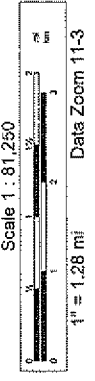
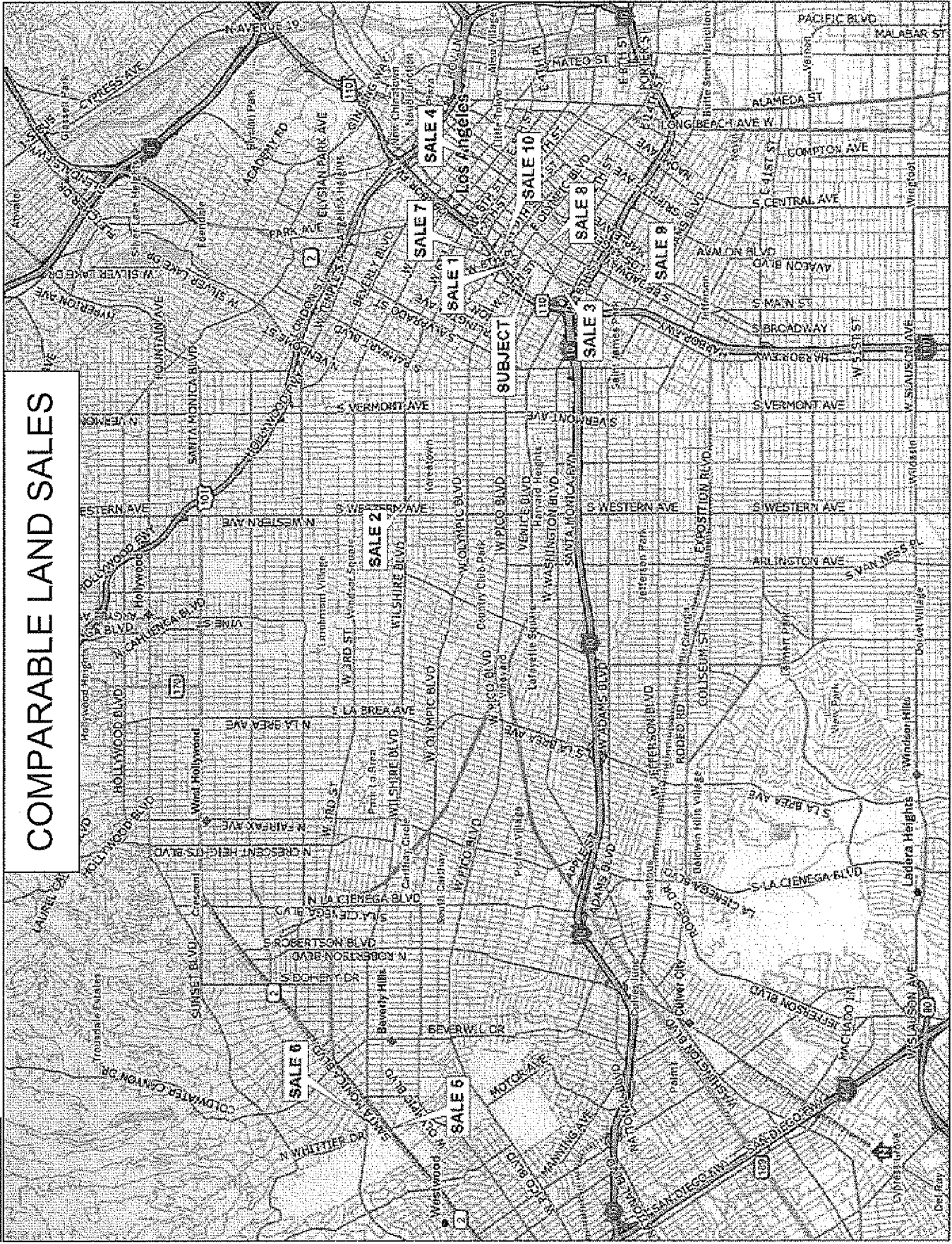
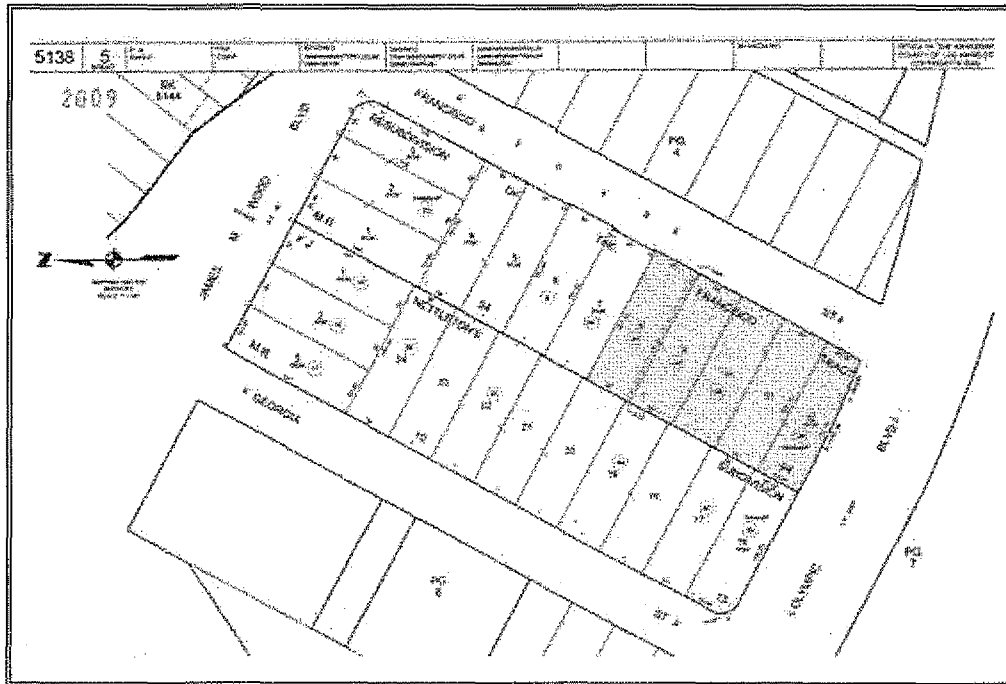


COMPARABLE LAND SALES



LAND SALES SUMMARY					
Sale No.	Location	Sale Date	Zoning	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	3670 Wilshire Boulevard Los Angeles	7/14/11	(T)(Q)C2-2	96,762 SF	\$21,000,000
				Corner	\$217.03
3	1215 South Flower Street Los Angeles	6/10/11	LASED	118,832 SF	\$31,000,000
				Corner	\$260.87
4	311 West 3rd Street Los Angeles	3/10/11	C2-4D	26,400 SF	\$3,300,000
				Corner	\$125.00
5	10000 Santa Monica Boulevard Los Angeles	11/17/10	C2-2-O	105,415 SF	\$59,500,000
				Corner	\$564.44
6	9900 Wilshire Boulevard Beverly Hills	10/6/10	9900 Wilshire Specific Plan	346,302 SF	\$148,300,000
				Interior	\$428.24
7	1136 Ingraham Street Los Angeles	9/1/10	C4(CW)-U/6	71,783 SF	\$10,000,000
				Corner	\$139.31
8	1101 South Flower Street Los Angeles	8/15/06	LASED	200,812 SF	\$80,000,000
				Corner	\$398.38
9	2300 - 2400 South Flower Street Los Angeles	7/18/06	[Q]C2-2-O	411,642 SF	\$70,500,000
				Corner	\$171.27
10	The city block bounded by James M. Wood Boulevard, Francisco Street, 8th Street and the Harbor/Pasadena (110) Freeway Los Angeles	12/14/05	C2-4D	274,428 SF	\$70,000,000
				Corner	\$255.08
Subject	1111 South Figueroa Street Los Angeles	--	C2-4D-O	371,050 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

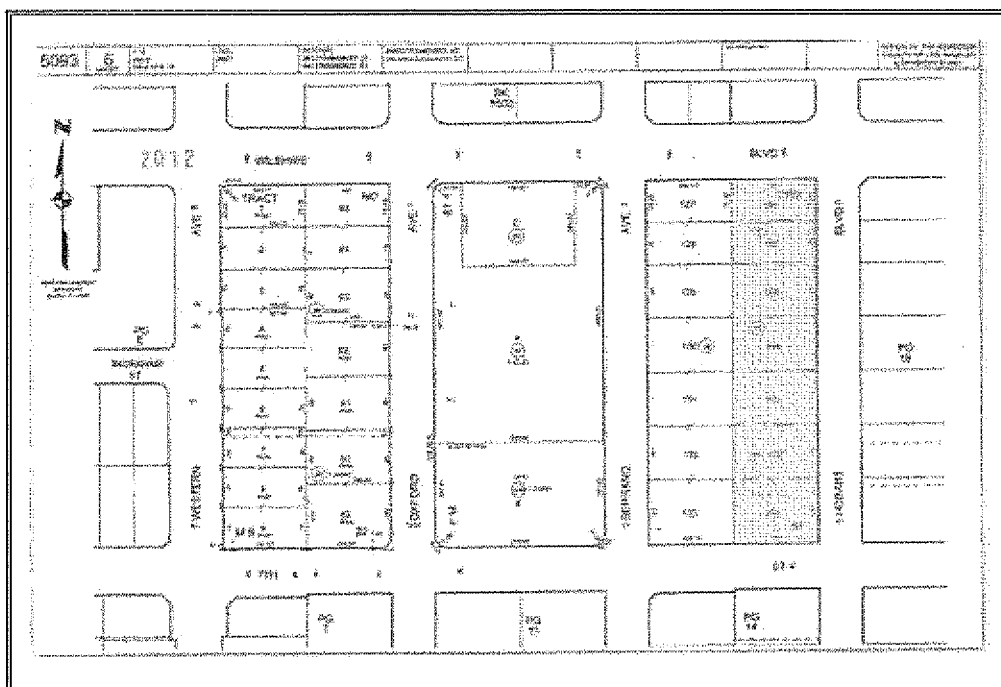
Interest Sold: Fee Simple
Date of Sale: August 17, 2011
Deed Date: August 17, 2011
Document No.: 1107244
Sale Price: \$20,000,000
Sale Price/SF: \$449.14
Grantor: L.A. Arena Land Company, LLC
Grantee: 901 West Olympic Boulevard Limited Partnership
Financing: All cash transaction

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

Land Description

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

Sale Data

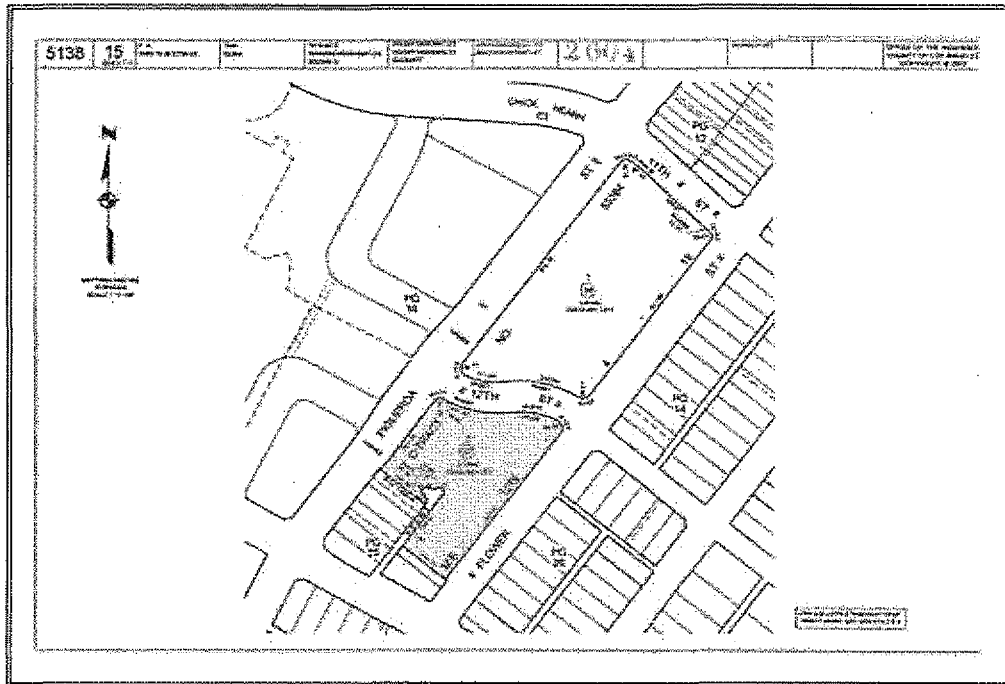
Interest Sold: Fee Simple
Date of Sale: July 14, 2011
Deed Date: July 13, 2011
Document No.: 0944687 and 0944688
Sale Price: \$21,000,000
Sale Price/SF: \$217.03
Grantor: Shinyoung 3670, LLC
Grantee: Lee & Hankey Investments, LLC
Financing: All cash transaction

Verification:

Jimmy Chai, Buyer's Broker

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

LAND SALE NO. 3



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 1 st TD with Preferred Bank at undisclosed market terms

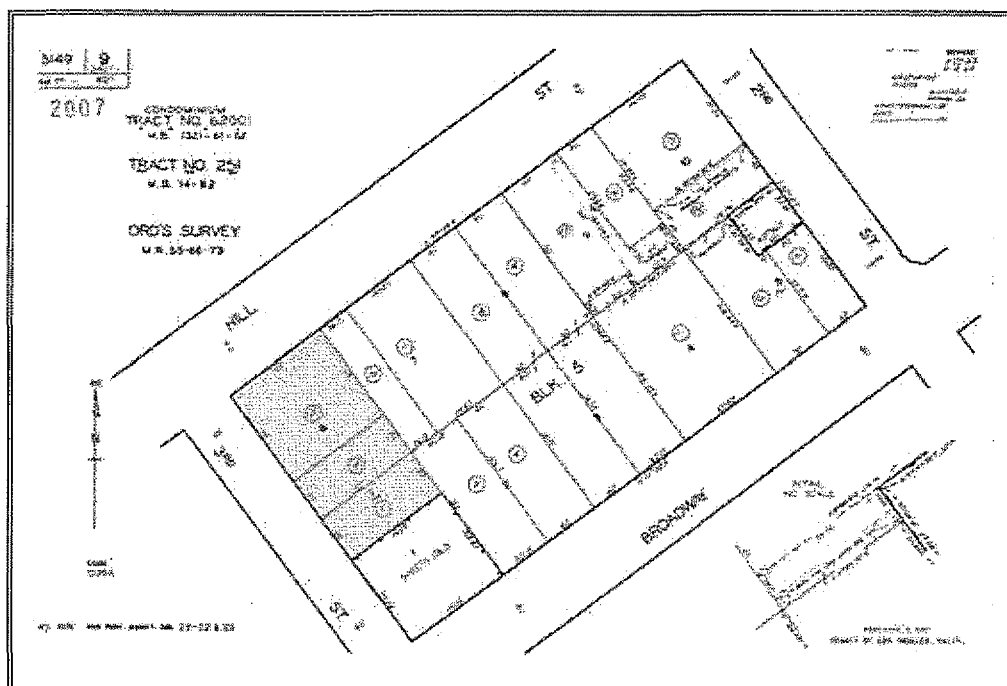
Verification:

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. 4



Physical Description

Location:	311 3 rd 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

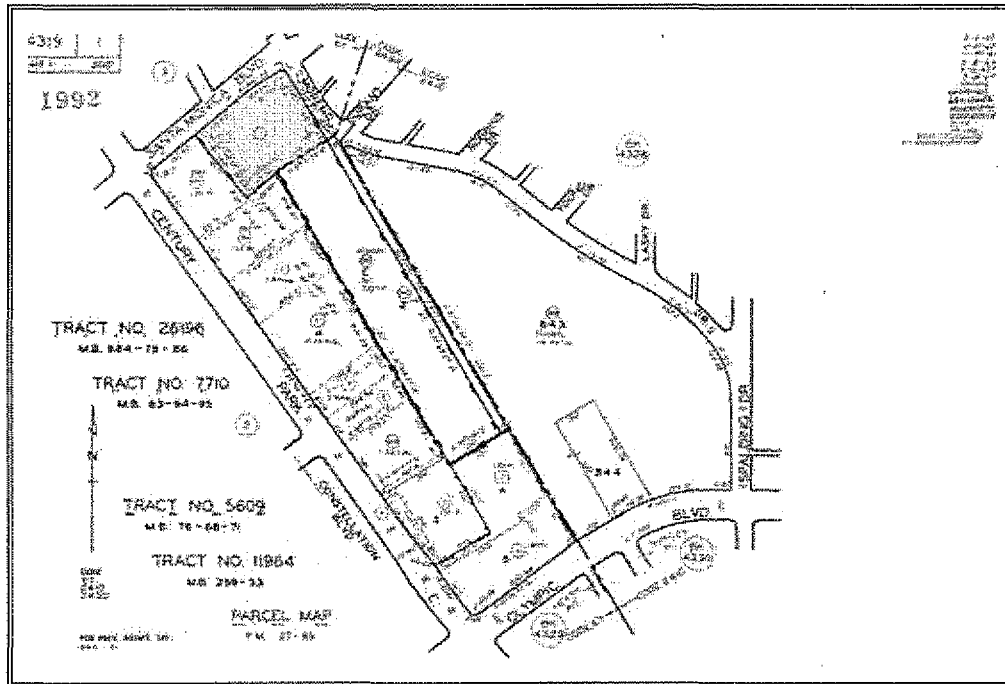
Verification:

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

Land Description

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

Sale Data

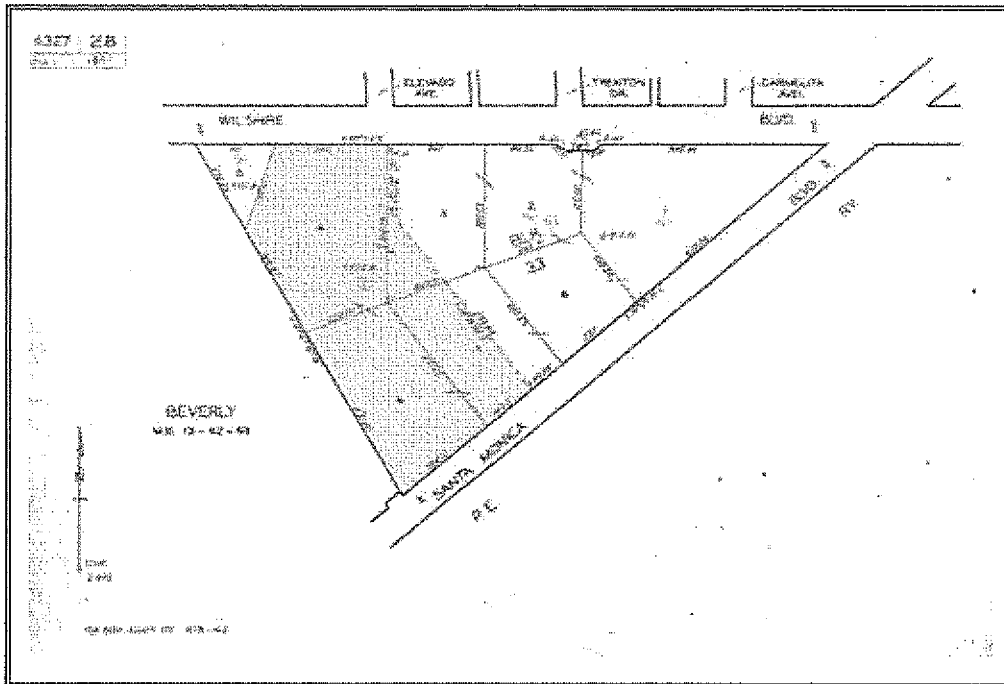
Interest Sold:	Fee Simple
Date of Sale:	November 17, 2010
Deed Date:	November 15, 2010
Document No.:	1653726
Sale Price:	\$59,500,000
Sale Price/SF:	\$564.44
Grantor:	Gonzalo-Century City LLC
Grantee:	SM 10000 Property, LLC
Financing:	All cash transaction

Verification:

Javier Rivera, Listing Broker

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

LAND SALE NO. 6



Physical Description

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

Land Description

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

Sale Data

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

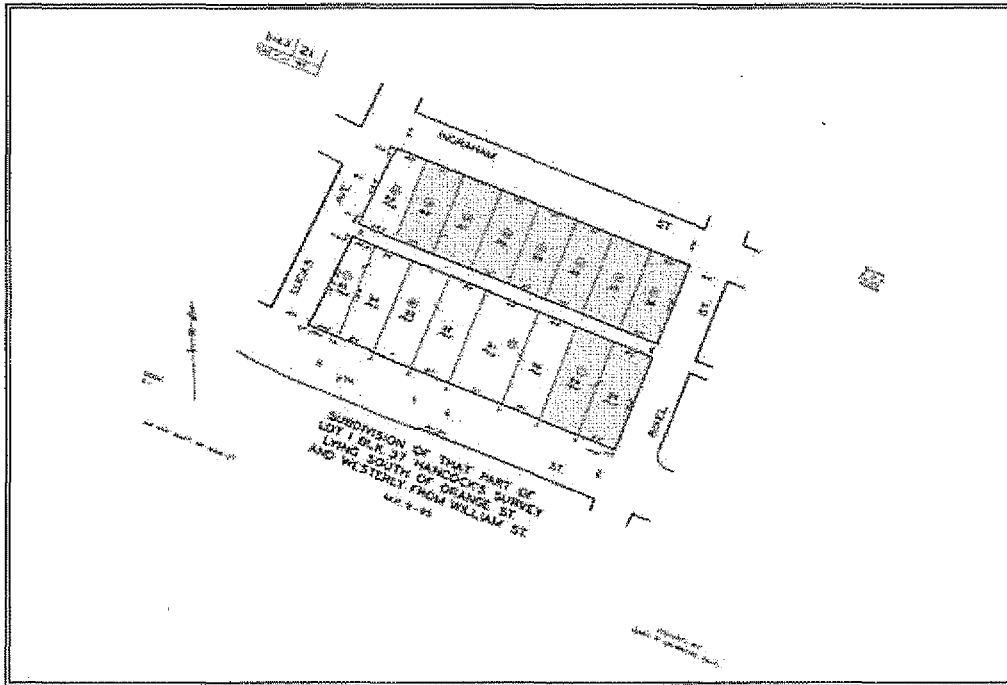
Verification:

Michael Lesser, Listing Broker

Land Sale No. 6 (Continued)

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

LAND SALE NO. 7



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 1 st TD with Shinhan Bank America at undisclosed market terms

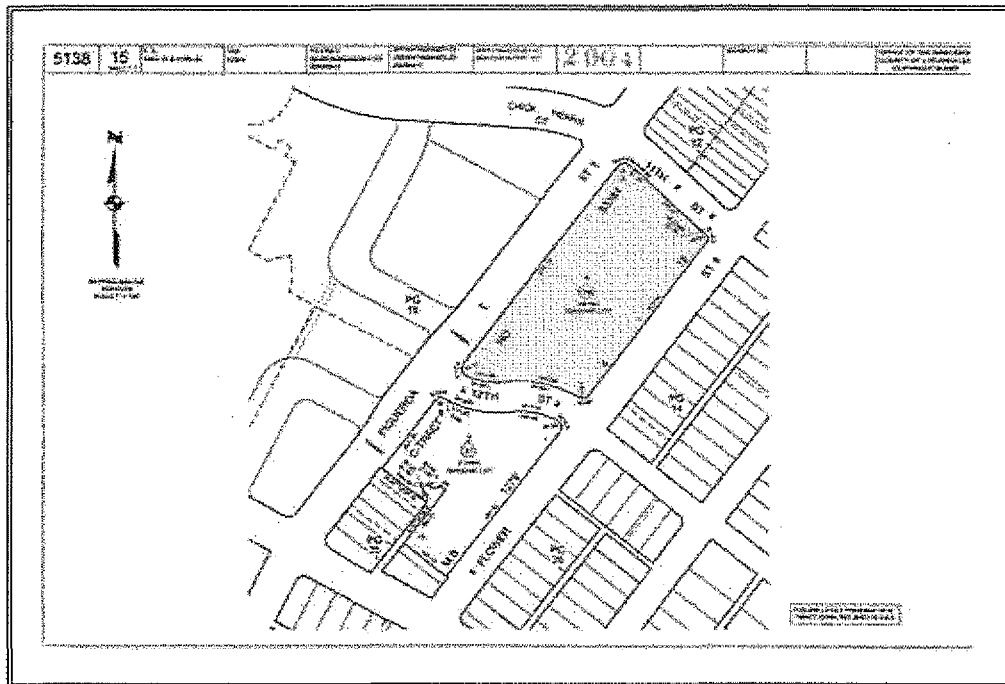
Verification:

Mark Hong, Listing Broker

Land Sale No. 7 (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. 8



Physical Description

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

Land Description

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

Sale Data

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

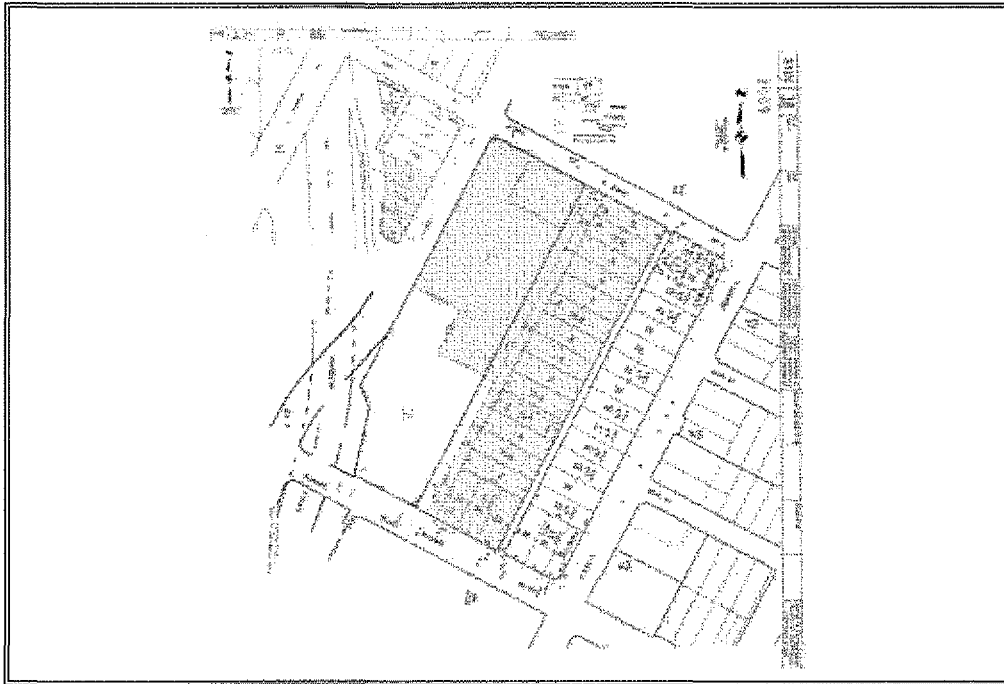
Verification:

Rich Mayo, Buyer's Broker

Land Sale No. 8 (Continued)

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

LAND SALE NO. 9



Physical Description

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

Land Description

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

Sale Data

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

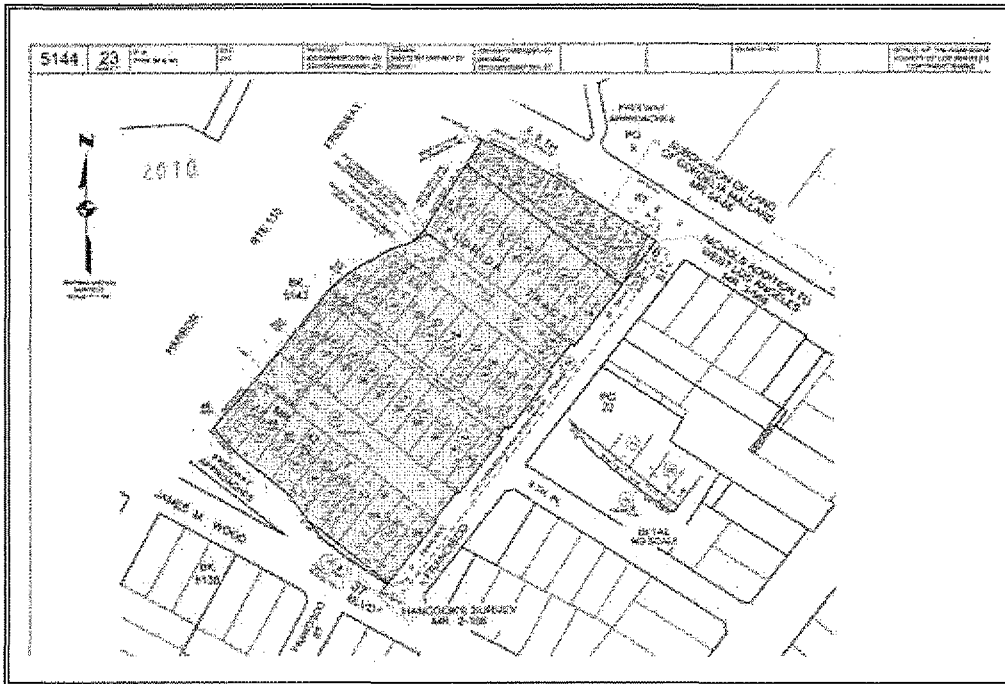
Verification:

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

Land Sale No. 9 (Continued)

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

LAND SALE NO. 10



Physical Description

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

Land Description

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

Sale Data

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

Verification:

John E. Vallance, Seller

Land Sale No. 10 (Continued)

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

Discussion of Adjustments

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

Property Rights at Sale

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

Buyer Expenditures

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

Financing

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

Condition of Sale

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

Market Conditions (Time)

This category adjusts for market conditions and reflects changes in the prices paid due to changes in market conditions over time. The comparable properties are adjusted from the date of sale to date of value. In reviewing the market, we found ten commercial land sales that cover a marketing time from December 2005 through 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 increased by approximately 12 percent annually, or 1.00 percent per month, between December 2005 and December 2007, decreased by approximately 12 percent annually, or 1.00 percent per month, between January 2008 and December 2010, and were generally stable between January 2011 and the present. Therefore, time adjustments were made for the appropriate time periods to the date of value.

Location and Physical Conditions

These categories consider differences between the subject and each comparable property for location and physical conditions. We considered differences in location, zoning/entitlements, 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/Entitlements - This category adjusts for differences in zoning, legal entitlements, and allowable 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.

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

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

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

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

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

LAND SALE ADJUSTMENT GRID - SCENARIO ONE												
Adjustment Factors	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	Sale 9	Sale 10	
Unadjusted \$/SF		\$449.14	\$217.03	\$260.87	\$125.00	\$564.44	\$428.24	\$139.31	\$398.38	\$171.27	\$255.08	
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	
Adjusted \$/SF		\$449.14	\$217.03	\$260.87	\$125.00	\$564.44	\$428.24	\$139.31	\$398.38	\$171.27	\$255.08	
Buyer Expenditures	--	None	None	None	None	None	4.70%	None	None	None	None	
Adjusted \$/SF		\$449.14	\$217.03	\$260.87	\$125.00	\$564.44	\$448.37	\$139.31	\$398.38	\$171.27	\$255.08	
Financing	--	Cash	Cash	Market	Market	Cash	Cash	Market	Market	Market	Market	
Adjusted \$/SF		\$449.14	\$217.03	\$260.87	\$125.00	\$564.44	\$448.37	\$139.31	\$398.38	\$171.27	\$255.08	
Condition of Sale	--	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	-25.0%	Arm's Length	Arm's Length	Arm's Length	-25.0%	
Adjusted \$/SF		\$449.14	\$217.03	\$260.87	\$125.00	\$564.44	\$336.28	\$139.31	\$398.38	\$171.27	\$191.31	
Market Conditions	--	0.00%	0.00%	0.00%	0.00%	-1.48%	-2.86%	-4.01%	-19.47%	-18.55%	-11.45%	
Adjusted \$/SF		\$449.14	\$217.03	\$260.87	\$125.00	\$556.08	\$326.66	\$133.72	\$320.82	\$139.50	\$169.40	
Location and Physical Conditions												
Location	Gd - Ex	Gd - Ex	Gd - Ex	Gd - Ex	Good	Excellent	Excellent	Good	Gd - Ex	Good	Gd - Ex	
Adjustment		Similar	Similar	Similar	Sl. Inferior +	Sl. Superior -	Sl. Superior -	Sl. Inferior +	Similar	Sl. Inferior +	Similar	
Zoning/Entitlements	C2-4D-O	LASED Entitled	(T)(Q)C2-2 Entitled	LASED	C2-4D	C2-2-O	9900 Wilshire Specific Plan	C4(CW)-U/6	LASED	[Q]C2-2-O	C2-4D	
Adjustment		Superior -	Superior -	Sl. Superior -	Similar	Sl. Inferior +	Sl. Inferior +	Similar	Sl. Superior -	Inferior +	Similar	
Size	371,050 SF	44,530 SF	96,762 SF	118,832 SF	26,400 SF	105,415 SF	346,302 SF	71,783 SF	200,812 SF	411,642 SF	274,428 SF	
Adjustment		Smaller -	Smaller -	Smaller -	Smaller -	Smaller -	Similar	Smaller -	Smaller -	Similar	Smaller -	
Site Utility	Good	Average	Average	Avg - Gd	Fair - Avg	Good	Avg - Gd	Average	Good	Avg - Gd	Good	
Adjustment		Inferior +	Inferior +	Sl. Inferior +	Inferior +	Similar	Sl. Inferior +	Inferior +	Similar	Sl. Inferior +	Similar	
Visibility	Gd - Ex	Good	Gd - Ex	Gd - Ex	Good	Gd - Ex	Gd - Ex	Good	Excellent	Good	Excellent	
Adjustment		Sl. Inferior +	Similar	Similar	Sl. Inferior +	Similar	Similar	Sl. Inferior +	Sl. Superior -	Sl. Inferior +	Sl. Superior -	
Accessibility	Good	Good	Good	Gd - Ex	Avg - Gd	Good	Gd - Ex	Good	Gd - Ex	Good	Avg - Gd	
Adjustment		Similar	Similar	Sl. Superior -	Sl. Inferior +	Similar	Sl. Superior -	Similar	Sl. Superior -	Similar	Sl. Inferior +	
Overall Rating		Superior	Superior	Superior	Inferior	Superior	Superior	Inferior	Superior	Inferior	Superior	

Analysis and Conclusions

The adjusted sales range from \$125.00 to \$556.08 per square foot, before adjusting for physical characteristics. Based on our analysis of the land sales, the overall ratings of the adjusted sales compared to the subject property are as follows:

Inferior (Sale Nos. 4, 7 and 9)	\$125.00 to \$139.50 per square foot
Similar	N/A
Superior (Sale Nos. 1, 2, 3, 5, 6, 8 and 10)	\$217.03 to \$556.08 per square foot

Based on our analysis, an expected value indicator for the subject should fall between \$139.50 and \$217.03 per square foot. Sale Nos. 4, 7 and 9 were considered inferior to the subject overall at \$125.00 to \$139.50 per square foot, due primarily to inferior location, zoning/entitlements, site utility, visibility and/or accessibility as compared to the subject. They set the lower range of value for the subject. Sale Nos. 1, 2, 3, 5, 6, 8 and 10 were considered superior to the subject overall at \$217.03 to \$556.08 per square foot, due primarily to superior location, zoning/entitlements, visibility, accessibility, or smaller size as compared to the subject. They set the upper range of value for the subject.

After considering adjustments for differences in property rights, buyer expenditures, financing, conditions of sale, market conditions, location and physical characteristics, it is our opinion that an appropriate value indicator for the subject site, underlying land only, is \$200.00 per square foot, which is within the range of the market. Shown below is our calculation of the market value of subject site:

LAND MARKET VALUE

Land Area		Price/Square Foot		Indicated Value
371,050± SF	x	\$200.00	=	\$74,210,000
Indicated Value of the Subject Site by the Sales Comparison Approach			Rounded To:	<u>\$74,210,000</u>

RECONCILIATION AND FINAL OPINION (FEE SIMPLE)

The final conclusion or opinion has resulted from the application of the Sales Comparison Approach. In summary, this approach provides a value indicator for vacant land and is most commonly used by market participants. The Sales Comparison Approach is considered to be the primary approach to value. **Please refer to Extraordinary Assumption Nos. 20, 21, 22, 23, 24 and 25.** Based on the data presented, analysis, and reconciliation, the Market Value of the Fee Simple Interest in the subject property, underlying land only, as of November 3, 2011, is:

SEVENTY-FOUR MILLION TWO HUNDRED TEN THOUSAND DOLLARS.....

..... **\$74,210,000.**

MARKET GROUND RENT CALCULATIONS

At the request of the Client, we have calculated the annual market ground rent for the subject property as of March 26, 2053 based upon the \$74,210,000 concluded market value of the fee simple interest in the subject property as of November 3, 2011. The market ground rent calculation will be utilized in negotiations with the proposed developer, AEG, to establish a ground lease extension for the subject property. According to the terms of the draft MOU, the current ground lease will be extended upon its March 25, 2053 expiration so that it will be co-terminus with the adjacent Event Center proposed ground lease, on or about 2067. Although there are no rent escalations noted for the lease extension in the MOU, the proposed lease for the Event Center includes a 1.75 percent annual rent escalation clause. Based upon our review of the draft MOU and analysis of the market, it is our opinion that a 1.75 percent rent escalation rate is reasonable, if applied to the proposed lease extension as well. **Please refer to Extraordinary Assumption No. 26.**

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

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

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

In order to derive the annual market rental rate for the land as of March 26, 2053, the concluded 7.0 percent rate of return was multiplied by the market value of the land as of March 26, 2053. The market value of the land as of March 26, 2053 was calculated by multiplying the concluded market value of the fee simple interest in the land as of November 3, 2011, or \$74,210,000, by a future value factor of 2.26966160,

representing a 2.0 percent annual growth rate between November 3, 2011 and March 26, 2053 (41.39 years). Thus, the market value of the fee simple interest in the land as of March 26, 2053 would be \$168,431,587. The annual market ground rental rate for the subject as of March 26, 2053 is calculated as follows:

Market Value 3/26/2053		Percentage		Term		Indicated Value
\$168,431,587	x	7.0	x	1 Year	=	\$11,790,211
Annual Ground Market Rental Value of the Subject Site as of March 26, 2053						\$11,790,211

The final conclusion or opinion has resulted from applying an appropriate rate of return on land to the market land value as of March 26, 2053, which was calculated by applying a future value factor to the concluded market value of the subject property as of November 3, 2011. Based on the data presented, analysis, and reconciliation, the annual Market Ground Rent for the subject property, underlying land only, is:

As of March 26, 2053.....\$11,790,211

SCENARIO TWO

Location

The subject site is identified as a portion of APN 5138-016-913, with a primary situs address of 1111 South Figueroa Street.

Size and Shape

The subject site is irregular in shape and contains a gross area of 352,875± square feet, or 8.10± acres. The approximate boundaries and dimensions of the site are as follows:

North Boundary (Chick Hearn Court)	713.24± Linear Feet
South Boundary	Varies
East Boundary(Figueroa Street).....	731.03± Linear Feet
West Boundary	Varies

Please refer to the exhibit labeled Scenario Two on the accompanying page for reference. **Please refer to Extraordinary Assumption No. 20.**

Accessibility and Visibility

The subject site consists of a portion of the underlying land of Staples Center, excluding 18,175± square feet, or 0.42± acres, adjacent to the northeast driveway to the West Hall of the Los Angeles Convention Center. It is located at the signalized intersection of Figueroa Street and Chick Hearn Court in downtown Los Angeles, and is also opposite the signalized T-intersection of Figueroa Street and 12th Street. The site has 731.03± feet of frontage along Figueroa Street and 713.24± feet of frontage along Chick Hearn Court. Although there is no vehicular access due to the current development, the Los Angeles Department of City Planning has indicated that the site has legal access from both Figueroa Street and Chick Hearn Court. **Please refer to Extraordinary Assumption No. 21.**

Figueroa Street is a northeast-southwest, 102± foot wide, asphalt-paved Modified Major Highway II with a painted center median, 3 northeast-bound lanes, 2 southwest-bound lanes, a northeast-bound bus/right turn lane, a northeast-bound left turn lane at Chick Hearn Court, a southwest-bound left turn lane at 12th Street, and a southwest-bound right turn lane at the entrance to the Los Angeles Convention Center located adjacent and southwest of the subject. Chick Hearn Court (formerly 11th Street) is a northwest-southeast, 107± foot wide, asphalt-paved collector street with 2 northwest-bound lanes, 1-2 southeast-bound lanes, a northwest-bound left turn lane at the entrance to the Los Angeles Convention Center located adjacent and west of the subject, and a southeast-bound right turn lane and two southeast-bound left turn lanes at Figueroa Street. Although Chick Hearn Court is over 100 feet wide, the City of Los Angeles identifies it as collector a street.

The field inspection was conducted during normal business hours, and traffic was noted to be moderate to heavy along Figueroa Street and Chick Hearn Court. Regional access to the subject property is provided by the Harbor (110) Freeway at L.A. Live Way approximately 2 blocks southwest of the subject (northbound) or Olympic Boulevard approximately 2 blocks northeast of the subject (southbound), and the Santa Monica (10) Freeway at Grand Avenue approximately 0.6 miles southeast of the subject (eastbound) or Hoover Street approximately 1.1 miles southwest of the subject (westbound). Overall, visibility is considered good-to-excellent and accessibility is considered good.

Site Utility

The subject consists of a 352,875± square foot, or 8.10± acre, irregularly-shaped, generally level site located at the signalized intersection of a Modified Major Highway II and a collector street and opposite a signalized T-intersection. The site has legal access from both Figueroa Street and Chick Hearn Court. The property is adjacent to the Los Angeles Convention Center and L.A. Live and is improved with a portion of Staples Center, although only the underlying land has been appraised at the request of the client. **Please refer to Extraordinary Assumption Nos. 20, 21, 22, 23, 24 and 25.** The subject has an adequate frontage-to-depth ratio, with visibility that is considered good-to-excellent and accessibility that is considered good overall. All utilities are available to the site, and there are no apparent on/off-site conditions that detrimentally impact the site's use. The site's configuration and location pose no major developmental problems. The site is similar to other parcels in the neighborhood and is functionally adequate for a commercial, residential or mixed use as permitted under current zoning. Overall, the utility of the subject is considered good.

Real Estate Assessment Data

The subject site, identified as a portion of Los Angeles County Assessor's Parcel Number 5138-016-913, is located in Tax Rate Area 00211. The 2011-2012 tax rate is 1.245849 percent. The subject is exempt from all taxes as it is owned by the City of Los Angeles, and therefore is not assessed.

Improvement Summary

The subject site consists of the underlying land of a portion of APN 5138-016-913. Although the property is improved with Staples Center, no consideration has been given to any existing buildings or improvements on the site, which were erected and are owned by AEG. **Please refer to Extraordinary Assumption No. 20.**

HIGHEST AND BEST USE

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

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

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

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

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

The following factors must be considered as follows:

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

Factors controlling highest and best use include:

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

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

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

As-Vacant

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

Legal - The subject's zoning is governed and enforced by the City of Los Angeles. The property is currently owned by The City of Los Angeles, and the majority of the site is zoned PF-4D-O, Public Facilities, with a land use designation of Public Facilities, although the northeastern 3.70 acres are zoned C2-4D-O, Commercial, with a corresponding land use designation of Regional Commercial. According to Senior City Planner Jon Foreman, the entire site would likely be re-zoned C2-4D-O, Commercial, with a corresponding land use designation of Regional Commercial, if sold to a private party. **Please refer to Extraordinary Assumption Nos. 24 and 25.** Uses permitted in the C2 zone include, but are not limited to, art or antique shops, tire shops, restaurants/tea rooms/cafes, advertising signs/structures/billboards, auditoriums or stadiums with a seating capacity of not more than 3,000, automotive fueling and service stations, new and used automobile sales, hospitals, parking buildings, second-hand stores, schools, and motion picture or media production. CR, C1, C1.5 and R4 uses are also permitted, with some limitations. The O supplemental use district allows oil drilling with a number of limitations. There are no lot area or setback requirements for commercial uses in the C2 zone; residential uses must meet the lot area and setback requirements for the R4 zone. Parking requirements vary depending upon use. The subject property is in Height District 4D, which limits CR uses to a maximum height of 75 feet; there are no specific height limits for other commercial uses. The D prefix generally limits the Floor Area Ratio (FAR) for R4 and commercial uses to a maximum of 6:1, with some exceptions.

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

Although requested, Riggs & Riggs, Inc., was not provided with a Preliminary Title Report specific to the subject property or a map plotting the encumbrances that impact the subject property. Therefore, for the purposes of analysis, it is assumed that any encumbrances impacting the subject property are typical for an urban property and do not adversely impact the site. **Please refer to Extraordinary Assumption No. 23.** These are the legal uses and requirements under the current zoning.

Physical - After identifying the legal uses of the site, the physical uses of a vacant site are considered. Development constraints imposed on a site vary by its configuration, size, and topography, which are fixed in location. The subject is irregular in shape, with a gross area of 352,875± square feet, or 8.10± acres. **Please refer to Extraordinary Assumption Nos. 20, 21 and 22.** The site is not located within an Alquist-Priolo fault zone, although it is located within an unidentified fault zone and a methane zone. Topography is generally level, and the site is considered legally conforming to current zoning requirements. The site is located at the signalized intersection of a Modified Major Highway II and a collector street, with good-to-excellent visibility, good accessibility, and an adequate frontage-to-depth ratio. Taking these physical and legal factors into consideration, the subject site has good utility and appears to be legally and physically suited for a commercial, residential or mixed use consistent with zoning.

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

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

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

APPROACHES TO VALUE

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

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

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

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

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

SALES COMPARISON APPROACH

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

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

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

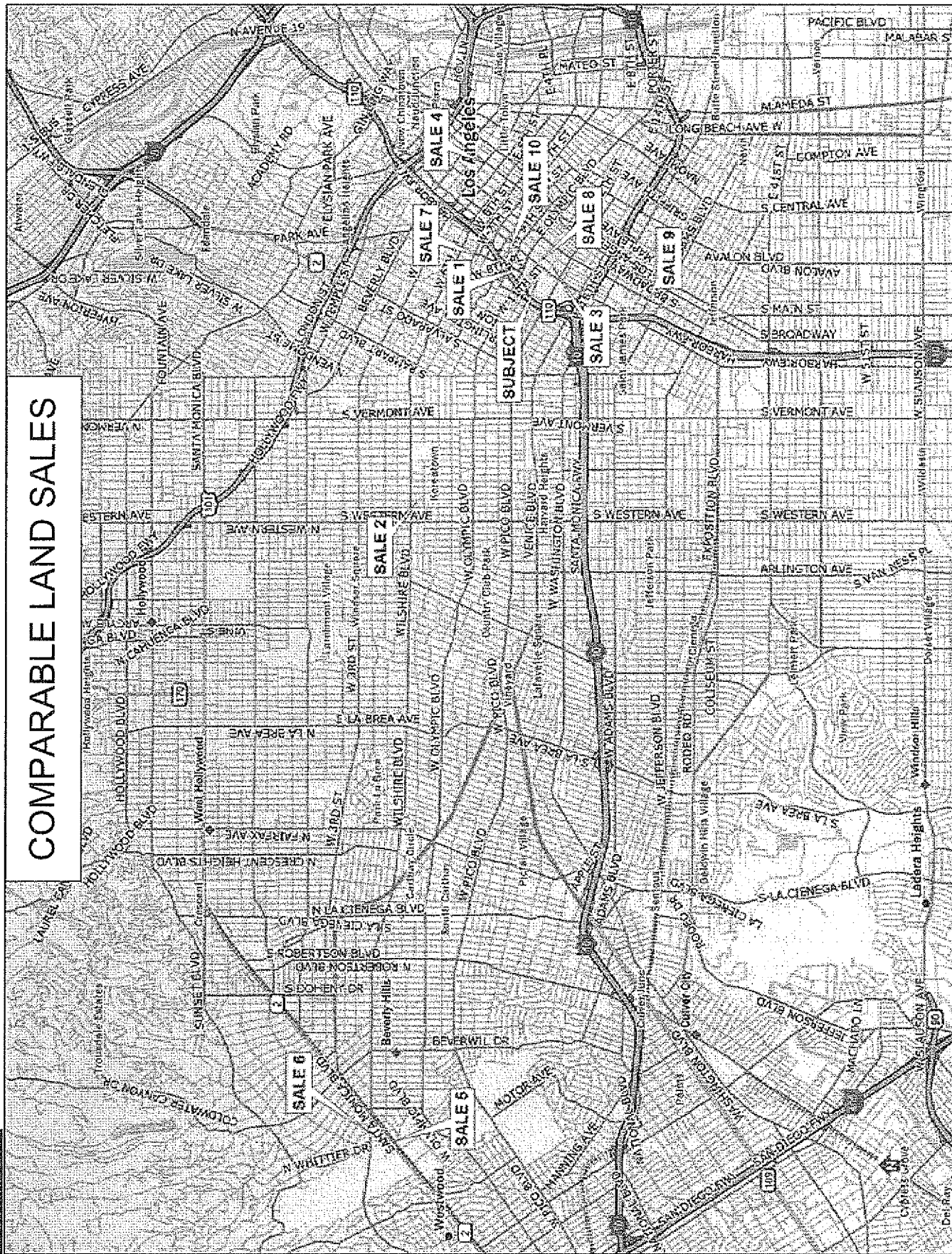
The Sales Comparison Approach is used to estimate the value of real estate, based on the theory that an informed and prudent buyer would not pay more for a property than the cost of acquiring another property with the same utility. It is, therefore, based upon the principle of substitution. This approach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

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

Market Data Summary

Although the subject property is currently zoned PF-4D-O and C2-4D-O, Senior City Planner Jon Foreman has indicated that the entire site would likely be re-zoned C2-4D-O if sold to a private third party. Therefore, consistent with the conclusion of Highest and Best Use As Vacant, a search was made for sales of commercial land within the City of Los Angeles and surrounding markets over the past 3 years. This resulted in 5 sales that were considered reasonably similar to the subject, all of which were under 8 acres in size. The search was therefore expanded to include sales over the past 6 years that were in proximity to the subject. The resulting sales were gathered, compared and analyzed. The results of this process provide the basis for the opinion of value for the site as if vacant and available for development to its highest and best use. All of the sales are adjusted for quantitative factors, when applicable. Our market data is found on the following page, along with a location map depicting each sale. Since the Scenario Two sales are identical to the Scenario One sales, data sheets have not been repeated to avoid redundancy.

COMPARABLE LAND SALES



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www.delorme.com

↑ MN (12.6°E)

Scale 1: 81,250

$$\{'' = 1.28 \text{ m}^2$$

Data Zoom 11-3

LAND SALES SUMMARY					
Sale No.	Location	Sale Date	Zoning	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	3670 Wilshire Boulevard Los Angeles	7/14/11	(T)(Q)C2-2	96,762 SF	\$21,000,000
				Corner	\$217.03
3	1215 South Flower Street Los Angeles	6/10/11	LASED	118,832 SF	\$31,000,000
				Corner	\$260.87
4	311 West 3rd Street Los Angeles	3/10/11	C2-4D	26,400 SF	\$3,300,000
				Corner	\$125.00
5	10000 Santa Monica Boulevard Los Angeles	11/17/10	C2-2-O	105,415 SF	\$59,500,000
				Corner	\$564.44
6	9900 Wilshire Boulevard Beverly Hills	10/6/10	9900 Wilshire Specific Plan	346,302 SF	\$148,300,000
				Interior	\$428.24
7	1136 Ingraham Street Los Angeles	9/1/10	C4(CW)-U/6	71,783 SF	\$10,000,000
				Corner	\$139.31
8	1101 South Flower Street Los Angeles	8/15/06	LASED	200,812 SF	\$80,000,000
				Corner	\$398.38
9	2300 - 2400 South Flower Street Los Angeles	7/18/06	[Q]C2-2-O	411,642 SF	\$70,500,000
				Corner	\$171.27
10	The city block bounded by James M. Wood Boulevard, Francisco Street, 8th Street and the Harbor/Pasadena (110) Freeway Los Angeles	12/14/05	C2-4D	274,428 SF	\$70,000,000
				Corner	\$255.08
Subject	1111 South Figueroa Street Los Angeles	--	C2-4D-O	352,875 SF	--
				Corner	--

Discussion of Adjustments

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

Property Rights at Sale

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

Buyer Expenditures

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

Financing

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

Condition of Sale

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

Market Conditions (Time)

This category adjusts for market conditions and reflects changes in the prices paid due to changes in market conditions over time. The comparable properties are adjusted from the date of sale to date of value. In reviewing the market, we found ten commercial land sales that cover a marketing time from December 2005 through 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 increased by approximately 12 percent annually, or 1.00 percent per month, between December 2005 and December 2007, decreased by approximately 12 percent annually, or 1.00 percent per month, between January 2008 and December 2010, and were generally stable between January 2011 and the present. Therefore, time adjustments were made for the appropriate time periods to the date of value.

Location and Physical Conditions

These categories consider differences between the subject and each comparable property for location and physical conditions. We considered differences in location, zoning/entitlements, 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/Entitlements - This category adjusts for differences in zoning, legal entitlements, and allowable 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.

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

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

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

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

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

LAND SALE ADJUSTMENT GRID - SCENARIO TWO												
Adjustment Factors	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	Sale 9	Sale 10	
Unadjusted \$/SF		\$449.14	\$217.03	\$260.87	\$125.00	\$564.44	\$428.24	\$139.31	\$398.38	\$171.27	\$255.08	
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	
Adjusted \$/SF		\$449.14	\$217.03	\$260.87	\$125.00	\$564.44	\$428.24	\$139.31	\$398.38	\$171.27	\$255.08	
Buyer Expenditures	--	None	None	None	None	None	4.70%	None	None	None	None	
Adjusted \$/SF		\$449.14	\$217.03	\$260.87	\$125.00	\$564.44	\$448.37	\$139.31	\$398.38	\$171.27	\$255.08	
Financing	--	Cash	Cash	Market	Market	Cash	Cash	Market	Market	Market	Market	
Adjusted \$/SF		\$449.14	\$217.03	\$260.87	\$125.00	\$564.44	\$448.37	\$139.31	\$398.38	\$171.27	\$255.08	
Condition of Sale	--	Arms Length	Arms Length	Arms Length	Arms Length	Arms Length	-25.0%	Arms Length	Arms Length	Arms Length	-25.0%	
Adjusted \$/SF		\$449.14	\$217.03	\$260.87	\$125.00	\$564.44	\$336.28	\$139.31	\$398.38	\$171.27	\$191.31	
Market Conditions	--	0.00%	0.00%	0.00%	0.00%	-1.48%	-2.86%	-4.01%	-19.47%	-18.55%	-11.45%	
Adjusted \$/SF		\$449.14	\$217.03	\$260.87	\$125.00	\$556.08	\$326.66	\$133.72	\$320.82	\$139.50	\$169.40	
Location and Physical Conditions												
Location	Gd - Ex	Gd - Ex	Gd - Ex	Gd - Ex	Good	Excellent	Excellent	Good	Gd - Ex	Good	Gd - Ex	
Adjustment		Similar	Similar	Similar	Sl. Inferior +	Sl. Superior -	Sl. Superior -	Sl. Inferior +	Similar	Sl. Inferior +	Similar	
Zoning/Entitlements	C2-4D-O	LASED Entitled	(T)(Q)C2-2 Entitled	LASED	C2-4D	C2-2-O	9900 W/1st hire Specific Plan	C4(CW)-U/6	LASED	[Q]C2-2-O	C2-4D	
Adjustment		Superior -	Superior -	Sl. Superior -	Similar	Sl. Inferior +	Sl. Inferior +	Similar	Sl. Superior -	Inferior +	Similar	
Size	352,875 SF	44,530 SF	96,762 SF	118,832 SF	26,400 SF	105,415 SF	346,302 SF	71,783 SF	200,812 SF	411,642 SF	274,428 SF	
Adjustment		Smaller -	Smaller -	Smaller -	Smaller -	Smaller -	Similar	Smaller -	Smaller -	Similar	Smaller -	
Site Utility	Good	Average	Average	Avg - Gd	Pair - Avg	Good	Avg - Gd	Average	Good	Avg - Gd	Good	
Adjustment		Inferior +	Inferior +	Sl. Inferior +	Inferior +	Similar	Sl. Inferior +	Inferior +	Similar	Sl. Inferior +	Similar	
Visibility	Gd - Ex	Good	Gd - Ex	Gd - Ex	Good	Gd - Ex	Gd - Ex	Good	Excellent	Good	Excellent	
Adjustment		Sl. Inferior +	Similar	Similar	Sl. Inferior +	Similar	Similar	Sl. Inferior +	Sl. Superior -	Sl. Inferior +	Sl. Superior -	
Accessibility	Good	Good	Good	Gd - Ex	Avg - Gd	Good	Gd - Ex	Good	Gd - Ex	Good	Avg - Gd	
Adjustment		Similar	Similar	Sl. Superior -	Sl. Inferior +	Similar	Sl. Superior -	Similar	Sl. Superior -	Similar	Sl. Inferior +	
Overall Rating		Superior	Superior	Superior	Inferior	Superior	Superior	Inferior	Superior	Inferior	Superior	

Analysis and Conclusions

The adjusted sales range from \$125.00 to \$556.08 per square foot, before adjusting for physical characteristics. Based on our analysis of the land sales, the overall ratings of the adjusted sales compared to the subject property are as follows:

Inferior (Sale Nos. 4, 7 and 9)	\$125.00 to \$139.50 per square foot
Similar	N/A
Superior (Sale Nos. 1, 2, 3, 5, 6, 8 and 10)	\$217.03 to \$556.08 per square foot

Based on our analysis, an expected value indicator for the subject should fall between \$139.50 and \$217.03 per square foot. Sale Nos. 4, 7 and 9 were considered inferior to the subject overall at \$125.00 to \$139.50 per square foot, due primarily to inferior location, zoning/entitlements, site utility, visibility and/or accessibility as compared to the subject. They set the lower range of value for the subject. Sale Nos. 1, 2, 3, 5, 6, 8 and 10 were considered superior to the subject overall at \$217.03 to \$556.08 per square foot, due primarily to superior location, zoning/entitlements, visibility, accessibility, or smaller size as compared to the subject. They set the upper range of value for the subject.

After considering adjustments for differences in property rights, buyer expenditures, financing, conditions of sale, market conditions, location and physical characteristics, it is our opinion that an appropriate value indicator for the subject site, underlying land only, is \$200.00 per square foot, which is within the range of the market. Shown below is our calculation of the market value of subject site:

LAND MARKET VALUE

Land Area		Price/Square Foot		Indicated Value
352,875± SF	x	\$200.00	=	\$70,575,000
Indicated Value of the Subject Site by the Sales Comparison Approach			Rounded To:	<u>\$70,575,000</u>

RECONCILIATION AND FINAL OPINION (FEE SIMPLE)

The final conclusion or opinion has resulted from the application of the Sales Comparison Approach. In summary, this approach provides a value indicator for vacant land and is most commonly used by market participants. The Sales Comparison Approach is considered to be the primary approach to value. **Please refer to Extraordinary Assumption Nos. 20, 21, 22, 23, 24 and 25.** Based on the data presented, analysis, and reconciliation, the Market Value of the Fee Simple Interest in the subject property, underlying land only, as of November 3, 2011, is:

SEVENTY MILLION FIVE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

.....**\$70,575,000.**

MARKET GROUND RENT CALCULATIONS

At the request of the Client, we have calculated the annual market ground rent for the subject property as of March 26, 2053 based upon the \$70,575,000 concluded market value of the fee simple interest in the subject property as of November 3, 2011. The market ground rent calculation will be utilized in negotiations with the proposed developer, AEG, to establish a ground lease extension for the subject property. According to the terms of the draft MOU, the current ground lease will be extended upon its March 25, 2053 expiration so that it will be co-terminus with the adjacent Event Center proposed ground lease, on or about 2067. Although there are no rent escalations noted for the lease extension in the MOU, the proposed lease for the Event Center includes a 1.75 percent annual rent escalation clause. Based upon our review of the draft MOU and analysis of the market, it is our opinion that a 1.75 percent rent escalation rate is reasonable, if applied to the proposed lease extension as well. **Please refer to Extraordinary Assumption No. 26.**

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

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

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

In order to derive the annual market rental rate for the land as of March 26, 2053, the concluded 7.0 percent rate of return was multiplied by the market value of the land as of March 26, 2053. The market value of the land as of March 26, 2053 was calculated by multiplying the concluded market value of the fee simple interest in the land as of November 3, 2011, or \$70,575,000, by a future value factor of 2.26966160,

representing a 2.0 percent annual growth rate between November 3, 2011 and March 26, 2053 (41.39 years). Thus, the market value of the fee simple interest in the land as of March 26, 2053 would be \$160,181,367. The annual market ground rental rate for the subject as of March 26, 2053 is calculated as follows:

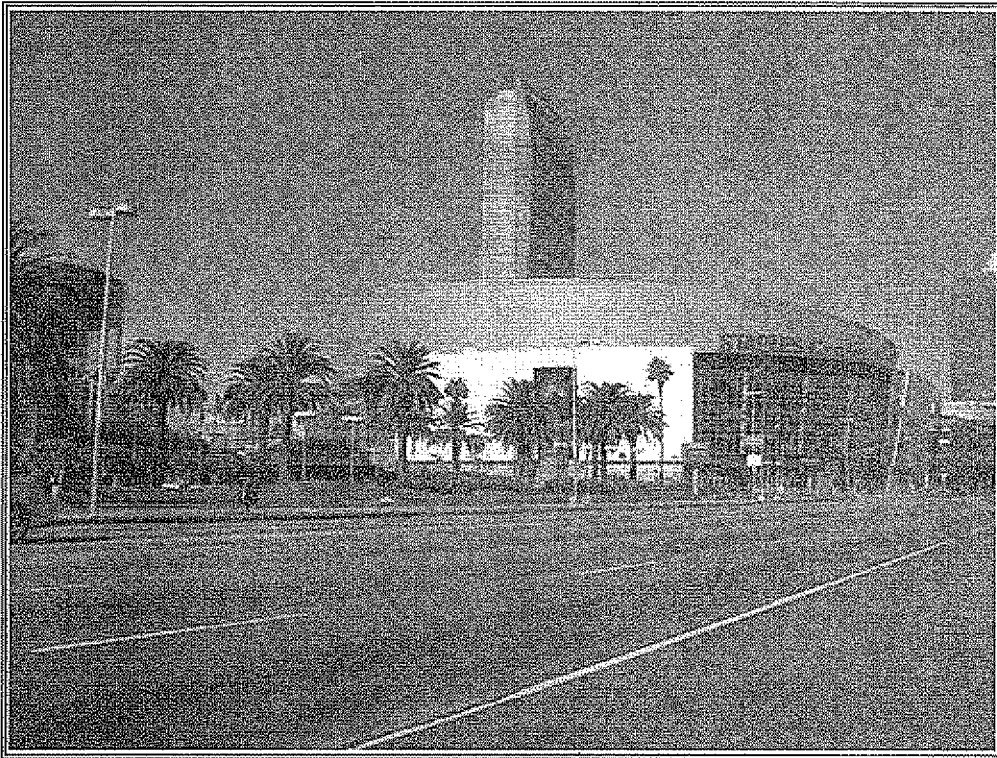
Market Value 3/26/2053		Percentage		Term		Indicated Value
\$160,181,367	x	7.0	x	1 Year	=	\$11,212,696
Annual Ground Market Rental Value of the Subject Site as of March 26, 2053						\$11,212,696

The final conclusion or opinion has resulted from applying an appropriate rate of return on land to the market land value as of March 26, 2053, which was calculated by applying a future value factor to the concluded market value of the subject property as of November 3, 2011. Based on the data presented, analysis, and reconciliation, the annual Market Ground Rent for the subject property, underlying land only, is:

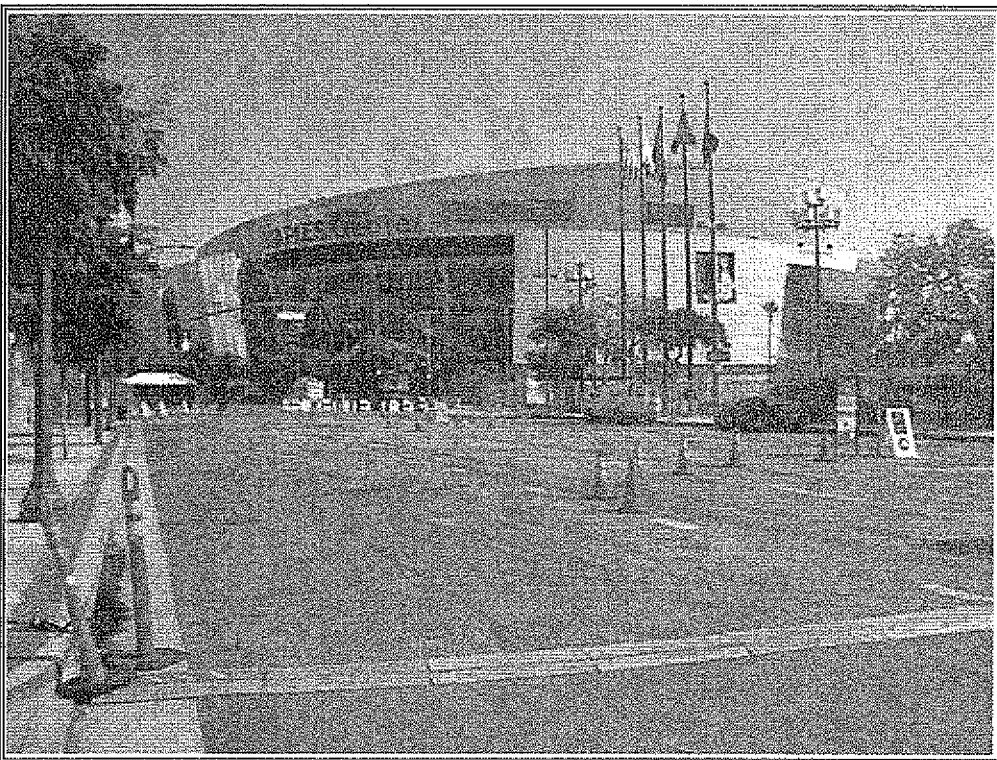
As of March 26, 2053.....\$11,212,696

A D D E N D A

SUBJECT PHOTOPAGES



SUBJECT PROPERTY LOOKING NORTH FROM FIGUEROA STREET



SUBJECT PROPERTY LOOKING SOUTHEAST FROM CHICK HEARN COURT