MIKE BALKMAN COUNCIL CHAMBERS
9770 CULVER BOULEVARD
CULVER CITY, CALIFORNIA 90232-0507
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OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CULVER CITY REDEVEL. AGENCY
REGULAR MEETING
Thursday, September 13, 2012

PUBLIC COMMENT: At the times provided on the Agenda, the Oversight Board will receive comments from the public on any item of interest to the public (not listed on the agenda) that is within the subject matter jurisdiction of the Oversight Board. The Oversight Board cannot legally take action on any item not appearing on the agenda. Such items may be referred for administrative action or scheduled on a future agenda. If you wish to address the Oversight Board, the Secretary requests you complete a Request to Speak and present it to the Secretary before the agenda item is called. You will be called to the podium when it is your turn to address the Oversight Board. Providing your name and other information requested on the Request to Speak is voluntary and is requested only to provide a reasonable means to notify persons when their opportunity to address the Oversight Board has arrived. All persons may attend the meeting regardless of whether a person signs, registers, or completes a Request to Speak. **For specific items listed on the agenda**, requests to address the Oversight Board must be made prior to the calling for a vote on that particular item by the presiding officer. Each speaker may address the Oversight Board for up to three minutes (up to four minutes if time is ceded). Persons who are present in the City Council Chambers may cede one minute of time to one other person who is present and wishes to address the Oversight Board by presenting a Request to Speak to the Secretary. Public comments on items on the agenda are taken at the time that particular agenda item is considered by the Oversight Board.

AUTHORITY OF PRESIDING OFFICER: Section 611 of the City Charter provides that during any public meeting, all persons shall have the right to address the City Council, and any City commission, board or committee, subject to reasonable rules of decorum and time limits established by ordinance or the presiding officer. While the Oversight Board is not subject to the City Charter, unless directed otherwise by the Oversight Board, the presiding officer may, from time to time, establish different time limits than those listed in this Agenda in order to effectively conduct Oversight Board business.

AVAILABILITY OF AGENDA PACKETS AND CONSERVATION OF RESOURCES: Copies of the Agenda and a binder that includes a copy of all regular session staff reports and attachments are available on the table in the rear of the City Council Chambers. Members of the public may inspect (at no cost) and/or obtain copies (upon payment of the City's current copying fee) of any regular session item by visiting the Secretary's Office at City Hall. The City also posts this information on its website (www.culvercity.org) as a courtesy. In order to conserve resources, paper copies of joint items (including JOINT CONSENT CALENDAR, JOINT PUBLIC HEARINGS, and JOINT ACTION ITEMS) are provided only with the Oversight Board agenda packet.

CELL PHONES AND OTHER DISTRACTIONS: Use of cell phones, pagers and other communication devices is prohibited while the meeting is in session. Please turn all devices off or place on silent alert and leave the City Council Chambers to use. During the meeting, please refrain from applause or other actions that may be disruptive to the speakers or the conduct of Oversight Board business.

MEETING INFORMATION AND ACCOMODATION: Oversight Board meetings are regularly scheduled for the second Tuesday of every month. Oversight Board Agenda information is available at least 72 hours before each Oversight Board meeting.

Any person needing reasonable accommodation related to disabilities, including assisted listening devices, is welcome to contact the Secretary's Office at 310-253-5851 or see the Secretary at the meeting.

NOTE: IN THE CASE AN OVERISGHT BOARD MEETING IS IN SESSION FOR FOUR HOURS, OVERSIGHT BOARD MEMBERS MAY DETERMINE WHETHER TO CONTINUE WITH DISCUSSION OF REMAINING ITEMS ON THE AGENDA OR TO CARRY SOME/ALL OF THE ITEMS OVER TO A FUTURE MEETING DATE.

Agendas are
Available on the web at
www.culvercity.org

AGENDA
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CULVER CITY REDEVELOPMENT AGENCY
REGULAR MEETING

Thursday, September 13, 2012
2:00 PM (Regular Session)
Mike Balkman Council Chambers

CALL TO ORDER & ROLL CALL:

Andrew Weissman, Chair
Richard Bruckner, Vice Chair
Nabil S. Abu-Ghazaleh, Member
Sean Kearney, Member
Nick Kimball, Member
Steven Rose, Member
Cindy Starrett, Member

Martin R. Cole, Secretary

REGULAR SESSION - 2:00 PM

PLEDGE OF ALLEGIANCE

COMMUNITY ANNOUNCEMENTS BY BOARD MEMBERS/INFORMATION ITEMS FROM STAFF

Note: This is the time for Oversight Board Members to make community announcements or for Staff to provide information items to the Oversight Board.

JOINT PUBLIC COMMENT - Items NOT on the Agenda

Note: All persons requesting to address the Oversight Board (and all other bodies in session) on items of interest to the public that are within the subject matter jurisdiction of the Oversight Board (and all other bodies in session) and NOT on the agenda must file a Request to Speak with the Secretary prior to the calling of this item by the presiding officer. This public comment period shall have an aggregate duration of up to 20 minutes for all bodies in session. Each speaker may address the Oversight Board (and all other bodies in session) for up to three minutes. Speakers who have filed a Request to Speak but are unable to be accommodated at this time may be accommodated at a second public comment period at the end of the meeting as announced by the presiding officer.

ORDER OF THE AGENDA

Note: The Oversight Board may consider reordering the sequence in which items appearing on this evening's agenda will be considered by the Oversight Board.

ACTION ITEMS

A-1. (1) CONSIDERATION OF A PRESENTATION FROM SUCCESSOR AGENCY STAFF REGARDING THE DISPOSITION OF PARCEL B, A FORMER REDEVELOPMENT AGENCY PROPERTY, PURSUANT TO THE PROJECT DISPOSITION AND DEVELOPMENT AGREEMENT (DDA) AND ENTITLEMENTS INCLUDING PARKING RIGHTS AT AN ADJACENT CITY PARKING STRUCTURE; AND (2) ADOPTION OF A RESOLUTION APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT AND APPROVING THE TRANSFER OF OWNERSHIP OF REAL PROPERTY, THE RETENTION AND OWNERSHIP OF CERTAIN REAL PROPERTY AND PUBLIC IMPROVEMENTS AND THE TRANSFER OF RESIDUAL PROCEEDS FROM THE SALE OF REAL PROPERTY.

That the Oversight Board consider the Successor Agency staff presentation and adopt the proposed resolution.

PUBLIC COMMENT - Items NOT On The Agenda (Continued)

ITEMS FROM OVERSIGHT BOARD MEMBERS

Note: At this time, Oversight Board Members may: (1) make individual comments on matters not on the agenda, (2) request the Secretary to report back to the Oversight Board concerning a particular matter, (3) provide brief reports on official travel taken since the last Oversight Board meeting or other activities, or (3) provide direction to the Secretary to place items on a future agenda for consideration by the Oversight Board.

ADJOURN

Note: At this time, the Oversight Board shall consider adjourning the meeting. In the case a date and time is not included as part of the motion of adjournment, then the next meeting of the Oversight Board shall be held at the date and time and in the place specified in the agenda posted for that meeting.

Compliance with Government Code Section 54957.5: Any writing determined to be a public record under subdivision 54957.5(a), which relates to an agenda item for an open session of a regular meeting of the legislative body of a local agency that was distributed less than 72 hours prior to that meeting, shall be made available for public inspection at the time the writing is distributed to all, or a majority of all, of the members of the legislative body. Such documents are available at the Office of the Oversight Board Secretary, City Hall, 9770 Culver Boulevard, Culver City, CA 90232 and may be inspected by members of the Public during normal business hours. Such documents may also be made available on the Oversight Board's Website: www.culvercity.org.

The next Regular Meeting of the Oversight Board is scheduled to be held on Thursday, October 11, 2012 at 2:00 PM.

Agenda Item Report

Meeting Date: 09/13/12	Item Number: A-1
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CULVER CITY REDEVELOPMENT AGENCY AGENDA ITEM: (1) CONSIDERATION OF A PRESENTATION FROM SUCCESSOR AGENCY STAFF REGARDING THE DISPOSITION OF PARCEL B, A FORMER REDEVELOPMENT AGENCY PROPERTY, PURSUANT TO THE PROJECT DISPOSITION AND DEVELOPMENT AGREEMENT (DDA) AND ENTITLEMENTS INCLUDING PARKING RIGHTS AT AN ADJACENT CITY PARKING STRUCTURE; AND (2) ADOPTION OF A RESOLUTION APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT AND APPROVING THE TRANSFER OF OWNERSHIP OF REAL PROPERTY, THE RETENTION AND OWNERSHIP OF CERTAIN REAL PROPERTY AND PUBLIC IMPROVEMENTS AND THE TRANSFER OF RESIDUAL PROCEEDS FROM THE SALE OF REAL PROPERTY.	
Contact Person/Dept.: Sol Blumenfeld, Assistant Executive Director – Successor Agency	Phone Number: (310) 253-6000
Fiscal Impact: Yes [X] No []	
Public Hearing: [] Action Item: [X]	Attachments: [X]

RECOMMENDATION:

Staff recommends that the Oversight Board:

1. Consider a presentation from Successor Agency staff regarding the disposition of Parcel B, a former redevelopment agency property, pursuant to the project Disposition and Development Agreement (DDA) and entitlements including parking rights at an adjacent city parking structure; and

2. Adopt a resolution approving the DDA, the transfer of ownership of real property, the retention and ownership of certain real property and public improvements and the transfer of residual proceeds from the sale of real property.

BACKGROUND / DISCUSSION:

Successor Agency staff has prepared the attached memorandum presenting the details of the Combined/Hudson Property Project.

ATTACHMENTS:

1. Successor Agency Staff Memorandum (with attachments including the proposed resolution).

Agenda Item Report

MOTION:

That the Oversight Board:

1. Receive the presentation from Successor Agency staff related to the Combined/Hudson Property Project; and,

2. Adopt the proposed resolution.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

DATE: SEPTEMBER 13, 2012

TO: MEMBERS OF THE OVERSIGHT BOARD

THROUGH: JOHN NACHBAR, EXECUTIVE DIRECTOR

FROM: SOL BLUMENFELD, ASSISTANT EXECUTIVE DIRECTOR

SUBJECT: **OVERSIGHT BOARD CONSIDERATION OF THE DISPOSITION OF PARCEL B, A FORMER REDEVELOPMENT AGENCY PROPERTY, PURSUANT TO THE PROJECT DISPOSITION AND DEVELOPMENT AGREEMENT (DDA) AND ENTITLEMENTS INCLUDING PARKING RIGHTS AT AN ADJACENT CITY PARKING STRUCTURE**

REQUEST:

The Successor Agency for the former Culver City Redevelopment Agency is requesting Oversight Board consideration of the disposition of Parcel B, a former RDA real property asset, pursuant to the project entitlements which include parking rights at an adjacent City parking structure and the terms and conditions of the Disposition and Development Agreement (DDA) entered into with the project developer, Combined/Hudson 9300 Culver LLC.

Under AB 26, the Successor Agency is obligated to expeditiously wind down the affairs of the former RDA pursuant to the direction of the Oversight Board in order to allow the project tax revenues to expeditiously flow to the various taxing agencies.

The Successor Agency is submitting this request now in conformance with the wind down legislation to get the land sale proceeds and tax revenues delivered to all levels of government as soon as possible.

If the Combined /Hudson Properties project does not go forward, it will result in the loss of one-time land sales proceeds and will significantly reduce the tax revenue stream from the property and delay development of the vacant site for years.

ANALYSIS:

Financial Benefits of the Proposed Project:

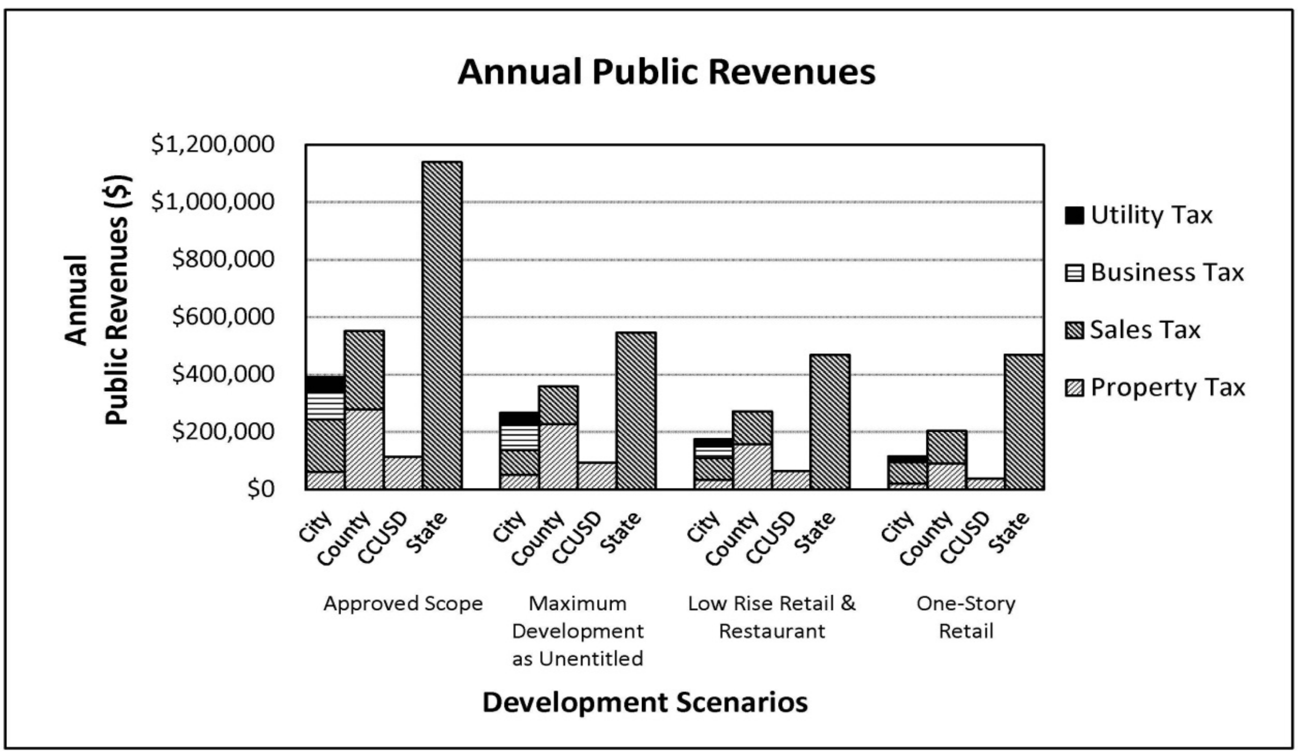
The project will generate land sales proceeds in excess of the $2 million appraised fair market value. In the event this request for disposition of the Property per the DDA is denied, then no entitlements and no parking rights would exist for the Property. As such, the net land sales proceeds of the Property will diminish. However, if this requested disposition does take place, all net disposition proceeds will be turned over to the Successor Agency for the benefit of the taxing entities and will be equal to or greater than the appraised fair market value.

The project will generate an on-going sales and property tax revenue stream. The annual property tax revenues are estimated to total $475,000. This results in the following tax allocation:

- $279,000 -- County
- $115,000 -- Culver City Unified School District
- $ 62,000 -- City
- $ 19,000 – Other Taxing Entities

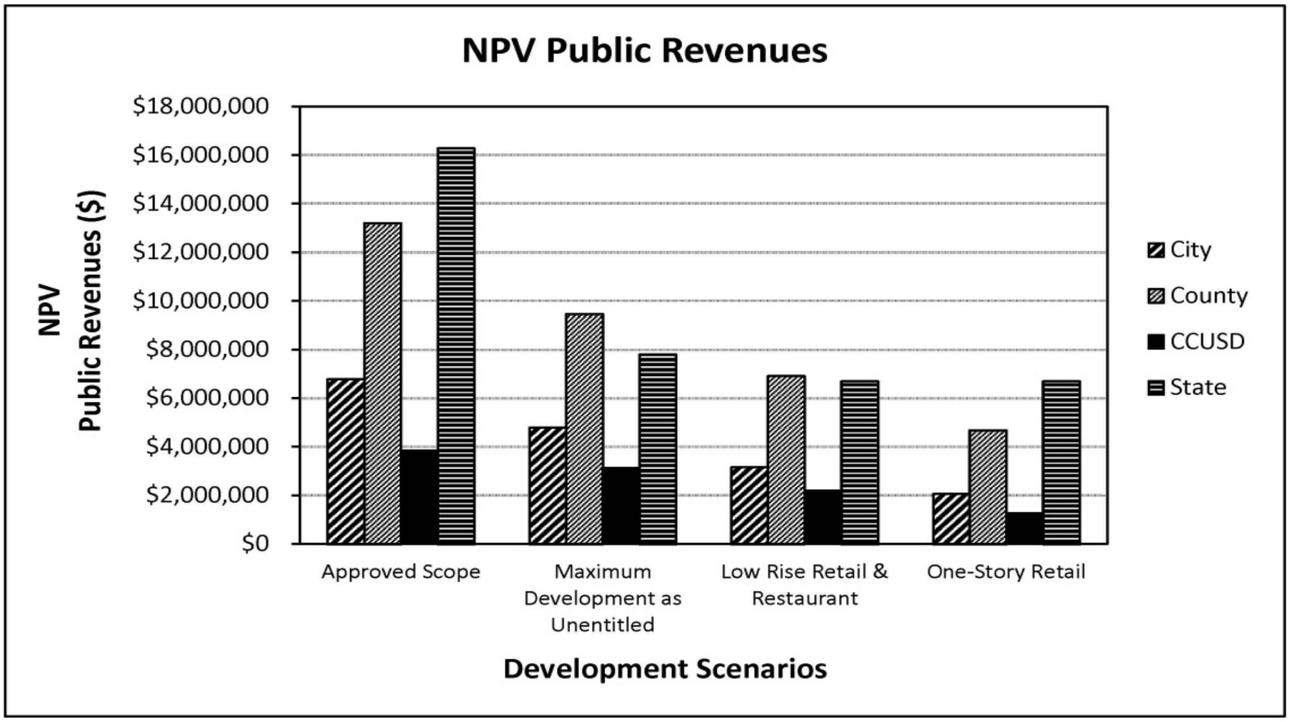
Annual sales tax revenues that are distributed to the County, the State and the City are estimated to total $1,595,000. These revenues are distributed as follows:

- $1,140,000 -- State
- $ 273,000 -- County$ 182,000 -- City



The total public revenues projected to be received in net present value dollars over the life of the project results in the following allocation:

- $16,286,000 - State
- $13,200,000 -- County
- $ 3,833,000 -- Culver City Unified School District
- $ 6,781,000 – City
- $ 633,000 – Other Taxing Entities



<u>Comparison of Combined /Hudson Properties Project vs. Other Site Development</u>

The City looked at four alternative development scenarios consistent with appraisal industry standards to establish the fair market value for the property. The scenarios were evaluated relative to what is *legally permissible, physically possible, financially feasible and maximally productive (resulting in the highest return from land sales proceeds).* The projects are:

1.) <u>Combined /Hudson 2-5 story project</u> - 115,000 sq. ft. with offsite parking
2.) <u>Maximum Development Scenario</u> (four-story) -- 95,000 sq. ft. office/ retail project with above grade structured onsite parking for 252 cars.
3.) <u>Low Rise Scenario</u> (two-story) -- 54,000 sq. ft. office retail project with above grade structured parking for 143 stalls; and
4.) <u>One Story Strip Center Retail Scenario</u> -- 26,000 sq. ft. with surface parking.

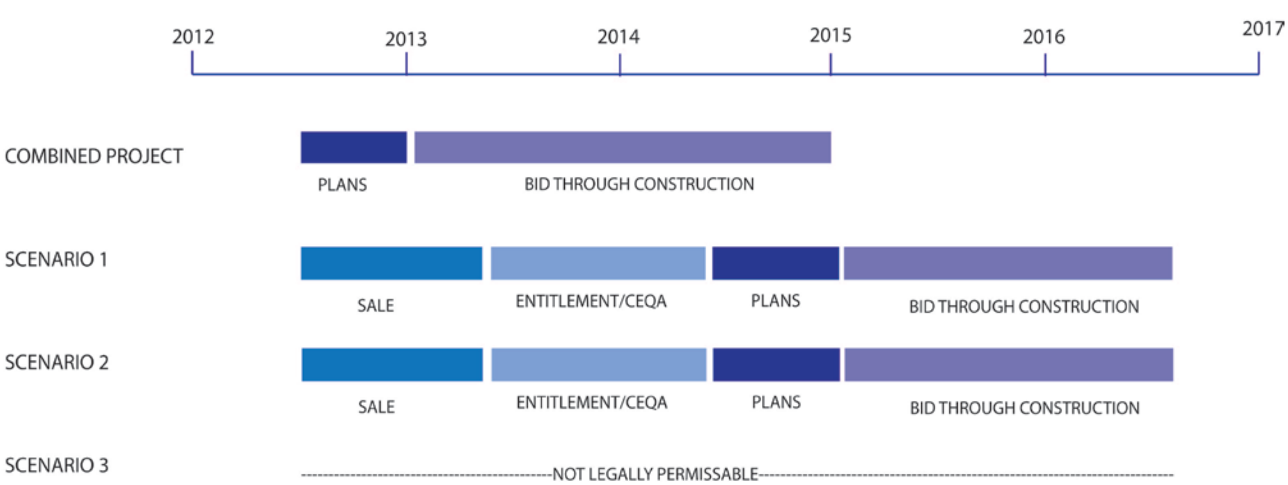
DEVELOPMENT SCENARIOS	LEGALLY PERMISSABLE	PHYSICALLY POSSIBLE	FINANCIALLY FEASIBLE	MAXIMALLY PRODUCTIVE
COMBINED PROJECT	●	●	●	●
SCENARIO 1	●	●	●	
SCENARIO 2	●	●	●	
SCENARIO 3		●	●	

Of the four scenarios only Scenario 1 – Combined 115,000 sq. ft. with offsite parking was determined to be legally permissible, physically possible, financially feasible and produced the maximum productive value due to the ability to use existing entitlements and locate project parking offsite. (Attachment No. 2 – Appraised Fair Market Value Scenario Comparison).

Scenario 2 produces a negative land value. Scenario 3 produces less than one-half of the land sales proceeds of the Combined / Hudson Properties project and Scenario 4 does not meet the legally permissible standard because a strip center development with surface parking is inconsistent with downtown zoning restrictions for permitted uses and ground level retail requirements along street frontage. Any parking facilities (including surface parking) in the downtown must contain retail frontage which severely limits the retail component of the project.

An alternative project other than Combined's will take a minimum of four years to advance to the construction stage. New entitlements will be required, and the scope of development will be significantly reduced due to providing all parking on-site and the 56 foot height limit that is imposed on all development. The reduced development program will be reflected in reduced one-time land sales proceeds and on-going sales tax and property tax proceeds.

TIMELINE TO TAX GENERATION



Summary of Combined /Hudson Properties Project:

- The sale is guaranteed to produce more than the $2 million appraised Fair Market Value.

- The current fair reuse value for the site is $4,200,000 less premium costs associated with prevailing wage and permit fees in excess of $1,001,436, based upon the appraised value of the property as entitled with off-site parking provided at the adjacent Ince Parking Structure.

- The project is fully entitled and requires only a building permit to go forward. The development team is prepared to implement the project and commence construction immediately. The Combined project comports with the original entitlements that allow 317 stalls of required project parking to be located at an adjacent parking structure. This huge benefit inures only to this specific development program, without which, the site's developable area is significantly reduced and site development costs significantly increased.

- The project will increase surrounding property values, which will result in increased property taxes to be distributed to the taxing entities.

- The Parcel B project has both public and private components. The private component provides an exciting mix of retail, restaurant and office uses. The public component includes the expansion of the Town Plaza project to provide a unique location for public cultural events that can accommodate approximately 1,000 seats above a new 100 car subterranean public parking garage. The City will fund the costs of the public subterranean parking garage and the expansion of Town Plaza.

- The selection of Combined / Hudson Properties to redevelop the site culminates a nine month process of soliciting and evaluating development proposals, organizing community outreach meetings and conducting public hearings to select the best development team. Combined / Hudson Properties was selected because it met all of the City's criteria for creating a place making development. Their proposal for redevelopment of Parcel B provides a fitting culmination to the successful downtown Culver City revitalization.

CONCLUSION:

The Combined / Hudson Properties project complements the downtown and includes exciting architecture and excellence in urban design with a Grand Staircase that doubles as a public amphitheater and a gathering space for public/private events, concerts and outdoor dining and an Elevated Plaza that fronts second level restaurants and shops. Creative office uses will be located above ground level retail located along all street frontages. The tenants in the project will be high quality retailers and Class A office tenants from the media, technology and entertainment industries further enforcing Culver City as a hub for creative people, creative businesses and creative industries.

The Parcel B project will be the capstone of the successful downtown revitalization. Combined / Hudson’s project will produce significant tax revenues and land sales proceeds immediately for all taxing agencies and the Successor Agency therefore requests adoption of the Oversight Board resolution recommending that the Department of Finance authorize the sale of Parcel B for development.

ATTACHMENTS:

1. Oversight Board Resolution
2. Parcel B Fair Market Value Appraisal
3. Combined / Hudson Properties Parcel B Plans

Meeting Date: SEPTEMBER 13, 2012

Subject: OVERSIGHT BOARD CONSIDERATION OF THE DISPOSITION OF PARCEL B, A FORMER REDEVELOPMENT AGENCY PROPERTY, PURSUANT TO THE PROJECT DISPOSITION AND DEVELOPMENT AGREEMENT (DDA) AND ENTITLEMENTS INCLUDING PARKING RIGHTS AT AN ADJACENT CITY PARKING STRUCTURE

RESOLUTION NO. 2012-OB____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CULVER CITY REDEVELOPMENT AGENCY APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT AND APPROVING THE TRANSFER OF OWNERSHIP OF REAL PROPERTY, THE RETENTION AND OWNERSHIP OF CERTAIN REAL PROPERTY AND PUBLIC IMPROVEMENTS AND THE TRANSER OF RESIDUAL PROCEEDS FROM THE SALE OF REAL PROPERTY.

WHEREAS, AB X1 26 (2011-2012 1st Ex. Sess.) (the “Dissolution Act”) was signed by the Governor of California on June 28, 2011, making certain changes to the California Community Redevelopment Law [Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code, including adding Part 1.8 (commencing with Section 34161) (Part 1.8”) and Part 1.85 (commencing with Section 34170) (“Part 1.85”) (collectively, the “Redevelopment Law”)]; and

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association, et al. v. Matosantos*, et al., Case No. S194861 (the “*Matosantos* case”), finding the Dissolution Act largely constitutional and reforming certain deadlines set forth in the Dissolution Act; and

WHEREAS, under the Dissolution Act and the California Supreme Court’s decision in the *Matosantos case*, all California redevelopment agencies, including the Culver City Redevelopment Agency (the “Former CCRA”), were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations and winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, by its Resolution No. 2012-R001, adopted on January 9, 2012, the City Council made an election to serve as the successor agency to the Former CCRA (the "Successor Agency") upon the dissolution of the Former CCRA pursuant to Part 1.85 of the Dissolution Act; and

WHEREAS, on February 6, 2012, the Board of Directors of the Successor Agency adopted Resolution 2012-SA001 naming itself the "Successor Agency to the Culver City Redevelopment Agency," the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

WHEREAS, the Governor signed Assembly Bill 1484 ("AB 1484") on June 27, 2012, amending the Dissolution Act (reference hereinafter to the Dissolution Act means AB X1 26 as amended by AB 1484); and

WHEREAS, under the Dissolution Act, each successor agency shall have an oversight board with fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property taxes and other revenues pursuant to Health and Safety Code Section 34188; and

WHEREAS, the oversight board has been established for the Successor Agency (the "Oversight Board") and all seven members have been appointed pursuant to Health and Safety Code Section 34179. The duties and responsibilities of the Oversight Board are primarily set forth in Health and Safety Code Sections 34179 through 34181 of the Dissolution Act; and

WHEREAS, the City of Culver City (the "City") has entered into that certain Disposition and Development Agreement by and between the City and Combined/Hudson 9300 Culver LLC (the "Developer") dated January 31, 2012 (the "DDA") for the development of a high quality office and retail complex, subterranean private and public parking improvements, and other public improvements including the public plaza and public parking components (the “Project”); and

WHEREAS, the DDA pertains to that certain real property commonly referred to as Parcel B that is a component of the Town Plaza/Screenland cinema, restaurant, retail and office project (defined in the DDA as the “Town Plaza Project”) located at 9530 Washington Boulevard and 9300-9310 Culver Boulevard, Culver City, California (defined collectively in the DDA as the “Site”); and

WHEREAS, subject to the terms and conditions of the DDA, the Project consists of the construction of (i) a four level high quality office and retail complex with an Elevated Plaza and “Grand Stairs,” providing approximately 115,108 square feet of gross building area containing a minimum of 32,654 square feet dedicated to retail and restaurant uses and containing a minimum of 55,470 gross square feet dedicated to office use and including public restrooms and a storage area, in addition to approximately 18,990 square feet of open space, and subterranean parking (defined in the DDA as the “Parcel B Improvements”); and (ii) certain subterranean public parking improvements located adjacent to the Parcel B Improvements and a portion located within a portion of the Parcel B Improvements (defined in the DDA as “Public Parking Improvements”); and (iii) certain public improvements located adjacent to the Parcel B Improvements relating to the expansion of the Town Plaza Project (defined in the DDA as the “Town Plaza Expansion Improvements”); and

WHEREAS, the DDA contemplates the disposition of a certain portion of the Site subject to the DDA to the Developer, which portion of real property is located at 9300 Culver Boulevard, Culver City, California (the “Developer Parcel”) for the development of the Project pursuant to the DDA, including construction of the Parcel B Improvements and a portion of the Public Parking Improvements on the Developer Parcel; and

WHEREAS, the DDA further contemplates the City's retention and ownership of the remaining portion of the Site (the "City Parcel") and the Public Parking Improvements and Town Plaza Expansion Improvements to be constructed on the Site pursuant to the DDA; and

WHEREAS, the Site is located within the geographical area of the Culver City Redevelopment Project, Component Area 3 (the "Project Area"); the Project complies with and furthers the goals and objectives of the Redevelopment Plan for the Project Area approved and adopted by the City Council of the City on November 23, 1998 by Ordinance No. 98-014, as amended on November 23, 1998 by Ordinance No. 98-015, and as further amended on January 12, 2004 (the "Redevelopment Plan") and the Project also furthers municipal and other public purposes; and

WHEREAS, Health and Safety Code Section 34177(h) of the Dissolution Act provides, in pertinent part, that the Successor Agency is required to expeditiously wind down the affairs of the Former Agency pursuant to the Dissolution Act and in accordance with the direction of the Oversight Board; and

WHEREAS, Health and Safety Code Section 34177(e) provides, in pertinent part, that the Successor Agency shall dispose of assets and property of the Former Agency as directed by the Oversight Board; provided, however, that the Oversight Board may instead direct the Successor Agency to transfer ownership of certain assets pursuant to Section 34181(a) of the Dissolution Act; and

WHEREAS, Health and Safety Code Section 34181(a) of the Dissolution Act provides, in pertinent part, that the Oversight Board has the authority to approve the disposition of assets and property of the Former Agency; provided, however, the Oversight

Board has the authority to approve the transfer of ownership of certain assets constructed and used for governmental purposes to the appropriate public jurisdiction pursuant to existing agreements relating to the construction or use of such assets; and

WHEREAS, the City is the appropriate public jurisdiction for ownership of the City Parcel, the Public Parking Improvements and the Town Plaza Expansion Improvements pursuant to the DDA due to the public parking and other public improvements that will be developed as part of the Project and constructed and used for governmental purposes, as authorized pursuant to Health and Safety Code Section 34181(a); and

WHEREAS, Health and Safety Code Section 34181(e) of the Dissolution Act provides, in pertinent part, that the Oversight Board has the authority to approve the proposed actions if it finds such actions in the best interests of the taxing entities; and

WHEREAS, consistent with the Oversight Board's authority to oversee the expeditious winding down of the Former Agency's fiscal and business affairs and the expeditious disposition of Former Agency assets and properties, the Oversight Board has the authority to approve the proposed actions pursuant to Health and Safety Code Sections 34177(h), 34181(a), and 34181(e) of the Dissolution Act.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Culver City Redevelopment Agency DOES HEREBY RESOLVE as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. The Oversight Board hereby approves of the terms of the DDA.

SECTION 3. The Oversight Board hereby approves of the sale and conveyance of the Developer Parcel from the City to the Developer in accordance with the terms and conditions set forth in the DDA, for the purpose of the Developer developing the Project.

SECTION 4. The Oversight Board hereby approves of the City's transfer to the Successor Agency of the residual proceeds received from the sale of the Developer Parcel to the Developer for the Successor Agency's use and distribution for approved development projects or to otherwise wind down the affairs of the Former CCRA pursuant to Health and Safety Code Section 34177(e).

SECTION 5. The Oversight Board hereby approves of the City's retention and ownership of the City Parcel and the Public Parking Improvements and Town Plaza Expansion Improvements to be constructed on the Site pursuant to the DDA.

SECTION 6. The Oversight Board hereby acknowledges and agrees that the DDA constitutes the existence of an enforceable obligation pursuant to Part 1.8 and Part 1.85 of Division 24 of the Health and Safety Code for the purposes of, without limitation, the disposition of assets previously owned by the Former CCRA

SECTION 7. The Oversight Board hereby authorizes and directs the Executive Director of the Successor Agency, or his or her designee, to take all actions and sign any and all documents necessary to implement and effectuate the DDA and the actions approved by this Resolution including, without limitation, approving extensions of deadlines set forth in the DDA and the Schedule of Performance (Attachment No. 4 to the DDA) as determined necessary by the City Manager, or his or her designee, under the DDA, approving amendments to the DDA and its Attachments as determined necessary by the City Manager, or his or her designee, to effectuate the DDA, executing documents on behalf of the Successor Agency (including, without limitation, grant deeds and quitclaim deeds), and administering the Successor Agency's obligations, responsibilities and duties to be performed pursuant to this Resolution.

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SECTION 8. This Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED, this _____ day of ________________, 2012.

____
ANDREW WEISSMAN, Chair
Oversight Board of the Successor Agency to
the Culver City Redevelopment Agency

ATTEST:

____
MARTIN R. COLE, Secretary

A12-00632

Lea Associates
Property Economics

Robert M. Lea, MAI
John J. Gobbell, Jr., MAI

Barbara J. Lambe
Jerardo Arciniega
Susan O. Gordon

August 7, 2012

City of Culver City
c/o Murray Kane, Esq.
Kane, Ballmer & Berkman
515 South Figueroa Street
Suite 1850
Los Angeles, CA 90071

Re: Appraisal Report
9300 Culver Boulevard
Culver City, California
APN: 4206-029-934

Job No. 4592B

Dear Mr. Kane:

In accordance with your request, this writing transmits three copies of our Summary Appraisal report concerning the above-referenced property. The report which follows describes the property, its environs, the work carried out in this assignment, our analyses and supporting data. This report is intended for use only by the Culver City Redevelopment Agency and their representatives. Use of this report by others is not intended by the appraiser.

Based on our investigations and analyses, it is our opinion that as of August 7, 2012, the subject property development site land, as currently entitled and approved for development pursuant to the development proposal submitted by Combined Properties to the City of Culver City, has an estimated Fair Re-Use Value of:

COMBINED PROPERTIES ENTITLED DEVELOPMENT SITE (AS PROPOSED)
(FAIR RE-USE VALUE)

FOUR MILLION TWO HUNDRED THOUSAND DOLLARS

($4,200,000)

Also based on our investigations and analyses, it is our opinion that as of August 7, 2012, the subject property development site land, without current entitlements or development approvals, has an estimated market value, of:

UNENTITLED DEVELOPMENT SITE (MARKET VALUE "AS IS")

TWO MILLION DOLLARS

($2,000,000)

These opinions are based in part upon information provided by the client concerning the proposed entitled development of the site by Combined Properties and entitlements in place as detailed in the following report; and by the existing zoning and approval restrictions and regulatory entitlement process reviewed with the client for undeveloped vacant land.

Lea Associates, Inc.
Property Economics
1635 Pontius Avenue
Los Angeles, California 90025
Telephone (310) 477-6595
Fax (310) 914-0249
E-mail: info@leaassoc.com

Murray Kane, Esq.
August 7, 2012
Page 2

This report was completed in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and in accordance with the Code of Professional Ethics of the Appraisal Institute. The report is prepared in accordance with the reporting requirements set forth under Standards Rule 2-2b of the Uniform Standards of Professional Appraisal Practice.

This report is subject to "Certification and Restriction Upon Disclosure and Use" as well as the "Contingent and Limiting Conditions Upon Which Appraisal Is Made" which follow this letter. In addition, this report is subject to the following specific conditions:

- We have not reviewed a title report concerning the subject property. Visual inspection reveals no obvious encroachments impacting the subject. Our valuation assumes that no negative title issues exist.

- We have not reviewed the results of any Phase I environmental assessment reports concerning the subject property. Visual inspection reveals no significant conditions onsite for the subject. Our valuation assumes that no environmental problems exist.

Retained in our files are worksheets, field notes, maps, and other data upon which our analysis and conclusions are based. Should you have any questions concerning the contents of this report, feel free to call and we will respond promptly.

Respectfully submitted,

LEA ASSOCIATES, INC.

John J. Gobbell, Jr., MAI
CA# AG010590

Michael M. Popwell, SR/WA
CA# AG004804

CERTIFICATION AND RESTRICTION UPON DISCLOSURE AND USE

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

- The statements of fact contained in this report are true and correct.
- While the undersigned have not previously appraised the subject property, Lea Associates has performed an appraisal of the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment was 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.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.
- Tony Kim provided real property appraisal assistance to the persons signing this certification in terms of market data research.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, John J. Gobbell, Jr., MAI, has completed the continuing education program of the Appraisal Institute.
- As of the date of this report, John J. Gobbell, Jr., MAI (No. AG010590) and Michael M. Popwell, SR/WA (No. AG004804) have satisfied the requirements as Certified General Real Estate Appraisers, licensed by the State of California.
- I have made a personal inspection of the property that is the subject of this report.

John J. Gobbell, Jr., MAI CA# AG010590	Michael M. Popwell, SR/WA CA# AG004804

CONTINGENT AND LIMITING CONDITIONS UPON WHICH APPRAISAL IS MADE

This report is made expressly subject to the contingent and limiting conditions, factors and assumptions here with:

1. That the vesting and legal description furnished this appraiser are correct.

2. That measurements and areas furnished by others are correct. No survey has been made for the purpose of this appraisal.

3. That the property is appraised as if free and clear of liens and that the title is good and merchantable.

4. That no guarantee is made as to the correctness of estimates or opinions furnished by others which have been used in making this appraisal.

5. That no liabilities be assumed on account of inaccuracies in such estimates or opinions.

6. That no liability is assumed on account of matters of a legal nature, affecting this property, such as title defects, liens, encroachments, overlapping boundaries, etc.

7. That this appraisal is subject to review upon presentation of data which might be later made available, undisclosed or not available at this writing.

8. That the appraiser herein, by reason of this appraisal, is not required to give testimony or attendance in court or any governmental hearing with reference to the property in question, unless arrangements have previously been made therefore.

9. That the maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied.

10. That no liability is assumed on account of the existence of hazardous material or toxic waste on the subject property.

11. That no liability is assumed for specific compliance with the requirements of the Americans with Disabilities Act (ADA).

INTRODUCTION

SCOPE OF THE APPRAISAL

The purpose of this appraisal report is to provide our opinion of the comparative values of the subject property under two development entitlement and approval scenarios, as follows:

1. The subject property development site land market value as currently entitled and approved for development pursuant to the development proposal submitted by Combined Properties to the City of Culver City (Fair Re-Use Value).

2. The subject property development site land market value without entitlements or development approvals and subject to the regulatory review and approval process for development of a new project on the existing vacant land (Market Value).

The subject property consists of a surface parking lot. We have analyzed the fee simple interest in the subject property under the two property approval and entitlements scenarios noted above.

This is a summary appraisal report which supports our rationale and reasoning in estimating the value of the subject property. This report is subject to the "Certification and Restriction Upon Disclosure and Use" and "Contingent and Limiting Conditions upon Which this Appraisal is Made." In addition, this report is subject to the special conditions outlined in the transmittal letter. In our valuation analyses, we have considered the applicability of the applicable approaches to value.

Our Sales Comparison Approach search efforts included a review and confirmation of sale transactions of commercial land sales in the surrounding area. We have completed an analysis of the property using the Sales Comparison Approach. The Sales Comparison Approach benefits from local land sales in the immediate area. Sales ultimately selected for our analysis were examined in terms of per square foot land area and per square foot of floor area ratio (FAR) units of comparison and applied to the subject property valuation scenarios after making necessary qualitative and quantitative adjustments to the characteristics of the subject property.

Our Land Residual Approach, also known as a 'Developer's Approach,' is a hybrid of the Income Approach and the Cost Approach to value. This analysis applies a capital value residual analysis to the proposed Combined Properties development scenario and three theoretically possible as-is site development profiles for the subject vacant land site. This capital value analysis procedure results in the solution for an unknown component of value once the other factors of production have been determined. Our analysis examines the proposed development profile, constructs a project cost estimate, projects an income and expense statement, capitalizes the net operating income to a prospective future value upon completion, subtracts the total development costs to determine the value attributable to the land, and discounts that prospective future land value to a present value of the land as of the date of value.

It is the intended use of this appraisal to assist the City of Culver City and its legal counsel in its decision-making concerning setting a potential sale price for the subject property.

DEFINITION OF FAIR RE-USE VALUE

A common definition utilized by State of California redevelopment agencies, consistent with California Redevelopment Law, has been as follows:

The value of a piece of property being sold by a redevelopment agency, reflecting additional conditions and limitations beyond those permitted by land use and zoning codes. These conditions result in a lower value because the "highest and best use" cannot be achieved under the limitations imposed.

DEFINITION OF MARKET VALUE

The Comptroller of the Currency defines Market Value as:[1/]

> 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, 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:
>
> a) Buyer and seller are typically motivated;
>
> b) Both parties are well-informed or well-advised, and each acting in what he considers his own best interest;
>
> c) A reasonable time is allowed for exposure in the open market;
>
> d) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,
>
> e) 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/Also defined under 12 CFR, Part 34, Subpart C-Appraisals, 34.42(f) Definitions.

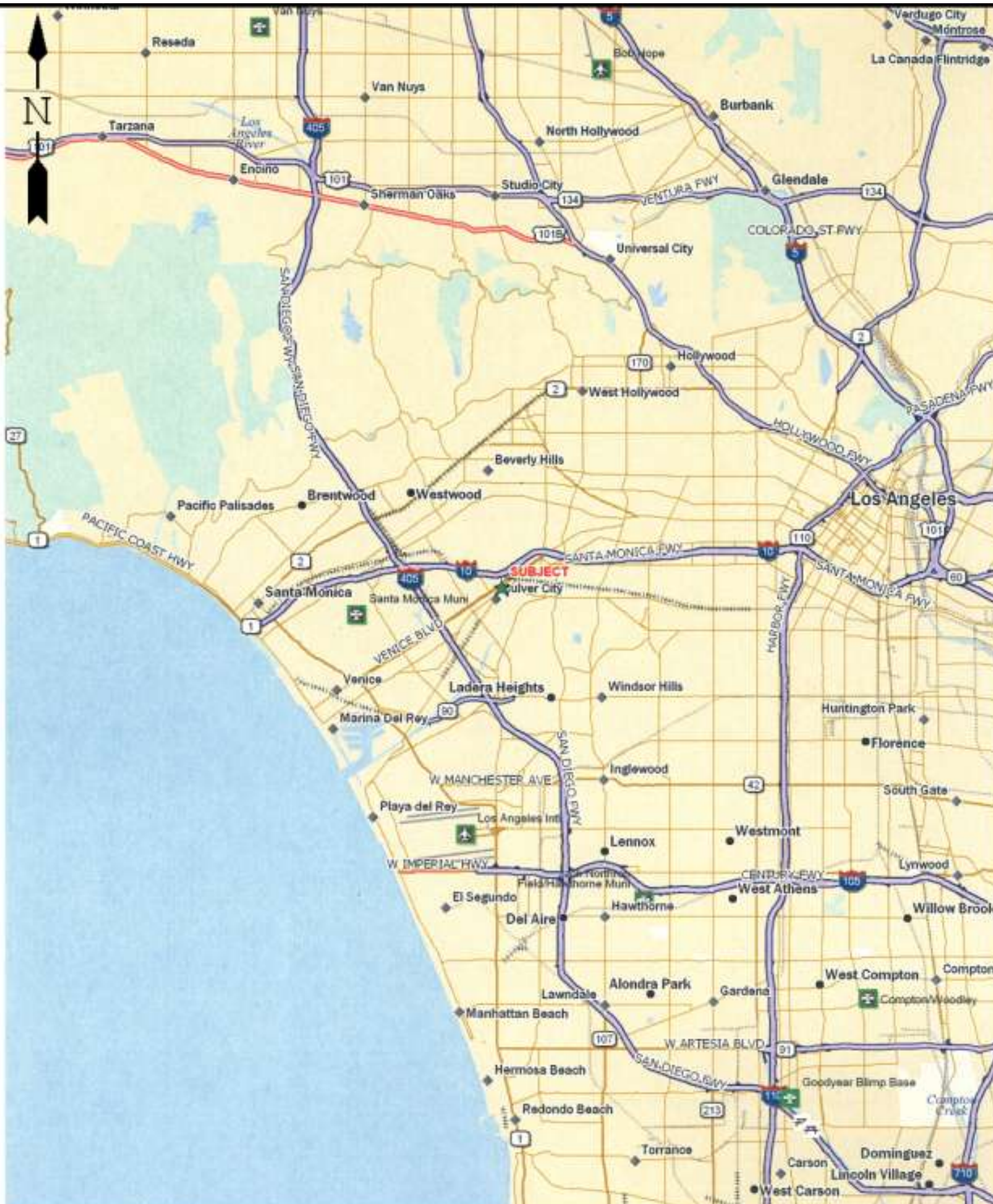


EXHIBIT I
LOCATION MAP
9300 CULVER BOULEVARD
CULVER CITY, CALIFORNIA
SCALE: 1" = 3.16± MI.
AUGUST 2012

Lea Associates
Property Economics

PROPERTY RIGHTS APPRAISED

The property rights herein appraised consist of the fee simple interest in and to the subject property, excluding mineral rights.

DEFINITION OF 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."[2/]

EXPOSURE TIME

This refers to 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 estimate based on the analysis of past events assuming a competitive market. In the subject's case, the exposure time was estimated to be four to eight months.

DATE OF VALUE

The date of value is August 7, 2012, generally corresponding to the completion of our current investigations and analyses of relevant data. The report is dated the same.

AREA OF SURROUNDING INFLUENCE

Location

The subject property is located in the Downtown area of the City of Culver City. Specifically, the subject property is located on the southwesterly corner of Culver Boulevard and Washington Boulevard (formerly Ince Boulevard).

Regional Influences

The county of Los Angeles contains approximately 4,083 square miles. It is bounded on the north by Kern County, on the east by San Bernardino County, on the southeast by Orange County, and on the northwest and west by Ventura County and the Pacific Ocean, respectively. Los Angeles County had a January 1, 2012 population estimate of 9,884,632 reported by the California Department of Finance. Although population growth has slowed over the past several years compared to the previous decade, all indications suggest that the population will continue to grow on an overall albeit slow basis into 2013 and the remainder of the decade.

2/ *The Dictionary of Real Estate Appraisal*, Fifth Edition, (Appraisal Institute, Chicago, 2010) 78.

Los Angeles County has a well-grounded and diversified economic base in industry and agriculture. Historically, major industries have been aerospace/defense, entertainment, and oil. In addition, as trade between the Pacific Rim countries and the United States has increased, the ports of Long Beach and Los Angeles have progressively handled more cargo, and the importing and exporting of raw materials and finished products, along with their distribution, has become an important segment of the local economy. Los Angeles is also recognized as a West Coast financial center.

Evidence of the local economy is reflected in area employment rate figures produced by the Bureau of Labor Statistics of the Unites States Department of Labor.

CIVILIAN LABOR FORCE STATISTICS
LOS ANGELES COUNTY

Year	Labor Force	Employment	Unemployment	Unemployment Rate
2000	4,671,800	4,421,900	249,900	5.3%
2001	4,777,000	4,506,900	270,100	5.7%
2002	4,789,800	4,465,600	324,200	6.8%
2003	4,788,800	4,451,700	337,100	7.0%
2004	4,859,070	4,587,820	291,250	6.0%
2005	4,967,400	4,714,900	252,600	5.1%
2006	4,860,600	4,631,600	229,100	4.7%
2007	4,921,200	4,675,300	245,900	5.0%
2008	4,972,000	4,598,300	373,800	7.5%
2009	4,869,400	4,285,100	584,300	12.0%
2010	4,910,500	4,291,400	619,100	12.6%
2011	4,924,400	4,318,900	605,500	12.3%
6/2012	4,820,900	4,286,700	534,200	11.1%

Source: California Employment Development Department U.S. Labor Market Information Division

Unemployment has finally begun a decline in the country with Los Angeles County still well above the national average. While home prices have generally stabilized in most of the county and there are reported fewer foreclosure actions reported, the U.S. recession is exasperated by the unending reports from the Global economic crisis. The state of the economy has softened demand in every real estate sector and only this year there appears positive movements in the commercial development sector.

The following summary depicts the trend of total taxable sales in Los Angeles County since 2000. The total taxable sales of a region, is another indicator used in tracking economic activity and measures the purchasing power of the residents in the region.

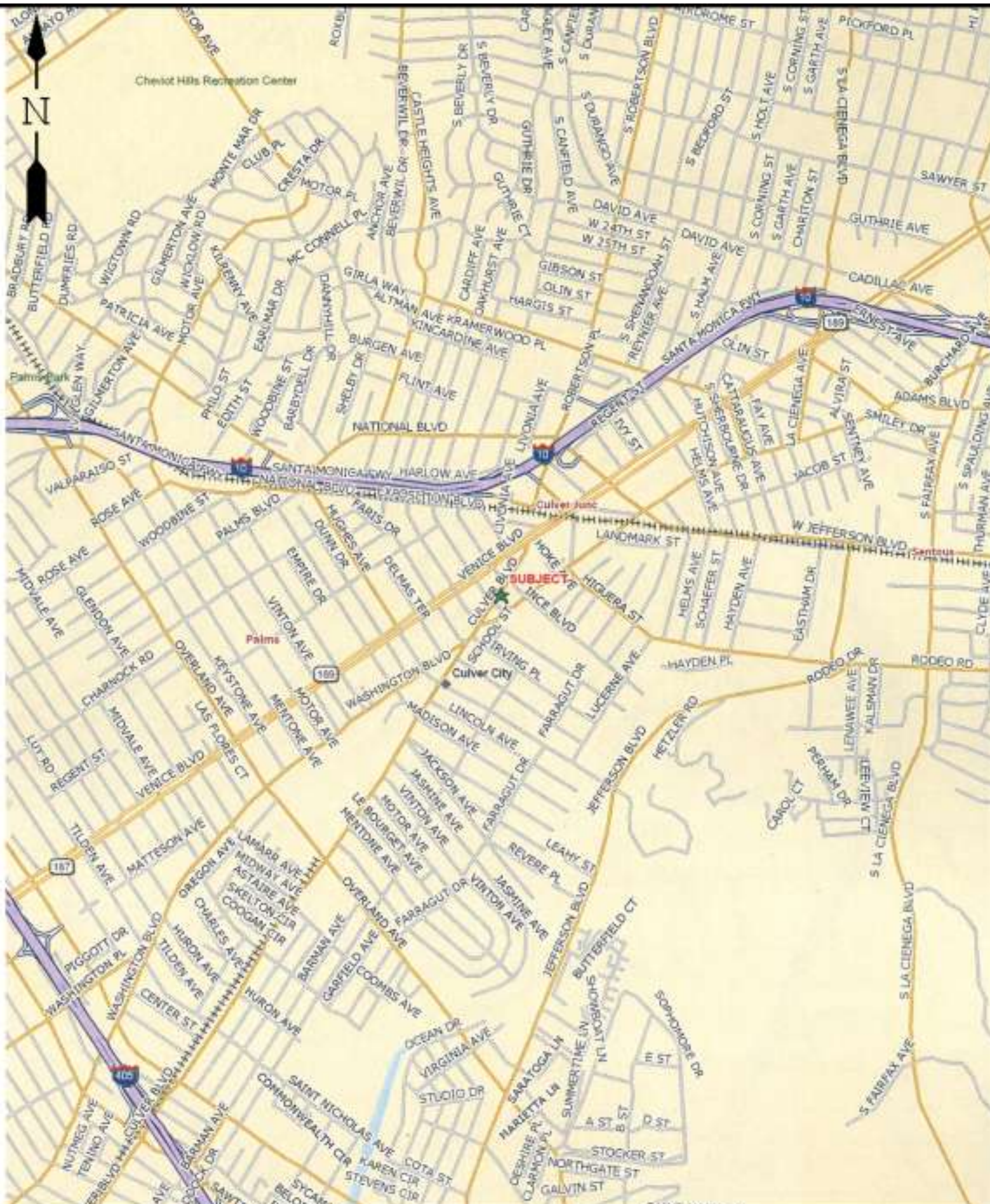


EXHIBIT II
VICINITY MAP
9300 CULVER BOULEVARD
CULVER CITY, CALIFORNIA
SCALE: 1" = 0.39± MI.
AUGUST 2012

Lea Associates
Property Economics

TAXABLE SALES COUNTY OF LOS ANGELES
2000 - 2010
(in thousands)

Year	Total Taxable Sales	% Change
2000	106,673,534	9.6%
2001	107,426,692	0.7%
2002	108,753,064	1.2%
2003	113,685,422	4.3%
2004	122,533,104	7.8%
2005	130,722,373	6.7%
2006	136,162,552	4.2%
2007	137,820,418	1.2%
2008	131,881,744	-4.3%
2009	112,744,727	-14.5%
2010	113,855,960	0.1%

Source: Taxable Sales in County of Los Angeles, California State

The figures show a steady increase in taxable sales with significant growth from 2003 through 2006. However, taxable sales began declining in 2008 and experienced a large drop in the 2009 year. As of the latest data from 2010, there is a leveling off of the decline and we would expect a modest growth in taxable sales for the 2011 and 2012 years. The latest quarterly report for the first quarter of 2011 indicates that taxable sales rose 8.0%, though this is thought to be largely due to soaring fuel prices.

The City

The City of Culver City was incorporated in 1917 and currently functions under a council-manager type of municipal government. The city contains just less than five square miles and is bordered by the city of Los Angeles to the west, south and east, with Los Angeles County to the southeast. The city is well served by the greater Los Angeles freeway network, with the San Diego Freeway (Interstate 405) forming the westerly boundary, State Route 90 Freeway at the southern extreme and the Santa Monica Freeway (Interstate 10) on the north. This provides convenient access to all parts of West Los Angeles, and Southern California as a whole.

The City of Culver City is essentially fully built up with primarily highest and best use improvements. Hence, population figures show very little change and emphasize stability.

Year	***Population***	***% Change***
1990	38,793	- -
2000	38,816	- -
2001	39,300	1.2%
2002	39,850	1.4%
2003	40,200	0.9%
2004	40,550	0.9%
2005	40,630	0.2%
2006	40,723	0.2%
2007	40,564	-0.4%
2008	40,464	-0.3%
2009	40,507	0.1%
2010	38,911	-3.9%
2011	38,973	0.2%
2012	39,004	0.2%

Source: State of California Department of Finance

Primary arterials within Culver City are Venice Boulevard, Washington Boulevard, Culver Boulevard, and Jefferson Boulevard, aligned in a southwesterly/northeasterly direction. Overland Avenue and Sepulveda Boulevard are the primary northwesterly/southeasterly arterials. Major employers within the city are Sony Pictures Entertainment, the Westfield - Culver City Mall, Brotman Medical Center, Culver City Unified School District, and the City of Culver City.

Surroundings

The subject area is located in the downtown area of Culver City. There is a wide mixture of retail and office uses along Culver and Washington boulevards.

To the west of the subject property is the historic Culver Hotel, and a retail area adjacent to the hotel which includes a Pacific Theatres and several restaurants. Also to the west on Culver Boulevard are Culver City City Hall, the Kirk Douglas Theatre and Sony Pictures Studios. There is ample retail and small office development above Venice Boulevard, north of the subject.

East of the subject are a Trader Joe's supermarket and a public parking structure. Further east is the historic Helms Bakery facility (now a retail furnishing and restaurant project). There are also auto dealerships to the east. Southerly of the subject are the historic Culver Studios. The parcel immediately south is slated for construction of a public area project (Town Plaza).

MARKET OVERVIEW

We have utilized CoStar/Comps, Inc. to gather statistical trend data in the subject's vicinity. We gathered sales data from a radius of seven miles from the subject property (enough for 100 sales in each time period). Improved building sales were used as a proxy to determine a market conditions adjustment as there was not an adequate number of commercial land sales to produce reliable results. The results of the CoStar/Comps, Inc. trend report are shown below:

RETAIL BUILDING SALES
CULVER CITY AND VICINITY

	8/1/2008-7/31/2009	**8/1/2009-7/31/2010**	**8/1/2010-7/31/2011**	**8/1/2011-7/31/2012**
# of Sales	114	133	130	165
Median Price psf	$361.91	$341.90	$297.09	$318.50
% Change Per Year	--	-5.5%	-13.1%	7.2%
% Change To Latest Period	-12.0%	-6.8%	7.2%	--
Average Capitalization Rate	6.0%	5.7%	6.5%	6.3%

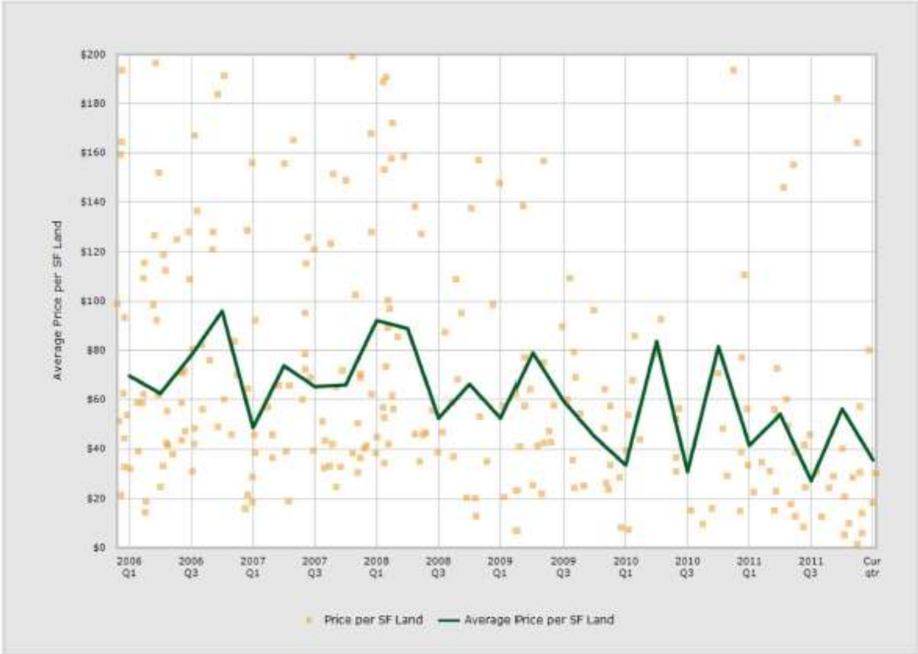
Source: CoStar/Comps, Inc.

The above data shows price levels have decreased for two years and have finally began a turnaround for the most recent period. Prices decreased approximately 18% between the second half of August 2008/July 2009 year to the August 2010/July 2011 year. Since that low point in per square foot pricing, the current August 2011/July 2012 year pricing has edged upward 7%.

The first graph shows the commercial land sales in Los Angeles County over the past six years for development sites ranging from 0.25 acre to 1.0 acre. As can be seen in the graph, the average per square foot of land area pricing has trended moderately downward over the period of the graph. Smaller development sites are the most readily developable and are subject to the greatest market variability over time. Our conclusion from the available data is that these smaller development site pricing levels have fallen over the six-year time frame but appear to be stabilizing since mid-2009.

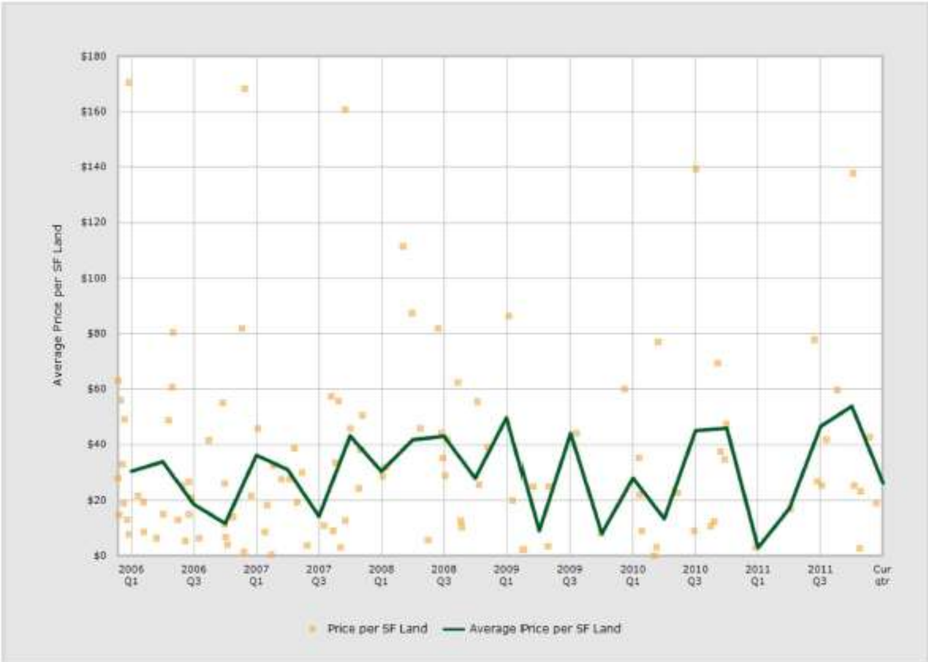
The second land sales graph shows the commercial land sales in Los Angeles County over the past six years for development sites ranging from 1.0 acre to 5.0 acres. As can be seen in the graph, the average per square foot of land area pricing has remained within relatively stable range but increased in variability over the six years of the graph. Generally, larger development sites are the most difficult market segment to analyze and are subject to market variability over time with changing economic outlooks. Our conclusion from the available data is that commercial development site pricing remains site and use specific and that no general land sale trends set the market for individual sites.

COMMERCIAL LAND SALES
LOS ANGELES COUNTY
¼ TO 1 ACRE



Source: CoStar/Comps, Inc.

COMMERCIAL LAND SALES
LOS ANGELES COUNTY
1 TO 5 ACRE



Source: CoStar/Comps, Inc.

We have also reviewed the latest retail market research report prepared by Marcus & Millichap. According to their 2nd Quarter 2012 Retail Research Market Update, the vacancy rate in the Westside Cities sub-market is 4.7%, up 50 basis points from the previous year. In addition, they also report the vacancy rate for retail space in the Culver City/El Segundo/Inglewood sub-market at 4.1%, a 60 basis point increase over the previous year. However, they also report effective rents at $32.27 psf per year, a 2.4% increase from the previous year. They also report the number of single-tenant retail building sale transactions has tripled over the past year with a median sales price of $318 psf; and sales activity in the multi-tenant sector has improved mildly, albeit low, with the median sales price at $209 psf.

Overall, the market is seen to be climbing out of its recession-era slump. Our trend data shows that prices rose seven percent over the previous year. As shown by the trend data, capitalization rates have stabilized in the mid-six percent range. Effective rental rates increased over the past year, a positive signal. However, vacancy rate in the local sub-market also increased marginally over the last year. The commercial market shows gathering signs of growth and price appreciation.

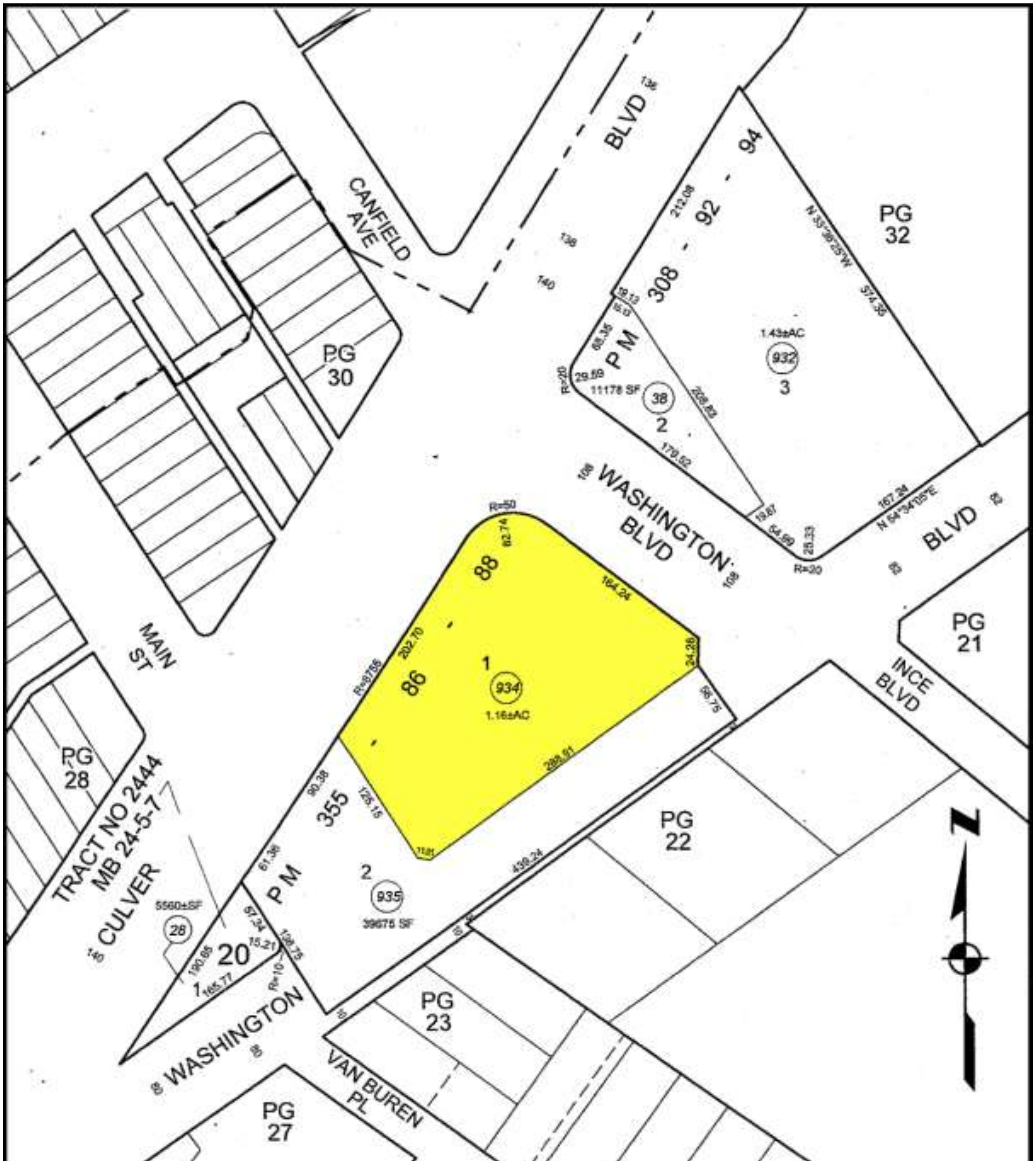


EXHIBIT III
SITE MAP
9300 CULVER BOULEVARD
CULVER CITY, CALIFORNIA
SCALE: 1" = 116± FT.
AUGUST 2012

Lea Associates
Property Economics

SUBJECT PROPERTY

OWNER OF RECORD

The subject property shows title held by:

The City of Culver City
9770 Culver Boulevard
Culver City, California 90232-2703

The last recorded transaction was recorded on March 14, 2011 as Document No. 388074. It was a grant deed. It was a non-arms length transfer from the Culver City Redevelopment Agency to the City of Culver City. There have been no market transactions within the last five years. The subject is not currently listed for sale.

There is a negotiated disposition and development agreement (DDA) with the City-selected developer Combined Properties for a purchase price of approximately $4,020,000. The negotiated disposition price reflects an agreed upon value of $5,050,000 less the $1,030,000 land write-down, taking into account various set-asides and credits regarding the specific development attributes and City-negotiated public benefits and facilities to be provided by the developer. The DDA is reported by the City to be non-transferable and does not run with the land.

Location

9300 Culver Boulevard
Culver City, CA

The subject property is located on the southwesterly corner of Culver Boulevard and Washington Boulevard (formerly Ince Boulevard).

Legal Description

The subject property legal description is summarized as Lot 1, Parcel Map 355, as recorded in Pages 86-88 of Parcel Maps.

LAND

Shape:	Irregular;
Area:	1.16± acres or ±50,530 sf (per Assessor's map);
Topography:	Level at street grade;
Soils and Drainage Conditions:	No soil report has been made available, but a visual inspection of the subject and surrounding property and developments revealed no other adverse conditions.
Census Tract No.:	7024.00

Earthquake Zone:	The subject property is not within a Special Study Zone due to historic earthquake activity (per Flood Data Systems, Inc.). However, all of Southern California is subject to earthquakes as the result of an extensive system of faults.
Hazardous Substances:	Based on our on-site inspection of the subject property we have not observed any hazardous substances that might impact the marketability and/or the value of the subject property. Our appraisal report and its value conclusion are subject to our receipt and review of the environmental assessment report and the following of any clean-up recommendations contained in that report.

ZONE

The subject property is zoned CD, Commercial Downtown District by the City of Culver City. The CD zoning is intended to accommodate medium to large scale commercial uses. This zoning classification allows for a wide variety of commercial uses including administrative or professional offices, restaurants, financial institutions, shopping centers, theaters, general retail stores, amusement/entertainment facilities, motels and medical offices. Mixed use and live/work developments are also permitted.

Development standards include:

Minimum lot area:	None
Minimum front street setback:	None required
Minimum side and rear setback:	None required unless adjacent to a residential zone
Maximum Building height:	56 feet at the subject location
Maximum FAR:	No FAR limits

Parking requirements vary according to use. A sample of the requirements is as follows:

General retail and restaurant uses:	2.5 spaces per 1,000 sf
General or professional offices:	3.4 spaces per 1,000 sf
Medical or dental offices:	3.4 spaces per 1,000 sf

Also, parking spaces may be leased from City parking structures to conform to parking standards for existing buildings. However, new developments must construct parking on-site to conform to the applicable parking standards. On-site surface parking in the Commercial Downtown District is not specifically permitted by the City's prescriptive zoning code; and new development with surface parking is reported to be almost certainly unacceptable for discretionary City approvals in this sensitive City center development standards area.

The subject parking lot is considered to be a legal nonconforming interim use.

ASSESSOR'S DATA

Assessor's Parcel No.:	4206-029-934
Assessed Values:	2011
Improvements:	N/A
Land:	N/A
Total:	N/A
Actual Taxes:	N/A
Tax Code Area:	3153
Tax Rate	$1.074229 per $100 assessed valuation

In accordance with Proposition 13, the subject would be reassessed under sale or other subsequent transfer.

ENTITLEMENTS

The subject development site is analyzed as 1) Entitled with the current Combined Properties development proposal; and as, 2) "As Is" unentitled vacant land condition.

Combined Properties Proposed Development Site Entitlement

The subject development site has undergone a development process by the City of Culver City. The City solicited development proposals from qualified proposers through a public Request for Proposals process. Several responsive proposals were received and evaluated by the City, and the consortium Combined Properties was recommended for development of the site. After entering into exclusive negotiations with Combined Properties, the development proposal was refined to a combination of office and retail with some subsurface on-site parking. In addition to the subject property site development, Combined Properties proposes to utilize off-site parking built and operated by the City to meet its minimum parking requirements for the proposed development. The City has approved in concept to the specific proposal by Combined Properties in exchange for the developer meeting public benefit goals including, but not limited to, the following:

- Esthetically pleasing design integration to surrounding landmarks,
- Conducive mix of office and retail tenants to support existing built form,
- Creation of a sense of place within the City Center and to maintain pedestrian orientation,
- Appropriate traffic circulation and mitigation measures for the difficult intersection, and
- Expressed development density to provide critical mass to the City Center environs.

The subject property could proceed with development subsequent to transfer under the conditions of the Combined Properties proposal. The specifics of the proposed development include a total gross building area of 115,108± square feet, 98 on-site subterranean parking spaces, office uses of 59,618± square feet, retail uses of 34,495± square feet, and restaurant uses of 13,141± square feet.

In addition, in order to fulfill the remaining parking requirement, the developer will be permitted to lease 317 existing parking spaces (the amount of parking required for the subject project) in the city-owned parking structure across the street to the east. We also note that the city is planning to construct 102 subterranean parking spaces with the proposed adjacent Town Plaza public project.

As-Is Unentitled Vacant Development Site
The subject development site as-is unentitled poses a unique development opportunity with unique zoning and community requirements. Our investigation of the site involves the determination of an as-is maximally development profile using our knowledge of land development inputs and constrains. The zoning is principally controlled by the 56-foot height limit and the requirement to provide on-site parking to meet City use requirements.

These two factors, plus the prohibitive cost of constructing underground parking, result in a development scenario controlled principally by the provision of structured parking. While a myriad of possible configurations may be imagined, we have concluded that a maximum development of 88,200± rentable square feet (94,659± gross square feet) with 252 structured parking spaces could be accommodated within the developable building massing area. This scenario has been vetted by the City of Culver City in our discussions with them regarding site development constraints.

In relating the above factors to the marketplace, we have recognized that the development cost burden to provide the minimally required on-site parking is prohibitive. Therefore, we have also considered two less dense developments in our Land Residual Approach to land value analyses. These are outlined in the Land Residual Approach section of this report and suggest that a typical one-story retail development with surface parking may yield the greatest underlying land value. However, it is abundantly clear to the appraisers that the City will not consider this form of development to meet the minimal zoning and community goal requirements to attain the necessary discretionary approvals for development.

EASEMENTS

We have not received a title report for the subject parcel. Inspection of the subject property revealed no apparent conditions that would negatively impact property value.

UTILITY AVAILABILITY

All of the usual and necessary public utilities are available to the subject property.

ACCESS AND STREET IMPROVEMENTS

The subject property enjoys full pedestrian and vehicular access to Culver and Washington boulevards. Culver Boulevard is a primary arterial dedicated to a width of 140 feet. It is aligned in a northeast/southwest direction and allows for two lanes of traffic in each direction with left turn pockets, and two right turn lanes onto Washington Boulevard. Curbside parallel parking is only permitted along the northerly side of the street. Washington Boulevard is a main arterial dedicated to a width of 108 feet. It is aligned in a northwest/southeast direction and allows for two lanes of traffic in each direction. Curbside parallel parking is not permitted along either side of the street. Both streets are improved with concrete curbs, gutters, and sidewalks at the subject location. Street lighting is provided along both sides of each street.

Improvements

Summary: The subject is an asphalt- and concrete-paved surface parking lot. Details of the subject were obtained during our inspection of the property.

OCCUPANCY

The subject property is currently used for surface parking, a nonconforming use, on a permit basis by the City of Culver City.

HIGHEST AND BEST USE

Highest and Best Use may be defined as:

"The reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."[13/]

Our analysis of Highest and Best Use includes two studies: Highest and Best Use of land as if vacant and Highest and Best Use of property as improved. The highest and best use of both land as if vacant and property as improved must meet four criteria. The highest and best use must be physically possible, legally permissible, financially feasible, and maximally productive.

As Vacant (without Entitlements)

Legally Permissible: The present zoning provides for a variety of commercial related uses within the Commercial Downtown District. The immediate surrounding land uses are dominated by commercial uses. This would suggest that a development of a similar nature would be consistent with the current land use in the area, as well as the existing zoning. The nature and built-form of future development within the City center area is particularly sensitive to design standards and the existing pedestrian orientation of the immediate environs. New development will be expected to meet a variety of community goals to attain minimal discretionary approvals from the City.

Physically Possible: The subject site consists of an approximately 50,500± sf lot. The topography of the site is a level site at street grade. These characteristics would be conducive to a wide variety of uses.

Financially Feasible: Those improvement programs that would produce a positive return on the investment required to construct them. Sale prices for improved properties are again increasing, and new commercial development is being proposed at several sites in the wider market area. With the improving outlook for the Southern California economy and the West

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3/ *The Appraisal of Real Estate*, 13th Edition (Appraisal Institute, Chicago, 2008) 277-278.

Los Angeles commercial marketplace in particular, new development is considered imminent.

Maximally Productive: The maximally productive use is that which results in the highest return to the subject property. Economic conditions are conducive for development. Therefore, we conclude the maximally productive use for the subject site is for commercial development consistent with the underlying land.

As Vacant (with Entitlements)

Legally Permissible: As noted in the preceding entitlement section, the subject development site has undergone an extensive development proposal process. The Combined Properties proposal includes a combination of office and retail with some subsurface on-site parking. The specifics of the proposed development include a total gross building area of 115,108± square feet, 98 subterranean parking spaces, office uses of 59,618± square feet, retail uses of 34,495± square feet, and restaurant uses of 13,141± square feet. This development scenario is a legally permissible use pursuant to the Combined Properties and City ratification of a development agreement and transfer of the property.

Physically Possible: The subject site consists of an approximately 50,500± sf lot. The topography of the site is a level site at street grade. The development as proposed by Combined Properties is physically possible.

Financially Feasible: The Land Residual Approach analysis of the subject Combined Properties development scenario, based on our analysis, is financially feasible.

Maximally Productive: The maximally productive use is that which results in the highest return to the subject property land. Our analyses of various development scenarios for the subject site indicate that the Combined Properties proposed development is maximally productive. This is due to a combination of factors, two of which we find important is the ability of the Combined Properties to use the City-owned off-site parking structure to meet minimum parking requirements and the ability to proceed in a timely fashion with development of a fully entitled site upon transfer to the developer.

As Improved

Since no structure currently exists on the property, we have not examined the highest and best use of the property as improved.

VALUATION

INTRODUCTION

In theory, there are three approaches to value, the Cost Approach, the Sales Comparison Approach, and the Income Approach.

The Cost Approach is based on the principle of substitution under the assumption that an informed buyer would pay no more than the cost of reproducing a substitute property with the same utility as the subject property. This process involves estimating either the reproduction or replacement cost new for the improvements, deducting an estimated dollar amount for accrued depreciation and adding the estimated land value. Land value is usually estimated by the Sales Comparison Approach.

The Sales Comparison Approach is also based on the principle of substitution under the assumption of reasonable market behavior. This approach involves direct comparison of similar properties that have sold to the subject property. The data from these comparables are converted to pertinent units of comparison that are analyzed and adjusted for differences which are considered significant, leading to a value indication for the subject property.

The Income Approach is based on the principle of anticipation of future benefits and reflects the present worth of these rights accruing to ownership. Traditionally, the estimated net annual stabilized income is capitalized into value at a rate commensurate with the relative certainty of its continuance and the risk involved in ownership of the property. This is known as direct capitalization. Alternatively, the annual net operating income that the property generates during a holding period plus the reversion of capital at the time the property is sold is discounted to a present value using a market-derived discount rate. This is known as a discounted cash flow analysis.

The subject development site's Land Residual Approach is a combination of the Income Approach and Cost Approach. This analysis applies a capital value residual analysis to the proposed Combined Properties development scenario (Fair Re-Use Value) and three theoretically possible "as-is" site development profiles for the subject vacant land site. This capital value analysis procedure results in the solution for an unknown component of value once the other factors of production have been determined. Our analysis examines the proposed development profile, constructs a project cost estimate, projects an income and expense statement, capitalizes the net operating income to a prospective future value upon completion, subtracts the total development costs to determine the value attributable to the land, and discounts that prospective future land value to a present value of the land as of the date of value

After reviewing the approaches to value, your appraisers have considered the quantity and quality of the data available for examination under each of the approaches utilized, inherent dangers and advantages in each approach, and the relevancy of each to the subject property and the appraisal problem. In our valuation of the subject property, we have utilized the Sales Comparison Approach and the Land Residual Approach to value. The Cost Approach to value is not an independent avenue to estimate value for the vacant development site and the Income Approach is not typically utilized to value vacant land in the subject market. However, elements of the Cost Approach and the Income Approach are used in the Land Residual Approach to value. Finally, in the Reconciliation subheading of this report section, we present an evaluation of the Sales Comparison Approach and the Income Approach, as well as a discussion regarding our final estimate of value.

SALES COMPARISON APPROACH - LAND VALUE

The market for commercial land sales in the subject's vicinity was surveyed to obtain sale information for our use in estimating the Fair Re-Use Value and Market Value of the subject property. The sources of market data included the Los Angeles County Assessor's and Recorder's data compiled by Real Quest, Co-Star/Comps Inc., LoopNet, the Multiple Listing Service, and interviews with knowledgeable brokers. After the sale data was collected, we verified the details of the transactions with the buyer, seller, or broker, whenever possible.

The market data items were then field inspected and compared and contrasted to the subject property. The sale items uncovered in our investigations are displayed on the preceding Table I, and displayed geographically on the facing Market Data Map. In comparing these transactions to the subject property, we considered the time of sale, general location, specific location including commercial exposure and interior or corner location, entitlement status, development density, site size, zoning, shape, depth and access. The following paragraphs address some of the significant differences and similarities between the comparables and the subject, as we evaluate this data and use it for deriving an opinion of value for the subject property.

In this analysis and in other similar studies, we observed that both the price psf of site area and the price psf of development area, or floor area ratio (FAR) to be the most consistent pricing parameters for sites similar to the subject. Accordingly, our comparison analyses between the sale items and the subject property have been conducted with the primary emphasis on price psf of land area and psf of FAR area. Therefore, any references to superiority or inferiority are on this basis and are not necessarily reflective of total property value. We have generally observed that the higher the permissible FAR (floor-to-area ratio) the higher the price psf. However, when examining actual development FAR, the price psf of proposed development FAR also varies according to the density of the site development scenario. As an inverse relationship, typically the lower the FAR, the higher the price per square foot of FAR.

Qualitative adjustments were made for the elements of comparison of the comparable land sales to the subject property. In addition, we have made no time of sale or market conditions adjustments to the seven sales under consideration. Our conclusion from the available Los Angeles County land sale data is that smaller development site (under one acre) pricing levels have been variable but with no discernible trend line since mid-2009; and that the larger development site (one to five acres) pricing levels remain site and use specific and that no general land sale trends set the market for individual sites.

The nine transactions shown on Table I range in size from roughly 5,000 sf to 45,000 sf. Unit prices ranged from approximately $70 to $225 psf of land area, with most in the $70 to $130 psf range. The sales range in transaction date from January 2009 to February 2012.

<u>As Entitled (Combined Properties Scenario)</u>

The following analysis first considers the subject with its entitled FAR but absent the land write-down considerations.

Item No. 1 is a January 2009 sale of an interior site located on Washington Boulevard. Date of sale is superior to the subject. The interior site was considered inferior to the subject's corner location in terms of commercial potential; however this site is being developed for residential use. The property was entitled at the time of sale for a 39 condominium project, however at a lower FAR. Its Marina location is felt to be superior to the subject. Overall, we would expect lower price indicators for the subject due primarily to date of sale and location. In addition, little weight is placed on this comparable due to the residential product type proposed at the time of sale.

Item No. 2 is a December 2011 sale of a site located mid-block on Glencoe Avenue, below Washington Boulevard, and which is currently operating as a police impound yard. The site is within the Coastal Zone and Marina Loft District. The nearby multifamily residential development area indicates this site is a mid-rise condominium/apartment site. Again, little weight is placed on this comparable due to the likelihood of residential development in a superior Marina location. We would expect lower price indicators for the subject.

Item No. 3 is the sale of an interior site on Washington Boulevard, within the City of Culver City. The property was entitled for a 10,700 sf project at the time of sale. It was considered similar in entitlement status. However, the site was purchased by the City of Culver City, which does not plan on constructing the building. Although the site was purchased by the City, no threat of eminent domain was used. The property was listed for sale and the City made an offer based on an appraisal of market value of the site. The location was considered slightly inferior. The smaller lot size was considered to be superior on a price psf of land area basis. The shape was considered to be similar. The traffic count and FAR was considered to be inferior. Overall, we would expect the subject property to sell for a similar price psf of land area, given offsetting factors. We would also expect the site to sell for a similar price per square foot of FAR.

Item No. 4 is an April 2010 of a property located on the southwesterly corner of Washington Place and Centinela Avenue. The sale was a foreclosure sale. Plans were submitted for an approximately 39,400 sf building in 2007. However, the property was not entitled at the time of sale, an inferior feature. The corner location was a similar feature. However, the general location was considered slightly inferior to the subject's downtown location. The zoning and shape were considered similar. The smaller site area was considered superior on a price psf of land area basis. In addition, the property is improved with a vacant 1,500± sf building at the time of sale, which would need to be demolished in order to redevelop the property. This was considered a slightly inferior feature. Overall, we would expect the subject to sell for a slightly higher price psf of land area and a slightly higher price per square foot of FAR due primarily to entitlement status with offsetting factors.

Item No. 5 is a September 2009 sale of a site located on the northeasterly corner of Washington Place and Sawtelle Boulevard, approximately one and three-quarter miles southwesterly of the subject property. The corner location was a similar feature. However, the general location was inferior to the subject's downtown Culver City location. The smaller lot size was considered superior on a price psf of land area basis. The listing broker indicated the property was not entitled at the time of sale. The sale is inferior to the subject in this regard. However, he indicated the sale included plans which were originally submitted in 2005 for an approximately 17,000 sf building. Overall, we would expect the subject to sell for a higher price psf of land area, primarily due to its entitlement status and location. On a price per square foot of FAR basis, we would expect a lower price indicator due to the inverse relationship between FAR and price per square foot of FAR.

Item No. 6 is an August 2011 sale of a prime corner retail site at Sepulveda and Washington boulevards. The property is a 2.2± acre site with a 34,125± square foot one-story retail development center under construction with completion anticipated in phases over October to December 2012. The low development as built FAR of 0.4 demonstrates the inverse relationship between psf land and FAR values. We expect the subject to have a higher psf of land value due primarily to its low FAR and entitlement status. We would expect the subject to have a lower price per square foot of FAR psf value given the inverse relationship between FAR and price per square foot of FAR (offset somewhat by entitlement status).

TABLE I
MARKET DATA SUMMARY
EFFECTIVELY VACANT LAND SALES
CULVER CITY & VICINITY, CALIFORNIA

							PRICE			
ITEM NO.	LOCATION/(APN)	SALE DATE	ZONE	SITE AREA (SF)[1]	TRAFFIC COUNTS	Development Sf/ Density (FAR)	TOTAL	PSF LAND	PSF FAR	REMARKS
1	13340 W Washington Boulevard Culver City 4230-008-053 & 059	Jan-09	CG & CM (GM)	33,008	40,636	54,500 1.3 [3]	$ 7,350,000	$ 223	$ 135	Entitled at the time of sale for a 39 condominium project. Improved with a restaurant at the time of sale.
2	4140 Glencoe Avenue Los Angeles - Marina Del Rey 4230-006-006	Dec-11	LACM-2D	41,382	15,974	62,073 1.5	$ 6,800,000	$ 164	$ 110	Not entitled in Costal Zone, reported as Lof District, 2D height limit, estimated buildable FAR residential at R3 - 800sf per unit.
3	12601 W Washington Boulevard Culver City 4231-019-050	Sep-10	CG	6,000	21,906	10,700 1.8 [3]	$ 625,000	$ 104	$ 58	Purchased by the City of Culver City. Entitled at the time of sale for a 3-story, 10,700± sf building.
4	SWC Washington Pl & Centinela Ave 12402 Washington Place Culver City 4231-001-046 & 047	Apr-10	CN	15,360	22,758 28,693 51,451	39,400 2.6	$ 1,250,000	$ 81	$ 32	Not entitled, REO Transaction; improved with a 1,500± sf building at the time of sale.
5	NEC Washington Pl & Sawtelle Blvd 11281 Washington Place Culver City 4214-002-040	Sep-09	CG	12,306	22,333 17,306 39,639	17,050 1.4 [3]	$ 850,000	$ 69	$ 50	Not entitled at the time of sale. Included plans for a 3-story 17,050± sf mixed use building.
6	SEC Sepulveda Bl & Washington Bl 4114 Sepulveda Boulevard Culver City 4213-014-001,004,006,044,045	Aug-11	C3	96,398	19,300 21,962 41,262	34,125 0.4 [3]	$ 7,500,000	$ 78	$ 220	U/C Culver Crossroads with 4.5/1000 parking opening October - December 2012.
7	NEC Washington Blvd & Mentone Ave 10451 Washington Boulevard Los Angeles - Palms 4208-007-014	Feb-12	LAC2-1	7,802	22,578	11,703 1.5	$ 875,000	$ 112	$ 75	Not entitled. Continue use as parking.
8	SWC Culver Blvd & Madison Ave 10100 Culver Boulevard Culver City 4207-011-004, 032 & 033	Nov-09	CG & R4	44,920	22,265	94,000 2.1	$ 4,600,000	$ 102	$ 49	No entitled at the time of sale. Improved with an office building at the time of sale.
9	6118-6118 Washington Boulevard Culver City 4205-010-013 to 015	Aug-10	CG	6,750	22,345	10,000 1.5 [3]	$ 875,000	$ 130	$ 88	Not entitled at the time of sale; Buyer indicated they are constructing a 10,000 sf office building on the site.
Subject	SWC Culver Blvd & Washington Blvd 9300 Culver Boulevard Culver City 4206-029-934	Oct-11 (D.O.V.)	CD	50,530	34,698	115,000 2.3				Entitled for the construction of a three-story, 115,000 sf retail/office building. Currently improved as a parking lot.

[1] Net of perimeter dedications
[2] Permitted FAR
[3] Planned or Entitled FAR

SOURCE: LEA ASSOCIATES, INC., SURVEY, JULY 2012

ATTACHMENT NO. 2

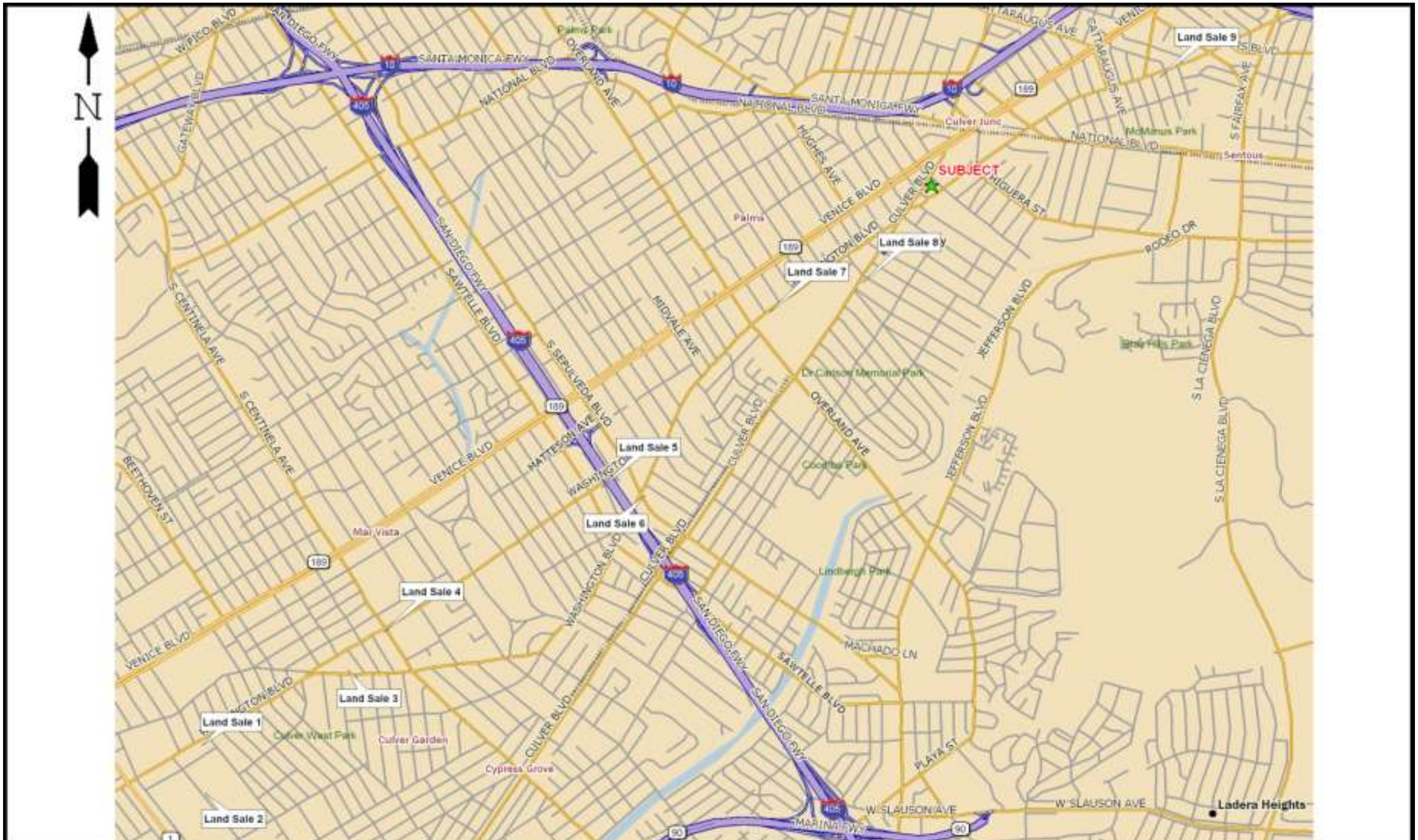

EXHIBIT IV
MARKET DATA MAP - VACANT LAND SALES
9300 CULVER BOULEVARD
CULVER CITY, CALIFORNIA
SCALE: 1" = 2600± FT
AUGUST 2012

Lea Associates
Property Economics

Item No. 6 is an August 2011 sale of a prime corner retail site at Sepulveda and Washington boulevards. The property is a 2.2± acre site with a 34,125± square foot one-story retail development center under construction with completion anticipated in phases over October to December 2012. The low development as built FAR of 0.4 demonstrates the inverse relationship between psf land and FAR values. We expect the subject to have a higher psf of land value due primarily to its low FAR and entitlement status. We would expect the subject to have a lower price per square foot of FAR psf value given the inverse relationship between FAR and price per square foot of FAR (offset somewhat by entitlement status).

Item No. 7 is a February 2012 sale of a secondary corner site at Culver Boulevard and Madison Avenue. The property has a developable FAR of 1.5 and will continue to be used as a surface parking lot by a nearby owner. FAR is slightly inferior. Lack of entitlements is also inferior to the subject. This property is superior in terms of its size on a psf basis. Traffic count and location is slightly inferior to the subject property. Given offsetting factors, the psf of land is considered similar to the subject property. We would expect the subject to have a lower price per square foot of FAR psf value given the inverse relationship between FAR and price per square foot of FAR (offset somewhat by entitlement status).

Item No. 8 is a sale of a site located on the southwesterly corner of Culver Boulevard and Madison Avenue, five blocks southwesterly of the subject property. The location, lot size, lot shape, and FAR were all considered similar. Traffic count is slightly inferior. Plans for a 94,000 sf development were submitted several years ago. However, they were rejected. Therefore the property was considered inferior in entitlement status. Therefore, we would expect the subject to sell for a higher price psf and price psf FAR due primarily to entitlement status.

Item No. 9 is an August 2010 sale of a site located on Washington Boulevard, approximately one mile northeasterly of the subject property. It has an interior location which is inferior to the subject's corner location. The property was unentitled at the time of sale, an inferior feature. The buyer indicated they are currently constructing a 10,000 sf office building on the site. The project FAR is inferior to the subject's FAR. The smaller lot size was superior on a price psf of land area basis. The traffic count is slightly inferior. Overall, we would expect the subject to sell for a similar price psf of land area due to offsetting factors. We would also expect the subject to sell for a lower price psf of FAR as the sale comparable has a lower FAR and thus a higher price psf FAR.

In summary, we placed little reliance on Sale Nos. 1 and 2 given their residential character. Of the remaining seven sales, there are three sales which are unentitled and undeveloped (Sale Nos. 4, 7 and 8) and four sales which have planned or permitted/under construction projects (Sale Nos. 3, 5, 6 and 9). In summary, two of the sale comparables were entitled at the time of sale (Sale Nos. 1 and 3). Again, we placed very little weight on Sale No. 1. Sale No. 3 showed a price psf of $104 psf and a price per square foot of FAR of $58 psf. Our previous discussion and analysis indicated slightly higher price indicators in comparison to Item No. 8. We would also consider Item Nos. 7 and 9 similar on a psf of land area basis but superior to the subject on a price per square foot of FAR basis.

In addition, the developments proposed for Sale Nos. 3, 4 and 8 are the most similar in density/FAR when compared to the subject property.

Based on our analysis of the market data, we have concluded that the subject should be valued at a unit rate of $110 psf of land area and $50 per square foot of FAR. The two indicators of value are very supportive of each other and we have given approximately equal weight to both indicators. This results in the following:

50,530± sf land x $110 psf of land:	=	$5,550,000 Rounded
115,108 sf FAR x $50 psf FAR:	=	$5,750,000 Rounded
Concluded Market Value (before write-down):		$5,600,000

As stated previously, there is a negotiated disposition and development agreement (DDA) with the City-selected developer Combined Properties for a purchase price of approximately $4,020,000. The negotiated disposition price reflects an agreed upon value of $5,050,000 ($100 psf of land area, $44 psf FAR) less the $1,030,000 land write-down, taking into account various set-asides and credits regarding the specific development attributes and City-negotiated public benefits and facilities to be provided by the developer. The DDA is reported by the City to be non-transferable and does not run with the land.

To arrive at a Fair Re-Use Value indication via the Sales Comparison Approach to value, the land write-down has been deducted from the estimated market value, shown as follows:

Market Value Estimate Via Sales Comparison Approach:	$5,600,000
Less: Land Write-Down:	$1,030,000
Fair Re-Use Value Via Sales Comparison Approach:	$4,570,000

Given the above discussion and analysis, the concluded estimate of fair re-use value for the subject site, as per the Sales Comparison Approach to value, is as follows:

FOUR MILLION FIVE HUNDRED SEVENTY THOUSAND DOLLARS

($4,570,000)

As Unentitled

The above discussion and analysis applies with the exception of the subject being unentitled with a lower potential FAR under this "unentitled" scenario. As previously discussed within the Entitlements section of this report and demonstrated in the forthcoming land residual analysis, the subject site as unentitled faces certain development constraints imposed by its zoning. Essentially, the requirement for on-site parking (with no surface parking allowed) makes development somewhat prohibitive, especially when attempting to maximize FAR. This is difficult to quantify in a Sales Comparison Approach, especially when it appears that the comparison items do not face the same specific development challenge.

If surface parking were allowed for the subject, we would expect a psf of land value indicator for the subject at the level indicated by Comparable No. 6 (similar in size, entitlement status, location, traffic) at approximately $80 psf of land area. Given the subject's parking requirement, we would expect a value for the subject at or below the low end of the range of the comparison items under this valuation scenario. Again, this is difficult to quantify within the Sales Comparison Approach to value and thus the Sales Comparison Approach would appear to indicate a market value for the subject at less than $70 psf of land area as unentitled. This is shown as follows:

Market Value Less Than: 50,530 sf land area x $70 psf land area: $3,550,000 (Rounded)

In the forthcoming Reconciliation section of this report, the market value estimates previously concluded within this section (Sales Comparison Approach) are reconciled with the value estimates produced by the forthcoming land residual analysis.

LAND RESIDUAL APPROACH TO VALUE

Combining the elements of the Cost Approach and the Income Approach to value, the Land Residual Approach applies a capital value residual analysis to the proposed Combined Properties development scenario (yielding a Fair Re-Use Value) and three theoretically possible as-is site development profiles (yielding potential market values) for the subject vacant development site. This capital value analysis procedure results in the solution the underlying or residual land value once the other factors of production have been determined. Our analysis examines the proposed development profiles, constructs a project cost estimate, projects an income and expense statement, capitalizes the net operating income to a prospective future value upon completion, subtracts the total development costs to determine the value attributable to the land, and discounts that prospective future land value to a present value of the land as of the date of value. The process is accomplished in two steps, first the land's capital value extraction and second the discounting of that future capital value attributable to the land to a present value as of the date of valuation.

An essential market driven element in the development of a residual to land value is the achievable rental rates which the development use mix will achieve. For our analysis, we have conducted a survey of nearby retail and office projects to gain insight to the probable levels of the rental rates achievable upon development. The analysis is a static direct capitalization approach using current rates to determine a present date capital value from which the various current date development costs are subtracted to yield the remaining capital value attributable to the underlying land.

Retail Rent Survey

We have gather market data within the Culver City retail submarket area to examine the subject property's retail component market potentials. The market is robust and numerous leased transactions and available for lease building comparables were identified during our research. Sources used to identify the comparables include LoopNet Inc., CoStar/Comps, Inc., and the AIR CDX database. We identified seven properties which are detailed in Table II and the location map on the following pages.

The surveyed properties include older existing buildings without on-site parking in the City Center area, a new under construction one-story retail center at Sepulveda and Washington boulevards, and proposed development at Washington and National boulevards. Overall, quoted rents are all stated on a triple net (NNN) basis on a rentable square foot (rsf) measurement with operating expense pass thoughts. The leased and available spaces monthly rents range from $3.33 to $6.00 rsf NNN, and the average and median rates are $4.73 and $5.00 NNN rsf, respectively. The rental rates are all for first floor street level frontages retail shops.

The quoted expense pass-through charges range from $0.25 to $0.90 rsf, and the average and median rates are $0.58 and $0.55 rsf, respectively. When combined on a property by property basis, the effective gross rent for the retail comparables range from $3.58 to $6.00 rsf, and both the average and median rates are $5.05 rsf.

For the proposed Combined Properties development scenario, which includes a mix of street front and plaza-type retail shops, we have concluded an overall general retail space monthly rental rate of $3.50 rsf NNN, and for the restaurant spaces $3.75 rsf NNN. These rates are effective rental rates and would include any rental concessions such as free rent and additional tenant improvement allowance which would typically be offered to absorb the 48,000 square feet of retail and restaurant space in the proposed new development.

In addition to the Combined Properties projected retail rate, we have estimated rental rates for the remaining three development scenarios which are discussed subsequently. The site "as-is" maximum development scenario approaches the magnitude of the Combined Properties proposed development and the general retail rate is maintained at $3.50 rsf NNN. The site as-is alternative two-story and one-story development scenarios are smaller-scaled developments with predominately street-frontage retail spaces and those rates are increased to $4.00 rsf NNN.

TABLE II
MARKET DATA SUMMARY
RETAIL LEASE ITEMS
CULVER CITY

ITEM NO	LOCATION/TENANT	LEASE DATE	OCCUPANCY DATE	DESCRIPTION OF LEASED SPACE	LEASED AREA (SF)	FLOOR(S)	TERM/ ESCALATIONS	LEASE TYPE[1]	EFFECTIVE NNN PSF[2]	EXPENSES PSF[3]	TI ALLOWANCE	COMMENTS
1	Culver Crossroads SEC Sepulveda and Washington 4114 Sepulveda Blvd Culver City 4213-014-001,004,005,006,044,045	Available U/C	Oct-Dec '12	One-story, 34,125 sf single story retail building under construction scheduled for Oct-Dec 2012. 2,000 sf total available. 4.5 parking spaces per 1000 sf.	2,000	1	5 Yr. CPI	NNN	$4.50	$0.55	Vanilla Shell	New retail center at SEC Sepulveda and Washington with green building features and extensive landscaping. Existing completed leasing information
2	9901 Luxe NWC Washington and Hughes 9901 Washington Blvd Culver City 4207-004-034	Proposed	May '14	Proposed 6-story 123,879 sf mixed retail and residential building, 5,000 sf available. 3 floors subterranean parking. 2.24 parking spaces per 1000 sf. Breaks ground July 2012.	5,000	1	Negotiable	NNN	$5.00 $6.00	N/A	Negotiable	The information regarding this proposed project is limited to that provide in the AIR listing pursuant to owner's instructions to brokers.
3	9810 Washington Blvd Culver City 4207-006-915	May '12	N/A	One-story 3,600 sf restaurant under renovation. No parking. Nearby city parking lot.	5,000 to 2 tenants	1	5 Yr. CPI	NNN	$5.00	$0.90	Landlord Rebuild	Leased to two tenants on one 5-year and one 10-year lease. Landlord rebuilding space to "warm vanilla shell.' Occupancy date not available.
4	3912 Van Buren Place Culver City 4206-023-004	June '12	N/A	One-story 3,000 sf building built in 1921 used as restaurant. Recently renovated. No parking. Nearby city parking lot.	3,000	1	5 Yr. & Options CPI	NNN	$3.33	$0.25	Vanilla Shell New Bathrooms	Existing restaurant use, tenant add own Ties, three months free rent.
5	Town Plaza NEC Washington and Ince 9426 Washington Blvd. Culver City 4206-023-003	Available	N/A	Two-story 10,000 sf building built in 1921. Leased space 5,000 sf on second floor office. No parking. Nearby city parking	5,000	1	5 or 10 Yr. Options Fixed step or CPI	NNN	$4.00 full floor $5.50 partial floor	$0.70	Vanilla Shell	No on-site parking.
6	NWC Culver and Main 3849 Main St Culver City 4206-028-017	Available	N/A	Two story 26,117 sf building built in 1929. Space available 1,581 sf. No parking. Nearby city parking lot.	1,581	1	5 - 7 - 10 Yr. Fix step or CPI	NNN	$5.50	$0.50	Vanilla Shell	No on-site parking.
7	Lagado Crossing SEC Washington and National 8770 Washington Blvd Culver City 4312-028-020,021,022,038	Proposed	Aug '14	Proposed one-story 32,000 sf mixed-use building. 19,000 sf available. Ground breaks August 2012.	19,500	1	Negotiable	NNN	$3.75	N/A	Negotiable	The information regarding this proposed project is limited to that provide in the AIR listing pursuant to owner's instructions to brokers.

[2] Adjusted for free rent concessions
[3] Adjusted for to a FSG basis equivalent based on differences of expense basis.

SOURCE: LEA ASSOCIATES, INC., SURVEY, JULY 2012

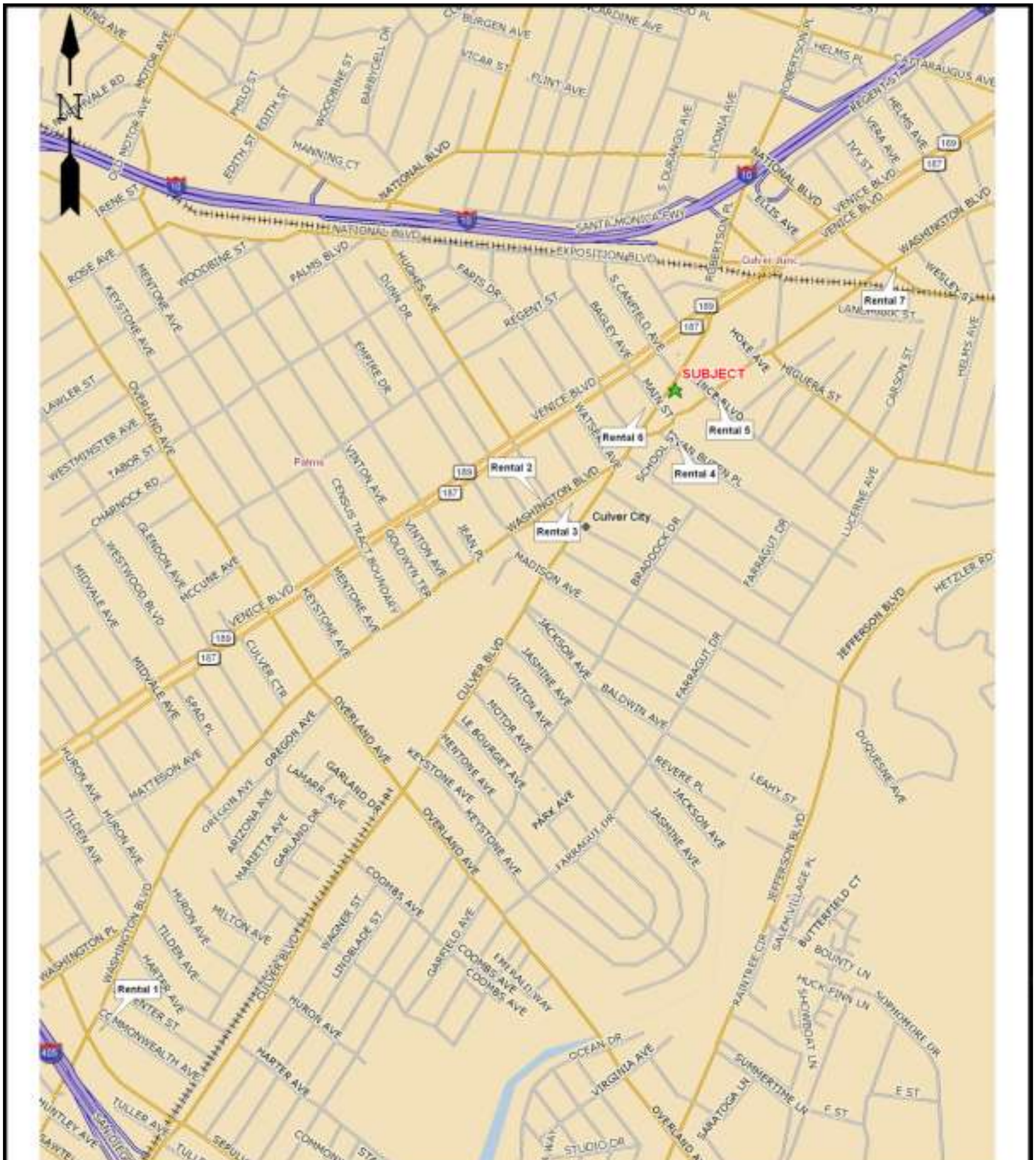

EXHIBIT V
MARKET DATA MAP - RETAIL LEASES
9300 CULVER BOULEVARD
CULVER CITY, CALIFORNIA
SCALE: 1" = 1300± FT
AUGUST 2012

Lea Associates
Property Economics

Office Rent Survey

We have also gathered market data within the Culver City office submarket area to examine the subject property development's office component market rent potential. The market is observed to include a mix of entertainment and general office users with a dearth of the later in newer office complexes. The same sources as the retail survey are used to identify the comparables, and these include LoopNet Inc., CoStar/Comps, Inc., and the AIR CDX database. We identified nine properties which are detailed in Table III and the location map on the following pages.

The surveyed properties include older existing buildings without on-site parking in the City Center area and three proposed developments in the Hayden Avenue corridor and south on Jefferson Boulevard. Overall, quoted monthly rents are in modified gross (MG) and full service gross (FSG) on an rsf basis. The MG rents generally pass through electric and janitorial, often at the $0.35 to $0.50 rsf per month level. Excluding reported concessions, the FSG equivalent monthly office rents range from $2.90 to $5.50 rsf, and the average and median rates are both $3.75 rsf.

For the proposed Combined Properties development scenario, we have concluded an overall office space monthly rental rate of $3.50 rsf FSG. This rental rate includes $1.00 rsf in expenses which are the responsibility of the landlord. The rate is an effective rental rate and would include any rental concessions such as free rent and additional tenant improvement allowance which might be offered to absorb the 51,000 square feet of new office space in the proposed new development.

In addition to the Combined Properties projected office rent rate, we have estimated rental rates for the remaining three development scenarios which are discussed subsequently in the income approach analyses. The site as-is maximum development scenario approaches the magnitude of the Combined Properties proposed development and the office rate is maintained at $3.50 rsf FSG. The site as-is alternative two-story development scenarios is a smaller-scaled development with second floor office space and thus is increased to the $3.75 rsf FSG rent level. The fourth scenario, the one-story retail development with surface parking, has no dedicated office space and any office tenant would pay the retail rental rate.

TABLE III
MARKET DATA SUMMARY
OFFICE LEASE ITEMS
CULVER CITY

ITEM NO	LOCATION/TENANT	LEASE DATE	OCCUPANCY DATE	DESCRIPTION OF LEASED SPACE	LEASED AREA (SF)	FLOOR(S)	TERM/ ESCALATIONS	LEASE TYPE[1]	EFFECTIVE RENT PSF[2]	FSG EQUIVALENT RENT PSF[3]	TI ALLOWANCE	COMMENTS
1	Meralta Plaza SEC Culver Blvd and Lafayette Pl 9696 Culver Blvd. Culver City 4207-007-043	Jun-11 Nov-11 Avail. 9/12 Avail. 2013	N/A N/A N/A N/A	Three-story 32,416 sf office building built in 1983. 4,147 sf available. Parking ratio 3/1000 sf.	4,249 3430 1,549 2,598	 1 3	3 - 5 - 10 Yr. CPI " " "	MG MG MG MG	$2.95 $2.92 $3.55 $3.45	 $3.75 $3.65	 $5 $5	Building maintains near full occupancy and is only newer non-entertainment building in vicinity.
2	NWC Culver Blvd and Main St 9415-9421 Culver Blvd Culver City 4206-028-017	Apr-11	N/A	Two-story 9,000 sf building built in 1929. 386 space parking structure adjacent.	9,000	2	N/A	MG	$3.25	$3.75	As Is	Tenant lease information not available. Rate is asking rate at time space was available.
3	Town Plaza NEC Washington and Ince 9426 Washington Blvd, Unit F2 Culver City 4206-023-003	Available	N/A	Two-story 10,000 sf building built in 1921. 8,781 sf available.	5,000	2	Negotiable	NNN NNN	$2.50 full floor $3.50 partial floor	$2.90 $3.90	As Is	No on-site parking.
4	Culver City Studios SWC Washington Blvd and Ince 9336 Washington Blvd, Bldg J Culver City 4206-022-002	Leased & Avail.	N/A	Two-story 25,666 sf Mansion building built in 1920. Production offices. Total facility 240,000 sf and 155,000 sf stages. 60,000 sf modern office, 60,000 sf older buildings.	N/A N/A	1 & 2 1 to 3	Mansion short term. Modern offices 3 - 5 Yr Fixed step or CPI	FSG FSG	$5.50 $3.50	$5.50 $3.50	As Is Negotiable	Mansion building high quality unique historic small user (200 to 800 sf) offices. Other buildings in complex at competitive rates. Includes 3/1000 parking, additional parking available at $145, reserved $250-$300.
5	3960 Ince Blvd Culver City 4206-020-020	Available	N/A	Two-story 24,278 sf building built in 1924. 24,834 sf available.	24,834	1 & 2	3 - 5 Yr. CPI	MG	$2.70	$3.15	Negotiable	No on-site parking.
6	Thirty 5 Thirty 5 3535 Hayden Ave Culver City	Jul-11 Available	N/A N/A	Four-story 52,332 sf building. 16,154 sf available. Parking ratio 3:1, 3,516 spaces.	1,172 1500	N/A N/A	 Min. 3 Yr. Fixed 3%	 MG	 $2.65	 $3.05	 $15 SF	Parking available at 2/1000 at $100
7	The Pterodactyl 3540 Hayden Ave Culver City	Proposed	N/A	Two-story 12,200 sf building. Parking ratio 3.00/1,000 sf. Spaces available approx. 8 months after lease execution.	12,200	1 & 2	Negotiable	MG	$3.25	N/A	N/A	Unique structure on top of existing parking structure.
8	Glass Tower 3585 Hayden Ave Culver City 4206-002-006	Proposed	N/A	Two-story 2,700 sf building. Parking ratio 3.00/1,000 sf.	2,700	1 & 2	Negotiable	NNN	$4.00	N/A	N/A	The information regarding this proposed project is limited to that provide in the AIR listing pursuant to owner's instructions to brokers.
9	9919 Jefferson Blvd Culver City 4207-031-018	Proposed	N/A	Proposed three-story 132,387 sf office building. Parking ratio 3.00/1,000 sf.	132,387	1, 2 & 3	Negotiable Fixed 3%	NNN	$2.90	$3.90 $4.15	$50 SF	18 to 21 mos. construction with 60,000 preleased. Parking 3/1000 at $75 t $100.

[2] Adjusted for free rent concessions
[3] Adjusted for to a FSG basis equivalent based on differences of expense basis.

SOURCE: LEA ASSOCIATES, INC., SURVEY, JULY 2012

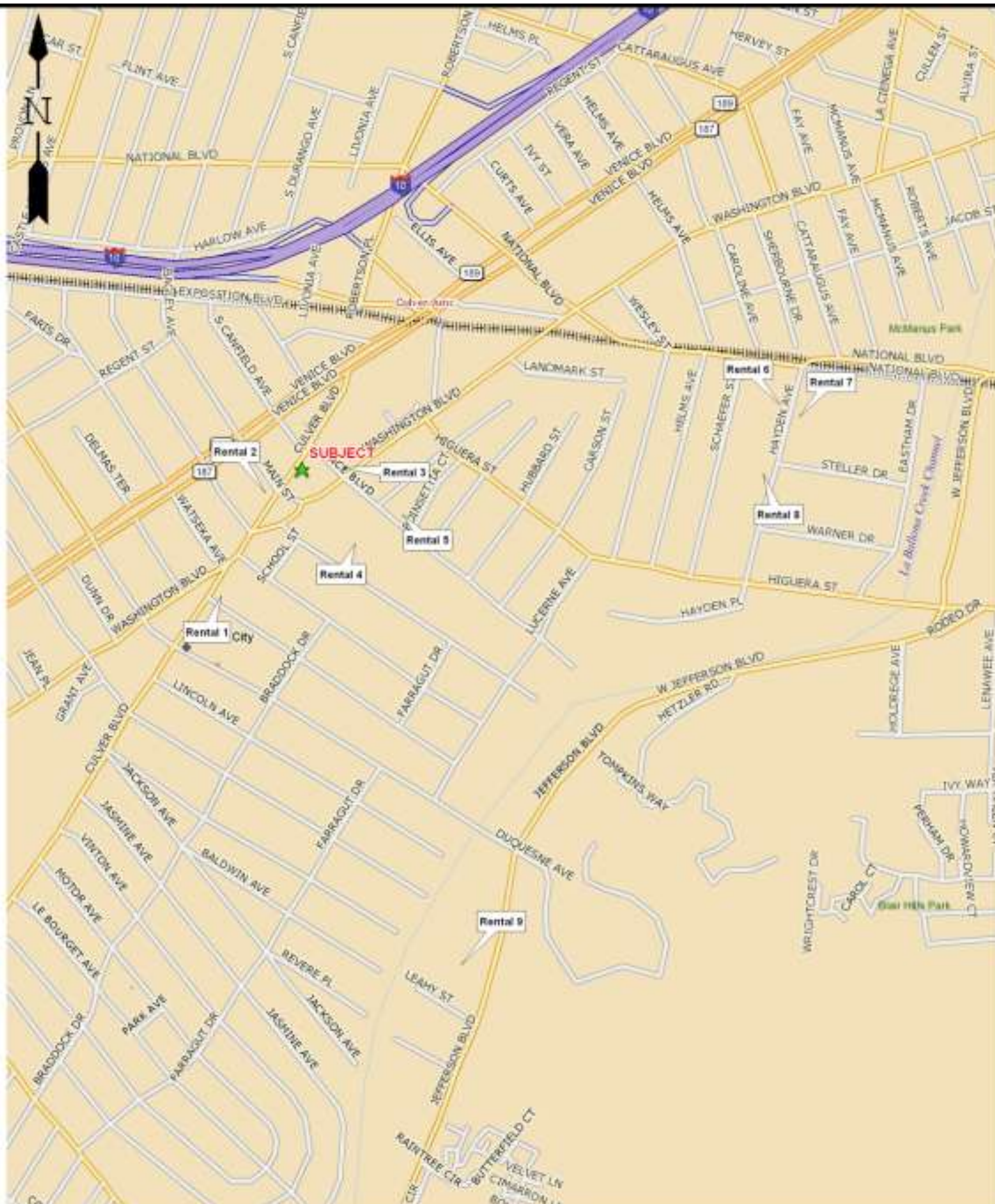

EXHIBIT VI
MARKET DATA MAP - OFFICE LEASES
9300 CULVER BOULEVARD
CULVER CITY, CALIFORNIA
SCALE: 1" = 1000± FT
AUGUST 2012

Lea Associates
Property Economics

Combined Properties Proposed Project Development Scenario (As Entitled)

The Combined Properties proposed development project is the result of a RFP process conducted by the City, negotiations between the City and the developer, and review, comment and refinement by outside consultants including Keyser Marston Associates (KMA). We have reviewed the Combined Properties Volume I proposal dated September 8, 2011, and the Keyser Marston Associates' Parcel B Reuse Valuation Analysis dated January 12, 2012. From these inputs and our independent research, we have constructed a capital value land residual analysis.

The capital value analysis we have prepared uses a number of inputs relative to the Combined Properties proposal and the City of Culver City, and as vetted by KMA in their work with the City in the development negotiation process. The project direct construction costs are factors set by the City (demolition, off-site improvements, garage ramp relocation, public restroom expansion, and subterranean and structure parking). Building core and tenant improvement allowance costs represent the Combined Properties' construction cost estimated for the project as proposed. Project indirect costs are estimates originally set by KMA and are considered to be an overall representation of the probable cost factors associated with development of a complex new project construction such as that proposed here. In addition, the City provided the public permits and fees cost for the project based on the total gross square footage. We have also included an independent estimate of an allowance for entrepreneurial profit at 15% of the direct and indirect cost.

Financing costs consider the interest on the land purchase over the development period, the interest of construction financing over the actual construction period to permanent take-out financing, and the loan origination fee for both. The land carry and construction financing cost is project at 7.0%; and the loan origination fees are projected at 2.0% of the total principle amounts. For the Combined Properties proposal, which would commence construction at the time of land transfer, the total loan period is projected at 18 months.

The results of the above discussion and analysis are shown on Table IV on the following page. These inputs and calculations result in a total development cost of $37,623,600 (not including entrepreneurial profit). The residual analysis table continues (on the following page) with the projected net operating income and income capitalization resulting in the development land residual value at a future date. The project income is based on our conclusion of rental rates for the planned development built as proposed. The office space rents are inputted at $3.50 psf FSG and general retail space rents are inputted at $3.50 psf NNN. Restaurant rents for quick service, sit-down and high-end restaurant tenants are inputted at $3.75 psf NNN. In addition to the tenant leased space, we have inputted average parking income at $100 per space per month. Altogether, the proposed project generates an annual gross potential income of $4,662,000. We have applied a 5% vacancy and collection loss upon achievement of stabilized operations and the resulting effective gross income is $4,429,000.

Operating expenses are estimated at $12.00 psf per year for the office tenants. This cost includes both fixed costs such as real property taxes, payroll and insurance, as well as variable expenses including such items as utilities, janitorial, repairs and maintenance, service contracts, and management fees. Our estimate of typical operating expenses is based on the information published by the Institute of Real Estate Management (IREM) for Los Angeles newer suburban office buildings. Retail and restaurant space are leased on a NNN basis with operating expenses passed through to the tenant. Parking expenses are projected at $450 per year per space. And finally, a reserve fund for capital replacements is inputted at $1.00 per square foot per year. The total operating expenses for the project (exclusive of pass through expenses for NNN tenants) is estimated at $864,000.

The annual net operating income is $3,565,000. This annual stabilized income is then capitalized at the threshold return being required by investors in the marketplace. We have projected this return based on rates of return evidenced in the subject market for new projects and as published in the current PWC Real Estate Investor Survey. For recent sales of significant newly completed retail projects in the greater Los Angeles/Orange County market area, the capitalization rates range from 7.3% to 8% for the most similar projects. Within the same market area, capitalization rates generated from the recent sale of newly completed office projects range from 7.5% to 8.0%. We have projected a capitalization rate of 7.5% for the subject project.

The capital value projected for the project upon completion and stabilized operation is $47,533,000. The total development cost was computed at $37,623,600 prior to entrepreneurial allowance. After the inclusion of a 15% entrepreneurial allowance, the estimated land residual value (prior to discounting to present value) is $4,265,400, rounded to $4,270,000. This new development project value is a prospective future value in current dollars upon completion of construction and attainment of stabilized occupancy projected at two years subsequent to commencement of construction.

TABLE IV
LAND RESIDUAL ANALYSIS - PARCEL B, CULVER CITY
COMBINED PROPERTIES DEVELOPMENT SCENARIO (AS ENTITLED)

I. CONSTRUCTION COSTS	[1]							
A. Direct Costs								
Demolition	[2]						$50,000	
Off-Site Improvements	[2]						350,000	
Garage Ramp Relocation	[2]						62,500	
Public Restroom Expansion	[2]						65,100	
On-Site Improvements		50,730	Sf Land	$4.00	/Sf		203,000	
Subterranean Parking	[2]	98	Spaces	$38,000	/Space		3,724,000	
Structure Parking	[2]	0	Spaces	$27,000	/Space		0	
Building Core + Shell	[1]	115,108	Sf GBA	$157	/Sf		18,124,000	
Tenant Improvements								
Office	[1]	59,618	Sf Usable Area	$40	/Sf		2,385,000	
Retail	[1]	34,495	Sf Usable Area	$40	/Sf		1,380,000	
Restaurant								
Quick Service	[1]	1,581	Sf Usable Area	$40	/Sf		63,000	
Sit-Down	[1]	5,095	Sf Usable Area	$40	/Sf		204,000	
High-End	[1]	6,465	Sf Usable Area	$40	/Sf		259,000	
Contractor's Costs	[3]	0%	Direct Costs				0	
Direct Cost Contingency Allowanc		5%	Direct Costs				1,343,000	
Total Direct Costs	[1]	115,108	Sf GBA	$245	/Sf			$28,212,600
B. Indirect Costs								
Arch, Engineering & Consulting		6.0%	Direct Costs				$1,693,000	
Public Permits & Fees	[2]	115,108	Sf GBA	$8.70	/Sf		1,001,000	
Taxes, Ins, Legal & Accounting		2.0%	Direct Costs				564,000	
Leasing Commissions								
Office - Speculative Tenant		59,618	Sf Rentable Area	$5.00	/Sf		298,000	
Retail		34,495	Sf Rentable Area	$5.00	/Sf		172,000	
Restaurant								
Quick Service		1,581	Sf Rentable Area	$5.00	/Sf		8,000	
Sit-Down		5,095	Sf Rentable Area	$5.00	/Sf		25,000	
High-End		6,465	Sf Rentable Area	$5.00	/Sf		32,000	
Marketing		107,254	Sf Rentable Area	$5.00	/Sf		536,000	
Developer Fee		3.0%	Direct Costs				846,000	
Soft Cost Contingency Allowance		5.0%	Indirect + Financing Costs				470,000	
Total Indirect Costs								$5,645,000
C. Financing Costs								
Interest During Construction								
Land	[4]	$4,270,000	Cost	7.0%	Interest		$448,000	
Construction	[5]	$37,600,000	Cost	7.0%	Interest		$2,566,000	
Loan Origination Fees		$37,600,000	Financed @	2.0	Points		752,000	
Total Financing Costs								$3,766,000
D. Total Construction Costs		115,108	Sf GBA	$327	/Sf			**$37,623,600**

TABLE IV
LAND RESIDUAL ANALYSIS - PARCEL B, CULVER CITY
COMBINED PROPERTIES DEVELOPMENT SCENARIO (AS ENTITLED)
(Continued)

II. NET OPERATING INCOME							
A. Rental Income							
Office	[6]	59,618	Sf Rentable Area	$3.50	/Sf /Month	2,504,000	
Retail	[7]	34,495	Sf Rentable Area	$3.50	/Sf /Month	1,449,000	
Restaurant							
Quick Service	[7]	1,581	Sf Rentable Area	$3.75	/Sf /Month	71,000	
Sit-Down	[7]	5,095	Sf Rentable Area	$3.75	/Sf /Month	229,000	
High-End	[7]	6,465	Sf Rentable Area	$3.75	/Sf /Month	291,000	
Parking		98	Spaces	$100.00	/Space /Month	118,000	
Gross Potential Income						$4,662,000	
(Less) Vacancy & Collection		5.0%	Gross Income			(233,000)	
Effective Gross Income		107,254	Sf Rentable Area	$3.44	/Sf /Month		$4,429,000
					2		
B. Operating Expenses							
Operating Expenses Office	[6]	59,618	Sf Rentable Area	$12.00	/Sf /Year	$715,000	
Operating Expenses Retail	[7]	0	Sf Rentable Area	$0.00	/Sf /Year	$0	
Parking Expenses		98	Spaces	$425.00	/Sp /Year	42,000	
Capital Reserves		107,254	Sf Rentable Area	$1.00	/Sf /Year	107,000	
Total Operating Expenses							$864,000
C. Stabilized Net Operating Income		107,254	Sf Rentable Area	$2.77	/Sf /Month		**$3,565,000**
III. DEVELOPMENT LAND RESIDUAL VALUE							
A. Capitalized Value							
Net Operating Income						$3,565,000	
Overall Capitalization Rate						7.50%	
Total Capitalized Value							$47,533,000
B. Developer Entrepreneurial Profit				15.0%	Tot. Const. $s		$5,644,000
C. Total Construction Cost							$37,623,600
D. Estimated Land Residual Value (Prior to Discounting to Present Value)							**$4,265,400**
Rounded							**$4,270,000**

[1] Based on development program as proposed by Combined Properties.
[2] Cost set by the City.
[3] Assumes contractor costs are included in the Building Core + Shell estimate.
[4] Assumes an 18 month development period and a 100% average balance.
[5] Assumes an 18 month construction period and a 65% average balance.
[6] The analysis assumes office rent is assessed on a full service gross (FSG) basis.
[7] The analysis assumes retail and restaurant rents are assessed on a triple net (NNN) basis.

SOURCE: LEA ASSOCIATES, INC.

Maximum Development Scenario (As Unentitled)

The maximum development scenario for the site "as is" results from an analysis of the site as set forth in the subject property entitlements discussion of the site as unentitled vacant land. There we concluded that a maximum development of 88,200± rentable square feet (94,659± gross square feet) in a four-story configuration and with 252 structured parking spaces could be accommodated within the developable building massing area. This scenario has been vetted by the City of Culver City in our discussions with them regarding site development constraints.

The following land capital value analysis utilizes new inputs for the project configuration and project rental rates, as described previously, as well as the anticipated development period. Other factors, including direct and indirect per square foot costs and ratios, are kept constant for this comparative analysis. Of particular impact are the following elements in each section of Table V presented on the following two pages.

- The development profile contains a gross building area exclusive of structured parking of 94,659± square feet with rentable office and retail spaces allocated 67% and 33%, respectively.
- The development contains 252 structured parking spaces.
- The carrying period for construction financing is 18 months and for land financing is estimated at 48 months (30 months for entitlement processing prior to construction).
- While we would expect the allowance for entrepreneurial profit to be greater than the prior scenario due to lack of entitlements and a longer development period, this hypothetical project would be smaller and simpler in scope. Therefore, we have left the profit allowance the same.

The total construction cost is computed at $35,356,000 (prior to entrepreneurial allowance). The net operating income is projected at $2,903,000. The capital value projected for the project upon completion and stabilized operation is $38,707,000. The estimated land residual value is negative $1,950,000, prior to entitlement processing cost and discounting to present. Even at a lower 12% profit allowance, the number is negative. This new development project value is a prospective future value in current dollars upon completion of construction and attainment of stabilized occupancy projected at four years subsequent to commencement of the entitlement approval process. It is apparent from our analysis that the maximum development scenario is overly burdened by the cost of providing on-site structured parking to minimum City standards.

TABLE V
LAND RESIDUAL ANALYSIS - PARCEL B, CULVER CITY
MAXIMUM DEVELOPMENT SCENARIO (AS UNENTITLED)

I. CONSTRUCTION COSTS	[1]							
A. Direct Costs								
Demolition	[2]						$50,000	
Off-Site Improvements	[2]						350,000	
Garage Ramp Relocation	[2]						0	
Public Restroom Expansion	[2]						0	
On-Site Improvements		50,730	Sf Land	$4.00	/Sf		203,000	
Subterranean Parking	[2]	0	Spaces	$38,000	/Space		0	
Structure Parking	[2]	252	Spaces	$27,000	/Space		6,804,000	
Building Core + Shell	[1]	94,659	Sf GBA	$157	/Sf		14,904,000	
Tenant Improvements								
Office	[1]	59,090	Sf Usable Area	$40	/Sf		2,364,000	
Retail	[1]	29,110	Sf Usable Area	$40	/Sf		1,164,000	
Restaurant								
Quick Service	[1]	0	Sf Usable Area	$40	/Sf		0	
Sit-Down	[1]	0	Sf Usable Area	$40	/Sf		0	
High-End	[1]	0	Sf Usable Area	$40	/Sf		0	
Contractor's Costs	[3]	0%	Direct Costs				0	
Direct Cost Contingency Allowanc		5%	Direct Costs				1,292,000	
Total Direct Costs	[1]	94,659	Sf GBA	$287	/Sf			$27,131,000
B. Indirect Costs								
Arch, Engineering & Consulting		6.0%	Direct Costs				$1,628,000	
Public Permits & Fees	[2]	94,659	Sf GBA	$8.70	/Sf		824,000	
Taxes, Ins, Legal & Accounting		2.0%	Direct Costs				543,000	
Leasing Commissions								
Office - Speculative Tenant		59,090	Sf Rentable Area	$5.00	/Sf		295,000	
Retail		29,110	Sf Rentable Area	$5.00	/Sf		146,000	
Restaurant								
Quick Service		0	Sf Rentable Area	$5.00	/Sf		0	
Sit-Down		0	Sf Rentable Area	$5.00	/Sf		0	
High-End		0	Sf Rentable Area	$5.00	/Sf		0	
Marketing		88,200	Sf Rentable Area	$5.00	/Sf		441,000	
Developer Fee		3.0%	Direct Costs				814,000	
Soft Cost Contingency Allowance		5.0%	Indirect + Financing Costs				410,000	
Total Indirect Costs								$5,101,000
C. Financing Costs								
Interest During Construction								
Land	[4]	$0	Cost	7.0%	Interest		$0	
Construction	[5]	$35,400,000	Cost	7.0%	Interest		$2,416,000	
Loan Origination Fees		$35,400,000	Financed @	2.0	Points		708,000	
Total Financing Costs								$3,124,000
D. Total Construction Costs		94,659	Sf GBA	$374	/Sf			**$35,356,000**

TABLE V
LAND RESIDUAL ANALYSIS - PARCEL B, CULVER CITY
MAXIMUM DEVELOPMENT SCENARIO (AS UNENTITLED)
(Continued)

II.	**NET OPERATING INCOME**							
A.	**Rental Income**							
	Office	[6]	59,090	Sf Rentable Area	$3.50	/Sf /Month	2,482,000	
	Retail	[7]	29,110	Sf Rentable Area	$3.50	/Sf /Month	1,223,000	
	Restaurant							
	Quick Service	[7]	0	Sf Rentable Area	$3.75	/Sf /Month	0	
	Sit-Down	[7]	0	Sf Rentable Area	$3.75	/Sf /Month	0	
	High-End	[7]	0	Sf Rentable Area	$3.75	/Sf /Month	0	
	Parking		252	Spaces	$100.00	/Space /Month	302,000	
	Gross Potential Income						$4,007,000	
	(Less) Vacancy & Collection		5.0%	Gross Income			(200,000)	
	Effective Gross Income		88,200	Sf Rentable Area	$3.60	/Sf /Month		$3,807,000
B.	**Operating Expenses**							
	Operating Expenses Office	[6]	59,090	Sf Rentable Area	$12.00	/Sf /Year	$709,000	
	Operating Expenses Retail	[7]	0	Sf Rentable Area	$0.00	/Sf /Year	$0	
	Parking Expenses		252	Spaces	$425.00	/Sp /Year	107,000	
	Capital Reserves		88,200	Sf Rentable Area	$1.00	/Sf /Year	88,000	
	Total Operating Expenses							$904,000
C.	**Stabilized Net Operating Income**		88,200	Sf Rentable Area	$2.74	/Sf /Month		**$2,903,000**
III.	**DEVELOPMENT LAND RESIDUAL VALUE**							
A.	**Capitalized Value**							
	Net Operating Income						$2,903,000	
	Overall Capitalization Rate						7.5%	
	Total Capitalized Value							$38,707,000
B.	**Developer Entrepreneurial Profit**				15.0%	Tot. Const. $s		$5,303,000
C.	**Total Construction Cost**							$35,356,000
D.	**Estimated Land Residual Value** (Prior to Discounting to Present Value)							**($1,952,000)**
	Rounded							**($1,950,000)**

[1] Based on development program as proposed by Combined Properties.
[2] Cost set by the City.
[3] Assumes contractor costs are included in the Building Core + Shell estimate.
[4] Assumes an 18 month development period and a 100% average balance.
[5] Assumes an 18 month construction period and a 65% average balance.
[6] The analysis assumes office rent is assessed on a full service gross (FSG) basis.
[7] The analysis assumes retail and restaurant rents are assessed on a triple net (NNN) basis.

SOURCE: LEA ASSOCIATES, INC.

Alternative Low-Rise Development Scenario (as Unentitled)

The low-rise retail and office development scenario is an alternative development scenario resulting from the very minimal land residual value yielded in the prior site maximum development scenario (as unentitled). While that development profile accomplishes much of the City's development parameters envisioned for the site, the cost of on-site structured parking burdens the project to such an extent that the resulting land value is extremely low. The following alternative development scenario envisions a two-story retail and office project with structured parking. The development is project at 50,000± rentable square feet (53,661± gross square feet) with 143 structured parking spaces.

The land capital value analysis again follows that described previously for the Combined Properties proposed development as well as the maximum development scenario (as unentitled). The relevant inputs are for the project configuration, development period and rental rates. The other factors, as before, are kept constant for this comparative analysis. Of particular impact are the following elements in each section of Table VI presented on the following two pages.

- The development profile contains a gross building area exclusive of structured parking of 53,661± square feet with rentable office and retail spaces allocated 50% and 50%, respectively.
- The development contains 143 structured parking spaces.
- The carrying period for construction financing is 18 months and for land financing is estimated at 48 months (30 months for entitlement processing prior to construction).
- The ground floor retail rental rates is increased to $4.00 psf NNN to capture the smaller development tenant potential and the office space rate is increased slightly to $3.75 psf FSG.
- The capitalization rate selected is 7.25%, slightly lower than the prior two valuation scenarios given the smaller scale of the project.

The total construction cost is computed at $21,228,000 (before entrepreneurial profit allowance). The net operating income is projected at $1,960,000. The capital value projected for the project upon completion and stabilized operation is $27,034,000. The estimated land residual value is $2,622,000, rounded to $2,620,000 (prior to entitlement processing cost and discounting to present). This new development project value is a prospective future value in current dollars upon completion of construction and attainment of stabilized occupancy projected at four years subsequent to commencement of the entitlement approval process.

TABLE VI

LAND RESIDUAL ANALYSIS - PARCEL B, CULVER CITY

ALTERNATIVE LOW RISE RETAIL & OFFICE DEVELOPMENT SCENARIO (AS UNENTITLED)

I. CONSTRUCTION COSTS	[1]						
A. Direct Costs							
Demolition	[2]					$50,000	
Off-Site Improvements	[2]					350,000	
Garage Ramp Relocation	[2]					0	
Public Restroom Expansion	[2]					0	
On-Site Improvements		50,730	Sf Land	$4.00	/Sf	203,000	
Subterranean Parking	[2]	0	Spaces	$38,000	/Space	0	
Structure Parking	[2]	143	Spaces	$27,000	/Space	3,857,000	
Building Core + Shell	[1]	53,661	Sf GBA	$157	/Sf	8,449,000	
Tenant Improvements							
Office	[1]	25,000	Sf Usable Area	$40	/Sf	1,000,000	
Retail	[1]	25,000	Sf Usable Area	$40	/Sf	1,000,000	
Restaurant							
Quick Service	[1]	0	Sf Usable Area	$40	/Sf	0	
Sit-Down	[1]	0	Sf Usable Area	$40	/Sf	0	
High-End	[1]	0	Sf Usable Area	$40	/Sf	0	
Contractor's Costs	[3]	0%	Direct Costs			0	
Direct Cost Contingency Allowance		5%	Direct Costs			745,000	
Total Direct Costs	[1]	53,661	Sf GBA	$292	/Sf		$15,654,000
B. Indirect Costs							
Arch, Engineering & Consulting		6.0%	Direct Costs			$939,000	
Public Permits & Fees	[2]	53,661	Sf GBA	$8.70	/Sf	467,000	
Taxes, Ins, Legal & Accounting		2.0%	Direct Costs			313,000	
Leasing Commissions							
Office - Speculative Tenant		25,000	Sf Rentable Area	$5.00	/Sf	125,000	
Retail		25,000	Sf Rentable Area	$5.00	/Sf	125,000	
Restaurant							
Quick Service		0	Sf Rentable Area	$5.00	/Sf	0	
Sit-Down		0	Sf Rentable Area	$5.00	/Sf	0	
High-End		0	Sf Rentable Area	$5.00	/Sf	0	
Marketing		50,000	Sf Rentable Area	$5.00	/Sf	250,000	
Developer Fee		3.0%	Direct Costs			470,000	
Soft Cost Contingency Allowance		5.0%	Indirect + Financing Costs			280,000	
Total Indirect Costs							$2,969,000
C. Financing Costs							
Interest During Construction							
Land	[4]	$2,620,000	Cost	7.0%	Interest	$734,000	
Construction	[5]	$21,200,000	Cost	7.0%	Interest	$1,447,000	
Loan Origination Fees		$21,200,000	Financed @	2.0	Points	424,000	
Total Financing Costs							$2,605,000
D. Total Construction Costs		53,661	Sf GBA	$396	/Sf		**$21,228,000**

TABLE VI
LAND RESIDUAL ANALYSIS - PARCEL B, CULVER CITY
ALTERNATIVE LOW RISE RETAIL & OFFICE DEVELOPMENT SCENARIO (AS UNENTITLED)
(Continued)

II. NET OPERATING INCOME							
A. Rental Income							
Office	[6]	25,000	Sf Rentable Area	$3.75	/Sf /Month	1,125,000	
Retail	[7]	25,000	Sf Rentable Area	$4.00	/Sf /Month	1,200,000	
Restaurant							
Quick Service	[7]	0	Sf Rentable Area	$4.00	/Sf /Month	0	
Sit-Down	[7]	0	Sf Rentable Area	$4.00	/Sf /Month	0	
High-End	[7]	0	Sf Rentable Area	$4.00	/Sf /Month	0	
Parking		143	Spaces	$100.00	/Space /Month	171,000	
Gross Potential Income						$2,496,000	
(Less) Vacancy & Collection		5.0%	Gross Income			(125,000)	
Effective Gross Income		50,000	Sf Rentable Area	$3.95	/Sf /Month		$2,371,000
B. Operating Expenses							
Operating Expenses Office	[6]	25,000	Sf Rentable Area	$12.00	/Sf /Year	$300,000	
Operating Expenses Retail	[7]	0	Sf Rentable Area	$0.00	/Sf /Year	$0	
Parking Expenses		143	Spaces	$425.00	/Sp /Year	61,000	
Capital Reserves		50,000	Sf Rentable Area	$1.00	/Sf /Year	50,000	
Total Operating Expenses							$411,000
C. Stabilized Net Operating Income		50,000	Sf Rentable Area	$3.27	/Sf /Month		**$1,960,000**
III. DEVELOPMENT LAND RESIDUAL VALUE							
A. Capitalized Value							
Net Operating Income						$1,960,000	
Overall Capitalization Rate						7.25%	
Total Capitalized Value							$27,034,000
B. Developer Entrepreneurial Profit				15.0%	Tot. Const. $s		$3,184,000
C. Total Construction Cost							$21,228,000
D. Estimated Land Residual Value (Prior to Discounting to Present Value)							**$2,622,000**
Rounded							**$2,620,000**

1 Based on development program as proposed by Combined Properties.
2 Cost set by the City.
3 Assumes contractor costs are included in the Building Core + Shell estimate.
4 Assumes an 18 month development period and a 100% average balance.
5 Assumes an 18 month construction period and a 65% average balance.
6 The analysis assumes office rent is assessed on a full service gross (FSG) basis.
7 The analysis assumes retail and restaurant rents are assessed on a triple net (NNN) basis.

SOURCE: LEA ASSOCIATES, INC.

Alternative Development Scenario: One-Story Retail Strip Center w/Surface Parking (Unentitled)

The final alternative scenario has been created to test our various assumptions and calculations against the available market evidence. We understand that this hypothetical one-story retail strip center with surface parking development scenario is not consistent with the current zoning and discretionary approval development guidelines governing the subject property. The theoretical development is 25,000± rentable square feet (26,831± gross square feet) with 71 surface parking spaces. The reader is reminded that surface parking is not a permitted development component for the subject site.

The land capital value analysis once again follows that described previously for the previous land residual analyses. The relevant inputs are for the project configuration, surface parking cost, development period and rental rate. The other factors, as before, are kept constant for this comparative analysis. Of particular impact are the following elements in each section of Table VII presented on the following two pages.

- The development profile contains a gross building area of 26,831± square feet which is identified entirely as retail use.
- The development contains 71 surface parking spaces which have a construction cost of $3,000 per space.
- The carrying period for construction financing is 18 months and for land financing is estimated at 48 months (30 months for entitlement processing prior to construction).
- The ground floor retail rental rate is $4.00 psf NNN.
- The capitalization rate selected is 7.0%, slightly lower than the prior valuation scenario given the smaller size and scope of the project and elimination of the office use.

The total construction cost is computed at $9,520,000 (before entrepreneurial allowance). The net operating income is projected at $1,097,000. The capital value projected for the project upon completion and stabilized operation is $15,671,000. The estimated land residual value is $4,723,000, rounded to $4,720,000 (prior to entitlement processing cost and discounting to present). This new development project value is a prospective future value in current dollars upon completion of construction and attainment of stabilized occupancy projected at four years subsequent to commencement of the entitlement approval process. Again, it must be emphasized that this development scenario is theoretical and would not be permitted to precede under current site development guidelines.

TABLE VII

LAND RESIDUAL ANALYSIS - PARCEL B, CULVER CITY

ALTERNATIVE DEVELOPMENT SCENARIO: ONE-STORY RETAIL STRIP CENTER WITH SURFACE PARKING (AS UNENTITLED)

I. CONSTRUCTION COSTS	1						
A. Direct Costs							
Demolition	2					$50,000	
Off-Site Improvements	2					350,000	
Garage Ramp Relocation	2					0	
Public Restroom Expansion	2					0	
On-Site Improvements		50,730	Sf Land	$4.00	/Sf	203,000	
Subterranean Parking	2	0	Spaces	$38,000	/Space	0	
Surface Parking	2	71	Spaces	$3,000	/Space	214,000	
Building Core + Shell	1	26,831	Sf GBA	$157	/Sf	4,224,000	
Tenant Improvements							
Office	1	0	Sf Usable Area	$40	/Sf	0	
Retail	1	25,000	Sf Usable Area	$40	/Sf	1,000,000	
Restaurant							
Quick Service	1	0	Sf Usable Area	$40	/Sf	0	
Sit-Down	1	0	Sf Usable Area	$40	/Sf	0	
High-End	1	0	Sf Usable Area	$40	/Sf	0	
Contractor's Costs	3	0%	Direct Costs			0	
Direct Cost Contingency Allowanc		5%	Direct Costs			302,000	
Total Direct Costs	1	26,831	Sf GBA	$236	/Sf		$6,343,000
B. Indirect Costs							
Arch, Engineering & Consulting		6.0%	Direct Costs			$381,000	
Public Permits & Fees	2	26,831	Sf GBA	$8.70	/Sf	233,000	
Taxes, Ins, Legal & Accounting		2.0%	Direct Costs			127,000	
Leasing Commissions							
Office - Speculative Tenant		0	Sf Rentable Area	$5.00	/Sf	0	
Retail		25,000	Sf Rentable Area	$5.00	/Sf	125,000	
Restaurant							
Quick Service		0	Sf Rentable Area	$5.00	/Sf	0	
Sit-Down		0	Sf Rentable Area	$5.00	/Sf	0	
High-End		0	Sf Rentable Area	$5.00	/Sf	0	
Marketing		25,000	Sf Rentable Area	$5.00	/Sf	125,000	
Developer Fee		3.0%	Direct Costs			190,000	
Soft Cost Contingency Allowance		5.0%	Indirect + Financing Costs			160,000	
Total Indirect Costs							$1,341,000
C. Financing Costs							
Interest During Construction							
Land	4	$4,720,000	Cost	7.0%	Interest	$1,322,000	
Construction	5	$9,500,000	Cost	7.0%	Interest	$324,000	
Loan Origination Fees		$9,500,000	Financed @	2.0	Points	190,000	
Total Financing Costs							$1,836,000
D. Total Construction Costs		26,831	Sf GBA	$355	/Sf		**$9,520,000**

TABLE VII
LAND RESIDUAL ANALYSIS - PARCEL B, CULVER CITY
ALTERNATIVE DEVELOPMENT SCENARIO: ONE-STORY RETAIL STRIP CENTER WITH SURFACE PARKING (AS UNENTITLED)
(Continued)

II. NET OPERATING INCOME							
A. Rental Income							
Office	6	0	Sf Rentable Area	$4.00	/Sf /Month	0	
Retail	7	25,000	Sf Rentable Area	$4.00	/Sf /Month	1,200,000	
Restaurant							
Quick Service	7	0	Sf Rentable Area	$4.00	/Sf /Month	0	
Sit-Down	7	0	Sf Rentable Area	$4.00	/Sf /Month	0	
High-End	7	0	Sf Rentable Area	$4.00	/Sf /Month	0	
Parking		71	Spaces	$0.00	/Space /Month	0	
Gross Potential Income						$1,200,000	
(Less) Vacancy & Collection		5.0%	Gross Income			(60,000)	
Effective Gross Income		25,000	Sf Rentable Area	$3.80	/Sf /Month		$1,140,000
B. Operating Expenses							
Operating Expenses Office	6	0	Sf Rentable Area	$12.00	/Sf /Year	$0	
Operating Expenses Retail	7	0	Sf Rentable Area	$0.00	/Sf /Year	$0	
Parking Expenses		71	Spaces	$250.00	/Sp /Year	18,000	
Capital Reserves		25,000	Sf Rentable Area	$1.00	/Sf /Year	25,000	
Total Operating Expenses							$43,000
C. Stabilized Net Operating Income		25,000	Sf Rentable Area	$3.66	/Sf /Month		**$1,097,000**
III. DEVELOPMENT LAND RESIDUAL VALUE							
A. Capitalized Value							
Net Operating Income						$1,097,000	
Overall Capitalization Rate						7.0%	
Total Capitalized Value							$15,671,000
B. Developer Entrepreneurial Profit				15.0%	Tot. Const. $s		$1,428,000
C. Total Construction Cost							$9,520,000
D. Estimated Land Residual Value (Prior to Discounting to Present Value)							**$4,723,000**
Rounded							**$4,720,000**

[1] Based on development program as proposed by Combined Properties.
[2] Cost set by the City.
[3] Assumes contractor costs are included in the Building Core + Shell estimate.
[4] Assumes an 18 month development period and a 100% average balance.
[5] Assumes an 18 month construction period and a 65% average balance.
[6] The analysis assumes office rent is assessed on a full service gross (FSG) basis.
[7] The analysis assumes retail and restaurant rents are assessed on a triple net (NNN) basis.

SOURCE: LEA ASSOCIATES, INC.

LAND RESIDUAL APPROACH ANALYSES CONCLUSIONS

The preceding four development scenarios require final adjustments to determine the net present value of the land residual as of the current date of valuation. The development scenario building, parking and construction costs profiles are shown in the following chart. Also shown are the development and construction period for each scenario. The Combined Profiles development scenario is currently entitled and could commence construction upon land transfer to the developer. The construction period, as provided in the KMA report, is projected at 18 months. The remaining three scenarios are for development of the as-is unentitled site. These will require the processing of entitlements for the specific development proposal.

The entitlement process for the three as-is scenarios will include at a minimum an environmental impact report update, City planning staff review, public hearings, and City approvals. There requirements are sequential and will require 24 to 36 months. The construction period for the various development scenarios is 18 months for the Combined Properties development, the maximum development scenario, and the low-rise development with structured parking. For the hypothetical one-story retail strip center development with surface parking, which is not a permissible development profile pursuant to current zoning and design guidelines, the construction period is estimated at nine months.

The total construction costs across the four development scenarios are comparable, with the Combined Properties having the lowest overall per square foot cost due to the provision of off-site parking to meet the minimum City parking requirement. The off-site parking attribute of the Combined Properties development scenario creates a development density and cost benefit to that specific proposal.

DEVELOPMENT PROFILES AND CONSTRUCTION COSTS

	Combined Properties	As-Is Maximum Development	As-Is Two-Story w/Structured Pk.	As-Is One-Story w/ Surface Pk.
Site Area (SF)	50,730	50,730	50,730	50,730
Proposed Dev. (GSF)	115,108	94,659	53,661	26,831
Development FAR	2.3	1.9	1.1	0.5
On-Site Parking	98	252	143	71
Parking Per 1,000 GSF	0.9	2.7	2.7	2.6
Development (mos.)	18	48	48	48
Construction (mos.)	18	18	18	9
Total Construction Cost	$37,623,600	$35,356,000	$21,228,000	$9,520,000
Per GSF Cost	$327	$374	$396	$355

The following chart displays the total capital value of the individual development scenarios and the resulting land residual capital value after deducting total construction costs. The projected capital value of the individual development scenarios on a per gross square foot basis increase across the four development profiles, while the land residual per square foot of site area is highest for the Combined Properties proposal, is lowest for the maximum development scenario, and then increases as the development profile is reduced from a two-story to one-story retail project. This variation in the per square foot land residual value is again primarily due to the provision of off-site parking for the Combined Properties proposal while on-site structured parking is required for the maximum and as-is two-story development profile. Again, it is important to remember that these values represent the value of the project and the underlying land upon project completion and attainment of stabilized operations.

DEVELOPMENT SCENARIOS AND LAND RESIDUAL VALUES (Upon Development Completion)				
	Combined Properties	**As-Is Maximum Development**	**As-Is Two-Story w/Structured Pk.**	**As-Is One-Story w/ Surface Pk.**
Total Capital Value	$47,533,000	$38,707,000	$27,034,000	$15,671,000
Per GSF Building Area	$413	$409	$504	$584
Land Residual Value	$4,270,000	$0	$2,620,000	$4,720,000
Per SF Land Area	$84	$0	$52	$93

The final chart following incorporates the development/entitlement period time necessary for the individual development scenario land residuals, discounting the estimated values back to the present date of value. The net present value calculation uses a risk adjusted discount rate specific to each development's future value. The total capital values and residual values are in current dollars, and we have assumed no real price appreciation over the four year time horizon in which the developments occur. A 3.0% discount rate is applied to bring the future dollars back to current dollars (an implicit 3.0% inflation rate). In addition, a 200 basis point risk factor is added to the inflation factor to adjust the three scenarios requiring entitlement approvals prior to commencing construction.

The soft costs of entitlements are inputted at $5.00 per gross building square foot for the three scenarios requiring entitlement processing. The total dollar thus increases with the size of the development proposal, as would the cost of processing the more complex entitlement package. Entitlement processing costs are expected to be expended in the first two years of the overall development process for the three "as-is" project scenarios.

NET PRESENT LAND RESIDUAL VALUES				
	Combined Properties	**As-Is Maximum Development**	**As-Is Two-Story w/Structured Pk.**	**As-Is One-Story w/ Surface Pk.**
NPV Land Residual				
Risk Adj. Discount Rate	3.0%	5.0%	5.0%	5.0%
Total Ent. Cost	$0	Not Applicable	$268,305	$134,155
Land Residual (Aug. 2012)	$4,020,000	$0	$1,910,000	$3,760,000
Per SF Land Area	$79	$0	$38	$74
Per FAR SF	$35	$0	$36	$140

The current net present value of the four land residual computations are shown in total dollars, per square foot land area, and per square foot FAR area by the chart. As can be seen in the change in per square foot values, the Combined Properties development program yields the highest total underlying land value. The Combined Properties development scenario benefits from its higher project development density and the ability to use off-site City-owned parking to meet minimum project parking requirements.

The highest land residual value is created by the Combined Properties development scenario at **$4,020,000**. This represents the opinion of land per the Land Residual Approach for the subject property as currently entitled (Fair Re-Use Value). The unentitled land residual value ("as is") ranges between the Maximum Development valuation scenario and the Alternative Two-Story Development valuation scenario, with the highest value generated by the latter. We note that the Maximum Development land residual scenario (as unentitled) actually yields a negative number both before and after discounting to the present. As unentitled, per the Land Residual Approach to value, we would expect the market value for the subject to be **$1,910,000**. The Alternative One-Story with Surface Parking Development valuation scenario is purely hypothetical, approaching the low end of the range set by the comparables in our prior Sales Comparison Approach analysis.

RECONCILIATION

The subject property has been analyzed using the Sales Comparison Approach and Land Residual Approach to value to estimate our opinion of value for the subject property under two valuation scenarios as follows:

1. The subject property development site land market value as currently entitled and approved for development pursuant to the development proposal submitted by Combined Properties to the City of Culver City.

2. The subject property development site land market value without entitlements or development approvals and subject to the regulatory review and approval process for development of a new project on the existing vacant land.

Our valuation analyses and value findings are summarized as follows:

Entitled Combined Properties Development Site Land Fair Re-Use Value

Sales Comparison Approach	$4,570,000
Land Residual Approach	$4,020,000

The sales comparison approach and the land residual approach result in similar value levels. The land residual value benefits from the ability of the Combined Properties development proposal to use the City-owned off-site parking to meet the minimum City parking requirements for the project. The weakness of this approach is that it relies upon many projected estimates and that as these projections change, the results can vary widely.

The Sales Comparison Approach benefits from actual transactions of land similar to the subject within the immediate marketplace. The weakness of this approach, in this case, is that it is difficult to measure the effect of the benefit of available off-site parking that the subject has with the current entitlements. We have utilized the land write-down as a proxy.

Finally, we again note that there is a negotiated disposition and development agreement (DDA) with the City-selected developer Combined Properties for a purchase price of approximately $4,020,000. The negotiated disposition price reflects an agreed upon value of $5,050,000 ($100 psf of land area, $44 psf FAR) less the $1,030,000 land write-down, taking into account various set-asides and credits regarding the specific development attributes and City-negotiated public benefits and facilities to be provided by the developer. The DDA is reported by the City to be non-transferable and does not run with the land.

Given the strengths and weakness attributable to each approach, we have placed approximately equal weight on the value indications generated by each with slightly more weight given to the land residual approach.

Therefore, it is our opinion that the Fair Re-Use Value of the subject property land, as entitled pursuant to the Combined Properties development proposal, as of the effective date of the appraisal, is:

FIVE MILLION TWO HUNDRED THOUSAND DOLLARS

($4,200,000)

Unentitled (As Is) Development Site Land Value

Sales Comparison Approach	Less than $3,550,000
Land Residual Approach	$1,900,000

Because of the difficulty in measuring the effect of the development constraints which would be imposed on the subject, particularly the requirement of providing on-site parking in the form of a parking garage (as opposed to surface parking) the Sales Comparison Approach only provided a value which would exceed that of the subject as unentitled.

Alternatively, the land residual value estimate benefits from its ability to incorporate the design characteristics which would be inherent in a potential development scenario for the subject. Again, the weakness of this approach is that it relies upon many projected estimates and that as these projections change, the results can vary widely.

Therefore, we have placed primary weight on the Land Residual Approach to value.

Therefore, it is our opinion the market value of the subject property as-is unentitled development site, as of the effective date of appraisal, is:

TWO MILLION DOLLARS

($2,000,000)

9300 CULVER BOULEVARD
CULVER CITY, CALIFORNIA

View west from the City-owned parking structure east of the subject property.

View west across the intersection of Washington Blvd. and Culver Blvd. to the subject property.

**9300 CULVER BOULEVARD
CULVER CITY, CALIFORNIA**

View southwest at the intersection of Washington Blvd. and Culver Blvd. east of the subject property.

View from the subject property south to the Sony Studios Mansion.

**9300 CULVER BOULEVARD
CULVER CITY, CALIFORNIA**

View from the subject property west to the Town Center and Culver Hotel.

View northwest across Washington Blvd. from northeast corner of the subject property.

9300 CULVER BOULEVARD
CULVER CITY, CALIFORNIA

View east from the subject property across Washington Blvd. to the City-owned parking structure.

View west along the north perimeter of the subject property at Washington Blvd.

JOHN J. GOBBELL, JR., MAI

EXPERIENCE

Lea Associates, Inc., 1999 - Present; Principal responsible for the analysis and production of appraisal assignments and various analytical services. Responsibilities also include providing proposals and accepting assignments on the company's behalf. Serves in a supervisory or project management capacity on numerous appraisal assignments as well as participating in company management decisions.

Appraisal experience includes a wide variety of proposed and existing property types including commercial retail and office, industrial, single and multiple residential, acreage, residential subdivisions, and special purpose properties. Specific areas of concentration also include eminent domain/acquisition appraisals, rent studies, land lease re-settings and partial interest valuations. Primary market is Southern California but has also completed assignments in Central and Northern California, Alaska, Arizona and Nevada.

Gobbell and Company - 1992 to 1999; President with full responsibility for research, analysis, and production of narrative appraisals for various commercial, industrial, special purpose and residential properties, including subdivision and multiple family housing.

West Associates/Tarantello & Associates - 1989 to 1992; Senior Consultant responsible for research, analysis, and production of narrative appraisals for various commercial, industrial, special purpose and residential properties, including subdivision and multiple-family housing.

EDUCATION

University of Southern California, Economics, 1988

Successful completion of various courses and examinations including the following:

- Advanced Income Capitalization (510), Appraisal Institute
- Highest & Best Use and Market Analysis (520), Appraisal Institute (Exam only)
- Advanced Sales Comparison & Cost Approaches (530), Appraisal Institute (Exam only)
- Report Writing and Valuation Analysis (540), Appraisal Institute
- Advanced Applications (550), Appraisal Institute
- Standards of Professional Practice, Parts A & B (410 & 420), Appraisal Institute
- Multiple National USPAP Update courses, Appraisal Institute
- Business Practices & Ethics, Appraisal Institute
- Curriculum Overview (Residential & General), Appraisal Institute
- Real Estate Principals, Real Estate Appraisal, and The Analytical Tools of Real Estate Research, University of California Los Angeles Extension
- Comprehensive Exam, Appraisal Institute

JOHN J. GOBBELL, JR., MAI (CONT'D)

EDUCATION (CONT'D)

Continuous participation in classes and seminars in pertinent real estate study areas sponsored by professional organizations such as the Appraisal Institute, the California Redevelopment Association, the International Right of Way Association, and CLE (Continuing Legal Education) International.

ASSOCIATIONS

Appraisal Institute, Member, Designation Number 12397
California State Certified General Real Estate Appraiser, AG010590
International Right-of-Way Association (IRWA), member

EXPERT TESTIMONY

Mr. Gobbell has qualified as an expert witness in real estate matters and testified before:

1. Superior Court, County of Los Angeles, California
2. Superior Court, County of Riverside, California

CLIENTS (Partial List)

Public

Alameda Corridor Transportation Authority
Castaic Lake Water Agency
City of Alhambra
City of Baldwin Park
City of Brea
City of Commerce
City of Culver City
City of Fountain Valley
City of Glendale
City of Goleta
City of Hawthorne
City of Huntington Beach
City of Lancaster
City of Long Beach
City of Los Angeles
  Community Redevelopment Agency (CRA)
City of Lynwood
City of Oxnard
City of Palmdale
City of Pasadena
City of Riverside
City of Santa Monica
City of Temecula
City of Thousand Oaks
County of Los Angeles,
  Community Development Commission (CDC)
  Metropolitan Transportation Authority (MTA)
County of Riverside
County of San Bernardino
Los Angeles World Airports (LAWA)
Los Angeles Unified School District (LAUSD)

JOHN J. GOBBELL, JR., MAI (CONT'D)

CLIENT LIST (CONT'D)

Public (Cont'd)
Metropolitan Water District of Southern California (MWD)
Mountains Recreation and Conservation Authority (MRCA)
State of California,
Department of Transportation (Caltrans)
United States Department of Labor (DOL)
United States General Services Administration (GSA)

Financial Institutions
Bank Leumi
Bank of America
Bank of Los Angeles
Bank of Montreal
Bankers Capital
Continental Bank
First Interstate Bank
First Los Angeles Bank
Hanmi Bank
Heritage Oaks Bank
Holliday Fenoglio Fowler
Preferred Bank
Private Bank of California
Rock Island Company
Sigma Mortgage Corporation
Wells Fargo Bank

Corporate
American Tower
The Anden Group
Brimar Industries
Cassidy Turley Commercial Real Estate Services
CB Richard Ellis
Coldwell Banker Residential Brokerage Inc.
Dunmore Homes
EMR Residential Properties
The Fieldstone Company
KB Home
The Larwin Company
Meta Housing Corporation
Mulholland Hills Associates

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CLIENT LIST (CONT'D)

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Loeb, Stephen M., Esq.
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Nossaman, Guthner, Knox & Elliott, LLP
Proctor, McCarthy & Slaughter, LLP
Quinn Emanuel Urquhart Oliver & Hedges, LLP
Reuben Raucher & Blum
Richards, Watson & Gershon
Sonnenschein, Nath & Rosenthal, LLP
Stradling, Yocca, Carlson & Rauth
Tyre, Kamins, Katz & Granof

MICHAEL M. POPWELL, SR/WA

EXPERIENCE

Michael Popwell, SR/WA, specializes in providing real estate appraisal and brokerage consulting to the public and private sectors including: fair market value appraisals, market value appraisals, value in use appraisals, highest and best use studies, market and feasibility analyses, fiscal impact studies, redevelopment project area blight analyses, redevelopment project area financial feasibility analyses, and purchase negotiations.

Recent assignments have included the following:

- A fair market value appraisal of 32 commercial, industrial and residential properties in Los Angeles and Ventura counties for federal and state estate tax reporting.
- A fair market value appraisal of 11 special use and residential properties in Los Angeles, Riverside and San Bernardino counties for business valuation and federal and state estate tax reporting.
- A fair market value appraisal of residential land for charitable contribution for a low-income housing project.
- A market value analyses of commercial and residential land sites for loan renegotiation by a Los Angeles bank.

Other unique and diverse assignments have included the following:

- Value in use appraisal for a Hollywood based manufacturer of custom jewelry and clothing for purchase of the leased fee interest in the leased production facility.
- Fair market value of the subsurface easements for acquisition by the MTA /LAC for construction of the Metro Red Line segment extending between Highland Avenue and Lankershim Boulevard.
- Base Realignment and Closure reuse study for the San Diego Naval Station.
- Market studies for single-family for sale and multi-family rental projects.
- Redevelopment project area blight and financial feasibility analyses for the Watts Expansion Redevelopment Project area and the Eastside Aladente Redevelopment Project area for CRA/LA.
- Fair market appraisal and redevelopment feasibility analysis for the General Dynamic site for the City of Pomona.
- Redevelopment blight and feasibility analysis for the Eastside Redevelopment Project area for the City of West Hollywood.

Community Redevelopment Agency of the City of Los Angeles, July 2008 to December 2010; Real Estate Appraisal Manager, direct real estate appraisal services to operating Regions and central office divisions for all real estate, FF&E and business good will appraisal functions including managing 32 independent fee appraisal firms, determining appropriate scope of work and reporting formats for appraisal assignments, internal valuation and policy consultation to senior management, completion of selected appraisal assignments, and review appraisal of outside appraisal reports and studies, and preparation of the statement of just compensation for real property acquisitions.

Significant achievements during my tenure included the following:

- Rewrote in coloration with CRA/LA stakeholder-staff the Administrative Procedure AD 1002, Real Estate Appraisal Procedures, for streamlining the appraisal process for delivery of timely, reliable and credible valuation services meeting Federal, State, and City regulatory guidelines.

- Established an appraisal problem identification and scope of work procedure to assure contracted appraisal services provided credible valuation information which met Federal and State regulatory requirements for the specific decision maker actions supporting contemplated acquisition, disposition, and/or loan underwriting activities.
- Managed with Administrative Analyst the ongoing day-to-day delivery of appraisal services to diverse Agency staff for diverse needs and time sensitive requirements.
- Designed and implemented a 10-week in-house appraisal review training program for Real Estate Department staff to facilitate staff reviews of simple appraisals with valuations under $3,000,000.

Community Development Commission of the County of Los Angeles, Economic/Redevelopment Division, May 1997 to July 2008; Consultant II, provided real estate consulting services to the E/R Division redevelopment staff, the Executive Office, and other divisions as requested regarding general real estate development issues, valuations, purchase and lease transactions, and real estate economic trends.

Significant milestones during my career with the CDC included the following:

- Established the procurement RFP process and scope of work for real estate appraisal, acquisition, and relocation consultants for the Agency.
- Managed day-to-day appraisal operations for E/R Division inclusive of firm selection, scope of work, fee and delivery contract terms.
- Reviewed acquisition, reuse and disposition appraisals for regulatory compliance and acceptability for CDC decision making.
- Directed the GASB 84 Financial Report Standards appraisal consulting assignment conducted by an outside fee appraiser for the Housing Authority of the County of Los Angeles.
- Negotiated commercial office leases for 42,000 square feet of office expansion space in Santa Fe Springs, lease renewal of 83,500 square feet of administrative office in Monterey Park, and leases for satellite office and warehouse space in downtown Los Angeles, Montebello, Monterey Park, Palmdale and Lancaster.
- Represented CDC in negotiations with LAUSD in its proposed acquisition of the Housing Authority-owned administrative facility in East Los Angeles.

Coldwell Banker Real Estate Consultation Services, May 1984 to June 1985; Consultant, provided real estate consulting services to national client base for highest and best use, market feasibility, and reuse projects.

Hughes Aircraft Company, Corporate Finance, June 1982 to May 1984; Financial Analyst, provided financial analysis for Corporate Division and to operating divisions for real estate operations including buy-lease analysis, sale-leaseback analysis, and FASB 13 operating lease determinations.

LICENSES

Certified General Real Estate Appraiser – AG004804, State of California.

Real Estate Broker – 00780298, State of California.

EDUCATION

Continuous participation in classes and seminars pertinent to the appraisal, redevelopment and brokerage study areas through professional training with the Appraisal Institute and the International Right of Way Association.

University of California at Los Angeles, Anderson School of Management, M.B.A., finance and real estate, 1982.

California State University at Los Angeles, B.S., finance and real estate, 1979.

University of Hawaii at Manoa, three years undergraduate studies in chemistry and mathematics, 1970.

Successfully completed course work and comprehensive exams for the Senior Right-of-Way Agent designation with the International Right of Way Association, 2001.

Successfully completed the course work and comprehensive exam for the Facilitator designation to teach real estate appraisal classes with the International Right of Way Association 2008.

ASSOCIATIONS

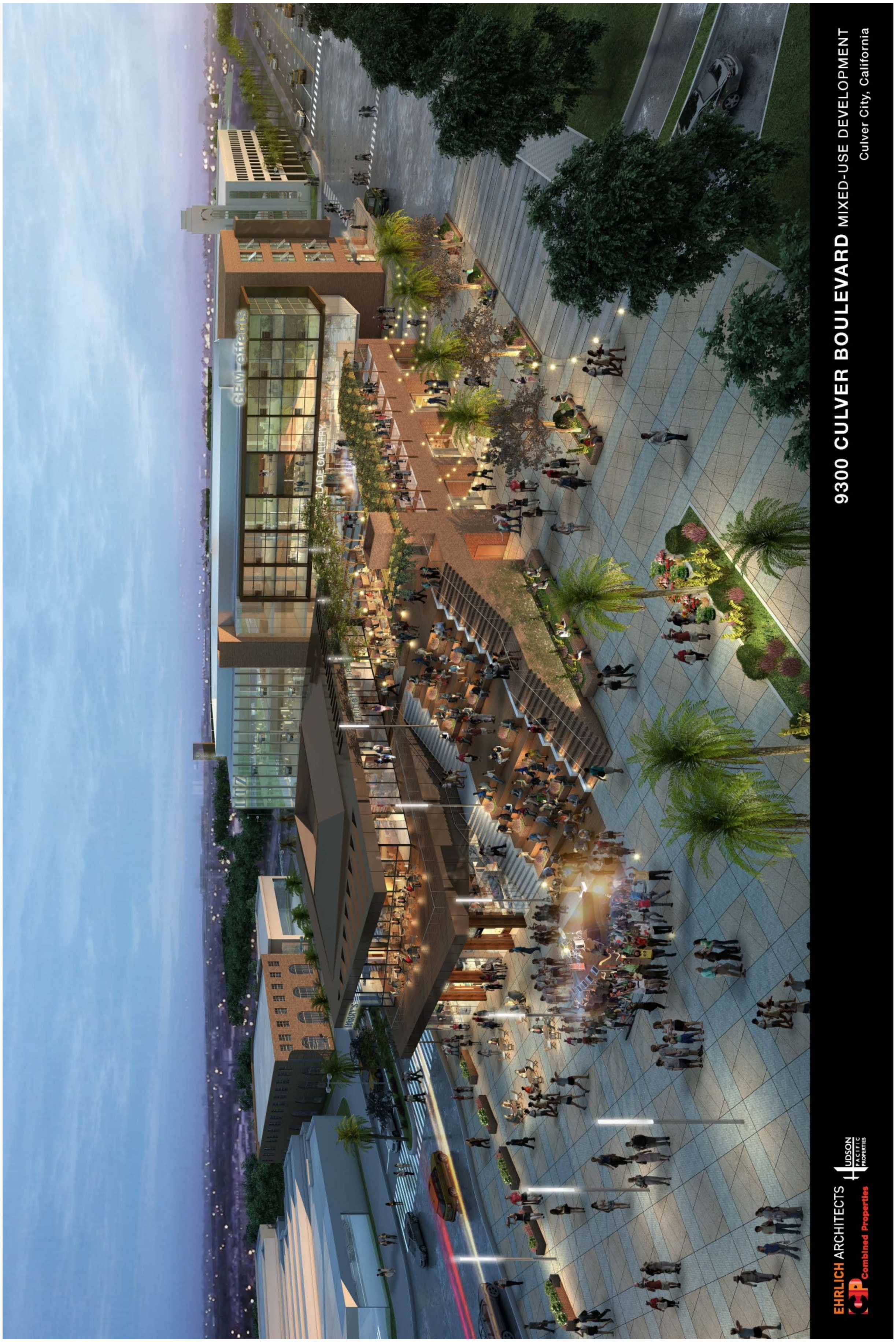
Appraisal Institute, Associate Member.

International Right-of-Way Association, Senior Right of Way Agent.

International Right-of-Way Association, Instructor, Real Estate.

IR/WA Chapter 1, Los Angeles, Leadership Positions:

2011	Chair, Membership Committee; Co-Chair, Professional Development Committee
2004-2010	Chair, Professional Development Committee Treasurer
2003	Chapter President and International Delegate
2002	Chapter President-Elect and International Delegate
2001	Chapter Vice-President
2000	Chapter Secretary
1999	Chapter Treasurer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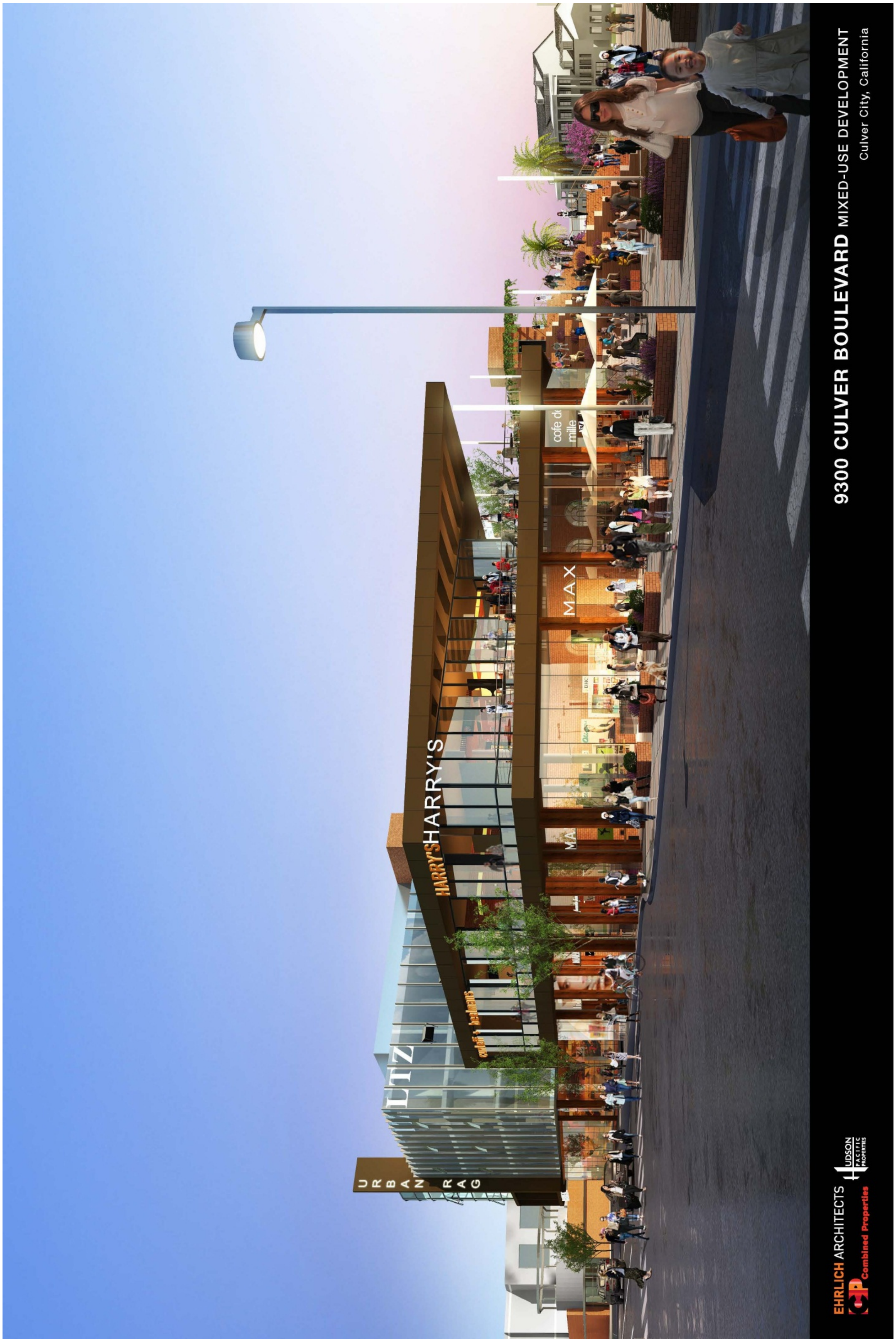
Culver City, California
EHRLICH ARCHITECTS
HUDSON PACIFIC PROPERTIES
Combined Properties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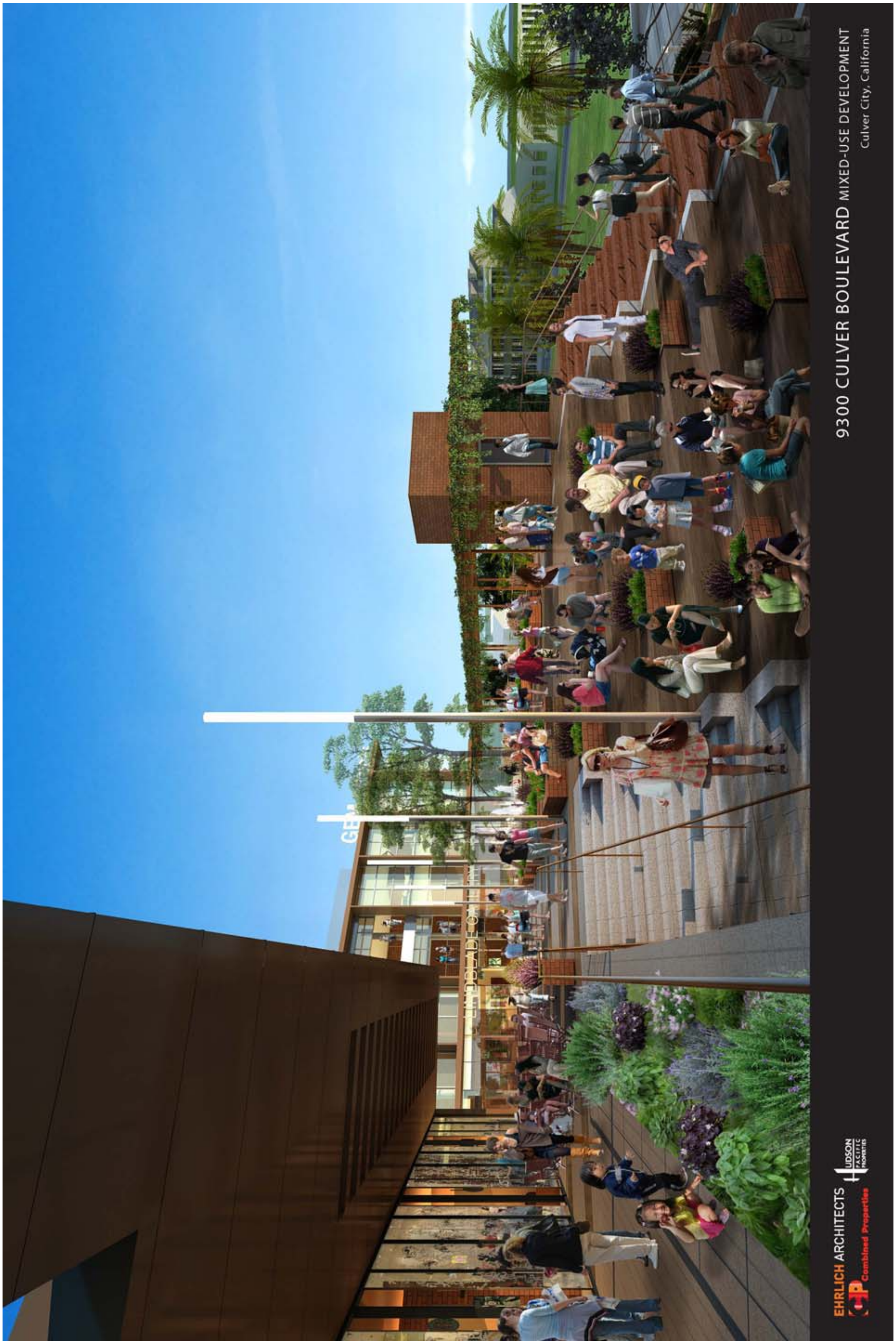
Culver City, California
EHRLICH ARCHITECTS
Combined Properties
HUDSON PACIFIC PROPERTIES
HARRY'S
MAX
URBAN RAG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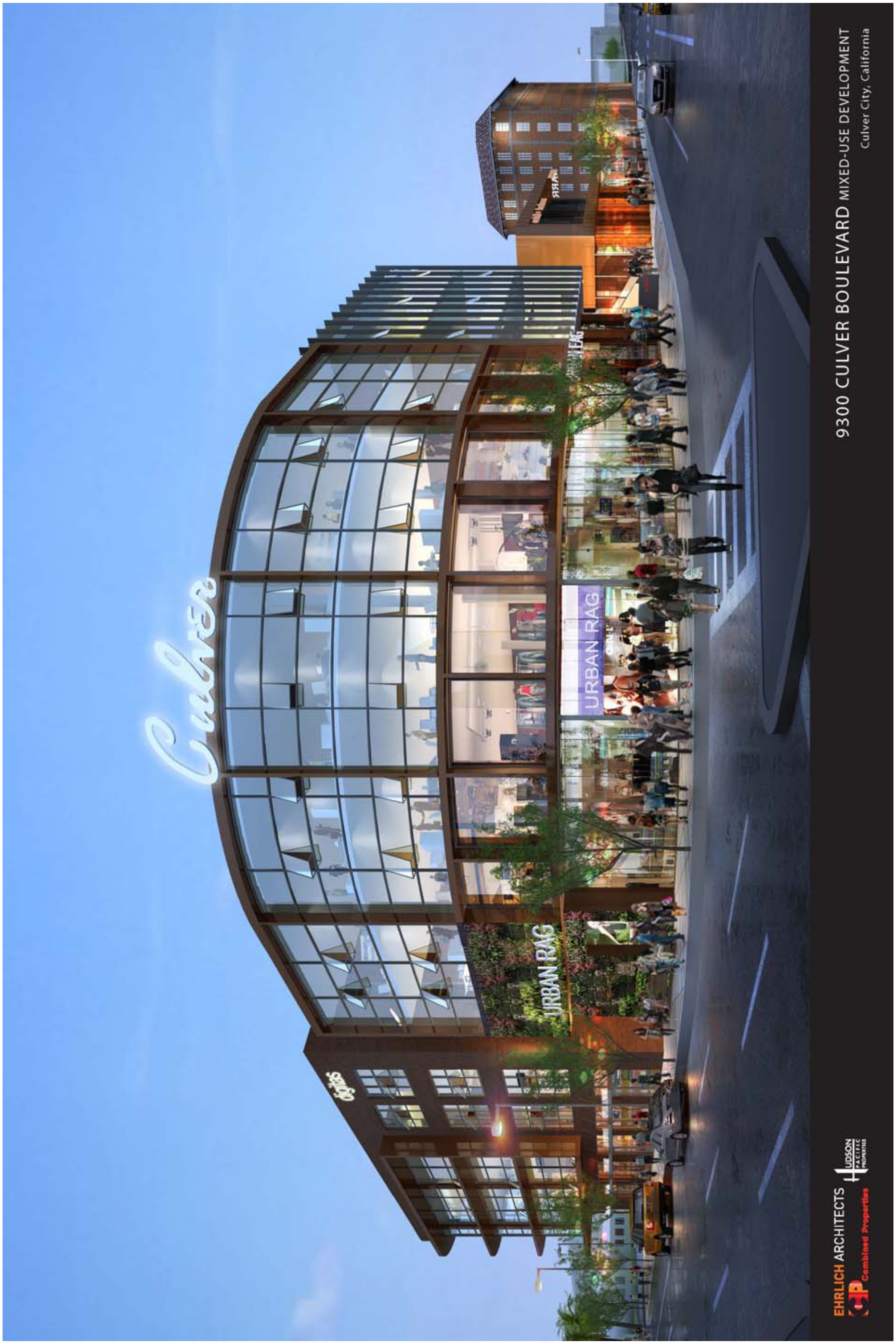
ATTACHMENT NO. 3



Washington Boulevard (former Ince Boulevard) elevation

Culver Boulevard elevation

Town Plaza elevation - facing east

Washington Boulevard elevation - Culver Studios side

EHRLICH ARCHITECTS

Combined Properties

HUDSON PACIFIC PROPERTIES

9300 CULVER BOULEVARD MIXED-USE DEVELOPMENT

Culver City, California


9300 CULVER BOULEVARD MIXED-USE DEVELOPMENT
Culver City, California
EHRLICH ARCHITECTS
Combined Properties
HUDSON PACIFIC PROPERTIES
CULVER BOULEVARD
To Metro Station
CANFIELD AVENUE
Trader Joe's
Ince Parking Structure
WASHINGTON BOULEVARD
INCE BOULEVARD
Office Building
Restaurant
MAIN STREET
Town Plaza
Culver Hotel
Culver Studios Mansion
Pacific Theatre
CARDIFF AVENUE
Restaurant Row