COMMERCIAL LAND
1640 Cabrillo Avenue
Torrance, Los Angeles County, California 90501
CBRE File No. 08-251LA-0753a

Self Contained Appraisal Report

Prepared for:

Mr. Brian K. Sunshine
Assistant to City Manager
CITY OF TORRANCE
3031 Torrance Boulevard
Torrance, California 90503

VALUATION & ADVISORY SERVICES

CBRE
CB RICHARD ELLIS

CB RICHARD ELLIS
355 S. Grand Avenue
Suite 1200
Los Angeles, CA 90071
T 213-613-3062
F 213-613-3131
www.cbre.com

July 21, 2008

Mr. Brian K. Sunshine
Assistant to City Manager
CITY OF TORRANCE
3031 Torrance Boulevard
Torrance, California 90503

RE: Appraisal of Commercial Land
1640 Cabrillo Avenue
Torrance, Los Angeles County, California
CBRE File No 08-251LA-0753a

Dear Mr. Sunshine:

At your request and authorization, CB Richard Ellis (CBRE) has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Self Contained Appraisal Report.

The subject property is located along the east side of Cabrillo Avenue just north of Carson Street and south of Double Street in the east central portion of the city of Torrance. The Harbor (110) Freeway is located two miles to the east with ingress and egress from Carson Street. Access to the San Diego (405) Freeway is two and a half miles north at Crenshaw Boulevard.

The subject is a 0.855-acre, or 37,252-square-foot, rectangular shaped, land site consisting of four legal parcels. It is improved with 9,392 square feet of frame/stucco/concrete block structures consisting of a small office, some storage rooms and vehicle maintenance garages. The improvements were constructed in the 1940s and 1950s. The improvement area square footage has been taken from a diagram provided by the owner. Conversely, the Los Angeles County Assessor's office indicates the total improvement area to be 10,235 square feet. It will be shown in this report that the existing improvements have exceeded their economic life and do not contribute to value. The subject is zoned General Commercial (C-2) and is part of the Downtown Redevelopment Project area. The property is occupied by Class Termite and Pest Control. The subject is more fully described, legally and physically, within the enclosed report.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	**Interest Appraised**	**Date of Value**	**Value Conclusion**
As Is	Fee Simple Estate	July 7, 2008	$2,220,000
Compiled by CBRE			

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The report is for the sole use of the client; however, client may provide only complete, final copies of the appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Appraiser is not required to explain or testify as to appraisal results other than to respond to the client for routine and customary questions. Please note that our consent to allow an appraisal report prepared by CBRE or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

CBRE hereby expressly granted to Client the right to copy this report and distribute it to other parties in the transaction for which this report has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any. It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES

F. Eric Cross
Appraiser
California Certification No. AG036498
Phone: 213-613-3462
Fax: 213-613-3131
Email: eric.cross@cbre.com

Don. T Hirose, MAI
Vice President
California Certification No. AG008876
Phone: 213-613-3062
Fax: 213-613-3131
Email: don.hirose@cbre.com

CERTIFICATION OF THE APPRAISAL

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our 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 value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal, as well as the requirements of the State of California.
8. 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 and the Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Don. T Hirose, MAI has completed the continuing education program of the Appraisal Institute.
11. F. Eric Cross and Don. T Hirose, MAI have made a personal inspection of the property that is the subject of this report.
12. F. Eric Cross and Don. T Hirose, MAI is currently certified in the state where the subject is located.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE. Although employees of other CBRE divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy are maintained at all times with regard to this assignment without conflict of interest.

F. Eric Cross
California Certification No. AG036498

Don. T Hirose, MAI
California Certification No. AG008876

SUBJECT PHOTOGRAPHS

AERIAL VIEW

TYPICAL VIEW OF THE SUBJECT FROM CABRILLO AVENUE LOOKING SOUTHEAST

THE SUBJECT OFFICE BUILDING ALONG CABRILLO

REAR OF THE OFFICE WITH 2ND STORY MEZZANINE

SOUTHEAST AREA OF THE SUBJECT WITH SERVICE BAY AWNINGS

THE NORTH SIDE OF THE SERVICE BAYS

LOOKING SOUTHWEST FROM THE NORTHEAST CORNER OF THE PROPERTY

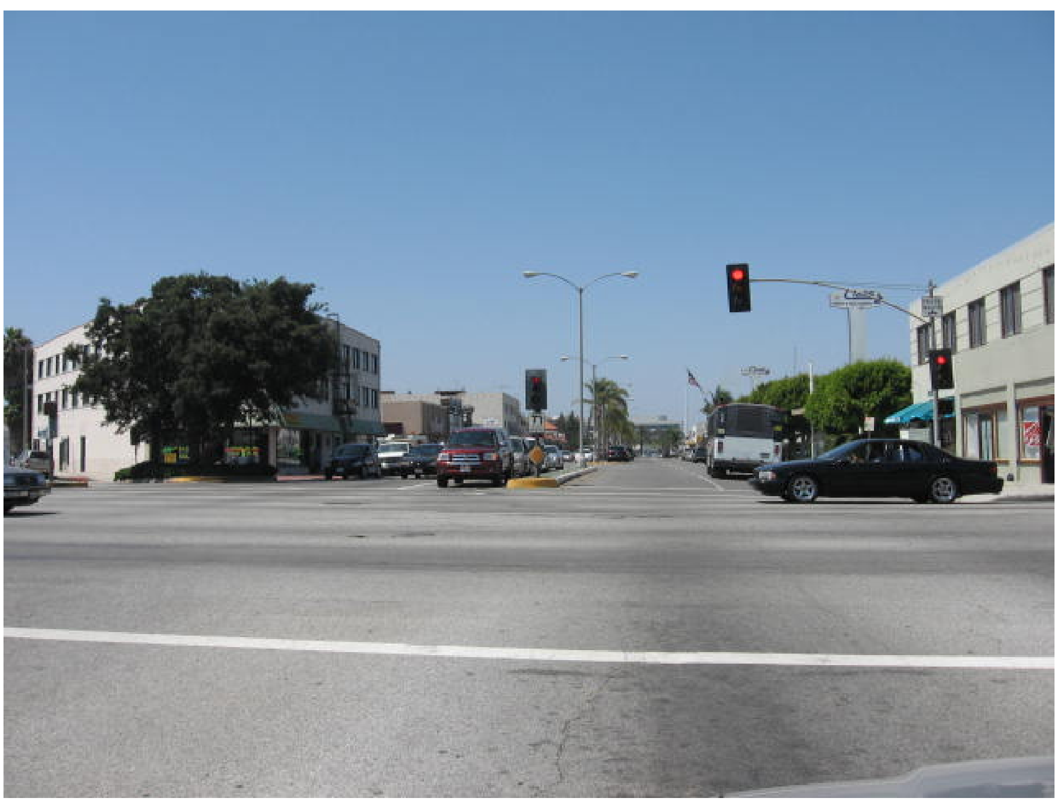
SERVICE BAY

VIEW OF THE SUBJECT PROPERTY FROM REAR ALLEY

OFFICE INTERIOR

OFFICE INTERIOR

CABRILLO AVENUE LOOKING SOUTH



INTERSECTION OF CABRILLO AVENUE AND CARSON STREET

SUMMARY OF SALIENT FACTS

Property Name	Commercial Land - 1640 Cabrillo Avenue	
Location	1640 Cabrillo Avenue, Torrance, Los Angeles County, California 90501	
Assessor's Parcel Numbers	7355-030-017	
	7355-030-018	
	7355-030-019	
	7355-030-020	
Highest and Best Use		
As Vacant	Mixed Use Development	
As Improved	Redevelopment to a Mixed Use Project	
Property Rights Appraised	Fee Simple Estate	
Land Area	0.86 AC	37,252 SF
Improvements		
Property Type	Retail	(_Retail/Commercial)
Number of Buildings	2	
Number of Stories	1	
Gross Leasable Area	9,392 SF	
Year Built	1947-1957	
Improvement Condition	Fair	
Estimated Exposure Time	6 Months	
Financial Indicators		
Current Occupancy	Class Termite and Pest Control	

CONCLUDED MARKET VALUE			
Appraisal Premise	**Interest Appraised**	**Date of Value**	**Value**
As Is	Fee Simple Estate	July 7, 2008	$2,220,000

Compiled by CBRE

EXTRAORDINARY ASSUMPTIONS

1. The Los Angeles County Assessor's office estimates the gross site area to be 0.86 acres, or 37,252 square feet. We reserve the right to amend the valuation if subsequent land area surveys indicate a different land area than that which is utilized in this report.

2. The Los Angeles County Assessor's office estimates the improvement area to be 10,235 square feet. Per a diagram provided by the owner the improvement area totals 9,392 square

feet. We have used the improvement area indicated by the owner of the subject property. Access to Los Angeles County Assessor drawings of the subject improvements was denied by the property owner, although permission was requested. We reserve the right to amend the valuation if subsequent building area surveys indicate a different building area than that which is utilized in this report.

HYPOTHETICAL CONDITIONS

None noted.

TABLE OF CONTENTS

INTRODUCTION

PROPERTY IDENTIFICATION

The subject property is located along the east side of Cabrillo Avenue just north of Carson Street and south of Double Street in the east central portion of the city of Torrance. The Harbor (110) Freeway is located two miles to the east with ingress and egress from Carson Street. Access to the San Diego (405) Freeway is two and a half miles north at Crenshaw Boulevard.

The subject is a 0.855-acre, or 37,252-square-foot, rectangular shaped, land site consisting of four legal parcels. It is improved with 9,392 square feet of frame/stucco/concrete block structures consisting of a small office, some storage rooms and vehicle maintenance garages. The improvements were constructed in the 1940s and 1950s. The improvement area square footage has been taken from a diagram provided by the owner. Conversely, the Los Angeles County Assessor's office indicates the total improvement area to be 10,235 square feet. It will be shown in this report that the existing improvements have exceeded their economic life and do not contribute to value. The subject is zoned General Commercial (C-2) and is part of the Downtown Redevelopment Project area. The property is occupied by Class Termite and Pest Control. The subject is more fully described, legally and physically, within the enclosed report.

OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of Gerald and Mary Wright who acquired title to the property in 1979 as recorded in Book 7355/Page 30 of the Los Angeles County Deed Records. The 1979 purchase price was not disclosed by the owner. The property is currently occupied by Class Termite and Pest Control on a month-to-month lease. Roger Class is the owner of Class termite Pest Control. We are uncertain whether the property is owner occupied.

To the best of our knowledge, there have been no other ownership transfers of the property during the previous three years and it is not being marketed for sale. The property is not currently in escrow.

PREMISE OF THE APPRAISAL/RELEVANT DATES

The following table illustrates the various dates associated with the valuation of the subject and the valuation premise(s):

PREMISE OF THE APPRAISAL/RELEVANT DATES	
Date of Report:	July 21, 2008
Date of Inspection:	July 7, 2008
Date of Value	
As Is:	July 7, 2008
Compiled by CBRE	

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property.

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. [1]

TERMS AND DEFINITIONS

The Glossary of Terms in the addenda provides definitions for additional terms that are, and may be used in this appraisal.

INTENDED USE AND USER OF REPORT

This appraisal is to be used by the client, City of Torrance, to evaluate the potential acquisition of the subject property.

[1] Office of Comptroller of the Currency (OCC), 12 CFR Part 34, Subpart C – Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. (Chicago: Appraisal Institute, 2002), 177-178. This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value as well as the example referenced in the *Uniform Standards of Professional Appraisal Practice (USPAP)*.

SCOPE OF WORK

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied, all based upon the following problem-identifying factors stated elsewhere in this report:

- Client
- Intended use
- Intended user
- Type of opinion
- Effective date of opinion
- Relevant characteristics about the subject
- Assignment conditions

This appraisal of the subject has been presented in the form of a Self-Contained Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. That is, this report incorporates, to the fullest extent possible, practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. This report also includes thorough descriptions of the subject and the market for the property type. CBRE completed the following steps for this assignment:

Extent to Which the Property is Identified

CBRE collected data relevant to the physical characteristics of the subject via an interior and exterior inspection of the subject property. The property was legally identified through the Los Angeles County Assessor's records.

Extent to Which the Property is Inspected

CBRE inspected both the interior and exterior of the subject, as well as its surrounding environs on the effective date of appraisal.

Type and Extent of the Data Researched

CBRE analyzed the micro and/or macro market environments with respect to physical and economic factors relevant to the valuation process. This knowledge was expanded through interviews with regional and local market participants, available published data and other various resources. CBRE also conducted regional and/or local research with respect to applicable tax data, zoning requirements, flood zone status, demographics, income and expense data, and comparable listing, sale and rental information.

Type and Extent of Analysis Applied

CBRE analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section. CBRE then correlated and reconciled the results into a reasonable and defensible value conclusion, as defined herein. A reasonable exposure time and marketing time associated with the value estimate presented has also been concluded.

SPECIAL APPRAISAL INSTRUCTIONS

There have been no special appraisal instructions for this assignment.

EXPOSURE/MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

- marketing time information from the PriceWaterhouseCoopers/Korpacz Real Estate Investment Survey 2nd Quarter 2008.

The following table presents the information derived from this source.

EXPOSURE TIME INFORMATION

Investment Type	Exposure Time (Months) Range	Average
Korpacz Strip Shopping Center		
National Data	2.0 - 12.0	6.1
CBRE Estimate	**6 Months**	

Source: PriceWaterhouseCoopers/Korpacz Real Estate Investor Survey 2nd Qtr. 2008

Based on interviews market participants and the Korpacz National Survey, we have concluded an exposure/marketing time of 6 months or less would be considered reasonable for the subject. Although the subject is not a retail strip mall, we have chosen this property type designation due to the subject's C2 zoning.

This exposure/marketing time reflects current economic conditions, current real estate investment market conditions, the terms and availability of financing for real estate acquisitions, and property and market-specific factors. It assumes that the subject is (or has been) actively and professionally marketed. The marketing/exposure time would apply to all valuation premises included in this report.

AREA ANALYSIS

The regional analysis addresses past and probable future trends which may affect the economic structure of the real estate market. It focuses on discernible social, economic, governmental, and environmental forces which influence the value of the subject. The subject location is shown on the map exhibit.

LOS ANGELES COUNTY

Social Forces

Historical and projected population growth for Los Angeles County, the Southern California Region (defined as Los Angeles, Orange, Riverside, San Bernardino, Ventura and San Diego counties), and the State of California is presented in the following chart.

SELECTED DEMOGRAPHIC STATISTICS			
CHARACTERISTIC	Los Angeles County	Southern California	State of California
Population			
1990 Census	8,863,128	17,029,545	29,760,021
2000 Census	9,519,338	19,187,478	33,871,648
2007 Estimate	10,164,031	21,121,914	37,075,982
2012 Projection	10,734,503	22,689,321	39,684,022
Annual Growth Rate 1990-2007	0.8%	1.3%	1.3%
Annual Growth Rate 2007-2012	1.1%	1.4%	1.4%
Households			
1990 Census	2,989,542	5,788,123	10,381,206
2000 Census	3,133,774	6,341,784	11,502,870
2007 Estimate	3,314,263	6,908,924	12,461,651
2012 Projection	3,486,188	7,386,242	13,275,749
Annual Growth Rate 1990-2007	0.6%	1.0%	1.1%
Annual Growth Rate 2007-2012	1.0%	1.3%	1.3%
Income			
2007 Average Household Income	$71,592	$75,125	$67,812
2007 Median Household Income	$49,172	$54,110	$55,650
2007 Estimated Per Capita Income	$23,618	$24,911	$24,812
Source: Claritas			

Population growth rates in Los Angeles County are lower than the Southern California and statewide figures as the generally built-out nature of the region restricts new housing construction and associated population growth. Los Angeles County median per capita household income is moderately lower than the regional and state-wide figures.

Education

The five-county Southern California region is a major center for higher education. Facilities include three University of California campuses (Los Angeles, Irvine, and Riverside), eight California State University campuses, and numerous nationally recognized private universities and colleges (including the California Institute of Technology, which was rated the No. 5 University in the United States by U.S. News and World Report in 2008). The largest private institution is the University of Southern California.

Economic Forces

Los Angeles County is a mature economic district with a diverse base. A discussion of employment trends, industry employment levels, and short-term projections are presented on the following pages.

Employment and Unemployment Trends

A summary of historical and projected non-farm employment trends is shown in the following chart. This information is based on the 2008-2009 Economic Forecast & Industry Outlook for Southern

California published by the Los Angeles County Economic Development Corporation (LAEDC) in February 2008.

HISTORICAL AND PROJECTED EMPLOYMENT AND UNEMPLOYMENT TRENDS

Year	California Employment (000s)	Annual Percent Change	Unemployment Rate	Los Angeles Employment (000s)	Annual Percent Change	Unemployment Rate	Los Angeles Relative Growth
1990	12,499.8	--	5.8%	4,135.7	--	5.8%	--
1991	12,358.9	-1.1%	7.8%	3,982.7	-3.7%	8.0%	-2.6%
1992	12,153.5	-1.7%	9.4%	3,804.5	-4.5%	9.9%	-2.8%
1993	12,045.4	-0.9%	9.5%	3,707.6	-2.5%	10.0%	-1.7%
1994	12,159.5	0.9%	8.6%	3,701.9	-0.2%	9.3%	-1.1%
1995	12,422.0	2.2%	7.9%	3,746.6	1.2%	8.0%	-1.0%
1996	12,743.4	2.6%	7.3%	3,788.5	1.1%	8.3%	-1.5%
1997	13,129.7	3.0%	6.4%	3,865.0	2.0%	6.9%	-1.0%
1998	13,596.1	3.6%	6.0%	3,943.5	2.0%	6.6%	-1.5%
1999	13,991.8	2.9%	5.3%	4,002.9	1.5%	5.9%	-1.4%
2000	14,488.2	3.5%	5.0%	4,072.1	1.7%	5.4%	-1.8%
2001	14,602.0	0.8%	5.4%	4,073.6	0.0%	5.7%	-0.7%
2002	14,457.8	-1.0%	6.7%	4,026.8	-1.1%	6.8%	-0.2%
2003	14,392.3	-0.5%	6.8%	3,982.9	-1.1%	7.0%	-0.6%
2004	14,530.4	1.0%	6.2%	3,996.5	0.3%	6.5%	-0.6%
2005	14,797.7	1.8%	5.4%	4,024.2	0.7%	5.3%	-1.1%
2006	15,050.6	1.7%	4.9%	4,092.5	1.7%	4.7%	0.0%
2007	15,158.2	0.7%	5.3%	4,123.1	0.7%	5.0%	0.0%
08 Forecast	15,267.7	0.7%	5.9%	4,153.0	0.7%	5.6%	0.0%
09 Forecast	15,427.0	1.0%	5.6%	4,204.5	1.2%	5.4%	0.2%

Source: Los Angeles Economic Development Corporation

As shown, job growth in the State accelerated significantly during the 1995 to 2000 economic recovery. Between 2001 and 2006 employment growth has been stagnant and has not exceeded 1.8 percent (in two years there was a moderate contraction in employment). Anemic growth of less than 1.0 percent occurred in 2007. Due to increasing concerns relative to overall economic conditions, projections for 2008 and 2009 are for limited growth.

Employment growth trends in Los Angeles County generally parallel the State with the rate of annual job gains lagging the state and the rate of job losses surpassing the State. The projections for Los Angeles County are very similar to the State job growth in 2008 and 2009. One reason cited for the poor relative performance over the long term is the higher concentration of unskilled workers in Los Angeles County.

Employment by Industry

The overall employment levels by major industry are presented in the following chart.

LOS ANGELES COUNTY NON-FARM EMPLOYMENT BY INDUSTRY

Industry	1990 Employment	Percent of Total	2000 Employment	Percent of Total	2007 Employment	Percent of Total
Total Farm	13,700	0.3%	7,700	0.2%	7,800	0.2%
Natural Resources	8,200	0.2%	3,400	0.1%	4,400	0.1%
Construction	145,100	3.5%	131,700	3.2%	157,200	3.8%
Manufacturing*	812,000	19.6%	612,200	15.0%	447,100	10.8%
Durable Goods	533,200	65.7%	342,300	55.9%	248,400	55.6%
Non-durable Goods	278,800	34.3%	269,900	44.1%	198,800	44.5%
Trade, Trans. & Utilities*	794,900	19.2%	786,000	19.3%	819,600	19.9%
Wholesale Trade	228,300	5.5%	219,400	5.4%	229,600	5.6%
Retail Trade	405,500	9.8%	392,000	9.6%	423,600	10.3%
Transportation & Utilities	161,000	3.9%	174,600	4.3%	166,400	4.0%
Information	186,200	4.5%	243,700	6.0%	209,200	5.1%
Financial Activities	279,900	6.7%	224,500	5.5%	245,000	5.9%
Professional and Business Svcs.	541,600	13.1%	587,900	14.4%	605,700	14.7%
Educational & Health Services	384,700	9.3%	416,800	10.2%	488,300	11.8%
Leisure & Hospitality	306,700	7.4%	344,700	8.4%	397,400	9.6%
Other Services	136,700	3.3%	140,000	3.4%	147,100	3.6%
Government	539,800	13.0%	581,300	14.2%	594,800	14.4%
Total	**4,149,400**	**100.0%**	**4,079,900**	**100.0%**	**4,123,700**	**100.0%**

* The indented items are subcategories of the non-indented industry.
Source: State of California Employment Development Department

The statistics indicate the manufacturing base is declining while the service industry is expanding. The decline in Manufacturing is significant (812,000 jobs in 1990 to 447,100 jobs in 2007, a 45 percent decline). Growth is occurring in the service sector with Professional and Business, Educational and Health, and Leisure & Hospitality sectors exceeding 50,000 jobs between 1990 and 2006. The Government sector has also been characterized by strong growth.

Per the LAEDC forecast, the largest absolute gains by sector in 2008 will be: Leisure & Hospitality services (+7,000 jobs); Professional, Scientific and Technical services (+8,000 jobs); Health services (+9,500 jobs); Private Education Services (+6,000 jobs), and Government (+5,000 jobs).

Employment losses in 2008 will be in: Manufacturing (-5,000 jobs); Information Services (-3,000 jobs); construction (-2,500 jobs); real estate (-2,000 jobs); and Finance and Insurance (-2,000 jobs).

Employment by Industry – Comparison to the State

The following table presents employment figures for California and Los Angeles County as a percentage of employees in specific sectors of the economy, as well as an industry penetration comparison.

NON-FARM EMPLOYMENT BY INDUSTRY
LOS ANGELES COUNTY VS. CALIFORNIA

	Los Angeles County		State of California		Los Angeles	
	2007 Total	Percent of Total	2007 Total	Percent of Total	County Percent of State	Industry Penetration
Total Farm	7,800	0.2%	386,400	2.5%	2.0%	7.6%
Natural Resources	4,400	0.1%	25,900	0.2%	17.0%	64.1%
Construction	157,200	3.8%	892,300	5.7%	17.6%	66.4%
Manufacturing*	447,100	10.8%	1,463,200	9.4%	30.6%	115.2%
Durable Goods	248,400	6.0%	927,800	6.0%	26.8%	101.0%
Non-durable Goods	198,800	4.8%	535,400	3.4%	37.1%	140.0%
Trade, Trans. & Utilities*	819,600	19.9%	2,910,900	18.7%	28.2%	106.2%
Wholesale Trade	229,600	5.6%	716,900	4.6%	32.0%	120.8%
Retail Trade	423,600	10.3%	1,688,800	10.9%	25.1%	94.6%
Transportation & Utilities	166,400	4.0%	505,200	3.2%	32.9%	124.2%
Information	209,200	5.1%	472,800	3.0%	44.2%	166.8%
Financial Activities	245,000	5.9%	906,600	5.8%	27.0%	101.9%
Professional and Business Svcs.	605,700	14.7%	2,263,300	14.6%	26.8%	100.9%
Educational & Health Services	488,300	11.8%	1,664,300	10.7%	29.3%	110.6%
Leisure & Hospitality	397,400	9.6%	1,553,100	10.0%	25.6%	96.5%
Other Services	147,100	3.6%	513,600	3.3%	28.6%	108.0%
Government	594,800	14.4%	2,497,400	16.1%	23.8%	89.8%
Total	4,123,700	100.0%	15,549,800	100.0%	26.5%	100.0%

* The indented items are subcategories of the non-indented industry.
Source: State of California Economic Development Department

As indicated, Los Angeles County accounts for 26.5 percent of the state's total employment. Industries well above average employment penetration (115 percent or higher) include Manufacturing (primarily non-durable goods), Transportation and Public utilities, Wholesale Trade, and Information.

Major Employers

Based on the Los Angeles Business Journal The 2008 Lists publication, the largest private employers in Los Angeles County are summarized in the following chart. This list excludes all government employers, which are a significant portion of the total employment in Los Angeles County. The companies are listed based upon total revenues as several of the companies would not disclose (WND) the number of employees.

LARGEST PRIVATE EMPLOYERS BY REVENUE – LOS ANGELES COUNTY				
Rank	Company	Revenues (Millions)	Employees	Core Business
1	Platinum Equity LLC	$8,000	45,000	Mergers, Acquisitions, and Operations
2	MDFC Holding Co.	$6,988	74,981	Holidng company for Dole Food Co. and Castle & Cooke Inc.
3	Trader Joe's Co. Inc	$5,000	WND	Specialty food and beverage retail chain
4	Capital Group Cos.	$4,800	WND	Investment Management
5	J.F. Shea Co. Inc.	$3,429	3,000	General contractor, homebuilder, heavy construction, etc.
6	Parsons	$1,990	11,600	Engineering, procurement, program/construction management
7	Unified Western Grocers Inc.	$2,866	WND	Retail-owned wholesale grocery distributor
8	Consolidated Electrical Distributors Inc.	$2,300	WND	Electrical products distributor
9	A-Mark Financial Corp.	$2,500	WND	Financial services, trading and marketing of precious metals, coins
10	ViewSonic Corp.	$1,200	654	Visual display products
11	Red Chamber Group	$1,310	1,000	Seafood Supplier
12	Bentley Forbes Group Inc.	$1,567	102	Commercial real estate
13	Newegg.com	$1,300	1,200	Online computer, consumer electronics and communications retailer
14	Roll International Corp.	$800	WND	Holding company for Pom Wonderful, Fiji Water
15	World Oil Corp.	$1,225	875	Petroleum refining, real estate, retail petroleum sales, etc.
16	United Oil	$1,043	500	Retail gas stations and convenience stores
17	Keyes Motors Inc.	$1,124	WND	Automotive dealerships
18	Topa Equities Ltd.	$1,202	2,318	Beverage distribution, automobile dealerships, insurance, etc.
19	Sunkist Growers Inc.	$1,005	WND	Cooperative marketer of fresh and processed fruits
20	Forever 21 Inc.	$924	9,500	Retailer of fashion apparel and accessories
21	Utility Trailer Manufacturing Co.	$915	3,600	Manufacturer and distributor of semi-truck trailers
22	Panda Restaurant Group	$759	14,583	Owner/operator of several Asian restaurant chains including Panda Express, Panda Inn, etc.
23	BCBG Max Azria Group	$900	10433	Global fashion branding and retail
24	ValleyCrest Cos.	$770	9,700	Landscape archietecture, design-build, site development, horiticultural services consulting
25	John Paul Mitchell Systems	$800	WND	Professional salon hair care manufacturer

Source: Los Angeles Business Journal The 2008 Lists

Short-Term Projections

Economic conditions in the local, regional and state economy are slowing and there is a growing concern among numerous economists that an economic recession in the short term is possible, if not probable. Provided in the following pages is a summary of comments from different sources relative to the county/regional/state economy.

Economic hurdles which could impact the California economy highlighted in the LAEDC in the 2008-2009 Economic Forecast include:

- The housing industry will continue to struggle, and the pain will stretch into 2009. For some areas in the state, it could be 2010 before the situation stabilizes.
- High oil prices (and gasoline and diesel prices) will hurt both the consumer and business sectors.
- With a small-to-medium sized business base, the current credit squeeze could starve the state's economy of needed capital.
- The state budget deficit is currently estimated at $14 billion and likely to go higher. A fiscal "emergency" has been declared, and the pain of funding cuts will trickle down to local governments.
- The contract of the International Longshoremen Workers Union expires in June 2008 (up and down the Pacific Coast). While the negotiations are not expected to be contentious, shippers are nervous remembering the 2002 lock-out.
- The drought situation (even with normal rain, water supplies in the state will still be tight) will hurt industries such as agriculture and food processing.

Positive forces impacting the California economy highlighted in the LAEDC in the 2008-2009 Economic Forecast include:

- Agriculture, despite higher energy costs, labor supply issues and water supply problems, will continue to see slow steady growth. Export markets will continue to be strong in 2008, thanks to the weak dollar and good growth of destination economies.
- International trade will grow a little faster than in 2007, with exports still robust. The state's three major ports will be coping with environmental challenges to expansion projects, but the growth pipeline does seem to be flowing once more.
- Technology will continue to grow at a steady pace, but demand in business and consumer markets will be somewhat slower than in 2007.
- Tourism will be a relative bright spot. The weak dollar will continue to bring in international visitors, while lots of events during 2008 will draw travelers to the state.
- Nonresidential (slowing in 2008/2009) and public sector (accelerating in 2008/2009) construction projects will also provide some support.

In the article, "UCLA Experts Don't Buy Recession" published in the front section of the Los Angeles Times on March 11, 2008, comments regarding the California Economy include:

- Industrial production growth remains strong … and consumer spending on big-ticket items such as refrigerators is expected to keep climbing – albeit by just 0.3% this year, from 5% at the end of 2007.
- Housing remains the big drag on the economy, UCLA analysts say. But they say the rising tide of foreclosures is related more to falling prices and escalating interest rates than to job losses, which triggered previously spikes in foreclosures. People "are walking away from their homes in droves not because they lost their jobs but because home prices are falling."
- UCLA predicts that GDP will dip by 0.4% in the second quarter of this year, but then rebound. Anderson expects GDP to be growing at 2.5% by the end of this year.
- Whether truly in recession or not, the economy would be sputtering. It remains so fragile that "if there is a quick halt to consumer spending, we will for sure have a recession in 2008."
- Home prices will also be slow to bounce back, and the UCLA forecasters do not predict when the housing market will recover.

In the article, "Regional Employment Recessions and California's Uneven Growth" published in the UCLA Anderson Forecast – March 2008, comments on the Los Angeles County economy include:

- In all of the recessions Los Angeles lost manufacturing and construction jobs, and gained service sector jobs. Typically, the gain in service sector jobs was insufficient to counteract the job loss in construction and manufacturing.
- In L.A., the diversified economy, and the growth of exports has spurred services and to a lesser extent manufacturing growth. The spooling up of non-residential and public works construction has mitigated the downturn in residential construction. So, the growth engine of Los Angeles not only shows no sign of a recession in 2007, it shows no tendency towards one in 2008.

Overall, it is clear the region, at best, is going to be characterized by slow to moderate growth. The potential threat of a recession is significant, particularly if consumer spending weakens, the housing market continues to soften, or the larger U.S. economy is impacted by a recession.

Governmental Forces

Jurisdiction

Los Angeles County was established in 1850 and currently encompasses 4,752 square miles. Approximately 65 percent of the county is in unincorporated territory with the remaining 35 percent contained within the borders of 87 incorporated cities. A five-member Board of Supervisors controls government within Los Angeles County. The Board has executive, legislative, and quasi-judicial roles. It appoints all district heads except the assessor, district attorney, and sheriff, all of which are elected positions.

Real Estate Taxes

In 1978, the residents of California voiced their opposition to increasing taxes through the legislative process. This major consumer "tax revolt" culminated in the passage of Proposition 13, also known as the Jarvis-Gann Initiative, which was later made into law under the provisions of Article XIII-A of the California Tax and Revenue Code. In essence, Proposition 13 determined a maximum tax rate of one percent of market value plus an increment for pre-existing bonded indebtedness. The maximum allowable increase on property assessments, and hence taxes, was set at two percent per year, except when a property sells or undergoes major construction. Properties are reassessed at market value at the time of sale.

Environmental Forces

Automobile Transportation

The Los Angeles County transportation network is dominated by an extensive freeway system. Major north/south routes include the San Diego Freeway (Interstate 405), the Golden State Freeway (Interstate 5), the Pasadena/Harbor Freeway (State Highway 110), the Long Beach Freeway (Interstate 710), and the San Gabriel River Freeway (Interstate 605). The primary north/south route is the Golden State Freeway, which traverses the entire length of the state of California.

Major east/west routes include the Foothill Freeway (Interstate 210), the Ventura Freeway (State Highway 134/US Highway 101), the Hollywood Freeway (US Highway 101), the Santa Monica-San Bernardino Freeway (Interstate 10), the Pomona Freeway (State Highway 60), the Century Freeway (Interstate 105), and the Artesia Freeway (State Highway 91). The primary east/west route is the Santa Monica-San Bernardino Freeway, which extends from the Pacific Ocean to the Arizona State line and beyond.

The Los Angeles County Metropolitan Transit Authority (MTA) is in the process of completing a 25-year blueprint for freeway and mass transit projects in order to alleviate growth-related congestion. Projections by the MTA are that the average speed on most area freeways during peak morning commuting hours will decline from 34 to 20 (or less) miles per hour over the next 25 years. The primary cause of this slowdown is an increase in population and employment combined with an estimate that 73 percent of all commuters represent motorists traveling alone. It is clear a massive political and public effort will be needed to obtain the funding and approvals for capital projects to alleviate peak commuting traffic.

Rail Service

Rail freight service is provided by numerous carriers and is available throughout the Southern California region. Passenger rail service is available on a more limited basis, but is being expanded through the development of a regional passenger train system. All commuter rail lines use Union Station in Downtown Los Angeles as their hub (with transfers to the other rail systems and bus lines).

Completed portions of this system are: the Blue Line (a light rail train from Downtown Los Angeles to Downtown Long Beach); the Red Line (a subway from Downtown Los Angeles to North Hollywood); the Green Line (a light rail train from the Los Angeles International Airport area to Norwalk); and the Gold Line (Union Station to Pasadena). The preceding lines serve locations proximate to downtown Los Angeles and are generally served by small trains with relatively frequent departure schedules.

Near term expansions of the light rail lines include a branch of the Gold Line from Union Station to East Los Angeles and the proposed Expo Line (Exposition Park to Culver City), both of which are under-construction. The projected completions of construction dates are Late 2009 and 2010, respectively.

The wider region is served by the more conventional MetroRail trains. The MetroRail lines extend to Oxnard in Ventura County, Lancaster in Los Angeles County, San Bernardino in San Bernardino County, Riverside in Riverside County, and Oceanside in San Diego County. Amtrak also provides commuter service from San Diego, Orange, and Ventura Counties.

Los Angeles International Airport

Los Angeles International Airport (LAX) is the dominant passenger and airfreight facility in the Southern California region. While there are regional airports in the other areas of Los Angeles County and the adjacent counties, their passenger and airfreight volumes are substantially lower than LAX. Efforts to divert traffic from LAX to the regional facilities have largely been unsuccessful. Historical LAX volume statistics by airport categories are summarized in the following chart.

LAX STATISTICS

Year	Passengers	Annual % Change	Air Cargo	Annual % Change
1999	64,279,813	- -	1,884,526	- -
2000	67,303,182	4.7%	2,001,295	6.2%
2001	61,606,253	-8.5%	1,778,151	-11.1%
2002	56,223,843	-8.7%	1,869,932	5.2%
2003	54,982,838	-2.2%	1,924,148	2.9%
2004	60,704,568	10.4%	2,022,911	5.1%
2005	61,489,523	1.3%	2,048,289	1.3%
2006	61,041,066	-0.7%	2,022,687	-1.2%
2007	61,896,075	1.4%	2,001,434	-1.1%
Annual % Change				
1999-2007		-0.5%		0.8%
2002-2007		1.9%		1.4%

Source: Los Angeles World Airports

As shown, passenger and air cargo volume peaked in 2000 and then declined significantly during the 2001 economic recession and the September 11, 2001 terrorist attacks. Air cargo has recovered and has stabilized at approximately 2.0 million tons annually. Passenger volume has not recovered and has stabilized at over 60 million annually.

Overall, the Los Angeles International Airport is projected to serve 98 million passengers and 4.2 million tons of air cargo by 2015. In order to accommodate this growth, the management at the airport considered a series of airport improvements and expansions. Recent capital improvements included an $80 million renovation at the Tom Bradley International Terminal to handle increased traffic and a $200 million renovation of Terminals 6, 7, and 8 by United Airlines. A $225 million project to renovate the interior of the Tom Bradley International Terminal (TBIT) was recently announced to improve operational efficiency and enhance customer satisfaction. Forty percent of the estimated cost is allocated to security and safety upgrades. The terminal overhaul will be the most extensive capital improvement project undertaken by Los Angeles World Airports (LAWA) since the 1984 Summer Olympics.

On a regional basis, the Federal Aviation Administration is projecting regional air passenger volume to increase from 98 to 180 million over the next 20 years. Air cargo will grow from 3.0 tons to 9.0 million tons over the next 15 years. To meet these future capacities, there are planned expansions of Ontario International Airport (in San Bernardino County) as well as other regional airports. Most of the regional airport expansions are facing significant local opposition and there will likely be limitations on the number of take-offs and landings. Clearly, meeting the future capacity needs in the region will be a challenging issue.

Port Activity

The Ports of Los Angeles and Long Beach, while adjacent to each other, are operated as separate entities. On a regional basis, the ports are generally considered a single economic entity. Together, the ports and their related trade activities form a cornerstone of the Los Angeles economy. Due to the significant cargo volumes and economic contributions to the regional economy, both ports are planning expansions and capital improvements designed to increase volume and efficiency.

In addition to the capital improvements at each port, the two adjacent facilities jointly worked on facilitating the development of the Alameda Corridor, a 20-mile access route that links the two ports with major transcontinental rail facilities in downtown Los Angeles. Improvements on the Alameda Corridor largely consisted of grade-separated rail tracks (dramatically reducing the number of street crossings) and additional truck routes. The total cost of this project was $2.4 billion. Approximately half of these costs were underwritten by the ports and by federal, state, and county sources; the remainder was in the form of a federal loan and bonds. The project was completed in early 2002.

In general, activity at the ports is strong and the potential for continued growth is considered excellent due to the increasingly trade-based economy. Details for each individual port are presented on the following paragraphs.

Port of Los Angeles

The Port of Los Angeles totals approximately 7,500 acres (including 3,300 acres of sheltered water). It is physically the larger of the two ports. Statistics for the Port of Los Angeles are summarized in the following chart.

THE PORT OF LOS ANGELES STATISTICS

	Twenty-Foot Equivalent Units (TEUs)					
Year	Inbound Loaded	Outbound Loaded	Total Loaded	Total Empty	% Empty	% Change (Loaded)
2000	2,492,546	984,651	3,477,197	1,402,232	28.7%	N/A
2001	2,683,657	1,037,795	3,721,452	1,462,068	28.2%	7.0%
2002	3,232,411	1,093,807	4,326,218	1,779,646	29.1%	16.3%
2003	3,814,473	1,163,345	4,977,818	2,201,122	30.7%	15.1%
2004	3,940,420	1,129,880	5,070,300	2,251,140	30.7%	1.9%
2005	3,881,326	1,171,231	5,052,557	2,432,068	32.5%	-0.3%
2006	4,408,185	1,423,620	5,831,805	2,638,048	31.1%	15.4%
2007	4,410,170	1,607,643	6,017,813	2,337,226	28.0%	3.2%

Source: Port of Los Angeles

The top imports are furniture, apparel, toys and sporting goods, vehicle and vehicle parts, and electronic products. The top five exports are paper products, fabrics (including raw cotton), animal feeds, synthetic resins, and fruits and vegetables. The top five trading partners are China, Japan, Taiwan, South Korea, and Thailand.

In addition to cargo, the Port of Los Angeles houses the largest passenger facilities in the region. A total of 12 cruise lines use the port.

Port of Long Beach

The Port of Long Beach encompasses approximately 7,000 acres (including 4,000 acres of sheltered water). Statistics for the Port of Long Beach are summarized in the following chart.

THE PORT OF LONG BEACH STATISTICS

	Twenty-Foot Equivalent Units (TEUs)					
Year	Inbound Loaded	Outbound Loaded	Total Loaded	Total Empty	% Empty	% Change (Loaded)
1999	2,317,050	989,221	3,306,271	1,102,209	25.0%	7.7%
2000	2,456,188	1,044,353	3,500,541	1,100,246	23.9%	5.9%
2001	2,420,697	952,844	3,373,531	1,089,428	24.4%	-3.6%
2002	2,452,691	855,286	3,307,977	1,218,388	26.9%	-1.9%
2003	2,409,577	904,539	3,314,116	1,344,008	28.9%	0.2%
2004	2,987,980	1,007,913	3,995,893	1,783,959	30.9%	20.6%
2005	3,346,054	1,221,419	4,567,473	2,142,345	31.9%	14.3%
2006	3,719,680	1,290,843	5,010,523	2,279,842	31.3%	9.7%
2007	3,704,593	1,574,241	5,278,834	2,033,631	27.8%	5.4%

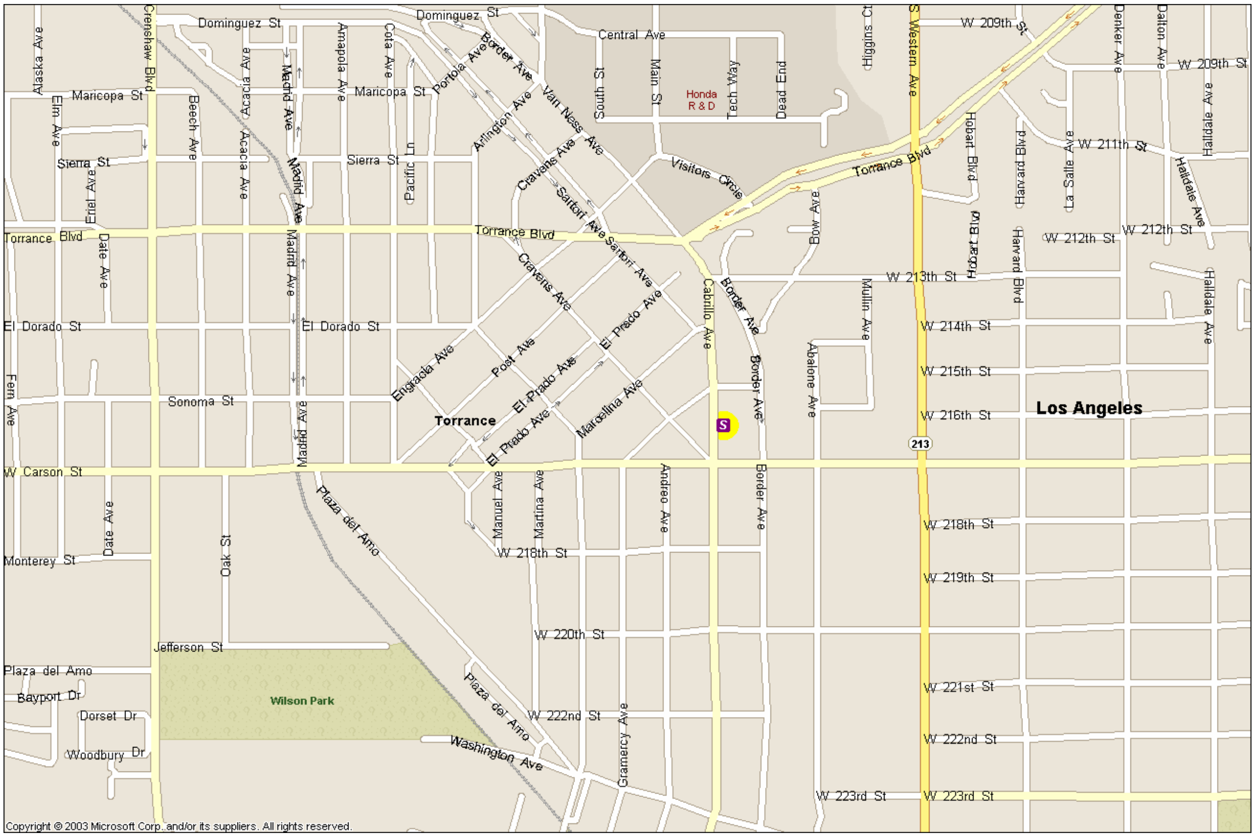
Source: Port of Long Beach

Container volume activity has increased significantly since 2003. This surge may be attributed to a shift in the type of imports and exports, from higher end machinery to consumer goods. This has enabled the port's growth to significantly outpace that of its larger neighbor. Despite the shift in growth from the Port of Los Angeles to the Port of Long Beach, container volume growth for combined ports remains constant.

SUMMARY

California has historically been the dominant economic state in the Western United States. Trends in the state have typically mirrored the nation, although it has generally followed, versus led, the economic cycles. Moderate to slow economic growth in the State of California, the Southern California region, and Los Angeles County are expected to continue in the short term (two years), although a recession may occur if employment or consumer sales weaken. Overall, regional trends should result in generally stable conditions for commercial and residential real estate.

NEIGHBORHOOD ANALYSIS



The site is located in the city of Torrance, within the larger South Bay submarket of Los Angeles County, California. The following paragraphs provide an overview of the South Bay.

SOUTH BAY

The subject property is located in the South Bay area of Los Angeles County. This area is a coastal zone extending south from Los Angeles International Airport to the community of Rancho Palos Verdes. Its boundaries can be roughly defined as the Century (Interstate 105) Freeway on the north, the San Diego (Interstate 405) Freeway and Harbor (Interstate 110) Freeway & Transit Way on the east, and the Pacific Ocean to the south and west. Included in this area are the incorporated cities of Carson, El Segundo, Manhattan Beach, Hermosa Beach, Redondo Beach, Lomita, and Torrance, as well as portions of unincorporated Los Angeles County and communities within the city of Los Angeles. By definition, the South Bay region does not include the cities of Lynwood and Compton, the community of San Pedro (within the incorporated city of Los Angeles) and the cities of Long Beach and Signal Hill. However, in common usage, these areas are included as they have a strong influence on the South Bay region.

General Economic Overview

Historically, the South Bay economy has been dominated by aerospace and defense firms, and other high technology industries. In recent years, other major manufacturing and non-manufacturing employers, particularly those utilizing the ports of Long Beach and Los Angeles, have located in the area. Today, the South Bay houses major employers such as: Honda, Toyota, Computer Sciences Corporation, Unocal Corporation, Hughes Electronics Corporation, Mattel Inc., Merisel Inc., and New Age Electronics.

Development Trends

While employment in the South Bay area is still heavily influenced by the aerospace and defense industries, with growing concentrations of high technology, automotive, and trade related businesses, development in the South Bay region is well diversified. A brief discussion of residential, retail, office, and industrial development is presented in the following paragraphs.

Residential development in the South Bay ranges from low-income apartment complexes to upper-income single-family residences. In general, the more desirable and expensive residential areas are located in the western areas in proximity to the Pacific Ocean coastline. High priced residential areas include the Rancho Palos Verde, Rolling Hills Estates, and Manhattan Beach. The more inland areas of the South Bay are characterized by lower rental rates and home prices that attract middle- and lower-income level households.

The South Bay has a well-diversified retail base with development ranging from freestanding retail buildings to regional shopping centers. The two most significant regional malls servicing the area are the Del Amo Fashion Center in Torrance and the South Bay Galleria in Redondo Beach. Smaller regional malls that also service the area include the South Bay Pavilion Mall in Carson and Manhattan Village in Manhattan Beach. Outside of the regional malls, retail development is primarily comprised of neighborhood, community, and strip centers located along major arterials throughout the community. There are also numerous older, freestanding retail facilities.

Port Activity

The South Bay is heavily influenced by the economic activity generated by the Los Angeles and Long Beach ports. In general, activity at the ports is strong and the future potential for continued development is considered excellent due to the increasing trade based regional economy. A detailed discussion of the two ports was presented in the prior Location Analysis section.

Transportation

The South Bay region is well served by the Los Angeles County freeway network. The four freeways that provide direct service to the area are: the San Diego (Interstate 405) Freeway, the Harbor

(Interstate 110) Freeway & Transit Way, the Century (Interstate 105) Freeway, and the Artesia (State Route 91) Freeway. The San Diego Freeway is the primary coastal highway in western Los Angeles County. The Harbor Freeway & Transit Way provides access from San Pedro to downtown Los Angeles. The Century Freeway provides a linkage between the San Diego Freeway and the Harbor Freeway as it traverses the northern portion of the South Bay area. The Artesia Freeway provides east/west access from the South Bay to northern Orange County. Overall, freeway access to and within the South Bay is considered good.

Primary north/south arterials servicing the area include Sepulveda Boulevard/Pacific Coast Highway, Hawthorne Boulevard, Crenshaw Boulevard, Western Avenue, and Normandie Avenue. East/west arterials include Imperial Highway, El Segundo Boulevard, Alondra Boulevard, Artesia Boulevard, Carson Street, and Lomita Boulevard.

Los Angeles International Airport (LAX) provides primary air transportation to the region and South Bay. This airport is located northwest of the intersection of the San Diego Freeway and the Century Freeway. Mass transportation in the area is provided by a series of bus lines. Bus lines range from inter-city to intra-regional and are administered by various municipal and private agencies. Commuter rail service to the South Bay is provided by the Blue Line, running between downtown Los Angeles and Long Beach and by the Green Line, which runs down the center of the Century Freeway.

Summary – South Bay

The South Bay is well diversified in terms of its residential, retail, office, and industrial development. All of these sectors have benefited from the coastal location of the South Bay, which is considered more desirable than inland locations. The economy in the South Bay is highly dependent upon the aerospace and defense industries. These industries have undergone a significant downsizing, but remain dominant in the South Bay (partially due to a conversion to civilian applications). There are also significant economic benefits to the South Bay associated with the Ports of Los Angeles and Long Beach, as well as the Los Angeles International Airport. The long-term outlook for the South Bay is positive.

CITY OF TORRANCE

The city of Torrance is located in the south-central portion of the South Bay area of Greater Los Angeles. The city is bordered by the cities of Redondo Beach, Lawndale and Gardena to the north; the Harbor Gateway community of the city of Los Angeles to the east; the cities of Lomita, Rolling Hills Estates, and Palos Verdes Estates to the south; and the city of Redondo Beach to the west.

Both the San Diego (405) Freeway and the Harbor (110) Freeway provide access to the city. The central South Bay location and metropolitan freeway system gives Torrance access to major employment centers in the South Bay and throughout Los Angeles County.

Employment

Provided in the following table is a summary of employment by industry for Torrance.

EMPLOYMENT BY INDUSTRY

Industry	% of Employment
Agriculture/Forestry/Fishing	0.4
Mining	0.0
Construction	3.4
Manufacturing	21.7
Transportation/Communication/ Utilities	7.8
Wholesale Trade	11.4
Retail Trade	19.2
Finance/Insurance/Real Estate	4.8
Services	24.6
Public Administration	4.6
Other	2.0
Source: Claritas	

Employment within the city of Torrance consists of significant concentrations of jobs in the services, manufacturing, and retail trade sectors. A summary of major employers in Torrance was not available, as neither the City of Torrance nor the Torrance Chamber of Commerce provides this information. However, the following chart summarizes the major employers within a three-mile radius of the subject based on information provided by Claritas.

Major Employers
3 Mile Radius of Subject

Business Name	# of Employees	Business or Service
American Honda Motor Corp.	4,001	Automobile design & research
Little Co. of Mary Hospital	3,500	Hospital, medical services
Westbay Water Company	2,500	Water distribution
Torrance Memorial Medical Center	2,100	Hospital, medical services
Torrance City Hall	2,000	Government services
Alcoa Fastening Systems	1,500	Bolts
Motocar Parts of America	833	Engine, electrical equipment
Source: Claritas		

The city of Torrance is an important business center in the South Bay area. Information provided by Claritas shows that Torrance has a weekday employment base of 157,148 persons, which represents 1.3 jobs per resident of the city aged 18 years to 64 years. By comparison, Los Angeles County has a weekday employment base of 5,102,618 persons, or 0.8 jobs per resident of the county aged 18 years to 64 years.

Land Use

The city of Torrance encompasses approximately 16.65 square miles or 10,656 acres. Approximately 38.0 percent of the land is utilized for single-family residential development, 8.7 percent for low-density multi-family residential development, 0.4 percent for high-density multi-family residential development, 2.5 percent for other residential, 10.1 percent for commercial land uses, 29.3 percent for industrial land uses, and 11.1 percent is open space or public facilities. A large component of the industrial land is contained in a Mobil Oil refinery located in the northeast portion of the city.

A year-end 2006 report by the city of Torrance indicates that the city has 80.75 acres of undeveloped land, or less than 1.0 percent of the city's total land area. Of the undeveloped land in Torrance, approximately 41.20 acres are zoned M2 for heavy manufacturing use. The largest portion of the undeveloped M2 zoned land, consisting of 23.0 acres, is located on Lomita Boulevard, southwest of Garner Street, in the southeastern portion of the city.

Torrance has an active redevelopment agency. While the city has few blighted areas, the redevelopment agency has been active in the eastern portion of the city, in the vicinity of the old downtown area. In general, redevelopment agency activities are limited to smaller projects. A brief discussion of Torrance's commercial, industrial, and residential development is presented in the following paragraphs.

Commercial development is typically located along primary streets. Most new mid- and high-rise office construction has been located in the eastern portion of the city, along the 190th Street corridor. This corridor has direct access from the San Diego (405) Freeway and the Harbor (110) Freeway. Additional office development is located along Hawthorne Boulevard. Office development along Hawthorne Boulevard tends to be older, and consists primarily of low- and mid-rise buildings, with the exception of a few high-rise buildings near the Del Amo Fashion Center super-regional mall. .

The city of Torrance has significant retail development and is considered the dominant retail city in the South Bay. The largest super-regional mall in the South Bay, the Del Amo Fashion Center, is located in the city. This mall contains approximately 3,000,000 square feet of gross leasable area. It is one of the five largest malls in the country and has five anchor stores and over 350 mall stores. The mall was acquired by the Mills Corporation of Arlington, Virginia in mid 2003, and the new owner has commenced on a $300 million renovation of the property, which involves an open-air retail component as well as new retailers. Additional large retail centers in the city of Torrance include the 342,000-square-foot Rolling Hills Plaza, the 278,000-square-foot Torrance Promenade, and the 400,000-square-foot Crossroads Shopping Center.

Industrial development, including oil refineries, is located in the northern area of Torrance, on the south side of the San Diego Freeway between Hawthorne Boulevard and Western Avenue. Additional industrial development is in the southern portion of the city, between Crenshaw and Hawthorne Boulevards on the north side of the Torrance Municipal Airport.

Multi-family and single-family residential development is dispersed throughout Torrance. The premier single-family residential area is located west of Hawthorne Boulevard in the western area of Torrance. This is considered a desirable area due to its proximity to the Pacific Ocean. Multi-family residential development is also dispersed throughout Torrance and is primarily comprised of older two- and three-story apartment buildings, along with some newer apartment and condominium developments.

Transportation

The primary east to west routes in the city of Torrance consists of Redondo Beach Boulevard, 190th Street, Torrance Boulevard, Sepulveda Boulevard, and Pacific Coast Highway. The primary north to south transportation routes are Hawthorne Boulevard, Crenshaw Boulevard, and Western Avenue. Automobile traffic along these transportation routes is extremely heavy during peak hours.

The San Diego (405) Freeway traverses the northern portion of the city in a northwest to southeast direction, connecting the city to West Los Angeles, Beverly Hills, and Century City to the northwest. The Harbor (110) Freeway is a north to south freeway located east of (but readily accessible from) the city limits. This freeway runs between the Port of Los Angeles to the south and downtown Los Angeles to the north. As the freeways are located along the edges of the city (as opposed to cutting through the city), freeway access is reduced, requiring relatively long surface street commutes. Overall, Torrance is considered to have slightly below average regional access.

In the southern portion of the city is the Torrance Municipal Airport. This is a private plane facility that is not served by commercial carriers.

DEMOGRAPHICS

Selected neighborhood demographics in a one-, three-, and five-mile radius from the subject are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS			
1640 Cabrillo Avenue Torrance, California	Radius 1.0 Mile	Radius 3.0 Mile	Radius 5.0 Mile
Population			
2013 Population	9,221	148,382	603,202
2008 Population	8,763	141,463	573,303
2000 Population	8,165	132,921	535,330
1990 Population	7,397	125,425	501,803
Annual Growth 2008 - 2013	1.02%	0.96%	1.02%
Annual Growth 2000 - 2008	0.89%	0.78%	0.86%
Annual Growth 1990 - 2000	0.99%	0.58%	0.65%
Households			
2013 Households	2,005	35,870	155,065
2008 Households	1,934	34,620	149,245
2000 Households	1,842	33,159	142,063
1990 Households	1,733	32,521	138,686
Annual Growth 2008 - 2013	0.72%	0.71%	0.77%
Annual Growth 2000 - 2008	0.61%	0.54%	0.62%
Annual Growth 1990 - 2000	0.61%	0.19%	0.24%
Income			
2008 Median HH Inc	$53,479	$47,899	$50,591
2008 Estimated Average Household Income	$67,074	$62,998	$64,447
2008 Estimated Per Capita Income	$15,384	$15,499	$16,940
Age 25+ College Graduates - 2000	247	7,665	41,626
Age 25+ Percent College Graduates - 2008	4.7%	9.3%	12.0%

Source: CBRE

Projected population increases are greatest in the 1 and 5-mile radii. Median household income and estimated average household income remain relatively consistent through the five-mile radii. The percentage of college graduates also increases as the radii move farther out. Education and income levels are affected by the lower income areas to the east and northeast of the subject. Average Household income increases greatly in the larger radii as they encompass the beach communities and the Palos Verdes Peninsula which have higher income levels.

IMMEDIATE SURROUNDINGS

Industrial Redevelopment Project Area

The Industrial Redevelopment Project Area for the city of Torrance is located in the eastern part of the city with general boundaries east of Van Ness Avenue, south of Del Amo Boulevard, west of Western Avenue and north of 223rd Street. The project has been underway for approximately 20 years. The automaker, Honda, has been a cornerstone of the city's redevelopment initiatives. The American Honda Company's national headquarters is located one quarter mile north of Cason Avenue at the junction of Torrance Boulevard and Van Ness Avenue. American Honda acquired 76 acres that was the former U.S. Steel facility, and through the Torrance Redevelopment Agency it acquired an additional 25 acres. The site had deteriorated and it had become an economic drain on the community. In late 1990 the Honda project was completed.

The Torrance Redevelopment Agency has also been instrumental in the development of two additional properties which previously housed large heavy industrial facilities. Torrance Center I, completed from 1987-1989, is a successful commercial office project designed to become a "gateway" at one of the city's major entrance corridors, Torrance Boulevard. Torrance Center II, completed principally in the early 1990s, along Carson Street and Western Avenue is a 36-acre master planned development project located on the former ARMCO property. This project was planned to be developed in phases, with a mix of retail, commercial, office and hotel uses for increased flexibility. Currently, Eastgate Plaza (1990-1992) and the Mitsuwa (former Yaohan) Market (1992) were completed as part of the retail component. Sunrider International Company built a three-story, 188,000-square-foot complex in 1993 which serves as their international headquarters. Sunrider's worldwide business is devoted to the creation and distribution of herbal foods, natural cosmetic skin and hair care products.

Current businesses located in the Industrial Redevelopment Project Area include American Honda Motor Co., Ralphs MarketPlace, Lowe's Home Improvement Warehouse, Van Ness Business Center, Doug Mockett & Co., Dish Network California and Tips Cadillac. Torrance Center I includes SBC. In Torrance Center II there are Sunrider International Co., Sakura Finetek USA Inc., ZC&R Optics, Mitsuwa Market Place and Eastgate Plaza.

In 2007, the City of Torrance approved the development of a 7-story hotel with 215 guest rooms located at the southwest corner of Western Avenue and 213th Street with the Industrial Redevelopment Project Area. The hotel is now under construction. The developer is Kintetsu Corporation.

Downtown Redevelopment Project Area

The Downtown Redevelopment Project Area, located adjacent to the Industrial Redevelopment Project Area to the west, encompasses 88.5 acres. It incorporates the original commercial core of the city which was designed in 1912. This area is experiencing its own renaissance with the development of the Historic Downtown Redevelopment Project. This $44 million retail/residential mixed-use project is a result of a joint private and public effort by the ANA Real Estate U.S.A., Inc./Gascon Mar Ltd. and the City of Torrance Redevelopment Agency. It occupies three sites in the commercial sector of the Downtown Redevelopment Project Area. The project will feature 28,000 square feet of retail space and three residential complexes containing 179 condominium units. The project incorporates 529 surface and subterranean parking spaces. The first phase of the project has been completed (known as The Plaza). Retail establishments such as Aioli Restaurant, Blue Mountain Caffe, Breadstix Bakery and Torrance Optometry have opened their doors for business. A representative of the Redevelopment Agency indicated that a three-story mixed use project located at Gramercy and Cravens Avenues was recently approved. It will have seven residential units, 2,800 square feet of commercial space and on-grade parking.

In addition, the Agency allocated $200,000 from the Downtown Bond revenues in 1986 to establish the Commercial Rehabilitation Program to help property owners and businesses make needed improvements to the exterior of their buildings. Accordingly, owners receive payment for half the cost of exterior improvements up to $40,000 per property. Due to its success, the Agency has now budgeted an additional $100,000 for each fiscal year for this program. Numerous buildings have been renovated including the El Prado Apartments and the Newberry Building, located at the intersection of El Prado and Sartori Avenues. However, with recent changes by the State of California, prevailing wage regulations are now in effect and have effectively halted property owners from applying for this program. According to the city, the redevelopment staff continues to monitor current legislation in order to provide outreach to property owners as changes occur.

In 2007, the City of Torrance approved the development of a mixed use development consisting of 7 residential condominium units and approximately 2,600 square feet of commercial space located at intersection of Cravens and Gramercy Avenues within the Downtown Redevelopment Project Areas. Just outside the Downtown Redevelopment Project Area north of Torrance Avenue a residential condominium project and an office condominium project were approved. The residential condominium project located at 922 Sartori Avenue will consist of 6 residential condominium units within four buildings. The office condominium project will be located at the south east corner of Sartori Avenue and Engracia Avenue and total 4 units.

Adjacent Uses

The subject property is located along the east side of Cabrillo Avenue one lot north of Carson Street and three lots south of Double Street in the east central portion of Torrance. The subject property is located within the Downtown Redevelopment Project Area. Redevelopment has principally occurred two blocks north and northwest of the subject. There has been limited investment in the properties along this section of Cabrillo Avenue between Marcelina Avenue and Carson Street. Across from the subject there is a pawn shop, an older looking bar and a three-story mixed use building with what appears to be low-income housing on the top two floors. Retail businesses along Carson Street are more contemporary. There is a Brazilian style restaurant and clothing store in the adjacent building to the north. The immediate area between Carson Street to the south and Double Street to the north appears similar to areas east and northeast of the subject that consist of Harbor Gateway, north Torrance, Gardena and unincorporated areas surrounding these communities. This is in contrast to the newly redeveloped areas north and northwest of the subject.

The following is as a list of adjacent uses to the subject.

East: Along the east side of the site is a narrow alley. The area along the east side of the alley is zoned industrial. One block east at the northeast corner of Border Avenue and Carson Street is the Sunrider International facility. There are commercial uses along the north and south sides of Carson Street and at the intersection of Carson Street and Western Avenue east of the subject. The border with the city of Los Angeles is one block to the east. This narrow strip of Los Angeles is called the Harbor Gateway district. One half mile to the east is the Los Angeles County Harbor-UCLA Medical Center located in an unincorporated area that runs along the west side of the Harbor (110) Freeway.

West: Along the west side of Cabrillo Avenue are older buildings with various commercial uses. Commercial uses continue east for approximately two blocks. Continuing west residential uses dominate the area with commercial uses along major thoroughfares. The Del Amo Fashion Center a major regional shopping center is located two miles west at Hawthorne Boulevard and Carson Street. The city of Redondo Beach is three miles to the west.

North: Adjacent north of the subject is an older single story building with two retail spaces. Next to this as an older two-story medical office building. One block north of the subject development is similar. Two blocks north and north west of the subject certain portions of the area have been redeveloped with both commercial and residential uses. One quarter mile north of the subject American Honda has its 100-acre headquarters facility. At the southwest corner of Western Avenue and 213th Street, a 7-story hotel with 215 guest rooms is under construction. The developer/operator is Kintensu Corporation. It is located within the Industrial Redevelopment Project Area.

South: Carson Street, a major arterial with commercial uses is one property south of the subject. There is a mixture of uses south of Carson Street. Residential with some neighborhood commercial uses are directly south and south west of the subject. An industrial pocket continues south one block east of Cabrillo Avenue between Western and Border Avenues.

W 207th St
207th St
208th St
208th St
209th St
Dominguez Way
Dominguez St
Dominguez Way
Ness Ave
Higgins Ct
Torrance Blvd
W Torrance Pl
Portola Ave
Portola Ave
Sartori Ave
Arlington Ave
Engracia Ave
Sierra St
Sierra St
Llewellyn Ave
Sartori Ave
Sartori Ave
Engracia Ave
State Hwy 213
Hobart Blvd
S Harvard Blvd
La Salle Ave
La Salle Ave
211th St
Torrance Blvd
Amapola Ave
Cota Ave
Cabrillo Ave
El Prado Ave
Cravens Ave
Cravens Ave
Border Ave
Abalone Ave
213th St
214th St
Manuel Ave
Post Ave
El Prado Ave
Marcelina Ave
Marcelina Ave
Cabrillo Ave
Mullin Ave
Harvard Blvd
W 215th St
Amapola Ave
216th St
Carson St
Watson Ave
Manuel Ave
Martina Ave
Gramercy Ave
W 218th St
218th St
218th St
Plaza Del Amo
Arlington Ave
Cabrillo Ave
Abalone Ave
Western Ave
219th St
220th St
220th St
220th St
Martina Ave
Andreo Ave
Border Ave
221st
222nd St
222nd St
W 222nd St
Walkway
Charles Wilson Community Park
Plaza Del Amo
Arlington Ave
Andreo Ave
223rd St
S Western Ave
224th St
Apple Ave
Lincoln Ave
San Ardo St
Plaza Del Amo
226th St

AERIAL VIEW

CONCLUSION

The city of Torrance is one of the larger cities in the South Bay and benefits from a central location. It has higher income levels than the county averages. Torrance is in a stable phase, with no significant changes in its relative desirability expected over the long-term. The subject also benefits from its proximity to higher income level households to the south. Because of Torrance's location at the base of the peninsula, a significant source of retail sales in the city is from residents on the peninsula. Torrance also has a large residential population. Torrance is a relatively affluent and educated community. Demographically, the subject's immediate area is influenced by the Harbor Gateway area of Los Angeles east of Western Boulevard, which tends to have lower income and education levels. Income and education levels increase among the population moving west and south of the subject.

The immediate area is primarily characterized by commercial and industrial uses. There are some residential areas south of Carson Street and west of Crenshaw Boulevard as well as east of Western Avenue.

The subject's immediate area falls under the sphere of the Downtown Redevelopment Project. The subject is also adjacent to the Industrial Redevelopment Project. Neighborhood improvements have occurred north, northwest and east of the subject. Companies have constructed large headquarter facilities, new residential projects have been built and new businesses have moved into the area. Continued redevelopment of the area is projected over the next five years.

RETAIL MARKET ANALYSIS

The subject is currently occupied by a service business, Class Termite and Pest Control. The subject improvements consist of an old office structure with a second story mezzanine and automobile service bays some of which have been enclosed for storage and office uses. The improvements are older and have an industrial or automobile service feel to them. The property was originally a Chevrolet dealership in the 1940s, 50s and 60s. The City of Torrance has a moratorium on automobile service businesses, thus the property can not be converted to this use. Overall, the marketability of the improvements is inconsequential to the overall site value.

The adjacent businesses are generally retail oriented. Based on the preceding and the subject's C-2 General Commercial zoning we have included in this report the following retail market analysis.

The market analysis includes a discussion of retail trends in Southern California, and an overview of vacancy trends, rental rates, and investment parameters for Los Angeles County. Information sources include CoStar Comps, Inc., REIS Retail Market Reports, and Torto Wheaton Research (TWR) Retail Outlook. Additional information, including retail sales statistics from the California Retail Survey are presented following the local market statistics. A definition of the types of buildings presented previous to this analysis.

RETAIL PROPERTY CHARACTERISTICS

The following paragraphs identify the various classifications of retail properties and typical trade areas.

Strip Centers: Strip centers typically range between 5,000 and 50,000 square feet and usually have no anchor tenant. Tenants are typically convenience or service oriented. The trade area is typically a one- to three-mile radius.

Neighborhood Centers: Neighborhood centers typically have a grocery and/or drugstore anchor tenant. The typical primary market area for these centers ranges from a one- to two-mile radius, with secondary and tertiary radii ranging from three to five miles. Most of the tenants usually serve day-to-day neighborhood needs, such as dry cleaning, banking, video rental, frozen yogurt, etc. In addition, a portion of the tenant mix may include comparison goods having a greater market area such as record stores, camera shops, etc. Neighborhood centers are generally 50,000 to 100,000 square feet in size. However, centers with particularly good exposure and access to major thoroughfares may be larger.

Community Centers: Community centers may be anchored by grocery and drugstores, and may also include a junior department store or large specialty stores such as appliance retailers. These centers have a larger trade area than neighborhood centers and can range in size from 100,000 to 300,000 square feet. Centers in the 200,000- to 300,000-square-foot range can present significant marketing challenges because they compete with neighborhood centers for convenience goods and sub-regional centers for comparison goods. A typical trade area is a five-mile or larger radii.

Power Center: Power centers are most often anchored by national or regional "big-box category killer" stores. These centers generally range between 250,000 and 750,000 square feet, and are dominated by large anchor tenants with little or no in-line tenants. The centers feature value oriented stores, often with bulk products and "no-frills" atmosphere. The trade area is typically based on the proximity to other similar projects (i.e. the trade area is a 10-mile radii if there are no other centers in that circle).

Sub-regional Shopping Centers: Sub-regional shopping centers are most often anchored by national or regional department stores. These centers generally range between 300,000 and 600,000 square feet, and can be one- or two-story structures. Similar to the power center category, the sub-regional and regional shopping mall trade area is primarily dependent upon the competition, and is not a specific radius.

Regional Shopping Malls: Regional malls draw from trade areas as large as 30 or more miles in radius, depending on the location and quality of the competition, and generally offer two or more large department store anchors. The centers offer a large number of regional and national tenants selling comparison goods. Regional malls usually have two or three levels and are typically located near major highways to provide regional access. These centers are generally larger than 600,000 square feet, with centers larger than 1,000,000 square feet classified as super-regional malls.

GENERAL TRENDS

The Los Angeles County Economic Development Corporation (LAEDC) published the "2007-2008 Economic Forecast & Industry Outlook for the Los Angeles Five-County Area" in February 2007. A copy of this report has been retained in our files (it may be obtained from the LAEDC's website – http://www.laedc.org). The following is a summary of the information contained in this report.

- Los Angeles County is the leader in total retail sales volume in Southern California. Specifically, the LAEDC estimates Los Angeles County retail sales volume totaled $97.6 billion as of year-end 2006 and will grow by 5.8 percent in 2007 and by 6.1 percent in 2008.
- Retail growth has driven a significant new construction in the region. Since 2000, more than $1 billion in retail building permits have been issued annually in the six-county area, with 2006 coming in at $1.5 billion. While much of the development has been in the Riverside-San Bernardino area, Los Angeles County has also seen a lot of activity.

- UK-based Tesco has opened stores around Southern California. They offer a format that resembles Trader Joe's. A major distribution center has been built in Moreno Valley at the former Perris Navel Air Station.
- Newcomers to the Southern California retail scene, besides Tesco, include H&M, Zara, Mango, and Forth & Towne. There are various new restaurant concepts are also being tested.

The LAEDC report, in addition to the general trends, noted significant new construction projects. These include:

- The Topanga Plaza in the west San Fernando Valley includes an expanded Nordstrom, as well as new Target and Neiman-Marcus stores.
- A Nordstrom will be added to The Oaks, the only regional mall in eastern Ventura County.
- Americana at Brand in Glendale, a life-style center by Caruso Affiliated, is under-construction and will be anchored by Apple and H&M stores.

The LAEDC report concludes "Overall, Southern California will continue to be an attractive retail market in 2007."

LOS ANGELES COUNTY

TWR Market Data

The Los Angeles Market Trends Forecast from the TWR Outlook includes historical trends and projections.

LOS ANGELES COUNTY RETAIL MARKET

Year	Stock	Completions	Availabiity Rate	Net Absorption (sf x 1,000)	TWR Rent Index - $/SF/Mo	TWR Rent Inflation - %
1998	59,957	1,029	7.2%	897	$1.62	6.0%
1999	61,255	1,298	7.2%	1,205	$1.73	6.5%
2000	62,398	1,143	6.6%	1,436	$1.84	6.3%
2001	63,146	748	7.0%	446	$1.88	2.2%
2002	63,939	793	7.4%	481	$1.95	3.6%
2003	64,367	428	6.7%	847	$2.07	6.2%
2004	64,649	282	6.4%	457	$2.11	1.9%
2005	65,390	742	4.2%	2,132	$2.25	6.9%
2006	66,052	662	5.9%	(489)	$2.46	9.2%
2007	66,946	894	5.6%	1,042	$2.66	8.3%
2008	*67,734*	*788*	*6.3%*	*293*	*$2.85*	*6.8%*
2009	*68,456*	*722*	*6.2%*	*710*	*$3.01*	*5.7%*
2010	*69,485*	*1,029*	*6.4%*	*857*	*$3.12*	*3.9%*
2011	*70,750*	*1,265*	*6.7%*	*984*	*$3.24*	*3.8%*
2012	*72,173*	*1,423*	*7.0%*	*1,118*	*$3.34*	*3.1%*
2013	*73,674*	*1,501*	*7.2%*	*1,228*	*$3.42*	*2.2%*

Source: TWR Summer 2008 Outlook

Historical trends in the Los Angeles retail market supported by the TWR statistics are:

- New retail construction has occurred on an annual basis.
- There had been positive net absorption since 1997 on an annual basis through 2005 and the overall availability rate declined to 4.4 percent. The availability rate increased in 2006 as there was net negative absorption.
- Rental rates have escalated on an annual basis (the growth rate has exceeded 3.0 percent in eight out of ten years since 1997).

TWR is projecting a moderate decrease in the availability rate and increasing rental rates.

REIS

Statistics from the REIS Metro Trends Report are summarized in the chart. It includes Community and Neighborhood Centers.

LOS ANGELES COUNTY COMMUNITY/NEIGHBORHOOD CENTERS							
Year	Quarter	Stock	Completions	Vacancy Rate	Net Absorption (sf x 1,000)	Asking Rent	Asking Rent Change
1992	Y	50,546,000	1,858,000	7.3%	1,089,000	$1.60	-2.3%
1993	Y	51,759,000	1,213,000	6.3%	1,642,000	$1.58	-1.2%
1994	Y	53,324,000	1,565,000	6.8%	1,197,000	$1.54	-2.5%
1995	Y	53,571,000	417,000	5.6%	860,000	$1.54	0.2%
1996	Y	55,177,000	1,606,000	5.7%	1,503,000	$1.57	1.4%
1997	Y	56,369,000	1,192,000	5.4%	1,295,000	$1.61	2.6%
1998	Y	57,112,000	743,000	5.3%	734,000	$1.66	3.6%
1999	Y	58,777,000	1,665,000	4.2%	2,209,000	$1.74	4.3%
2000	Y	59,474,000	697,000	3.7%	1,003,000	$1.82	4.8%
2001	Y	60,079,000	462,000	4.3%	209,000	$1.87	2.7%
2002	Y	61,078,000	999,000	4.1%	1,045,000	$1.92	3.0%
2003	Y	62,114,000	1,036,000	4.0%	1,055,000	$2.02	5.1%
2004	1	62,384,000	270,000	3.8%	397,000	$2.05	1.4%
2005	1	63,371,000	302,000	3.2%	155,000	$2.14	1.1%
2006	1	64,002,000	139,000	2.8%	60,000	$2.24	1.2%
2007	1	64,240,000	13,000	2.6%	(86,000)	$2.38	1.9%
2008	1	64,711,000	147,000	3.1%	(17,000)	$2.48	0.7%
2008	Y	66,073,000	1,509,000	3.9%	792,000	$2.54	3.0%
2009	Y	66,945,000	872,000	3.9%	821,000	$2.62	3.2%
2010	Y	68,076,000	1,131,000	4.0%	1,022,000	$2.70	2.8%
2011	*Y*	*69,023,000*	*947,000*	*3.7%*	*1,096,000*	*$2.78*	*3.1%*
2012	*Y*	*69,938,000*	*915,000*	*4.0%*	*664,000*	*$2.87*	*3.3%*

Source: REIS Los Angeles Retail 1Q 2008 MetroTrend Futures

Comparison of Market Sources

Both TWR and REIS are projecting stable market conditions for the county-wide retail market with continued construction and rental rate growth. REIS is projecting an increase in the vacancy rate, while TWR projects a slight downward trend.

Investment Market Trends

The following charts summarize pricing trends for Los Angeles County retail properties in two categories: 10,000 to 50,000 square feet and 50,001 to 500,000 square feet. The 10,000- to 50,000-square-foot category represents a combination of Class A, B, and C shopping centers which generally appeal to local investors. The 50,001- to 500,000-square-foot buildings are generally institutional grade Class A and B assets. This information is based on data provided by CoStar Comps and includes properties which vary substantially in terms of location and overall building quality. As a result, the price trends only represent broad market conditions.

LOS ANGELES COUNTY SALES HISTORY
RETAIL CENTERS (10,000 SF to 50,000 SF)

Year	Number of Transactions	Total Sales Volume	Total Building Area SF	Average Price/SF	Median Cap Rate
2000	57	$129,565,503	1,149,234	$112.74	10.08%
2001	73	$182,968,879	1,515,188	$120.76	10.17%
2002	111	$299,947,863	2,483,292	$120.79	9.49%
2003	124	$389,450,272	2,529,724	$153.95	8.06%
2004	85	$369,265,160	1,936,130	$190.72	7.00%
2005	66	$323,157,978	1,485,594	$217.53	6.01%
2006	55	$312,872,010	1,258,455	$248.62	6.07%
2007	106	$297,324,463	979,555	$303.53	4.00%

Source: CoStar Comps

LOS ANGELES COUNTY SALES HISTORY
RETAIL CENTERS (50,001 TO 500,000 SF)

Year	Number of Transactions	Total Sales Volume	Total Building Area SF	Average Price/SF	Median Cap Rate
2000	31	$294,010,510	3,487,221	$84.31	9.83%
2001	21	$183,187,998	1,754,844	$104.39	10.29%
2002	37	$705,380,876	3,889,995	$181.33	9.17%
2003	44	$644,444,812	4,054,952	$158.93	8.42%
2004	95	$1,050,259,675	5,651,740	$185.83	7.05%
2005	39	$948,801,009	4,334,967	$218.87	6.60%
2006	27	$604,489,230	2,897,181	$208.65	6.06%
2007	30	$821,998,535	3,375,625	$243.51	4.91%

Source: CoStar Comps

As shown, sale prices for retail buildings have generally increased significantly since 2000. In 2007, the average sales price per square foot increased 23 percent over 2006 and the number of transactions nearly doubled. In the 50,001 to 500,000-square-foot segment, the average price per square foot for 2007 increased 17 percent over 2006, while the number of transactions was approximately 10 percent greater. It should be noted that the vast majority of these transactions took place prior to August/September 2007 and that the data does not reflect recent market adjustment stemming from the debt crisis. The effect of this crisis upon the market is discussed in detail in the income capitalization approach.

Summary – Los Angeles County Retail Market

The Los Angeles County retail market has been characterized by declining vacancy rates and increasing rental rates, as well as strong sales volume. Based on the supply and demand projections from the various sources used in this report, the overall vacancy rate is expected to remain moderately low over the next five years while rental rates should continue to increase.

LOCAL RETAIL MARKET OVERVIEW

REIS – Local Retail Market

The subject is located within the South Bay/Torrance submarket forecast as defined by REIS. Specific information relative to the city of Los Angeles market is not available as REIS does not publish these statistics. Information on the submarket by year is summarized in the following chart.

REIS SUBMARKET STATISTICS
Torrance/South Bay

Year	Quarter	Stock	Completions	Vacancy Rate	Net Absorption (sf x 1,000)	Asking Rent	Asking Rent Change
1995	Y	5,102,000	26,000	5.3%	345,000	$1.62	-0.2%
1996	Y	5,102,000	-	5.6%	(16,000)	$1.68	4.2%
1997	Y	5,102,000	-	5.2%	23,000	$1.75	4.1%
1998	Y	5,177,000	75,000	5.6%	49,000	$1.82	3.7%
1999	Y	5,284,000	107,000	2.9%	244,000	$1.86	2.4%
2000	Y	5,284,000	-	2.2%	34,000	$2.01	8.2%
2001	Y	5,364,000	80,000	4.2%	(28,000)	$2.06	2.2%
2002	Y	5,384,000	20,000	2.7%	100,000	$2.04	-0.7%
2003	Y	5,614,000	230,000	2.3%	248,000	$2.16	5.7%
2004	Y	5,620,000	6,000	2.4%	(1,000)	$2.24	3.9%
2005	Y	5,730,000	110,000	1.6%	151,000	$2.36	5.3%
2006	Y	5,794,000	64,000	1.2%	86,000	$2.50	6.0%
2007	Y	5,832,000	38,000	2.9%	(58,000)	$2.65	5.9%
2008	1	5,832,000	-	3.2%	(21,000)	$2.67	0.8%
2008	Y	5,832,000	-	3.6%	(45,000)	$2.73	2.9%
2009	Y	5,850,000	18,000	3.1%	50,000	$2.82	3.4%
2010	Y	6,018,000	168,000	2.9%	174,000	$2.92	3.4%
2011	Y	6,157,000	139,000	2.8%	144,000	$3.04	4.1%
2012	Y	6,279,000	122,000	2.9%	107,000	$3.15	3.7%

Source: REIS Los Angeles Retail 1Q 2008 MetroTrend Futures

As of the most recent REIS study (1st Quarter 2008), retail vacancy in the South Bay/Torrance submarket is 3.2 percent. Vacancy has declined from its peak at 5.6 percent in 1998, but has increased from a low of 1.6 percent in 2005. The total inventory is 5.832 million square feet. The average asking rent for the submarket is $2.73 per square foot per month, triple net. Over the five-year projection period, vacancy is projected to increase to a maximum of 3.6 percent by the end of 2008, but then decrease over the next five years. Average annual rental growth rates of 2.9% to 4.1% are forecast.

Statistics for the four most recent quarters are shown in the following chart.

REIS SUBMARKET STATISTICS - LAST FOUR QUARTERS
Torrance/South Bay

Year	Quarter	Stock	Completions	Vacancy Rate	Net Absorption (sf x 1,000)	Asking Rent	Asking Rent Change
2007	2	5,794,000	-	1.4%	(4,000)	$2.60	1.7%
2007	3	5,794,000	-	2.2%	(43,000)	$2.64	0.9%
2007	4	5,832,000	38,000	2.9%	(5,000)	$2.65	0.6%
2007	Y	5,832,000	38,000	2.9%	(58,000)	$2.65	4.9%
2008	1	5,832,000	-	3.2%	(21,000)	$2.67	0.7%

Source: REIS Los Angeles Retail 1Q 2008 MetroTrend Futures

As shown, the vacancy rate has remained fairly consistent, although increasing, over the past year, while asking rental rates have marginally increased.

Summary – Local Retail Market

The local retail market has been characterized by stable vacancy rates and increasing rental rates. Based on the supply and demand projections from the various sources used in this report, vacancy is projected to remain low (sub-4.00%).

HISTORIC RETAIL SALES

In order to understand the subject's retail market, a review of historical retail sales within Los Angeles County and the city of Torrance is required. The California State Board of Equalization monitors retail sales for cities and counties based on taxes collected by the State. This information is then converted into actual sales figures in terms of pure dollars. The area statistics are presented in the following chart.

TAXABLE RETAIL SALES*				
	Los Angeles County		Torrance	
Year	Total Taxable Sales ($000)	Percent Change	Total Taxable Sales ($000)	Percent Change
1997	$55,283,389	---	$2,119,157	---
1998	$57,500,490	4.0%	$2,227,179	5.1%
1999	$63,271,079	10.0%	$2,460,463	10.5%
2000	$70,321,379	11.1%	$2,691,073	9.4%
2001	$71,834,562	2.2%	$2,629,919	-2.3%
2002	$74,547,977	3.8%	$2,669,616	1.5%
2003	$79,426,726	6.5%	$2,778,537	4.1%
2004	$86,496,685	8.9%	$2,928,913	5.4%
2005	$92,271,155	6.7%	$3,066,279	4.7%
2006	$95,554,193	3.6%	$3,132,949	2.2%
2007	$98,614,438	3.2%	$3,277,652	4.6%

* The 2007 figure is a forecast subject to a future adjustment.
Source: California Retail Survey - 2008 Edition

In addition to the annual change in retail sales growth, we have also analyzed the trend over the past five- and ten-year periods. Presented in the following chart is a summary of the compound annual retail sales growth during these time periods.

RETAIL SALES COMPOUND ANNUAL GROWTH RATE		
Time Period	Los Angeles County	Torrance
Avg. Growth Five Years	5.8%	4.2%
Avg. Growth Ten Years	6.0%	4.5%

Source: California Retail Survey 2008 Edition

As shown, the Torrance market has been characterized by a marginally lower rate of growth relative to county-wide trends.

Retail Outlets

In order to understand the existing retail base, we completed a review of total retail outlets within Los Angeles County and Torrance as shown in the following chart.

2007 RETAIL OUTLETS				
	Los Angeles County		Torrance	
Category	Total Outlets	Percent of Total	Total Outlets	Percent of Total
Apparel Stores	16,872	11.6%	578	14.4%
General Merchandise	6,402	4.4%	239	5.9%
Grocery Stores	7,215	5.0%	84	2.1%
Restaurants/Bars	24,802	17.1%	517	12.9%
Home Furn./Appliances	8,970	6.2%	178	4.4%
Building Materials	2,611	1.8%	58	1.4%
Auto Dealers/Supplies	7,920	5.5%	144	3.6%
Service Stations	2,226	1.5%	44	1.1%
Other Retail	67,912	46.9%	2,178	54.2%
Total	**144,930**	**100.0%**	**4,020**	**100.0%**
Source: California Retail Survey - 2008 Edition				

As shown in the prior chart, the majority of the retail outlets in Los Angeles County and the city of Torrance are in two categories: Restaurants/Bars and Other Retail. In addition to the current supply of retail outlets, we have also reviewed the growth in these two markets over the past five- and ten-year periods. This information is presented in the following chart.

RETAIL OUTLETS COMPOUND ANNUAL GROWTH RATE		
Time Period	Los Angeles County	Torrance
Total Outlets 1997	92,155	2,260
Total Outlets 2002	120,420	3,069
Total Outlets 2007	144,930	4,020
Avg. Growth Five Years	3.8%	5.5%
Avg. Growth Ten Years	4.6%	5.9%
Source: California Retail Survey - 2008 Edition		

As shown, the Torrance market has been characterized by marginally higher rate of growth relative to county-wide trends.

SUBJECT TRENDS AND PROJECTIONS

Occupancy

The property has been occupied (leased) by Class Termite and Pest Control since the property was purchased by the current owner in 1979. The tenant is on a month-to-month lease. The owner would not disclose the current rental rate. Indications were that it was considerably below market.

RETAIL CONCLUSION

The area retail market and the local submarket exhibit strong occupancy levels and upward trending rental rates, while maintaining favorable absorption in recent years. Considering the recent trends in absorption and the prospects for new construction, the local market area should maintain a stabilized occupancy position. The addition of new product to the market may create minor downward pressure on occupancy and on owners' ability to obtain the effective rental increases of the past several years. However, the long-term projection for the subject submarket is for continued growth.

With respect to the subject property in particular, we believe the subject is reasonably well located for a retail project. The site is conveniently located with respect to employment centers and major roadways. Based upon our analysis, the subject property should enjoy good market acceptance were it to be redeveloped with new retail development.

APARTMENT MARKET ANALYSIS

The subject is currently occupied by a service business, Class Termite and Pest Control. The subject improvements consist of an old office structure with a second story mezzanine and automobile service bays some of which have been enclosed for storage and office uses. The improvements are older and have an industrial or automobile service feel to them. Overall, the marketability of the improvements is inconsequential to the overall site value.

The subject property is located in the Downtown Torrance Redevelopment Area. According to the General Plan the subject property may be developed with a mixed use project including upper story residential units. The density may have a minimum floor area ratio (FAR) of 1. Thus, we have included in this report the following apartmentl market analysis.

The market analysis includes an overview of vacancy and rental rate trends and investment parameters for Los Angeles County. Local market occupancy characteristics are also summarized. Sources used in this analysis include CoStar COMPS, Inc., the *Real Estate and Construction Report* published by the Real Estate Research Council of Southern California, Real Facts, and REIS Apartment Market reports. A definition of the types of buildings and the subject type is presented prior to this analysis.

TYPES OF BUILDINGS

Based on the Institute of Real Estate Management (via *Income/Expense Analysis: Conventional Apartments 2007*), apartment buildings are generally defined by the following categories:

> *High Rise Elevator Projects:* This group is confined to elevator buildings, which are four stories or more in height.
>
> *Low-Rise Projects:* Includes walk-up buildings and elevator buildings three stories or less.
>
> *Garden Type Projects:* This type of building is a subcategory of low-rise apartment buildings that generally includes large-scale projects situated on a sizable landscaped plot, under one management.

LOS ANGELES COUNTY

Real Estate and Construction Report - Vacancy and Rental Rate Trends

County statistics for the average vacancy rate and rental rate, based on the Apartment Vacancy Rates and Rents for Southern California published in the Real Estate and Construction Report, are presented in the following chart.

LOS ANGELES COUNTY
VACANCY RATES AND RENTS

Survey Date	Average Vacancy Rate	Average Rent	Qtr. % Increase	Annual % Increase
1st Quarter 2000	3.40%	$1,068	---	
2nd Quarter 2000	2.70%	$1,106	3.56%	
3rd Quarter 2000	2.10%	$1,141	3.16%	
4th Quarter 2000	2.20%	$1,171	2.63%	9.64%
1st Quarter 2001	3.00%	$1,186	1.28%	
2nd Quarter 2001	3.20%	$1,200	1.18%	
3rd Quarter 2001	3.70%	$1,222	1.83%	
4th Quarter 2001	4.60%	$1,220	-0.16%	4.18%
1st Quarter 2002	4.80%	$1,232	0.98%	
2nd Quarter 2002	4.10%	$1,247	1.22%	
3rd Quarter 2002	4.40%	$1,295	3.85%	
4th Quarter 2002	5.00%	$1,299	0.31%	6.48%
1st Quarter 2003	5.10%	$1,304	0.38%	
2nd Quarter 2003	5.80%	$1,326	1.69%	
3rd Quarter 2003	4.30%	$1,342	1.21%	
4th Quarter 2003	4.00%	$1,346	0.30%	3.62%
1st Quarter 2004	5.10%	$1,355	0.67%	
2nd Quarter 2004	5.30%	$1,376	1.55%	
3rd Quarter 2004	4.80%	$1,394	1.31%	
4th Quarter 2004	4.20%	$1,408	1.00%	4.61%
1st Quarter 2005	4.70%	$1,445	2.63%	
2nd Quarter 2005	4.50%	$1,467	1.52%	
3rd Quarter 2005	3.30%	$1,475	0.55%	
4th Quarter 2005	4.10%	$1,500	1.69%	6.53%
1st Quarter 2006	4.00%	$1,527	1.80%	
2nd Quarter 2006	4.30%	$1,559	2.10%	
3rd Quarter 2006	3.80%	$1,595	2.31%	
4th Quarter 2006	4.70%	$1,614	1.19%	7.60%
1st Quarter 2007	4.10%	$1,642	1.73%	
2nd Quarter 2007	4.40%	$1,660	1.10%	
3rd Quarter 2007	4.50%	$1,683	1.39%	
4th Quarter 2007	5.70%	$1,695	0.71%	3.23%
Source: Real Estate and Construction Report to 4th Quarter 2007				

As shown, vacancy has stabilized at 5.0 percent or lower since 2000, even though there has been extensive new construction and increasing rental rates. This conclusion is highlighted by the fact the 5.0 percent vacancy rate has only been exceeded in six of the past 29 quarters. Rental rates have steadily increased and only declined in one quarter since 2000.

Real Facts Market Data – Los Angeles County

The following charts include the average rent by unit type for Los Angeles County and average occupancy figures based on information provided by RealFacts.

REALFACTS APARTMENT DATA										
Unit Type	1Q2006	2Q2006	3Q2006	4Q2006	1Q2007	2Q2007	3Q2007	4Q2007	1Q2008	4 Period +/-
studio	$1,112	$1,130	$1,161	$1,179	$1,189	$1,203	$1,213	$1,230	$1,244	4.6%
jr 1bd	$1,233	$1,233	$1,280	$1,296	$1,316	$1,335	$1,332	$1,322	$1,312	-0.3%
1bd 1bth	$1,360	$1,390	$1,429	$1,452	$1,482	$1,493	$1,520	$1,540	$1,548	4.5%
2bd 1bth	$1,328	$1,331	$1,361	$1,372	$1,400	$1,407	$1,417	$1,441	$1,445	3.2%
2bd 2bth	$1,751	$1,784	$1,832	$1,857	$1,912	$1,933	$1,960	$1,973	$1,993	4.2%
2bd TH	$1,738	$1,770	$1,773	$1,798	$1,819	$1,865	$1,887	$1,891	$1,897	4.3%
3bd 2bth	$1,862	$1,974	$2,016	$1,966	$1,987	$2,015	$2,060	$2,096	$2,103	5.8%
3bd TH	$2,371	$2,362	$2,350	$2,411	$2,447	$2,504	$2,526	$2,546	$2,522	3.1%
Avg. Rent	**$1,523**	**$1,554**	**$1,595**	**$1,614**	**$1,642**	**$1,658**	**$1,681**	**$1,696**	**$1,703**	**3.7%**
Average Historical Occupancy										
Overall	96.0%	95.7%	96.2%	95.0%	95.9%	95.5%	95.5%	94.0%	93.8%	-2.1%
Source: RealFacts										

Healthy market conditions for apartment buildings are highlight by the fact rent growth has occurred in seven out of eight unit types, with an average rent increase of 3.7 percent.

Supply Trends

The following chart includes construction permits figures for Los Angeles County.

LOS ANGELES COUNTY CONSTRUCTION PERMITS				
Period	Single-Family	Percent Increase	Multi-Family	Percent Increase
1991	7,319	---	8,876	---
1992	6,996	-4.4%	4,911	-44.7%
1993	4,375	-37.5%	2,884	-41.3%
1994	4,605	5.3%	3,016	4.6%
1995	5,400	17.3%	3,005	-0.4%
1996	5,370	-0.6%	3,237	7.7%
1997	6,788	26.4%	3,636	12.3%
1998	6,887	1.5%	4,805	32.2%
1999	7,858	14.1%	6,525	35.8%
2000	8,417	7.1%	8,654	32.6%
2001	8,184	-2.8%	10,069	16.4%
2002	8,217	0.4%	11,147	10.7%
2003	10,217	24.3%	11,096	-0.5%
2004	11,752	15.0%	15,183	36.8%
2005	11,911	1.4%	13,736	-9.5%
2006	10,097	-15.2%	16,251	18.3%
2007	7,408	-26.6%	12,820	-21.1%
Total	131,801		139,851	
Average	7,753		8,227	
Source: Real Estate and Construction Report to 4th Quarter 2007				

Prior to Year 2000, one favorable factor for existing owners of multi-family properties had been the limited amount of new construction. However, as market conditions improved, construction increased significantly to more than 15,000 units per year on average over one of the last four years. However, the overall construction level is still low relative to household population growth.

Clearly, current rental/vacancy rates are at a point where new construction of apartment buildings is financially feasible. However, high land prices, construction costs, and entitlement risk will generally restrict the future supply of multi-family housing in Los Angeles County. Finally, current market conditions have generally limited new construction to luxury buildings (or government subsidized low-income housing). Overall, it is anticipated that there will generally be a lack of new low- and moderate- income housing in the foreseeable future.

REIS Apartment Market Report

The following statistics are from the REIS Apartment Market Report for Los Angeles County through First Quarter 2008.

REIS APARTMENT DATA

Year	Qtr.	Inventory	Percent Vacant	Asking Rent	% Rent Change	Revenue /Unit
1999	Y	727,600	2.9	$895	8.6	$869
2000	Y	730,170	2.0	$1,001	11.8	$981
2001	Y	734,065	3.1	$1,068	6.7	$1,035
2002	Y	736,929	3.3	$1,111	4.0	$1,075
2003	Y	740,615	3.5	$1,161	4.5	$1,120
2004	Y	744,580	3.5	$1,216	4.7	$1,174
2005	Y	744,292	3.1	$1,276	4.9	$1,236
2006	Y	746,086	3.1	$1,356	6.3	$1,314
2007	Y	749,917	3.6	$1,426	5.2	$1,375
2008	*1*	*750,554*	*3.8*	*$1,445*	*1.3*	*$1,390*
2008	*Y*	*753,851*	*4.0*	*$1,492*	*4.6*	*$1,433*
2009	*Y*	*756,268*	*4.1*	*$1,549*	*3.8*	*$1,486*
2010	*Y*	*759,942*	*4.4*	*$1,593*	*2.8*	*$1,523*
2011	*Y*	*763,349*	*4.5*	*$1,645*	*3.3*	*$1,570*
2012	*Y*	*766,936*	*4.7*	*$1,699*	*3.3*	*$1,619*

Source: REIS

The Los Angeles County apartment market has been generally stable since 2000 with a vacancy rate of 3.6 percent or lower and a continued steady increase in rental rates between 2000 and 2007. REIS is projecting a moderate increase in the vacancy rate as new construction will outpace net absorption. Rental growth will continue, albeit at a more moderate pace.

Operating Characteristics

Concessions

Within Los Angeles, concession availability varies from market to market and is dependent on supply and demand characteristics. In general, newly constructed projects offer greater concessions in order to help the lease-up of a project, while older projects in established markets typically offer limited concessions. Concessions provided typically include free rent, reduced rent, or reduced security deposits. Items offered by the landlord may be offered on all unit types within a project, or only on specific units.

Lease Terms

Lease terms typically range from month-to-month to one-year occupancy. After the initial lease term, most leases automatically convert to a month-to-month lease. The length of the lease is determined by the property owner, but may be negotiated by the tenant. Rental rates are generally higher for shorter occupancy periods with tenants in month-to-month leases typically charged a premium.

RUBS (Ratio Utility Billing System)

RUBS is a method of allocating utility costs in multi-unit properties. The systems works by distributing the actual costs of the utility bills to each unit or residence based on an allocation formula. Typically, the allocation formula is based on one or more factors including, number of occupants, square footage, number of bathrooms and number of water fixtures. RUBS is often used by property owners as a means of passing on utility costs to the tenants. In addition, by separating utility costs from the rent, utility (especially water) conservation is encouraged. In Los Angeles, the practice of RUBS is not uniform across all markets. Typically, newer projects in more upscale locations have adopted RUBS in their operations. As such, tenants in these locations are paying for the majority of their utility costs, along with rent.

CoStar Comps - Investment Parameters

The following discussion analyzes investment trends and sales activity for apartment buildings in two categories: 10 to 99 units and 100+ units. A discussion of the possible impact of this issue is discussed in the capitalization rate analysis in the Income Capitalization Approach section.

Investment Activity 10 to 99 Units

LOS ANGELES COUNTY
APARTMENT TRANSACTIONS (10 to 99 UNITS)

Year	No. of Sales	Average Sale Price	Average Price/ Unit	Average Price/ SF	Average CAP	Average GRM
1997	1,275	$937,843	$38,706	$50.42	10.69%	5.30
1998	1,250	$1,023,764	$42,732	$55.88	9.81%	5.92
1999	1,382	$1,109,927	$48,642	$62.89	9.34%	6.56
2000	1,355	$1,229,414	$55,605	$71.86	8.94%	7.11
2001	1,379	$1,362,246	$61,304	$79.10	8.64%	7.41
2002	1,694	$1,511,278	$72,179	$94.76	7.71%	8.25
2003	1,650	$1,845,290	$87,724	$116.63	6.54%	9.54
2004	1,729	$2,228,803	$106,650	$138.08	5.72%	10.88
2005	1,454	$2,857,589	$131,070	$171.95	5.15%	12.21
2006	1,109	$3,356,061	$140,758	$185.66	5.29%	12.16
2007	782	$3,503,187	$146,580	$168.44	5.50%	11.60

Source: Comps, Inc.

Strong investor demand for apartment buildings is highlighted by the average price per unit which increased by 163 percent from 2000 thru 2007. Sales statistics for 2007 indicate the market has stabilized with the lowest volume of transactions in 10 years, as well as a moderate upward trend in the overall capitalization rate and lower average gross rent multiplier.

Market conditions appear to have softened in 2007 as sales volume is less than 1,000 units and the average price per square foot has declined relative to the 2006 figure.

Investment Activity 100+ units

LOS ANGELES COUNTY APARTMENT TRANSACTIONS (100+ UNITS)						
Year	No. of Sales	Average Sale Price	Average Price/ Unit	Average Price/ SF	Average CAP	Average GRM
1997	49	$9,955,196	$51,680	$61.37	9.86%	5.30
1998	38	$13,693,921	$64,211	$76.20	9.16%	6.17
1999	38	$13,371,838	$73,249	$88.01	9.09%	6.36
2000	43	$16,391,667	$82,971	$92.96	8.40%	7.45
2001	34	$16,513,385	$91,997	$116.66	7.75%	8.06
2002	60	$28,065,657	$131,702	$145.61	7.58%	7.98
2003	55	$24,653,151	$123,131	$150.22	6.87%	8.86
2004	68	$33,225,200	$155,825	$175.44	6.18%	9.88
2005	40	$25,871,647	$138,852	$182.01	5.76%	10.23
2006	39	$37,507,332	$189,603	$244.17	5.32%	11.01
2007	33	$31,905,536	$176,510	$215.79	5.50%	10.90

Source: Comps, Inc.

Strong investor demand for larger apartments highlighted the steady downward trend in overall capitalization rates and the 240 percent increase in the average price per unit from 1997 thru 2007. Sales volume fluctuates on an annual basis due to the relatively limited number of 100+ unit complexes in the market.

Similar to the smaller apartment buildings, market conditions appear to have softened in 2007 as the average price per unit has declined relative to the 2006 figure, the average cap rate has slightly increased, and the average gross rent multiplier has declined.

LOCAL APARTMENT MARKET OVERVIEW

The following sources have been used to analyze the local apartment market:

- Apartment Vacancy Survey – Department of Water and Power;
- REIS Data;
- Real Facts Local Market Data; and
- A CB Richard Ellis, Inc. Survey of Competitive Developments.

Apartment Vacancy Survey – Department of Water and Power

The Apartment Vacancy Survey, produced by the City of Los Angeles Department of Water and Power, is summarized in the following chart. The subject is in the Torrance submarket.

DEPARTMENT OF WATER & POWER (DWP)			
Geographic/Planning Area	Total Units	Number Vacant	% Vacant
San Fernando Valley			
Canoga - Winnetka - Woodland Hills	23,155	1,772	7.7%
Chatsworth - Porter Ranch	**10,451**	**368**	**3.5%**
Encino - Tarzana	9,501	314	3.3%
Granada Hills - Knollwood	4,261	108	2.5%
Mission Hills - Panorama -Sepulveda	21,296	656	3.1%
North Hollywood	40,853	1,565	3.8%
Northridge	9,534	276	2.9%
Pacoima - Sun Valley	4,615	238	5.2%
Reseda - West Van Nuys	16,727	565	3.4%
Sherman Oaks - Studio City	21,702	801	3.7%
Sunland/Tujunga/Shadow Hills/Lakeview	7,249	201	2.8%
Sylmar	5,804	148	2.5%
Van Nuys	37,072	1,249	3.4%
Verdugo Mountains	7,384	301	4.1%
Total San Fernando Valley Area	**219,604**	**8,562**	**3.9%**
West Los Angeles			
BelAir - Beverly Crest	448	15	3.3%
Brentwood - Pacific Palisades	40,459	427	1.1%
Palms - Mar Vista - Marina Del Rey	34,841	992	2.8%
Venice	13,185	1,281	9.7%
Westchester - Playa Del Rey	11,600	1,227	10.6%
Westwood	14,888	730	4.9%
West LA/Century City/ Rancho Park	29,087	1,196	4.1%
Total West Los Angeles	**144,508**	**5,868**	**4.1%**
Central Los Angeles			
Boyle Heights	13,609	359	2.6%
Central City	10,435	523	5.0%
Hollywood	73,875	3,610	4.9%
North and East Central City	6,466	329	5.1%
Northeast Los Angeles	37,653	1,134	3.0%
South Central Los Angeles	49,123	3,039	6.2%
Silver Lake/Echo Park	18,605	783	4.2%
Southeast Los Angeles	38,430	1,901	4.9%
West Adams/Lemiert Park/Baldwin Hills	40,339	1,532	3.8%
Westlake	27,441	952	3.5%
Wilshire	**93,173**	**3,782**	**4.1%**
Total Central Los Angeles	**409,149**	**17,944**	**4.4%**
Harbor Area			
San Pedro	13,257	457	3.4%
Torrance/Gardnea	7,337	196	2.7%
Wilmington/Harbor City	10,431	241	2.3%
Total Harbor Area	**31,025**	**894**	**2.9%**
Total City of Los Angeles	**804,286**	**33,268**	**4.1%**

Source: DWP - March 2008

The apartment market vacancy statistics indicate stabilized housing conditions throughout the city of Los Angeles. The subject submarket of Torrance/Gardena indicates a 2.7 percent vacancy rate.

REIS Data

The following chart includes a summary of local apartment market statistics based on the 4th Quarter 2007 REIS Apartment Market Report for the East Torrance submarket.

REIS APARTMENT DATA

Year	Qtr.	Inventory	Percent Vacant	Asking Rent	% Rent Change	Revenue /Unit
1995	Y	15,842	6.8	$652	-1.2	$608
1996	Y	15,842	6.1	$651	-0.2	$611
1997	Y	15,842	5.5	$679	4.3	$642
1998	Y	15,842	4.4	$701	3.2	$670
1999	Y	15,926	4.3	$747	6.6	$715
2000	Y	15,926	3.0	$822	10.0	$797
2001	Y	15,926	3.1	$877	6.7	$850
2002	Y	15,926	2.8	$909	3.6	$884
2003	Y	15,926	2.9	$952	4.7	$924
2004	Y	15,926	3.2	$1,016	6.7	$983
2005	Y	15,926	2.5	$1,069	5.2	$1,042
2006	Y	15,712	2.7	$1,121	4.9	$1,091
2007	Y	15,712	2.1	$1,168	4.2	$1,143
2008	Y	15,712	2.4	$1,212	3.8	$1,183
2009	*Y*	*15,712*	*2.7*	*$1,255*	*3.5*	*$1,221*
2010	*Y*	*15,712*	*3.0*	*$1,287*	*2.5*	*$1,248*
2011	*Y*	*15,712*	*3.6*	*$1,332*	*3.5*	*$1,284*
2012	*Y*	*15,712*	*3.9*	*$1,377*	*3.4*	*$1,323*

Source: REIS

The vacancy rate per REIS has remained relatively consistent between 2000 and 2007, ranging from 2.1 percent to 3.2 percent. Rental rates have increased annually since 1997 at a rate ranging from 3.2 percent to 10.0 percent. REIS is projecting continued rental rate growth through 2012 ranging from 2.5 percent to 3.8 percent, annually. Vacancy is project to increase from 2.4 percent in 2008 to 3.9 percent in 2012.

Trends for the past five quarters per REIS are shown in the following chart.

REIS APARTMENT DATA						
Year	Qtr.	Inventory	Percent Vacant	Asking Rent	% Rent Change	Revenue /Unit
2007	1	15,712	2.7	$1,121	0.0	$1,091
2007	2	15,712	2.5	$1,150	2.6	$1,121
2007	3	15,712	2.0	$1,169	1.7	$1,146
2007	4	15,712	2.1	$1,168	-0.1	$1,143
2007	Y	15,712	2.1	$1,168	4.2	$1,143
2008	Y	15,712	2.4	$1,212	3.8	$1,183
Source:	REIS					

The local market has been stable over the past five quarters with no units of new supply, moderate increases in the average asking rental rate and a vacancy rate of 2.7 percent or lower.

Torrance RealFacts Submarket Overview

REALFACTS surveyed 12 complexes, representing 2,103 apartments, within the subject's submarket as part of their first quarter 2008 apartment survey. The smallest complex surveyed has 105 units and the largest has 436 units. The following table outlines the unit mix and rent levels within these projects for the first quarter of 2008.

Torrance
1Q2008

Properties/Units	12 / 2,103	Average units per property	175
Class A	0 / 0	Average year built	1969
Class B	0 / 0	Size range (units)	105 - 436
Class C	12 / 2,103	Age range	1963 - 1987

Unit Mix (all unit types appear in this report)

Totals	Units	% of Mix	Benchmark % of Mix	Average Sq. Ft	Benchmark Avg Sq Ft	Average Rent	Benchmark Avg. Rent	Avg. Rent Sq. Ft.	Benchmark Avg. Rent Sq. Ft.
All	2,103	100.0%	100.0%	920	868	$1,535	$1,491	$1.67	$1.72
Urban Loft									
studio	129	6.1%	5.4%	459	480	$1,252	$1,148	$2.73	$2.39
jr 1bd									
1bd 1bth	863	41.0%	37.5%	772	717	$1,362	$1,332	$1.76	$1.86
1bd 1.5bth									
1bd TH									
2bd 1bth	112	5.3%	10.6%	1,023	875	$1,710	$1,311	$1.67	$1.50
2bd 1.5bth	60	2.9%	1.8%	1,090	939	$1,834	$1,415	$1.68	$1.51
2bd 2bth	871	41.4%	33.0%	1,079	1,014	$1,663	$1,665	$1.54	$1.64
2bd 2.5th									
2bd TH	1	0.0%	3.5%	1,600	1,114	$2,595	$1,786	$1.62	$1.60
3bd 1bth									
3bd 1.5bth									
3bd 2bth	67	3.2%	4.2%	1,304	1,211	$2,068	$1,908	$1.59	$1.58
3bd 3bth									
3bd TH									
4bd									
5bd 2bth									
5bd TH									

The following table displays the quarterly rental rates by unit type:

Average Asking Rent										
	1Q2006	2Q2006	3Q2006	4Q2006	1Q2007	2Q2007	3Q2007	4Q2007	1Q2008	1 Yr. Change
AVERAGE	$1,367	$1,388	$1,426	$1,442	$1,452	$1,484	$1,524	$1,528	$1,535	5.7%
studio	$1,067	$1,109	$1,131	$1,137	$1,146	$1,165	$1,184	$1,252	$1,252	9.2%
jr 1bd										
1bd 1bth	$1,200	$1,215	$1,241	$1,261	$1,274	$1,305	$1,345	$1,354	$1,362	6.9%
2bd 1bth	$1,522	$1,532	$1,604	$1,588	$1,586	$1,629	$1,727	$1,699	$1,710	7.8%
2bd 2bth	$1,475	$1,500	$1,538	$1,560	$1,570	$1,607	$1,659	$1,654	$1,663	5.9%
2bd TH	$1,598	$2,500	$2,500	$2,500	$2,500	$2,400	$2,595	$2,595	$2,595	3.8%
3bd 2bth	$1,796	$1,820	$1,875	$1,884	$1,882	$1,879	$2,041	$2,060	$2,068	9.9%
3bd TH										

The following table displays the average occupancy rate for the submarket through the last nine quarters:

Average Occupancy Rate										
	1Q2006	2Q2006	3Q2006	4Q2006	1Q2007	2Q2007	3Q2007	4Q2007	1Q2008	1 Yr. Change
AVERAGE	98.5%	97.8%	98.9%	98.2%	99.0%	97.5%	99.2%	98.3%	96.7%	-2.3%

The average occupancy for the submarket has been 98.23%, with a minimum of 96.7% for the first three months of 2008. Occupancy rates have reached as high as 99.2% in the third quarter of 2007. Apartments are expected to maintain strong occupancies through 2008.

Competitive Market/Subject

The subject is located in the city of Torrance within the county of Los Angeles. The overall occupancy characteristics of multi-family apartment building properties is strong. Overall, market conditions are generally favorable for multi-family residential development. Based on the survey of the local apartment market, the following local market operating characteristics were determined.

Concessions

Concessions are not typically offered in the subject submarket.

Lease Terms

The typical lease term in the market ranges from 6 to 12 months.

RUBS (Ratio Billing System)

The majority of the larger comparable projects operate with a RUBS program.

Vacancy and Rental Rate Increases

The concluded vacancy rate is 2.4 percent. Primary support for this conclusion was the REIS market survey as they pertain directly to the subject's immediate apartment market. The DWP survey is also an important indicator.

CONCLUSION

Los Angeles County

Market conditions have been strong over the past five years with annual rental rate increases and stabilized occupancy levels of 5.0 percent or lower. The apartment market is expected to remain strong even with the significant new supply. Overall, continued rental rate growth and strong occupancy levels are expected.

Competitive Market/Subject

The subject is located in the city Torrance, an established submarket. The overall occupancy characteristics for apartments in the city are strong. Overall, market conditions for apartments are generally strong for the subject location.

GENERAL HOUSING TRENDS

Prior to analyzing the Southern California market, it is critical to provide a commentary on general economic trends and their impact on overall demand for housing. The article, "Housing Cycle is Caught in a Vicious Circle" by Scott Patterson, which was published in the Money and Investing section of the Wall Street Journal on February 20, 2008, provided a good analytical summary of the trends impacting the housing market. He noted the housing market is in a "negative-feedback loop" in which "One day's problems create a broad set of behaviors that only make the problem worse." Components creating the negative feedback loop identified are:

- Declining home prices increase the number of homes in which the existing mortgage debt is greater than the value of the home.
- This trend provides a stronger incentive for homeowners to default on mortgages, which puts more downward pressure on home prices, which brings more homes into the loop.
- Declining home prices also negatively impacts overall economic conditions, which puts further downward pressure on home prices.
- The downward pressure on home prices results in tighter lending standards, which eliminates some buyers from the market, lowering prices further.

The housing market is in a negative-feedback loop and conditions will likely not improve until there is significant improvement in the local economy, foreclosures moderate, sales volume stabilizes, and/or buyers begin to perceive homes prices will either remain flat or stabilize in the short term. This uncertainty must be considered when analyzing the Southern California and local housing market.

SOUTHERN CALIFORNIA HOUSING MARKET

The following discussion of trends in sale prices and volume uses "mean" figures for attached and detached housing. Projections for 2008 are presented following the analysis of historical trends.

Annual Home Sale Prices

Average sale prices for the six-county Southern California area (San Diego County is included in the market analysis) are presented in the chart on the next page. As shown, prices generally remained stable or declined slightly between 1993 and 1996, followed by strong price increases from 1997 through 2005. Specifically, the average sale price in all six counties increased on an annual basis over this time frame. Price appreciation slowed in 2006 with only five of the six counties showing price increases.

Soft market conditions are highlighted by the 2007 statistics in which five out of the six counties actually showed a decline. Only Los Angeles County was characterized by a higher mean price in

2007, which most market participants believe is a result of a higher percentage of expensive homes being sold, not improving market conditions.

A review of new home price trends was completed to provide a better indication of activity relative to future new home development. Based on the average sale price statistics, new home prices also increased in 2005, with the exception of San Diego County and Los Angeles County. In 2006, new home prices declined in three out of the six counties, and the rate of growth in the other three was lower than the rate for existing homes. The downward trend continued in 2007 with declining prices in five out of the six counties.

Total Annual Sales

The chart on the second following page is a summary of annual total home sales and new home sales by county from 1994 through 2007. Sales volume over this time period can generally be divided into three major periods: 1) sales volume below 300,000 homes per year between 1994 and 1997; 2) a strong upward trend from 313,472 homes in 1998 to 408,560 homes in 2004 (a 30 percent increase); and 3) declining sales volume from 2005 thru 2007. Total volume in 2007 was 209,783 units, or the second lowest in the 14-year period presented.

The downward trend in sales volume is significant as the housing market is generally considered to be a "volume" led cycle in that pricing is a lagging indicator (i.e. home prices decline after sales volume drops).

A separate review of new home sales indicates similar trends: 1) sales volume fluctuating around 30,000 homes per year between 1994 and 1997; 2) a strong upward trend from 37,512 homes in 1998 to 75,279 homes in 2005 (a 101 percent increase); and 3) deteriorating sales in 2006 and 2007. The 2007 figure was 41 percent below the 2005 peak.

NEW AND EXISTING HOME PRICE SURVEY

LOS ANGELES COUNTY

Period	Average Price	Annual Change	New Home	Annual Change	Existing Home	Annual Change
1994	$163,390	N/A	$160,664	N/A	$163,554	N/A
1995	$153,241	-6.2%	$165,434	3.0%	$152,514	-6.8%
1996	$152,494	-0.5%	$190,605	15.2%	$150,272	-1.5%
1997	$157,186	3.1%	$218,133	14.4%	$153,630	2.2%
1998	$171,643	9.2%	$235,950	8.2%	$168,119	9.4%
1999	$183,494	6.9%	$261,862	11.0%	$179,556	6.8%
2000	$199,711	8.8%	$283,039	8.1%	$194,966	8.6%
2001	$221,890	11.1%	$303,094	7.1%	$216,261	10.9%
2002	$260,299	17.3%	$325,262	7.3%	$255,897	18.3%
2003	$317,890	22.1%	$393,247	20.9%	$312,478	22.1%
2004	$394,274	24.0%	$449,728	14.4%	$389,972	24.8%
2005	$467,714	18.6%	$449,374	-0.1%	$469,543	20.4%
2006	$510,815	9.2%	$477,286	6.2%	$515,081	9.7%
2007	$528,853	3.5%	$502,013	5.2%	$533,265	3.5%

ORANGE COUNTY

Period	Average Price	Annual Change	New Home	Annual Change	Existing Home	Annual Change
1994	$202,325	N/A	$234,548	N/A	$194,467	N/A
1995	$190,486	-5.9%	$217,350	-7.3%	$183,511	-5.6%
1996	$190,710	0.1%	$222,980	2.6%	$182,690	-0.4%
1997	$201,568	5.7%	$243,646	9.3%	$192,157	5.2%
1998	$227,393	12.8%	$298,481	22.5%	$215,731	12.3%
1999	$242,864	6.8%	$328,734	10.1%	$228,611	6.0%
2000	$273,037	12.4%	$393,883	19.8%	$253,119	10.7%
2001	$304,194	11.4%	$447,835	13.7%	$284,514	12.4%
2002	$355,113	16.7%	$495,872	10.7%	$336,514	18.3%
2003	$418,276	17.8%	$545,765	10.1%	$402,383	19.6%
2004	$521,643	24.7%	$649,253	19.0%	$506,168	25.8%
2005	$591,962	13.5%	$705,917	8.7%	$579,249	14.4%
2006	$627,439	6.0%	$694,797	-1.6%	$617,298	6.6%
2007	$619,675	-1.2%	$600,920	-13.5%	$622,779	0.9%

RIVERSIDE COUNTY

Period	Average Price	Annual Change	New Home	Annual Change	Existing Home	Annual Change
1994	$122,292	N/A	$139,794	N/A	$116,777	N/A
1995	$115,662	-5.4%	$141,201	1.0%	$108,755	-6.9%
1996	$114,674	-0.9%	$148,311	5.0%	$104,973	-3.5%
1997	$115,800	1.0%	$153,791	3.7%	$105,154	0.2%
1998	$125,659	8.5%	$170,380	10.8%	$112,653	7.1%
1999	$137,809	9.7%	$194,870	14.4%	$122,473	8.7%
2000	$157,406	14.2%	$225,728	15.8%	$137,105	11.9%
2001	$181,892	15.6%	$240,306	6.5%	$158,511	15.6%
2002	$207,082	13.8%	$261,350	8.8%	$182,952	15.4%
2003	$247,590	19.6%	$291,565	11.6%	$226,671	23.9%
2004	$318,240	28.5%	$355,761	22.0%	$300,642	32.6%
2005	$385,027	21.0%	$411,707	15.7%	$370,092	23.1%
2006	$416,107	8.1%	$439,692	6.8%	$400,628	8.3%
2007	$394,315	-5.2%	$410,337	-6.7%	$384,583	-4.0%

SAN BERNARDINO COUNTY

Period	Average Price	Annual Change	New Home	Annual Change	Existing Home	Annual Change
1994	$114,970	N/A	$140,762	N/A	$109,911	N/A
1995	$103,541	-9.9%	$140,976	0.2%	$97,811	-11.0%
1996	$100,236	-3.2%	$142,546	1.1%	$93,665	-4.2%
1997	$100,725	0.5%	$153,611	7.8%	$92,627	-1.1%
1998	$105,840	5.1%	$168,044	9.4%	$97,040	4.8%
1999	$114,317	8.0%	$183,042	8.9%	$104,299	7.5%
2000	$126,636	10.8%	$205,042	12.0%	$114,065	9.4%
2001	$141,903	12.1%	$217,961	6.3%	$130,182	14.1%
2002	$160,233	12.9%	$236,718	8.6%	$148,260	13.9%
2003	$192,859	20.4%	$263,673	11.4%	$179,316	20.9%
2004	$245,927	27.5%	$291,129	10.4%	$236,699	32.0%
2005	$325,764	32.5%	$364,224	25.1%	$316,697	33.8%
2006	$365,644	12.2%	$395,707	8.6%	$356,670	12.6%
2007	$355,781	-2.7%	$383,514	-3.1%	$346,090	-3.0%

VENTURA COUNTY

Period	Average Price	Annual Change	New Home	Annual Change	Existing Home	Annual Change
1994	$188,549	N/A	$228,230	N/A	$181,534	N/A
1995	$182,871	-3.0%	$236,209	3.5%	$172,983	-4.7%
1996	$185,021	1.2%	$233,092	-1.3%	$174,030	0.6%
1997	$194,046	4.9%	$245,507	5.3%	$183,894	5.7%
1998	$208,616	7.5%	$293,543	19.6%	$195,600	6.4%
1999	$230,857	10.7%	$336,735	14.7%	$209,005	6.9%
2000	$255,741	10.8%	$354,752	5.4%	$233,275	11.6%
2001	$277,808	8.6%	$375,972	6.0%	$257,514	10.4%
2002	$323,900	16.6%	$437,222	16.3%	$306,583	19.1%
2003	$385,765	19.1%	$532,349	21.8%	$365,388	19.2%
2004	$486,862	26.2%	$651,229	22.3%	$471,604	29.1%
2005	$570,774	17.2%	$696,102	6.9%	$552,752	17.2%
2006	$599,418	5.0%	$662,290	-4.9%	$586,549	6.1%
2007	$572,358	-4.5%	$612,403	-7.5%	$564,810	-3.7%

SAN DIEGO COUNTY

Period	Average Price	Annual Change	New Home	Annual Change	Existing Home	Annual Change
1994	$164,225	N/A	$196,584	N/A	$158,510	N/A
1995	$159,710	-2.7%	$197,233	0.3%	$152,450	-3.8%
1996	$160,250	0.3%	$198,382	0.6%	$152,634	0.1%
1997	$168,728	5.3%	$212,410	7.1%	$159,913	4.8%
1998	$188,771	11.9%	$260,244	22.5%	$175,520	9.8%
1999	$203,196	7.6%	$277,497	6.6%	$189,586	8.0%
2000	$231,532	13.9%	$318,239	14.7%	$214,653	13.2%
2001	$267,097	15.4%	$360,937	13.4%	$246,175	14.7%
2002	$316,117	18.4%	$404,927	12.2%	$295,558	20.1%
2003	$374,347	18.4%	$459,706	13.5%	$353,790	19.7%
2004	$453,637	21.2%	$486,774	5.9%	$444,553	25.7%
2005	$494,516	9.0%	$471,064	-3.2%	$502,493	13.0%
2006	$493,938	-0.1%	$440,798	-6.4%	$512,325	2.0%
2007	$480,248	-2.8%	$431,839	-2.0%	$494,922	-3.4%

Source: Real Estate and Construction Report

NEW AND EXISTING HOME SALES

Period	Los Angeles County	Orange County	Riverside County	San Bernardino County	Ventura County	San Diego County	Total Sales all Six Counties
1994	91,069	39,664	26,096	26,313	11,349	38,999	233,490
1995	83,053	33,080	24,719	24,248	10,179	31,396	206,675
1996	92,157	40,099	28,627	27,207	11,215	36,487	235,792
1997	101,550	45,132	31,019	30,031	12,575	43,137	263,444
1998	113,742	54,262	39,158	34,599	15,787	55,924	313,472
1999	123,362	55,101	43,459	37,545	17,051	60,271	336,789
2000	117,498	52,850	44,777	37,264	16,032	56,988	325,409
2001	113,947	49,195	47,197	37,811	17,132	52,494	317,776
2002	126,737	53,601	56,087	43,075	18,400	56,342	354,242
2003	136,128	58,065	64,221	50,130	18,386	62,502	389,432
2004	137,565	53,998	75,320	56,527	16,305	68,845	408,560
2005	133,111	54,744	80,058	57,106	17,435	62,659	405,113
2006	109,571	39,767	63,677	44,764	12,677	45,355	315,811
2007	75,481	28,287	36,308	24,279	9,118	36,310	209,783
Percent Change 2006 to 2007	-31.1%	-28.9%	-43.0%	-45.8%	-28.1%	-19.9%	-33.6%
Average	111,069	46,989	47,195	37,921	14,546	50,551	308,271

Source: Real Estate and Construction Report

NEW HOME SALES

Period	Los Angeles County	Orange County	Riverside County	San Bernardino County	Ventura County	San Diego County	Total Sales all Six Counties
1994	5,174	7,776	6,253	4,315	1,705	5,854	31,077
1995	4,673	6,819	5,262	3,219	1,592	5,090	26,655
1996	5,078	7,982	6,408	3,657	2,087	6,074	31,286
1997	5,599	8,249	6,790	3,988	2,072	7,243	33,941
1998	5,910	7,647	8,822	4,288	2,098	8,747	37,512
1999	5,903	7,844	9,206	4,777	2,917	9,331	39,978
2000	6,331	7,478	10,257	5,149	2,965	9,259	41,439
2001	7,387	5,928	13,491	5,049	2,935	9,570	44,360
2002	8,042	6,256	17,263	5,830	2,439	10,591	50,421
2003	9,121	6,436	20,702	8,048	2,244	12,131	58,682
2004	9,905	5,840	24,048	9,584	1,385	14,812	65,574
2005	12,065	5,494	28,732	10,894	2,192	15,902	75,279
2006	12,369	5,204	25,232	10,291	2,154	11,659	66,909
2007	10,657	4,016	13,720	6,287	1,446	8,446	44,572
Percent Change 2006 to 2007	-13.8%	-22.8%	-45.6%	-38.9%	-32.9%	-27.6%	-33.4%
Average	7,730	6,641	14,013	6,098	2,159	9,622	46,263

Source: Real Estate and Construction Report

Home Price Trends - Most Recent Four Quarters

Average home sale prices for the six-county Southern California area for the four most recent quarters is presented in the following chart.

NEW AND EXISTING HOME PRICE SURVEY - MOST RECENT FOUR QUARTERS

LOS ANGELES COUNTY

Period	Average Price	Annual Change	New Home	Annual Change	Existing Home	Annual Change
1st Qtr 07	$527,345	N/A	$520,843	N/A	$528,321	N/A
2nd Qtr 07	$541,579	2.7%	$507,112	-2.6%	$546,675	3.5%
3rd Qtr 07	$543,284	0.3%	$519,015	2.3%	$547,441	0.1%
4th Qtr 07	$489,801	-9.8%	$452,846	-12.7%	$497,488	-9.1%

ORANGE COUNTY

Period	Average Price	Annual Change	New Home	Annual Change	Existing Home	Annual Change
1st Qtr 07	$603,319	N/A	$592,911	N/A	$605,059	N/A
2nd Qtr 07	$634,075	5.1%	$627,027	5.8%	$634,990	4.9%
3rd Qtr 07	$641,451	1.2%	$560,032	-10.7%	$652,436	2.7%
4th Qtr 07	$590,788	-7.9%	$618,305	10.4%	$583,141	-10.6%

RIVERSIDE COUNTY

Period	Average Price	Annual Change	New Home	Annual Change	Existing Home	Annual Change
1st Qtr 07	$413,387	N/A	$435,100	N/A	$400,649	N/A
2nd Qtr 07	$406,051	-1.8%	$421,368	-3.2%	$398,013	-0.7%
3rd Qtr 07	$392,608	-3.3%	$403,497	-4.2%	$386,405	-2.9%
4th Qtr 07	$353,375	-10.0%	$376,761	-6.6%	$334,027	-13.6%

SAN BERNARDINO COUNTY

Period	Average Price	Annual Change	New Home	Annual Change	Existing Home	Annual Change
1st Qtr 07	$369,860	N/A	$388,371	N/A	$364,310	N/A
2nd Qtr 07	$366,578	-0.9%	$385,470	-0.7%	$361,159	-0.9%
3rd Qtr 07	$352,131	-3.9%	$393,980	2.2%	$336,819	-6.7%
4th Qtr 07	$324,176	-7.9%	$367,292	-6.8%	$301,964	-10.3%

VENTURA COUNTY

Period	Average Price	Annual Change	New Home	Annual Change	Existing Home	Annual Change
1st Qtr 07	$564,486	N/A	$602,773	N/A	$556,870	N/A
2nd Qtr 07	$584,681	3.6%	$650,445	7.9%	$575,327	3.3%
3rd Qtr 07	$580,138	-0.8%	$596,067	-8.4%	$577,744	0.4%
4th Qtr 07	$553,866	-4.5%	$604,015	1.3%	$538,060	-6.9%

SAN DIEGO COUNTY

Period	Average Price	Annual Change	New Home	Annual Change	Existing Home	Annual Change
1st Qtr 07	$473,011	N/A	$408,859	N/A	$493,389	N/A
2nd Qtr 07	$482,822	2.1%	$421,591	3.1%	$499,617	1.3%
3rd Qtr 07	$497,036	2.9%	$448,617	6.4%	$508,456	1.8%
4th Qtr 07	$464,913	-6.5%	$450,350	0.4%	$471,038	-7.4%

Source: Real Estate and Construction Report

The most significant trend in the past year is the significant downward trend in the final quarter of 2007. This was the first quarterly sales volume which was significantly impacted by the August 2007 debt crisis. Home prices for new and existing homes declined in 15 out of 18 categories (average, price, new home and existing home for the six counties). The decline in specific markets was significant and exceeded 10 percent in four categories.

Building Permits

Presented in the chart on the following page is a summary of total building permits from 1994 through 2007 (single-family and multi-family).

BUILDING PERMITS - SINGLE-FAMILY

Period	Los Angeles County	Orange County	Riverside County	San Bernardino County	Ventura County	San Diego County	Total Sales all Six Counties
1995	5,400	5,663	6,803	3,852	1,954	4,736	28,408
1996	5,370	7,070	7,021	4,703	2,130	5,816	32,110
1997	6,788	8,219	8,678	5,124	2,071	8,338	39,218
1998	6,887	7,366	10,758	5,602	2,811	9,160	42,584
1999	7,858	7,686	12,659	6,593	3,662	9,993	48,451
2000	8,417	6,794	13,630	5,865	2,995	9,167	46,868
2001	8,184	5,925	16,556	6,825	3,157	9,312	49,959
2002	8,217	6,423	20,591	9,179	2,228	9,749	56,387
2003	10,217	5,565	25,137	10,820	2,342	9,455	63,536
2004	11,752	4,395	29,478	13,991	1,721	9,555	70,892
2005	11,911	4,058	29,994	15,305	2,593	7,904	71,765
2006	10,097	3,735	20,692	12,599	1,560	4,753	53,436
2007	7,408	2,168	9,766	6,279	692	3,508	29,821
Percent Change 2006 to 2007	-26.63%	-41.95%	-52.80%	-50.16%	-55.64%	-26.19%	-44.19%
Average	8,347	5,774	16,289	8,211	2,301	7,804	48,726

Source: Real Estate and Construction Report

BUILDING PERMITS - MULTI-FAMILY

Period	Los Angeles County	Orange County	Riverside County	San Bernardino County	Ventura County	San Diego County	Total Sales all Six Counties
1995	3,005	2,637	143	101	212	1,872	7,970
1996	3,237	3,137	478	311	223	1,052	8,438
1997	3,636	4,032	1,106	469	245	3,064	12,552
1998	4,805	2,735	1,735	511	371	3,013	13,170
1999	6,525	4,662	1,920	479	780	6,434	20,800
2000	8,654	5,573	1,780	715	976	6,760	24,458
2001	10,069	2,721	2,458	1,702	289	6,326	23,565
2002	11,147	5,597	2,073	1,437	279	5,989	26,522
2003	11,096	3,746	5,224	1,820	1,293	8,859	32,038
2004	15,183	4,927	4,748	4,479	882	7,751	37,970
2005	13,736	3,148	4,140	1,379	1,923	7,354	31,680
2006	16,251	4,636	4,519	1,273	901	6,024	33,604
2007	12,820	4,894	2,679	1,821	1,164	3,928	27,306
Percent Change 2006 to 2007	-21.11%	5.57%	-40.72%	43.05%	29.19%	-34.79%	-18.74%
Average	9,243	4,034	2,539	1,269	734	5,264	23,083

Source: Real Estate and Construction Report

Total single-family building permits generally increased on an annual basis from 1995 through 2005 (they only declined in 2000), and then dropped precipitously in 2006 and 2007. The year end figure for 2007 was 58 percent below the 2005 peak.

Trends in multi-family building permits have fluctuated significantly. However, there has been a general upward trend from less than 10,000 units in the early time frame (1995 and 1996) versus

20,000 units or more since 1999. Total multi-family permits have not declined as significantly as single-family permits have as this segment includes apartments, which have not been impacted as severely by the housing market crisis.

Foreclosures

Presented in the following chart is a summary of Notices of Default (the first step towards foreclosure) and Foreclosures in the Fourth Quarter of 2007 (figures for the Fourth Quarter of 2006 are provided for comparison purposes).

NOTICES OF DEFAULT

Location	Fourth Quarter 2006	Fourth Quarter 2007	Percent Change 4Q06 vs 4Q07
Los Angeles County	7,445	13,613	82.8%
Orange County	1,983	4,276	115.6%
San Diego County	3,150	6,151	95.3%
Riverside County	4,528	9,913	118.9%
San Bernardino County	3,538	7,288	106.0%
Ventura County	794	1,504	89.4%
Imperial County	167	401	140.1%

Source: Dataquick Information Services

FORECLOSURES

Location	Fourth Quarter 2006	Fourth Quarter 2007	Percent Change 4Q06 vs 4Q07
Los Angeles County	942	4,536	381.5%
Orange County	327	1,538	370.3%
San Diego County	723	2,296	217.6%
Riverside County	813	4,520	456.0%
San Bernardino County	463	3,058	560.5%
Ventura County	114	542	375.4%
Imperial County	9	193	2044.4%

Source: Dataquick Information Services

Clearly, the significant increase in notices of default and foreclosures will impact the supply of homes available for purchase in the Southern California market. The number of mortgage default notices in the Fourth Quarter was the highest level since Dataquick began tracking the information and all indications are that foreclosure activity will increase in 2008.

Mortgage Lending Limits

One positive element in the housing market is the increase in the mortgage limits for conforming loans as part of the Federal Government stimulus package in the First Quarter of 2008. Specifically, the conforming loan amounts ($417,000 for the United States in 2006) have been tied to regional

MSAs, which should facilitate additional sales (there is significantly more capital for conforming loans). The mortgage limits are as follows:

FHA MORTGAGE LIMITS

Location	Mortgage Limit
Los Angeles County	$729,750
Orange County	$729,750
San Diego County	$697,500
Riverside County	$500,000
San Bernardino County	$500,000
Ventura County	$729,750

Source: U.S. Department of Housing

The stimulus package only raises these mortgage limits through December 2008 and to date, there has been no clear evidence of the impact on the market.

Land Sale Trends

The slow-down in the Southern California housing market is having a negative impact on underlying land values. In order to determine the magnitude of the decline, we surveyed developers, land brokers and investors knowledgeable in the market to ascertain their opinions. The general consensus is demand has softened, which has resulted in few actual sales. Several brokers indicated most buyers did not close escrow on purchases signed in late 2005 through early 2006 (including walking away from hard deposit money). In terms of the magnitude of the decline, most respondents felt land values were declining one to three percent per month since the peak (generally considered to be in the First Quarter of 2006).

In addition to the survey, paired-sales in the region have been identified to illustrate the land value trends. This information includes sales and resales of the same property, similar sites in competitive markets, and listings or offers. The following chart provides a summary of sales identified.

PAIRED LAND SALES INFORMATION

Location	Original Sale Date	Original Price/ Finished Lot	Second Sale Date	Second Price/ Finished Lot	Total Decline	Percentage Decline	Months Between Sales	Monthly Percentage Decline
Ventura County	September-05	$600,000	3/06 high offer	$550,000	$50,000	-8.3%	6	-1.4%
San Diego County	September-05	$525,000	9/07 Escrow	$330,000	$195,000	-37.1%	24	-1.5%
Riverside County	December-05	$257,000	July-06	$220,000	$37,000	-14.4%	7	-2.1%
Riverside County	July-05	$160,000	7/06 high offer	$150,000	$10,000	-6.3%	12	-0.5%
Riverside County	March-06	$176,500	10/06 offer	$130,000	$46,500	-26.3%	7	-3.8%
Riverside County	April-06 Listing	$160,000	4/06 offer	$135,000	$25,000	-15.6%	N/A	N/A
Riverside County	April-05	$207,150	June-07 Listing	$160,000	$47,150	-22.8%	26	-0.9%
Orange County	January-06	$336,364	July-07	$248,389	$87,975	-26.2%	18	-1.5%
Orange County	March-06	$825,000	January-07	$700,000	$125,000	-15.2%	9	-1.7%
Los Angeles County	September-05	$115,000	September-07	$100,000	$15,000	-13.0%	24	-0.5%
Los Angeles County	September-05	$115,000	September-07	$100,000	$15,000	-13.0%	24	-0.5%
Los Angeles County	February-06	$145,000	September-07	$95,000	$50,000	-34.5%	19	-1.8%
Los Angeles County	May-06	$170,000	June-07	$80,000	$90,000	-52.9%	13	-4.1%
Los Angeles County	December-05	$137,000	December-07	$77,000	$60,000	-43.8%	24	-1.8%

Source: CBRE

The paired land sales support the perception that land values declined in 2006 and 2007. Further, most respondents do not anticipate any improvement in the market in 2008.

Home Builder Survey

Based upon a September 2007 survey of merchant builders active in Southern California completed by CBRE Valuation & Advisory Services, the sub-prime mortgage crisis in August 2007 had a significant downward impact on new home demand. Specific comments made by individual participants include:

- July and August 2007 were "the worst ever in the history of the corporation" in terms of cancellations of existing contracts.
- The home buyer mentality has shifted to a "wait and see" attitude as most buyers perceive values will be lower in the next 6-12 months, so if they can wait to make a purchase, they will.
- The market is narrow and there are a fixed number of actual buyers, all of whom are proceeding cautiously.
- Qualifying buyers is significantly more difficult. One builder commented that only one in three buyers who places a deposit check ever comes close to qualifying for the required mortgage to complete the home purchase.
- Land purchases are being made assuming flat prices consistent with today's closed homes sales and profit rates are being increased in order to function as a contingency against future potential price declines.
- Prior to the August 2007 debt crisis, sales at a regional builder were slower, but were continuing at a rate of 2.0 to 2.5 homes per month in active developments. The rate dropped significantly to less than one home per month in August and September 2007.

Overall, many builders indicated while they are still actively trying to acquire lots, they have not purchased anything as sellers have generally been unwilling to accept "realistic offers" on available sites (i.e. their price expectations are not consistent with the deteriorating market).

Industry Press

Recent articles that address trends and forecasts for the Southern California housing market are summarized in the following pages.

Comments in the article "KB Home posts loss as Demand Tumbles", published in the Los Angeles Times Business section on September 28, 2007, include:

- When Jeffrey Mezger took the helm…even he didn't anticipate how quickly demand for his company's product would shrivel because of deep problems in the mortgage market. "That was really a curveball that compounded the situation."
- "At this time, we see no signs that the housing market will stabilize and believe it will be some time before a recovery begins" Metzger said.
- Metzger and other industry leaders have noted that conditions in the housing market took a turn for the worse in August, as the fallout from rising mortgage defaults triggered tightening in the credit markets, prompting lenders to scale back on loan programs for even the most credit worthy borrowers.

In the 2008-2009 Economic Forecast & Industry Outlook published by the LAEDC in February 2008, they state:

- "Residential construction will bottom out in 2008. The LAEDC forecasts that a total of 42,550 new housing units will be permitted in the five-county region, a decline of 14% from 2007 and a 54% drop from the 2004 peak of 91,556 units."
- "Both employment and population continue to grow (important underlying fundamentals in the region, and its housing market should move into a recovery by 2009 (in the Riverside-San Bernardino area it could be 2010). What will the recovery look like? There will be modest increases in single-family home construction, while prices in the resale market should record very humble gains."
- Finally, "Ironically, the region has a housing shortage. The reasons for insufficient new homebuilding remain the same as in the past: local government resistance (housing is seen as a net tax "user", not a revenue generator); neighborhood resistance to higher-density complexes because of concerns over traffic congestion; lengthy permitting process; impact fees and other burdensome regulations on new construction."

The California Association of Realtors released the California Housing Market Forecast for 2008 on October 10, 2007, which included the following comments and projections:

- The median home price in California will decline four percent to $553,000 in 2008 compared with a projected median of $576,000 this year, while sales for 2008 are projected to decrease nine percent to 334,500 units, compared with 367,500 units in 2007 (projected at the time of publication).
- C.A.R. President Coleen Badagliacco commented "Sales could decline more steeply in 2008 if the current liquidity crunch in the mortgage markets has a longer-than-expected duration or if interest rates unexpectedly increase."
- She further stated "By price-range, the highest-priced markets – those with medians over $1 million – will show less stress …the lower-priced markets will continue to face fallout from the subprime crisis, tighter underwriting standards, and competition from new home developments where price-cutting has been even more severe."

In the December 2007 issue of Trends in California Real Estate, the California Association of Realtors projected a six percent decline in the volume of sales in 2008 and the median price will decline by 5.5 percent (the first nominal decline since 1996).

The article "Homeowners' Big Question" published in the Los Angeles Times front section on November 27, 2007, included the following statement: "Southern California home prices have fallen for five straight months … and are now down 12% from their peak last spring and summer." In this article, they surveyed five local economists to "predict how much Southern California home prices would fall from their peak." Each economist stated:

- **Michael T. Carney**, professor of finance and real estate, Cal Poly Pomona: At least 15%, bottoming at the end of 2009.

  "It could turn around, but I don't see it. Buyers will be reticent for quite a long time.

- **Delores A. Conway**, director, Casden Real Estate Economics Forecast, USC: A decline of 5% to 10% in areas of Los Angeles and Orange Counties where housing supply is tight; 5% to 15% in other parts of those counties; and 10% to 20% in the Inland Empire.

  "The downturn will not be as severe in some areas. It really depends on the sub-market."

- **Edward E. Leamer**, director, UCLA Anderson Forecast; A drop of 20% to 25%, bottoming in 2009 or 2010.

  "It will get back to normal when people buy a home to live in, not invest in."

- **Kenneth Rosen**, professor of real estate and urban economics, UC Berkeley: A decline of 8% to 15%, bottoming in mid-2009. Affluent areas of Orange and Los Angeles counties will fare better than outlying areas.

  "Each location is different; each house is different. A very strong neighborhood might not see any decline."

- **Christopher F. Thornberg**, president, Beacon Economics: A 20-25% decline, bottoming in 2009. All areas will be affected.

  "If you sit around and pretend you will be immune from the downfall, you're fooling yourself."

Finally, in the article "Southland Home Prices Tumble Fast" published in the Los Angeles Times front section on March 14, 2008, the following predictions from three of the same economists quoted in the prior article were made:

- Dolores A. Conway, director of USC's Casden Real Estate Economics Forecast last fall predicted a 15% decline in home values. But now, "20% to 25% looks more likely and that's not to say we won't see 30%."
- Los Angeles economist Christopher Thornberg "is even more bearish. He projects that home values will sink 40% from their peaks reached last year, double his previous estimate."
- Cal Poly Pomona real estate finance professor Michael T. Carney had predicted last year that home prices in Southern California would fall at least 15%. Now "it's going to be more than 20%. We don't appear to be leveling out."

Clearly, most analysts anticipate the Southern California housing market will decline in the short term (12 to 24 months). The magnitude, length, and severity of the decline are very speculative at this point, but the speed of the decline in the last six months has been severe and unprecedented. There is a general consensus the market will stabilize as job growth will likely minimize the severity of the downward trend, but it is uncertain at this time when it will stabilize.

Finally, a significant increase in the mortgage interest rates, more restrictive lending policies, a large influx of resale home listings, or an extensive increase in the supply of new homes, could further impact individual markets during 2008 and 2009.

Demographic Trends

In order to determine future demand on a county-wide basis, we have analyzed demographic characteristics for the six-county Southern California market. Specifically, we have analyzed the projected number of total new households in order to determine potential future sales volume. This analysis assumes a static home ownership rate that is equal to the figure for each county in the 2007 Claritas report. The indicated annual demand by county is presented in the following chart.

HOUSEHOLD GROWTH/HOME SALES PROJECTIONS BY COUNTY

Characteristic	Los Angeles	Orange	Riverside	San Bernardino	Ventura	San Diego	Total
Households							
2012 Households	3,486,188	1,035,279	762,834	679,431	278,586	1,143,924	7,386,242
2007 Households	3,314,263	987,250	657,807	615,130	262,246	1,072,228	6,908,924
Average Annual Increase	34,385	9,606	21,005	12,860	3,268	14,339	95,464
2007 Home Ownership Rate	47.14%	61.71%	70.05%	65.02%	67.94%	45.05%	56.45%
Total Projected Demand	16,208	5,928	14,714	8,362	2,220	6,460	53,892
Five Year Average	10,823	5,398	22,487	9,021	1,884	12,590	60,240

Source: Claritas

As shown, on a region-wide basis, demand for new homes as determined through the projected future household population is below the recent five year average for new home sales. On a county-wide basis, the projections would indicate that the significant under-supply of new homes in Los Angeles and Orange County will be served by the more inland regions of Riverside and San Bernardino Counties.

Summary - Southern California Housing Market

The Southern California housing market was characterized by improving sales volume and pricing from 1997 through 2005. The market softened in 2006 and 2007 with declining prices and lower sales volume. Forecasts for 2008 are that the regional housing market will likely deteriorate further and begin to stabilize in 2009. However, there is significant uncertainty in the market and only well-priced homes/land will generate demand.

CREDIT CRUNCH IMPACT

The ongoing credit crunch, which began in early August 2007, continues to impact the commercial real estate market. The continuation of the credit crunch was highlighted in the Federal Reserve Board April 2008 Senior Loan Office Opinion Survey on Bank Lending Practices. This quarterly survey is based on responses from 56 domestic banks and 21 U.S. branches and agencies of foreign banks. In this survey they note that "domestic and foreign institutions reported having further tightened their lending standards and terms on a broad range for loan categories over the previous three months." The survey cited the following items as reasons for the continued tightening:

- Less favorable or more uncertain economic outlook;
- Worsening of industry-specific problems;
- Banks reduced tolerance for risk and decreased liquidity in secondary markets; and
- Concerns about their current or expected internal capital requirements.

The lack of liquidity is clearly impacting commercial real estate sales volumes, and more moderately, pricing. Specifically, the following table provide a summary of the volume and pricing statistics for the apartment, office, retail and industrial markets outlined in the May 2008 article "Buyers and Sellers No Closer to Closing Gap in Pricing; Sales Continue to Slow" published by Real Capital Analytics.

REAL CAPITAL ANALYTICS APRIL 2008 SALE STATISTICS

Asset Type	Volume ($B)	% Change Prior Year	National % Decline In Value from Peak	Top 10 Markets % Decline from Peak
Apartment	$1.20	-81%	-3.4%	-2.4%
Office	$4.90	-80%	-2.0%	-1.0%
Retail	$1.00	-79%	-5.5%	-2.0%
Industrial	$1.00	-67%	-2.3%	-2.2%

Source: "Buyers and Sellers No Closer to Closing Gap in Pricing; Sales Continue to Slow" Real Capital Analytics, May 2008

As shown, although the volume of sales has declined significantly, prices have held relatively firm. The general consensus is this indicates a disparity in the perception of market value between buyers (values have dropped) and sellers (unwilling to sell at the reduced pricing).

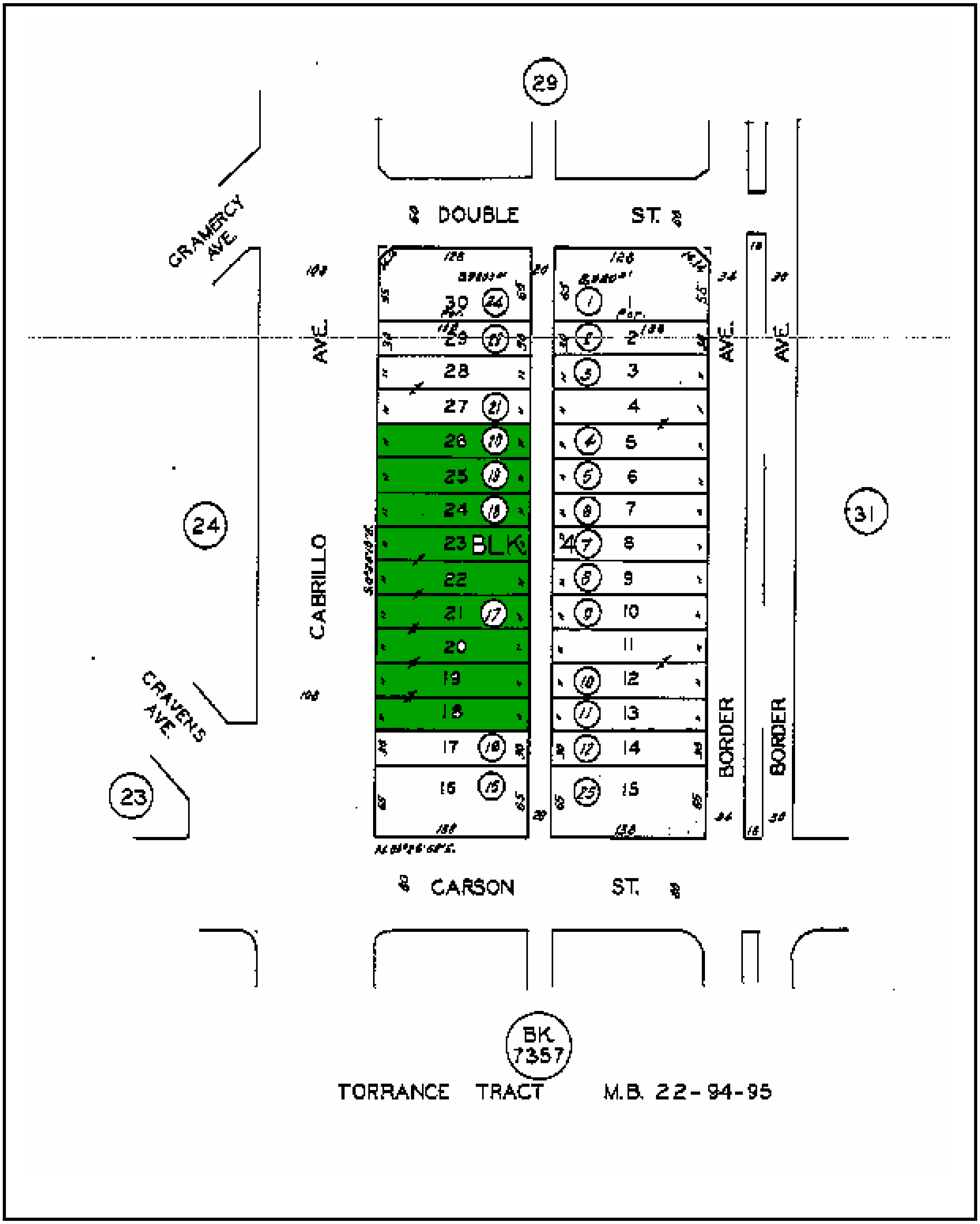
In order to assess the investor market perception on the demand for commercial real estate we reviewed the article "Expectations & Market Realities in Real Estate: 2008" (published in 2007 by Principle Real Estate Investors, Real Estate Research Corporation and CBRE/Torto/Wheaton Research). In that publication they state "Real estate now faces the increasingly daunting task of moving through a much more challenging capital market than it has faced in several years." Three primary risks to real estate identified are:

- "Repricing of the debt capital markets could result in a broad-based (as opposed to selective) upward movement in real estate going-in and exit cap rates and discount rates of sufficient magnitude to overwhelm earnings growth, causing private market real estate values to decline materially."
- "The global credit market disruption could spill over into the broader economy, denying capital access to otherwise creditworthy business and consumer activity, and leading to a recession in the U.S. economy."
- "A backlash against the forces of globalization and free trade could result in an increase in protectionist legislation that would adversely impact the economy and real estate markets over the long term."

Overall, it is clear the credit crunch is impacting sales volume, sale prices, and market perceptions. The general consensus is that the credit crunch has had a more severe impact on Class B and C assets (either location or quality of the real estate) than Class A properties.

The subject is a site suitable for re-development with a mixed used project. We believe that the slowdown in the residential housing market and credit market issues negatively affects the subject's marketability and value if it includes for sale housing when compared with market conditions 12 to 24 months ago.

PLAT MAP


29
DOUBLE ST.
GRAMERCY AVE
CRAVENS AVE.
CABRILLO AVE.
BORDER AVE.
BORDER AVE.
CARSON ST.
24
23
31
BLK 4
30
29
28
27
26
25
24
23
22
21
20
19
18
17
16
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
BK 7357
TORRANCE TRACT M.B. 22-94-95

SITE ANALYSIS

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY		
Physical Description		
Gross Site Area	0.86 Acres	37,252 Sq. Ft.
Net Site Area	0.86 Acres	37,252 Sq. Ft.
Primary Road Frontage	Cabrillo Ave.	270 Feet
Average Depth	138 Feet	
Excess Land Area	None	
Surplus Land Area	None	
Zoning District	C-2, General Commercial District	
Flood Map Panel No. & Date	060165000B	18-Dec-79
Flood Zone	C	

Source: Various sources compiled by CBRE

LOCATION

The subject property is located along the east side of Cabrillo Avenue just north of Carson Street and south of Double Street in the east central portion of the city of Torrance. The Harbor (110) Freeway is two miles to the east with ingress and egress from Carson Street. Access to the San Diego (405) Freeway is two and a half miles north at Crenshaw Boulevard.

ASSESSOR'S PARCEL NUMBER

The Los Angeles County Tax Assessor's parcel numbers are 7355-030-017, 7355-030-018, 7355-030-019 and 7355-030-020.

LAND AREA

The land area size, 37,252 square feet, was obtained via Los Angeles County Assessor Records. The site is considered adequate in terms of size and utility. There is no unusable, excess or surplus land area.

SHAPE AND FRONTAGE

The site is generally rectangular in shape and has an adequate frontage along Cabrillo Avenue. An alley abuts the back or east side of the property.

INGRESS/EGRESS

Ingress and egress onto the subject property is available to the site via a curb cut from Cabrillo Avenue. There is access to the site via the back alley along the east side of the property.

Cabrillo Avenue (Van Ness Avenue one quarter mile to the north), at the subject, is a north/south commercial thoroughfare that has a dedicated width of 108 feet and is improved with two lanes of traffic in each direction with a center median. Street improvements include asphalt paving and concrete curbs, gutters and sidewalks, and street lighting. Street parking is permitted.

Please refer to the prior site/plat exhibit for the layout of the streets that provide access to the subject.

TOPOGRAPHY AND DRAINAGE

The site is generally level and at street grade. The topography of the site is not seen as an impediment to the development of the property. During our inspection of the site, we observed no drainage problems and assume that none exist.

SOILS

A soils analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soils report, it is a specific assumption that the site has adequate soils to support the highest and best use.

EASEMENTS AND ENCROACHMENTS

No site plan or title report was provided for review by the appraisers. The property does not appear to be adversely affected by any easements or encroachments.

It is recommended that the client/reader obtain a current title policy and ALTA survey outlining all easements and encroachments on the property, if any, prior to making a business decision.

COVENANTS, CONDITIONS AND RESTRICTIONS

There are no known covenants, conditions and restrictions impacting the site that are considered to affect the marketability or highest and best use.

UTILITIES AND SERVICES

The site is within the jurisdiction of Los Angeles County or Torrance and is provided all municipal services, including police, fire and refuse garbage collection. All utilities are available to the site in adequate quality and quantity to service the site.

FLOOD ZONE

According to flood hazard maps published by the Federal Emergency Management Agency (FEMA), the site is within Zone C, as indicated on the indicated Community Map Panel No. 060165000B.

> FEMA Zone C: This area has been identified in the community flood insurance study as an area of moderate or minimal hazard from the principal source of flood in the area. However, buildings in this zone could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local storm water drainage systems are not normally considered in the community's Flood Insurance Study. The failure of a local drainage system creates areas of high flood risk within this rate zone. Flood insurance is available in participating communities but is not required by regulation in this zone.

SEISMIC HAZARDS (EARTHQUAKE)

All properties in California are subject to some degree of seismic risk. The Alquist-Priolo special Studies Zone Act of 1972 was enacted by the State of California to regulate development near active earthquake faults. The Act required the State Geologist to delineate "special studies zones" along known active faults in California. Cities and Counties affected by the identified zones must limit certain development projects within the zones unless geologic investigation demonstrates that the sites are not threatened by surface displacement from future faulting.

According to "Fault-Rupture Hazard Zones in California" published in 1992 by the California Department of Conservation, Department of Mines and Geology, the subject is not within an area affected by the Alquist-Priolo Special Studies Zone Act. Related development limitations, therefore, do not apply.

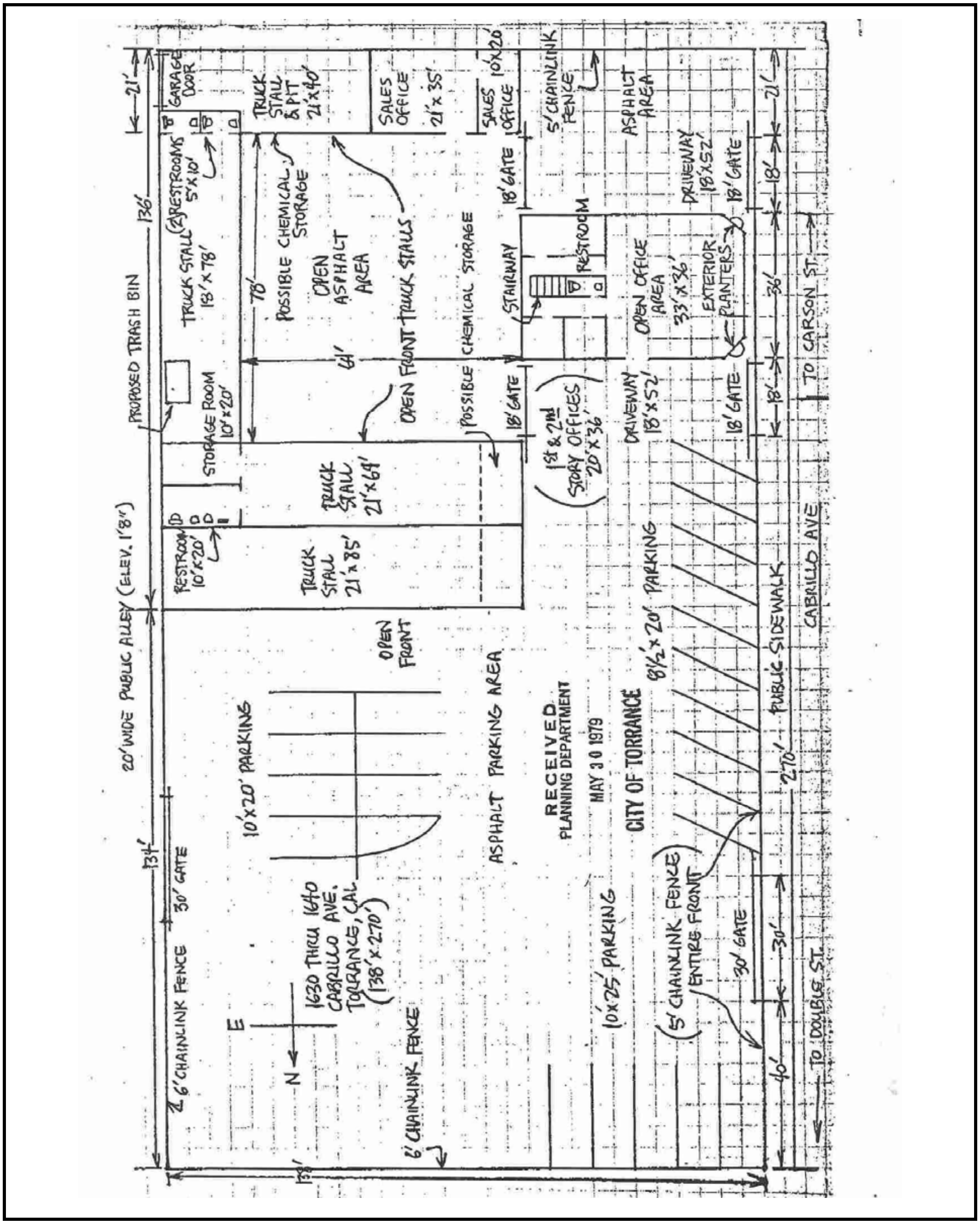
ENVIRONMENTAL ISSUES

CBRE has not observed and is not qualified to detect, the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

CONCLUSION

The subject site is well located and afforded good access and visibility from Cabrillo Avenue. The size of the site is typical for small to medium sized commercial developments in the area, and there are no known detrimental uses in the immediate vicinity. Overall, there are no known factors which are considered to prevent the site from development to its highest and best use, as if vacant, or adverse to the existing use of the site.

IMPROVEMENTS LAYOUT



IMPROVEMENTS ANALYSIS

The following chart depicts a summary of the improvements.

IMPROVEMENTS SUMMARY		
Property Type	Retail	(_Retail/Commercial)
Number of Buildings	2	
Number of Stories	1	
Gross Building Area	9,392 SF	
Office Area	2,628 SF	(28.0% of Total)
Storage/Former Service Bays	6,764 SF	(72.0% of Total)
Land-to-Building Ratio	3.97 : 1	

Component	Improvement Type	GBA (SF)	
2-Story Office Unit	Frame and Stucco	2,628	Large front glass windows; fronts Cabrillo Avenue; 1st and 2nd floor restrooms
Sales Office	Frame and Stucco and Concrete Block	945	Former service bays coverted to office; no restrooms
Service Bays	Frame and Stucco Concrete Block	5,819	Rectangular and L-spaed service bays; contians three restrooms

Source: Various sources compiled by CBRE

Building plans and specifications were not provided for the preparation of this appraisal. The following is a description of the subject improvements and basic construction features derived from CBRE's inspection and a diagram provided by the property owner. We have used the building measurements provided by the property owner, 9,392 square feet. The total square footage indicated by the Los Angeles County Assessor's Office is 10,235 square feet.

YEAR BUILT

The subject was built from1947 through 1957.

IMPROVEMENT DESCRIPTION

The property is currently occupied by Class Termite and Pest Control. They have occupied the property since its purchase by the current owner in 1979. Roger Class is the owner of Class Termite and Pest Control, whereby Gerald and Mary Wright are the recorded owners of the subject property.

The property was originally developed as a car dealership and service garage for the dealership. There is a small office pod with a second story mezzanine, 720 square feet, at the south side of the property fronting Cabrillo Avenue. At the rear of property toward the south side of the site is a U-shaped building.

The gross building area, 9,392 square feet, was obtained via a diagram provided by the property owner. By measuring the improvements via an aerial of the subject property we estimate the gross building area to be approximately 9,900 square feet. Based on the schematic drawing, the small office at the front of the property has approximately 2,628 square feet. The U-shaped building at the rear of the property has approximately 6,764 square feet.

The improvements are of wood frame and stucco construction. The rear and sides of the U-shaped building are constructed of masonry block. The rear of the U-shaped building has two wooden grade level/drive-in doors that lead to the alley and one metal grade level door at the side of the building that faces the alley. As will be demonstrated in this report, the improvements are beyond their useful economic life and do not contribute value to the property.

SITE COVERAGE

The property's land-to-building ratio, 3.97 to 1 (based on the owner's diagram and the legal lot size), appears superior to other facilities in the neighborhood. The additional land area is used for equipment storage, employee and truck parking.

LANDSCAPING

There is no landscaping.

QUALITY AND STRUCTURAL CONDITION

The overall quality of the facility is considered below average for the neighborhood and average for the subject's age. CBRE did observe a certain degree of evidence of structural fatigue although the improvements appeared structurally sound for occupancy based on our external observation. However, CBRE is not qualified to determine structural integrity and it is recommended that the client/reader retain the services of a qualified, independent engineer or contractor to determine the structural integrity of the improvements prior to making a business decision.

FUNCTIONAL UTILITY

The overall layout of the property is considered functional in utility to the current occupant and provides adequate accessibility for the extermination fleet maintenance and storage. Another user of the site would most likely demolish the improvements for construction of a higher and better use due to the old age and antiquated design of the improvements. If a automobile service and maintenance were allowed on the site it is possible that a potential user would rehabilitate the property for this use.

ADA COMPLIANCE

All common areas of the property except for the second story mezzanine appear to have handicap accessibility. The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

ENVIRONMENTAL ISSUES

CBRE has not observed and is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed that any hazardous materials that would cause a loss in value do not affect the subject.

DEFERRED MAINTENANCE

Although a structural survey was not provided for our use in this appraisal, our inspection of the premises indicates that there is considerable deferred maintenance. The improvements are beyond their economic life. A potential buyer would not renovate the existing improvements based on the highest and best use of the subject property. Thus, we have not deducted for deferred maintenance.

ECONOMIC AGE AND LIFE

CBRE's estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

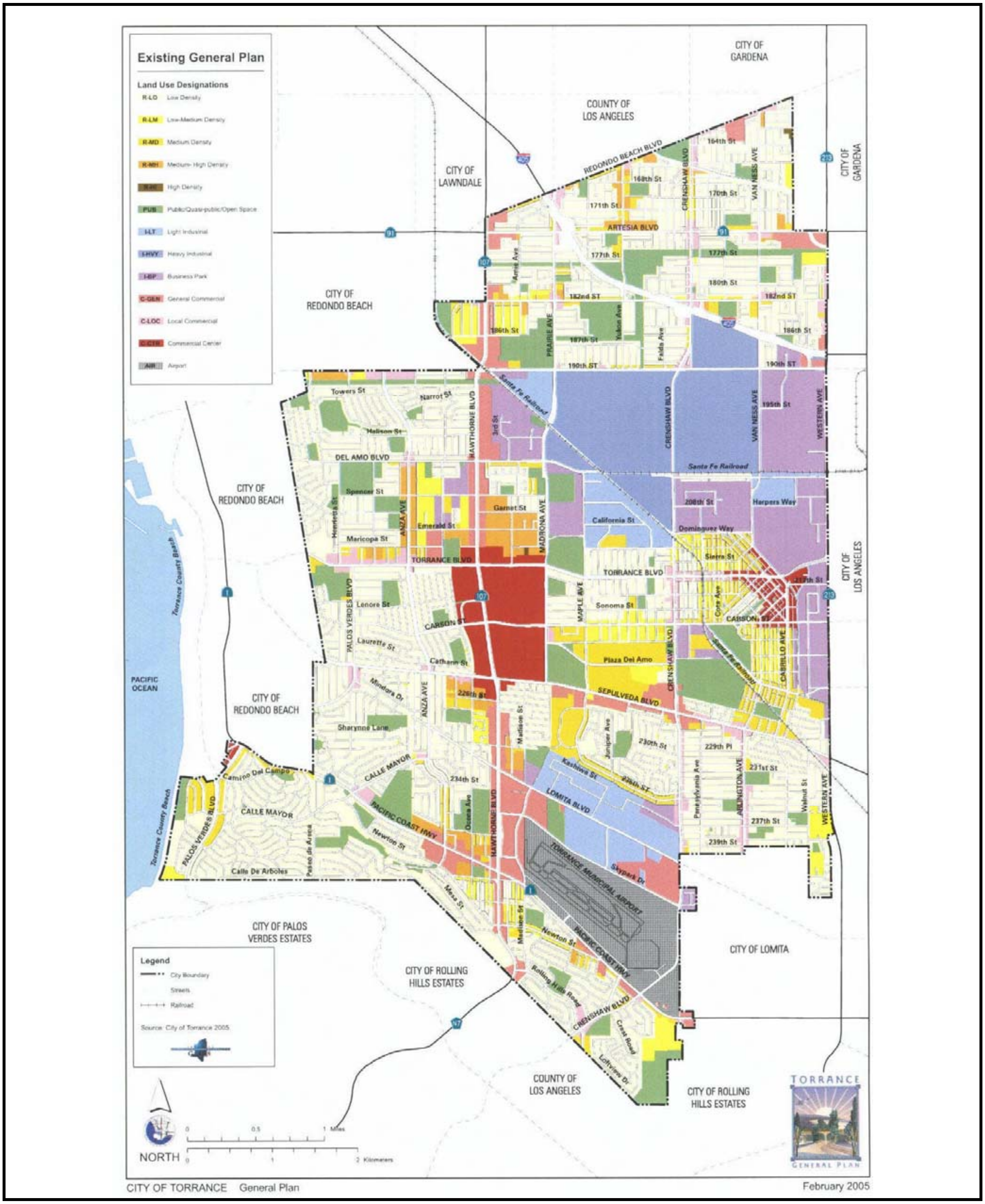
ECONOMIC AGE AND LIFE	
Actual Age	50-60 Years
Effective Age	50 Years
MVS Expected Life	50 Years
Remaining Economic Life	0 Years
Accrued Physical Incurable Depreciation	100.0%
Compiled by CBRE	

The overall life expectancy is based upon our on-site observations and a comparative analysis of typical life expectancies reported for buildings of similar construction as published by Marshall and Swift, LLC, in the Marshall Valuation Service cost guide. While CBRE did not observe anything to suggest a different economic life, a capital improvement program could extend the life expectancy.

CONCLUSION

The improvements are in fair overall condition. As will be shown in the Highest and Best Use section of this report the existing improvements have exceeded their economic life and do not contribute to value. Overall, the marketability of the improvements is inconsequential to the overall site value.

ZONING MAP


Existing General Plan
Land Use Designations
R-LO Low Density
R-LM Low-Medium Density
R-MD Medium Density
R-MH Medium- High Density
High Density
PUB Public/Quasi-public/Open Space
I-LT Light Industrial
I-HVY Heavy Industrial
I-BP Business Park
C-GEN General Commercial
C-LOC Local Commercial
Commercial Center
AIR Airport
CITY OF GARDENA
COUNTY OF LOS ANGELES
CITY OF LAWNDALE
CITY OF REDONDO BEACH
CITY OF LOS ANGELES
PACIFIC OCEAN
CITY OF PALOS VERDES ESTATES
CITY OF ROLLING HILLS ESTATES
CITY OF LOMITA
TORRANCE MUNICIPAL AIRPORT
REDONDO BEACH BLVD
ARTESIA BLVD
DEL AMO BLVD
TORRANCE BLVD
CARSON ST
SEPULVEDA BLVD
LOMITA BLVD
PACIFIC COAST HWY
HAWTHORNE BLVD
CRENSHAW BLVD
WESTERN AVE
VAN NESS AVE
CABRILLO AVE
PALOS VERDES BLVD
Santa Fe Railroad
Plaza Del Amo
Legend
City Boundary
Streets
Railroad
Source: City of Torrance 2005
NORTH
0 0.5 1 Miles
0 1 2 Kilometers
TORRANCE GENERAL PLAN
CITY OF TORRANCE General Plan
February 2005

ZONING

The following chart summarizes the subject's zoning requirements.

ZONING SUMMARY	
Current Zoning	C-2, General Commercial District
Legally Conforming	Yes
Uses Permitted	Offices or commercial uses serving neighborhoods and community needs. Residential uses under a conditional use permit.
Zoning Change	Not likely
Category	**Zoning Requirement**
Minimum Lot Size	None (if res. use follow R-4)
Minimum Lot Depth	None
Maximum Height	50 Feet
Minimum Setbacks	
Front Yard	None (if res. use follow R-3)
Street Side Yard	None
Interior Side Yard	None
Rear Yard	None (if res. use follow R-3)
Parking Requirements	Varies depending on commercial use
Source: Planning & Zoning Dept.	

ANALYSIS AND CONCLUSION

The improvements represent a legally-conforming use and, if damaged, may be restored without special permit application, although, the majority of the improvements are automobile service bays. The subject property, according to the City of Torrance, can not be used for automobile service and repair. The subject is part of the Commercial Center (C-CTR) as outlined by the city of Torrance General Plan. The Commercial Center is an area generally extending northwest from the intersection of Carson Street and Border Avenue following Craven Avenue to Torrance Boulevard. According to the Downtown Redevelopment Standards residential uses may be developed above non-residential land uses such as retail stores. Based on discussions with the City of Torrance Planning Department a floor area ratio (FAR) of 1 is allowed. The valuation of the subject property is based on the assumption that a FAR of 1 is allowable and that a mixed use development (including residential) is also allowed. If additional information is required, please contact the local planning and/or zoning office.

TAX AND ASSESSMENT DATA

In California, privately held real property is typically assessed at 100% of full cash value (which is interpreted to mean market value of the fee simple estate) as determined by the County Assessor. Generally, a reassessment occurs only when a property is sold (or transferred) or when new construction occurs (as differentiated from replacing existing construction). In the case of long-term ground leases, the general rule is that a reassessment is made at the time of assigning or terminating a lease where the remaining term is more than 35 years. For reassessment purposes, the lease term includes all options to extend. Assessments for properties that were acquired before the tax year 1975-1976 were stabilized as of the tax year 1975-1976. Property taxes are limited by state law to 1% of the assessed value plus voter-approved obligations and special assessments. If no sale (or transfer) occurs or no new building takes place, assessments may not increase by more than 2% annually. Taxes are payable in two equal installments, which become delinquent after December 10 and April 10, respectively. The following table summarizes the actual and pro forma assessment values.

AD VALOREM TAX INFORMATION 2007/2008

Assessor's Market Value		Land	Improvements	Total
7355-030-017		$340,278	$118	$340,396
7355-030-018		52,530	150	52,680
7355-030-019		52,858	150	53,008
7355-030-020		50,870	150	51,020
Subtotal		$496,536	$568	$497,104
Assessed Value @				100%
				$497,104
General Tax Rate	(per $100 A.V.)			1.037920
General Tax:				$5,160
Special Assessments:				719
Effective Tax Rate	(per $100 A.V.)			1.182545
Total Taxes				$5,878

Source: Assessor's Office

CONCLUSION

For purposes of this analysis we are assuming any outstanding property tax liability has been paid and CBRE assumes that all taxes are current. If the subject sold for the value estimate in this report, a reassessment at that value would most likely occur, with tax increases limited to two percent annually thereafter until the property is sold again. The consequences of this reassessment have been considered in the appropriate valuation sections.

HIGHEST AND BEST USE

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legal permissibility;
- physical possibility;
- financial feasibility; and
- maximum profitability.

Highest and best use analysis involves assessing the subject both as if vacant and as improved.

AS VACANT

Legal Permissibility

The legally permissible uses were discussed in detail in the Site Analysis and Zoning Sections. Our analysis is based on provisions outlined for the Downtown Torrance Redevelopment Project Area. We assume based on discussions with the City of Torrance Planning Department that a mixed use retail and residential project with a minimum floor area ratio of 1 is legally permissible.

Physical Possibility

The subject is adequately served by utilities, has an adequate shape and size, sufficient access, etc., to be a separately developable site. The subject site would reasonably accept a site layout for any of the legally probable uses. There are no known physical reasons why the subject site would not support any legally probable development. The existence of the present development on the site provides additional evidence for the physical possibility of development.

Financial Feasibility

The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. As discussed in the market analysis of this report, the subject retail and apartment markets are generally stabilized. Development of new retail and mixed use properties has occurred in the market area over the past few years. Further, within the subject market, there are proposed mixed use projects, residential, office condominium and warehouse/manufacturing in the competitive market. A seven story, 215 room hotel is under construction in the Industrial Redevelopment Area at the southwest corner of Western Avenue and 213th Street. These factors indicate that it would be financially feasible to complete a new retail or mixed-use project if the site acquisition cost was low enough to provide an adequate developer's profit.

Maximum Profitability

The final test of highest and best use of the site as though vacant is that the use be maximally productive, yielding the highest return to the land. In the case of the subject as if vacant, the analysis has indicated that a new mixed use project with ground floor retail and upper level residential units for lease with a FAR ratio of 1 would be most appropriate.

CONCLUSION: HIGHEST AND BEST USE AS VACANT

Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as if vacant, would be the development retail or mixed-use retail/residential property. Our analysis of the subject and its respective market characteristics indicate the most likely buyer, as if vacant, would be an investor (land speculation) or a developer. In addition, due to the subject being within a Redevelopment Area the local governmental agency may have interest in acquiring the subject site.

AS IMPROVED

Legal Permissibility

As discussed, the subject site's zoning and legal restrictions permit a variety of land uses. The site has been improved with a service related business, a development that is a legal, conforming use.

Physical Possibility

The physical characteristics of the subject improvements were discussed in detail in the improvements analysis. Both the layout and positioning of the improvements are considered functional for its current use, but the overall site area could accommodate a much larger building. It would be physically and legally possible for a wide variety of uses. The improvements "as-is" have limited appeal to new retail users, as they more closely resemble industrial improvements. If legally permissible an automobile service user would possibly utilize the improvements. The improvements were constructed in the 1940s and 1950s. Due to the design of the improvements and their age the existing improvements do not contribute value. The value of the underlying land exceeds the value of the property based on the improvement value.

Financial Feasibility

The financial feasibility of a property is based on the amount of rent which can be generated, less operating expenses required to generate that income; if a residual amount existing, then the land is being put to a productive use. The subject is currently leased on a month-to-month basis to the tenant, Class Termite and Pest Control, who has occupied the facility for a long time. Although the owner would not disclose the current rental rate, he said the property was being leased at a market rent and that market rent would be approximately $1.00 per square foot of building area. We believe the subject improvements "as-is" would not attract typical retail tenants within the local market. The property layout would be most attractive to industrial oriented commercial tenants or owners such as the existing use, truck and equipment storage, or an automobile repair shop (although not legally permissible).

As will be demonstrated in the Land Value section of this report we have concluded a property value of $2,220,000, or $59.59 per square foot of site area. This equates to a value of $234.37 per square foot of improvement area.

As a test of reasonableness we have investigated and reviewed the sale of improved properties similar to the subject property located within the general South Bay area. The sales are shown in the following chart.

SUMMARY OF COMPARABLE IMPROVED SALES

No.	Name	Transaction Type	Transaction Date	Land (Acres)	Yr. Blt.	GBA (SF)	% Off.	Land to Bldg. Ratio	Adjusted Sale Price [1]	Price/SF Bldg.	Price/SF Site	Property Type	Comments
1	1808 Abalone Avenue, Torrance, CA	Listing	Jun-08	0.48	1957	12,420	56.0%	1.68 : 1	$2,855,000	$229.87	$136.55	Creative Office	The property has a similar location, but is superior in age, condition and quality of construction.
2	22515 Vermont Avenue, Unincorp. L. A. Co., CA	Listing	Jun-08	0.40	1979	11,410	34.3%	1.53 : 1	$1,890,000	$165.64	$108.47	Multi-Tenant Ind.	The property has superior age, condition and quality of construction. The location would be considered slightly inferior.
3	1648 261st Street, Harbor City, CA	Sale	Apr-08	0.18	1921	2,184	77.0%	3.59 : 1	$525,000	$240.38	$66.96	Class D Office	The improvements are smaller than the subject's. Age, condition and construction are similar. The office percentage is considerably higher.
4	4227 Spencer Street, Torrance, CA	Listing	Mar-08	0.60	1962	10,475	9.6%	2.5 : 1	$2,200,000	$210.02	$84.18	Ind.	The location is slightly superior. The building is superior in age, condition and quality of construction.
5	4115 Spencer Street, Torrance, CA	Sale	Dec-07	1.20	1975	23,582	42.4%	2.22 : 1	$5,100,000	$216.27	$97.57	Ind.	The location is slightly superior. The building is superior in age, condition and quality of construction.
6	924 W. 223rd Street, Unicorp. L.A. Co., CA	Sale	Aug-07	0.68	1979	9,282	N/A	3.19 : 1	$1,250,000	$134.67	$42.20	Paint/ Body	The location is slightly superior. The building is superior in age, condition and quality of construction.
Subj. Pro Forma	Commercial Land - 1640 Cabrillo Avenue, Torrance, California	---	---	0.86	1947-1957	9,392	28.0%	3.97 : 1	---	---	---		

[1] Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable)

Compiled by CBRE

The above sales are of automobile repair and service properties, older office buildings and industrial buildings. We have used industrial building sales and listings as the subject resembles more of an industrial property than a retail property.

There was a wide range of per square foot sale prices. In some cases this is due to differing land prices in each respective area when these properties (including the subject) sell for land value with limited residual value for the improvements. Those that do not sell for land value typically have high building coverage ratios and have newer improvements or highly renovated.

The sales ranged from a low of $134.67 per square foot of building area to a high of $240.38 per square foot of building area. The average of the six sales is $199.47 per square foot. Based on the subject's square footage this would indicate an overall value of $1,900,000.

The sales most comparable to the subject property are Sale Comparables Two and Three. Sale Comparable Two is a listing requiring a downward adjustment. The comparable's age and condition is superior also requiring a downward adjustment. Sale Comparable Two's land to building ratio is inferior requiring an upward adjustment.

Sale Comparable Three is smaller in size requiring a downward adjustment. Although the age is older, the condition looked similar. The location is similar. The land to building ratio is similar.

The unadjusted average of the two comparables is $203.01 per square foot. Again this would indicate an overall value close to $1,906,000, unadjusted for the subject's inferiority.

Using a rounded price per square foot of building area of $200.00, we conclude an improvement value for the subject property of $1,878,000 rounded. Based on the owner's indicated contract rent of $1.00 per square foot of building area (This assumes a triple net rent with no landlord expenses), the annual net operating income for the property at 96 percent occupancy would be approximately $108,196 per square foot. This translates to a 5.76 percent implied capitalization rate based on the improvement value estimate of $1,878,000. The indicated capitalization rate is similar to market capitalization rates, although toward the lower end. The preceding estimate takes into account the additional site area. If the land to building ratio were less, the per square foot value estimate for the improvements would be considerably less, as well as the contract rent would be lower.

The improved value estimate range of $1,878,000 to $1,906,000 is below the overall value conclusion of $2,220,000, thus the existing improvements do not contribute to value.

Maximum Profitability

The maximally profitable use of the subject as improved should conform to neighborhood trends and be consistent with existing land uses. Although several uses may generate sufficient revenue to satisfy the required rate of return on investment and provide a return on the land, the single use that produces the highest price or value is typically the highest and best use. As shown, the existing buildings do not provide a maximally productive use of the property.

CONCLUSION: HIGHEST AND BEST USE AS IMPROVED

As shown in the prior analysis the existing improvements do not contribute to value. The existing improvements are an interim use as the property should be redeveloped to a higher and better use.

APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

COST APPROACH

The cost approach is based upon the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

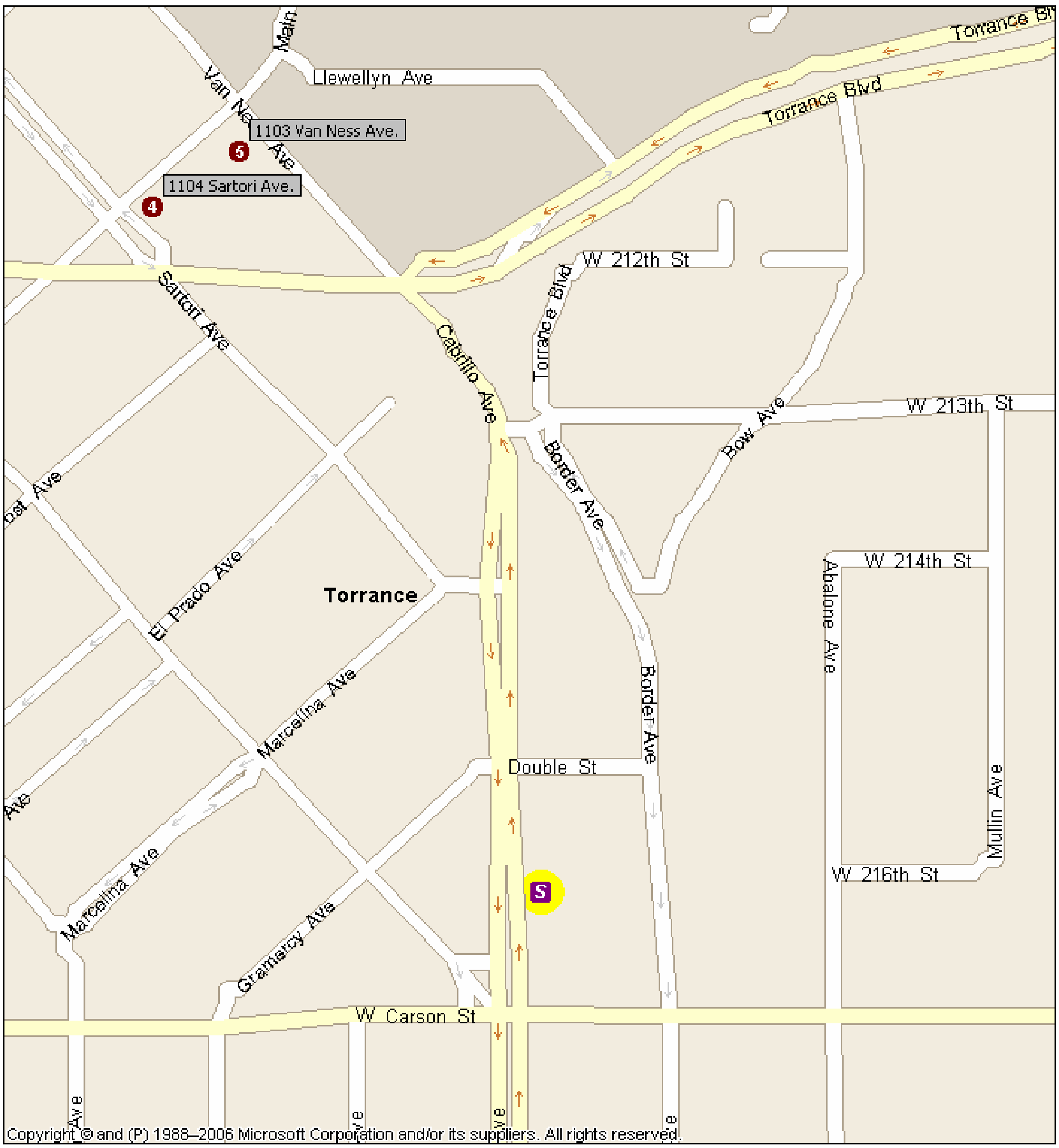
METHODOLOGY APPLICABLE TO THE SUBJECT

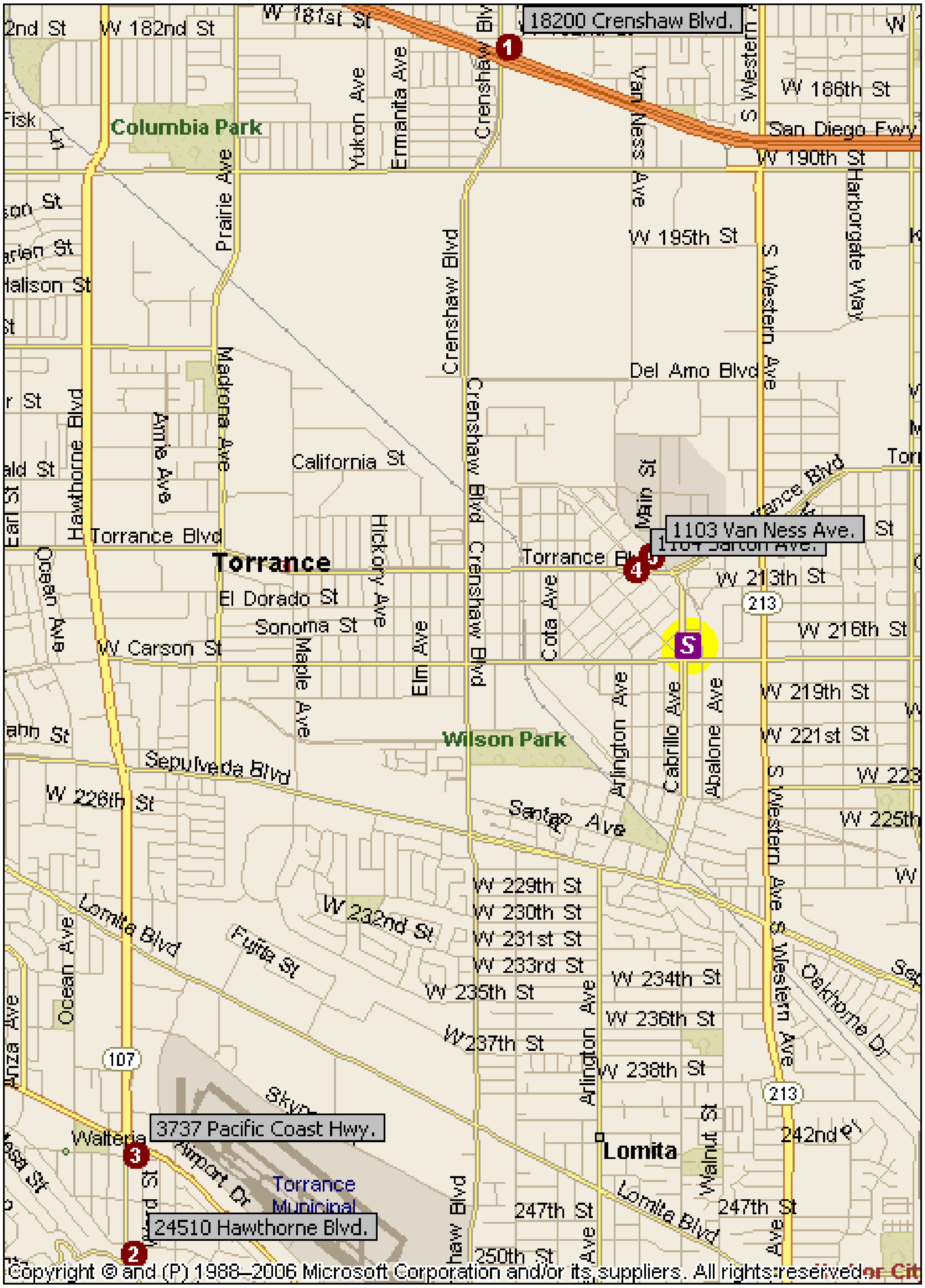
In valuing the subject, the Sale Comparison Approach of vacant land sales is applicable and has been utilized. In the Highest and Best Use As Improved section of this report, sales of improved properties were researched to test the if the existing improvements contribute to value.

LAND VALUE

Due the subject's commercial zoning we have investigated commercial land sales throughout Torrance's general sphere of influence. Some of the sales have minimal improvements, similar to the subject property. Notwithstanding, all the sales were marketed and purchased based on the overall site area and not based on any existing improvements at the time of sale.

The following maps and table summarize the comparable data used in the valuation of the subject site. A detailed description of each transaction is included in the addenda.




18200 Crenshaw Blvd.
1
W 182nd St
W 181st St
Columbia Park
Yukon Ave
Ermanita Ave
Van Ness Ave
S Western Ave
W 186th St
San Diego Fwy
W 190th St
Harborgate Way
Prairie Ave
W 195th St
Crenshaw Blvd
Halison St
Del Amo Blvd
Madrona Ave
Hawthorne Blvd
Amie Ave
California St
Main St
Torrance Blvd
1103 Van Ness Ave.
Torrance
Hickory Ave
4
W 213th St
213
El Dorado St
Sonoma St
Ocean Ave
W Carson St
Maple Ave
Elm Ave
Cota Ave
S
W 216th St
W 219th St
Arlington Ave
Cabrillo Ave
Abalone Ave
W 221st St
Wilson Park
Sepulveda Blvd
W 226th St
Santa Ave
W 225th
W 229th St
W 230th St
W 231st St
W 233rd St
W 232nd St
Lomita Blvd
Fujita St
W 234th St
W 235th St
W 236th St
Oakhome Dr
W 237th St
W 238th St
107
213
3737 Pacific Coast Hwy.
Walteria
3
Airport Dr
Torrance Municipal
Lomita
Walnut St
242nd Pl
24510 Hawthorne Blvd.
247th St
2
250th St

SUMMARY OF COMPARABLE LAND SALES									
No.	Property Location	Transaction Type	Transaction Date	Zoning	Actual Sale Price	Adjusted Sale Price [1]	Size (SF)	Price Per Acre	Price Per SF
1	18200 Crenshaw Boulevard, Torrance, CA	Escrow	Jun-08	C3	$6,170,000	$6,170,000	66,673	$4,031,099	$92.54
2	24510 Hawthorne Boulevrad, Torrance, CA	Sale	Jan-08	C2	$1,750,000	$1,750,000	26,031	$2,928,380	$67.23
3	3737 Pacific Coast Highway, Torrance, CA	Sale	Dec-07	C2	$5,000,000	$5,025,000	44,866	$4,878,641	$112.00
4	1104 Sartori Avenue, Torrance, CA	Sale	Jul-07	C2	$675,000	$716,500	16,858	$1,851,421	$42.50
5	1103 Van Ness Aevnue, Torrance, CA	Sale	Jul-07	P1	$575,000	$575,000	5,519	$4,538,279	$104.19
Subject	1640 Cabrillo Avenue, Torrance, California	---	---	C-2, General Commercial District	---	---	37,252	---	---

[1] Transaction amount adjusted for cash equivalency and/or development costs (where applicable)
Compiled by CBRE

The sales utilized represent the best data available for comparison with the subject and were selected from the greater Torrance sphere of influence. These sales were chosen based upon their commercial zoning and location.

DISCUSSION/ANALYSIS OF LAND SALES

Land Sale One

This is the June 2008 escrow of a 1.53-acre site located at the southeast corner of Crenshaw Boulevard and 182nd Street adjacent to the San Diego (405) Freeway in the City of Torrance. The local area is primarily residential in nature although there are industrial uses in the vicinity of the site. It is believed the site was previously developed with a service station and a Denny's Restaurant. The seller is Exxon Mobile Corporation. They have agreed to remove an environmental extraction compound and a testing well. The seller was forced to purchase the Denny's Restaurant behind the former service station due to environmental contamination of the entire site. The site is irregular in shape, but generally rectangular. It is level at grade, and has all utilities in place. The property is in escrow at an undisclosed price, although the broker indicated that it was higher than $90.00 per square foot. We have used an estimated escrow price based on conversations with market participants of $6,170,000, $92.54 per square foot. The property was listed for $5,667,000, or $85.00 per square foot of site area. The property was marketed as both an industrial site and a commercial site. The buyers have indicated that they have a national drug store tenant in tow. The zoning is C3, which allows for a FAR of 1:1. Traffic counts at the location are high.

Land Sale Two

This is the January 2008 sale of a 26,031-square-foot commercial land site located at the southeast corner of Hawthorne Boulevard and Newton Street in the City of Torrance. The site was previously developed with a 1,645-square-foot service station. The buyer plans to construct town homes on the site. Since the purchase, according to the Los Angeles County Assessor's plat map, the site has been subdivided into two legal parcels. The site was purchased by Michelle and Ennio Schiappa for $1,750,000, or $67.23 per square foot of site area. The buyer's address is for Elite Homes Inc. Dale Malcom of Withee Malcom Architects was the seller.

Land Sale Three

This is the December 2007 sale of a 1.03-acre commercial site located at the intersection of Pacific Coast Highway and 223rd Street in the City of Torrance. The site is irregular in shape, but generally is triangular. The site has good exposure and frontage. The site is improved with a Jack-in-the-Box restaurant. It also previously contained a small multi-tenant retail building which has been demolished. The property had been on the market nine months before the sale. The sale price was $5,000,000, or $111.44 per square foot. We have included $25,000 for demolition. The total per square foot price with demolition is $112.00. The buyer has a commercial project planned, but details were unavailable. Traffic counts at the location are high.

Land Sale Four

This is the July 2007 sale of a 16,858-square-foot site located on the southeast corner of Sartori Avenue and Engracia Avenue just north of Torrance Boulevard in the old downtown area of the city of Torrance. Adjacent uses include low-rise commercial stores, restaurants and the Honda North America headquarters building to the north. The site was previously improved as a small private tutoring center totaling 10,054 square feet of building area. The purchase price was $675,000, or $40.04 per square foot of site area. Demolition and asbestos removal cost an additional $41,500. The actual land cost to the buyer was $716,500, or $42.50 per square foot. The site is outside the Old Downtown Torrance Redevelopment district, thus the floor area ratio due to parking requirements is 0.60. The buyers plan to develop office condominiums. The buyer indicated that they would have paid more for the site if a superior floor area ration was allowed. Entitlements were obtained from the City prior to the purchase. If the floor area ratio was one, we estimate the site would have cost $71.27 per square foot.

Land Sale Five

This is the July 2007 sale of a 5,519-square-foot site located on the southwest corner of Van Ness Avenue and Engracia Avenue just north of Torrance Boulevard in the old downtown area of the city of Torrance. Adjacent uses include low-rise commercial stores, restaurants and the Honda North

America headquarters building to the north. The site has been used by the buyer as a parking lot for more than 10 years. The buyer had previously maintained the lot paying for sweeping and asphalt. The owner had promised to sell the site to the buyer. When the Switzer Center decided to sell, it was originally going to another buyer, the Capellinos, who were purchasing the rest of the property along Sartaori Avenue. The Capellinos needed the parking lot to cover parking requirements by the city for their planned development of the remainder of the Switzer Center property. When the Capellino project was scaled back they agreed to let the site be purchased by Tips Cadillac. The purchase price was $575,000, or $104.19 per square foot of site area. The buyer was highly motivated as the purchase was part of an assemblage.

SUMMARY OF ADJUSTMENTS

No adjustments were made for property rights conveyed, financing terms or market conditions. A downward adjustment for conditions of sale was made to Land Sale Comparables Five as the buyer owns the adjacent business.

Downward adjustments were made to Land Sale Comparables Four and Five due to their considerably smaller sizes.

An upward adjustment was made to Land Sale Comparable Three due to its inferior shape as the subject is rectangular in shape.

Downward adjustments were made to all five land sales as they have corner locations, while the subject is located mid-block.

Land Sale Comparables One, Two and Three were adjusted downward for superior frontage compared to the subject. These comparables are on streets with considerably greater traffic flow than that of the subject property.

Downward adjustments were made to Land Sale Comparables Two and Three for superior location characteristics.

Land Sale Comparable Four was adjusted upward as the price paid was directly affected by the allowable FAR, which is 40 percent lower than the allowable FAR for the subject property.

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

LAND SALES ADJUSTMENT GRID

Comparable Number	1	2	3	4	5	Subject
Transaction Type	Escrow	Sale	Sale	Sale	Sale	---
Transaction Date	Jun-08	Jan-08	Dec-07	Jul-07	Jul-07	---
Zoning	C3	C2	C2	C2	P1	C-2, General
Actual Sale Price	$6,170,000	$1,750,000	$5,000,000	$675,000	$575,000	---
Adjusted Sale Price [1]	$6,170,000	$1,750,000	$5,025,000	$716,500	$575,000	---
Size (Acres)	1.53	0.60	1.03	0.39	0.13	0.86
Size (SF)	66,673	26,031	44,866	16,858	5,519	37,252
Price Per Acre	$4,031,099	$2,928,380	$4,878,641	$1,851,421	$4,538,279	---
Price Per SF	$92.54	$67.23	$112.00	$42.50	$104.19	---
Price ($ PSF)	$92.54	$67.23	$112.00	$42.50	$104.19	
Property Rights Conveyed	0.0%	0.0%	0.0%	0.0%	0.0%	
Financing Terms [1]	0.0%	0.0%	0.0%	0.0%	0.0%	
Conditions of Sale	0.0%	0.0%	0.0%	0.0%	-20.0%	
Market Conditions (Time)	0.0%	0.0%	0.0%	0.0%	0.0%	
Subtotal	$92.54	$67.23	$112.00	$42.50	$83.35	
Size	5.0%	0.0%	0.0%	-5.0%	-15.0%	
Shape	0.0%	0.0%	10.0%	0.0%	0.0%	
Corner	-10.0%	-5.0%	-10.0%	-5.0%	-5.0%	
Frontage	-25.0%	-5.0%	-30.0%	0.0%	0.0%	
Topography	0.0%	0.0%	0.0%	0.0%	0.0%	
Location	0.0%	-10.0%	-10.0%	0.0%	0.0%	
Zoning/Density	0.0%	0.0%	0.0%	45.0%	0.0%	
Demolition Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	
Highest & Best Use	0.0%	0.0%	0.0%	0.0%	0.0%	
Total Other Adjustments	-30.0%	-20.0%	-40.0%	35.0%	-20.0%	
Value Indication for Subject	$64.78	$53.78	$67.20	$57.38	$66.68	

[1] Transaction amount adjusted for cash equivalency and/or development costs (where applicable)
Compiled by CBRE

The unadjusted range of the land sale comparables is between $42.50 per square foot to $112.00 per square foot. The average of the unadjusted range is $83.69 per square foot. The adjusted range of the land sale comparables is between $53.78 per square foot to $67.20 per square foot. The average of the adjusted range is $61.96 per square foot.

Land Sale Comparables Two and Four are most similar to the subject property. Land Sale Comparable Two is similar in size to the subject property, has a recent transaction date and is not located at a major intersection as some of the other commercial land comparables. Land Sale Comparable Four is located very close to the subject property. However it is located outside of the Downtown Redevelopment Project Area and has been entitled for a FAR of 0.06 to 1, inferior to the subject property. A considerable downward adjustment has been made. The unadjusted average of these two comparables is $54.87 per square foot. The adjusted average of these two comparables is $55.58 per square foot.

Based on the preceding analysis we have concluded at a per square foot value higher than the adjusted average of Land Sale Comparables One and Two. We believe the other comparables, although superior, contribute to the value estimate of the subject property. We have concluded between the average of Land Sale Comparables One and Two ($55.00) and the average of the five land sale comparables ($65.00).

LAND VALUE CONCLUSION

The following table presents the valuation conclusion:

CONCLUDED LAND VALUE				
$ PSF		Subject SF		Total
$55.00	x	37,252	=	$2,048,860
$65.00	x	37,252	=	$2,421,380
Indicated Value:				**$2,250,000**
Compiled by CBRE				

The value equates to approximately $60.40 per square foot. This falls within the range indicated by the comparable sales, thereby lending support to our value conclusion. This is an as-is value that does not take into account the subject's demolition costs. Two of the sale comparables have obsolete improvements (or improvements that are an interim use). Demolition cost adjustments were made to Land Sale Comparables Three and Four as they were improved at the time of the sale. In the Highest and Best Use section of the report we concluded that the subject's improvements do not contribute to the overall value of the property. A deduction for demolition costs must applied to the concluded land value. Land Sale Comparable Three was adjusted by $25,000 and Land Sale Comparable Four was adjusted by $35,000, or $3.48 per square foot of improvement area. We have applied $3.50 per square foot to the subject's improvement area of 9,392 square feet equals $32,855 in demolition costs. We conclude the following raw land value for the subject site.

SUBJECT"S CONCLUDED RAW LAND VALUE			
Concluded Land Value			$2,250,000
Demolition Cost	$3.50 x 9,387 SF	=	$32,872
Indicated Value:			**$2,217,128**
Rounded			**$2,220,000**
Value Per SF			**$59.59**
Compiled by CBRE			

ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. CBRE professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE by ownership or management; CBRE inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. CBRE has no knowledge of the existence of such materials on or in the property. CBRE, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

   We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.
4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to CBRE This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review

all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. CBRE assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. CBRE is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. This study may not be duplicated in whole or in part without the specific written consent of CBRE nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE which consent CBRE reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE shall have no accountability or responsibility to any such third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.

17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
20. CBRE assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.
21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, CBRE has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since CBRE has no specific information relating to this issue, nor is CBRE qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client proximately result in damage to Appraiser. The Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover from the other reasonable attorney fees and costs.
25. The report is for the sole use of the client; however, client may provide only complete, final copies of the appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Appraiser is not required to explain or testify as to appraisal results other than to respond to the client for routine and customary questions. Please note that our consent to allow an appraisal report prepared by CBRE or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.
26. As part of the client's requested scope of work, an estimate of insurable value is provided herein. CBRE has followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry accepted publications such as the Marshal Valuation Service handbook. The methodology employed is a derivation of the cost

approach which is primarily used as an academic exercise to help support the market value estimate and therefore is not reliable for Insurable Value estimates. Actual construction costs and related estimates can vary greatly from this estimate.

This analysis should not be relied upon to determine proper insurance coverage which can only be properly estimated by consultants considered experts in cost estimation and insurance underwriting. It is provided to aid the client/reader/user as part of their overall decision making process and no representations or warranties are made by CBRE regarding the accuracy of this estimate and it is strongly recommend that other sources be utilized to develop any estimate of insurable value.

ADDENDA

ADDENDUM A

GLOSSARY OF TERMS

assessed value Assessed value applies in ad valorem taxation and refers to the value of a property according to the tax rolls. Assessed value may not conform to market value, but it is usually calculated in relation to a market value base. †

cash equivalency The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.

contract rent The actual rental income specified in a lease. ‡

effective rent The rental rate net of financial concessions such as periods of no rent during the lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis. ‡

excess land In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a vacant site or a site considered as though vacant, the land no needed to accommodate the site's primary highest and best use. Such land may be separated from the larger site and have its own highest and best use, or it may allow for future expansion of the existing or anticipated improvement. *See also* surplus land. ‡

extraordinary assumption An assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. *See also* hypothetical condition. ‡

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. ‡

floor area ratio (FAR) The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area; also called *building-to-land ratio*. ‡

full service lease A lease in which rent covers all operating expenses. Typically, full service leases are combined with an *expense stop*, the expense level covered by the contract lease payment. Increases in expenses above the expense stop level are passed through to the tenant and are known as *expense pass-throughs*.

going concern value Going concern value is the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate only. Going concern value includes an intangible enhancement of the value of an operating business enterprise which is produced by the assemblage of the land, building, labor, equipment, and marketing operation. This process creates an economically viable business that is expected to continue. Going concern value refers to the total value of a property, including both real property and intangible personal property attributed to the business value. †

gross building area (GBA) The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded. ‡

hypothetical condition That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *See also* extraordinary assumption. ‡

insurable value Insurable Value is based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. Insurable value is that portion of the value of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. This value is often controlled by state law and varies from state to state. †

investment value Investment value is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not value in the marketplace. Investment value reflects the subjective relationship between a particular investor and a given investment. When measured in dollars, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires, needs, or investment goals. To estimate investment value, specific investment criteria must be known. Criteria to evaluate a real estate investment are not necessarily set down by the individual investor; they may be established by an expert on real estate and its value, that is, an appraiser. †

leased fee
See leased fee estate

leased fee estate An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.‡

leasehold
See leasehold estate

leasehold estate The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.‡

market rent The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations. ‡

market value Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: 1) A reasonable time is allowed for exposure in the open market; 2) Both parties are well informed or well advised, and acting in what they consider their own best interests; 3) Buyer and seller are typically motivated; 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.§

marketing period The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal. ‡

net lease Lease in which all or some of the operating expenses are paid directly by the tenant. The landlord never takes possession of the expense payment. In a *Triple Net Lease* all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance are often the responsibility of the lessor in a triple net lease. A *modified net lease* is one in which some expenses are paid separately by the tenant and some are included in the rent.

net rentable area (NRA) 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor. *

occupancy rate The relationship or ratio between the income received from the rented units in a property and the income that would be received if all the units were occupied.‡

prospective value opinion A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new us, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written. ‡

reasonable exposure time The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market. ††

rent
See
full service lease
net lease
market rent
contract, coupon, face, or nominal rent
effective rent

shell rent The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called plain vanilla finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes; mechanical systems, interior electric, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses. ‡

surplus land Land not necessary to support the highest and best use of the existing improvement but, because of physical limitations, building placement, or neighborhood norms, cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing or anticipated improvement. *See also* excess land. ‡

usable area 1) The area actually used by individual tenants. 2) The Usable Area of an office building is computed by measuring to the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Excludes areas such as mechanical rooms, janitorial room, restrooms, lobby, and any major vertical penetrations of a multi-tenant floor. *

use value Use value is a concept based on the productivity of an economic good. Use value is the value a specific property has for a specific use. Use value focuses on the value the real estate contributes to the enterprise of which it is a part, without regard to the property's highest and best use or the monetary amount that might be realized upon its sale. †

value indication An opinion of value derived through application of the appraisal process. ‡

† *The Appraisal of Real Estate*, Twelfth Edition, Appraisal Institute, 2001.

‡ *The Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute, 2002.

§ Office of Comptroller of the Currency (OCC), 12 CFR Part 34, Subpart C – Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. (Chicago: Appraisal Institute, 2002), 177-178. This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value as well as the example referenced in the *Uniform Standards of Professional Appraisal Practice (USPAP)*.

* 2000 BOMA Experience Exchange Report, Income/Expense Analysis for Office Buildings (Building Owners and Managers Association, 2000)

†† *Statement on Appraisal Standard No. 6*, Appraisal Standards Board of The Appraisal Foundation, September 16, 1993, revised June 15, 2004.

ADDENDUM B

LAND SALE DATA SHEETS

18200 Crenshaw Boulevard

Location Data

Location:	**18200 Crenshaw Boulevard**
	Torrance,CA 90501
County:	**Los Angeles**
Assessor's Parcel No:	**4095-020-023, 024**
Atlas Ref:	**763-G2**

Physical Data

Type:	**Retail/Commercial**	
Land Area:	**Gross**	**Usable**
Acres:	**1.5306**	**1.5306**
Square Feet:	**66,673**	**66,673**
Topography:	**Level, At Street Grade**	
Shape:	**Irregular**	
Utilities:	**All Available**	
Zoning:	**C3**	
Allowable Bldg Area:	**N/A**	
Floor Area Ratio:	**N/A**	
No. of units:	**N/A**	
Max FAR:	**1**	
Frontage:	**100 feet on Crenshaw Boulevard;**	

Sale Data

Transaction Type:	**Escrow**
Date:	**6/2008**
Marketing Time:	**2 months**
Grantor:	**Exxon Mobil Coporation**
Grantee:	**TBD**
Document No.:	**TBD**
Sale Price:	**$6,170,000**
Financing:	**Cash to Seller**
Cash Eq.Price:	**$6,170,000**
Onsite/Offsite Costs:	**$0**
Adj. Sale Price:	**$6,170,000**
Verification:	**Lisiting Broker**

Analysis

Use At Sale:	**Previously Improved w/ Industr**
Proposed Use or Dev.	**Commercial Development**
Price Per Acre:	**$4,031,098**
Price Per SF of Land:	**$92.54**
Price Per Unit:	**N/A**
Price Per SF of Bldg:	**N/A**

Comments

This is the June 2008 escrow of a 1.53-acre site located at the southeast corner of Crenshaw Boulevard and 182nd Street adjacent to the San Diego (405) Freeway in the City of Torrance. The local area is primarily residential in nature although there are industrial uses in the vicinity of the site. It is believed the site was previously developed with a service station and a Denny's Restaurant. The seller is Exxon Mobile Corporation. They have agreed to remove an environmental extraction compound and a testing well. The seller was forced to purchase the Denny's Restaurant behind the former service station due to environmental contamination of the entire site. The site is irregular in shape, but generally rectangular. It is level at grade, and has all utilities in place. The property is escrow at an undisclosed price, although the broker indicated that it was higher than $90.00 per square foot. We have used an estimated escrow price based on conversations with market participants of $6,170,000, $92.54 per square foot. The property was listed for $5,667,000, or $85.00 per square foot of site area. The property was marketed as both an industrial site and a commercial site. The buyers have indicated that they have a national drug store tenant in tow. The zoning is C3, which allows for a FAR of 1:1.

Demolished Retail Service Station

Location Data

Location:	**24510 Hawthorne Boulevrad**
	Torrance,CA 9050
County:	**Los Angeles**
Assessor's Parcel No:	**7547-003-001**
Atlas Ref:	**793-D4**

Physical Data

Type:	**Retail/Commercial**	
Land Area:	**Gross**	**Usable**
Acres:	**0.5976**	**0.5976**
Square Feet:	**26,031**	**26,031**
Topography:	**Level, At Street Grade**	
Shape:	**Irregular**	
Utilities:	**All to site**	
Zoning:	**C2**	
Allowable Bldg Area:	**N/A**	
Floor Area Ratio:	**N/A**	
No. of units:	**N/A**	
Max FAR:		
Frontage:	**150' Hawthorne; 134' Newton**	

Sale Data

Transaction Type:	**Sale**
Date:	**1/2008**
Marketing Time:	**N/A**
Grantor:	**Dale Malcom - Hawthorne Newton**
Grantee:	**Elite Homes Inc. - Ennio Schiappa**
Document No.:	**179162**
Sale Price:	**$1,750,000**
Financing:	**Not Available**
Cash Eq.Price:	**$1,750,000**
Onsite/Offsite Costs:	**$0**
Adj. Sale Price:	**$1,750,000**
Verification:	**CoStar - Buyer was called**

Analysis

Use At Sale:	**Former sevice station**
Proposed Use or Dev.	**Unknown**
Price Per Acre:	**$2,928,380**
Price Per SF of Land:	**$67.23**
Price Per Unit:	**N/A**
Price Per SF of Bldg:	**N/A**

Comments

This is the January 2008 sale of a 26,031-square-foot commercial land site located at the southeast corner of Hawthorne Boulevard and Newton Street in the City of Torrance. The site was previously developed with a 1,645-square-foot service station. The buyer plans to construct town homes on the site. Since the purchase, according to the Los Angeles County Assessor's plat map, the site has been subdivided into two legal parcels. The site was purchased by Michelle and Ennio Schiappa for $1,750,000, or $67.23 per square foot of site area. The buyer's address is for Elite Homes Inc. Dale Malcom of Withee Malcom Architects was the seller.

3720 Pacific Coast Hwy

Location Data

Location:	**3737 Pacific Coast Highway** **Torrance,CA 90505**
County:	**Los Angeles**
Assessor's Parcel No:	**7534-001-003**
Atlas Ref:	**792-D3**

Physical Data

Type:	**Retail/Commercial**	
Land Area:	**Gross**	**Usable**
Acres:	**1.0300**	**1.0300**
Square Feet:	**44,866**	**44,866**
Topography:	**Level, At Street Grade**	
Shape:	**Triangular**	
Utilities:	**All Available**	
Zoning:	**C2**	
Allowable Bldg Area:	**N/A**	
Floor Area Ratio:	**N/A**	
No. of units:	**N/A**	
Max FAR:		
Frontage:	**400'- PCH; 450' -242nd St.**	

Analysis

Use At Sale:	**Jack-In-The-Box/ Retail Strip**
Proposed Use or Dev.	**Commercial Development**
Price Per Acre:	**$4,878,640**
Price Per SF of Land:	**$112.00**
Price Per Unit:	**N/A**
Price Per SF of Bldg:	**N/A**

Sale Data

Transaction Type:	**Sale**
Date:	**12/2007**
Marketing Time:	**9 months**
Grantor:	**Ashai Dev Group**
Grantee:	**57 Marguerite Drive LLC**
Document No.:	**668087**
Sale Price:	**$5,000,000**
Financing:	**Cash to Seller**
Cash Eq.Price:	**$5,000,000**
Onsite/Offsite Costs:	**$25,000**
Adj. Sale Price:	**$5,025,000**
Verification:	**Listing Broker - Assessor Records**

Comments

This is the April 2008 sale of a 1.03-acre commercial located at the intersection of Pacific Coast Highway and 223rd Street in the City of Torrance. The site is irregular in shape, but generally is triangular. The site has good exposure and frontage. The site is improved with a Jack-in-the-Box restaurant. It also previously contained a small multi-tenant retail building which has been demolished. The property had been on the market nine months before the sale. The sale price was $5,000,000, or $111.44 per square foot. We have included $25,000 for demolition. The total per square foot price with demolition is $112.00. The buyer has a commercial project planned, but details were unavailable.

Proposed Office Condominiums

Location Data

Location:	**1104 Sartori Avenue**
	Torrance,CA 90501
County:	**Los Angeles**
Assessor's Parcel No:	**7354-021-028**
Atlas Ref:	**763-G5**

Sale Data

Transaction Type:	**Sale**
Date:	**7/2007**
Marketing Time:	**N/A**
Grantor:	**Switzer Center**
Grantee:	**Capellino Development**
Document No.:	**1777197**
Sale Price:	**$675,000**
Financing:	**Cash to Seller**
Cash Eq.Price:	**$675,000**
Onsite/Offsite Costs:	**$41,500**
Adj. Sale Price:	**$716,500**
Verification:	**Richard Capellino, Buyer**

Physical Data

Type:	**Office**	
Land Area:	**Gross**	**Usable**
Acres:	**0.3870**	**0.3870**
Square Feet:	**16,858**	**16,858**
Topography:	**Level, At Street Grade**	
Shape:	**Irregular**	
Utilities:	**All To Site**	
Zoning:	**C2**	
Allowable Bldg Area:	**N/A**	
Floor Area Ratio:	**N/A**	
No. of units:	**N/A**	
Max FAR:	**0**	
Frontage:	**115' Sartori; 137' Engracia**	

Analysis

Use At Sale:	**School**
Proposed Use or Dev.	**Office Condominiums**
Price Per Acre:	**$1,851,421**
Price Per SF of Land:	**$42.50**
Price Per Unit:	**N/A**
Price Per SF of Bldg:	**N/A**

Comments

This is the July 2007 sale of a 16,858-square-foot site located on the southeast corner of Sartori Avenue and Engracia Avenue just north of Torrance Boulevard in the old downtown area of the city of Torrance. Adjacent uses include low-rise commercial stores, restaurants and the Honda North America headquarters building to the north. The site was previously improved as a small private tutoring center totaling 10,054 square feet if building area. The purchase price was $675,000, or $40.04 per square foot of site area. Demolition and asbestos removal cost an additional $41,500. The actual land cost to the buyer was $716,500, or $42.50 per square foot. The site is outside the Old Downtown Torrance Redevelopment district, thus the floor area ratio due to parking requirements is 0.60. The buyers plan to develop office condominiums. The buyer indicated that they would have paid more for the site if a superior floor area ration was allowed. Entitlements were obtained from the City prior to the purchase. If the floor area ratio was one, we estimate the site would have cost $71.27 per square foot.

Parking Lot Sale

Location Data

Location:	**1103 Van Ness Aevnue**
	Torrance,CA 90501
County:	**Los Angeles**
Assessor's Parcel No:	**7354-021-001**
Atlas Ref:	**763-G5**

Sale Data

Transaction Type:	**Sale**
Date:	**7/2007**
Marketing Time:	**N/A**
Grantor:	**Switzer Center**
Grantee:	**Tips Cadillac**
Document No.:	**1767462**
Sale Price:	**$575,000**
Financing:	**Cash to Seller**
Cash Eq.Price:	**$575,000**
Onsite/Offsite Costs:	**$0**
Adj. Sale Price:	**$575,000**
Verification:	**Mark Tippett, Buyer**

Physical Data

Type:	**Retail/Commercial**	
Land Area:	**Gross**	**Usable**
Acres:	**0.1267**	**0.1267**
Square Feet:	**5,519**	**5,519**
Topography:	**Level, At Street Grade**	
Shape:	**Rectangular**	
Utilities:	**All To Site**	
Zoning:	**P1**	
Allowable Bldg Area:	**N/A**	
Floor Area Ratio:	**N/A**	
No. of units:	**N/A**	
Max FAR:		
Frontage:	**40' Van Ness; 138' Engracia**	

Analysis

Use At Sale:	**Parking Lot**
Proposed Use or Dev.	**Parking Lot**
Price Per Acre:	**$4,538,279**
Price Per SF of Land:	**$104.19**
Price Per Unit:	**N/A**
Price Per SF of Bldg:	**N/A**

Comments

This is the July 2007 sale of a 5,519-square-foot site located on the southwest corner of Van Ness Avenue and Engracia Avenue just north of Torrance Boulevard in the old downtown area of the city of Torrance. Adajcent uses include low-rise commercial stores, restaurants and the Honda North America headquarters building to the north. The site has been used by the buyer as a parking lot for more than 10 years. The buyer had previously maintained the lot paying for sweeping and asphalt. The owner had promised to sell the site to the buyer. When the Switzer Center was decided to sell, it was originally going to another buyer, the Capellinos, who were purchasing the rest of the property along Sartaori Avenue. The Capellinos needed the parking lot to cover parking requirements by the city for their planned development of the remainder of the Switzer Center property. When the Capellino project was scaled back they agreed to let the site be purchased by Tips Cadillac. The purchase price was $575,000, or $104.19 per square foot of site area. The buyer was highly motivated as the purchase was part of an assemblage.

ADDENDUM C

IMPROVED SALE DATA SHEETS

INDUSTRIAL SALE No. 1

1808 Abalone Avenue

Location Data

Location:	**1808 Abalone Avenue** **Torrance,CA 90501**
County:	**Los Angeles**
Assessor's Parcel No:	**7357-026-055**
Atlas Ref:	**763-H6**

Physical Data

Type:	**Flex Space**
Land Area:	**0.480 Acres**
Gross Building Area:	**12,420 SF**
Number of Buildings:	**1**
% Office Area:	**56%**
% Air Conditioned:	**56%**
Clear Ceiling Height:	**14'**
Year Built:	**1957 2005**
Land/Building Ratio:	**1.68:1**
Sprinklered:	**None**
Rail Access:	**None**
Condition:	**Average**
Exterior Walls:	**Concrete**
Column Spacing:	**N/A**
Loading:	**GL 2**
Parking:	**21 Spaces**

Sale Data

Transaction Type:	**Listing**
Date:	**6/2008**
Marketing Time:	**N/A**
Grantor:	**Huntley/Julianna Hoilet**
Grantee:	**TBD**
Document No.:	**TBD**
Sale Price:	**$2,855,000**
Financing:	**Not Available**
Cash Eq.Price:	**$2,855,000**
Req.Capital Cost:	**$0**
Adj. Sale Price:	**$2,855,000**
Verification:	**Broker - AIR**

Financial Data

Source:	**N/A**
Occupancy at Sale:	**Vacant**
Existing or ProForma Inc:	**N/A**

	Total	Per SF
Potential Gross Income:	**$141,580**	**$11.40**
Vacancy and Credit Loss:	**$7,079**	**$0.57**
Effective Gross Income:	**$134,501**	**$10.83**
Expenses and Reserves:	**N/A**	**N/A**
Net Operating Income:	**$134,501**	**$10.83**

Analysis

Buyers Underwriting Criteria.:	**Other**
Overall Cap. Rate (OAR):	**4.71 %**
Projected IRR:	**N/A %**
Eff. Gross Multiplier (EGIM):	**21.23**
Oper. Expense Ratio (OER):	**N/A %**
Price Per Square Foot:	**$229.87**

Comments

This is the current listing of a 1957-built, 12,420-square-foot industrial building that has been converted to a "creative office" space. The property is located along the east side of Abalone Avenue south of Carson Street in the City of Torrance. The property shares a driveway with another industrial building that is located on a flag lot. There is a total of 6,958 square feet of office build-out with 2,380 square feet of office mezzanine. The building was renovated in 2005 with a new roof, HVAC, electrical and the creative office build-out. The secured parking area behind the building has a remote controlled gate. Additional building amenities include skylights, a 14-foot clear height with 24 feet clearance in the center of the building, 400-amp power, 21 parking spaces and 2-grade-level doors. There is a cell site of the property but its income is not included in the purchase price. The property is listed for sale at $2,855,000, $229.87 per square foot. There was a total of $500,000 in expenditures over the last three years.

22515 Vermont Avenue

Location Data

Location:	**22515 Vermont Avenue**
	Unincorp. L. A. Co.,CA 90502
County:	**Los Angeles**
Assessor's Parcel No:	**7344-023-004**
Atlas Ref:	**764-B7**

Physical Data

Type:	**Business Park**
Land Area:	**0.400 Acres**
Gross Building Area:	**11,410 SF**
Number of Buildings:	**1**
% Office Area:	**34.3%**
% Air Conditioned:	**34.3%**
Clear Ceiling Height:	**12'**
Year Built:	**1979**
Land/Building Ratio:	**1.53:1**
Sprinklered:	**Yes**
Rail Access:	**None**
Condition:	**Average**
Exterior Walls:	**Mixed Construction**
Column Spacing:	**N/A**
Loading:	**GL 7**
Parking:	**20 Spaces**

Sale Data

Transaction Type:	**Listing**
Date:	**6/2008**
Marketing Time:	**1 months**
Grantor:	**Brian Held**
Grantee:	**TBD**
Document No.:	**TBD**
Sale Price:	**$1,890,000**
Financing:	**Cash to Seller**
Cash Eq.Price:	**$1,890,000**
Req.Capital Cost:	**$0**
Adj. Sale Price:	**$1,890,000**
Verification:	**AIR Listing - Broker was emailed and called.**

Financial Data

Source:	**Broker**
Occupancy at Sale:	**N/A**
Existing or ProForma Inc:	**N/A**

	Total	Per SF
Potential Gross Income:	**N/A**	**N/A**
Vacancy and Credit Loss:	**N/A**	**N/A**
Effective Gross Income:	**N/A**	**N/A**
Expenses and Reserves:	**N/A**	**N/A**
Net Operating Income:	**N/A**	**N/A**

Analysis

Buyers Underwriting Criteria.:	**Direct Cap and DCF**
Overall Cap. Rate (OAR):	**N/A**
Projected IRR:	**N/A %**
Eff. Gross Multiplier (EGIM):	**N/A**
Oper. Expense Ratio (OER):	**N/A %**
Price Per Square Foot:	**$165.64**

Comments

This is the current listing of an 11,410-square-foot mixed construction multi-tenant industrial building located along the west side of Vermont Avenue two blocks east of the Harbor (110) Freeway in an unincorporated area of Los Angeles County under the Torrance sphere of influence. The area is also referred to as "Harbor Gateway". The building was constructed in 1979. It has seven units with one unit containing a 2,514-square-foot mezzanine office. The units have one grade level door each with the units resembling service bays. Additional building amenities include 34.4 percent office build-out, a minimum clear height is 12 feet, 100 amps of power for each unit and total of 20 parking spaces. The property is fenced. The zoning is M1. The smaller 1,064-square-foot units are leased on a month-to-month basis. The larger 5,028-square-foot unit is leased through June 2010. The property sold for $1,890,000, or $165.64 per square foot. The broker, who is also a partial owner, declined to indicate an implied capitalization rate. The property was purchased by the current owner for $1,550,000, or $135.85 per square foot in August 2006.

1648 261st Street

Location Data

Location:	**1648 261st Street**
	Harbor City,CA 90710
County:	**Los Angeles**
Assessor's Parcel No:	**7411-012-048**
Atlas Ref:	**793-J5**

Physical Data

Type:	**Flex Space**
Land Area:	**0.180 Acres**
Gross Building Area:	**2,184 SF**
Number of Buildings:	**2**
% Office Area:	**77%**
% Air Conditioned:	**77%**
Clear Ceiling Height:	**10'**
Year Built:	**1921**
Land/Building Ratio:	**3.59:1**
Sprinklered:	**None**
Rail Access:	**No**
Condition:	**Average**
Exterior Walls:	**Frame and Stucco**
Column Spacing:	**N/A**
Loading:	**GL 1**
Parking:	**15 spaces**

Sale Data

Transaction Type:	**Sale**
Date:	**4/2008**
Marketing Time:	**3 months**
Grantor:	**Elizabeth Gyerman**
Grantee:	**Doug Fujimoto**
Document No.:	**689182**
Sale Price:	**$525,000**
Financing:	**Cash to Seller**
Cash Eq.Price:	**$525,000**
Req.Capital Cost:	**$0**
Adj. Sale Price:	**$525,000**
Verification:	**CoStar and Assessor Record**

Financial Data

Source:	**N/A**
Occupancy at Sale:	**Owner**
Existing or ProForma Inc:	**N/A**

	Total	Per SF
Potential Gross Income:	**N/A**	**N/A**
Vacancy and Credit Loss:	**N/A**	**N/A**
Effective Gross Income:	**N/A**	**N/A**
Expenses and Reserves:	**N/A**	**N/A**
Net Operating Income:	**N/A**	**N/A**

Analysis

Buyers Underwriting Criteria.:	**Other**
Overall Cap. Rate (OAR):	**N/A**
Projected IRR:	**N/A %**
Eff. Gross Multiplier (EGIM):	**N/A**
Oper. Expense Ratio (OER):	**N/A %**
Price Per Square Foot:	**$240.38**

Comments

This is the April 2008 sale of a 1921-built, 2,184-square-foot frame and stucco office structure and warehouse situated on 0.18 acres of land located along the south side of 261st Street east of the Western Avenue in the City of Los Angeles community of Harbor City, southeast of Torrance. The immediate surroundings consist of a mix of industrial, residential and commercial uses. Residential uses are located immediately west of the property. The office building totals 1,680 square feet, while the warehouse totals 504 square feet. According to assessor records the property is zoned C1.5, but the broker indicated it was recently rezoned R2. The property was purchased for $525,000, or $240.38 per square foot. The listing price was $539,000, or $246.79 per square foot. The previous tenant, a plumbing contractor, had an option to purchase the property but did not execute. The buyer will operate a landscaping business from the premises.

4227 Spencer Street

Location Data

Location:	**4227 Spencer Street** **Torrance,CA 90503**
County:	**Los Angeles**
Assessor's Parcel No:	**7524-006-057**
Atlas Ref:	**763-C4**

Physical Data

Type:	**Manufacturing**
Land Area:	**0.600 Acres**
Gross Building Area:	**10,475 SF**
Number of Buildings:	**1**
% Office Area:	**9.55%**
% Air Conditioned:	**9.55%**
Clear Ceiling Height:	**10'**
Year Built:	**1962**
Land/Building Ratio:	**2.50:1**
Sprinklered:	**Yes**
Rail Access:	**None**
Condition:	**Average**
Exterior Walls:	**CTU**
Column Spacing:	**N/A**
Loading:	**DH 3**
Parking:	**20 Spaces**

Sale Data

Transaction Type:	**Listing**
Date:	**3/2008**
Marketing Time:	**N/A**
Grantor:	**Elsie Watkins Trust**
Grantee:	**N/A**
Document No.:	**TBD**
Sale Price:	**$2,200,000**
Financing:	**Not Available**
Cash Eq.Price:	**$2,200,000**
Req.Capital Cost:	**$0**
Adj. Sale Price:	**$2,200,000**
Verification:	**Listing Brochure - Email sent to broker**

Financial Data

Source:	**Owner/User**

Analysis

Buyers Underwriting Criteria.:	**Other**
Overall Cap. Rate (OAR):	**N/A**
Projected IRR:	**N/A %**
Eff. Gross Multiplier (EGIM):	**N/A**
Oper. Expense Ratio (OER):	**N/A %**
Price Per Square Foot:	**$210.02**

Comments

This is the current listing of 10,475-square-foot industrial building located along the north side of Spencer Street west of Earl Street in the city of Torrance. The building was constructed in 1962 of poured concrete and concrete block. Building amenities include 10-foot clear height, 1,000 square feet of office, 3-grade-level doors, 400-amp power and 20 parking spaces. The property is listed for $2,200,000, or $210.02 per square foot.

4115 Spencer Street

Location Data

Location:	**4115 Spencer Street**
	Torrance,CA 90503
County:	**Los Angeles**
Assessor's Parcel No:	**7524-003-034**
Atlas Ref:	**763-C4**

Physical Data

Type:	**Manufacturing**
Land Area:	**1.200 Acres**
Gross Building Area:	**23,582 SF**
Number of Buildings:	**1**
% Office Area:	**42.4%**
% Air Conditioned:	**42.4%**
Clear Ceiling Height:	**18'**
Year Built:	**1975**
Land/Building Ratio:	**2.22:1**
Sprinklered:	**Yes**
Rail Access:	**None**
Condition:	**Average**
Exterior Walls:	**CTU**
Column Spacing:	**N/A**
Loading:	**1 GL/1 DH**
Parking:	**2.97/1,000 SF**

Financial Data

Source:	**Owner/User**

Sale Data

Transaction Type:	**Sale**
Date:	**12/2007**
Marketing Time:	**8 months**
Grantor:	**McGrew & DuCarme Associates**
Grantee:	**Enagic USA Inc**
Document No.:	**2652022**
Sale Price:	**$5,100,000**
Financing:	**Not Available**
Cash Eq.Price:	**$5,100,000**
Req.Capital Cost:	**$0**
Adj. Sale Price:	**$5,100,000**
Verification:	**Costar, Listing Broker**

Analysis

Buyers Underwriting Criteria.:	**Other**
Overall Cap. Rate (OAR):	**N/A**
Projected IRR:	**N/A %**
Eff. Gross Multiplier (EGIM):	**N/A**
Oper. Expense Ratio (OER):	**N/A %**
Price Per Square Foot:	**$216.27**

Comments

This comparable is the December 2007 sale of an industrial building located along the northeast corner of Spencer Street and Earl Street in the city of Torrance. Originally built in 1975, the building contains 23,582 square feet with approximately 42% office build-out. The property has an 18-foot clear height and two loading positions. The property sold to an owner-user for $5,100,000, or $216.27 per square foot.

INDUSTRIAL SALE No. 6

924 W. 223rd Street

Location Data

Location:	**924 W. 223rd Street**
	Unicorp. L.A. Co.,CA 90502
County:	**Los Angeles**
Assessor's Parcel No:	**7344-025-009, 010**
Atlas Ref:	**764-B7**

Physical Data

Type:	**WH/Distribution**
Land Area:	**0.680 Acres**
Gross Building Area:	**9,282 SF**
Number of Buildings:	**N/A**
% Office Area:	**N/A**
% Air Conditioned:	**N/A**
Clear Ceiling Height:	**N/A**
Year Built:	**1979**
Land/Building Ratio:	**3.19:1**
Sprinklered:	**None**
Rail Access:	**Noen**
Condition:	**Average**
Exterior Walls:	**Brick**
Column Spacing:	**N/A**
Loading:	**GL**
Parking:	**N/A**

Financial Data

Source:	**N/A**
Occupancy at Sale:	**100%**
Existing or ProForma Inc:	**N/A**

	Total	Per SF
Potential Gross Income:	**N/A**	**N/A**
Vacancy and Credit Loss:	**N/A**	**N/A**
Effective Gross Income:	**N/A**	**N/A**
Expenses and Reserves:	**N/A**	**N/A**
Net Operating Income:	**N/A**	**N/A**

Sale Data

Transaction Type:	**Sale**
Date:	**8/2007**
Marketing Time:	**N/A**
Grantor:	**Warren Klure**
Grantee:	**Jeff Gilker**
Document No.:	**2076890**
Sale Price:	**$1,250,000**
Financing:	**Not Available**
Cash Eq.Price:	**$1,250,000**
Req.Capital Cost:	**$0**
Adj. Sale Price:	**$1,250,000**
Verification:	**Assessor Records - CoStar**

Analysis

Buyers Underwriting Criteria.:	**Other**
Overall Cap. Rate (OAR):	**N/A**
Projected IRR:	**N/A %**
Eff. Gross Multiplier (EGIM):	**N/A**
Oper. Expense Ratio (OER):	**N/A %**
Price Per Square Foot:	**$134.67**

Comments

This is the August 2007 sale of a 1979-built, brick, 9,282-square-foot light industrial building used as an auto body shop located on the south side of 223rd Street just west of Vermont Avenue in an unincorporated area of Los Angeles County under the sphere of influence of Torrance. The property is occupied by Maaco, a paint and auto body shop. Income information was unavailable. The sale price was $1,250,000, or $134.67 per square foot.

ADDENDUM D

LEGAL DESCRIPTION

PROPERTY INFORMATION

18) Property: **1640 CABRILLO AVE, TORRANCE CA 90501-2819 C005**

APN:	**7355-030-017**			Card#:		Use:	**AUTO REPAIR**
County:	**LOS ANGELES, CA**			Prop Tax:	**$4,028.48**	Total Value:	**$340,428**
MapPg/Grid:	**763-H6**	Old Map:	**68-D4**	Tax Year:	**2007** Delinq:	Land Value:	**$340,278**
Census:	**6509.01**	Tract #:		Tax Area:	**9333**	Imprv Value:	**$150**
High School:	**TORRANCE UNIF**			Elem School:		Taxable Val:	**$340,428**
Comm Coll:	**EL CAMINO**			Exemptions:		Assd Year:	**2007**
Subdivision:	**TORRANCE TR**					% Improved:	
Owner:	**WRIGHT GERALD J & MARY J**					Phone:	
						Owner Vest:	/ /
Mail:	**PO BOX 5100; TORRANCE CA 90510-5100 B026**						

Owner Transfer = Rec Dt: **05/04/1979** Sale Dt: Price: Doc#: Type: **DEED (REG)**

SALE & FINANCE INFORMATION

	LAST SALE	PRIOR SALE
Recording/Sale Date:		
Sale Price/Type:		
Document #:		
Deed Type:		
1st Mtg Amt/Type:		
1st Mtg Rt/Type/Trm:	/	/
1st Mtg Lender:		
2nd Mtg Amt/Type:		
2nd Mtg Rt/Type/Trm:	/	/
Title Company:		
Seller:		
New Construction:		

Other Last Sale Info = # Parcels: Type 2: Pend:

IMPROVEMENTS

Bldg/Liv Area:	**10,235**
Gross Area:	**10,235**
Ground Flr:	
Bsmnt Area:	
$/SqFt:	
Yrblt/Eff:	**1947**
# Stories:	
Rooms:	
Bedrooms:	
Full/Half Bath:	
Ttl Baths/Fixt:	
Fireplace:	
Pool:	
Porch Type:	
Patio Type:	
Construct:	
Foundation:	
Ext Wall:	
Roof Shape:	
Roof Type:	
Roof Matl:	
Floor Type:	
Floor Cover:	
Heat Type:	
Heat Fuel:	
Air Cond:	
Quality:	
Condition:	
Style:	
Equipment:	
Other Rms:	

SITE INFORMATION

# Res. Units:		County Use:	**2600**	Acres:	**0.57**
# Comm Units:		Zoning:	**TOC2***	Lot Area:	**24,838**
# Buildings:	**1**	Flood Panel:	**0601650003B**	Lot Width:	
Bldg Class:		Panel Date:	**12/18/1979**	Lot Depth:	
Parking Sqft:		Flood Zone:	**C**	Usable Lot:	**24,838**
Park Spaces:		Sewer Type:			
Garage Cap#:		Water Type:			
Park Type:					
Other Impvs:					

Legal Blk/Bldg: **4** Site Influence:

Legal Lot/Unit: **18** Amenities:

Legal: **TORRANCE TRACT LOTS 18,19,20,21,22 AND**

PROPERTY INFORMATION

19)	Property:	**, CA**					
APN:	**7355-030-018**		Card#:			Use:	**PARKING LOT**
County:	**LOS ANGELES, CA**		Prop Tax:	**$621.39**		Total Value:	**$52,680**
MapPg/Grid:	**763-H6**	Old Map: **68-D4**	Tax Year:	**2007**	Delinq:	Land Value:	**$52,530**
Census:		Tract #:	Tax Area:	**9333**		Imprv Value:	**$150**
High School:	**TORRANCE UNIF**		Elem School:			Taxable Val:	**$52,680**
Comm Coll:	**EL CAMINO**		Exemptions:			Assd Year:	**2007**
Subdivision:	**TORRANCE TR**					% Improved:	
Owner:	**WRIGHT GERALD J & MARY J**					Phone:	
						Owner Vest:	/ /
Mail:	**PO BOX 5100; TORRANCE CA 90510-5100 B026**						

Owner Transfer = Rec Dt: **05/04/1979** Price: Doc#: Type: **DEED (REG)**
Sale Dt:

SALE & FINANCE INFORMATION

	LAST SALE	PRIOR SALE
Recording/Sale Date:		
Sale Price/Type:		
Document #:		
Deed Type:		
1st Mtg Amt/Type:		
1st Mtg Rt/Type/Trm:	/ /	
1st Mtg Lender:		
2nd Mtg Amt/Type:		
2nd Mtg Rt/Type/Trm:	/ /	
Title Company:		
Seller:		
New Construction:		

Other Last Sale Info = # Parcels: Type 2: Pend:

SITE INFORMATION

# Res. Units:		County Use:	**2700**	Acres:	**0.09**
# Comm Units:		Zoning:	**TOC2***	Lot Area:	**4,138**
# Buildings:	**1**	Flood Panel:		Lot Width:	
Bldg Class:		Panel Date:		Lot Depth:	
Parking Sqft:		Flood Zone:		Usable Lot:	**4,138**
Park Spaces:		Sewer Type:			
Garage Cap#:		Water Type:			
Park Type:					
Other Impvs:					

Legal Blk/Bldg: **4** Site Influence:

Legal Lot/Unit: **24** Amenities:

Legal: **TORRANCE TRACT LOT 24**

IMPROVEMENTS

Bldg/Liv Area:	
Gross Area:	
Ground Flr:	
Bsmnt Area:	
$/SqFt:	
Yrblt/Eff:	**1957**
# Stories:	
Rooms:	
Bedrooms:	
Full/Half Bath:	
Ttl Baths/Fixt:	
Fireplace:	
Pool:	
Porch Type:	
Patio Type:	
Construct:	
Foundation:	
Ext Wall:	
Roof Shape:	
Roof Type:	
Roof Matl:	
Floor Type:	
Floor Cover:	
Heat Type:	
Heat Fuel:	
Air Cond:	
Quality:	
Condition:	
Style:	
Equipment:	
Other Rms:	

PROPERTY INFORMATION

20)	Property: 1640 CABRILLO AVE, TORRANCE CA 90501-2819 C005						
APN:	**7355-030-019**		Card#:			Use:	**PARKING LOT**
County:	**LOS ANGELES, CA**		Prop Tax:	**$624.45**		Total Value:	**$53,008**
MapPg/Grid:	**763-H6**	Old Map: **68-D4**	Tax Year:	**2007**	Delinq:	Land Value:	**$52,858**
Census:	**6509.01**	Tract #:	Tax Area:	**9333**		Imprv Value:	**$150**
High School:	**TORRANCE UNIF**		Elem School:			Taxable Val:	**$53,008**
Comm Coll:	**EL CAMINO**		Exemptions:			Assd Year:	**2007**
Subdivision:	**TORRANCE TR**					% Improved:	
Owner:	**WRIGHT GERALD J & MARY J**					Phone:	
						Owner Vest:	/ /
Mail:	**PO BOX 5100; TORRANCE CA 90510-5100 B026**						

Owner Transfer = Rec Dt: **05/04/1979** Sale Dt: Price: Doc#: Type: **DEED (REG)**

SALE & FINANCE INFORMATION

	LAST SALE	PRIOR SALE
Recording/Sale Date:		
Sale Price/Type:		
Document #:		
Deed Type:		
1st Mtg Amt/Type:		
1st Mtg Rt/Type/Trm:	/ /	
1st Mtg Lender:		
2nd Mtg Amt/Type:		
2nd Mtg Rt/Type/Trm:	/ /	
Title Company:		
Seller:		
New Construction:		

Other Last Sale Info = # Parcels: Type 2: Pend:

SITE INFORMATION

# Res. Units:		County Use:	**2700**	Acres:	**0.09**
# Comm Units:		Zoning:	**TOC2***	Lot Area:	**4,138**
# Buildings:	**1**	Flood Panel:	**0601650003B**	Lot Width:	
Bldg Class:		Panel Date:	**12/18/1979**	Lot Depth:	
Parking Sqft:		Flood Zone:	**C**	Usable Lot:	**4,138**
Park Spaces:		Sewer Type:			
Garage Cap#:		Water Type:			
Park Type:					
Other Impvs:					
Legal Blk/Bldg:	**4**	Site Influence:			
Legal Lot/Unit:	**25**	Amenities:			

Legal: **TORRANCE TRACT LOT 25**

IMPROVEMENTS

Bldg/Liv Area:	
Gross Area:	
Ground Flr:	
Bsmnt Area:	
$/SqFt:	
Yrblt/Eff:	**1957**
# Stories:	
Rooms:	
Bedrooms:	
Full/Half Bath:	
Ttl Baths/Fixt:	
Fireplace:	
Pool:	
Porch Type:	
Patio Type:	
Construct:	
Foundation:	
Ext Wall:	
Roof Shape:	
Roof Type:	
Roof Matl:	
Floor Type:	
Floor Cover:	
Heat Type:	
Heat Fuel:	
Air Cond:	
Quality:	
Condition:	
Style:	
Equipment:	
Other Rms:	

PROPERTY INFORMATION

21)	Property: **, CA**						
APN:	**7355-030-020**	Card#:				Use:	**PARKING LOT**
County:	**LOS ANGELES, CA**	Prop Tax:	**$604.16**			Total Value:	**$51,020**
MapPg/Grid:	**763-H6** Old Map: **68-D4**	Tax Year:	**2007**	Delinq:		Land Value:	**$50,870**
Census:	Tract #:	Tax Area:	**9333**			Imprv Value:	**$150**
High School:	**TORRANCE UNIF**	Elem School:				Taxable Val:	**$51,020**
Comm Coll:	**EL CAMINO**	Exemptions:				Assd Year:	**2007**
Subdivision:	**TORRANCE TR**					% Improved:	
Owner:	**WRIGHT GERALD J & MARY J**					Phone:	
						Owner Vest:	/ /
Mail:	**PO BOX 5100; TORRANCE CA 90510-5100 B026**						

Owner Transfer = Rec Dt: **05/04/1979** Sale Dt: Price: Doc#: Type: **DEED (REG)**

SALE & FINANCE INFORMATION

	LAST SALE	PRIOR SALE
Recording/Sale Date:		
Sale Price/Type:		
Document #:		
Deed Type:		
1st Mtg Amt/Type:		
1st Mtg Rt/Type/Trm:	/	/
1st Mtg Lender:		
2nd Mtg Amt/Type:		
2nd Mtg Rt/Type/Trm:	/	/
Title Company:		
Seller:		
New Construction:		

Other Last Sale Info = # Parcels: Type 2: Pend:

SITE INFORMATION

# Res. Units:		County Use:	**2700**	Acres:	**0.09**
# Comm Units:		Zoning:	**TOC2***	Lot Area:	**4,138**
# Buildings:	**1**	Flood Panel:		Lot Width:	
Bldg Class:		Panel Date:		Lot Depth:	
Parking Sqft:		Flood Zone:		Usable Lot:	**4,138**
Park Spaces:		Sewer Type:			
Garage Cap#:		Water Type:			
Park Type:					
Other Impvs:					
Legal Blk/Bldg:	**4**	Site Influence:			
Legal Lot/Unit:	**26**	Amenities:			

Legal: **TORRANCE TRACT LOT 26**

IMPROVEMENTS

Bldg/Liv Area:	
Gross Area:	
Ground Flr:	
Bsmnt Area:	
$/SqFt:	
Yrblt/Eff:	**1957**
# Stories:	
Rooms:	
Bedrooms:	
Full/Half Bath:	
Ttl Baths/Fixt:	
Fireplace:	
Pool:	
Porch Type:	
Patio Type:	
Construct:	
Foundation:	
Ext Wall:	
Roof Shape:	
Roof Type:	
Roof Matl:	
Floor Type:	
Floor Cover:	
Heat Type:	
Heat Fuel:	
Air Cond:	
Quality:	
Condition:	
Style:	
Equipment:	
Other Rms:	

ADDENDUM E

QUALIFICATIONS

QUALIFICATIONS OF F. ERIC CROSS

Real Estate Appraiser
CB RICHARD ELLIS, INC.
Valuation & Advisory Services
355 South Grand Avenue, Suite 1200
Los Angeles, California 90071-1549
Phone: (213) 613-3462
FAX: (213) 613-3131

EDUCATION

San Diego State University, Bachelor of Arts International Business	1993

Successful Completion of the following Appraisal Institute Courses:

- Basic Income Capitalization 310
- Market Analysis and Highest & Best Use 520
- Global Property Valuation – Mexico/Latin America (Appraisal Institute/RICS)
- Advanced Income Capitalization 510
- Advanced Sales Comparison & Cost 530
- USPAP – 2008/2009

Other Real Estate Courses Include:

- ARGUS and Real Estate Spreadsheet Analysis
- Principals of Real Estate Appraisal
- USPAP – Code of Ethics

LICENSES/CERTIFICATIONS

- Associate Member, Appraisal Institute
- California Certified General Real Estate Appraiser, No. AG036498

EMPLOYMENT/EXPERIENCE

CB Richard Ellis, Inc. Valuation & Advisory Services Real Estate Appraiser, Los Angeles	2006 - Present
Cushman & Wakefield of California, Inc. Real Estate Appraiser, Los Angeles	2004 - 2006
Gildan Activewear Operations Manager, Honduras	2000 - 2003
Los Angeles Unified School District Bilingual School Teacher	1997 - 1999
United States Peace Corps Small Business Development Volunteer, Honduras	1994 - 1996

Appraisal experience includes the following property types:

Industrial Buildings	Cold Storage/Food Processing Buildings	Mixed Use Business Parks
Office Buildings	Airport Hangers/Terminals	Land Valuations
Shopping Centers	Commercial/Retail Buildings	Portfolio Valuation
Easement Valuations	Showroom/Design Buildings	

STATE OF CALIFORNIA

Business, Transportation & Housing Agency

OFFICE OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

OREA APPRAISER IDENTIFICATION NUMBER AG036498

FENTON E. CROSS

has successfully met the requirements for a license as a general real estate appraiser in the State of California and is, therefore, entitled to use the title "Certified General Real Estate Appraiser".

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OFFICE OF REAL ESTATE APPRAISERS

Date Issued: June 13, 2007

Date Expires: February 24, 2009

Audit No. 097211

QUALIFICATIONS OF DON T. HIROSE, MAI

Vice President
CB RICHARD ELLIS, INC.
Valuation & Advisory Services
355 South Grand Avenue, Suite 1200
Los Angeles, California 90071-1549
Phone: (213) 613-3062 FAX: (213) 613-3131

EDUCATION

University of Southern California, Bachelor of Science 1979 Business Administration

Real Estate Appraisal Institute Courses Include:

Principals of Real Estate	Basic Valuation Procedures
Capitalization Theory and Techniques	Valuation Analysis and Report Writing
Case Studies in Real Estate Valuation	Standards of Professional Practice

Other Real Estate Courses Include:

Real Estate Law	Real Estate Finance and Investment
Real Estate Appraisal	Business Law

LICENSES/CERTIFICATIONS

- Member, Appraisal Institute (MAI)
- California Certified General Real Estate Appraiser, No. AG008876
- Member Lamda Alpha International –The Honorary Society For The Advancement of Land Economics

EMPLOYMENT/EXPERIENCE

CB Richard Ellis, Inc. Valuation & Advisory Services 1983 – Present, Vice President

Coldwell Banker Marketing Research 1981 – 1983, Senior Systems Coordinator, Los Angeles Office

Coldwell Banker Marketing Research 1979 – 1981, Staff Assistant, Los Angeles

Tarantello & Co. 1979 Market Research Coordinator, Newport Beach

Coldwell Banker Commercial Real Estate Services 1977 - 1979 Data Bank Researcher, Sherman Oaks Office

Properties appraised include the following types:

Industrial Buildings, Cold Storage/Food Processing Buildings, Mixed Use Business Parks, Office Buildings, Commercial Land, Shopping Centers, Commercial/Retail Buildings, Portfolio Valuation, Land Subdivisions

Testified Under Oath to the Los Angles County Assessment Appeals Board

Expert Witness Superior Court of the State of California

STATE OF CALIFORNIA

Business, Transportation & Housing Agency

OFFICE OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

OREA APPRAISER IDENTIFICATION NUMBER AG008876

DON T. HIROSE

has successfully met the requirements for a license as a general real estate appraiser in the State of California and is, therefore, entitled to use the title "Certified General Real Estate Appraiser".

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OFFICE OF REAL ESTATE APPRAISERS

Anthony F. Majewski

Date Issued: January 9, 2007

Date Expires: January 8, 2009

Audit No. 90877