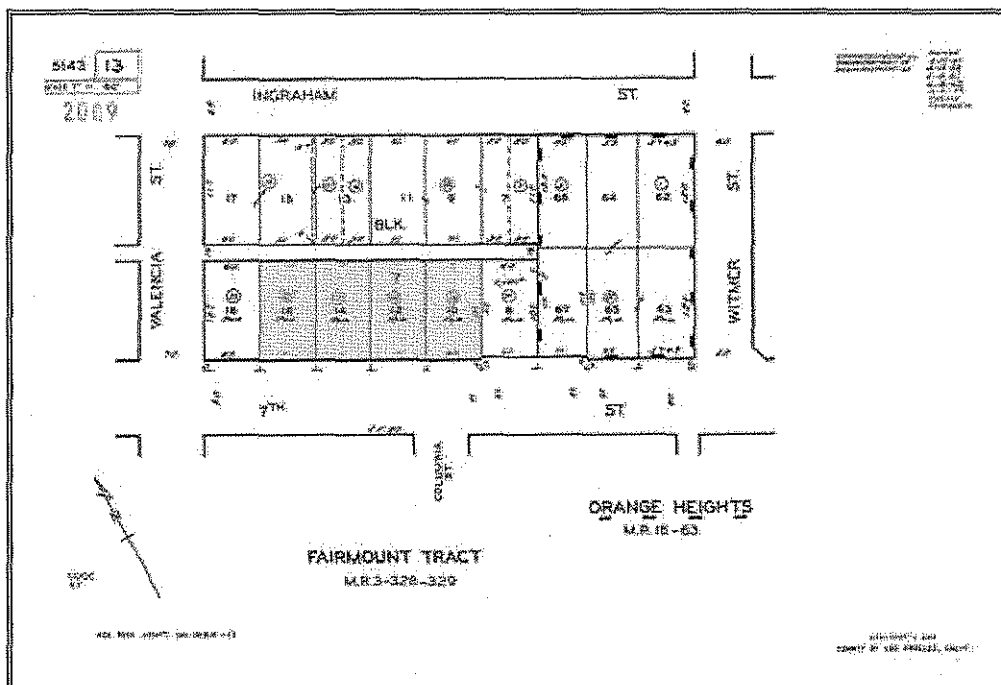
Verification:

Brendan McArthur, Listing Broker

Land Sale No. 3 (Continued)

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

LAND SALE NO. 3



Physical Description

Location: 1329 - 1421 West 7th Street
 Los Angeles, CA 90017
 Thomas Brothers Guide: Los Angeles County: 634, D/4
 Assessor Parcel Number: 5143-013-012, 015, 017 and 027

Land Description

Site Area: 25,680± Square Feet, or 0.59± Acres
 Shape: Rectangular
 Topography: Generally level and terraced
 Utilities: All available to site
 Zoning: C2(CW)-U/3, City of Los Angeles

Sale Data

Interest Sold: Fee Simple
 Date of Sale: March 31, 2011
 Deed Date: March 11, 2011
 Document No.: 0482110
 Sale Price: \$1,800,000
 Sale Price/SF: \$70.09
 Grantor: East West Bank
 Grantee: Lido Equities Group, LLC
 Financing: All cash transaction

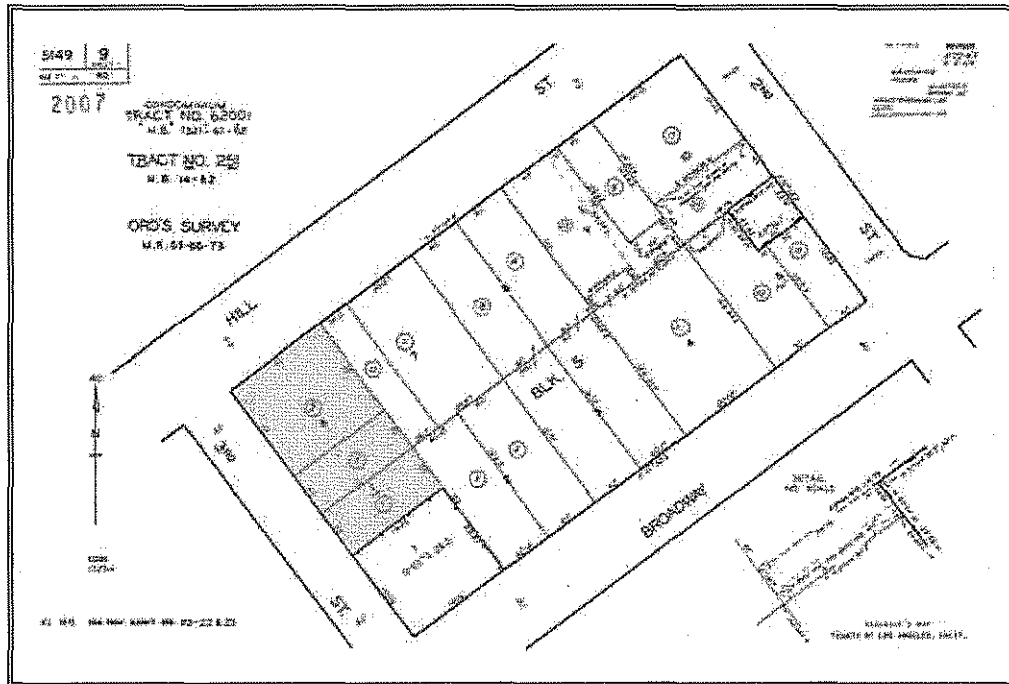
Verification:

Ryan Kim, Buyer's Broker
 Richard Byrd, Listing Broker

Land Sale No. 3 (Continued)

Comments: This unentitled site consists of an interior location along the north side of West 7th Street, between Witmer and Valencia Streets, and includes of four contiguous lots. Topography is generally level and terraced, with two parcels at grade and two above grade. The property is located within the Central City West Specific Plan and allows C2 uses, with a height limit of 1,168 feet above mean sea level and a maximum FAR of 3:1. The site is located within the Los Angeles State Enterprise Zone and the Central City Parking Area.

LAND SALE NO. 4



Physical Description

Location: 311 3rd Street
Los Angeles, CA 90013
Thomas Brothers Guide: Los Angeles County: 634, F/4
Assessor Parcel Number: 5149-009-001, 008, 009

Land Description

Site Area: 26,400± Square Feet, or 0.61± Acres
Shape: Rectangular
Topography: Generally level to slightly sloping
Utilities: All available to site
Zoning: C2-4D, City of Los Angeles

Sale Data

Interest Sold: Fee Simple
Date of Sale: March 10, 2011
Deed Date: March 8, 2011
Document No.: 0368556
Sale Price: \$3,300,000
Sale Price/SF: \$125.00
Grantor: 250 S. Hill Street, LLC
Grantee: Third & Hill Development, LLC
Financing: All cash transaction

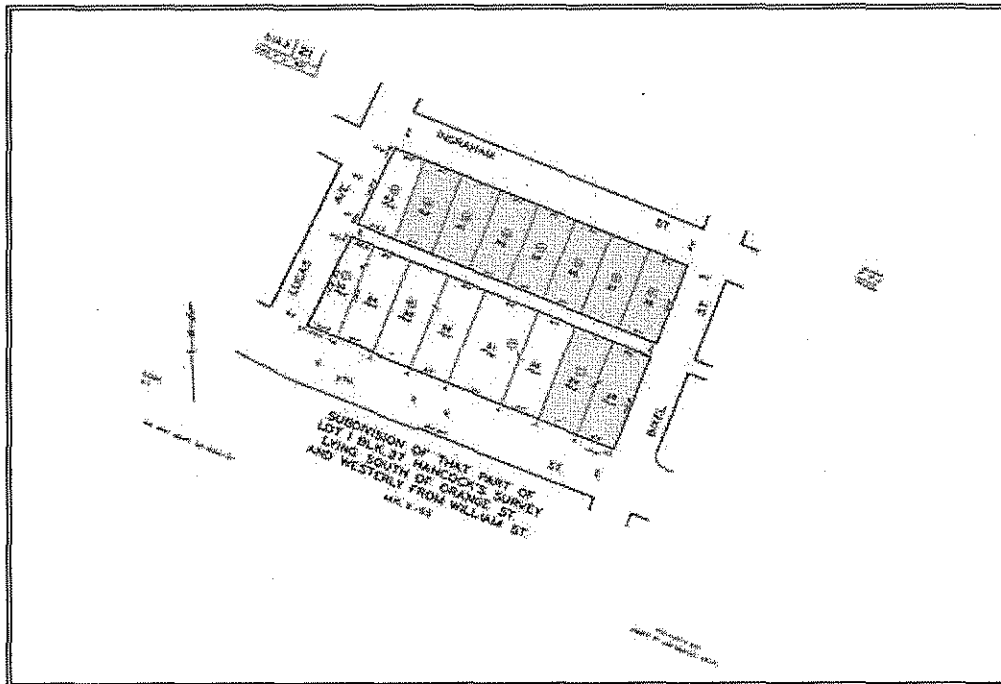
Verification:

Mark Farzan, Buyer

Land Sale No. 4 (Continued)

Comments: This site is located at the signalized east corner of 3rd and Hill Streets and the signalized southwest corner of Flower and 12th Streets, with access from both streets. Although Vesting Tract Map No. 71179 with 280 residential condominiums and retail/commercial/restaurant space was submitted on October 19, 2009, it had not been approved and was pending environmental clearance at the time of sale according to the Los Angeles Department of City Planning, and was therefore not considered to have any contributory value. The site, which was improved with a parking lot at the time of sale, is located within the Los Angeles State Enterprise Zone, the Greater Downtown Housing Incentive Area, and the Central City and Downtown Business District Parking Areas.

LAND SALE NO. 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: Generally level to slightly sloping
Utilities: All available to site
Zoning: C4(CW)-U/6, City of Los Angeles

Sale Data

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

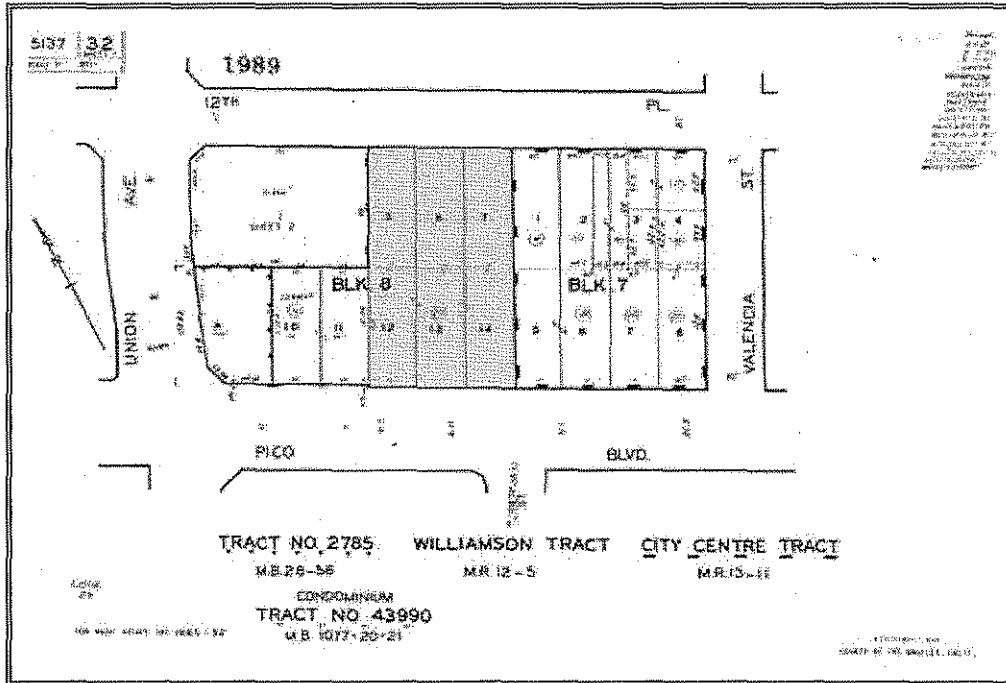
Verification:

Mark Hong, Listing Broker

Land Sale No. 5 (Continued)

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

LAND SALE NO. 6



Physical Description

Location: 1521 West Pico Boulevard
Los Angeles, CA 90015
Thomas Brothers Guide: Los Angeles County: 634, C/5
Assessor Parcel Number: 5137-032-023

Land Description

Site Area: 37,500± Square Feet, or 0.86± Acres
Shape: Rectangular
Topography: Level
Utilities: All available to site
Zoning: CM-1 and R4-1, City of Los Angeles

Sale Data

Interest Sold: Fee Simple
Date of Sale: April 17, 2009
Deed Date: January 9, 2009
Document No.: 0558321
Sale Price: \$5,200,000
Sale Price/SF: \$138.67
Grantor: Extra Space of Pico Boulevard, LLC
Grantee: AMCAL Multi-Housing, Inc.
Financing: All cash transaction

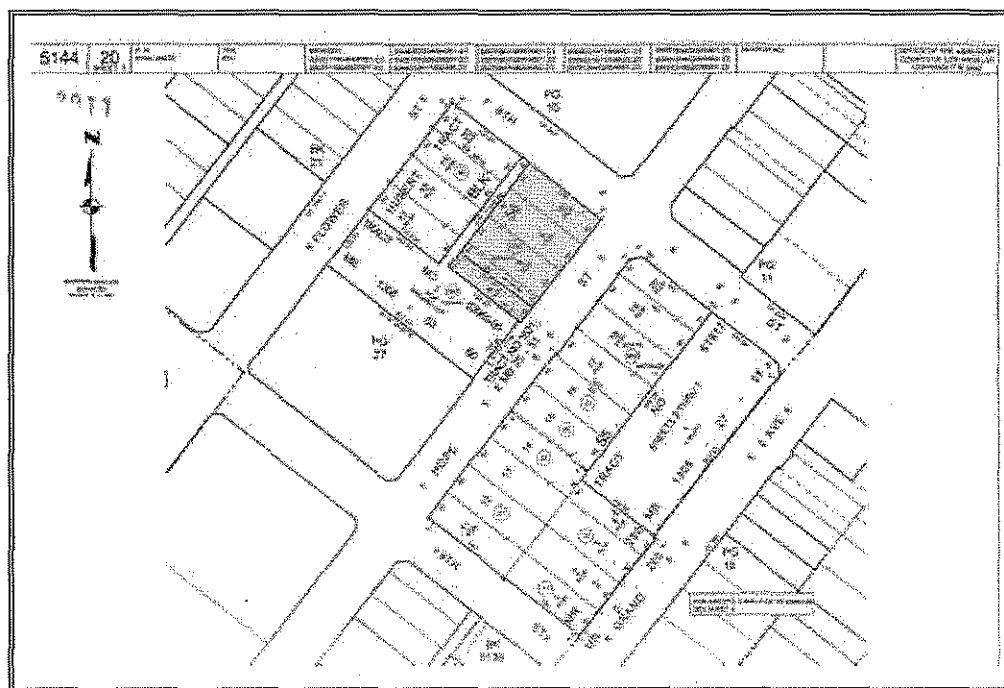
Verification:

Mark Morgan, Acquisition Manager for Buyer
Charles Allen, Manager for Seller

Land Sale No. 6 (Continued)

Comments: This site consists of an interior location between Pico Boulevard and 12th Place, and appears to have legal access from both. The sale price reportedly represented the unentitled land, although the buyer obtained conditional approval for 56 units of affordable rental housing and a commercial/retail/community room prior to the sale. Although the site was improved with a 29,168± square foot office building at the time of sale, demolition costs were reportedly not considered. The site is located within the Los Angeles State Enterprise Zone.

LAND SALE NO. 7



Physical Description

Location: 805 South Hope Street
Los Angeles, CA 90017
Thomas Brothers Guide: Los Angeles County: 634, E/4
Assessor Parcel Number: 5144-020-025, 188 (now 5144-020-195)

Land Description

Site Area: 35,630± Square Feet, or 0.82± Acres
Shape: Rectangular
Topography: Level
Utilities: All available to site
Zoning: C2-4D, City of Los Angeles

Sale Data

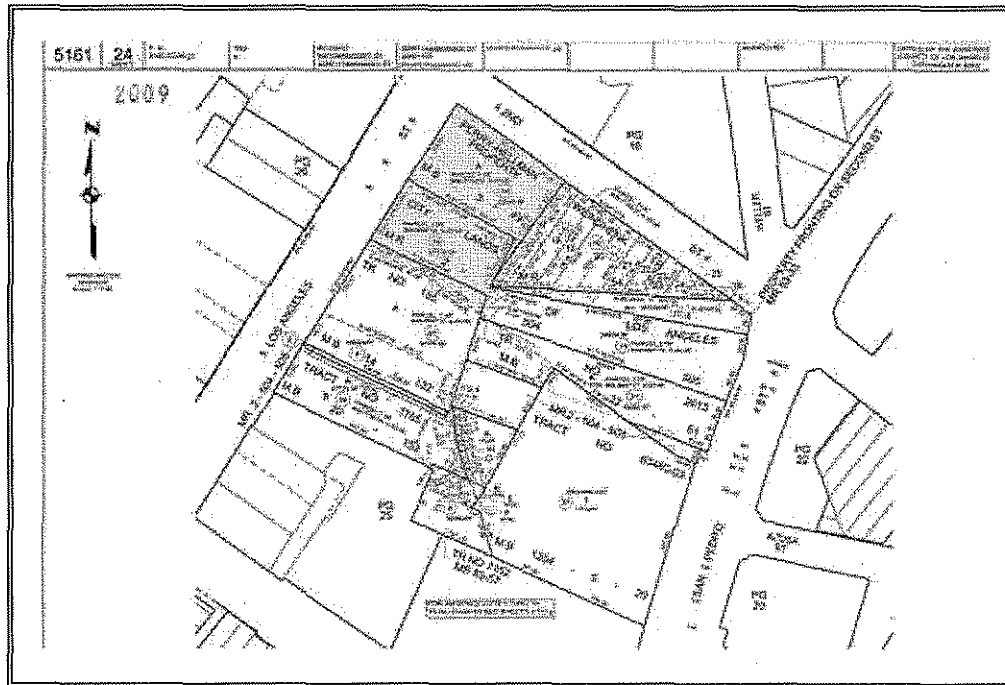
Interest Sold: Fee Simple
Date of Sale: July 22, 2008
Deed Date: July 16, 2008
Document No.: 1303617
Sale Price: \$17,000,000
Sale Price/SF: \$477.13
Grantor: CIM/8th & Hope, LLC
Grantee: Hope Street, LLC
Financing: All cash transaction

Verification:

John Eichler, Listing Broker

Comments: This site is located at the signalized southeast corner of 8th and Hope Streets, and appears to have legal access from both. The property was conditionally approved for 290 live/work condominium units and 16,000 square feet of ground-level retail space at the time of sale and would have sold for approximately \$250.00 unentitled according to the listing broker; 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.

LAND SALE NO. 8



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. 8 (Continued)

Comments: This site is located at the signalized southeast corner of 2nd 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.

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 data sheets 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 eight commercial land sales that cover a marketing time from March 2008 through August 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 decreased by approximately 12 percent annually, or 1.00 percent per month, between March 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/permitted uses, 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/Permitted Uses - This category adjusts for differences in zoning, legal entitlements, and permitted land uses. If quantified adjustments were made for the contributory value of entitlements as a Condition of Sale, no adjustment was made for entitlements relative to that sale in this category. The subject property has been analyzed assuming that it can only be developed with a parking use. **Please refer to Extraordinary Assumption Nos. 22 and 24.**

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									
Adjustment Factors	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8
Unadjusted \$/SF		\$449.14	\$260.87	\$70.09	\$125.00	\$139.31	\$138.67	\$477.13	\$249.28
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted \$/SF		\$449.14	\$260.87	\$70.09	\$125.00	\$139.31	\$138.67	\$477.13	\$249.28
Buyer Expenditures	--	None	None	None	None	None	None	None	None
Adjusted \$/SF		\$449.14	\$260.87	\$70.09	\$125.00	\$139.31	\$138.67	\$477.13	\$249.28
Financing	--	Cash	Market	Cash	Cash	Market	Cash	Cash	Cash
Adjusted \$/SF		\$449.14	\$260.87	\$70.09	\$125.00	\$139.31	\$138.67	\$477.13	\$249.28
Condition of Sale	--	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	-30.0%
Adjusted \$/SF		\$449.14	\$260.87	\$70.09	\$125.00	\$139.31	\$138.67	\$250.01	\$174.50
Market Conditions	--	0.00%	0.00%	0.00%	0.00%	-4.01%	-20.53%	-29.38%	-33.52%
Adjusted \$/SF		\$449.14	\$260.87	\$70.09	\$125.00	\$133.72	\$110.20	\$176.56	\$116.00
Location and Physical Conditions									
Location	Gd - Ex	Gd - Ex	Gd - Ex	Good	Good	Good	Good	Gd - Ex	Good
Adjustment		Similar	Similar	Sl. Inferior +	Sl. Inferior +	Sl. Inferior +	Sl. Inferior +	Similar	Sl. Inferior +
Zoning/Permitted Uses	Parking Entitled	LASED Entitled	LASED	C2(CW)-U/3	C2-4D	C4(CW)-U/6	CM-1 & R4-1	C2-4D	[Q]C2-4D-O
Adjustment		Superior --	Superior --	Superior -	Superior --	Superior -	Superior -	Superior -	Superior -
Size	67,209 SF	44,530 SF	118,832 SF	25,680 SF	26,400 SF	71,783 SF	37,500 SF	35,630 SF	44,027 SF
Adjustment		Similar	Sl. Larger +	Smaller -	Smaller -	Similar	Smaller -	Smaller -	Similar
Site Utility	Fair - Avg	Average	Avg - Gd	Average	Fair - Avg	Average	Average	Average	Average
Adjustment		Sl. Superior -	Superior -	Sl. Superior -	Similar	Sl. Superior -	Sl. Superior -	Sl. Superior -	Sl. Superior -
Visibility	Gd - Ex	Good	Gd - Ex	Average	Good	Good	Avg - Gd	Good	Good
Adjustment		Sl. Inferior +	Similar	Inferior + +	Sl. Inferior +	Sl. Inferior +	Inferior +	Sl. Inferior +	Sl. Inferior +
Accessibility	Good	Good	Gd - Ex	Average	Avg - Gd	Good	Good	Avg - Gd	Good
Adjustment		Similar	Sl. Superior -	Inferior +	Sl. Inferior +	Similar	Similar	Sl. Inferior +	Similar
Overall Rating		Superior	Superior	Inferior	Superior	Superior	Superior	Superior	Superior

Analysis and Conclusions

The adjusted sales range from \$70.09 to \$449.14 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 No. 3)	\$70.09 per square foot
Similar	N/A
Superior (Sale Nos. 1, 2, 4, 5, 6, 7 and 8)	\$110.20 to \$449.14 per square foot

Based on our analysis, an expected value indicator for the subject should fall between \$70.09 and \$110.20 per square foot. Sale No. 3 was considered inferior to the subject overall at \$70.09 per square foot, due primarily to inferior location, visibility and accessibility, and set the lower limit of value for the subject. Sale Nos. 1, 2, 4, 5, 6, 7 and 8 were considered superior to the subject overall at \$110.20 to \$449.14 per square foot, due primarily to smaller size and/or superior zoning/permitted uses, site utility or accessibility, and 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 fee land only, is \$90.00 per square foot, which is within the range of the market. Shown below is our calculation of the Value In Use of the subject site:

LAND VALUE IN USE

Land Area		Price/Square Foot	=	Indicated Value
67,209± SF	x	\$90.00		\$6,048,810
Indicated Value In Use of the Fee Simple Portion of the Subject Site by the Sales Comparison Approach				\$6,048,810

Air Rights Analysis

Air rights represent one component in the vertical division of real property rights, the others being surface rights and subsurface rights. As previously discussed, the subject property includes the air rights to Vacation Area 3, with an area of 4,680± square feet. The market was surveyed for comparable air rights sales, however none were discovered in the area. Therefore, an allocation of the air rights from the underlying fee simple land was considered in order to conclude a final value opinion for the air rights to Vacation Area 3. **Please refer to Extraordinary Assumption No. 26.**

Vacation Area 3 consists of the air rights above a portion of L.A. Live Way, a public street, commencing 14 feet above street grade. Since public streets do not transfer in the open market, the value of the fee simple interest in this area is considered to be the same as that of the adjacent land, utilizing the Across the Fence Technique. In the case of Vacation Area 3, the adjacent land consists of the fee simple portion of the subject property, which was analyzed above and concluded at \$90.00 per square foot, including surface, subsurface and air rights.

In order to determine the appropriate air rights allocation factor for Vacation Area 3, the proposed development of the site was analyzed utilizing the Across the Fence Technique, as previously discussed. The City of Los Angeles provided Riggs & Riggs, Inc., with a copy of the preliminary plans for a seven story parking structure to be constructed on the subject site. Although the plans include a basement level, the client has indicated that the basement has since been eliminated. According to the plans, the proposed parking structure will have a total area of 296,459± square feet, with the ground floor totaling 45,447± square feet and the upper six floors totaling 251,012± square feet. Thus, the air rights comprise 251,012±/296,459±, or 84.7 percent, of the proposed development of the site. The appropriate air rights allocation factor for Vacation Area 3 is therefore considered to be 84.7 percent. The square footage of Vacation Area 3 is multiplied by \$90.00 per square foot, providing the fee simple value of Vacation Area 3; the air rights allocation factor is then applied, providing the value of the air rights for Vacation Area 3. The calculation is shown below:

VALUATION OF AIR RIGHTS						
Area	Size (SF)		Fee Simple Indicator		Air Rights Allocation Factor	Air Rights Value In Use
Vacation Area 3	4,680±	x	\$90.00	x	84.7%	= \$356,756
Indicated Value In Use of the Air Rights Portion of the Subject Site						\$356,756

Conclusion

The summation of the indicated Value In Use of the fee simple and air rights portions of the subject site provide a total indicated Value In Use for the subject site, as follows:

Indicated Value In Use of the fee simple portion of the subject site	\$6,048,810
Indicated Value In Use of the air rights portion of the subject site	<u>\$ 356,756</u>
Total Indicated Value In Use of the Subject Site	\$6,405,566
Rounded to:	<u>\$6,410,000</u>

**RECONCILIATION AND FINAL OPINION
OF VALUE (FEE SIMPLE AND AIR RIGHTS)**

The final conclusion or opinion has resulted from the application of the Sales Comparison Approach and an allocation factor derived from an analysis of the air rights area. In summary, this approach provides a value indicator for vacant land and air rights, 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, 24, 25 and 26.** Based on the data presented, analysis, and reconciliation, the Value In Use of the Fee Simple and Air Rights Interests in the subject property, underlying land only, as of November 3, 2011, is:

SIX MILLION FOUR HUNDRED TEN THOUSAND DOLLARS
..... \$6,410,000.